

IMPLICATIONS OF EARNINGS MANAGEMENT ON PERFORMANCE MEASUREMENTS OF QUOTED MANUFACTURING FIRMS IN NIGERIA

BY

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Abstract

This study examined the relationship that subsists between diverse performance measurements and earnings management in quoted manufacturing companies in Nigeria. This is premise on failure of businesses shortly after declaring impressive results which has raised the concern of investors and other users of financial reports. Twenty seven (27) firms quoted on the floor of the Nigerian Stock Exchange (NSE) were purposively drawn for the study using their financial statements from 2008-2015 and a questionnaire designed for the study administered to both customers and staff of the select companies. Data collected were analyzed using Ordinary Least Square (OLS) regression analysis. Results show significant negative relationship between the dependent and variable financial performance measures as against positive relationship for non-financial performance measures. The combined influence of both measures is 35.5%. It was concluded that users of financial reports should use both financial and non-financial performance measures to evaluate companies and that financial and regulatory authorities should intensify efforts at ensuring that firms do not manage earnings.

Keywords: Earnings Management, Business failures, Financial reports, financial and non-Financial Performance Measures.

Introduction

Financial statements are corporate reports prepared and presented to users for the purpose of informed decision making. They serve as a media through which people with diverse expectations carry out an assessment of the management in terms of accountability and effectiveness, efficiency and stewardship, and effectiveness in allocating the resources entrusted to them. The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to those users in making economic decisions. A complete financial statement includes: a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cashflows and the relevant accounting policies and explanatory notes adopted in preparing the statements. The link between these media in performance assessment is earnings generated over a period of time, usually one financial year.

Investors in a firm use earnings as a measure of success in business and a guide to future actions about their investment in the reporting entity. Earnings are the basis upon which external obligations such as dividend declaration, tax liability and future expansion and contracts are hinged. It does necessitate that earnings must be reliably measured and reported to faithfully reflect faithfully economic realities. However, earnings are sometimes manipulated by managers to reflect good performance even when actual performance is to the contrary. This action by management may mislead investors and other users of the reports on premises drawn about the reported results of the firm, especially when evaluating the firm's performance using only financial performance measures and earnings attained.

Earnings have been used as a basis for rewards to managers in the form of productivity bonuses, stock option and other forms of pecks. Consequently, earnings management is carried out by directors of companies to satisfy their selfish ends. The direct impact of these is a modification of the apparent performance in the form of earnings management to the desired level (Etim and Confidence, 2013): Copeland (1968) refers to it as the ability to increase or decrease reported net income at will. This implies that managers often take steps to ensure that earnings reach a level that

will earn them a reward and also project them as effective workers. This has led to a number of business failures at national and global levels as well as series of well publicized cases of corporate reporting improprieties like that of Enron, Marconi, Parmalat, Worldcom, African Petroleum Plc, Cadbury Nigeria Plc and many others. Since earnings management involves taking deceptive steps to present financial statements that suit or protect management interests, the firms were operating in falsehood until reality caught up with them, resulting in liquidation of some of these firms.

Although the managers of the liquidated firms prepared their financial statements annually, stakeholders lack the ability to detect the failures early by using only the financial performance indicators or evaluation measures. This is because the financial performance measures are under the control of the managers of the firm. As stated by Daferighe (2014), accounting numbers as presented in traditional financial statements seem to be losing relevance for investment, credit and management decision making. Moreso, Etim and Confidence (2013) assert that unethical financial actions of managers eroded public trust and investors' confidence in financial reports and audit services.

There is therefore a need to complement the financial performance measures with non-financial performance measures to assess its implications on earnings management by manufacturing companies quoted in the Nigerian Stock Exchange (NSE) using a composite model

Accounting values contained in the financial statements of firms are only useful for financial performance measurement. However, operations of firms are also affected by other variables not quantifiable in monetary values. Many of these non-financial variables impact on the productivity and earnings of the firms. This study is combining both financial and non-financial performance measures in evaluating manufacturing firms in Nigeria. This is because the combination of the measures may assist investors and other stakeholders in assessing the validity of reported earnings by managers as well as the going-concern status of the firms. Thus, the main objective of this study is to examine the relationship between financial, non-financial measures and earnings management in quoted manufacturing firms in Nigeria.

The study is therefore designed to address the following research question and formulated hypothesis.

Research question: What is the combined impact of financial and non-financial performance measures on earnings management in quoted manufacturing firms in Nigeria?

Research hypothesis: The combined impact of financial and non-financial performance measures on earnings management is not significant in quoted manufacturing firms in Nigeria.

Review of Literature

Conceptually, earnings information is relevant to accountants, shareholders, creditors and other users of accounting reports in the assessment of corporate performance and is capable of making a difference in decisions making if the information is reliable (Asuquo, 2014). Earning is a measure of firm's performance that may have questionable reliability as they may sometimes be managed through creative accounting or window dressing or any other possible techniques to achieve some specific objectives.

Doorn (2013) states that earnings management is a manager's choice of accounting policies or actions affecting earnings, so as to achieve some specifically reported objectives.

Nejad, Zeynali and Alavi (2013) describe earnings management as the manipulation of reported earnings that will not represent economic earnings at every point in time. The implication is that earnings management involves adjustment of earnings to ensure that it reaches desired level. It is an attempt at concealing actual operating performance of an entity while using created artificial accounting records. In general, it involves adjustment of real numbers either to favour manager's interest or to enhance company's value in the eyes of outsiders.

According to Fiserova (2011), two striking reasons for the pervasiveness of earnings management are either deliberate action or lack of knowledge. The rationale behind either of the reasons could be to reduce tax liability, to obtain favourable loan terms, to seek and win contracts among others for owner-managed firms; or in corporate entities where principal-agent relationship subsists, the American Institute of Certified Public Accountants (AICPA) identified motives for earnings

management to include: investors desire for decreased risk but high returns, increased rewards when income continuously increase, enhanced market value when analysts' forecast is met, as well as reduction in risk when variability of earnings decreased. The possible implications of this action as identified by Popescu and Nisulescu (2013) are change of value and structure of costs, change of value and structure of revenue, change in the value of assets and liabilities.

The act of earnings management can be embarked upon using diverse technique or strategies. AICPA (2005), specifies some of the techniques used in earnings management as (i) not recording accounts payable (ii) not recording accrued liabilities (iii) recording unearned revenues, as earned and (iv) not recording loans or keeping liabilities of the books. Also, Odia and Ogiedu (2013) identified some earnings management techniques as (i) change in accounting policy (ii) management of discretionary accruals (iii) timing of social transactions to smoothen revenue based on the level of income and (iv) reclassification and presentation of financial statements to obtain a good level of profitability.

Consequently, when performance measurements are anchored on financials only, such measurements may be distorted. In most cases, financial performance measurements used are profitability and the associated ratios; leverage and the associated ratios; liquidity and activity assessment and the associated ratios. Earnings represent the profit declared by the firm during a specific period. This has impact on most of the computed ratios on earnings or profit is the numerator variable showing a better position of the firm's performance than is portrayed.

Non-financial measures are evaluation measures that do not involve the use of monetary values but will add value to organizational performance. They include indicators impacting human resources, customer satisfaction and product quality. Expatriating on these measures, Spencer, Joiner and Salmon (2009) post six non-financial variables to include the development of new products, sales volume, market share, personnel development and political-public affairs as fundamentals for performance measurement.

Non-financial measures impact on earnings of firms through productivity and revenue generation. It is therefore, necessary not to avoid non-financial measures in performance measurement. Thus, a combination of these will actually expose implications of earnings management in firm's performance assessment and evaluation.

This study is built on the agency theory of Jensen and Meckling (1976), which explained agency theory as the relationship where in a contract between one or more persons, the principal engage(s) another person, the agent, to perform same services on his/her behalf which involves delegating some decision making authority to the agents. Nadurata (1999) states that agent, having been employed, follow accounting procedure that tends to deliberately overstate assets, understate liabilities and overstate capital or deliberately understate assets, overstate liabilities or understate capital resulting in secret reserves. The problem of agency theory is that of how to ensure goal congruence between the two primary stakeholders because management may have selfish interests that are against investor's interests (Asogwa, 2017). The evaluation of performance using financial and non-financial measures by the principal will expose earnings management practice by the agent manager.

Empirically, studies exists dealing with earnings management and allied issues as they affect organizational performance. Al-Hababi and Al-Abadi (2014) investigated the impact of applying financial performance indicators on earnings management in manufacturing companies listed on Amman Stock Exchange. The study adopted a descriptive approach, 52 manufacturing companies based on a time series period of 2007-2011 were studied. The results show that there is no impact of earnings per Share (EPS) and current ratio on the process of earnings management. Return on Equity (ROE) however, impact on earnings management.

Eltinay and Masri (2014) investigated the impact of financial and non-financial measurements in Sudanese bank's performance. A survey research design was adopted. Nine financial measures and nine non-financial measures were used for analysis, applying structural equation modeling and correlation analysis. The result shows that some banks use diverse performance measurements to improve their performance measurement systems. The result further shows that using non-financial measures contributes significantly towards organizational performance.

Gill, Biger, Mand and Mathur (2013) examined the effect of earnings management on firm's performance and other stakeholders. Weighted least square regression model was adopted for a period of four years (2009-2012). The results of the study indicate that the more intense the practice of earnings management, the greater its adverse effects on the corporate rate of return on assets in the following year. Gargouri, Shabou and Francoeur (2012) investigated the relationship between corporate social performance (as non-financial performance measurement) and earnings management using 109 Canadian companies. Multivariate analysis was used and results reveals that the level of corporate social performance is positively associated with earnings management and that environment and employees as variables of corporate social performance are positively related to earnings management over the two year period of 2004 and 2005.

Hassah Elnaby et al., (2010) examined non-financial performance measures and earnings management in executive compensation contract. Panel data covering a period of 1992 to 2005 was used. Earnings management behaviour for a sample of firms that used both financial and non-financial measures was compared with those that based their performance measurement solely on financial measures. The results show that there was a reduction in earnings management behaviour for those firms that rely on non-financial performance measures in their compensation contracts.

Methodology

A combined research design involving Ex-post facto and survey research are adopted using secondary data to assess financial data and survey design using questionnaire to gather data for non-financial performance measures. 27 companies were purposively selected out of the 41 manufacturing companies listed in the Nigerian Stock Exchange (NSE) as at December 2015. This is premise on the availability of audited accounts and a complete set of reports needed for the study in the NSE data base. Moreso, five members of staff and ten consumers of the selected companies products were selected for the administration of the questionnaires for the primary data.

The model specified for this study combines both financial and non-financial performance measures as stated below

$$DA_{it} = a_0 + a_1ROE_{it} + a_2Leverage_{it} + a_3Growth_{it} + e \text{ ----- (1)}$$

DA = Discretinary accruals (Earnings management)

Leverage = ratio of total liability to total assets in year t

Growth = percentage change in revenues in year t.

ROE = Return on Equity

a_0 = constant

$a_1 - a_3$ = the coefficients of the proxies

i = the companies

t = the study period; 2008-2015

e = error terms

$$DA_{it} = a_0 + a_1PERLITY_{it} + a_2PERVA_{it} + a_3EMTRA_{it} + a_4DEMENT_{it} + e \text{ ----- (2)}$$

Where:

DA = Earnings Management

PERLITY = Perceived Quality

PERVA = Perceived Value

EMTRA = Employee Training

DEMENT = Degree of Empowerment

e = error term

a_0 = Intercept/constant

$a_1 - a_4$ = the coefficients of the variables

i = the companies sampled

t = the study period; 2008-2015

Combining the two models give the general model used for this study as stated below:

$$DA_{it} = a_0 + a_1PERLITY_{it} + a_2PERVA_{it} + a_3EMTRA_{it} + a_4DEMENT_{it} + a_5ROE_{it} + a_6LEVERAGE_{it} + a_7GROWTH_{it} + e \text{ -----(3)}$$

Aprior expectations: a_1, a_2, a_3, a_4 and $a_6 > 1$ (i.e. positively signed) while a_5 and $a_7 < 1$ (i.e. negatively signed).

Results and Discussion

The analysis of the study were based on descriptive statistics to address the research question and inferential statistics involving F-test statistics to reject or accept the hypothesis stated.

Table 1: Descriptive Statistics

Variable	Mean	STD DEVIATION	N
DA	-.75966735319	.23386109080	27
ROE	.17262114870	.207758883883	27
LEVERAGE	.59673507267	.201852283646	27
GROWTH	.12897333685	.115789680712	27
PERLITY	.7585	.11231	27
PERVA	.6337	.11348	27
EMTRA	.7704	.04468	27
DEMENT	.7478	.03735	27

$R_2 = 0.355$

Source: SPSS Output

The mean of the discretionary accruals is 0.76 with standard deviation of 0.23; ROE 0.17, standard deviation of 0.21, leverage 0.60, standard deviation of 0.20. The non-financial performance measures have customer's perceived quality with a mean value of 0.76 and standard deviation of 0.11; customer's perceived value of 0.63 and standard deviation of 0.11; employee's training, 0.77 and standard deviation of 0.04; employees' degrees of empowerment has a mean value of 0.75 and standard deviation of 0.037. The overall impact of financial and non-financial performance measures on earnings management in quoted manufacturing firms in Nigeria is analyzed by the coefficient of determination (R^2) value of 35.5% as shown on the table.

Table 2: Correlation Matrix

Pearson Correlation

	DA	ROE	LEV	GROWTH	PERLITY	PERVA	EMTRA	DEMENT
DA	1.000	-.216	-.420	-.495	-.316	.420	.172	.143
ROE	-.216	1.000	0.152	.223	.248	.196	.365	.239
LEV	-.420	.152	1.000	.316	-.592	-.481	-.137	-.107
GROWTH	-.495	.223	.316	1.000	-.334	-.504	-.250	-.274
PERLITY	.316	.248	-.592	-.334	1.000	.686	.132	.016
PERVA	.420	.196	-.481	-.504	.686	1.000	.438	.370
EMTRA	.172	.365	-.137	-.250	.132	.438	1.000	.750
DEMENT	.143	.239	-.107	-.274	0.016	.370	.750	1.000

Source: Author's computation using SPSS 17.0 version

The correlation matrix shows negative correlation between Earnings Management (DA) and financial performance measures – ROE, Leverage and Growth, but positive correlation between DA and non-financial performance measures- PERLITY, PERVA, EMTRA AND DEMENT.

The coefficient of determination (R^2) = 0.355 implies that the overall influence of financial and non-financial performance measures on earnings management is 35.5%. The absence of autocorrelation is confirmed by Durbin-Watson value of 1.788

The highest correlation value among the explanatory variables is 0.75 between employee’s training and employees’ degree of empowerment. This is less than the critical value of 0.5. Hence, multicollinearity does not constitute a serious problem affecting the regression analysis. The highest variance inflation factor (VIF) is 3.238 (table 3) which is less than the critical value of 10. The absence of severe Collinearity problem is further confirmed by the lowest tolerance factor of .309 which is higher than zero; the critical value.

Table 3: Summary of Regression Result (Collinearity Statistics)

Variables	Coefficients	t	P-value	Tolerance	VIF
(constant)	-.888	-.641	.529		
ROE	-.205	-.722	.479	.537	1.864
LEVERAGE	-.234	-.784	.443	.513	1.950
GROWTH	-.573	-1.185	.251	.593	1.686
PERLITY	.004	.006	.995	.309	3.238
PERVA	.398	.616	.545	.346	2.890
EMTRA	.515	.325	.749	.370	2.700
DEMENT	-.368	-.201	.843	.397	2.518

$R^2 = 355$; $F(7.19) = 1.491$, $F_{tab} = 2.544$, $DW = 1.788$, $S.e = .22$; $SL = 5\%$

Source: Author’s computation using SPSS 17.0 version

From the Table 3, the estimated model is shown as:

$$DA = -.888 + -.205ROE + -.234Leverage + -.573Growth + .004PERLITY + .398PERVA + .515EMTRA + -.368DEMENT$$

The above table shows that all the financial performance measures negatively impact on earnings management while all the non-financial performance measures except DEMENT positively impact on earnings management. The increase in ROE, Leverage, Growth in revenue and employees’ degree of empowerment will bring about reduction in earnings management. ROE has 20.5% negative influence on earnings management, Leverage 23.4% while growth has 57.3% negative impact on earnings management. However, customers’ perceived quality, customers’ perceived value and employees’ training positively impact on earnings management. This implies that the higher the perception of customers about the quality and value of the products of a firm, the higher the earnings management practices. The same applies to employees training. Customer’s perceived quality influences earnings management by 0.4% positive; customers’ perceived value has 51.5% influences on earnings management.

The financial performance measures impact on earnings management is in line with apriori expectations except for leverage that was expected to have positive influence, but resulted in negative impact. Also, influence of employees’ degree of empowerment is in line with apriori expectation that it will negatively impact on earnings management, but customers’ perceived quality, perceived value and employee training did not conform to apriori expectation.

In testing the hypothesis, the table that follows shows result of analysis of variance.

Table 4: Result of Analysis of Variance

Model	Sum of square	Df	Mean square	F	P-value
Regression	.504	7	.072	1.491	.229
Residual	.918	19	.048		
Total	1.422	26			

a. Dependent variable: DA

b. Predictors: (constant), DEMENT, PERLITY, ROE, GROWTH, LEVERAGE, EMTRA, PERVA

Source: Author's Computation using SPSS 17.0 version

The F-cal value df (7, 19) is 1.491 whereas, the F-critical value is 2.544 with a P-value of 0.229. Since the calculated F-value (1.491<2.544) is less than the F-critical value, we conclude that there is evidence that the combined impact of financial and non-financial performance measures on earnings management is not significant in quoted manufacturing companies in Nigeria. The coefficient of the financial and non-financial measures show the effect of the variables on earnings management. It indicates the degree of influence of the independent variables on earnings management.

The result from OLS regression analysis shows that P<0.05 signifying that the combined impact is not significant.

Conclusion

The increasing rate of business failures globally and Nigeria in particular has prompted investors and other users of financial reports to query the reliability of financial statements for decision making. This study was designed to examine the relationship between diverse performance measurements and earnings management in quoted manufacturing companies in Nigeria in the light of Agency theory. A composite model incorporating financial and non-financial models was developed and tested using twenty-seven (27) companies drawn from the NSE.

It was revealed that firms in Nigeria engage in earnings management as the coefficients of financial measures show negative relationship while non-financial measures on earnings management show positively correlated relationship. It is therefore concluded that financial and regulatory authorities should do better in the monitoring of firms to deter earnings management. Investors and other stakeholders should evaluate firm's performance using both financial and non-financial performance measures.

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Table 1 Discretionary Accruals (DAit)

S/N	COMPANY	2015	2014	2013	2012	2011	2010	2009	2008	TOTA	MEA
O	NAMES									L	N
		-	-	-	-	-	-	-	-		
1	Presco	0.78	0.42	0.30	1.21	1.55	0.85	0.86	0.00	-6.004	-0.858
		2	2	8	2	8	6	6	0		
		-	-	-	-	-	-	-	-		
2	Guinness	0.88	0.62	1.07	0.84	0.72	0.88	0.75	0.63	-6.425	-0.803
	Nigeria	4	3	8	2	8	6	4	0		
		-	-	-	-	-	-	-	-		
3	Nigerian	0.79	0.84	0.85	0.88	1.43	0.96	0.77	1.41	-7.969	-0.996
	Brew.	2	6	0	6	8	4	8	5		
		-	-	-	-	-	-	-	-		
4	Berger Paints	0.41	0.14	0.58	0.63	0.42	0.35	0.54	0.73	-3.829	-0.479
		7	3	7	1	0	1	3	6		

		-	-	-	-	-	-	-	-		
5	Premier Paints	0.76 3	0.87 7	0.94 7	1.88 3	1.02 7	0.73 2	0.64 4	1.93 5	-8.810	-1.101
		-	-	-	-	-	-	-	-		
6	P.Z. Cussions	0.35 6	0.38 2	0.43 5	0.43 8	0.36 7	0.92 2	0.74 5	0.71 5	-4.360	-0.545
		-	-	-	-	-	-	-	-		
7	UAC Nigeria	0.40 8	0.34 2	0.04 9	0.77 9	0.49 8	0.15 0	0.38 5	1.77 5	-4.386	-0.548
		-	-	-	-	-	-	-	-		
8	Unilever	0.80 8	0.54 8	0.90 9	0.79 2	1.01 5	0.72 7	0.69 7	1.15 2	-6.649	-0.831
		-	-	-	-	-	-	-	-		
9	Seven-Up	1.04 5	1.19 4	0.93 6	1.59 2	1.03 3	0.88 6	1.16 9	0.83 1	-8.686	-1.086
		-	-	-	-	-	-	-	-		
10	Cadbury Nigeria	0.46 4	0.28 5	0.46 4	0.51 1	0.69 7	0.74 2	0.06 1	0.72 1	-3.946	-0.493
		-	-	-	-	-	-	-	-		
11	Flour Mills Nigeria	0.75 7	0.97 5	0.99 3	0.82 5	0.67 0	0.59 2	0.99 7	0.93 6	-6.745	-0.843
		-	-	-	-	-	-	-	-		
12	NASCON	1.03 8	0.79 3	0.24 1	1.05 3	0.49 8	0.39 7	0.44 4	0.70 7	-5.170	-0.646
		-	-	-	-	-	-	-	-		
13	Nestle Nigeria Plc	0.90 3	0.82 5	1.00 6	1.10 5	1.25 5	1.23 6	1.58 0	1.05 6	-8.967	-1.121
		-	-	-	-	-	-	-	-		
14	Fidson Nigeria	0.98 2	1.10 4	0.41 3	0.52 5	0.44 9	0.39 4	0.60 4	3.02 5	-7.496	-0.937
		-	-	-	-	-	-	-	-		
15	Glaxo Smithkline	0.61 7	0.55 8	0.80 8	0.75 3	1.02 3	0.68 4	0.86 7	0.83 3	-6.144	-0.768
		-	-	-	-	-	-	-	-		
16	Morison Ind.	0.81 0	0.56 8	0.50 2	1.03 4	0.89 1	0.66 9	0.50 1	2.51 1	-7.486	-0.936
		-	-	-	-	-	-	-	-		
17	Neithmeth Int.	0.22 2	0.20 0	0.03 1	0.14 1	0.25 2	0.23 6	0.20 1	0.09 6	-1.318	-0.165
		-	-	-	-	-	-	-	-		
18	Pharma- Deko	0.04 8	1.10 7	0.79 4	0.89 1	0.71 9	0.84 2	0.23 5	0.79 7	-5.433	-0.679
		-	-	-	-	-	-	-	-		
19	First Aluminium	0.77 4	0.76 5	0.77 8	0.45 9	0.61 3	0.68 1	0.58 3	0.47 9	-5.132	-0.641
		-	-	-	-	-	-	-	-		
20	Vitafoam Nigeria	0.38 3	0.58 1	0.48 2	0.38 1	1.21 2	0.54 2	0.71 0	1.04 5	-5.335	-0.667
		-	-	-	-	-	-	-	-		
21	Academy Press	0.78 4	0.97 1	0.80 9	0.53 3	0.64 9	0.95 2	0.62 8	0.58 9	-5.914	-0.739
		-	-	-	-	-	-	-	-		
22	University Press	0.18 2	0.48 6	0.71 5	0.38 1	0.65 5	0.43 1	0.86 9	0.58 0	-4.299	-0.537
		-	-	-	-	-	-	-	-		
23	Thomas Wyatt	0.84 3	0.69 8	0.85 7	1.35 5	0.65 2	0.59 1	0.25 6	0.77 5	-6.027	-0.753

		-	-	-	-	-	-	-	-		
24	Livestock Feeds	0.34	0.61	0.38	1.53	1.92	0.81	0.22	4.05		
		5	3	6	6	8	7	7	2	-9.903	-1.238
		-	-	-	-	-	-	-	-		
25	Okomu Oil Palm	0.59	0.44	0.18	0.38	1.04	0.97	0.83	1.05		
		0	3	1	8	1	2	8	0	-5.505	-0.688
		-	-	-	-	-	-	-	-		
26	DN MEYER	0.58	0.57	0.72	0.69	0.60	0.50	0.65	1.42		
		8	1	9	4	9	8	2	0	-5.771	-0.721
		-	-	-	-	-	-	-	-		
27	MAY & BAKER	0.69	0.62	0.72	0.68	0.89	0.58	0.59	0.71		
		7	7	8	4	9	0	9	0	-5.524	-0.691
		-	-	-	-	-	-	-	-		
	Total	17.2	17.5	16.9	22.3	22.8	18.3	17.4	30.5		
		8	5	5	1	0	4	3	7		-20.51
		-	-	-	-	-	-	-	-		
	Average	0.64	0.65	0.62	0.82	0.84	0.67	0.64	1.17		
		0	0	8	6	4	9	6	6		-0.760

Source: Author's Computation (2017)

Table 2: Financial Performance Measures and Discretionary Accruals
COMPANY

S/NO	NAMES	DA	ROE	LEVERAGE	GROWTH
1	Presco	0.857651266	0.189399813	0.502746755	0.176076671
	Guinness	-	-	-	-
2	Nigeria Nigerian	0.803138387	0.324120948	0.588874203	0.090667838
	Breweries	0.996110426	0.468377982	0.583438891	0.132084115
		-	-	-	-
4	Berger Paints	0.478603976	0.133748668	0.358311576	0.039698386
		-	-	-	-
5	Premier Paints	1.101192033	0.243848428	0.938136522	0.15485759
		-	-	-	-
6	P.Z. Cussions	0.544951174	0.120539146	0.36169504	0.103809482
		-	-	-	-
7	UAC Nigeria	0.548288193	0.134343421	0.491734439	0.169819207
		-	-	-	-
8	Unilever	0.831073661	0.436461102	0.742070524	0.074720086
		-	-	-	-
9	Seven-Up Cadbury	1.085783289	0.243715667	0.730687752	0.149758016
	Nigeria	-0.49320926	0.222109453	0.598561685	0.049476868
	Flour Mills	-	-	-	-
11	Nigeria	0.843113715	0.154251987	0.693080297	0.163075709
		-	-	-	-
12	NASCON	0.646268919	0.35567844	0.442161293	0.143199774
	Nestle Nigeria	-	-	-	-
13	Plc	1.120838591	0.727936949	0.685408171	0.169212605
		-	-	-	-
14	Fidson Nigeria	0.936954293	0.070714413	0.460657209	0.025114044
	Glaxo	-	-	-	-
15	Smithkline	0.767967487	0.220152318	0.497118428	0.154973326
	Morison	-	-	-	-
16	Industries	0.935708084	0.118210891	0.276777054	0.116220177

17	Neithmeth Int. Phar.	- 0.164783487	- 0.099068156	0.529173153	0.0084556
18	Pharma-Deko First	- 0.679144996	- 0.41002535	1.042956494	0.256534289
19	Aluminium Vitafoam	- 0.641499346	- 0.022264921	0.470690752	0.032233197
20	Nigeria Academy	- 0.666911005	- 0.188153201	0.668735188	0.144405708
21	Press University	- 0.739272401	- 0.140391227	0.744417585	0.065098525
22	Press	-0.53733972	0.143912018	0.284743641	0.154571525
23	Thomas Wyatt Livestock	- 0.753328482	- 0.242328798	0.892353501	0.055340822
24	Feeds Okomu Oil	- 1.237927362	- 0.127856244	0.910657385	0.596549491
25	Palm	0.688066071	0.214960648	0.350336444	0.210749491
26	DN MEYER MAY &	- 0.721390144	- 0.177319073	0.69011773	0.052147365
27	BAKER	0.690502768	0.052304691	0.57620525	0.097724918

Author's Computation (2017)

Table 3: Non-financial Performance Measures and Discretionary Accruals

S/NO	COMPANIES	DA	PERLITY	PERVA	EMTRA	DEMENT
1	PRESCO	-0.86	0.82	0.44	0.68	0.68
2	GUINNESS	-0.80	0.7	0.63	0.88	0.79
3	NB	-1.00	0.81	0.62	0.83	0.78
4	BERGER PAINTS PREMIER	-0.48	0.92	0.82	0.74	0.68
5	PAINT	-1.10	0.64	0.52	0.68	0.69
6	PZ	-0.54	0.9	0.73	0.76	0.78
7	UAC	-0.55	0.64	0.57	0.78	0.75
8	Unilever	-0.83	0.86	0.68	0.74	0.74
9	Seven Up	-1.09	0.55	0.44	0.73	0.73
10	Cadbury	-0.49	0.85	0.75	0.84	0.8
11	Flour Mills	-0.84	0.62	0.63	0.82	0.81
12	NASCON	-0.65	0.84	0.82	0.77	0.76
13	Nestle	-1.12	0.86	0.73	0.81	0.8
14	Fidson	-0.94	0.88	0.83	0.78	0.76
15	GLAXO	-0.77	0.89	0.72	0.8	0.71
16	MORISON	-0.94	0.8	0.57	0.74	0.75
17	Neithmeth	-0.16	0.8	0.63	0.77	0.76
18	Pharma Deko 1ST	-0.68	0.63	0.55	0.73	0.74
19	ALUMINIUM	-0.64	0.64	0.6	0.75	0.72
20	Vitafoam Academy	-0.67	0.68	0.58	0.78	0.76
21	Press University	-0.74	0.78	0.62	0.75	0.71
22	Press	-0.54	0.88	0.69	0.77	0.76
23	Thomas Wyatt Livestock	-0.75	0.75	0.59	0.8	0.73
24	Feeds Okomu Oil	-1.24	0.58	0.39	0.73	0.7
25	Palm	-0.69	0.84	0.63	0.77	0.73
26	DN MEYER MAY &	-0.72	0.67	0.59	0.78	0.79
27	BAKER	-0.69	0.65	0.74	0.79	0.78

Source: Author's Computation (2017)