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Normative Accounting Theory and Investment Decision in Selected Listed Manufacturing Companies of Consumer Goods in Nigeria

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ABSTRACT

This study employs an ex-post facto research design to investigate the relationship between normative accounting theory and investment decisions in selected listed manufacturing companies of consumer goods in Nigeria. The research focuses on 21 consumer goods firms listed on the Nigerian Exchange Group from 2014 to 2023. Data derived from audited financial statements are analyzed using descriptive statistics and panel regression techniques, specifically the Fixed Effects Model (FE). The study finds that while variables like net worth and earnings per share (EPS) demonstrate positive influences on shareholders' stake (SHS), their statistical significance varies. Firm age emerges as a significant factor positively affecting SHS, whereas firm size shows a negative influence, albeit not statistically significant. Normative accounting theory explains a substantial 98.4% of the variability in investment decisions, underscoring its pivotal role in guiding financial practices and enhancing transparency. The findings contribute to understanding how theoretical frameworks shape corporate strategies and investor relations in Nigeria's Consumer Goods sector. The study recommended that the company should enhance disclosure practices to promote transparency, educate investors on normative accounting principles, ensure continuous compliance with regulatory standards, integrate sustainability reporting, benchmark against industry standards, engage stakeholders for feedback, and support further research on normative accounting theory's impact on emerging markets.

Keywords: Normative accounting Theory, Investment decision, Shareholders stake, Earnings per Share, Financial Reporting

INTRODUCTION

The global financial landscape has undergone significant transformations over the past few decades, with increasing emphasis on transparency, accountability, and comparability in financial reporting (Tarca, 2020).In this context, normative accounting theory has gained prominence as it provides a prescriptive framework for accounting practices, aiming to establish standards and principles that enhance the quality of financial reporting (Gatla, 2023).Normative accounting theory is concerned with what accounting practices should be, as opposed to merely describing existing practices (Lee, 2020).It plays a crucial role in setting the guidelines that ensure consistency, reliability, and significance of financial information. In Nigeria, the manufacturing sector, particularly the consumer goods industry, forms a vital part of the economy (Nuhu, Dandago, Mohammad, Ado, &Abdulkarim, 2020).This sector includes companies that produce essential goods ranging from food and beverages to household items, playing a crucial role in meeting the daily needs of the population. These companies are often quoted on the Nigerian exchange Group, making their financial performance a key concern for investors, regulators, and policymakers (Nuhu et al., 2020).

Investment decisions are among the major decisions made by investors (shareholders) in an organization, relating to whether to buy, sell, or hold their stake or shares at a particular time (Gollier, &Pouget, 2022). This decision is subject to the nature or quality of information about the company’s net worth and earnings per share at a particular period. Investors are better able to make decisions, manage risk, and determine possible returns on their investments when financial information is accurate, consistent, and transparent (Shakespeare, 2020). In this regard, normative accounting theory provides the necessary framework to guide financial

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reporting practices, ensuring that they meet the desired standards of quality and transparency. Financial reports in Nigeria are subject to rules and guidelines from a number of established financial regulatory organizations, including the Securities and Exchange Commission (SEC), the Financial Reporting Council of Nigeria (FRCN), and the Nigerian Exchange Group, according to the International Accounting Standards Board (IASB, 2007). According to Palepu, Healy, Wright, Bradbury, & Coulton (2020), financial reports are official, detailed documents that outline the financial operations of a company entity. These reports give managers easy-to-read access to all pertinent financial data, enabling them to make well-informed investment decisions quickly. In addition, the IASB (2008) highlights how important it is to present information clearly in financial statements as they are a key component of financial reporting and a primary channel for informing different stakeholders, including investors, about financial information.

Accounting theory, as described by Hendriksen (1982), is logical reasoning in the form of a collection of basic principles that serve as a general framework for evaluating accounting practice and directing the creation of new processes and practices. According to Briston (1981), the concept of normative accounting theory attempts to state what accounting practice ought to be, specifying what information ought to be collected, classified, and. Determining the "true income" (profit) for an accounting period or talking about the kinds of accounting data that would be helpful in making economic decisions were the main topics of discussion throughout the normative theory development phase (Osho & Adebambo, 2018).

The main focus of financial accounting theory is normative, stressing the need of information communication for both individual and collective decision-making. Various forms of accounting information are disclosed in accordance with normative accounting theory in order to assist investors in making the best choices. Abel, Kyeremeh, Nkwantabisa, and Ekor (2019) state that financial analysts can lessen the degree of information asymmetry by releasing a prospectus. This prospectus helps investors make informed judgments regarding the risks and true value of shares issued by an issuer by providing both financial and non-financial information. Normative accounting theory and the kind of judgments that investors make are related. According to Basy (1997), the idea behind theory is directly tied to the idea that reported profits tend to reflect "bad news" more quickly than positive news. Investors base their decisions on whether to buy, sell, or hold their stake on information about the net worth of an organization, and information about earnings per share also determines shareholders' stakes in an organization (Kahan, & Rock, 2020).

Ideally, information provided in an organization's financial statements is expected to guide stakeholders, especially investors, in making the best decisions (Olayinka, 2022). However, the rate at which companies fold despite publishing financial reports, which are assumed to be a true reflection of their status, has been a cause for concern in recent times (Tsagas, & Villiers, 2020). This issue, prevalent in the accounting profession and public domain, may stem from various factors, including management's wrong decisions, manipulation of information by those with access to organizational details, and economic or market factors. The effect of these factors poses a significant challenge for investors in making investment decisions (Rahman & Gan, 2020).

Often, users of financial statements, particularly investors, have not been making the best or most rational decisions on whether to hold, buy, or sell their stake due to information asymmetry and the ambiguity of quality information regarding the organizational net worth status available in the financial statements. While several researchers (Abel, et al., 2019; Osho &Akinola, 2018; Coetsee, 2008; Aderemi, Adewumi & Jimoh, 2022; Osho & Adebanbo, 2018) have conducted relevant studies, they have not thoroughly examined how normative accounting theory affects investment decisions of shareholders in manufacturing companies of consumer goods. Additionally, the relationship between earnings per share information and shareholders' stakes has been neglected in the body of knowledge.

Therefore, this study tends to fill these gaps by examining the effects of normative accounting theory on investment decisions in selected listed manufacturing companies of consumer goods in Nigeria. The main objective of the study is to examine the effect of normative accounting theory on investment decisions in these companies. The specific objectives include examining the effect of information asymmetry about a company's net worth on shareholders' stakes and the effect of earnings per share information on shareholders' stakes.

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Statement of the Problem

Investment decisions are critical choices made by investors (shareholders) that involve deciding whether to buy, sell, or hold their stakes or shares in an organization at a specific time (Gollier, & Pouget, 2022). The quality and kind of information regarding a company's net worth and profits per share over a specific time period is a major factor in these selections. As they offer crucial insights into a company's financial performance and health, financial reports' dependability and openness are crucial in directing these investment decisions (Rahman & Gan, 2020). The quality of financial reporting is greatly improved by normative accounting theory, which specifies how accounting procedures should be carried out to guarantee uniformity, transparency, and dependability. However, the extent to which normative accounting principles are applied and their impact on investment decisions in Nigerian manufacturing companies, particularly in the consumer goods sector, has not been extensively studied.

Previous studies have explored diverse aspects of accounting theory as well as its impact on accounting practices and business performance. Aderemi et al. (2022) highlighted the significance of accounting theory in developing general accounting creed, while Abel et al.(2019) examined the effects of financial accounting theories on accounting practices. Osho and Akinola (2018) investigated the value of accounting theory and practices on big business organizations in Nigeria, revealing a major correlation between accounting theory and financial performance. Similarly, Osho and Adebanbo (2018) evaluated the role of accounting theory on business performance, concluding that accounting theory significantly impacts accounting and reporting practices.

Despite these contributions, a gap exists in the literature regarding the specific effects of normative accounting theory on investment decisions in listed manufacturing companies of consumer goods in Nigeria. Additionally, key sub-variables such as information asymmetry about a company's net worth, earnings per share, and shareholders' stakes have not been adequately addressed in previous research. This gap highlights the need for a focused study to understand the relationship between normative accounting principles and investment decisions within this sector. To address this gap, hence, this study intends to assess the effects of normative accounting theory on investment decisions in quoted listed manufacturing companies of consumer goods in Nigeria. The study will explore how information asymmetry about a company's net worth and earnings per share information influences shareholders' stakes.

LITERATURE REVIEW

Conceptual review

Accounting Theory

According to Hendriksen (1992), accounting theory is logical reasoning in the form of a collection of broad beliefs that provide a basic framework for evaluating accounting practice and direct the development of contemporary practices and processes. Furthermore, accounting theory makes use of complex procedures already in place to need a deeper comprehension of them. Nonetheless, the primary goal of accounting theory is to provide a logical framework of cogent principles that form the entirety of the framework for the assessment and advancement of sound accounting procedures. Even though information may be faulty, incomplete, or subjective, it is still considered significant to those with an interest in the subject matter and is communicated through accounting, which is the business language used to minimize information asymmetry (Jordan & Messner, 2012, Andon et al., 2014; Boedker & Chua, 2013). Accounting theory is used to explain current practices and processes and gain greater understanding in areas of diversity among readers of financial reports. It consists of fundamental premises, definitions, principles, and ideas, as well as how they are developed (Dodd & Ruzycki, 2008). The successful implementation of these well-established and widely acknowledged ideas and concepts is necessary to carry out day-to-day accounting procedures. Just as society and the economy change as a result of changes in the socioeconomic structure of any given nation, so too may the structure of procedures for accounting (Sumilan, 2017). In the event that the accounting pattern changes, the relevant theories must likewise be adjusted and modified as needed. Theories aid in the solution of

practical accounting issues that may arise during the execution of accounting. If an accountant possesses a sufficient understanding of accounting theories, they can also assist in identifying potential flaws and defects in the accounting procedures and provide guidance to management regarding future safety (Sumilan, 2017).

Characteristics of Accounting Theory

According to Ram and Tapria (2019), accounting theory has the twin function of both developing and expanding accounting practices. At the exact same time as these theories explain current behaviors, they are now essential to the growth of current ideas (Robson & Ezzamel, 2023). Sound accounting theory offers logical support to accounting practices, which are not only regarded as general principles for appraising and guiding existing practices but also for creating new practices in response to different environmental challenges (Adebayo, Adeyemi, & Ibrahim, 2022).

Unless a theory contains one of numerous logical underpinnings, it will not be recognized worldwide. Therefore, accounting theories possess an inherent dynamism that enables them to establish and evolve accounting practices in response to changing business environments. Accounting theories are verified, tested, and assessed through practice to identify any deviations from theoretical expectations, leading to modifications and restatements of the theory to address emerging phenomena. These theories provide a methodical set of logical postulates that support and rationalize existing practices (Ram & Tapria, 2019).

Concept of Normative Accounting Theory

This theory, according to Briston (1981), aims to define what accounting practice should be, i.e., how data should be gathered, organized, and shared. Normative theories rely on the subjective evaluation of theorists on what is deemed good and bad. It focuses on decision models, which decision makers should apply in order to arrive at logical choices. It serves as the foundation for analyzing data that financial statement users require. It highlights the importance of dissemination of information for decision-making and the effects that information communication has on both the individual and the group. Osho and Adebambo (2018) claim that as corporate organizations, especially publicly-held corporations, have grown in size, there has been growing pressure for greater transparency from the general public, governmental bodies, creditors, and stockholders. More and more people are realizing how important it is for the public to have access to information about companies that impact them in various ways, regardless of whether they are shareholders. According to research by Scott (2004) and Hodgson (2006), which was referenced in Osho & Adebambo (2018), the degree to which people actually follow the recommendations of normative theories determines whether or not such theories are effective predictors. There is no doubt that some normative theories may be predictive; we do see people diversifying their assets in their portfolios. The main advantages of normative theory for accounting would be its ability to evaluate existing practices and identify areas in which more research was needed.

Investment Decision

Investment is a deal or financial interest that is made by an existing or potential investors in business for the purpose of getting returns as at when due. Investment decision is taken from time to time by both existing and potential investors based on the nature of information made available in the financial reports of such organization. This choice might involve buying, selling, or holding a corporate share. Investors are looking for consistency in earnings as well as current and anticipated future earnings. The true source of funding for every business is its investors (Eshna, 2017). There is therefore a link between the information made available in the organizational financial statement and the nature of decision made by investors.

Earnings per share

A key indicator of a company's success and profitability in financial analysis is earnings per share (EPS). The calculation of EPS involves dividing the net income of a business by the total number of outstanding shares of its common stock (Jones & Smith, 2022). EPS is also a critical factor in determining dividend payout ratios. According to Thompson and Walker (2013), businesses with an increase in EPS are more likely to allocate dividends to their shareholders since they have more earnings available to do so.

Uses and users of Accounting Information

According to Jawaharlal (2017) In practice, several users of financial information make different kinds of decision in relation to the information contained in the financial statements. Accounting gives different people or groups valuable information about an entity's operations to help them make defensible decisions. Similar to this, accounting terminology is used to convey information about different facets of company operations. Accounting statements and reports are actually required these days by a number of parties, including proprietors, creditors, potential investors, shareholders, and financial newspaper columnists. It is the vocabulary that managers employ to convey to outside stakeholders, such as creditors and shareholders, financial and economic facts about the company (Badia, 2018). There are three groups of people that utilize accounting information:

1. **Management:** A management team is in charge of allocating resources and overseeing operations inside a business in order to meet predetermined targets. Accounting gives management of a company access to timely and helpful information for planning, controlling, evaluating performance, and making decisions. Directors, officials of the firm, managers, department heads, supervisors, and others at upper, medium, and lower levels of an organization are examples of management. Accounting data is used by management to guide decisions on plan and policy formulation, profitability, financial status, and actual performance.
2. **Users with Direct Financial Interest:** These are individuals who have a direct financial stake in a business. This group includes current and prospective creditors, suppliers, workers, and shareholders. These individuals decide on supply decisions, share investments, credit decisions, and assessments of the company's standing and future prospects.
3. **Users with an Indirect Financial Interest:** These are additional users who utilize accounting data to assist those who have a direct stake in the financial health and profitability of a firm, or who have an indirect interest in the operations of an organization. Customers, tax authorities, regulatory bodies, brokers, labor unions, consumer groups, the general public, the press, and financial analysts and advisors are some examples of these. They decide on things like tax assessments, safeguarding the interests of investors and the general public, offering financial advice, establishing economic policies, gauging the success of social as well as environmental protection initiatives, bargaining labor contracts, and so forth.

Concept of financial Reporting

Complying with applicable accounting rules, financial reporting entails the recording and interpretation of financial data. Financial reporting, according to Vargiya (2015), entails disclosing pertinent financial data about an organization to various stakeholders over a predetermined period of time. Investors, lenders, vendors, and governmental agencies are some of these stakeholders. The ultimate outcome of accounting is regarded as financial reporting. The financial related explanations from the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity, notes to the financial related clarifications, Quarterly and Annual reports, Prospectus, and Management Deliberation and Analysis are just a few of the significant statements that are included in it. The International Accounting Standards Board (2018) states that the goal of general purpose financial reporting is to give lenders, other creditors, and current and potential investors financial data about the reporting entity that they can use to help them decide whether to lend money to the entity or not. These choices include granting or repaying loans and other credit, as well as purchasing, selling, or retaining equity and debt securities. The returns that current and prospective investors anticipate from their investments in stock and debt instruments influence their decisions to purchase, sell, or keep those assets.

THEORETICAL REVIEW

Normative Theory

Normative accounting theory, often referred to as normative technique, aims to specify how and what kinds of

data should be expressed and conveyed; in other words, it tries to describe "what should be" rather than "what is." The majority of financial accounting theory is normative, or prescriptive. The majority of writers are focused on how businesses should account for themselves, or what should be included in publicly available financial accounts. Government reporting and accounting regulations have been found to be a major factor in the demand for normative accounting theories that use public interest arguments. These theories argue that certain accounting procedures should be followed because they help investors make more informed choices and create a more efficient capital market (Mootze, 1970).

Decision Usefulness Theory

The focus of decision usefulness theories is on quantifying and evaluating the impact of accounting practices and statement of account reporting techniques on both individual and collective groups of interested accounting data consumers. According to Ram and Tarpria (2019), there are two subjective factors that determine the usefulness of data communicated: "who are the users of it?" and "what are the decision models adopted by users of accounting data?" As a result, a financial report is an overview of an organization's financial and non-financial circumstances for a certain time frame, often a year. The stakeholders who have remained mainly consistent should be taken into account when interpreting the choice and its current degree of usefulness. According to Laughlin (2007) finance providers, who now control standard-setting in the UK, will benefit from the "softer" decision usefulness and stewardship emphasis.

Stakeholder's Theory

Stakeholder theory highlights that some people or groups are crucial to an organization's ability to survive, according to Freeman (1994). This explanation is thought to be organization-oriented, however Freeman previously said that any group or individual who may influence or is likely to be impacted by the accomplishment of the organization's goal is considered a stakeholder in the idea. In the majority of organizations, stakeholders include the government, local charity, lenders, suppliers, workers, and numerous interest groups. Stakeholder theory makes an effort to define, recommend, and derive corporate governance choices that take into account and balance a wide range of interests. Since the theory's inception, it has received a great deal of assistance and consideration. The executive power model, which maintained that an entity's goal is to maximize its wealth, is included into the stakeholder theory. But because they backed the policies that preserved their positions and authority inside the corporation, directors were much more of a problem when it came to acting in their personal interests (Kay & Silberston, 1995In fact, the executive power model said that a corporation's goal is to maximize the wealth of all of its stakeholders. Nevertheless, this included a lack of stakeholder participation in the management of the business, which allowed directors to promote policies that disregard the demands of the company's stakeholders (Freeman, 1984).

Asymmetric Theory

According to Akerlof (1970), disparities in information availability may readily affect the capital market for company and merchandise trading. It claims that in certain financial transactions, differences in information availability irritate the regular market for goods and business transactions. This theory provides a theoretical explanation of the information that should be revealed to company’s executives who are better positioned within the corporate structure to get a deeper understanding of the firms and, consequently, provide the information they have to financial experts who will use it for fundamental leadership. Ball (2009) noted that the procedures for directors to disseminate information were comparable to the examined financial related articulations and purposeful exposes. Gigler and Hemmer (1998) observed that the independent reporting of independently reviewed financial data serves as a "corroborative part," allowing shareholders to evaluate the veracity and usefulness of prior voluntary disclosures. As a result, directors are able to clearly disclose information that is relevant to value, even in cases when it may not be completely undeniable.

Empirical Review

Previous studies in relation to this topic were done by various researchers which were itemized as follows: Aderemi et al. (2022) conducted research on significance of accounting theory in the advancement of general

tenets of accounting. The research project was founded on normative, descriptive, and constructive statements that contributed to the development of interpretive accounting, decision-useful accounting theory, and accounting theory. The study came to the conclusion that the accounting tenets have advanced significantly as a result of modern accounting practice's setting standards procedure as well as the results of academic research. Abel et al. (2019) examined Financial Accounting theories effects on Accounting Practice. The study's main goal was to determine how various schools of accounting theory may impact accounting practice. It was found that theories have made a greater contribution to the steady advancement of accounting practice. The Usefulness of Accounting theory and practices on large business organisations in Nigeria was examined by Osho and Akinola (2018).

The structure of the variables examined was; Independent variable(s): Positive Accounting theory, Proxied by (Finanacial Report, Auditing Practice and Budgeting). Dependent Variable(s): Financial Performance. Proxied by (Return on Equity). The study employed both primary and secondary data. To analyze the data, multiple linear regression was employed. The results showed a strong correlation between major organizations' financial success and accounting theory and practice. It confirms that accounting theory and procedures have a significant role in boosting Nigeria's large-scale corporate performance.

Consequently, Osho and Adebanbo (2018) evaluated the role of accounting theory on business perfomance in Nigeria. Variables adopted include; Independent variable(s): Positive accounting theory and Normative accounting theory. Dependent variable(s): Return on asset. Secondary data was used. Analysis was done using multiple regressionIt was discovered that there is no meaningful correlation between accounting theory and financial performance. It was determined that accounting theory significantly influences reporting and accounting procedures. Also, Coetsee (2008) carried out a study on the role of accounting theory in the advancement of accounting ideology. The goals centered on how various forms of accounting theory and research may contribute to the creation of unified accounting principles. The study recognized that there isn't a single, all-encompassing theory of accounting and that practical applications of accounting don't always stem from scholarly investigations.

Gap Identified and hypotheses formulated

Generally, the literatures reviewed above depict that most researchers such as (Abel et al., 2019; Osho & Akinola, 2018; Coetsee, 2008; Aderemi et al., 2022; Osho, & Adebanbo, 2018) established a relationship between accounting theory and business performance as well as general accounting tenets. Also, most research work done were not empirically conducted.

However, it is obvious that research on effects of normative accounting theory on the investment decision in selected listed manufacturing companies of consumer goods in Nigeria have not been conducted recently and was omitted in the body of knowledge. Also, sub variables such as company's net worth, earnings per share and shareholders stake have not been considered by previous researchers. This development has created gaps which this current study intends to fill.

Null hypotheses were formulated to confirm the relationship between variables specified in the study as follows:

Ho_1: Information asymmetry about company's net worth has no effect on shareholders' stake

Ho_2: Earnings per share information has no effect on shareholders' stake.

Conceptual Framework

This research projected a conceptual framework which connotes independent, dependent and control variables to be used in explaining the relationship normative accounting theory and investment decision in selected listed manufacturing companies of consumer goods in Nigeria.

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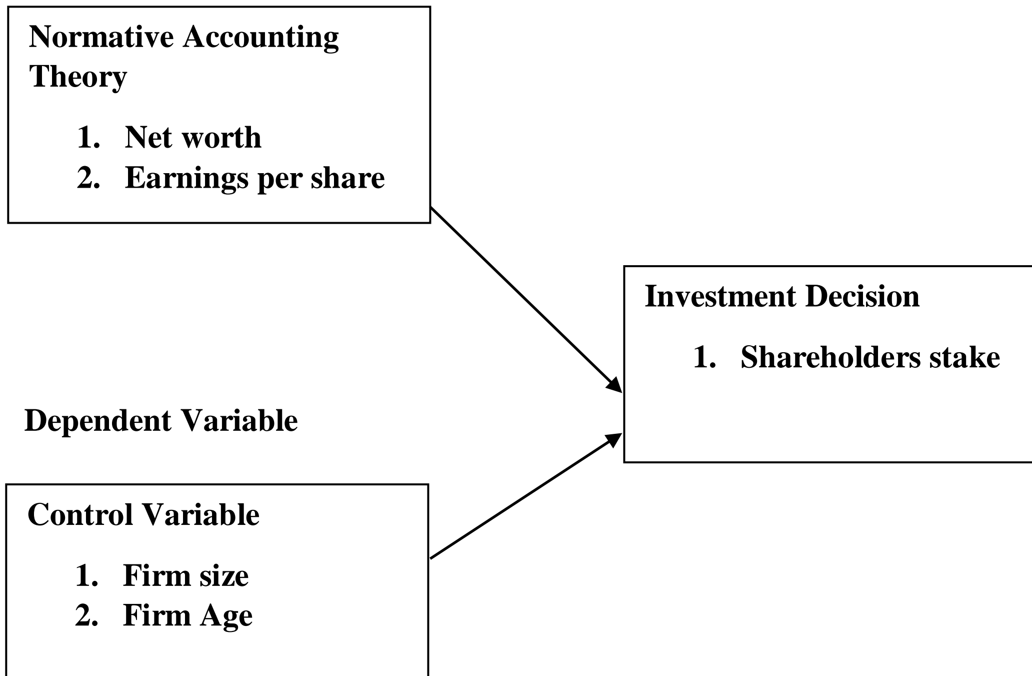

Figure 1: Conceptual framework for normative accounting theory and investment decision in selected listed manufacturing companies of consumer goods in Nigeria.

METHODOLOGY

Research Design

This study adopted an ex-post facto research design which aims at finding the relationship between normative accounting theory and investment decision in selected listed manufacturing companies of consumer goods in Nigeria. Since the data collected for this study could not be altered, an ex-post facto research design was appropriate. This protocol allows the researcher to verify his hypothesis and come to reliable findings on the links between independent and dependent variables.

Population and Sample Size

The twenty-one (21) consumer goods manufacturing companies registered on the Nigerian exchange group comprise the population of this study. The census sampling approach was used to choose the sample size of these 21 consumer goods enterprises. The sample is based on the fact that the firms included in it are consumer products manufacturers that were regularly listed on the Nigerian Exchange group between 2014 and 2023. and these firms were selected based on its market size in the sub-sector and the availability of its financial statement during the period. Also, the companies also have complete financial statements and have been consistent in operations for the period under review.

Sources and Instruments of Data

Cross-sectional and time series data were used in this investigation. The audited financial statements of the chosen consumer goods businesses listed on the Nigerian Exchange Group (NSE) between 2014 and 2023 provided the secondary data. The independent variables were proxied using Company's Net worth(NWT) and Earnings per share(EPS), dependent variables were proxied using shareholders stake(SHS) while control variables are firm's size(FS) and Firm's age(FA) of the sampled company.

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Model Specification

The study develops an empirical panel model on the correlation between normative accounting theory and investment decision in selected listed manufacturing companies of consumer goods in Nigeria.

Investment Decision = f (Normative Accounting Theory) …………………….. (1)

IVD= F(NWT, EPS, FS, FA)…………………………………………………(2)

$SHS_{it} = \beta 0 + \beta 1(NWT)_{it} + \beta 2(EPS)_{it} + \beta 3(FS)_{it} + \beta 4(FA)_{it} + e_{it}$………………(3)

Where:

SHS= shareholders stake (A proxy for Investment Decision)

NWT= Net worth (A proxy for Normative Accounting Theory)

EPS= Earnings per share (A proxy for Normative Accounting Theory)

FS= Firm size (A proxy of control variable)

FA= Firm age (A proxy of control variable)

β_0 is the intercept term.

β_1, β_2, β_3 are the coefficients representing the impact of audit committee attributes on discretionary accruals.

εi is the error term.

Method of Analysis

In order to estimate equation 3, the study uses two primary techniques: panel (OLS) regression, which uses the Fixed Effects Model (FE), and descriptive statistics. Statistical software called E-Views 10 was used to perform all of the analyses at the 5% level of significance.

Table 4.1: Description of Variables used in the research

Variables	**Abbreviation**	**Description/Measurement**
Independent Variable		
Normative Accounting Theory	**NAT**	It attempts to state what accounting practice ought to be i.e what information ought to be collected, classified and communicated.
Networth	NWT	This is measured by the trend in the difference between the total asset and total liabilities of a company. (TA-TL)
Earnings per share	EPS	This is calculated by dividing the company's net income by the number of outstanding shares of common stock.
Dependent Variable		
Investment Decision	IVD	This is a decision made by shareholders which reflects whether to buy, sell or retain their stake in an organization.

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Shareholders stake	SHS	This is measured by the trend in the value of company's share capital year in year out.(Total no of ordinary shares)
Control Variables		
Firm's size	FS	Firm size refers to the magnitude of a business entity, typically measured by factors such as revenue, total assets, market share, number of employees, or other relevant metrics.(Log of total asset)
Firm's age	FA	Firm age refers to the length of time a business entity has been in operation since its establishment.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 4.2

	SHS	NWT	EPS	FA	FS
Mean	1.76E+09	88465501	-5.02109	51.92857	1.07E+08
Median	63360000	26299841	0	52.5	30065454
Maximum	1.21E+10	5.88E+08	211	100	8.26E+08
Minimum	0	-5E+07	-461	10	68477
Std. Dev.	3.24E+09	1.36E+08	84.60909	20.37964	1.68E+08
Skewness	1.989425	1.968339	-3.8001	0.177784	2.166819
Kurtosis	5.799583	6.06825	20.40743	2.871252	7.21102
Observations	210	210	210	210	210

The descriptive statistics provided in Table 4.2 offered valuable insights into Normative accounting theory and investment decision in selected listed manufacturing companies of Consumer goods in Nigeria.

The mean SHS is 1.76 billion units, while the median is significantly lower at 63.36 million units, indicating a distribution heavily influenced by a few companies with very high SHS values. The maximum SHS is 12.1 billion units, and the minimum is 0, highlighting the disparity among companies. The standard deviation of 3.24 billion units further emphasizes this variability.

The positive skewness of 1.989425 and high kurtosis of 5.799583 suggest a distribution with a long right tail and a sharp peak, indicating the presence of outliers with exceptionally high SHS. These statistics suggest that while a few companies dominate in terms of shareholders' investment, many others have significantly lower stakes. This disparity could impact investment decisions, as investors may be drawn to companies with higher

SHS, assuming they represent stability and profitability, which aligns with normative accounting theory that prescribes optimal reporting standards to aid in such decision-making.

The descriptive statistics of Companies' Net Worth (NWT) for selected listed manufacturing companies in the Consumer Goods sector in Nigeria provide a detailed view of financial standing and variability. The mean net worth is approximately 88.47 million units, while the median is significantly lower at around 26.3 million units, suggesting that the average is skewed by a few companies with extremely high net worth. The maximum net worth recorded is 588 million units, and the minimum is -50.36 million units, indicating that some companies have negative net worth. The standard deviation is approximately 136 million units, reflecting substantial variability in net worth among these companies. The skewness of 1.968339 indicates a positively skewed distribution, meaning that most companies have net worth values below the mean, with a few high-value outliers. The kurtosis of 6.06825 indicates a leptokurtic distribution, with more pronounced tails and a sharper peak than a normal distribution. These statistics suggest a high level of disparity in net worth, with a few companies significantly outperforming others, potentially impacting investor decisions and highlighting the importance of financial health in the normative accounting theory framework.

The mean EPS is -5.021085, indicating that on average, companies are experiencing a loss per share. The median EPS is 0, suggesting that half of the companies have non-positive EPS. The maximum EPS is 211, while the minimum EPS is -461, showing a wide range between the best and worst performers. The standard deviation is 84.60909, indicating substantial variability in EPS among the companies. The skewness of -3.800096 reflects a highly negatively skewed distribution, meaning that there are a few companies with significantly large negative EPS values dragging the mean down. The kurtosis of 20.40743 signifies an extremely leptokurtic distribution, characterized by very heavy tails and a sharp peak, suggesting that extreme values (both high and low) are more prevalent than in a normal distribution.

The mean firm age is 51.93 years, indicating that, on average, these companies have been in existence for over half a century. The median firm age is 52.5 years, which is very close to the mean, suggesting a relatively symmetric distribution of firm ages. The maximum firm age is 100 years, highlighting the presence of some very established companies, while the minimum firm age is 10 years, showing the inclusion of newer companies as well.

The standard deviation is 20.38 years, reflecting moderate variability in the ages of the firms. The skewness of 0.177784 indicates a slight positive skew, meaning that there are slightly more firms younger than the average, but not significantly so. The kurtosis of 2.871252 is close to 3, suggesting that the distribution of firm ages is approximately normal, with a balanced spread of firm ages around the mean. These statistics indicate a diverse range of firm ages within the sector, with a mix of both well-established and relatively new companies. This diversity can be beneficial for investors looking for a mix of stability and growth potential. In the context of normative accounting theory, the age of a firm can influence its financial practices and reporting standards, as older firms may have more established and potentially conservative accounting practices compared to newer firms.

The mean firm size is approximately 107 million units, indicating a significant average scale of operations. The median firm size is around 30.07 million units, which is notably lower than the mean, suggesting that the distribution is influenced by a few very large firms.

The maximum firm size is 826 million units, while the minimum is 68,477 units, indicating a vast range in the sizes of these firms. The standard deviation is approximately 168 million units, reflecting a high level of variability in firm size. The skewness of 2.166819 indicates a positively skewed distribution, meaning there are a few firms with exceptionally large sizes that pull the mean upwards. The kurtosis of 7.21102 suggests a leptokurtic distribution, with heavier tails and a sharper peak compared to a normal distribution, indicating a higher likelihood of extreme values.

Regression Analysis

FIXED effect pooled (OLS) panel data econometrics approaches were utilized to estimate the regression in the

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form's model, the following coefficient:

$SHS_{it} = \beta 0 + \beta 1(NWT)_{it} + \beta 2(EPS)_{it} + \beta 3(FS)_{it} + \beta 4(FA)_{it} + e_{it}$………………(3)

Table 4.3

Variable	Coefficient	Std. Error	t-Statistic
NWT	1.761119	1.376313	1.279592
EPS	214346	396204.7	0.540998
FA	26696119	11021793	2.422121
FS	-1.253984	1.12959	-1.110123
C	3.57E+08	5.65E+08	0.632303
Effects Specification			
Specification	Value		
Cross-section fixed	Dummy variables		
Statistic	Value		
R-squared	0.984105		
Adjusted R-squared	0.982043		
S.E. of regression	4.34E+08		
Sum squared resid	3.48E+19		
Log likelihood	-4461.042		
F-statistic	477.2409		
Prob(F-statistic)	0		
Mean dependent var	1.76E+09		
S.D. dependent var	3.24E+09		
Akaike info criterion	42.72421		
Schwarz criterion	43.12267		
Hannan-Quinn criter.	42.88529		
Durbin-Watson stat	2.324131		

According to the fixed effect results in table 4.3 above, net worth has a favorable impact on investors' decisions (shareholders' stake) to invest in a chosen group of listed consumer goods manufacturing businesses in Nigeria, as indicated by the estimated coefficient of 1.761119. This implies that higher Companies' Networth leads to higher investment decision in terms of shareholders' stake (SHS). The associated p-value of 0.2023, however, indicates that at the 5% level, the Positive effect of the Companies' Networth on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria (0.2023 > 0.05) is not statistically significant. Higher net worth signals financial stability and robustness, boosting investor confidence and making these companies more attractive. This financial strength enables firms to invest in growth opportunities, enhancing their market position and profitability. Additionally, companies with higher net worth are perceived as more resilient during economic downturns and capable of offering better dividends, further driving investor interest. Moreover, these companies are likely to follow

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more rigorous accounting practices, reducing information asymmetry and fostering trust among investors. Consequently, higher net worth leads to increased SHS, as investors prefer to stake their investments in financially strong and transparent firms.

The projected coefficient of 214346.0 indicates that Earnings per share has positive influence on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria. This implies that higher the Earnings per share leads to higher investment decision in terms of shareholders' stake (SHS). The accompanying p-value of 0.5892, however, indicates that at the 5% level, the Positive effect of the Earnings per share on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria (0.5892> 0.05) is not statistically significant. Higher EPS reflects a company's profitability and efficiency in generating earnings relative to its number of shares, making it an attractive option for investors. This profitability suggests robust financial health and the potential for consistent dividend payouts, which enhances investor confidence. As a result, companies with higher EPS are perceived as better investment opportunities, leading to an increase in SHS. Thus, a higher EPS drives greater investor interest and investment, demonstrating its positive impact on SHS.

The coefficient result of 26696119 indicates that Firm age has positive influence on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria. The implication of this is that higher Firm age leads to higher investment decision in terms of shareholders' stake (SHS). The accompanying p-value of 0.0164, however, indicates that at the 5% level, the Positive effect of the Firm age on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria (0.0164< 0.05) is statistically significant. This suggests that older firms tend to attract more substantial investments from shareholders. The rationale behind this is that older firms often have established track records, greater stability, and more experience navigating market fluctuations, which increases investor confidence. Additionally, these firms are likely to have developed stronger relationships with stakeholders and possess well-established brands and reputations. Consequently, the longer a firm has been in operation, the more appealing it becomes to investors, leading to higher SHS.

The estimated coefficient of -1.253984 indicates that Firm size has negative influence on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria. The implication of this is that higher Firm size leads to lower investment decision in terms of shareholders' stake (SHS). The accompanying p-value of 0.2684, however, indicates that at the 5% level, the negative effect of the Firm size on the investment decision (shareholders' stake) in selected listed manufacturing companies of Consumer goods in Nigeria (0.2684> 0.05) is not statistically significant. This suggests that as firm size increases, there is a corresponding decrease in the level of investment from shareholders. Several factors could contribute to this trend: larger firms may be perceived as having less growth potential or agility compared to smaller counterparts, leading investors to allocate their funds where they anticipate higher returns or faster growth. Additionally, larger firms might already have established market positions and stable financial performances, potentially limiting the perceived upside for investors. Moreover, larger firms may allocate capital differently, focusing on internal operations or debt management rather than shareholder returns, which can further influence investor decisions.

furthermore, the test's coefficient of determination (R^2) result of 0.984105 showed that Normative accounting theory has 98.4% explanation of investment decision in selected listed manufacturing companies of Consumer goods in Nigeria. The remaining 1.6% can be explained by other factors not included in the model. The Durbin-Watson statistic, calculated at 2.324131, suggests that there is no significant autocorrelation present in the model's residuals.

The aforementioned supports the research conducted by Abel et al. (2019), who came to the conclusion that theories have had a greater influence on the steady evolution of accounting practice. Likewise the work of Osho and Akinola (2018) observed Usefulness of Accounting theory and practices on large business organisations in Nigeria. Findings revealed that accounting theory and practice have significant relationship with the financial performance of large companies. It confirms that accounting theory and procedures have a significant role in boosting Nigeria's large-scale corporate performance.

SUMMARY OF FINDINGS

In line with the analysis conducted on selected listed manufacturing companies within Nigeria's Consumer Goods sector, several key findings emerge regarding factors influencing investment decisions and the role of normative accounting theory.

Firstly, the regression analysis reveals that net worth positively influences investment decisions, as indicated by a coefficient of 1.761119. While the accompanying p-value of 0.2023 suggests the result is not statistically significant at the 5% level, higher net worth signals financial stability, resilience during economic downturns, and potential for robust dividend payouts. These factors enhance investor confidence and attractiveness, despite the statistical insignificance.

Secondly, earnings per share (EPS) shows a positive impact on shareholders' stake (SHS), with a coefficient of 214346.0. EPS reflects a company's profitability and efficiency in generating earnings relative to its shares. However, the non-significant p-value of 0.5892 cautions against over interpreting this result, despite its perceived influence in boosting investor confidence and driving higher SHS.

The control variables however revealed that firm age emerges as a significant factor with a coefficient of 26,696,119, indicating that older firms tend to attract higher investment stakes. This finding is statistically significant with a p-value of 0.0164, underscoring the trust and stability associated with established companies. Older firms often possess a proven track record, market experience, and strong stakeholder relationships, which collectively appeal to investors seeking reliability and sustainability. Conversely, firm size appears to negatively influence SHS, as reflected by a coefficient of -1.253984. This suggests that larger firms may face challenges in attracting higher investment levels, although the result is not statistically significant (p-value of 0.2684). Larger firms, despite their scale advantages, may be perceived as having limited growth potential or agility compared to smaller, potentially more dynamic counterparts.

The coefficient of determination (R^2) of 0.984105 indicates that normative accounting theory explains 98.4% of the variability in investment decisions. This underscores the theory's robustness in guiding financial practices, enhancing transparency, and influencing investor decisions within the sector. Additionally, the Durbin-Watson statistic of 2.324131 suggests no significant autocorrelation in the model's residuals, reinforcing the reliability of the regression results and their applicability in practical scenarios.

These findings corroborate previous research by Abel et al. (2019), as well as Osho and Akinola (2018), which emphasize the pivotal role of accounting theory and practice in shaping financial performance and stimulating growth in Nigeria's large-scale enterprises. This study contributes nuanced insights into the complex dynamics influencing investment decisions within the Consumer Goods sector, providing a deeper understanding of how theoretical frameworks and practical applications impact corporate strategies and investor relations.

CONCLUSION

In conclusion, this study provides valuable insights into the factors influencing investment decisions within Nigeria's Consumer Goods sector, focusing on selected listed manufacturing companies. Through rigorous regression analysis, several key findings have emerged:

Firstly, while net worth demonstrated a positive influence on investment decisions, its impact was not statistically significant at the conventional 5% level. Nevertheless, higher net worth signals financial stability and resilience, factors that enhance investor confidence and attractiveness. Secondly, earnings per share (EPS) showed a positive impact on shareholders' stake (SHS), reflecting profitability and efficiency in generating earnings. However, the statistical significance of this relationship was not fully established, cautioning against over interpretation despite its potential to boost investor confidence.

Furthermore, firm age emerged as a significant determinant of investment decisions, with older firms attracting higher investment stakes. This finding underscores the trust and stability associated with established companies, leveraging their market experience and strong stakeholder relationships to appeal to investors.

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Conversely, firm size appeared to negatively influence SHS, although this relationship was not statistically significant. Larger firms may face challenges in attracting higher investments due to perceived limitations in growth potential or agility compared to smaller, potentially more dynamic counterparts.

The study also highlighted the robust explanatory power of normative accounting theory, which accounted for 98.4% of the variability in investment decisions. Other factors not included in the model can account for the remaining 1.6%. This underscores the theory's role in guiding financial practices, enhancing transparency, and influencing investor decisions within the sector. Additionally, the absence of significant autocorrelation in the model's residuals, indicated by the Durbin-Watson statistic of 2.324131, reinforces the reliability of the regression results and their applicability in practical scenarios.

RECOMMENDATIONS

Here are the recommendations for enhancing normative accounting theory's influence on investment decisions in selected listed manufacturing companies of Consumer goods in Nigeria:

1. Enhanced Disclosure Practices: Implement robust reporting of financial statements and adhere to international accounting standards to promote transparency.
2. Investor Education and Awareness: Educate investors on the importance of normative accounting principles for evaluating company performance and making informed investment decisions.
3. Continuous Monitoring and Compliance: Regularly review and update accounting policies to ensure compliance with regulatory requirements and market conditions.
4. Integration of Sustainability Reporting: Incorporate sustainability metrics into financial disclosures to meet investor expectations for ESG (Environmental, Social, Governance) considerations.
5. Benchmarking and Best Practices: Benchmark against industry peers and global standards to identify areas for improvement in accounting practices and financial reporting.
6. Stakeholder Engagement: Engage with stakeholders, including investors and regulators, to gather feedback and enhance trust through transparent communication.
7. Research and Development: Support research on normative accounting theory's impact on investment decisions in emerging markets like Nigeria to guide future practices and policies.

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