Financial Accounting Reporting and Business Decisions of Selected Manufacturing Firms in Nigeria

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Abstract
The study looked into the effect of financial accounting reporting on the management decisions of a business by studying selected firms. The firms are located in Enugu state south east Nigeria while being large and indigenous manufacturing firms the three firms produce differentiated products. The problem under consideration in this study includes non-compliance to lay down regulations and poor corporate governance leading to weak internal controls and poor operational procedures. The methodology used was analyzing primary data with Pearson's correlation and Spearman's rho correlation using SPSS statistical package. The decision was to accept all three hypotheses as true considering the level of responses analyzed were overwhelmingly in agreement that the effect of financial accounting reporting on management decision of a business is positively significant. The SPSS used in analyzing the correlation among the variables using the bivariate approach clearly indicate high significance levels for each question analyzed. Going by the tables the lowest figure using Pearson correlation was also significant at 71% and the highest as 99% and in using the spearman correlation the correlation was higher than 95% in many cases but not lower than 60% . Even though the three firms from the analysis have very significant responses innoson group's staff responses seem more optimistic than the others, of course the three companies under study are not close competitors since the offer differentiated products. Since the spearman correlation between the variables are high the standard deviation when ranks are normalized are insensitive to both translation and linear scaling. The spearman correlation is considered positively significant as the increases in the explanatory variables had a sympathetic effect in the same direction on the dependent variable. The variables are closer and near perfectly monotonically related causing the spearman correlation to increase in magnitude and the exact sampling distribution is obtained by the probability distribution of X and Y. Given the rate of fraud and mismanagement in the Nigerian private sector, in addition to managing their limited resources it is advised for both large and small firms to hire competent and experienced personnel, keep financial records, conduct regular bank reconciliation and audit, take seriously the independent recommendations of auditors. This would greatly enhance the liquidity and profitability positions of the compliant firms hence keep them away from insolvency and bankruptcy margins.

Keyword: *Financial accounting reporting, management decisions, business and selected firms*

1.0 Introduction

The role of financial reporting in the many public and private organizations can constitute a great impact in the economy and hence is considered critical to national development. However, since the aftermath of the 2016/2017 recession, the stability of the economy has assumed a greater focus as a key objective of economic policy in Nigeria. One of the measures taken to ensure stability of the Nigerian economy was the enactment of a code of conduct that will entrench good corporate governance through enhanced financial reporting especially in the public sector. Poor board performance due largely to inadequate corporate governance has been identified as one of the major factors in virtually all known instances of financial distress. Thus, it is therefore crucial that organizations observe a strong corporate governance ethos that will enhance board performance.

In Nigeria, a survey, by the Securities and Exchange Commission (SEC) reported in a publication in April 2003 that corporate governance was at a rudimentary stage, as only about 40% of quoted companies, including banks, had recognized codes of corporate governance in place. It was mentioned in the report that especially the banking sector, poor corporate governance were identified as one of the major factors in virtually all known instances of a banking sector distress in the country (CBN, 2006). Since 2003 when the Nigerian Securities and Exchange released a Code of Best Practices on Corporate Governance for public quoted companies, banks had been expected to comply with its provisions. This was in addition to a Code of Corporate Governance for Banks and Other Financial Institutions approved earlier in the same year by the Bankers' Committee. However, management of these banks has been slow in implementing and entrenching good corporate governance practices in their banks.

In order to ensure proper accountability and prevent fraud by the management, the forensic accountant who is an expert in financial fraud matters with special skills in scientific knowledge and legal matters could help management to improve corporate governance in the organisation. Also, since management are aware that the forensic accountant may be called upon by external auditors and audit committee at any time to investigate and detect financial fraud, the management will be more diligent in carrying out its function effectively knowing full well that the forensic accountant is a crime detector. The directors being aware that the forensic accountant may be invited to detect and prevent fraudulent activities, will most times ensure that their organization has a good internal control system, checks and balances which are transparent, thereby positively influencing corporate governance.

According to Ramaswamy (2009) the failure in corporate communication structure has made the financial community realize that there is a greater need for skilled professionals that can identify, expose, and prevent weaknesses in poor corporate governance, flawed internal controls, and fraudulent financial statement. The forensic accounting skills are especially needed to address these areas mention above and are becoming increasingly relied upon within a corporate reporting system that emphasizes accountability and responsibility to stakeholders especially banks. Therefore with the forensic accountant expert knowledge in crime, corporate reporting system designed by management can improve and this is expected at translating to an enhanced good corporate image thereby leading to good corporate governance. It is therefore against the need to explore this important knowledge gap that this seminar paper examined the relationship between forensic accounting and corporate governance of Nigerian banks.

1.1 Background:

1.1.1 A brief background of the selected firms

The scope of study is on three large private sector firms situated in Enugu state, they are Emenite limited, Innoson group of companies and JUHEL Nigeria limited. Questionnaires were distributed to the accounting, audit and management staff of the aforementioned firms.

JUHEL Pharmaceutical Company
This is an indigenous pharmaceutical manufacturing company founded in 1987, the first of its kind in the old Anambra state consisting of Anambra and Enugu states. The company started as a new entrant into a pharmaceutical market that was dominated by foreign competition over thirty years ago but is worth billions of naira today. They manufacture a wide range of products from oral to intravenous medicines with a total of over 100 pharmaceutical products being one of the largest in the industry all of which are NAFDAC and ISO certified. The company is made up of two divisions; the Oral Medicine Manufacturing plant in Emene, Enugu State and the Parental Medicine manufacturing Plant in Awka, Anambra State. The company has also extended to other parts of West Africa.

Emenite Limited
This company was founded on 3ed October, 1961 by the then premier of the defunct eastern region (south-east Nigeria) the late Dr. Hon M.I Okpara. The company on incorporation has manufactured building materials such as ceiling boards, roofing sheets and partitioning boards. With the assistance of its European partners, the Belgian Etex Group, the company has been able to meet the requirements of the demanding market through a continuing programme of technical improvements, strict quality controls and emphasis on customer satisfaction. The company is one of the largest employers of labour in Enugu state.

Innoson Group of companies
Innoson group of companies headquartered at Nnewi also have an office at Lagos and another at Enugu where the technical and industrial division of the group is located. The group's product line includes heavy duty vehicles, middle and high level buses and special environment friendly vehicles such as the ones supplied to the Nigerian Army recently. They also have automotive products from China, Japan and Germany. The company also carries out optimization design and assemblage of products suitable for the African terrain. Another arm of the group specializes in the production of household and industrial accessories, storage containers, fixtures and fittings, electrical components and accessories and plastic products. The group is also blessed with another manufacturing division called General Tyres & Tubes Co. Ltd also located at Enugu. The plant has about 8,000 motor cycle tyres and 13,000 tubes in daily production capacity alone. This is a major indicator as to the market potential of the group.

General background of study
Financial reporting are instituted processes that enable organizations to report established evidence on transactions that are contained in the organization's books for the period under consideration. In doing so, if there are discrepancies (which there often are), the job of the reporting accounting officer in-charge should be to reasonably report to management the discrepancies and make recommendations given the implications to the organization's operations. For this policy decisions to be effective, the information required by users at various stages of the bank reconciliation process has to show that the quality of information has to be relevant, the results have to be reliably accurate, and the standard rules and regulations that guides the country of operation should be comparable and consistent.

1.2 Statement of Problem:
Financial reporting procedures are analytical in nature but are supported by accounting theories such as *"matching concept"*. By definition the matching principle is premised on accrual accounting where income and expenditure are matched within the period they occur.

As part of the financial reporting obligations of businesses in many countries, modern day accounting theories attempt to put theories in the context of conceptual framework of Accounting rules and principles. Because policy decisions have to be made by top executives or business managers, the financial reporting that comes from bank reconciliation provides vital information that has short and long term consequences to the organization and the business environment as a whole. The challenges facing the role of financial reporting in many firms has become very complex despite the emphasis on increased surveillance, regulatory and legislative controls over the years and the increase of qualified professionals, workshop training exposure and global harmonization of financial reporting standards in the last two decades. This makes it all the more bewildering when you consider the role of financial reporting to national development. Poor corporate governance in both public and private entities have led to disagreements between board and management giving rise to board squabbles; ineffective board oversight functions; fraudulent and self-serving practices among members of the board, management and staff; overbearing influence of chairman or MD/CEO, especially in family-controlled banks.

Poor corporate governance have also led to weak internal controls; non-compliance with laid-down internal controls and operation procedures; ignorance of and non-compliance with rules, laws and regulations guiding banking business; passive shareholders; poor risk management practices resulting in large quantum of non-performing credits including insider-related credits; abuses in lending, including lending in excess of single obligor limit; sit-tight directors even where such directors fail to make meaningful contributions to the growth and development of the bank; succumbing to pressure from other stakeholders e.g. shareholder's appetite for high dividend and depositors quest for high interest on deposits; technical incompetence, poor leadership and administrative ability; inability to plan and respond to changing business circumstances and ineffective management information system (CBN, 2006).

As a result of these weaknesses many organizations have began searching out means by which to improve corporate governance that will ensure more transparent business practice as well as enhancing a more ethical business market. This is especially true for banks due to the homogenous nature of banking products. The risk of fraud being committed from within the organization is one of the greatest difficulties standing in the way of these goals. New companies have varieties of options by which to investigate any threats with a much greater success rate, rather than having to go through the traditional route of handling the situation with account audit which has a tendency to be time consuming and highly inefficient.

1.3 Objectives of the study:

The main objective of the study will be to assess the relationship between financial accounting reporting and management decisions of businesses. Specifically, this study seeks to:

i. To find out the extent to which financial records are kept in the organization and how does these records affect the running of the organization
ii. To find out if auditors evaluate the financial records of the firm and how well the management utilizes recommended reports after audit
iii. To ascertain if financial accounting reporting affects management performance.

1.4 Statement of Hypotheses

Hypothesis one

H1: The organization considers financial records as significant to management policies

Hypothesis two

H1: The organization hires the professional services of auditors and the management implements their recommendations significantly

Hypothesis three

H1: The financial accounting reporting of the firm significantly affects the performance of management.

2.0 Review of related literature

Financial reporting represents major steps in achieving desired controls in organizations in both private and public sectors. If properly handled and well implemented. According to Hanninnem (2013) the purpose of financial control is to measure the level of accounting compliance to actual financial values and to explain deviations using variance analysis and investigative audit. This way an organization can measure the input/output efficiency of their operations and how effective policy adherence is, this helps to prevent misappropriation and fraud.

The reporting process facilitates the aims of fraud prevention and eroding of asset quality through the setting of strategic goals and objectives, developing checks for revenues, costs, productions, cash flows and other important factors. Moreover it is a process which complements the budgetary control through variance reporting, by comparing actual values with budgeted values.

Businesses face challenges in budgeting funds and financial reporting facilitates the prudent preparations of those in the budget and planning unit of many large organizations. Accountants should be familiar enough with the operations of the organization so as to provide adequate recommendations for financial controls in the future. Many firms (even large ones) often do not high the services of accountants as they consider hiring account clerks as lowering remuneration costs. Unfortunately, as opined by Onoh (2017) the envisaged savings is pale in comparison to losses occasioned by undetected leakages in the poorly kept banking records and accounts receivable and payable especially for firms with large turnover. Hiring an accountant to focus on the budget also allows the business owner to concentrate on the day-to-day operations, with only small interruptions to review the accountant's budgeting work and discuss the business plans.

Even the best laid plans aimed at limiting incidences of fraud in banks unfortunately are rarely adequate. In order to address the incidences of fraud, a number of compliance tactics had been incorporated into risk management strategies to help prevent any acts of fraudulent activity. It is therefore necessary to conduct a thorough investigation once any such activity has been detected or rumored to occur. Fortunately, in the last few years, the knowledge of the forensic accountant has become available to companies to conduct thorough investigation and handle fraud situations in a more ethical manner. The forensic accountant can trace the source and delve into a company’s books and bring to light any sort of fraudulent dealings.
Employing the forensic accountants’ techniques in such a proactive manner seems like the next logical step in risk management tactics in order to stay ahead of the game and handle

these matters more efficiently than ever, given the importance being placed on better corporate governance. It does appear that forensic accounting can certainly help augment these other strategies to create a more highly developed programme than ever before, while this is not to say that other methods of internal investigation should be disregarded.

The role of accounting cannot be over emphasized as this is an important aspect required to efficiently manage the resources of any country or economy. Internal auditing (IA) serves as an important link in the business and financial reporting processes of corporations and not-for-profit providers (Reynolds 2000). Internal auditors play a key role in monitoring a company's risk profile and identifying areas to improve risk management (Goodwin-Stewart & Kent 2006). The aim of internal auditing is to improve organizational efficiency and effectiveness through constructive criticism. Unegbu & Obi (2007) defined internal audit as part of the internal control system put in place by management of an Organization to ensure adherence to stipulated work procedure and as aid to management. According to Unegbu & Obi (2007) Internal audit measures, analyses and evaluates the efficiency and effectiveness of other controls established by management in other to ensure smooth administration, control cost minimization, and ensure capacity utilization and maximum benefit derivation. In the view of Adeniji (2004) Internal audit is part of the internal control system put in place by management of an organization.

The Institute of Internal Auditors (IIA, 1999a) defined internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations, It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This definition signifies that internal audit has undergone a paradigm shift from an emphasis on accountability about the past to improving future outcomes to help auditors operate more effectively and efficiently (Nagy & Cenker, 2002; Stern, 1994; Goodwin, 2004). Internal audit is effectively control if it meets the intended outcome it is supposed to bring about. Sawyer (1995) states, internal auditor's job are not done until defects are corrected and Remain corrected.

Van Gansberghe (2005) explains that internal audit effectiveness in the public sector should be evaluated by the extent to which it contributes to the demonstration of effective and efficient service delivery, as this drives the demand for improved internal audit services. Based on the results of a consultative forum that focused on improving public sector internal audit, Van Gansberghe (2005) identified perceptions and ownership; organization and governance framework; legislation; improved professionalism; conceptual framework; and also resources as factors influencing internal audit effectiveness. Effective internal audit undertakes an independent evaluation of financial and operating information and of systems and procedures, to provide useful recommendations for improvements as necessary. The effectiveness of internal audit greatly contributes to the effectiveness of each auditee in Particular and the organization at large (Dittenhofer, 2001). Dittenhofer (2001) has also observed that if internal audit quality is maintained, it will contribute to the appropriateness of procedures and operations of the auditor, and thereby internal audit contributes to effectiveness of the auditee and the organization as a whole.

Using agency theory, Xiangdong (1997) explained the role that internal audit plays in an economy and points out that internal audit has an advantage over external audit in obtaining information quickly and finding problems at an earlier stage; and Spraakman (1997),

applying the theory of transaction cost economics, demonstrated how internal audit recommendations are important to the management of government organizations. Prior literature relating to internal audit effectiveness has either focused on the internal audit's ability to plan, execute and objectively communicate useful findings (Xiangdong, 1997; Spraakman, 1997; Dittenhofer, 2001); or taken a broader view and included factors that Transcend the boundary of a single organization (Van Gansberghe, 2005). This study attempts to introduce a different perspective for evaluation of internal audit effectiveness by identifying factors within an organization that impact on audit effectiveness. Internal audit quality, which is determined by the internal audit department's capability to provide useful findings and recommendations, is central to audit effectiveness. Internal audit has to prove that it is of value to the organization and earn a reputation in the organization (Sawyer, 1995). Internal audit has to evaluate its performance and continually improve its service (Ziegenfus, 2000). Audit quality is a function of the level of staff expertise, the scope of services provided and the extent to which audits are properly planned, executed and communicated.
Audit findings and recommendations would not serve much purpose unless management is committed to implement them. Adams (1994) used agency theory to explain that it is in the interest of management to maintain a strong internal audit department. Implementation of audit recommendations is highly relevant to audit effectiveness (Van Gansberghe, 2005) and the management of an organization is viewed as the customer receiving internal audit services. As a result, management's commitment to use audit recommendations and its support in strengthening internal audit is vital to audit effectiveness (Sawyer, 1995). Organizational setting refers to the organizational profile, internal organization and budgetary status of the internal audit office; and also the organizational policies and procedures that guide operation of auditors. It provides the context in which internal audit operates. Thus, organizational setting can exert influence on the level of effectiveness that internal audit could achieve.

Government businesses in the process of making policies, programmes, activities or functions in accordance with laid down rules. This rules become stricter especially in relation to accounting and reporting for the collection and use of government funds which supports the process of governance. Financial reporting objectives vary from one organization to the other depending on the nature of activities. Whereas in a public sector, the objective may be to showcase how taxpayers resources were utilized in the provision of social and infrastructural facilities, in a private sector, the aim is to report how owners' resources were applied to generate income and whether such application increased or decreased their wealth. Adebayo (2005, pp. 33-34) identified the following as some of the objectives of financial reporting: to provide useful information for making economic decisions for resource allocation, to provide information for evaluating the stability and liquidity of organizations and to provide information about performance generally.

Others are to provide information especially for government and non-profit making organizations for evaluation of effectiveness of management of resources in achieving set societal goals, to provide information for predicting, comparing and evaluating the status of an organization in the industry and economy as a whole and to provide relevant statements of financial activities of an organization. Contributing on this topic, Libby *et al* (2001) epitomized the primary objective of financial reporting as the provision of useful economic information about a business to help external parties, primary investors and creditors, make sound financial decisions.

The body of knowledge reveals that what makes a difference in financial reports is the nature of financial information contained therein. Consequently, certain attributes or characteristics are expected of data contained in financial reports. Alexander and Britton (1999) identify that financial information should be relevant, understandable, reliable and complete. In addition, they should also be objective, timely and comparable.

By being relevant, data contained in financial reports are expected to satisfy the requirements of users (investors, managers, government etc) for their intended purposes. Such information are also expected to be understandable by interested parties; though simplicity may undermine the presentation of specialized activities, too much complexity is not encouraged in order to accommodate groups with divergent knowledge in accounting and finance. Reliability is another essential characteristic of financial reports. Information contained in financial reports should provide reliable evidence of financial activities of an organization. Financial information should in addition to these other attributes be complete. Information should not be partially reported; it should be total to provide full picture of events. Financial information is expected to incorporate objectivity as an important attribute. In this direction, financial data should not be biased or slanted to benefit or discredit the interest of a particular user. It should be adequately reported to present a true and fair view. Information presented in financial reports should be timely to be relevant for decision making. Facts contained in financial reports are also expected to be comparable. This makes it possible for the performances of a particular business to be compared over periods of time as well as with those of other businesses in the same industry at the same or different periods of activities.

Accrual basis is a major sub-component of accounting bases employed in the preparation of financial reports. This basis recognizes revenues and expenses in the period in which they relate and in which they are earned and incurred and not when they are received or paid (NASB, 1984). Accordingly, profits for a given period are recognized based on invoices issued to clients and expenses incurred irrespective of whether settlement of those invoices and expenses are made at a later date in the future. Accrual accounting also recognizes fixed assets and liabilities acquired and incurred so long as ownership and responsibility is transferred. As a consequence, depreciation on fixed assets are recognized and applied against revenue earned. Its advantage is that it provides full financial information about the activities of an enterprise during a reporting period. It is appealing to investors, long term loan providers and company management as it provides a better assessment of profitability. A few demerits are associated with this approach. For example, it is time consuming and requires elaborate documentation. Prominently, profit reported may not be a good representation of cash position; whereas profit performance may be favourable as a result of incorporation of unsettled invoices, cash position may be unfavorable thus impacting liquidity and ability to settle obligations.

In contrast to the accrual basis is the cash basis of accounting. This aspect recognizes the financial effects of transactions only when the cash has been received or paid (Obazee 2005, p. 22). As a result, profits are arrived at on the basis of invoices settled and expenses paid. The profit declared is cash profit and not accounting profit as unpaid expenses and unsettled invoices are ignored. Assets are recognized on cash basis. The cash basis is appealing to non-accountants as it does not give rise to further reconciliation of profit position and cash balance. It gives the satisfaction that profit/loss declared represents actual increase or decrease in cash. Dividend decisions under this scenario are based on cash position and not accounting profit. A few disadvantages are associated with this dimension of accounting bases. By ignoring accrued expenses and incomes, it fails to present a full picture of an organisation's financial activities. Profits/losses are under declared thereby leading to inadequate provision of financial data for use by interested parties in analyzing the performance of a company. Except by way of notes, it ignores liabilities incurred which give a wrong impression that the company has no indebtedness.

3.0 Research methodology

This research concentrates on the three large manufacturing products in Enugu producing differentiated industrial and household items and not competing with each other. All the staff respondents were chosen from the graduate cadre and were all from the senior staff level. The choice of these staff is hinged on the role forensic accounting report can contribute to the overall financial reporting standard of banks due to their knowledge of forensic accounting and its perceived relationship with corporate governance measured by board performance. Thus, their perception in this will be highly beneficial to the study. The primary source was used in generating data for this research. Primary data according to Kotler (1997) are data gathered for a specific research. They are first hand information obtained for the purpose of the study. Primary data was obtained through survey using questionnaire.

The accuracy of statistical inference based on sample depends on the adequacy of sample and sampling method. The problems of estimating the characteristics of a population would be very simple if the data were uniform and having the same pattern as the population. The researcher purposively selected forty members of staff from this ministry. The method used in collecting the data was through physical contact with the respondent organizations. Since the number of respondents were few it was not difficult to document but the timeliness of their submissions were varied and the researcher had to pay several visits to collect the questionnaires.

The method of data analysis will adopt two types of correlations using SPSS. The correlation types are Pearson's r and Spearman's rho, correlations refer to the extent two variables have a linear relationship with each other. The usefulness in correlations is there are in their ability to indicate predictive relationship that can be exploited in practice. The Pearson's r is a parametric statistic which uses continuous data and Spearman's rho is a non parametric statistic which uses categorical data as well as continuous data. Correlation does not imply causation, in other words even when there is proven correlation between two or more variables it does not mean that one variable for certain influences the other variable. It simply means that there is a relationship and can be influenced together by another variable. The strength of the linear relationship can be seen in correlation but it value does not completely characterize their relationship.

When Pearson's r is close to 1…

This means that there is a strong relationship between your two variables. This means that changes in one variable are strongly correlated with changes in the second variable. If for instance, Pearson's r is 0.985 which is very close to 1 it is reasonable to conclude that there is a strong relationship between the two variables. However, we cannot make any other conclusions about this relationship, based on this number.

When Pearson's r is close to 0…

This means that there is a weak relationship between the variables. This means that changes in one variable are not correlated with changes in the second variable. If our Pearson's r were

0.01, we could conclude that our variables were not strongly correlated.

When Pearson's r is positive (+)…
This means that as one variable increases in value, the second variable also increase in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This means there is a positive correlation. For instance if the Pearson's r value is 0.985 was it is taken as positive because SPSS did not put a negative sign in front of it. So, positive is the default. In other words changes in the independent variable result in significant response by the dependent variable.

When Pearson's r is negative (-)…
This means that as one variable increases in value, the second variable decreases in value. This is called a negative correlation. In for instance the Pearson's r value is positive at 0.985 and the Pearson's r negative value of -0.985 it stands to reason that one should conclude that when the independent variable moves in a certain direction then the dependent variable moves significantly in the opposite direction.
In contrast to the Pearson correlation which uses interval or ratio scale data that is normally distributed the Spearman correlation can be used for data that is either ordinal in nature such as a ranking or if we have interval or ratio scaled data that is not normally distributed.

For the purpose of this project, the researcher used questionnaire as the instrument for collection of primary data. The questionnaire was designed in a Likert structured form because the structured questions provided respondents with possible answers from where they would be required to select those that apply (Monga, 2005). It is noted that the Likert structured questions are easier for the respondents to answer; more reliable because of the fixed presentation of questions and responses. Copies of the returned questionnaire were used to analyze the data for easy comprehension.

The research design employed in this work is the survey design, the population under consideration consist of senior accounting, auditing and administrative personnel of three large manufacturing firms which is quite large, hence the use of a sample, the primary source of data is been used with the aid of a questionnaire which is divided into two section consisting of ten questions the closed ended question were asked, comprising of five responses. Data Collection, Presentation And Analysis The techniques used in analyzing the collected data is the Z-test statistical tool, over forty questionnaires were administered, each to willing and available directors, accountants, auditors and others of various levels in the parastatal. The research design for this study was based on non-experimental descriptive/survey design of collecting and analyzing data. Survey design was adopted in the study because it allowed data to be collected from a sample with the aim of discovering the relationship or interactions among variables. This requires that the researcher has to map out a broad view of the research questions and to provide themes and areas for investigation in more depth through interview. However, Nachmias and Nachmias (1985) observed research design as a blueprint crafted to address problems of scientific enquiry. The researcher had financing difficulties as it wasn't easy keeping up with the transportation and phone call costs of the respondents and the high cost of printing. Timely completion of the work was also affected by delayed responses.

4.0 Data analysis and discussion of findings

Data Analysis

Table 1 (Q1) Rating of company's attitude at record keeping

	EMENITE		JUHEL		IINOSON	
Very Strong	8	53.33%	11	73.33%	13	86.67%
Strong	7	46.67%	3	20.00%	1	6.67%
Poor	0	0.00%	0	0.00%	0	0.00%
Very Poor	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 2 (Q2) Rating filing and retrieval of primary records

	EMENITE		JUHEL		IINOSON	
Very Strong	8	53.33%	12	80.00%	13	86.67%
Strong	7	46.67%	2	13.33%	1	6.67%
Poor	0	0.00%	0	0.00%	0	0.00%
Very Poor	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 3 (Q3) Impact of management directives on loss prevention

	EMENITE		JUHEL		IINOSON	
Very Strong	11	73.33%	12	80.00%	14	93.33%
Strong	3	20.00%	2	13.33%	0	0.00%
Poor	1	6.67%	0	0.00%	0	0.00%
Very Poor	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 4 (Q4) Rating of company's conduct at bank statement reconciliation

	EMENITE		JUHEL		IINOSON	
Very Strong	10	66.67%	9	60.00%	13	86.67%
Strong	3	20.00%	5	33.33%	1	6.67%
Poor	2	13.33%	0	0.00%	0	0.00%
Very Poor	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 5 (Q5) Reasons for periodic bank statement reconciliation

	EMENITE		JUHEL		IINOSON	
Routine reasons	13	86.67%	13	86.67%	8	53.33%

Adhoc reasons	0	0.00%	0	0.00%	0	0.00%
Both	2	13.33%	1	6.67%	6	40.00%
None	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 6 (Q6) Ratings of professional standards for internal auditors

	EMENITE		JUHEL		IINOSON	
Very Strong	10	66.67%	9	60.00%	13	86.67%
Strong	3	20.00%	5	33.33%	1	6.67%
Poor	2	13.33%	0	0.00%	0	0.00%
Very Poor	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 7 (Q7) Measurement of auditor's independence in performance of their duty

	EMENITE		JUHEL		IINOSON	
Very Strong	12	80.00%	13	86.67%	14	93.33%
Strong	1	6.67%	1	6.67%	0	0.00%
Poor	2	13.33%	0	0.00%	0	0.00%
Very Poor	0	0.00%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 8 (Q8) Rating of external auditors recommendations on management decisions

	EMENITE		JUHEL		IINOSON	
Very Strong	10	66.67%	12	80.00%	14	93.33%
Strong	2	13.33%	2	13.33%	0	0.00%
Poor	2	13.33%	0	0.00%	0	0.00%
Very Poor	1	6.67%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 9 (Q9) Rating of external auditors recommendations on management decisions

	EMENITE		JUHEL		IINOSON	
Very Strong	9	60.00%	14	93.33%	12	80.00%
Strong	3	20.00%	0	0.00%	2	13.33%
Poor	2	13.33%	0	0.00%	0	0.00%
Very Poor	1	6.67%	0	0.00%	0	0.00%

Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 10 (Q10) Rating of loss prevention through financial reporting

	EMENITE		JUHEL		IINOSON	
Very Strong	10	66.67%	12	80.00%	14	93.33%
Strong	2	13.33%	2	13.33%	0	0.00%
Poor	2	13.33%	0	0.00%	0	0.00%
Very Poor	1	6.67%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 11 (Q11) Rating of the overall- effect of financial reporting on the firm

	EMENITE		JUHEL		IINOSON	
Very Strong	10	66.67%	10	66.67%	12	80.00%
Strong	3	20.00%	4	26.67%	2	13.33%
Poor	1	6.67%	0	0.00%	0	0.00%
Very Poor	1	6.67%	0	0.00%	0	0.00%
Unanswered	0	0.00%	1	6.67%	1	6.67%
	15	100.00%	15	100.00%	15	100.00%

Table 12
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.882**	.776**
	Sig. (2-tailed)		.000	.001
	N	15	15	15
Juhel	Pearson Correlation	.882**	1	.981**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.776**	.981**	1
	Sig. (2-tailed)	.001	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 13
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.846**	.817**
		Sig. (2-tailed)	.	.000	.000
		N	15	15	15
	Juhel	Correlation Coefficient	.846**	1.000	.998**
		Sig. (2-tailed)	.000	.	.000
		N	15	15	15
	Innoson	Correlation Coefficient	.817**	.998**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 14
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.829**	.776**
	Sig. (2-tailed)		.000	.001
	N	15	15	15
Juhel	Pearson Correlation	.829**	1	.996**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.776**	.996**	1
	Sig. (2-tailed)	.001	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 15
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.846**	.817**
		Sig. (2-tailed)	.	.000	.000
		N	15	15	15
	Juhel	Correlation Coefficient	.846**	1.000	.998**
		Sig. (2-tailed)	.000	.	.000
		N	15	15	15
	Innoson	Correlation Coefficient	.817**	.998**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 16
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.987**	.957**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.987**	1	.986**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.957**	.986**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 17
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.692**	.393
		Sig. (2-tailed)	.	.004	.148
		N	15	15	15
	Juhel	Correlation Coefficient	.692**	1.000	.785**
		Sig. (2-tailed)	.004	.	.001
		N	15	15	15
	Innoson	Correlation Coefficient	.393	.785**	1.000
		Sig. (2-tailed)	.148	.001	.
		N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 18
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.948**	.954**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.948**	1	.902**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.954**	.902**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 19
Correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.692**	.665**
		Sig. (2-tailed)	.	.004	.007
		N	15	15	15
	Juhel	Correlation Coefficient	.692**	1.000	.998**
		Sig. (2-tailed)	.004	.	.000
		N	15	15	15
	Innoson	Correlation Coefficient	.665**	.998**	1.000
		Sig. (2-tailed)	.007	.000	.
		N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 20
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.994**	.866**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.994**	1	.829**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.866**	.829**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 21
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.817**	.846**
		Sig. (2-tailed)	.	.000	.000
		N	15	15	15
	Juhel	Correlation Coefficient	.817**	1.000	.998**
		Sig. (2-tailed)	.000	.	.000
		N	15	15	15
	Innoson	Correlation Coefficient	.846**	.998**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 22
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.948**	.954**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.948**	1	.902**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.954**	.902**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 23
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.692**	.665**
		Sig. (2-tailed)	.	.004	.007
		N	15	15	15
	Juhel	Correlation Coefficient	.692**	1.000	.998**
		Sig. (2-tailed)	.004	.	.000
		N	15	15	15
	Innoson	Correlation Coefficient	.665**	.998**	1.000
		Sig. (2-tailed)	.007	.000	.
		N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 24
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.982**	.980**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.982**	1	.997**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.980**	.997**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 25
Correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.614*	.393
		Sig. (2-tailed)	.	.015	.148
		N	15	15	15
	Juhel	Correlation Coefficient	.614*	1.000	.817**
		Sig. (2-tailed)	.015	.	.000
		N	15	15	15
	Innoson	Correlation Coefficient	.393	.817**	1.000
		Sig. (2-tailed)	.148	.000	.
		N	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 26
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.971**	.956**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.971**	1	.986**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.956**	.986**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 27
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.576*	.326
		Sig. (2-tailed)	.	.025	.236
		N	15	15	15
	Juhel	Correlation Coefficient	.576*	1.000	.785**
		Sig. (2-tailed)	.025	.	.001
		N	15	15	15
	Innoson	Correlation Coefficient	.326	.785**	1.000
		Sig. (2-tailed)	.236	.001	.
		N	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 28
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.920**	.956**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.920**	1	.986**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.956**	.986**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 29
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.325	.600*
		Sig. (2-tailed)	.	.237	.018
		N	15	15	15
	Juhel	Correlation Coefficient	.325	1.000	.785**
		Sig. (2-tailed)	.237	.	.001
		N	15	15	15
	Innoson	Correlation Coefficient	.600*	.785**	1.000
		Sig. (2-tailed)	.018	.001	.
		N	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 30
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.971**	.956**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.971**	1	.986**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.956**	.986**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 31
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.576*	.326
		Sig. (2-tailed)	.	.025	.236
		N	15	15	15
	Juhel	Correlation Coefficient	.576*	1.000	.785**
		Sig. (2-tailed)	.025	.	.001
		N	15	15	15
	Innoson	Correlation Coefficient	.326	.785**	1.000
		Sig. (2-tailed)	.236	.001	.
		N	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 32
Correlations

		Emenite	Juhel	Innoson
Emenite	Pearson Correlation	1	.980**	.984**
	Sig. (2-tailed)		.000	.000
	N	15	15	15
Juhel	Pearson Correlation	.980**	1	.972**
	Sig. (2-tailed)	.000		.000
	N	15	15	15
Innoson	Pearson Correlation	.984**	.972**	1
	Sig. (2-tailed)	.000	.000	
	N	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

Table 33
Non parametric correlations

			Emenite	Juhel	Innoson
Spearman's rho	Emenite	Correlation Coefficient	1.000	.600*	.600*
		Sig. (2-tailed)	.	.018	.018
		N	15	15	15
	Juhel	Correlation Coefficient	.600*	1.000	1.000**
		Sig. (2-tailed)	.018	.	.
		N	15	15	15
	Innoson	Correlation Coefficient	.600*	1.000**	1.000
		Sig. (2-tailed)	.018	.	.
		N	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Discussion of findings

Seeing the analyses of information presented above, the following findings were noted. The SPSS used in analyzing the correlation among the variables using the bivariate approach clearly indicate high significance levels for each question analyzed. Going by the tables the lowest figure using Pearson correlation was also significant at 71% and the highest as 99% and in using the spearman correlation the correlation was higher than 95% in many cases but not lower than 60%. Even though the three firms from the analysis have very significant responses innoson group's staff responses seem more optimistic than the others, of course the three companies under study are not close competitors since the offer differentiated products. Since the spearman correlation between the variables are high the standard deviation when ranks are normalized are insensitive to both translation and linear scaling. The spearman correlation is considered positively significant as the increases in the explanatory variables had a sympathetic effect in the same direction on the dependent variable. The variables are closer and near perfectly monotonically related causing the spearman correlation to increase in magnitude and the exact sampling distribution is obtained by the probability distribution of X and Y. This view is supported by (Dale & Duncalf 1985; Ebrahimpour & Lee 1988; Flynn, Schroeder & Sakakibara 1994). Other studies have demonstrated that support for internal audit effectiveness (Jill 1998; Schwartz, Dunfee & Kline (2005), Mihret, Dessalegn Getie and Yismaw, Aderajew Wondim (2007).

The Pearson moment correlation and the Spearman's rho correlation were used to arrive at the findings, it was important to use questionnaires to gather data as there was no documented information already quantified to be used to analyze. The research employed the use of questionnaire on a five point scale and the results actually affirm that the financial accounting reporting positively and significantly affect management decisions. The decision is to accept all three hypotheses as true considering the level of responses analyzed were overwhelmingly in agreement that the effect of financial accounting reporting on management decision of a business is positively significant.

Decision on accepting or rejecting Hypotheses

Re-statement of Hypothesis one

H1: The organization considers financial records as significant to management policies

Re-statement of Hypothesis two

H1: The organization hires the professional services of auditors and the management implements their recommendations significantly

Re-statement of Hypothesis three

H1: The financial accounting reporting of the firm significantly affects the performance of management.

Having re-stated the hypotheses above, it is vital to take a decision that is consistent with the findings. The decision is to accept all three hypotheses as true considering the level of responses analyzed were overwhelmingly in agreement that the effect of financial accounting reporting on management decision of a business is positively significant.

5.0 Conclusions

It is obvious from the findings that the role of financial accounting reporting in the three companies studied was significant going by the tables the lowest figure using Pearson correlation was also significant at 71% and the highest as 99% and in using the spearman correlation the correlation was higher than 95% in many cases but not lower than 60% . Even though the three firms from the analysis have very significant responses Innoson group's staff responses seem more optimistic than the others, of course the three companies under study are not close competitors since the offer differentiated products.

6.0 Recommendations

Given the rate of fraud and mismanagement in the Nigerian private sector, in addition to managing their limited resources it is advised for both large and small firms to hire competent and experienced personnel, keep financial records, conduct regular bank reconciliation and audit, take seriously the independent recommendations of auditors. This would greatly enhance the liquidity and profitability positions of the compliant firms hence keep them away from insolvency and bankruptcy margins.

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QUESTIONAIRE

(1) How do you rate the attitude of your company towards keeping formal accounting records?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(2) How do you assess the culture of your company in regards to filing, posting and retrieving primary documents like tellers, cheque books, receipts etc?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(3) How do you assess the attitude of your company in preventing losses through management directives?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(4) How do you rate your company's conduct to periodic bank reconciliation?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(5) Do you think your company conduct bank reconciliation out of routine obligations to internal control or for other adhoc reasons?
(A) Only for routine obligations (B) Other adhoc reasons (C) Both (D) None of the above

(6) How do you measure the professional services of your internal auditors?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(7) How do you rate the strength of independence of the internal auditors of your company?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(8) How do you rate the implementations of the external auditor's recommendations on management decisions?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(9) Are external auditors recommendations implemented to the letter?
(A) Very much (B) Above average (C) very little (D) No

(10) How do you rate the level of prevention of losses in the firm through financial reporting?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor

(11) How do you rate the effect of financial reporting on management decisions in your company?
(A) Very Strong (B) Strong (C) Poor (D) Very Poor