

ACCOUNTING INFORMATION QUALITY AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS MANUFACTURING COMPANIES IN NIGERIA

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ABSTRACT

Accounting information quality and financial performance of listed consumer goods manufacturing companies in Nigeria was the focus of this study. Specifically, the study investigated the relationship between FRAI and ROE, the relationship between RVAI and ROE, and the relationship between TIMEAI and ROE. Ex-post Facto Cross-Sectional research design was used for the study. Historical data was derived from the Nigerian Stock Exchange Website from 2009-to 2019. The sample size used was twelve (12) listed consumer goods manufacturing companies in NSE from 2009-2019. Faithful Representation of Accounting Information (FRAI), Relevance of Accounting Information (RVAI), and Timeliness of Accounting Information (TIMEAI) were explanatory proxies of the independent variable, while return on Equity (ROE) was the only proxy of the dependent variable. SPSS Version twenty-two (22) Statistical Package for Social Science software by applying regression analysis using ordinary least squares multiple regression analysis for the data. The explanatory variables were subjected to a diagnostic test (Durbin Watson) to qualify the data and to regress against financial performance variables. The findings indicated that the data were qualified and ordinary least squares multiple regression analysis was appropriately suitable in explaining all the dependent variables. The findings indicated that faithful representation of accounting information (FRAI) has a negative insignificant relationship with ROE and timeliness of accounting information (TIMEAI) has a negative significant relationship with return on equity (ROE). While the relevance of accounting information (RVAI) has a positive insignificant relationship with return on equity (ROE). According to the findings of the empirical analysis, the stakeholders or users of accounting information have lost trust and confidence in the annual financial statements as a result of the incessant financial fraud in almost every sector of the Nigerian economy, particularly in manufacturing companies, as evidenced by Cadbury Plc in Nigeria in 2007 and others. The study recommended, among other things, that company managements and capital providers (business owners) establish a strong policy to reduce the chances of managers, including the chief accounting officer of any manufacturing corporate entity, manipulating accounting information in annual reporting using discretionary accruals, so that the essential qualitative characteristics (relevance and faithful representation), especially, will have a wonderful impact on going back on shareholders' equity of listed customer items production companies in Nigeria.

INTRODUCTION

Every manufacturing corporate entity works toward achieving planned and major objectives, and in every exchange of substance, particularly manufacturing organizations, targets are set for proficiency and viability, and for this to be achieved to a large extent, it must rely on the nature of accounting information quality available, and how it is connected by the element of financial statements. In any case, data is the lifeblood of every business, and it is also the wheel around which the management decision-making process revolves. As a result, for any substance to be fruitful in today's changing world business environment, the administration must update itself with current useful data that will aid in achieving a quality financial performance in light of the planned or determined targets, because without it, there is a good chance that it will fail (Coster et al., 1978). Administration of manufacturing organizations in settling on choices for the most part, need to be certain that their insight and experiences are used, and this will be conceivable just through the actual introduction of accounting information quality contained in budgetary proclamation and its appropriate applications. As we think about the fundamental and handiness of accounting

information to organizations, particularly, manufacturing organizations, it will be valuable to recognize unequivocally other data important for management use in decision makings. Accounting information quality measures the progression of a business undertaking, like manufacturing organizations, and is being used in the management decision-making process for the determination or picking of a solitary strategy for different uncorrelated choices. It is watched that decision making is the last process in administration, yet notwithstanding, the significance of a choice by management relies upon the correct and handiness of accounting information quality provided by the accountants. Intentions are made in the direction of productivity and adequacy, and for this to be realized to a vast degree, depends on the nature of accounting information quality available, and how the unit connects it. Therefore, for any corporate entity to attain success currently in this changing world, the management has to upgrade itself with beneficial contemporary information needful toward attaining set objectives, without which there is likely to be management failure. Managers of manufacturing companies in making decisions usually need to be sure that their understanding and expertise are used by way of effective presentation of accounting information contained in the financial statement and its appropriate applications (Don. Coster et al.1978).

Furthermore, corporate financial performance is a holistic term applied to a part or all the conduct of activities of an organization over some time, often concerning past projected costs efficiency, management responsibility, and accountability through qualitative reporting (transparent reporting). This study is strictly considering corporate financial performance which is regarded as the blueprint of the financial affairs of a business concern which demonstrates how a business has prospered under the leadership of its management (Burca & Batrinca, 2014). Performance as a word is very extensive and it is defined based on its application in most circumstances, as such in the context of this study corporate financial performance encompasses qualitative reporting which includes faithful representation which ensures relevancy of financial reporting for useful investment decision makings by the existing and potential investors to acquire sufficient cash flow from the external environment. It has been made clear by previous and current studies that corporate financial performance is achieved through the investors' perception of the annual accounting information; If it is of high quality and becomes relevant for potential investors to make useful investment decisions, it will attract and motivate existing and potential investors to invest, thereby increasing the cash inflow used in the economic operations of corporate entities to create future financial values for capital providers. (Ghosh & Anna,2012). Therefore, for this study, the researcher focused on the easy access of financial resources or assets by corporate entities from the external environment due to their insufficient internal cash flow to conduct their economic operations, and for this to be accomplished, the elements of annual accounting information have to be in monetary terms and be determined reliably or faithfully before being enshrined into the accounting financial information for investors to gain full confidence on the annual financial reports for useful investment decision makings.

As we consider the necessity and utility of counting information quality to operation, especially, the manufacturing companies because it will be useful to identify explicitly other information necessary for operation application in decision material. Still, counting information quality goes a long way to ascertain the means base of a company and its arrears to determine its cost of price of the product in pricing its products and ascertain when profit or loss is made. Accounting information quality measures the headway of a business venture like manufacturing companies, and it is used in the management decision-making process for the determination or picking off a solitary game-plan for different uncorrelated choices. The choice of management relies upon the best possible and helpfulness of the provided accounting information accountant make available which promote faithful representation as a measure of accounting information quality. In the context of this study; financial performance is measured by return on equity (ROE) of listed beverage manufacturing companies in Nigeria. An arrangement of gathering, putting away, and preparing money-related data about monetary elements is known as accounting information. Account information systems are designed to streamline all counting functions and operations, including auditing, fiscal account

and reporting, operation account, and duty account. Management decision-making encompasses all aspects of developing, constructing, and managing the automated decision-making frame that the association employs to manage its relations with guests, workers, and providers. The motivational gap in this study is that to the stylish of my knowledge none of the former studies has used only faithful representation in Nigeria, which is consequential to the applicability of counting information to determine the relationship between counting information quality and fiscal performance of listed consumer goods manufacturing companies in Nigeria.

Sometimes, differences occur between reported accounting information and an organization's economic reality owing to managers' judgments and estimates which is the relevance/faithful representation trade-off which are the basic principles underlying accounting information (Idris et al. 2012). Accounting information released to the general public by firms directly or indirectly has a major influence on the management perception of the value of the business which the management attaches great importance to information in the selection of a portfolio of equity securities, bonds, and other investments (Eleke & Okotu, 2013). Accounting information prepared with due cognizance of high-quality accounting standards is expected to assist the management make optimal investment decisions makings relative to time, cost and envisage return on correcting their investment which consequentially will reflect on the firm's market value. Explicitly accounting theory and conceptual frameworks state that for information to be useful, it must be faithfully represented to embrace relevancy to the decision-making needs of users. Information has the quality of applicability when it faithfully represents and impacts the profitable opinions of the operation by helping them to estimate history, present, or future events or confirming or correcting past evaluation (Cramer & Thomas,1969) Thus, the study is focused on how the accounting information quality can affect financial performance and boost returns on investment in Nigeria manufacturing sectors, especially, listed consumer goods manufacturing companies.

Statement of Problem

There has been a lot of financial scandals recently; consequent to asymmetric information produced by the management to satisfy its utilities are attributed to manipulation of accounting information, fraudulent acts perpetrated by managers, even, inefficient disclosure, despite, the presence of regulatory authorities and enabling rules and standards set to eliminate such obnoxious practices. In Nigeria and the world at large manufacturing companies in the areas of consumer goods manufacturing companies play important roles in the economy of the country by making available consumables for the satisfaction and increase in the gross domestic product (GDP) of the industry. Despite, the gigantic benefits accrued to these sectors; there is still manipulation of the accounting information quality from where management decisions are made. This study measured the accounting information quality by the two fundamental qualitative characteristics known as the relevance of accounting information and faithfulness of accounting information as proxies of the independent variable, while the time of the decision, cost of operation, and return on investment as proxies of the dependent variable. Therefore, the critical nature of the stated problems underscores the imperative of this study which is focused to determine how accounting information quality can affect the management decision makings in other to avoid unrecoverable failures in the sector, thereby, restoring the loss of investors confidence in the management decision makings consequential to the provision of accounting information quality. Therefore, the departure from other extant literature is that the study is focused on faithful representation as one of the major qualitative characteristics because without it there will be no relevant accounting information. Hence, the effect of accounting information quality and financial performance of listed consumer goods manufacturing companies in Nigeria was the focus of this study.

Conceptual Framework

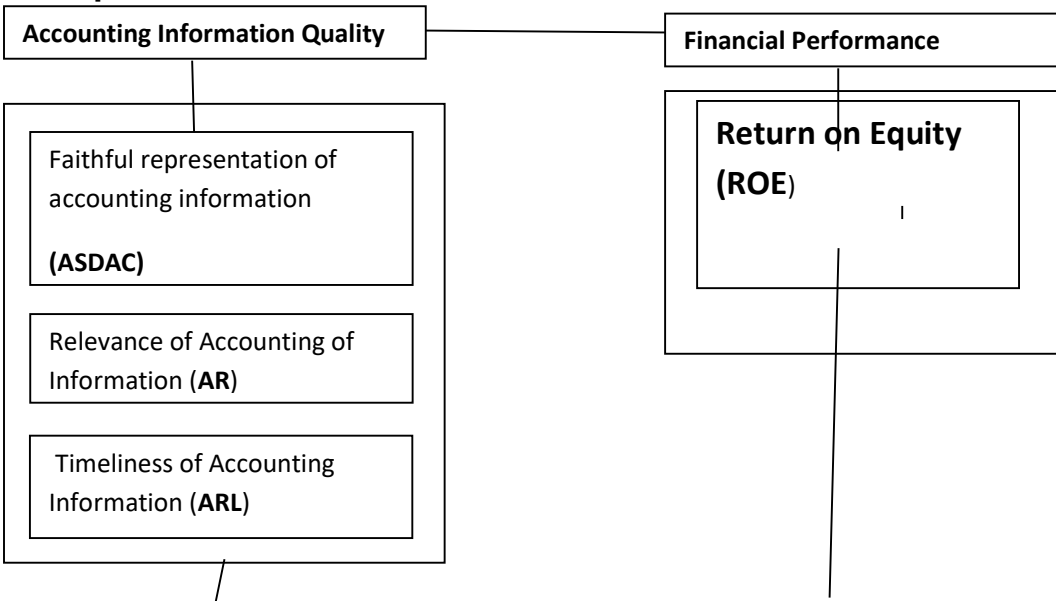


Figure 1: Conceptual Framework on Accounting Information Quality and Financial Performance of listed consumer goods manufacturing companies in Nigeria

Source: Author's Observation/Modification by Saliu, O.P.(2017).

Aims and Objectives of the Study

The general objective of the study is to investigate the relationship between accounting information quality and the financial performance of listed consumer goods manufacturing companies in Nigeria. The other specific objectives are to:

1. Ascertain the relationship between the faithful representation of accounting information and ROE of listed consumer goods manufacturing companies in Nigeria.
2. Ascertain the relationship between relevance of accounting information and ROE of listed consumer goods manufacturing companies in Nigeria.
3. Ascertain the relationship between timeliness of accounting information and ROE of listed consumer goods manufacturing companies in Nigeria.

Research Questions

The following questions were raised to achieve the objective of the study:

1. What is the relationship between the faithful representation of accounting information and ROE of listed consumer goods manufacturing companies in Nigeria?
2. What is the relationship between the relevance of accounting information and the ROE of listed consumer goods manufacturing companies in Nigeria?
3. What is the relationship between the timeliness of accounting information and the ROE of listed consumer goods manufacturing companies in Nigeria?

Research Hypotheses

1. Faithful representation of accounting information has no significant relationship with the ROE of listed consumer goods manufacturing companies in Nigeria.
2. Relevance of accounting information has no significant relationship with the ROE of listed consumer goods manufacturing companies in Nigeria.

3. Timelines of accounting information have no significant relationship with the ROE of listed consumer goods manufacturing companies in Nigeria.

Review of Related Literature Accounting Information

The account information has been extensively defined in extant literature by colourful scholars and experts. According to the Companies and Kindred Matters Act 1990 (CAMA), counting fiscal information correspond to accounts used to convey quantitative information of fiscal nature about a business to investors, creditors, and others interested in the reporting company's fiscal condition, results of operations, druggies and sources of finances. Duru (2012), defines counting fiscal information as a statement that conveys to operation and interested outlanders a terse picture of the profitability and financial position of a business. Concurring with the below delineations, a published fiscal statement can generally be defined as the audited periodic and accounts of an association which includes the balance distance, profit, and loss account, and the cash inflow statement which gives a summary of the period presented. It's prepared by companies and associations properly checked by external adjudicators and later made public for use by any interested party. Flowing from the below, the published fiscal statement should be devoid of any material misrepresentation and crimes so that all interested parties can be adequately equipped with the right information to make rational or informed opinions. According to the Nigerian Account Standard Board (NASB), fiscal statements are locations where information on the resource obligation and performance of the reporting reality is communicated to relevant parties.

Accounting information is described by Ronney and Steinbart (2009) as one of the systems that gather, record, store, and analyses tools to develop information for decision-makers. It's also known as information aimed towards decision-makers. Furthermore, it is clear that the information is meant to be useful for decision making so that management can plan, execute, control, and evaluate activities, resources, and personnel all of the activities are management activities and creators seem to classify the accounting information as management information. Another definition state that accounting information is a depiction of economic constructs embodied in a firm's commercial planning, transactions, and events that yield a firm's future cash flows. This means that accounting is not only management information but also information that is reported to internal and external financial statements.

Elvisa and Erkan (2015) asserted that part of the Accounting Information System (AIS) is key in running a connection to apply a helpful and effective internal control system within the association to achieve organizational pretensions. It is the motivation to chase the significance of AIS on operation decision making enterprises the fit of AIS with organizational conditions for information communication and control. Wexiodisk (2006) noted that account tools are a source of information that guides decisions. They further said account is a dimension and communication system to give profitable and social information about an identifiable reality to permit druggies to make informed judgments and opinions leading to an optimum allocation of coffers and the accomplishment of the association's objects. A significant association between AIS and strategic decision making was discovered by Hafij et al. (2014).

Accounting Information Quality

In financial reporting, quality is a vital issue, as such regulation, and universal accounting standard-setting is very important. Advancement in the advocacy from International Financial Reporting Standards (IFRS) for the adoption of quality accounting reporting is to improve and ensure the acceptability of available information. In consideration of the assured useful decisions made by quality financial reporting, companies are encouraged to report better and free- from errors and unbia information which in long run minimizes the confusion and crises in correspondence published for both shareholders and other consultant participants or other users of the financial

statements. The integrity and faithful representation of data produced by an entity's information systems are very crucial, not just to produce faithful represented financial reports, but also for the apex business success (Krishnan, 2015). The indispensable qualities for effective financial management comprise access to relevant information, use of that information to enhance management standards, as well as guarantee that there is accuracy, relevance, and protection of reported information (Bharret, 2007).

Accounting information systems maintain and produce the data which is referred to as financial reporting quality which includes information concerning accounts and their balances that are applied by the entities to schedule, measure, and analyze operations and balance sheets (Teru & Hlla, 2015). Financial reporting quality is very useful and significant in economic decision-making because it enables them to abate the agency cost and asymmetric information. The listed consumer goods manufacturing companies must fully disclose issues about their weakness, strength, and future expectations about their economic operations which assist investors to make meaningful investment decisions by the provisions of financial reporting quality (FRQ) information. Information with the required value is derived by using fundamental qualitative characteristics and can be used to make future investment predictions, and the short of financial reporting quality, there may be a serious problem on how to make investment decisions, and also evaluate the financial performance of the listed consumer goods manufacturing companies. Therefore, financial reporting quality should involve accuracy achievement in the reported financial information of the listed consumer goods manufacturing companies which will in a long run reveal the firms' operating performance, which may be useful in forecasting future cash flow (Nyor, 2013). The ability to present financial and economic figures accurately, including discretionary accruals, results in a financial reporting quality because asymmetric information in that regard is minimized significantly. Stergious and Michalis (2012), in the same direction, observed the use of financial reporting quality in two aspects (1) It is determined based on its usefulness for decisions making by the users, and (2) secondly, is to protect the shareholders and other potential investors.

Theoretical Foundation

Stakeholders' Theory

The stakeholders' theory was propounded by Edward. F. Freeman (1984) and emphasized that some individuals or groups are very important for the survival of the organization. This phrase is drawn from the organization's orientation, which refers to any group or individual who can affect or who is likely to be affected by the accomplishment of the organization objective. However, the stakeholders' theory is often used to capture the interest of other stakeholders about financial reporting procedures, other than just the stakeholders or capital providers. This theory emphasizes that a firm is indebted to a responsibility to a wider group of consultant participants other than just shareholders. A consultant participant is somebody or group that can affect or be affected by the activities of a firm's business. Such as the employees, suppliers, customers, creditors governments including the communities scramblers, even the entire tax authorities, financial analysts, etc. The relevance of this theory to the study is because it seeks to debate via the claims of Craig (2010), that investors are required to be accommodated with relevant information about the organization, and this information could involve information about financial affairs (through financial reporting) and non-financial affairs. Therefore, this study, assumes that managers will focus seriously on higher performance through the preparation of accounting information quality, so that the financial information will meet the yawning of the stakeholders of the company. Additionally, the theory suggests that to seek to maximize values for the stakeholders, the business firm must do everything possible. The interconnection between a business and its major stakeholders like employees, investors, customers, suppliers, and the community who are linked via quality financial information provided through the annual financial statements is what the theory emphasizes. This theory was brought into this work because of its significant role in emplacing on the quality financial statements which attract potential investors from the country's economy at large. It also encourages the

directors on the need of preparing financial statements that will be relevant due to its faithful representation of the accounting and economic values information to make useful investment decisions by the users.

Empirical Review

Anaja and Emmanuel, (2015) delved into the effect of counting information quality on investment effectiveness in Tehran. The sample size used was 120 companies listed on Tehran Stock Exchange. Research data are collected over 10 times from 2005 to 2014 and anatomized by the use of multiple regressions. The results showed that there's an inverse significant relationship between over investment and fiscal reporting quality and also an under-investment. In other words, over-investment and under-investment are reduced by improving the fiscal reporting quality for the efficiency of investment. The results also indicated that three effective factors affect the relationship between the quality of the financial reporting and investment edge similar as a limitation in the backing, the position of accumulated cash, and free cash inflow. However, the limitation in backing has no meaningful effect on the relationship between fiscal reporting quality and underinvestment. Bamidele et al. (2018), carried out this exploration and the specific ideal of the stuffy was to probe the goods of counting information quality on investment decision making by Deposit Money Banks about Zenith Bank Plc in Nigeria. The sample size was all the Zenith Bank Plc branches in Nigeria. The data used for the study were sourced from Zenith Bank's audited periodic reports for the period of 2009 – 2016. The study employed both the Descriptive and Ordinary Least Forecourt Retrogression system with the aid of using E-view 9 to dissect the data. A significant effect of Financial Reporting Quality proxy by profit after duty, cash used in/ from investing, and cash and cash fellow on investment was found. The result also shows that Financial Reporting Quality has significantly told on investment of Deposit Money Banks The study concluded that, advanced fiscal reporting quality increases investment opinions by Deposit Money Banks in Nigeria

Ahmed et al. (2017), carried out this exploration study and the specific ideal of the study was to probe the relationship between the financial reporting quality and non-financial performance of listed enterprises in Jordan. The study further investigated the extent to which demographic attributes like type, size, and experience) have an impact on the account information quality. For these purposes, an abstract frame grounded on the content analysis of the former studies was developed. The data for this exploration was collected through a tone-conducted questionnaire of 239 repliers from public listed companies in the Stock Amman Market database (2017) as a sample size. the statistical tool used was chi- forecourt. The results showed that the factors of the quality of financial reporting significantly impact the non-financial business performance and the variations of the account information quality among these companies were significantly planted to be related to their size and experience and not to their type of business, which they belong to.

Samuel et al. (2018), conducted this empirical work and the specific ideal of the study was to ascertain the relationship between inspection commission size and counting information quality in Nigeria. One of the desirable features of commercial governance is to enhance fiscal reporting quality for easing effective and effective coffers allocation of profitable decision-making by commercial directors. The statistical tool used was Panel data retrogression. The findings indicated that inspection commission size was plant positive and significant with fiscal reporting quality. Our results emphasize the significance of the commercial governance recommendation as a means of strengthening the monitoring and oversight part of the inspection commission which plays in the financial reporting process. Eventually, the study offered recommendations to enhance counting information quality exposure.

Chan-Jane (2015), conducted this research work and the specific objective of the study was to ascertain the relationship between the accounting information quality and the efficiency of investment of firms in Asia. The entire quoted firms in Asia, 2015, formed the sample size. Employed the cross-sectional data using multiple regression analysis as a statistical tool. The outcome indicated that most Asian firms have been forced to increase financial and non-financial disclosure

to meet the information needs of investing market; as such, a serious increase in the market performance over the last few years was noticed.

METHODOLOGY

Ex-post-facto cross-sectional and time-series research design was employed in carrying out this study. This was considered suitable because there are so many empirical studies already exist in the subject investigated. As such, this study investigated accounting information quality and financial performance of listed consumer goods manufacturing companies in Nigeria. Moreover, the study strategy was to use secondary data (historical data) by taking a sample size of twelve (12) listed consumer goods manufacturing companies in Nigeria Stock Exchange from 2009-2019. to conduct an empirical investigation of the relationship between accounting information quality and financial performance of listed consumer goods manufacturing companies in Nigeria. The researcher just wants to delineate the relationship between two or more variables in which the changes in the dependent variables are caused by the independent variables. The population of this study encompasses nineteen (19) listed consumer goods manufacturing companies in Nigeria Stock Exchange (NSE). The study for seamless empirical analysis, made use of twelve (12) listed consumer goods manufacturing companies in the Nigerian stock exchange (NSE) up to the period of this study (2021) as the sample size. The data were analyzed by the ordinary least squares regression to determine the relationship between the accounting information quality (Faithful representation of Accounting Information, Relevance of Accounting Information and Timeliness of Accounting Information) and financial performance (return on equity, return on asset and market price per share) of listed beverage manufacturing companies in Nigeria.

The measure of Faithful Representation of Financial Reporting

Faithful representation based on the definition by the conceptual framework asserts that the financial statements are said to be faithfully represented when they are complete, neutral and are free from any material error, and faithfully reflect the economic events that they must represent. Therefore, faithful representation of financial reporting was measured by (Absolute Discretionary Accruals) and tested by the cross-sectional modified-Jones model of Dechow et al. (1995) which is the difference between total accruals and non-discretionary accruals. As an accrual measure used by Bharat et al. (2007), total accrual (TACC) is the disparity between earnings before extraordinary items and operating cash flow. Total accruals are scaled by total assets to determine the firm size effect. The complete optional accruals are calculated by measuring the non-discretionary accruals as a portion of the total accruals in the Modified Jones model. The regression model for each listed consumer good manufacturing company and each year is as follows

$$\frac{TACC_{it}}{TA_{it-1}} = \alpha_{1t} \frac{1}{TA_{it-1}} + \alpha_{2t} \frac{(\Delta REV_{it} - \Delta REC_{it})}{TA_{it-1}} + \alpha_{3t} \frac{PPE_{it}}{TA_{it-1}} + \varepsilon_{it}$$

Where-

$TACC_{it}$ = total accrual scaled by total asset for firm sample i at period t;

TA_{it-1} = lagged total asset for firm sample i at period t-1;

ΔREV_{it} = changes on net income for firm sample i at period t;

ΔREC_{it} = changes on net receivable for firm sample i at period t;

PPE_{it} = Gross property plant and equipment for a firm sample at period t.

All variables shown above are scaled by total assets.

The non-discretionary accruals scaled by assets ($NDAC$) are computed as follows-

$$\frac{NDAC_t}{A_{t-1}} = \hat{\alpha}_1 \frac{1}{A_{t-1}} + \hat{\alpha}_2 \frac{(\Delta REV_t - \Delta REC_t)}{A_{t-1}} + \hat{\alpha}_3 \frac{PPE_t}{A_{t-1}}$$

The discretionary accruals scaled by total assets for the firm in year t is measured as-

$$ABSDA_t = TACC_t - NDACC_t$$

If firm managers are more likely to exercise discretionary accruals for maintaining or improving the financial reporting quality, then, we can rest assured of a positive relationship between faithful representation and corporate financial performance in Nigeria (Dechow & Skinner 2000).

The measure of Relevance of Accounting Information

The relevance of financial reporting will be determined using one model. The model is the returned model introduced by Easton and Harris (1999), which includes earnings level and earnings changes as explanatory variables to assess their usefulness in determining stock return (Amir et al., 1993; Cheng et al., 1996).

Also, current earnings can be decomposed as follows using the Easton and Harris (1999) model

$$R_{it} = \alpha + \beta_1 \text{EPS}_{it}/P_{it-1} + \beta_2 \Delta\text{EPS}/P_{it-1} + \varepsilon$$

Where

R_{it} is the annual return of firm i , in period t , and is computed as follows

$$R_{it} = \frac{P_{it} - P_{it-1} + \text{div}_{it-1}}{P_{it-1}}$$

Where P_{it} refers to the closing price of firm i at time t ,

P_{it-1} is the price of firm i at the end time $t-1$ and

div_{it-1} is the dividend received for period $t-1$

Therefore, the decomposed current earnings by Easton and Harris (1999) model was used to quantify relevance for this study.

The measure of Timeliness of Accounting Information

Audit report lag which is denoted by the natural logarithm of the number of days in between the date of fiscal year-end and the date of independent auditors' reports for listed consumer goods manufacturing companies (i) in period (t) is used to timeliness.

Where-

ARL = Audit report lag denoted by the natural logarithm of the number of days in between the date of fiscal year-end and the date of independent auditors' reports for listed consumer goods manufacturing companies (i) in period (t).

Concept of Financial Performance

Financial performance is related to money and the management of money. Therefore, financial performance is referred to as managerial activities or operations of economic agents (corporate entities) which involve the planning, acquisition, utilization and apportionment of scarce financial resources. It is also referred to as execution, accomplishment and fulfilment of corporate financial objective by the management extended efforts efficiently and effectively and transparently reporting the annual financial statements.

Nevertheless, the quality of information helps in achieving financial performance reflected by past cash flows. It also, helps the users of financial statements assess the entity's ability to generate future net cash inflows which if efficiently and effectively utilized will create future value which is also financial performance regarding returns on investment. It indicates how the reporting entities obtain and spend cash. Besides, the information also covers borrowing and repayment of the debt, cash dividends or other cash distributions to investors, and other factors that may affect the entity's liquidity or solvency. It shows the act of managing the financial activities of an organization. Manufacturing companies play a significant role in the economic resource allocation of any country. They can do so because they can generate or earn income to cover their operational cost incurred during the process of economic production. For the manufacturing companies to sustain an intermediary role, they need to obtain profit or be profitable and above the intermediation role, the corporate financial performance has critical implications for the economic growth of countries.

Quality corporate financial performance rewards the owners (capital providers) for their economic and financial investments, consequentially, encouraging additional economic and financial investments which result in economic growth in the countries. Moreover, poor corporate financial performance can lead to companies' financial failures or crises which can also lead to seizure or liquidation of the company's economic operation which will have negative repercussions on the economic growth and development. The companies' financial performance can be influenced by internal and external factors (Al-Timimi, 2014; Aburime, 2005). These internal factors are (i) size of cash flow (ii) labour productivity, (iii) state of information technology, (iv) risk level, (v) management quality, (vi) company size and (vii) ownership structure. The external factors are (i) macroeconomic policy stability, Gross Domestic Product, inflation, interest rate and political instability and in all, incessant chronic corruption in almost the manufacturing companies, especially, Cadbury financial scandal or crisis in 2007. The measures of corporate financial performance that are considered in this study are discussed below-

Return on Shareholders' Equity (ROE)

It measures the return of the owners (i.e. preference and equity shareholders) investment in the firm. In other words, it defines the return of the owner's funds. Moreover, the profitability ratios based on shareholders equity are termed as return on shareholders' equity (Khan & Jain, 2005). There are different measures to compute returns on shareholders' equity (i) Return on total shareholders' equity (ii) Return on Ordinary Shareholders Equity (Net Worth) (iii) Earnings Per Share (iv) Cash Earnings Per Share (v) Book Value Per Share (vi) Price to Book Value Ratio (vii) Dividend Per Share (viii) Dividend Pay-out Ratio (ix) Earnings and Dividend Yield (x) Price Earnings Ratio. It defines the association between net profits after tax to average total shareholders' equity. It is said that poor management of the funds may create hindrances in future business development. Return on Ordinary Shareholders' Equity (Net Worth), no doubt, preference shareholders are also the owners of the firm but the real owners of a firm are ordinary shareholders who bear all the risk in the business and participate in decision making. Therefore, they are eligible to claim the remaining profit after the distribution of preference shareholders' dividends. This ratio plays a significant role in indicating whether a firm has earned satisfactory returns for its equity holders or not (Khan & Jain, 2005). This ratio measures profitability after taxes before preference dividend by the total shareholders' equity. The term or word, shareholders' equity here includes (a) equity share capital (b) share premium (c) reserves and surplus less accumulated losses.

Therefore, return on total shareholders' equity =
$$\frac{\text{Net Profit after taxes}}{\text{Total shareholders' Equity}} = \frac{\text{PAT}}{\text{TSE}}$$

Where PAT = Profit after taxes

TSE = Total shareholders' equity.

Method of Data Analysis

Model Specification

Three econometrics models were constructed to ascertain the relationship between the independent (predictor) variable on the dependent (criterion) variable in the study. The three proxies of the dependent variables (companies' financial performance) return on equity, market price per share and return on assets were captured in the models. The only latent variable is a faithful representation (FR measured by absolute discretionary accrual) as an independent variable and was used to investigate the relationship between accounting information quality and financial performance of listed consumer goods manufacturing companies in Nigeria.

The functional relationship of the study is stated

$$Fp_1 = F(AIQ)$$

Where-

Fp. Financial Performance was ascertained via Return on Equity (ROE),

AIQ. Accounting Information Quality was ascertained via Faithful Representation of Accounting Information (FRAI), Relevance of Accounting Information (RVAI) and Timeliness of Accounting Information (TIMEAI).

Therefore, the proposed model specification of this study is stated as follows-

$$\text{ROE} = \alpha_0 + \beta_{1t} \text{ABSDAC}_t + \beta_{2t} \text{AR} + \beta_{3t} \text{ARL} + \epsilon \dots \dots \dots \text{(Model 1)}$$

Where.

ROE = Return on Equity of twelve listed consumer goods manufacturing companies in year t

α_0 = A constant, equals the value of Y when the value of x= 0

β = Coefficient of the independent variables

FR = Faithful Representation of Accounting information measured by absolute discretionary accruals (ABSDAC) of the twelve selected listed consumer goods manufacturing companies in a year t

RV = Relevance of Accounting Information measured by annual returns (AR) of the twelve selected consumer goods manufacturing companies in a year t

TIME = Timeliness of Accounting Information measured by audit report lag (ARL) of the twelve selected consumer goods manufacturing companies in a year t.

Apriority Expectation

We expected an inverse (negative) correlation between accounting information quality measured by faithful representation (measured by absolute discretionary accruals), the reason being that other qualities emerge consequential to the reliability, Relevance of the accounting information and Timeliness of accounting information and financial performance (measured by ROE of listed consumer goods manufacturing companies where the measures of independent variable have further been measured by observable variables and by the use of renown models.

Data Analysis and interpretation: Test of Null Hypotheses (HO₁), (HO₂), and (HO₃),

Table 1. Variables Entered/Removed^a

Model	Variables Entered	Method
1	TIMEAI, ,RVAI, FRAI ^b	Enter

a. Dependent Variable ROE

b. All required Variables entered

Table 2 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin Watson
1	.218 ^a	.048		.36030	1.555

a. Predictors (Constant), FRAI,RVAI,TIMEAI

b. Dependent Variable: ROE

Table 3 Coefficients^a

Model	Unstandized Coefficients		Standard Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.617	.173		3.061	.001
FRAI	-.001	.001	.049	-.573	.568
RVAI	.010	.017	.052	.602	.549
TIMEAI	-.214	.088	-.210	-2.430	.016

a. Dependent Variable: ROE

Table 4. Summarized Outcomes of the Empirical Analysis:

VISIBLE	COEFFICIENT	T-STATISTIC	PROB.
C	.617	3.561	.001
FRAI	-.001	-.573	.568
RVAI	.010	.602	.549
TIMEAI	-.214	-.2430	.016
R ²	.048	MINIMUM VALUE	-.0199
R	.218 ^a	MAXIMUM VALUE	.6349
Probability(T-Statistic):		MEAN VALUE	.2138
FRAI	.568	STANDARD DEVIATION	.07968
RVAI	.549	DW	1.555
TIMEAI	.016		

Source: Summarized SPSS Version 22 Print Out

Decision Rule

Accept alternate hypothesis (H_{O2}), if the p-value is less or equal to 0.05 level of significance, reject null hypotheses otherwise accept (H_{O1}) and reject (H_{O2})

Table 4 above revealed the ordinary least square multiple regression outputs of the three predictor variables of the three hypotheses stated in model 1. From the summarized outcomes of the empirical analysis table, The result indicated that FRAI and TIMEAI have a negative insignificant and significant relationship with ROE, this is because the p-value of a FRAI is more than the 0.05 level of significance ($0.568 > 0.05$), therefore, we reject the alternate hypothesis (H_{O2}), and accept the null hypothesis (H_{O1}) that stated that faithful representation of accounting information has no significant relationship FRAI with ROE of listed consumer goods manufacturing companies in Nigeria. While TIMEAI has a negative significant relationship with ROE. This is because the p-value is less than the 0.05 level of significance ($0.016 < 0.05$). Therefore, we reject the null hypothesis (H_{O1}) and accept the alternate hypothesis (H_{O2}) that stated that the timeliness of accounting information has a significant relationship with the ROE of listed consumer goods manufacturing companies in Nigeria. RVAI has a positive insignificant relationship with ROE. This is because the p-value is more than the 0.05 level of significance ($0.549 > 0.05$), therefore, we reject the alternate hypothesis (H_{O2}) and accept the null hypothesis (H_{O1}) that stated that the RVAI has no significant relationship with ROE

Discussion of Findings

The study investigated the relationship between Accounting Information Quality and Financial Performance of Listed Consumer goods Manufacturing Companies in Nigeria. From the study empirical analysis findings, the result indicated that FRAI has a negative insignificant relation with ROE which means that the managers of the listed manufacturing companies highly manipulate the accounting information reported annually reported to the public through discretionary accruals, thereby, making the report on return on equity looks attractive to the shareholders but does not represent or reflect the economic reality. While TIMEAI of accounting information quality has a negative significant relationship with ROE which means that the time between the fiscal year-end and auditing processes makes the return on equity less relevant for investment decision making by the shareholders, means that its value at the delayed time appears abated because it would have been manipulated during the auditing process. Furthermore, the RVAI has a positive insignificant relationship with return on equity. This could be the unfaithful reporting of the elements of financial statements by the managers and chief accounting officer in some cases.

CONCLUSION

The researchers concluded that consequential to the empirical analysis findings, it means that the stakeholders or users of accounting information due to the incessant financial fraud in almost every sector of the Nigerian economy has found that there is chronic corruption, especially, in the manufacturing companies referencing to Cadbury Plc in Nigeria in 2007 etc which the users of the

accounting information lost trust and confidence in the annual financial statements, and that is the reason why accounting information quality has a negative insignificant and significant relationship with the financial performance of the listed consumer goods manufacturing companies in Nigeria, in the area of return on shareholders' equity, besides, the previous studies and the general stakeholders of the annual accounting information have always predicted negative performance because of corruptive trend in the economy. The TIMEAI has a negative significant relationship with return on equity is due to delay as a result of audit report lag.

RECOMMENDATIONS

Based on the study empirical analysis on the listed consumer goods manufacturing companies in Nigeria, the followings are recommended:

1. Company management and capital providers (business owners) should establish a strong policy to reduce the chances of managers, including the chief accounting officer of any manufacturing corporate entity, manipulating accounting information in annual reporting using discretionary accruals.
2. The auditing period for manufacturing companies, particularly those listed on the Nigerian Stock Exchange, should be reviewed to reduce the stretching of auditing processes.

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