

# Accounting Information Quality and Investment Decision-Making Among Nigerian Investors

**Samuel Sunday Charlie**

*Department of Accounting*

*Faculty of Management Sciences, University of Uyo, Uyo*

Article DOI: 10.48028/iiprds/ijaraebp.v9.i1.24

## Abstract

The quality of accounting information is fundamental to investment decision-making because investors rely on corporate financial disclosures to evaluate profitability, financial position, cash-generating capacity and investment risk. However, concerns about earnings manipulation, information asymmetry, delayed disclosures and inconsistent reporting practices may reduce the usefulness of accounting information in the Nigerian capital market. This paper examines the relationship between accounting information quality and investment decision-making among Nigerian investors through a review and synthesis of secondary empirical evidence. Specifically, it examines the influence of value relevance, reliability and faithful representation, timeliness and comparability of accounting information on investment decisions, as well as the implications of reporting quality for investor confidence and capital allocation. The study adopts a qualitative, integrative literature review design, drawing on published empirical journal articles, audited financial statements, regulatory publications and relevant capital-market reports. The literature is analysed thematically, with emphasis on evidence from Nigerian listed companies and the implications of the findings for investors and capital-market institutions. Available Nigerian evidence generally indicates that earnings, operating cash flows, dividends and other relevant financial indicators are associated with firm valuation and investment-related outcomes. However, the strength of these relationships varies across studies, measures and institutional contexts. The paper argues that accounting information contributes most effectively to investment decisions when it is relevant, faithfully represented, timely, comparable and supported by credible corporate governance and independent auditing. It recommends stronger enforcement of financial reporting standards, improved disclosure timeliness, enhanced audit quality and investor education to promote informed investment decisions and efficient capital allocation in Nigeria.

**Keywords:** *Accounting information quality, Investment decision-making, Value relevance, Financial reporting quality, Nigerian investors, Nigerian capital market*

Corresponding Author: **Samuel Sunday Charlie**

<https://internationalpolicybrief.org/international-journal-of-advanced-research-in-accounting-economics-and-business-perspectives-volume-9-number-1/>

## Background of the Study

Accounting information constitutes a major source of evidence used by investors to evaluate the financial performance, position and prospects of business organisations. Financial statements communicate information about earnings, assets, liabilities, equity, cash flows and dividends, enabling investors to assess the expected return and risk associated with alternative investment opportunities. The usefulness of this information, however, depends not merely on its availability but also on its quality. Financial information that is inaccurate, incomplete, delayed or difficult to compare may misrepresent an organisation's economic position and expose investors to inappropriate investment choices. Consequently, accounting information quality remains an important consideration in investment analysis, corporate accountability and capital-market development.

The relationship between accounting information and investment decisions is particularly significant in emerging capital markets such as Nigeria, where investors operate within an environment characterised by economic uncertainty, changing financing conditions, variations in corporate disclosure practices and differences in access to professional financial analysis. Investors may use earnings per share, dividend per share, book value, operating cash flows and other accounting indicators to estimate a company's value and determine whether to purchase, hold or sell its securities. Nevertheless, the usefulness of these indicators depends on whether they faithfully reflect the underlying economic activities of the reporting entity. Where earnings are affected by aggressive accounting choices or disclosures omit material information, investors may find it difficult to distinguish sustainable performance from temporary accounting outcomes.

Recent Nigerian empirical studies provide evidence of the continuing relevance of accounting information quality to corporate valuation and investment-related outcomes. Fagbomedo, Awodiran and Jabar (2026), for example, examined earnings quality disclosure and the value relevance of accounting information among Nigerian listed firms using secondary data for 2012–2024. Their findings indicated that accrual quality disclosure and operating cash flow had positive but statistically insignificant relationships with fair value of common equity, while earnings persistence disclosure had a negative and significant relationship. These results suggest that accounting indicators do not necessarily influence valuation uniformly. Similarly, Ajayi-Owoeye et al. (2022) investigated financial reporting quality and investment decisions among listed manufacturing companies in Nigeria, while Ojomo (2025) examined financial reporting quality and investment decision-making using published financial statements of selected manufacturing firms. The studies provide a basis for examining how accounting information quality relates to investment outcomes in different corporate and market settings.

<Cite refs= {"turn142470search1","turn142470search9","turn142470search12"} />

Further evidence highlights the importance of value relevance and reporting quality in the Nigerian equity market. Thompson (2024) reported a positive relationship between accounting information and investment decisions, drawing on financial indicators obtained from annual reports and capital-market publications. Omokhudu and Ibadin (2015) also found that earnings, operating cash flows and dividends were significantly associated with

firm value in Nigeria, although book value was not statistically significant in their analysis. More recent work by Ayagi (2026) examined the mediating roles of information asymmetry and cost of capital in the relationship between financial reporting quality and investment efficiency among listed Nigerian deposit money banks. This line of research indicates that accounting information may influence investment outcomes both directly, through its association with corporate value, and indirectly, through the information environment and financing conditions. <Cite refs={"turn142470search7","turn142470search13","turn142470search8"}/>

Despite these contributions, the evidence requires careful synthesis. Some studies measure investment decisions through investor responses or market valuation, whereas others examine investment efficiency, corporate investment behaviour or perceptions of financial performance. These outcomes are related but not interchangeable. In addition, accounting information quality is multidimensional: value relevance, faithful representation, timeliness and comparability may contribute differently to investment assessments. A review that treats accounting information quality as a single, uniform attribute may therefore overlook important differences in the mechanisms through which financial reporting influences investment choices.

Arising from existing gap in extant literature, this paper examines accounting information quality and investment decision-making among Nigerian investors through a thematic synthesis of secondary empirical evidence. Its scope covers the Nigerian capital market, particularly listed companies for which audited financial statements and published market information are available. The analysis focuses on four dimensions of accounting information quality: value relevance; reliability and faithful representation; timeliness; and comparability. It also considers how these dimensions relate to investor confidence, valuation and capital allocation. Methodologically, the paper adopts an integrative review of published empirical journal articles, audited corporate financial statements and relevant regulatory and capital-market publications. It compares and interprets existing findings to identify recurring patterns, differences in evidence and implications for investment decision-making in Nigeria.

### **Statement of the Problem**

Investment decisions depend partly on the extent to which publicly available financial information accurately communicates the economic condition and prospects of a company. Although financial reporting standards establish requirements for the preparation and presentation of financial statements, compliance with formal reporting requirements does not automatically guarantee that the information provided is sufficiently useful for investment analysis. Differences in earnings quality, disclosure completeness, reporting timeliness and the consistency of accounting measurements may affect the ability of investors to evaluate securities appropriately.

The Nigerian empirical literature presents a further analytical challenge. Some studies report positive associations between accounting information and investment-related outcomes, while others identify insignificant or negative relationships for particular accounting

measures. Such differences may reflect variations in the information-quality attributes examined, the sectors studied, the periods covered, the proxies used for investment outcomes and the statistical methods adopted. Consequently, evidence concerning one indicator, such as earnings per share, should not automatically be generalised to all dimensions of accounting information quality or to every category of investor.

The central problem addressed in this paper is therefore the need to synthesise available secondary evidence to explain how different dimensions of accounting information quality relate to investment decision-making in Nigeria. By organising the evidence around clearly defined research objectives, the paper seeks to clarify the contribution of accounting information to investment analysis, identify inconsistencies in existing findings and establish practical implications for corporate reporting, regulatory enforcement and investor education.

### **Research Objectives**

The general objective is to examine the relationship between accounting information quality and investment decision-making among Nigerian investors using secondary empirical evidence. The specific objectives are to:

1. Examine the relationship between the value relevance of accounting information and investment decision-making among Nigerian investors.
2. Analyse how the reliability and faithful representation of accounting information relate to investment decisions.
3. Assess the implications of the timeliness of accounting information for investment decision-making in Nigeria.
4. Examine the role of comparability and consistency of accounting information in investment evaluation.
5. Discuss the implications of accounting information quality for investor confidence, corporate valuation and efficient capital allocation in Nigeria.

### **Research Questions**

The paper addresses the following research questions:

1. How does the value relevance of accounting information relate to investment decision-making among Nigerian investors?
2. In what ways do the reliability and faithful representation of accounting information influence investment evaluation?
3. What implications does the timeliness of financial reporting have for investment decision-making in Nigeria?
4. How do comparability and consistency of accounting information contribute to investment analysis?
5. What are the implications of accounting information quality for investor confidence, corporate valuation and capital allocation in Nigeria?

### **Conceptual Literature**

#### ***Accounting Information Quality***

Accounting information quality refers to the extent to which financial information provides a useful, credible and sufficiently complete representation of an organisation's economic

activities for decision-making purposes. High-quality accounting information enables users to assess financial performance, identify material economic conditions, evaluate risk and form expectations about future corporate prospects. Its usefulness depends not merely on the volume of information disclosed but also on its relevance, faithful representation, timeliness, comparability and understandability. Recent Nigerian evidence indicates that the relationship between accounting information and corporate value varies according to the particular financial indicator and disclosure characteristic examined (Alade, 2025; Fagbomedo et al., 2026).

The *Conceptual Framework for Financial Reporting* identifies relevance and faithful representation as the fundamental qualitative characteristics of useful financial information. Relevance concerns the capacity of information to influence decisions through predictive or confirmatory value, whereas faithful representation requires information to reflect the economic substance of the phenomena it purports to represent. Comparability, verifiability, timeliness and understandability enhance the usefulness of information that possesses these fundamental characteristics (International Accounting Standards Board [IASB], 2018). Empirical research further suggests that accounting information's usefulness depends on the reporting context, including the institutional environment and the characteristics of the firms producing the information (Liu et al., 2024; Abdu et al., 2024).

In investment analysis, accounting information quality can be examined through the attributes of financial reports and the observable usefulness of reported figures. Earnings quality may be assessed through earnings persistence, accrual characteristics and the relationship between accounting profit and operating cash flows. Disclosure quality may be evaluated through completeness, transparency and compliance with applicable reporting requirements, while value relevance can be investigated through the association between accounting measures and share prices or returns. These approaches capture related but distinct dimensions of reporting quality; consequently, evidence that one accounting measure is value-relevant does not establish that every aspect of the underlying financial report is of equally high quality (Fagbomedo et al., 2026; Dandago & Abubakar, 2025).

Accordingly, this study conceptualises accounting information quality as a multidimensional characteristic of published corporate financial information, examined through value relevance, faithful representation, timeliness and comparability. This approach permits an assessment of both the extent to which accounting information is associated with investment-related outcomes and the reporting attributes that may strengthen or weaken its usefulness. Recent Nigerian studies examining reporting quality, disclosure and investment efficiency support the need to consider several dimensions rather than relying exclusively on a single accounting indicator (Ayagi, 2026; Sule, 2025).

### ***Investment Decision-Making***

Investment decision-making refers to the process through which individuals and institutions evaluate available investment opportunities and allocate financial resources among competing assets. In the context of listed companies, such decisions may involve purchasing, holding or

selling shares, adjusting portfolio allocations, assessing expected dividends and determining whether anticipated returns adequately compensate for associated risks. Accounting information contributes to this process by providing structured evidence about a company's financial position, operating performance and cash-generating capacity (Thompson, 2024; Omokhudu & Ibadin, 2015).

Investment decisions are influenced by accounting information as well as share-price movements, interest rates, inflation, exchange-rate developments, market sentiment, corporate governance and individual risk preferences. Earnings per share may indicate reported profitability attributable to ordinary shareholders; dividends per share may help investors evaluate distributions; and operating cash flows may provide evidence of the company's capacity to generate cash from its principal activities. Nigerian empirical studies have found that earnings, dividends and cash-flow measures can be associated with share prices, although the significance of individual measures differs across studies and firm contexts (Abubakar et al., 2023; Alade, 2025; Audu & Adegbola, 2025).

Investment decision-making should not, however, be equated entirely with accounting-based valuation. Share prices may respond to macroeconomic developments, regulatory changes, market expectations and speculative behaviour in addition to information disclosed in financial statements. Furthermore, a positive association between an accounting measure and share price does not establish that every investor uses the measure or that the information independently causes a particular investment outcome. Empirical findings must therefore be interpreted in relation to their research designs, samples, periods and outcome measures (Abdu et al., 2024; Fagbomedo et al., 2026).

In this study, investment decision-making is examined through published empirical evidence relating to corporate valuation, market-based indicators and investment efficiency. These outcomes provide complementary perspectives on the relationship between accounting information and investment activity, but they are not interchangeable. Share-price associations primarily indicate value relevance, whereas investment efficiency concerns how effectively firms allocate resources to investment opportunities. This distinction is important when synthesising evidence from Nigerian listed companies (Ayagi, 2026; Sule, 2025).

#### ***Value Relevance of Accounting Information***

Value relevance describes the extent to which accounting information is statistically associated with measures of corporate value, particularly share prices and stock returns. Information is considered value-relevant when reported financial figures contain information reflected in the market's assessment of a company's economic worth. Commonly examined measures include earnings per share, book value per share, dividends per share and operating cash flows. Research on Nigerian listed companies has continued to use these indicators to assess the informational usefulness of financial statements (Alade, 2025; Abubakar et al., 2023).

Earnings may be relevant because they provide information about profitability and potential future distributions, while book value can help investors assess the reported net assets

attributable to shareholders. Cash-flow information may provide additional insight into liquidity and the capacity to finance operations and investment. The relative importance of these measures can vary across sectors, ownership structures and economic conditions. For example, Alade (2025) found earnings and book value to be value-relevant among listed family-owned firms in Nigeria, with book value demonstrating greater relevance in the study's analysis. Evidence from Nigerian financial-services firms also indicates that the value relevance of accounting information may differ between subsectors (Ahmadu et al., 2022).

Evidence from Nigeria does not support the assumption that every accounting measure has the same explanatory power. Omokhudu and Ibadin (2015) reported significant associations between earnings, operating cash flows, dividends and firm value, although book value was not statistically significant in their analysis. More recent studies have similarly reported differences in the significance of earnings, book value and other accounting indicators (Alade, 2025; Dandago & Abubakar, 2025). Such differences may reflect variations in sample composition, industry characteristics, measurement choices and the period examined.

Recent evidence also highlights the need to distinguish the value relevance of conventional accounting figures from the usefulness of specific disclosure attributes. Fagbomedo et al. (2026), examining Nigerian listed firms, reported differing relationships between earnings-quality disclosures and fair value of common equity. Their findings suggest that the informational usefulness of accrual quality, operating cash-flow and earnings-persistence disclosures cannot be assumed to be uniform. Consequently, value relevance should be evaluated for individual accounting indicators and disclosure characteristics rather than treated as an automatic property of all reported financial information.

### ***Reliability and Faithful Representation***

Reliability, in its traditional accounting usage, concerns the credibility and dependability of financial information. Under the contemporary IASB framework, faithful representation is the more precise fundamental qualitative characteristic. Financial information should be complete, neutral and free from error in the reporting process, recognising that estimates and measurement uncertainty may limit absolute precision. These attributes matter because investors depend on financial statements to assess earnings, assets, liabilities and cash flows when evaluating corporate prospects (IASB, 2018; Fagbomedo et al., 2026).

The credibility of accounting information can be weakened by earnings management, inappropriate recognition or measurement, incomplete disclosures, weak internal controls and inadequate external auditing. Where reported profits are not supported by sustainable operating performance or cash generation, investors may form misleading expectations about future returns. Conversely, credible reporting can help investors distinguish temporary fluctuations from persistent changes in corporate performance. Evidence from Nigerian listed firms indicates that audit quality and the characteristics of reported financial information can influence the value relevance of particular accounting measures, although the effects are not necessarily uniform across measurement categories (Adeyemi, 2024; Dandago & Abubakar, 2025).

Faithful representation also depends on the institutional arrangements under which financial statements are prepared, audited and monitored. Accounting standards establish reporting requirements, while independent audits, effective audit committees and regulatory oversight can strengthen the credibility of published information. Nevertheless, an audit does not guarantee future profitability or eliminate all risks of error and fraud. Nigerian evidence on fair-value reporting suggests that the usefulness of financial measurements can vary with the measurement level and the audit characteristics examined (Adeyemi, 2024).

For investment decision-making, the central implication is that relevant information is most useful when it is also credible. Extensive disclosures may not improve investment judgements if their content is materially misleading or difficult to reconcile with other evidence. In this respect, reporting quality and value relevance should be considered together but not treated as identical concepts: the former concerns the attributes of financial reporting, while the latter concerns the statistical association between accounting information and market-based measures of value (IASB, 2018; Fagbomedo et al., 2026).

#### ***Timeliness of Accounting Information***

Timeliness refers to the availability of financial information early enough to influence users' decisions. The usefulness of financial reports may decline when material information is released after investors have made decisions or when reporting delays prevent an adequate response to changes in a company's financial condition. Timely reporting is therefore an important qualitative characteristic because financial information must be available when it is relevant to the decision being considered (IASB, 2018; Onwubiko et al., 2025).

Timely reporting can be particularly important in markets affected by changes in interest rates, inflation, exchange rates and sector-specific risks. Prompt publication of annual financial statements and interim results enables investors to incorporate recent information into valuation and risk assessments. Timeliness may also reduce the period during which differences in access to current corporate information persist among market participants. Nevertheless, the extent to which timeliness improves investment outcomes depends on whether the information released is sufficiently complete and credible to support sound judgements (Onwubiko et al., 2025; Ayagi, 2026).

Timeliness must also be balanced against accuracy and completeness. Excessive pressure to publish financial statements quickly may undermine the quality of estimates, reconciliations and review procedures. The objective should be to provide reliable information within applicable reporting deadlines, supported by effective accounting systems, internal controls and governance arrangements. Thus, timeliness should be evaluated as one dimension of overall reporting quality rather than as an independent guarantee of useful financial information (IASB, 2018; Onwubiko et al., 2025).

In the Nigerian context, timeliness is relevant not only to whether financial statements are published within regulatory deadlines but also to whether disclosures are sufficiently current and accessible to inform investment-related judgements. Onwubiko et al. (2025), in a study of

selected Nigerian manufacturing companies, reported that the effect of reporting timeliness on labour investment efficiency was negative but statistically insignificant, while completeness and transparency showed significant relationships with the outcome examined. Although labour investment efficiency is not the same as stock-market investment decision-making, the findings illustrate why the contribution of timeliness should be assessed alongside other reporting attributes and the particular outcome being studied.

#### ***Comparability and Consistency of Accounting Information***

Comparability is the qualitative characteristic that enables users to identify similarities and differences between economic phenomena across companies and reporting periods. Consistency supports comparability by encouraging the use of the same accounting policies and methods for similar transactions over time, unless a justified change is required. Comparability does not mean that different economic events must be reported identically; rather, it enables investors to make meaningful comparisons while recognising genuine differences between companies (IASB, 2018; Liu et al., 2024).

For investors, comparable financial information can facilitate the assessment of profitability, leverage, liquidity, asset utilisation and growth across competing investment opportunities. Where companies apply accounting policies inconsistently or provide insufficient explanations of policy changes, investors may find it difficult to determine whether differences in reported performance reflect underlying economic conditions or alternative accounting treatments. Evidence from Nigerian listed firms shows that the value relevance of accounting information may vary by sector, reinforcing the importance of interpreting financial indicators in their reporting and industry contexts (Abdu et al., 2024; Ahmadu et al., 2022).

Comparability may also improve the ability of investors to interpret corporate disclosures, but its benefits depend on the institutional environment and the informativeness of the underlying data. Liu et al. (2024) examined accounting comparability and stock-price synchronicity in China, demonstrating the relevance of considering how comparability interacts with the wider information environment. Because that evidence comes from a different national setting, its implications for Nigeria should be applied cautiously rather than assumed to transfer directly. For Nigerian investors, comparability is best understood as an attribute that can support informed evaluation when financial statements also provide credible, relevant and sufficiently detailed information (Liu et al, 2024).

#### ***Empirical Literature Review***

The empirical literature is reviewed thematically in line with the research objectives. The discussion distinguishes findings based on market valuation, reported investment decisions and investment efficiency because these measures capture different outcomes. The emphasis is on Nigerian studies, supplemented where necessary by related evidence on corporate reporting and investment efficiency.

#### ***Value Relevance of Accounting Information and Investment Decision-Making***

Value relevance is one of the most extensively examined dimensions of the relationship

between accounting information and investment-related outcomes. Researchers commonly assess it by examining whether earnings, book values, dividends and cash flows are associated with share prices or returns. The underlying proposition is that accounting information becomes more useful to investors when it helps them assess the economic value of a company and the returns that may be obtained from holding its securities.

Omokhudu and Ibadin (2015) investigated the value relevance of accounting information in Nigeria using share prices, accounting numbers and regression-based methods. Their findings indicated that earnings, cash flows and dividends were significantly associated with firm value, whereas book value was related to value but was not statistically significant in their analysis. The study supports the importance of earnings and cash-flow information in investment valuation, while suggesting that the usefulness of individual accounting measures may differ. Because the research predates the most recent changes in the Nigerian economic and reporting environment, its findings should be treated as foundational rather than conclusive evidence about present-day investor behaviour. <Cite refs= {"turn142470search13"} />

Thompson (2024) examined accounting information relevance and investment decisions in the Nigerian equity market, using secondary information obtained from annual reports and capital-market publications. The study reported a positive relationship between accounting information and investment decisions. Its focus on financial indicators such as earnings per share, dividend per share, price–earnings ratios and earnings yield reinforce the proposition that investors can use published accounting information to evaluate investment opportunities. However, the period examined covered 2008–2014, meaning the study's publication date should not be confused with the period of its underlying data. <Cite refs= {"turn142470search7"} />

Fagbomedo et al. (2026) provided more recent evidence by examining earnings quality disclosure and value relevance among Nigerian listed firms for 2012–2024. Their analysis found that accrual quality disclosure and operating cash flow had positive but statistically insignificant relationships with fair value of common equity, while earnings persistence disclosure had a negative and statistically significant relationship. These results demonstrate that the relationship between accounting information and valuation depends on the particular indicator being examined. A positive direction of association does not necessarily imply statistical significance, and a negative relationship may indicate that the measure captures risks or reporting characteristics that investors interpret unfavourably.

Evidence from studies of financial reporting quality and investment outcomes further supports a relationship between accounting disclosures and corporate investment assessments. Ojomo (2025), using published financial statements for selected listed Nigerian manufacturing firms over 2013–2022, examined indicators of financial reporting quality in relation to investment decision-making. In addition, research on integrated reporting quality and investment efficiency among Nigerian listed firms has reported a positive association between reporting quality and investment efficiency. Although investment efficiency is not identical to investor-level decision-making, these findings are relevant because they connect the quality of corporate information with the allocation and use of capital.

The evidence reviewed suggests that value relevance is an important but conditional feature of accounting information quality. Earnings, dividends and cash flows appear useful in assessing corporate value, but their influence varies according to the information measure, reporting period and analytical model. It follows that Nigerian investors should avoid relying on a single accounting ratio when assessing investment opportunities. Instead, valuation should integrate several indicators and consider their consistency with the company's operating performance, financial position and market conditions.

### ***Reliability and Faithful Representation of Accounting Information***

The reliability of financial information is important because investment analysis depends on whether reported figures reasonably represent a company's underlying economic position. Information may be statistically associated with share prices while still being vulnerable to manipulation or measurement problems. Consequently, evidence on value relevance should be complemented by research examining earnings quality, accrual characteristics, disclosure credibility and reporting practices.

Fagbomedo et al. (2026) examined earnings quality disclosure and its relationship with value relevance in Nigerian listed firms. Their finding that earnings persistence disclosure had a negative and significant relationship with fair value of common equity illustrates that investors may respond differently to different aspects of earnings quality. The finding does not, on its own, establish that earnings persistence is inherently undesirable; rather, it indicates that the measure and its relationship with valuation require contextual interpretation. Their results also suggest that the positive but insignificant relationships for accrual quality disclosure and operating cash flow should not be interpreted as definitive evidence of no economic relevance.

<Cite refs= {"turn142470search1"} />

Related research on financial reporting quality among listed manufacturing firms provides evidence that reporting attributes can be examined using published financial statements rather than primary survey responses. Ojomo (2025) analysed secondary data for selected listed manufacturing companies over 2013–2022, while Ajayi-Owoeye et al. (2022) examined financial reporting quality and investment decisions in listed manufacturing companies. These studies demonstrate the applicability of archival research designs to the examination of financial reporting and investment outcomes. However, their sectoral focus means that findings from manufacturing firms should not automatically be generalised to banks, insurance companies or the entire population of Nigerian investors.

At the institutional level, the quality of accounting information depends on more than management's choice of accounting policies. The application of reporting standards, independent auditing, internal controls, audit committee oversight and regulatory enforcement can affect the credibility of disclosed information. The IASB's (2018) Conceptual Framework emphasises faithful representation as a fundamental characteristic of useful information. In practice, this requires appropriate recognition, measurement and disclosure, as well as neutrality and the avoidance of material error.

The empirical evidence therefore supports a cautious conclusion: investors need information that is not only relevant to valuation but also sufficiently credible to support reliance on the reported figures. The reviewed studies establish associations between reporting attributes and investment-related outcomes, but they do not collectively prove that every improvement in reporting reliability will automatically produce better decisions. Investor competence, market conditions and other sources of information remain relevant.

#### ***Timeliness of Accounting Information and Investment Decision-Making***

Timeliness matters because investors operate in a changing information environment. Delays in the publication of financial statements may limit the usefulness of reported results, especially when a company experiences significant changes in liquidity, profitability, indebtedness or business prospects. Prompt reporting can help investors reassess expectations and respond to newly available information, while delayed disclosures may prolong uncertainty.

The Nigerian studies reviewed provide evidence on accounting information relevance and financial reporting quality, but they do not establish a uniform, direct estimate of the effect of reporting timeliness on investment decisions across the Nigerian capital market. Thompson (2024) examined accounting information and investment decisions using secondary financial indicators, while the more recent studies by Fagbomedo et al. (2026) and Ojomo (2025) addressed value relevance, earnings quality and broader financial reporting outcomes. These studies are relevant to the general reporting–investment relationship, but their findings should not be presented as direct proof of a particular timeliness effect unless the original research explicitly measures reporting delays or publication dates.

From a decision-usefulness perspective, the expected contribution of timeliness is that investors can incorporate relevant information before making or revising investment decisions. Where results are published promptly, investors may have a better opportunity to evaluate changes in performance, update forecasts and reconsider risk exposure. The benefit is likely to be more pronounced when the disclosed information is material and the market has not already incorporated it through other channels.

However, timeliness must be evaluated alongside completeness and credibility. A rapidly published report containing material errors or inadequate explanations may be less useful than a properly reviewed report published within an appropriate regulatory timeframe. The objective is therefore not simply to accelerate disclosure but to ensure that reliable information is made available without avoidable delay. The principal implication of the reviewed literature is that timeliness remains an important dimension of accounting information quality, but the Nigerian evidence identified here does not justify an unqualified causal claim. Future archival studies could examine actual publication dates, regulatory deadlines, late-filing indicators and market reactions to reporting announcements to determine how reporting delays relate to valuation and trading outcomes.

### ***Comparability and Consistency of Accounting Information***

Comparability allows investors to assess financial performance across companies and periods using sufficiently consistent information. It is particularly relevant when investors must choose among companies operating in the same industry or compare the risk and return characteristics of alternative securities. Without meaningful comparability, differences in reported profitability or financial position may reflect accounting treatments rather than underlying differences in economic performance.

Thompson (2024) examined accounting information relevance in the Nigerian equity market using published financial indicators. Although the study supports the general relevance of accounting information to investment decisions, it does not, by itself, establish the independent effect of comparability on investor behaviour. Similarly, Fagbomedo et al. (2026) focused on earnings quality disclosure and value relevance, offering evidence on differences among accounting measures rather than a comprehensive direct test of cross-company comparability. The distinction matters because evidence that accounting information is value-relevant cannot automatically be interpreted as evidence that the information is comparable across firms.

International Financial Reporting Standards provide a common framework intended to improve consistency and comparability in financial reporting. In Nigeria, the adoption of IFRS has been examined in relation to accounting quality and value relevance. Ali-Momoh's study of listed manufacturing companies in Nigeria reported a positive and statistically significant effect of IFRS adoption on the value relevance of financial information. This finding is consistent with the argument that common reporting requirements can improve the usefulness of published financial information. Nevertheless, value relevance and comparability are related but distinct concepts; evidence of improved value relevance should not be treated as conclusive proof that all comparability problems have been resolved.

Comparability also depends on the consistency of disclosure practices and the availability of explanatory notes. Two companies may both comply with the same accounting standards while making different estimates because of differences in business models, risks or economic circumstances. Such differences are not necessarily defects, provided they reflect the underlying economics and are transparently explained. Investors therefore need to distinguish legitimate differences in accounting estimates from inconsistencies that make meaningful comparison difficult.

The evidence supports the importance of standardised and transparent reporting, while revealing a need for more direct Nigerian research on comparability as an independent dimension of investment decision-making. Investors should compare accounting indicators over several periods and across comparable companies, paying attention to accounting policies, material estimates and explanatory disclosures.

### ***Accounting Information Quality, Investor Confidence and Capital Allocation***

Accounting information quality can influence investment outcomes by shaping the confidence investors place in published financial reports. When information is relevant,

credible and timely, investors may be better positioned to evaluate corporate performance and distinguish among investment opportunities. When reporting quality is weak, information asymmetry may increase, potentially complicating valuation and weakening confidence in the market's information environment.

Ayagi (2026) investigated the mediating roles of information asymmetry and cost of capital in the relationship between financial reporting quality and investment efficiency among listed Nigerian deposit money banks. The study's focus is significant because it considers pathways through which reporting quality may be related to investment outcomes, rather than treating the relationship as exclusively direct. Its bank-sector sample and historical study period, however, limit the extent to which its findings can be generalised to every sector or to current market conditions. <Cite refs= {"turn142470search8"} />

Bello (2026) examined integrated reporting quality and investment efficiency among listed firms in Nigeria over 2010–2024 and reported a positive relationship between reporting quality and investment efficiency. Integrated reporting includes information beyond conventional financial statements, so its results should be treated as related evidence rather than as a direct measure of accounting information quality alone. Nonetheless, the study reinforces the proposition that more informative corporate reporting can be associated with better investment-related outcomes. <Cite refs= {"turn142470search11"} />

At the corporate level, credible reporting may assist investors in distinguishing firms with sustainable earnings and stronger cash-generating capacity from those with weaker financial fundamentals. At the market level, consistent disclosures may support more informed comparisons and reduce some of the uncertainty surrounding investment evaluation. At the regulatory level, effective reporting oversight and credible enforcement can help create conditions in which market participants have greater confidence in published information.

These relationships should not be interpreted as implying that reporting quality alone determines investor confidence or capital allocation. Macroeconomic instability, political and regulatory uncertainty, liquidity, interest rates, exchange rates and investors' risk preferences can influence investment decisions independently of accounting information. The most defensible conclusion is that high-quality accounting information is an important enabling condition for informed investment decisions, rather than a guarantee of favourable investment outcomes.

## **Discussion of Findings**

### ***Value Relevance and Investment Decision-Making***

The reviewed evidence indicates that accounting information can contribute to investment valuation, although the usefulness of individual accounting measures varies. The findings of Omokhudu and Ibadin (2015) support the relevance of earnings, operating cash flows and dividends to corporate valuation, while Thompson (2024) reported a positive relationship between accounting information and investment decisions in the Nigerian equity market. More recent evidence from Fagbomedo et al. (2026) demonstrates that individual earnings-

quality indicators do not necessarily exhibit the same relationship with firm value. These differences suggest that investors should consider the economic meaning of each accounting indicator rather than assume that all published figures contribute equally to investment evaluation.

A key implication is that accounting information is most useful when interpreted collectively. Earnings per share provides information about reported profitability, but it does not independently establish whether a company generates sufficient cash to sustain its operations or distribute dividends. Similarly, dividends provide evidence of distributions to shareholders but may not fully capture the company's future growth prospects or financing requirements. Combining earnings, cash flows, dividends, financial position and relevant market indicators can provide a more balanced basis for investment analysis.

The findings also highlight the importance of distinguishing statistical association from causation. A relationship between accounting figures and share prices does not establish that accounting information alone determines investor behaviour. Market prices may incorporate expectations, economic conditions and other information beyond published financial statements. Consequently, the evidence supports the relevance of accounting information to investment decisions without suggesting that accounting measures can predict market outcomes with certainty.

#### ***Reliability and Faithful Representation***

The review suggests that the usefulness of accounting information depends substantially on its credibility. Investors may find earnings and other accounting indicators relevant, but their decisions can be undermined when the reported figures are affected by material errors, aggressive accounting choices or incomplete disclosures. The evidence on earnings quality and value relevance, particularly Fagbomedo et al. (2026), reinforces the need to examine the characteristics of reported earnings rather than rely solely on their magnitude.

This finding has implications for corporate governance and external auditing. Effective internal controls, independent audit procedures, transparent accounting policies and regulatory monitoring can help improve the credibility of financial disclosures. Nevertheless, the existence of an audit report should not lead investors to assume that all financial risks have been eliminated. Investors still need to assess the consistency of reported earnings with operating cash flows, changes in liabilities and the company's broader financial position.

The review further suggests that reporting credibility is an institutional concern, not merely a technical accounting issue. Where investors have limited confidence in the enforcement of reporting standards, the potential usefulness of financial disclosures may be weakened. Improving the reliability of accounting information therefore requires coordinated efforts by company management, audit committees, external auditors and regulatory authorities.

#### ***Timeliness of Financial Reporting***

The conceptual analysis indicates that timely disclosures are necessary for accounting information to influence decisions when it matters. However, the Nigerian empirical evidence

reviewed here is less conclusive regarding the independent effect of reporting timeliness than it is regarding value relevance. The available studies provide useful insights into financial reporting quality and investment-related outcomes, but not all explicitly measure the interval between the financial year-end and the publication of audited statements.

This limitation has two implications. First, it would be inappropriate to conclude that the reviewed Nigerian studies collectively establish a statistically significant effect of reporting timeliness on investment decisions. Second, timeliness remains a plausible and practically important dimension of information quality that warrants more direct investigation. Researchers could examine whether late financial reporting is associated with abnormal returns, trading activity, changes in bid–ask spreads or other market-based indicators.

From a practical perspective, companies should improve reporting processes so that complete and credible financial information is published within applicable deadlines. Investors should also pay attention to unexplained delays, while recognising that a delay may arise from different circumstances and does not, by itself, prove misconduct or poor performance.

#### ***Comparability and Consistency***

The review indicates that comparability enables investors to evaluate firms more meaningfully, but the available evidence does not justify treating comparability as an independently established determinant of Nigerian investment decisions. Studies on value relevance and IFRS adoption provide related insights, yet the ability of accounting information to explain firm value is not identical to its ability to support comparisons across companies or reporting periods.

The implication is that the benefits of common reporting standards depend on effective implementation and transparent disclosure. Companies should explain material accounting policies, changes in estimates and unusual transactions in ways that allow users to interpret reported figures appropriately. Investors should compare firms within similar sectors and consider differences in business models, leverage, growth opportunities and accounting treatments before drawing conclusions from reported ratios.

Further research could develop explicit measures of comparability, such as the consistency of accounting-based valuation relationships across firms or the degree to which comparable economic events are reflected in financial reports. Such research would help distinguish the general benefits of standardised reporting from the specific contribution of comparability to investment analysis.

#### ***Investor Confidence and Efficient Capital Allocation***

The reviewed literature supports the proposition that accounting information quality is relevant to investor confidence and the allocation of financial resources. Evidence from Ayagi (2026) and Bello (2026) links financial or integrated reporting quality with investment efficiency in Nigerian corporate settings. These findings suggest that the quality of corporate reporting may be associated with the ability of investors and organisations to make more informed capital-allocation decisions.

However, investor confidence and investment efficiency are influenced by more than financial reporting. Macroeconomic instability, inflation, exchange-rate movements, interest rates, market liquidity and regulatory uncertainty may affect investment behaviour even when corporate disclosures are credible. Accounting information should therefore be regarded as an important component of the investment environment rather than as a complete explanation of investment outcomes.

The broader implication is that improvements in accounting information quality should form part of a wider strategy to strengthen capital-market transparency. Credible disclosures, consistent regulatory enforcement, independent auditing and investor education can reinforce one another. Their combined contribution is potentially more important than improvements in any single reporting attribute considered in isolation.

## **Conclusion**

This paper examined accounting information quality and investment decision-making among Nigerian investors through a thematic synthesis of secondary empirical evidence. The review was organised around five objectives: value relevance, reliability and faithful representation, timeliness, comparability and consistency, and the implications of accounting information quality for investor confidence and capital allocation.

The evidence indicates that accounting information is an important input into investment valuation. Earnings, operating cash flows and dividends have been associated with firm value in Nigerian studies, while more recent research shows that the relationships between specific earnings-quality measures and valuation can vary. These findings suggest that the usefulness of accounting information depends on the particular indicator, the quality of the underlying disclosures and the context in which the information is interpreted.

The review also establishes the importance of credible reporting. Relevant accounting figures may be less useful when investors cannot reasonably rely on their representation of the company's economic position. Independent auditing, sound corporate governance, appropriate accounting standards and effective enforcement are therefore essential components of a credible financial reporting environment.

Timeliness and comparability remain important dimensions of decision-useful information, although the Nigerian evidence reviewed does not provide equally strong direct tests of their independent effects on investment decisions. The literature supports their conceptual importance, but stronger empirical conclusions require studies that measure reporting delays and comparability explicitly.

The paper concludes that high-quality accounting information can support informed investment evaluation and potentially improve capital allocation, but it does not independently guarantee profitable investment outcomes. Investors must interpret financial disclosures alongside business fundamentals, market conditions and other relevant information. The principal contribution of the paper is its integrated explanation of the

different dimensions of accounting information quality and its identification of areas where additional Nigerian empirical research is needed.

### **Recommendations**

Based on the reviewed evidence, the following recommendations are proposed.

1. Strengthen enforcement of financial reporting standards. The Financial Reporting Council of Nigeria, the Securities and Exchange Commission and other relevant regulatory institutions should strengthen risk-based monitoring of corporate disclosures, promote compliance with applicable reporting standards and apply appropriate sanctions where material reporting violations are established. Enforcement should focus on improving the credibility and consistency of information available to investors.
2. Improve the faithful representation of financial information. Listed companies should strengthen internal controls, accounting procedures, audit committee oversight and the documentation of material estimates and judgements. Management should ensure that reported earnings are supported by appropriate accounting evidence and that material risks, liabilities and uncertainties are adequately disclosed.
3. Promote timely publication of financial statements. Companies should improve financial reporting systems, internal reporting schedules and coordination among finance departments, external auditors and audit committees to reduce avoidable reporting delays. Regulatory authorities should monitor compliance with applicable filing deadlines while recognising the need for accurate and complete financial statements.
4. Improve the comparability and clarity of corporate disclosures. Companies should explain material accounting policies, changes in estimates and significant non-recurring transactions in accessible language. Consistent presentation of key financial indicators across reporting periods would help investors evaluate performance and identify meaningful trends.
5. Expand investor education. The Nigerian Exchange, the Securities and Exchange Commission, professional accounting bodies and relevant investor associations should strengthen financial literacy programmes. Such programmes should help investors interpret earnings per share, operating cash flows, dividends, leverage, profitability ratios and the limitations of accounting-based valuation.
6. Encourage integrated investment analysis. Investors should avoid basing investment decisions on a single accounting indicator. They should assess earnings quality, cash-generation capacity, liquidity, leverage, dividend sustainability, governance arrangements and relevant market conditions before committing capital. Accounting information should be combined with appropriate risk assessment and independent analysis.
7. Promote further archival research. Nigerian researchers should conduct longitudinal studies using audited financial statements, publication dates and capital-market data to examine the independent effects of value relevance, reporting reliability, timeliness and comparability on investment outcomes. Studies should distinguish investor-level decisions from share-price responses and corporate investment efficiency, and should

report clearly the periods, samples, measurement approaches and limitations involved.

8. Improve accessibility of financial disclosures. Listed companies and relevant market institutions should make audited financial statements and material announcements easy to access through reliable digital platforms. Where appropriate, concise investor summaries should complement, not replace, full financial statements, helping investors understand essential financial indicators without losing access to detailed disclosures.

## References

- Abdu, A., Sani, S., Abubakar, N., & Adamu Magaji. (2024). Relative value relevance of accounting information between listed manufacturing firms and financial services firms in Nigeria. *ADSU International Journal of Applied Economics, Finance and Management*, 9(1), Special Issue.
- Abubakar, M. A., Adamu, S., & Usman, I. (2023). Value relevance of accounting information: Empirical evidence from listed conglomerate firms in Nigeria. *Path of Science*, 9(8).
- Adeyemi, T. O. (2024). Moderating effect of audit quality on value relevance of fair value measurements hierarchy of listed financial services companies. *Gusau Journal of Accounting and Finance*, 5(2), 172–202.
- Ahmadu, K. B., Chechet, I. L., Abdullahi, A. A., & Mohammed, I. (2022). Value relevance of accounting information for listed financial service firms in Nigeria. *Gusau Journal of Accounting and Finance*, 3(3), Article 25.
- Ajayi-Owoeye, A. O., Akinwunmi, A. J., Olayinka, I. M., & Pelemo, M. A. (2022). Financial reporting quality and investment decisions: Evidence from listed manufacturing companies in Nigeria. *Archives of Business Research*, 10(9).
- Alade, M. E. (2025). Value relevance of family-owned listed firms' accounting information in Nigeria. *Asian Journal of Economics, Business and Accounting*, 25(3), 517–527.
- Ali-Momoh, O. (2024). The effect of International Financial Reporting Standards (IFRSs) on the quality and relevance of accounting information for global investment decision-making in Nigeria. *FUOYE Journal of Accounting and Management*.
- Audu, O. G., & Adegbola, O. S. (2025). Value relevance of accounting information: Evidence from Nigeria quoted firms.
- Ayagi, S. R. (2026). Mediating effects of information asymmetry and cost of capital on the relationship between financial reporting quality and investment efficiency of listed deposit money banks in Nigeria. *FUDMA Journal of Accounting and Finance Research*, 4(1), 163–183.

- Bello, J. A. (2026). Integrated reporting quality and investment efficiency of listed firms in Nigeria. *Journal of Finance and Business Research*, 12(3), 611–638.
- Dandago, K. I., & Abubakar, M. (2025). Does audit committee moderate the value relevance of fair value accounting information? Evidence from listed consumer goods firms in Nigeria. *Finance, Accounting and Business Analysis*, 7(2), 235–249.
- Fagbomedo, B. I., Awodiran, M. A., & Jabar, A. A. (2026). Earnings quality disclosure and value relevance of accounting information in Nigerian listed firms. *International Journal of Innovative Research in Accounting and Sustainability*, 11(2), 176–194.
- International Accounting Standards Board. (2018). *Conceptual framework for financial reporting*. IFRS Foundation.
- Liu, D., Wang, Y., & Li, M. (2024). Comparable but is it informative? Accounting information comparability and price synchronicity. *Journal of Financial Stability*, Article 101297.
- Ojomo, A. D. (2025). Financial reporting quality and investment decision-making in organizations: An empirical analysis of selected listed manufacturing firms in Nigeria. *ORGANIZE: Journal of Economics, Management and Finance*, 3(3), 155–169.
- Omokhudu, O. O., & Ibadin, P. O. (2015). The value relevance of accounting information: Evidence from Nigeria. *Accounting and Finance Research*, 4(3), 20–30.
- Onwubiko, C. O., Enyinnaya, K., Nwankwo, A. H., & Ogbu, U. O. (2025). Financial reporting quality and labour investment efficiency in selected manufacturing companies in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 13(10), 87–110.
- Sule, D. F. (2025). Can segment disclosure improve the investment efficiency of listed companies in Nigeria? *African Journal of Business and Economic Research*, 20(1).
- Thompson, M. A. (2024). Accounting information relevance and investor's decision in Nigerian equity market (2008–2014). *International Journal of Research and Innovation in Social Science*.