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Financial Transparency and Financial Performance of Listed Manufacturing Firms in Nigeria

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ABSTRACT

The study examined the effect of financial transparency on the performance of listed manufacturing firms in Nigeria. To achieve the objective of the study, descriptive research design was adopted. The data were collected through primary source with the aid of well-structured questionnaire. The sample of the study was 250 respondents purposively selected from five listed manufacturing firms located in South East Nigeria. The data collected from these respondents were analyzed using multiple regression analysis and the following findings were revealed; (i) Ownership structure, board of directors and timeliness of information have positive and significant effect on profitability of listed manufacturing firms in Nigeria, (ii) Ownership structure, board of directors and timeliness of information have positive and significant effect on accountability of listed manufacturing firms in Nigeria and (iii) Ownership structure, board of directors and timeliness of information have positive and significant effect on sales growth of listed manufacturing firms in Nigeria. Based on the findings, the study recommends Since the result showed that financial transparency has positive and significant effect on firm's profitability, it's prudent for listed companies to disclose as much information as possible and also ensure that the information disclosed are transparent so as to minimize the level of information asymmetry and consequently stimulate financial performance. The companies can also take the control of financial performance of the company through using high proficiency, experienced and independent managers with the necessary legal power as a potentially powerful mechanism and to be a cause of improvement in the accountability of the company.
Keywords: Financial, Transparency, Ownership Structure, Board of Directors and Information.

INTRODUCTION

Transparency and disclosure quality of companies is today's one of the prior concerning issues for people who are related with the capital market from various nations. According to [1,2,3], definition, the information of financial transparency is the ability of broad access to relevant and trustworthy information regarding the financial performance and status, governance, investment opportunities, vibration and taking risk in economy [4, 5, 6, 7]. In one hand, transparency of financial information assures macro stakeholders of receiving trustworthy information consistently regarding the company's value as well as makes the managers and macro stakeholders concerned of not violating their rights; on the other hand, rather than pursuing short term personal interests it encourages the managers to attempt for the increment of the companies value [8, 9,10,11]. Transparency describes the increased flow of timely and reliable economic, social, and political information about investors' use of loans, creditworthiness of borrowers, monetary and fiscal policy, and the activities of international institutions. Alternatively, a lack of transparency may exist if access to information is denied, if the information given is irrelevant to the issue at hand; or if the information is misrepresented, inaccurate, or untimely [12,13,14]. Thus, a working understanding of transparency should encompass such attributes as access, comprehensiveness, relevance, quality, and reliability [15, 16]. According to [17], transparency is the availability of the firm's specific information to the outside or general public. Furthermore, transparency of a company can be measured based on the three components which are corporate reporting, acquisition, and communication of private information accompanied by information dissemination. On the other hand, corporate transparency can be divided into two prime factors which are financial transparency and governance transparency [18, 19, 20]. Governance transparency can be defined as the intensity of the governance disclosure while financial transparency can be defined as the intensity and timeliness of the financial disclosure. Additionally, when there are less financial transparency and a weak level then transparency is significantly related to the analyst forecast accuracy. From the above clarification, the researcher believes that if the company wanted to achieve a strong and sustainable economic recovery, they are increasingly in need of accountable and transparent business practices. The role of transparency is to ensure that the disclosure of information is clear and appropriate to the time requirements and bring importance to all parties that share interests with the company. Furthermore, the role of transparency in the revival of markets is shown by achieving credibility in the provision of financial information. Transparency provides information and data that reduces uncertainties and increases the ability of financial markets to assess risks [21].

In 1997, series of financial crises occurred in East Asian and Latin American countries. These crisis affected many joint companies and lead to economy collapse in that countries. Also, the financial crisis in the last quarter of 2008 and the resulting bankruptcy of many companies and international banks. However, in light of the fact that one of the most important causes of these collapses in many of the economic units is due to the company's managers and auditors who did not disclose the financial statements which in its turn leads to a lack of confidence in the financial reports and the failure to apply the principles of corporate governance which are based on transparency [22]. Additionally, with the firm's transparency, it allows the stakeholders to interpret and respond positively to the disclosed information. Thus, high transparency firms will prevent themselves from getting any interference from the government and they can enjoy the supports from various institutions. Furthermore, with the tangible and intangible resources attained by the firms, it enables the conductivity of

CSR to support their activities more effectively and efficiently. In certain situation, customer's trust needed to be confirmed of its role in the relationship between CSR and financial performance [23, 24, 25, 26]. Thus, accountability and transparency are crucial elements in the study of sustainability. In general, accountability concerns more of the company's responsibility by involving in certain actions and considering the action taken. Meanwhile, the company is entitling of its stakeholder and the general public [27, 28].

Actually, the term 'performance' which is originated from the vocabulary "performed" can be refers to "to render", "to do", or "to carry out". It is an action of doing something like; accomplishment, fulfillment or execution. Additionally, in a broader sense, performance can be defined the accomplishment of a given assessment against the completeness, accuracy, cost, and speed standards. In a simpler definition, it is an achievement degree that had been done by an entity to be accomplished. In general, through certain period of time with reference to the past or projected cost efficiency, the liability and accountability of a management; it is being applied to all parts of the activities of an organization. According to [29, 30], performance in an indication that shows the firm's success, condition, and compliance. The quality of the corporate performance can be minimized if the manager's discretion is questionable due to the lack of adequate transparency in financial statements. It can be a paramount concerning factor for the decision making of stakeholders. It also can lead to inappropriate resource distribution as well as capitals which are directed to an unknown direction [31]. Thus, the economy may suffer from the crisis. However, the world's capital market opined that transparency always plays a vital role to prevent the corruption and provision of distorted information and it should often do with the aim of carrying out illegal acts. On the other hand, there is certain a gap found between expectations and experimental evidence of transparency as in reality, there is no evidence for operationalizing of transparency concerning reforms. Moreover, a lack of transparency is also found in governance and financial issues even in developed countries and liberal communities. Therefore, this study will assist the specifying cases which result promotion of transparency in the companies listed in Nigeria Stock Exchange. Additionally, this study also investigates its connection with the corporate financial performance with the following evaluation of transparency in Nigeria corporation, [32]. However, this study aims to investigate the effect of transparency on financial performance in Nigeria corporations.

Statement of the Problem

Several corporate failures and accounting scandals in recent years have made corporate governance a popular issue in both developed and developing countries, but cases like Continental Flight and Rebar Group continue to occur in Taiwan. [33], found that firms that are less compliant with the provisions of the Sarbanes-Oxley Act earn positive abnormal returns compared to firms that are more compliant. These emerging events have cast doubt on the effectiveness of promoting corporate governance and have raised questions concerning whether increasing firms' transparency through corporate governance mechanisms can help to reveal the true value of a firm. Consequently, in 1997, series of financial crises occurred in East Asian and Latin American countries. These crises affected many joint companies and lead to economy collapse in that countries [34]. Also, the financial crisis in the last quarter of 2008 and the resulting bankruptcy of many companies and international banks. However, in light of the fact that one of the most important causes of these collapses in many of the economic units is due to the company's managers and auditors who did not disclose the financial statements which in its turn leads to a lack of confidence in the financial reports and the failure to apply the principles of corporate governance which are based on transparency [35]. Based on the agency perspective [36], the agent (managers) should pay more attention to providing useful information to the principals (shareholders) in order to reduce the information asymmetry between insiders and outsiders. Using such full disclosure, the shareholders can monitor whether managers' behaviour is maximally aligned with the interest of the shareholders. On the other hand, the shareholders should consider the validity of management's unwillingness to share proprietary information when it is operating in an environment where information is valuable and competitive advantage may dissipate quickly [36]. Thus, the shareholders sometimes face in the dilemma of maintaining competitive advantage or demanding full disclosure in order to reduce monitoring cost. The first step in overcoming this dilemma is to clarify whether transparent information could reveal the true value of a firm. Most of the research in this area has been based on data from foreign countries, but there have been relatively few studies of Nigerian firms. Because business and institutional environments, as well as the ownership structure of Nigeria firms, differ from most of these foreign countries [34], the findings based on foreign countries may not generalize to firms in Nigeria. It is based on this problem that this study intends to examine the effect of financial transparency on the performance of listed manufacturing firms in Nigeria.

Objectives of the Study

The main objective of the study is to examine effect of financial transparency on the performance of listed manufacturing firms in Nigeria. The specific objectives includes:

(i) To examine the effect of financial transparency (ownership structure, board of directors and timeliness of information) on the profitability of listed manufacturing firms in Nigeria.

(ii) To examine the effect of financial transparency (ownership structure, board of directors and timeliness of information) on accountability of listed manufacturing firms in Nigeria.

(iii) To examine the effect of financial transparency (ownership structure, board of directors and timeliness of information) on sales growth of listed manufacturing firms in Nigeria.

Research Questions

The following questions addressed the study

(i) What is the effect of financial transparency (ownership structure, board of directors and timeliness of information) on profitability of listed manufacturing firms in Nigeria?

(ii) What is the effect of financial transparency (ownership structure, board of directors and timeliness of information) on accountability of listed manufacturing firms in Nigeria?

(iii) What is the effect of financial transparency (ownership structure, board of directors and timeliness of information) on sales growth of listed manufacturing firms in Nigeria?

Research Hypotheses

$H0_1$: Ownership structure, board of directors and timeliness of information has no significant effect on profitability of listed manufacturing firms in Nigeria.

$H0_2$: Ownership structure, board of directors and timeliness of information has no significant effect on accountability of listed manufacturing firms in Nigeria.

$H0_3$: Ownership structure, board of directors and timeliness of information has no significant effect on sales growth of listed manufacturing firms in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Framework

Concept of Financial Transparency

[7], consider information transparency as a situation that information is broadly available, relative (concerned), dependable, possessing quality, extensive and timely. Following S&P definition, [8] considers transparency as timeliness and the quality of financial functions disclosure and form operation. [12], studied the relationship between corporate governance and share liquidity on the basis of S&P ranking that is based on transparency rate and information disclosure. Theses researchers found that firms that have less information disclosure face with serious information asymmetry about information. According to Brown et al, the best definition of transparency in commercial area is as qualitative financial statements. [15], believe that information users know everything in every time and they can study each subject based on transparent information. Complete disclosure procedures associated with transparency in financial reporting can create safe conditions and increase confidence about supporting investors' benefits. Researches have also showed that voluntary disclosure has positive effect on firm performance and can effect on maintaining stakeholders and shareholders' benefits. In other words, the lack of information transparency and ambiguity in reporting may lead to suspiciousness and immoral behaviors along reducing firm's value [17].

According to [9], one can reach transparency through three ways:

1- Improving legal mechanism (or regulatory) related to more disclosure
2- Safety designing policies for restricting moral risk through more disclosure
3- Establishing legal institutions and policy-making for solving unavoidable problems of financial markets.

In culture, transparency is defined as: "openness of institutions, being overt of institutions, honesty and simple perceptibility." In this definition, openness of institutions means simple access to operation inside corporation and being overt of institutions means information transparency or obviousness. There are other various definitions for transparency that due to emphasis on different concepts, one can distinguish them from each other in three categories as follow:

[20], have described transparency as "increasing timely and dependable flow of political, social and economical information that is available for all stakeholders", [21] have also defined the lack of transparency as "intentional prevention of accessing to information, incorrect presentation of information and inability of market in obtaining confidence from adequacy, relativity and quality of presented information." Economic development and collaborative organization point of view is more broad and describes transparency as intercommunication between firms and other stakeholder groups." In Florini's definition of clearness, responsiveness or accountability has been more prominent. He has defined transparency as "disclosure information by corporations that is useful for evaluating their performance." From his view, transparency is a tool for facilitating the process of evaluating firms' performance. Emphasis on the right of accessing information and the ability to evaluate firms' performance has been more prominent with using this information in mentioned definitions. In fact, transparency has more relation to responsiveness and the reason for needing transparency is that market considers firms responsible for policies and their performance [26].

Transparency Role in Financial Reporting

Based on financial reporting concept framework, financial information should have two aspects of relativity and dependable. However, information quality regarding to transparency is timely and suitable from view of information disclosure [27]. Disclosure means information pervasion, but accountants' response to disclosure isn't interesting. Today, information disclosure isn't limited to financial information in financial reporting framework; firms disclose some nonfinancial information with the aim of affecting on users' decisions. Transparency is one of the effective factors on corporate attractiveness for investors and one of the main elements in corporate strategic systems framework. Transparency rate depends on management power and tendency for correcting informant discriminations for market participants. Capital markets will progress through establishing a transparent information environment. Financial information transparency has critical role in this environment. Firms that are disabled in realizing transparency standards have more risk that involves the credit of their managers. These firms will face with decreasing shareholders and investor's confidence that will lead to capital market loss and reducing corporate credit place (locality) and liquidity in market. On the other hand, Madhani (2009) believes that there are significance benefits in voluntary disclosure for creating a transparent system. Information voluntary disclosure and transparent financial reporting helps firms in long-term to create competitive benefits. [29], create an evaluation design for corporate transparency that was more aggregative in comparison with used transparency indexes in other studies. They measured transparency in three categories:

a) Corporate reporting quality measuring including volume, timeliness and firms' disclosure reliability (i.e. auditing quality).
b) Measuring volume for acquiring private information include analyzing and issuing investing mix tables and internal commercial activities
c) Measuring information quality
d) Public or private ownership of media (with the aim of informatics and attendance in public)

Information Transparency

The experience of countries with large and active equity markets shows that disclosure can have a powerful influence on the behaviour of companies and on protecting shareholders. A strong disclosure regime can attract investment and strengthen the capital market, whereas non-transparent practices can result in unethical behaviour and poor allocation of resources. Therefore, the revised OECD principles of corporate governance note that "The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company." Material information is information whose omission or inaccuracy could change the users' decision. All information should be prepared in accordance with high standards of accounting and financial and non-financial disclosure. In addition, the channel through which information is disseminated should ensure that users have equal, timely and cost-efficient access to that information. Prior research [12], suggests that a company's disclosure decision may be affected by the desire to conceal profitability from its competitors, so such companies may choose to withhold or delay disclosure of sensitive information. But, some research argues that managers of larger companies have incentives to reduce audit and reporting delays because they may be monitored more closely by investors, unions, and regulatory agencies, thereby facing greater external pressure to disclose earlier [12,14,16]. In fact, Taiwan's information technology industry possesses both large size and fear of leaks of business secrets. Therefore, this study first would like to explore what would affect disclosure transparency through an analysis of companies in Taiwan's information technology industry.

Transparency and Financial Performance

A number of prior academic studies have focused on the link between corporate governance and corporate performance. The establishment of such a link is not straightforward. There are some divergences among findings which could be attributable to the fact that different regulations, country legal environment differences, market conditions, government policies, different measures of corporate governance and corporate performance were used in different studies [20]. From a theoretical perspective, [23] argued that revealing public information to reduce information asymmetry can reduce a firm's cost of capital, the major reason being that disclosure of information reduces information asymmetries and therefore attracts increased demand from large investors. This line of argument is in line with the [23] 'increased information intermediation'. [17,18], argued that voluntary disclosure lowers the cost of information acquisition for analysts and hence increases their supply of information. Expanded disclosure enables financial analysts to create valuable new information such as superior forecasts, thereby increasing demand for their services. There are more economic reasons to hypothesize the value-increasing influence of financial disclosure through a lower capital cost. For example, increased disclosure reduces the estimation risk regarding the distributions of returns [20]. [21] found for European Union countries that the level of disclosure is lower for companies with a higher ownership concentration and higher for companies in common law countries. [23], presented a review of the empirical disclosure literature and discussed the relation between disclosure quality, disclosure credibility and management incentives. Yet another similar empirical result is that the level of corporate transparency is highly dependent on the legal regime of the home country. An alternative explanation for firms disclosing information is that it is the 'socially responsible thing to do' [25].

Theoretical Framework

Agency Theory

In Agency theory the central issue of corporate governance is equal to the problem of agents' self-interest behavior in a universal principal-agent relationship everywhere. Where the principal (shareholder) delegates work to the agent (director and manager) who performs that work on behalf of the principal [27]. Based on the assumption of individuals maximizing their own utility, the theory asserts that managers as agents will not always act in the best interests of the shareholders and may pursue their own interest at the expense of the shareholders. Agency theory concerns two problems occurring in the principal-agent relationship. The first is the difficulty or expense involved in the principal monitoring the agent's behavior and routine actions. Secondly are the different preferences concerning interactions between the principal and the agent because of their different attitudes toward risk [28]. Those problems lead to a particular type of management cost 'agency cost' incurred as principals/owners attempt to ensure that agents/managers act in principals' interests [28]. The agency theory then focuses on solving the above problems by determining the most efficient contract governing the principal-agent relationship. Agency theory posits that the firm is not a reality, but a legal fiction created by a 'nexus of contracts' of the principal-agent variety [29]. Contractual relations are the essence of the firm, not only between shareholders, but also with employees, suppliers, customers, creditors, and other stakeholders. As the agency problem exists for all of the contracts, thus, writing a contract must provide safeguards for both the principal and the agent to align their interests. When the agent's behavior is not fully observable, the principal has two options: to purchase information about the agent's behaviors' and reward those behaviors' and to reward the agent on the basis on outcomes (e.g., profitability). Thus, the most efficient contract is the trade-off between the cost of measuring behavior and the cost of measuring outcomes and transferring risk to the agent [7]. In conclusion corporate governance mechanisms are designed to cope with agency problems. Firms with better corporate governance mechanisms have higher performance. Do to the principal agent relation where all have different interests the agent may not feel obligated to disclose valuable information to the principal making the principal make his decisions based on the little information he has.

Empirical Review

[6], carried out a study on relationship between financial transparency and key financial ratios. In order to reach this aim financial transparency and disclosure checklist is established and companies are classified according to their transparency levels. Using a sample of publicly traded companies from BIST 100 (excluding finance sector) for the year 2016, Standard & Poor's (S&P) methodology is applied for

assessment of financial transparency and disclosure (T&D) levels based on their annual reports and websites. The results reveal that transparency level has statistical differences among the group means of some key financial ratios. High quality disclosure also means more accountable and transparent companies for investors. The study also evaluates the relationship between the firm-specific T&D scores and financial performance of BIST 100 firms. This paper sufficiently contributes towards literature on financial disclosures. High quality disclosure has significant influence on investors and lenders who must assess risks and returns and decide where to place their money best, strengthen the efficiency of capital allocation as well as offer the benefit of reducing the costs of capital.

[9], examined the relationship between corporate transparency, disclosure and company performance. The empirical research is based on insurance companies in Kenya. The corporate transparency database for this study is created on a yearly basis for the period of 2008 to 2012. In accordance with the attributes defined by Standard & Poor's in the Corporate Governance Forum, transparency and disclosure attributes, which are 105 in total for each company, are extracted from annual reports of the publicly held firms, afterwards converted into percentages in three different subcategories, which are ownership structure & investor relations information disclosure financial information transparency & board management structure information disclosure. This study summarized the attributes to 30 which are not stipulated in the corporate governance guidelines. Transparency attributes consist of 5 years (2008-2012) and 40 companies. The study found that return on assets and financial information disclosure and ownership and investor relationship were positively correlated and that the model used was significant since the significant values were less than 0.0l at 95% confidence levels. In light of this research, the researcher concluded that transparency and disclosure has positive effects on the financial performance of insurance companies and this can be explained because improving the level of disclosure reduces information asymmetry and cost of capital therefore regulators should promote the level of transparency and disclosure. [11], examined the effect of financial transparency on firm's value. This study uses the indicators released by the Taiwan Securities & Futures Institute to re-score by hand the 262 listed companies in Taiwan's electronics industry as measurements of those companies' information transparency. In addition, we adopt book value per share, modified Tobin's Q, stock price and return on equity as measured variables of firm value to explore the influence of information transparency on firm value. Based on structural equation model (SEM) analysis and path analysis with observed variables (PA-OV), we find that information transparency is positively correlated with firm value, indicating that the more transparent a firm's information, the higher the firm value. We also find that the timeliness of information disclosure is the most important factor in information transparency and that it has a positive relationship with both stock price and return on equity. [7], examined the effect of family ownership structure and board of director's composition on the transparency of financial reporting. From their viewpoint, transparency of Financial reporting includes some dimensions such as: quality of earnings according to accruals quality, usefulness of earnings, and the accuracy as well as the amount of earnings management. They studied the correlation of family firm's ownership and

the composition of board members, with the transparency of financial reporting. Their findings show that the independence against the dependent of the Board of Directors members affects the improvements of company transparency. Moreover, the independence degree of Board of Directors members positively and significantly associated with the transparency of financial information reporting.

[12], examined the effects of financial transparency on SMEs' value. The main purpose of research work is to test hypothesis that there is no significant relationship between financial transparency and SME value improvement as indicated by interest coverage ratio and Tobin Q. Agency theory is a useful framework for designing financial transparency tools. Further the study applied census survey for one hundred twenty-eight SMEs listed in AIM Italia. The time under study was from 2014 to 2018. Out of the 128 listed SMEs targeted, 115 were analyzed forming 90% of the population. Financial transparency index (FTI) was developed as proxy measures of variables. Regression analysis and correlation analysis have been applied to test the hypotheses. Key study variables of SMEs are subject to descriptive statistics. The results suggest a positive and significant relationship between the variables. Greater financial transparency allows SMEs to reduce information asymmetries and optimize their capital structure. This research work has applied important mechanism in FTI to examine the effect of financial transparency on SME value which has provided new insight on the relationship thereby enriching the finding. [8], carried out a study on transparency and disclosure of risk information in Kenyan banking industry during the period between 2014 and 2018. She carried out a census with only 22 respondents and concluded that banks disclose information on risk in their annual audit accounts irrespective of the size or ownership structure. The benefits on transparency include improved management and board credibility and improved investor confidence thus welcoming more investments and consequently improved financial performance [9].

[9], analyzed the effect of local government characteristic and accountability performance on the financial disclosure based on WEB-ICT and how it's implications for local government financial performance as a response to the public information disclosure requirements. 307 regencies and cities local government in Indonesia is selected as samples for the study. The result shows that local governments with better performance accountability levels and have greater or more mature characteristics will disclose wider financial information through the website. It indicates that local government characteristic and accountability of local government performance has a positive influence on financial disclosure based on web-ICT. [11], examined the effect of good corporate governance practices on corporate transparency and performance of Malaysian listed companies. Sample consist of 75 companies listed on BMB in 2002 and hierarchical regression is applied to test the relationship between among corporate governance, transparency and performance. The results show that there is a significant negative relation between performance and audit quality. Furthermore, disclosure and timeliness are not significant contributing factors in the relationship between corporate governance and market performance.

[14], carried out a research on the effects of board characteristics, information technology maturity and transparency on

financial performance companies His target sample was 89 companies listed at the Istanbul stock exchange between the periods of 2000 to 2008. With a 70% return of questionnaire he concluded that corporate transparency does have significant positive relationship with operating performance. Companies with good corporate governance also have a significant positive relationship with operating performance. As such, a company may devote resources to improving corporate structure in order to improve performance, and outsiders can rely on the information provided by the company to make their decisions. [9], examined the role of voluntary disclosure and transparency in financial reporting and highlights risks and costs associated with voluntary disclosure. The study claims that, voluntary disclosure practices increase investor awareness and trust, reducing the uncertainty of the returns to the capital suppliers which is expected to reduce the firm's cost of external capital to increase its value. Disclosure practices mitigate the political costs of non-compliance and reduce the risk of higher taxes, litigation and too much regulation.

METHODOLOGY

Research Design

The study adopted descriptive survey research design. This design is considered appropriate because it permits investigating description in their primary setting. This enable the researcher gather data based on the opinion of respondents.

Population of the Study

The population of this study is made up of all the staff of manufacturing firms listed in Nigeria stock exchange.

Sample Size

The study adopted both purposive sampling and convenience sampling. Purposive sampling was used to select five (5) listed manufacturing companies located in South East Nigeria. However, convenience sampling was used to select only 250 respondents that attended to the questionnaires. Only the duly filled and returned number of questionnaire is used for the study. As a result, 250 questionnaires were duly filled and returned which represents 250 respondents. Therefore, forms the sample size for the study.

Sources of Data

The source of data for this study is primary sources, which is obtained from questionnaires. This study employed both descriptive statistics and multiple regression analysis. Descriptive statistics were used to analyze both respondent's biodata and the various variables. However, multiple regression analysis was used to test the hypotheses of the study.

Model Specification

Using multiple regression analysis, the model will be modified as follows

Hypotheses one

$PROFIT_{it} = \beta_0 + \beta_1 OS_{it} + \beta_2 BOD_{it} + \beta_3 TIM_{it} + u_{it}$ ………………….(i)

Hypotheses two

$ACC_{it} = \beta_0 + \beta_1 OS_{it} + \beta_2 BOD_{it} + \beta_3 TIM_{it} + u_{it}$ ………………….(ii)

Hypotheses three

$SALES_{it} = \beta_0 + \beta_1 OS_{it} + \beta_2 BOD_{it} + \beta_3 TIM_{it} + u_{it}$ ………………….(iii)

Where

PROFIT = profitability

ACC = Accountability
SALES = Sales growth
NPM = net profit margin
OS = ownership structure.
BOD = board of directors
TIM = timeliness of information
β_0 = constant slope to be estimated
β_1 - β_4 = interceptto be estimated
U = error term

RESULTS AND DISCUSSION

Data Presentation

This section of the chapter presents the result of data extracted from the questionnaire given to respondent that were sampled for the study as represented in appendix 2. The study took into consideration data from duly filled questionnaire which were summarized with the respective tables placed in my appendices for perusal.

Data Analysis

Effect of financial transparency (ownership structure, board of directors and timeliness of information) on profitability of listed manufacturing firms in Nigeria.

Table 1: Regression result for model 1

Dependent Variable: PROFIT
Method: Least Squares
Date: 03/08/23 Time: 00:39
Sample: 1 250
Included observations: 250

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.153571	0.196116	0.783059	0.4343
OS	0.541047	0.024874	21.75152	0.0000
BOD	0.326350	0.032973	9.897575	0.0000
TIM	0.094874	0.056402	1.682086	0.0938

		Mean dependent var	4.060000
R-squared	0.936615	S.D. dependent var	0.990112
Adjusted R-squared	0.935842	Akaike info criterion	0.087471
S.E. of regression	0.250790	Schwarz criterion	0.143815
Sum squared resid	15.47236	Hannan-Quinn criter.	0.110148
Log likelihood	-6.933920	Durbin-Watson stat	1.225112
F-statistic	1211.675		
Prob(F-statistic)	0.000000		

Source: Extracted from Appendix 2

From Table 1 above, the following information is distilled:

The R^2 is value of approximately 0.937 indicates that about 93.7% of the variation in PROFIT is caused by financial transparency (OS, BOD, TIM), while 6.3% of the variation is caused by other factors not included in the model. The R^2 adjusted value of approximately 0.936 means, if other factors are considered, the study result will deviate by 0.1% (0.937 – 0.936 = 0.001). The F-statistics of 1211.675 with a probability value of 0.0000 is found to be statistically significant. This means that the set of independent variable is as a whole contributing to change in the dependent variable in a significant way, indicating the appropriateness of the model specifications. From the results, ownership structure (OS) has a coefficient of 0.541047, indicating that a unit increase in OS will lead to approximately 0.541047% increase in profitability. This is in line with the apriori expectation that ownership structure will lead to increase in profitability. Similarly, board of directors' attributes (BOD) has a coefficient of 0.326350, indicating that a unit increase in BOD will cause approximately 0.326350% increase in profitability. This is also in line with the apriori expectation that increase in board of directors will lead to an increase in profitability. Consequently, timeliness of information (TIM) has a coefficient of 0.094874, indicating that a unit increase in TIM will cause approximately 0.094874% increase in accountability. This is in line with the apriori expectation that increase in timeliness of information will lead to an increase in accountability.

Effect of financial transparency (ownership structure, board of directors and timeliness of information) on accountability of listed manufacturing firms in Nigeria.

Table 2: Regression result for model 2

Dependent Variable: ACC
Method: Least Squares
Date: 03/08/23 Time: 00:42
Sample: 1 250
Included observations: 250

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.179944	0.162817	-7.247070	0.0000
OS	0.846945	0.020651	41.01326	0.0000
BOD	-0.065942	0.027374	-2.408934	0.0167
TIM	0.447273	0.046826	9.551889	0.0000

R-squared	0.973965	Mean dependent var	3.828000
Adjusted R-squared	0.973647	S.D. dependent var	1.282574
S.E. of regression	0.208208	Akaike info criterion	-0.284692
Sum squared resid	10.66419	Schwarz criterion	-0.228349
Log likelihood	39.58654	Hannan-Quinn criter.	-0.262016
F-statistic	3067.562	Durbin-Watson stat	1.226350
Prob(F-statistic)	0.000000		

Source: Extracted from Appendix 2

From Table 4.2 above, the following information is distilled:

The R^2 is value of approximately 0.974 indicates that about 97.4% of the variation in accountability is caused by financial transparency (OS, BOD, TIM), while 2.6% of the variation is caused by other factors not included in the model. The R^2 adjusted value of approximately 0.973 means, if other factors are considered, the study result will deviate by 0.1% (0.974 – 0.973 = 0.001). The F-statistics of 3067.562 with a probability value of 0.0000 is found to be statistically significant. This means that the set of independent variable is as a whole contributing to change in the dependent variable in a significant way, indicating the appropriateness of the model specifications.

From the results, ownership structure (OS) has a coefficient of 0.846945, indicating that a unit increase in OS will lead to approximately 0.8469% increase in accountability. This is in line with the apriori expectation that ownership structure will lead to an increase in accountability. Similarly, board of directors' attributes (BOD) has a coefficient of -0.065942, indicating that a unit increase in BOD will cause approximately 0.0659% decrease in accountability. This is not in line with the apriori expectation that increase in board of directors will lead to an increase in accountability. Consequently, timeliness of information (TIM) has a coefficient of 0.447273, indicating that a unit increase in TIM will cause approximately0.447273% increase in accountability. This is in line with the apriori expectation that increase in timeliness of information will lead to an increase in accountability.

Effect of financial transparency (ownership structure, board of directors and timeliness of information) on sales growth of listed manufacturing firms in Nigeria.

Table 3: Regression result for model 3

Dependent Variable: SALES
Method: Least Squares
Date: 03/08/23 Time: 00:43
Sample: 1 250
Included observations: 250

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.386818	0.222467	-6.233802	0.0000
OS	0.819125	0.028216	29.03033	0.0000
BOD	0.100202	0.037403	2.678975	0.0079
TIM	0.369005	0.063981	5.767409	0.0000

R-squared	0.954534	Mean dependent var	3.872000
Adjusted R-squared	0.953980	S.D. dependent var	1.326141
S.E. of regression	0.284488	Akaike info criterion	0.339619
Sum squared resid	19.90961	Schwarz criterion	0.395962
Log likelihood	-38.45233	Hannan-Quinn criter.	0.362295
F-statistic	1721.558	Durbin-Watson stat	1.194685
Prob(F-statistic)	0.000000		

Source: Extracted from Appendix 2

From Table 3 above, the following information is distilled:

The R^2 is value of approximately 0.974 indicates that about 95.5% of the variation in sales growth is caused by financial transparency (OS, BOD, TIM), while 4.5% of the variation is caused by other factors not included in the model. The R^2 adjusted value of approximately 0.954 means, if other factors are considered, the study result will deviate by 0.1% (0.955 – 0.954 = 0.001). The F-statistics of 1721.558 with a probability value of 0.0000 is found to be statistically significant. This means that the set of independent variable is as a whole contributing to change in the dependent variable in a significant way, indicating the appropriateness of the model specifications. From the results, ownership structure (OS) has a coefficient of 0.819125, indicating that a unit increase in OS will lead to approximately 0.819125% increase in sales. This is in line with the apriori expectation that ownership structure will lead to an increase in sales volume. Similarly, board of directors' attributes (BOD) has a coefficient of 0.100202, indicating that a unit increase in BOD will cause approximately 0.100202% increase in sales. This is also in line with the apriori expectation that increase in board of directors will lead to an increase in sales volume. Consequently, timeliness of information (TIM) has a coefficient of 0.369005, indicating that a unit increase in TIM will cause approximately 0.369005% increase in sales. This is in line with the apriori expectation that increase in timeliness of information will lead to an increase in sales volume.

Test of Hypotheses

Ho_1: Ownership structure, board of directors and timeliness of information has no significant effect on profitability of listed manufacturing firms in Nigeria.

From the regression result for model 1 above, OS, BOD and TIM against profit reveal Prob. value of 0.0000. The calculated probability value is <0.05 which indicates that the null hypothesis is rejected while the alternative hypothesis accepted. Thus, ownership structure, board of directors and timeliness of information have positive and significant effect on profitability of listed manufacturing firms in Nigeria.

Ho_2: Ownership structure, board of directors and timeliness of information has no significant effect on accountability of listed manufacturing firms in Nigeria.

From the regression result for model 1 above, OS, BOD and TIM against accountability reveal Prob. value of 0.0000. The calculated probability value is <0.05 which indicates that the null hypothesis is rejected while the alternative hypothesis accepted. Thus, Ownership structure, board of directors and timeliness of information have a positive and significant effect on accountability of listed manufacturing firms in Nigeria.

Ho_3: Ownership structure, board of directors and timeliness of information has no significant effect on sales growth of listed manufacturing firms in Nigeria.

From the regression result for model 1 above, OS, BOD and TIM against sales reveal Prob. value of 0.0000. The calculated probability value is <0.05 which indicates that the null hypothesis is rejected while the alternative hypothesis accepted. Thus, ownership structure, board of directors and timeliness of information have a positive and significant effect on sales growth of listed manufacturing firms in Nigeria.

CONCLUSION AND RECOMMENDATIONS

CONCLUSION

The study examined the effect of financial transparency on the performance of listed manufacturing firms in Nigeria. Five selected manufacturing firms located in South-Eastern part of Nigeria were used as the study sample. Data were collected using a structured questionnaire. The data extracted from the responses were analyzed using multiple regression analysis. Based on the findings, the study concludes that:

i. Ownership structure, board of directors and timeliness of information have positive and significant effect on profitability of listed manufacturing firms in Nigeria.

ii. Ownership structure, board of directors and timeliness of information have positive and significant effect on accountability of listed manufacturing firms in Nigeria.

iii. Ownership structure, board of directors and timeliness of information have positive and significant effect on sales growth of listed manufacturing firms in Nigeria.

RECOMMENDATIONS

The following recommendations are made:

(i) Since the result showed that financial transparency has positive and significant effect on firm's profitability, it's prudent for listed companies to disclose as much information as possible and also ensure that the information disclosed are transparent so as to minimize the level of information asymmetry and consequently stimulate financial performance.

(ii) The companies can also take the control of financial performance of the company through using high proficiency, experienced and independent managers with the necessary legal power as a potentially powerful mechanism and to be a cause of improvement in their accountability of the company.

(iii) Lack of transparency of financial information is the main reason for the financial crises in market and companies. Companies can minimize these crises by transparent disclosure of information and increase the investor's confidence level. It is the increase in confidence of investors that can lead to an increase in sales of the companies and thus earning forecast accuracy will increase consequently.

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