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IMPACT OF GOODWILL AND BRAND NAME ON EARNINGS QUALITY OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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Abstract

As a result of globalization, intangible assets have appeared to be a key factor in the valuation of today's business enterprise. There, quite number of organizations in support of inclusion of intangible assets in firms' financial statement and disclosure of information on it. However, there are a lot of subjectivity surrounding the intangible asset identification and separation from the financial statement, this have cast a doubt at the supposition and consequently, any research in the area has become very difficult. Therefore, the study examined the impact of intangible assets and earnings quality of listed consumer's goods in the

Nigerian Stock Exchange. The population of the study was all the 28 listed Nigeria consumers' goods as at December, 2015 out of which 16 firms were drawn as sample. Multivariate technique of data analysis was employed using multiple regression model, structured using longitudinal balanced panel data. The findings of the study revealed that there is a need to encourage the application of intangible assets variables by consumer's goods and other sectors under the manufacturing firms; this may improve the earnings quality of listed consumer's goods in Nigeria. This research will assist the regulators in appreciating the benefits of intangible assets and therefore making it mandatory for other sectors of the economy apart from manufacturing companies to use intangible assets. Based on the findings of the study, it is therefore recommended that regulatory agencies of the sector, especially security and exchange commission, should intensify the effort of monitoring the compliance of application of intangible assets in all listed firms. Manufacturing companies should be compiled to report intangible assets variables in their financial statement annually and other listed firms in the country, as this will go a long way in improving the intangible assets and earnings quality of the listed firms in Nigeria.

Keyword: Equity, Goodwill, Brand Name, Firm Size and Consumer Goods in Nigeria

1.1 Introduction

Researchers have shown that as a result of globalization, intangible assets have appeared to be a key factor in the valuation of today's business enterprise and accounting rules frontier. There have been a number of organizations in support of inclusion of intangible assets in firms' financial statement and disclosure of information on it. Also, in the first place there is a need to improve information for stakeholders about the real value and future performance of the enterprise. Secondly, there is the need to reduce the information asymmetry between management and investors, as well as the ability of the companies to raise capital in order to enhance their corporate reputation which affects the price of their stock (Montemari, 2010). In the same vein, Nicholas (1998) in an attempt to explain the concept of intangible assets excludes goodwill, leases and development expenditure. These items are usually separated due to their differing nature. Both in theory and in practice, separate financial reporting standards exist for development expenditure and leases. Thus, goodwill is sometimes reported differently from other intangible assets using historical cost method of valuation.

Hence, it is not separately identifiable and cannot be disposed of separately without selling the business of the entity.

In contemporary time investment in intangible asset is becoming vital to economic growth, considering that most economies are becoming technology and innovation driven. Among the scholars that emphasize the significance of intangible assets as key in enhancing the corporate performance of manufacturing companies is (Randall, 2008). He submits that for example, in France intangible assets are the primary source of economic growth for companies as most of the companies have moved away from traditional economy to information-based economy. Furthermore, in United States the economy is now largely driven by intangible assets and these intangible assets comprise of workers' skills and know-how, innovative work organizations, business methods, brands name, as well as the formal intellectual property, such as patents and copyrights (Kenan, 2008). While in Australia, Sheila (2011) opined that the shift from industrial age to information age has transformed the global economy and this has happened as a result of how firms have recognized the significance of intangible assets as central to the value creation process in knowledge economy.

Consequently, in Australia, Tim (2013) observed and attributed the shortcomings of transforming the manufacturing companies from the era of traditional economy to information-based economy to the inability to accurately identify or separate the intangible assets of a firm in the financial statement. In a related study, Nicholas (1998) has it that previously in UK, there was no consensus about reliable measurement of intangible assets and this has became a major obstacle for its recognized. However, in recent time it has receives reorganization and have been included in the information in financial statements, this have made financial reporting to be of high quality, transparent and comparable. Thus, adoption of International Financial Reporting Standard (2012) has contributed to an improved quality of annual reports, accounting quality and aided in making appropriate economic decisions (IFRS, 2013). In the word of Dechow, Ge and Schrand (2010) accounting quality is a term that describes the extent of the value that users give to the accounting information and one way of measuring accounting quality is by the degree of earnings quality. Much more, earnings quality was viewed as "higher quality earnings which provide more information about the features of a firm's financial performance that is relevant to a specific decision made by a specific decision-maker". Therefore, "quality" is conditional on specific decision context. In addition, Sun, Eleonora & Loredana (2011) emphasize that there is a strong relationship between IFRS and high earnings quality, they stressed that, the result of financial crises and the collapse of a number of blue chip companies in

western countries have drown the world's attention to the quality of financial reports which will improve earnings quality. Hence, Ewert and Wagenhoffer (2005) stated that tightening accounting standards reduces earnings management and leads to higher earning quality.

What motivate this study is that, manufacturing companies today have shifted from the traditional economic-based kind of production to information technology-based where skills, knowledge of know-how are necessary. Empirical studies have suggested that intangible assets could enhance the process of production and increase the earnings quality reports of the firms to stakeholders. But the controversies surrounding the intangible asset identification and separation from the financial statement have cast a doubt at the supposition and consequently, any research in the area has become very difficult. In view of the inconsistencies and mixed findings documented by the previous researches thereby creating an incentive for further research in line with the dearth of empirical studies on the relationship between intangible assets and earnings quality, this study will try to close part of the gap by enabling better understanding of this area of study and thus, extending the study to Nigeria will become very important. The main objective of the study was to examine the impact of intangible assets on earnings quality of consumer goods firms in Nigeria. The specific objectives include to; Examine the impact of Goodwill on earnings quality of consumer goods firms in Nigeria and Evaluate the impact of brand name on earnings quality of consumer goods firms in Nigeria. In line with the aforementioned research questions and objectives, the following null hypotheses are formulated for the study: H_{O2}: Goodwill has no significant impact on earning quality of consumer goods firms in Nigeria and H_{O4}:Brand name has no significant impact on earning quality of consumer goods firms in Nigeria.

2.1 Literature Review and Theoretical Framework

More so, John (2008) and Roya (2011) have it that intangible assets are those non-monetary assets of a company that cannot be seen, touched or physically measured. In a similar study carried out by Bahman, Fakhroddin and Mahdi (2012) intangible assets are regarded as the packaged useful knowledge. Simple example of such include: organization's processes, technologies, patents, employees' skills, and information about customers, suppliers, and stakeholders. They identify three basic components of intellectual capital; this includes human capital, which represents the knowledge stock of an organization. They further stated that intangible asset was employees' intellectual capital through competence, attitude and intellectual agility of their populations; Structural capital comprises of non-human reservoirs of knowledge in organizations that include

databases, organizational charts, executive processes, strategies, action plans and generally whatever its value to the organization and customer capital or relational capital represents the potential ability of an organization to its external intangible factors. Another example from them is the relational capital which represents knowledge in marketing channels and relationships with customers. Meanwhile, Aulia, Zaenal, Khusnul and Agus (2013) claim that intangible assets are a firm's dynamic capability created by core competence and knowledge resource which include organizational structure, employment expert skills, employment centripetal force, innovation capability, customer's size, famous brand, and market share. Thus, it may be in a positive direction for companies to consider the intellectual capital component as an engine growth for all companies.

Earnings are the single most important output of the accounting system as they are used worldwide by the internal and external financial statement users in decision making. In addition reported earnings have aided in sharpening corporate policies by management in trying to pursue their compensation, debt covenants, and capital raising. This has also helped in the provision of feedback to accounting standard setters on the effectiveness of promulgated standards in relation to how ultimately it has influenced economic growth and development. Earnings quality is used in numerous empirical studies to show trends over time; to evaluate changes in financial accounting standards and in other institutions, such as enforcement and corporate governance. Therefore, based on the above idea, accounting practices allow managers a great deal of discretion in reporting earnings, especially around accruals. As a result of the mismatch, there is no consensus on the definition of the concepts "earnings quality" theoretically. Several authors have defined the concept based on their understandings. The concept has multidimensional orientation.

Moreover, Petkov (2011) assessed the financial crisis that occur and its potential impact on internally generated intangible assets such as goodwill. The current accounting regulators have not provided a framework which takes the initiative towards creation of new accounting standard to identify, allow the capitalization, recognition and disclosure of these assets. Failure to do that, the activities associated with intangible assets, appear at a time when the accounting standards are in the process of regulatory adjustments as a result of SEC, FASB and IASB. The result of the study shows that, certain conditions need to be met such as these for impairments of intangible assets (goodwill). Such methods would benefit the users and it could be argued that the benefits would exceed the respective costs. Loumioti (2011) evaluated the uses of intangible assets as loan collateral. The aim of the study was to see whether this credit practice was an innovation or a

negative mutation in the corporate loan market using a sample of 1,415 for twenty-one percent of U.S.-originated secured syndicated loans for the period 1996-2005. This significantly increased intangible assets collateralization over that period. Goodwill as an instrument for loan size was used because companies with greater future growth options are likely to take larger loans. The result of the study shows that, collateralizing loans by intangibles significantly increases loan pricing and credit supply to firms. Also, intangible assets collateralization was a credit market innovation that partially alleviated financing frictions. Rossen (2012) in New York assessed financial crisis and its potential impact on internally generated intangible assets. This is attributable to current accounting regulators which have fail to take the initiative towards creation of new accounting standard to identify or to allow the capitalization, recognition and/or disclosure of these assets. Using conceptual method of analysis by examining FASB 141, 2001, FAS 142, 2001, IAS 3, 2007,IAS 38, 2007, the result of the study shows companies are able to identify all intangibles, even if there is no business combination that takes place.

Furthermore, Okoh, Muhamad and Azeez (2013) examined the impact of information disclosure on goodwill impairment in merger and acquisition decision in Nigerian banks, using 10 banks over the period 2008-2009 which were selected for the study. The provision of goodwill impairment in Nigerian banks has been provided on SAS26 for Financial Information. The result of the study shows that financial reporting in Nigerian money deposit banks recognized goodwill impairment in a low term for merger and acquisitions. The quality of accounting information disclosure in respect of goodwill has been also very low. Similarly, Raluca (2013) in UK examined the relationship between value relevance of goodwill and other intangible assets in the pre and post adoption periods of IFRS by using a sample of 350 UK companies over the period 2002 to 2007. The result of the study shows that, the amount of goodwill and other intangible assets are significantly related with market value, while the relevance of these does not increase in the post adoption period.

There is only basic definition of brand which exists in the branding literature as a brand is the name, logo or trademark of product or organization. The origins of branding were reflected in the AMA(1960) definition of brand, which focused on tangible brand or attributes as points of differentiation. “A brand is a name, term, sign, symbol, or design, or combination of them, intended to identify the goods and services of one seller or group of sellers and differentiate them from those of competition”. Similarly, John and Fu (1999) in UK assessed dual branding using literature reviewed and analysis of how corporate names add value to the fast

moving consumer non durable goods. The results of the study indicate that both brand names and corporate names add value, although some add more value than others. The market is price sensitive so pricing above a threshold level wipes out much of the influence of corporate and brand names.

According to Stephen (2001) a brand name operates, categorically, as a bridge between what has occurred in the past and what may occur in the future. The word "brand" is something that has been around for many centuries as a method that aims at distinguishing between the different products of producers. In another way "brand" has its origin from the Scandinavian word "brandr", which means "mark made by burning". In the word of Torsten H. Nilson, the word brand arises from the Scandinavian word "branna", which is used to express burning, whereas fire is the meaning of "brand". Whatever conceptual approach is followed, the word brand implies the marking of one's ownership or assets, produced by such. Brands are particularly important to their owners for two quite different reasons. Brands focus on the dedication of consumers. Brands provide stability to Companies which prevent expansive competition and contribute to investment and planning. It also "captures" promotional investment, which is hidden behind the brand. The manner which each brand name operates has been described as a process where the manufacturer directly approaches the consumer and not indirectly by involving the retailer. Brand names also provide a company with legal protection concerning a product's unique characteristics.

Empirical evidence generally supports the association between brand name and earnings quality (Feng Gu and Baruch, 2002, Ekuh and Mjn, 2007, Pike, 2009, Eunjoo, 2011, Sheila, 2011, Roger, 2011, Kothari, Mehta and Sharma, 2013, Tricia, 2014 and Brooke, 2015), although there are no number of notable exceptions. Similarly, Feng Gu and Baruch (2002) in Boston University and New York University have it that important decisions on the relevance of intangibles assets are hampered by the lack of systematic and comparable measures. There are different ways of measuring intangible assets that are not recorded on a firm's balance sheet. Most of the measurement is based on economic notion of "production function," where the firm's economic performance is stipulated to be generated by physical, financial, and intangible assets. Results indicate that investments in R&D, advertising, brands, information technology, and human resource practices are important drivers of intangible capital, and in turn corporate value. The centre for excellence in accounting (CEASA, 2003) assessed that, Accounting for Intangible Assets. They asserted that many commentators view the omission of "intangible assets" from balance sheets as a glaring deficiency. They then asked: How could accountants report a balance sheet that omits

important assets like brands, distribution and supply chains, knowledge, human capital, and organization capital, particularly when values in modern firms come as more from these assets than from the tangible assets on the balance sheet.

Consequently, Ekuh and Mjn (2007) measured the influence of mobile telephone companies with regard to their brand reputation in international marketing. Also, the relative importance of brand reputation in the marketing of products in the mobile telephone industry was investigated. Survey research designs were employed for the study and a sample of mobile telephone users within the ages of 18 and above from an international student environment at Halmstad University were used. The result of the study provided useful information for mobile telephone companies to strategically position themselves in the competitive international market, thereby improving their overall sales as well as market share. On the other hand, it also served as decision guidelines to brand managers while making meaningful contributions to their companies. Pike (2009) examined destination brand positions of a competitive set of near-home destinations using a review of 74 Australia destination branding publications by 102 authors from the first 10 years of destination branding literature 1998-2007. The results of the study provide strong evidence that, there was no change in brand positions for any of the five destinations over the four year period. Therefore, this leads to the proposition that, destination position change with a competition. While, Robert (2009) was the first to introduce the use of balance scorecard measuring brand name in Harvard Business Review Article (1992). Using US manufacturing firms over the period 1995 – 2009, the study was based on a multi-company research project in studying performance measurement in companies where intangible assets played a central role in value creation. It was opined that, if firms want to improve the management of their intangible assets, they had to integrate the measurement of intangible assets into their management systems.

Likewise, Eunjoo (2011) assessed the development of a brand image scale and the impact of love marks on brand equity. Three proxies were used to develop a reliable and valid scale for three brand image dimensions such as; brand love and respect, brand awareness, image and loyalty over the period 2004, 2006. The result of the study indicates twenty-one sub-themes of the brand image were identified, leading to the development of 137 representative items; 77 mystery, 25 sensuality, and 35 intimacy items. Secondly, based on the factor loadings from exploratory and confirmatory factor analyses, 22 items of six mystery, seven sensuality, and nine intimacy items were retained. Thus, the findings further reveal that, brand awareness was positively associated with brand image. However, contrary to predictions, brand awareness did not have a positive

influence on brand loyalty. Some other place service marks and also related trade names, formulas, recipes and technological expertise. Sheila (2011) asserted that brand is an image associated with a product that a particular company produces on the other hand it could be viewed as the image associated with the entire company. It is something that consumers can relate to. It helps customers to instantly recognize the preferable product.

Furthermore, Kothari, Mehta and Sharma (2013) in India used content analysis to explain the different valuation models related to intangible assets and examined the relationship between various components of intangible assets such as marketing-related intangible assets, customer-related intangible assets, artistic-related intangible assets, contract-based intangible assets and technology-based intangible assets in relation to their valuation. They stress the most common appropriate method of intangible assets valuation which used three main approaches for intangible business when valuing intangible assets. The income valuation is attributable to the brand or other intangible assets which are forecast over their useful life and discounted to their net present value. Market Valuation Transactions which are used in analyzing comparability; this includes licensing for arrangement which can be investigated to benchmark on appropriate royalty rate. Then, the cost valuation which is used for recreating the intangible assets is considered alongside the historic cost of the initial creation. This is also significant for financial reporting and intellectual property transactions.

Moreover, Tricia (2014) examined **"**The Method Use to Value of Luxury Brand Names in the Fashion Industry". Annual list of the top 100 most valuable brands annually using a formula of their own making, 8 out of these 100 brands are luxury fashion brands and were used. The result of the study shows why luxury fashion brands so coveted which is simply because of humans' desires to own superior goods or even for the sake of their egos. Similarly, Brooke (2015) used content analysis to examine the valuation of intangible assets by highlighting the importance, understands the contribution that brands provide to companies and outlines the potential options for reporting any associated intangible assets in the financial statements. Therefore, the study suggested that, intangible brand assets should not be placed as a line item on the balance sheet as a result of the ambiguity involved in valuing them. Similarly, Tricia (2015) gave four different classifications of brand equity as: brand loyalty, brand awareness, brand quality and association. IAS 38, under paragraph 63 provided that intangible assets such as brands, mastheads, publishing titles, and customer lists, are not recognized as unless; they are purchased externally or acquired in a business and under IFRS they are to be recognized as capital and not expenses.

Empirical evidence generally supports the association between firm size and earnings quality Yi-Chun, 2008, Gerpott et al, 2008, Widowati, 2009, Bahman, Fakhroddin and Mahdi, 2012, (Faris, 2012, Hiras, Dian and Indri, 2012, Payam,2013, Fabio and Andrea, 2014,), those who find contrary are (Måns, Francis and Anthony, 2002 and Salman, Mansor and Babatunde, 2012). Måns, Francis and Anthony (2002) investigated the relationship between firm size and earnings in relation to labour and capital market imperfections. They argued that the empirical results reject the hypothesis that said firm-size relationship can be explained by the skills of the workers. Therefore, the findings of their study indicate a significant negative relationship. Similarly, Gerpott et al (2008) who carried out a study in Europe affirmed the Prior work of Widowati (2007) that detected significantly positive relationship between firm size and intangible asset disclosure. Widowati (2009) in Indonesia examined the impact of financial reporting quality in relation to firm size. Based on agency theory, a larger firm is more likely to have a greater agency problem than a smaller firm. Therefore, to reduce that agency problem, it is expected that manager as agent should disclose more information to shareholders as principal so as to know the earnings quality of their firms. It is normal for agency costs to increase when external capital increased and it is likely to be higher in larger companies, thus agency theory can explain the positive relationship between firm size and level of disclosure. The most important issue in the field of intangible assets is how to conceptualize, understand, evaluate, and measure the size of these assets. In a related development, Yi-Chun (2008) pointed out the association between firm size and intellectual capital which is referring to special characteristics of knowledge productivity, using 220 Chinese Pharmaceuticals companies, and 380 Taiwan biotechnology companies. Firm size was used as moderating variable. Since large organizations are more likely to have resources needed to adopt new innovations in terms of research and development, the result of the study indicate a significant positive relationship.

The study on intangible assets as the determinants of earnings quality documents that brand name makes a company communicate with its own customers and this makes them compete with competitors (Mehdi *et al.,* 2013). Therefore, if brand name is based on the value of the seling price to sales, it is reasonable to opine that brand name is in line with the theory of resource-based view theory of the firm (RBV) based on the adaptation of germinal work of Penrose (1995). Increasing the earnings quality of the firm, the relationship between customer value, competitive advantage, and superior performance suggest that intangible assets would optimize the value of the firm by enhancing the firm's ability to secure a sustained competitive advantage that is difficult for rival firms to

comprehend, evaluate, or imitate (Clulow, Barry, & Gerstman, 2007). Also, brand name variables could have an impact on earning quality of a firm as explained by the resources based view theory in relation to managers exercising accounting discretion in an efficient manner in such a way that long run firm value is maximized. Thus, it focuses on resources, capabilities, competitive advantage, and the strategic business plan. A firm's competitive advantage largely depends on the strength of the brand name and the ability it possesses to protect assets from diffusion.

3.1 Methodology and Model Specification

For this study, correlational research design is used to describe the statistical association between two or more variables. It is therefore most appropriate for this study, because it allows for testing of expected relationships between and among variables and the making of predictions regarding these relationships. The population of the study comprises of all 28 listed consumer goods in the Nigerian Stock Exchange as at 31st December, 2015, and out of which 16 consumer goods were drawn as sample using purposeful random sampling technique with 12 firms that were not involved within the period of the study. The period of the study covers eleven years of 2005 to 2015. The source of data for the study is secondary only, extracted from the audited financial reports of the sampled companies. The study used longitudinal balanced panel data to account for individual heterogeneity of the sampled companies. The results of robustness tests (multicollinearity, normality, heteroscedastacity and cross-sectional dependence) were conducted in order to improve the validity of all statistical inferences.

To determine the impact of intangible assets and earnings quality of listed consumer's films in the Nigerian stock exchange, the following model was developed:

$$EQT_{it} = \alpha_0 + \beta_1 GWL_{it} + \beta_2 BRN_{it} + \beta_3 FSIZE_{it} + \varepsilon_{it}$$

Where:
EQT= earnings quality
α_0 = constant intercept
GWL = Goodwill M-A where M is market value of a firm and A is net worth (Stewart, 1994)
BRN= A model developed by the value of a brand is expressed in terms of the value of its shares as: $\{(P/S)_b-(P/S)_u\}*S$ where: $(P/S)_b$ = Price to sales ratio for the company with brand while, $(P/S)_u$ = Price to sales ratio for the company without brand multiply by sales (Aswath, 2011),.
FSIZE= firm size measured using natural log of total assets (control variable)
ε = stochastic term error
β_1- β_3 = coefficients of explanatory variables
it = firm and time

3.2 Accrual Quality Variable

In measuring the earnings quality adopted Francis et al (2005) extended the Dechow and Dichev (2002) original accrual quality model by adding additional variables these are change in revenue, property, plant and equipment (PPE) for

more complete characterization of the relationship between accruals and cash flow.

3.3 Earnings Quality model three (3)

$$\frac{\Delta TCA_{j,t}}{Assets_{j,t}} = \beta o_{,j} + \beta 1_{,j}\frac{CFO_{j,t-1}}{Assets_{j,}} + \beta 2_{,j}\frac{CFO_{j,t}}{Assets_{j,t}} + \beta 3_{,j}\frac{CFO_{j,t+1}}{Assets_{j,t}} + \beta 2_{,j}\frac{\Delta REV_{j,t}}{Assets_{j,t}} + \beta 2_{,j}\frac{PPE_{j,t}}{Assets_{j,t}} + \mu$$

Where:

$\Delta TCAj,t$ = Firm j's total current accruals in year t, = (ΔCA j,t – $\Delta CLj,t$ – $\Delta Cashj,t$ + $\Delta STDEBTj,t$);

$\Delta CAj,t$ = Firm j's change in current assets between year t-1 and year t;

$\Delta CLj,t$ =Firmj's change in current liabilities between year t-1 and year t;

$\Delta Cashj,t$ = Firmj's change in cash between year t-1 and year t;

$\Delta STDEBTj,t$ = Firmj's change in debt in current liabilities between year t-1 and year t;

Assetsj,t = Firmj's average total assets in year t and t-1; and

CFOj,t = Firmj's net cash flow from operation in year t.

$\Delta REVj,t$ = Firmj's change in revenues in year t-1 and t; and

PPEj,t = Firmj's gross value of PPE in year t.

4.1 Result and Discussion

This section presents the Descriptive Statistics, describing the trends of the variables within the period covered by the study, followed by the correlation matrix which analyzes the association between dependent and each independent variable, individually and cumulatively. Furthermore, the regression result examine the model that capture the dependent variable (EQT) and all the independent variables of the study (goodwill, brand name and firm size).

Table 1: Descriptive Statistics

Statistics	EQT	GWL	BRN	FSIZE
Mean	17.48552	16.36324	2.948615	17.19138
Std. Deviation	2.706096	1.818451	.2668196	.6104798
Minimum	10.40244	10.1429	.2.309561	16.12278
Maximum	25.03172	20.31338	4.543295	18.38708
Skewness	.3159139	-.7378506	1.282911	.0391255
Kurtosis	3.609294	3.495698	9.651111	2.220854

Source: STATA Output 2016

Table 1 show that the measure of earnings quality (EQT) of the listed consumer's goods has a mean value of 17.48552 with standard deviation of 2.706096 minimum and maximum values of 10.40244 and 25.03172 respectively. This implies that the average efficiency listed consumer's goods firms is 17.48552 and the deviation from both sides of the mean is 2.706096. This suggests a wide dispersion of the data from the mean because the standard deviation is quite high. The table also indicates a minimum earnings quality (EQT) of 10.40244. The peak of the data is indicated by the kurtosis value of3.609294, suggesting that most of the values are higher than mean, hence the data did not meet a normal distribution assumption. The coefficient of Skewness of 0.3159139 implies that the data is positively skewed (that is, most of the data are on the right side of the normal curve), thus, the data does not meet the symmetrical distribution assumption.

The Table indicates that the average goodwill 16% with a standard deviation of 2%, and minimum and maximum of 10% and 20%, respectively. This suggests a wide dispersion of the data from the mean because the standard deviation is close to the mean value. The peak of the book value data is indicated by the kurtosis value of 3.495698, suggesting that most of the values are higher than mean, and the data did not meet a normal distribution assumption. The coefficient of skewness of 3.495698 implies that the data is positively skewed (that is, most of the data are on the both the right and left side of the normal curve), implying that the data have meet the symmetrical distribution assumption.

The Table also indicates a brand name of 2.9% with standard deviation of 27%, the minimum and maximum percentage of 23% and 4.5% respectively. This also suggests a wide dispersion of the data from the mean because the standard deviation is far away from the mean value. The peak of the BRN data is indicated by the kurtosis value of 9.651111, suggesting that most of the values are higher than mean, and the data did not meet a normal distribution assumption. The coefficient of Skewness of 1.282911 implies that the data is positively skewed (that is, most of the data are on the right side of the normal curve), implying that the data does not meet the symmetrical distribution assumption.

Moreover, Table 1 shows an average FSIZE of 17.7% with standard deviation of 61%, and minimum and maximum of16.12% and 18.39% respectively. This suggests a wide dispersion of the data from the mean. The kurtosis value of 2.220854 suggest that most of the values are higher than mean, and the data did not meet a normal distribution assumption; the Skewness value of .0391255 implies that the data is positively skewed (that is, most of the data are on the right

side of the normal curve), implying that the data does not meet the symmetrical distribution assumption.

The analysis of the descriptive statistics of the study variables shows the nature and extent of dispersion of the data, which strongly suggested that the data did not follow the normal curve as indicated by the higher values of standard deviations, skewness and kurtosis, except for the brand name which is normally distributed. Therefore, the test of normal data is conducted and the results are presented in table 2.

Table 2: Results for Data Normality Test

Variables	**W**	**V**	**Z**	**P-Values**
EQT	.97680	3.097	2.584	0.00488
GWL	.95986	5.359	3.838	0.00006
BRN	.92542	9.958	5.254	0.00000
FSIZE	.97215	3.718	3.002	0.00134

Source: STATA Output 2016

Under Shapiro-Wilk (W) test for normal data, null hypothesis principle is used to check a variable that came from a normally distributed population (the null hypothesis of the test is that, the data is normally distributed). Table 2 indicates that data from EQT, GWL, BRN and FSIZE variables of the study did not follow the normal distribution, because the P-values of the test statistics (Z-Values) are statistically significant at 1% level of significance. More so, change in earnings variable is normally distributed and also meet the symmetrical assumptions. Thus, the null hypotheses (that is, the data is normally distributed) are rejected for EQT, GWL BRN and FSIZE variables. However, the Guassian theorem (1929) and Shao, (2003) suggested that non-normality of data will not in any way affect any of the inferential statistics.

Therefore, having analyzed the descriptive statistics, normal distribution of the data, the inferential statistics of the data collected from which the hypotheses of the study are tested are presented and interpreted in the following section.

Table 3 Correlation Matrix

	EQT	GWL	BRN	**FSIZE**
EQT	1.0000			
GWL	(0.3775)	1.0000		
BRN	(-0.0836)	(0.1332)	1.0000	
FSIZE	(0.1964)	(0.0832)	(-0.0661)	1.0000

Source: STATA Output 2016

Table 3 contained correlation matrix showing the relationship between all pairs of variables in the regression model. The result reveals a positive correlation between all the independent variables and the dependent variables earnings quality, except for brand name with a negative correlation with EQT and FSIZE. But the positive correlation is not very strong. Hence, the behavior between the endogenous variables and themselves are mostly in an opposite. More so, to further check for collinearity, another robustness check was conducted. The test for multicollinearity using the variance inflation factor (VIF) and tolerance value (TV) reveals the absence of multicollinearity as all factors are below 10 and tolerance values are below 1.0 see appendix 1.

Table 4 Summary of regression result

Variables	**Beta**	**t-values**	**Sig**
GWL	.5669569	5.46	0.000
BRN	-1.257903	-1.78	0.077
FSIZE	.6938812	2.26	0.025
Constant	-.0112789	-0.00	0.998
R^2			**0.1849**
Adj. R^2			**0.1707**
F-Statistc			**13.01**
F-Sig			**0.0000**
Hettest			**0.8045**

Source: STATA Output 2016

The result in respect of goodwill and earnings quality shows a coefficient value of .5669569 and a t-value of 5.46, which is statistically significant at all levels of significance. This shows that goodwill has significant influence on earnings quality listed consumer goods. The significance relationship recorded by goodwill implies that every change in the proportion of goodwill may necessarily affect the earnings quality of listed consumer's goods firms in Nigeria.

Also, the regression result reveals that the brand name of listed consumer goods has a coefficient of -1.257903 with a t-value of -1.78, which was found to be significant at 10% level of significance, but the coefficient of the was -0.257903 and a t-value of -1.78 which was statistically significant at 10% level. These result show that brand name has significant influence on the earnings quality of listed consumer's goods firms in Nigeria of 10%. However, the negative influence of the coefficient on the earnings quality of listed consumer's goods firms in Nigeria. The implication of this is that any increase in the brand name of listed consumer's goods firms in Nigeria will have a negative influence on the earning quality. Therefore, the negative relationship that exists between brand name and

earnings quality which signifies that any increase in the brand name of listed consumer's goods firms in Nigeria will affect the earnings quality of the consumer goods. This result is surprising, but it may be because, sometimes, the managers of these consumer goods may try to benefit from the brand name, rather than reporting same for the general benefit of the firms.

Furthermore, change in firm size was found to have a coefficient value of .6938812 and a t-value of 2.26. Looking at the relation between firm size and earnings quality, a positive relation emerged and this has been supported statistically at 5% level of significance. Therefore, the result signifies that increase in change infirm size of consumer goods firm has positive and significant impact on earnings quality of consumer's goods implying that, when there is an increase in the change in firm size, the earnings quality of the listed consumer goods firms will increase tremendously.

The cumulative correlation between dependent variable and all the independent variables for intangible asset was 0.1849 indicating that the relationship between earnings quality and goodwill predictability used in this study is 18%, which is positively, weak. This implies that for any changes in firm earnings predictability of listed consumer's goods in Nigeria, their share price may not be much directly affected. Hence, it signifies 13% of total variation in earnings quality of listed consumer's goods firms in Nigeria, which is positively, strongly and statistically significant and is caused by their level of predictability of brand name and firm size. This is positively, strongly and statistically significant.

The findings have several theoretical, practical and regulatory implications. These implications represent the contributions of the study which are expected to benefit the existing body of knowledge within the accounting research, regulators and providers of accounting services. Our findings have important policy implications since they suggest the need to encourage intangible assets principles by consumer's goods firms and other institutions to provide more profit and increase earnings quality of listed consumer's goods in Nigeria. This research will assist the regulators in appreciating the benefits of intangible assets and therefore making it mandatory for other sectors of the economy other than consumer's goods firms to use.

5. Conclusion and Recommendations

Conclusively, the study has provided both empirical as well as statistical evidence on the utility of firm's intangible asset proxies (GWL, BRN and FSIZE) in explaining and reporting earnings quality to the shareholders of listed consumer goods in Nigeria.. This paper concluded that utilization of intangible assets has contributed tremendously in the Nigerian consumer goods Sector. What is left to

be done therefore is for the regulatory agencies of the sector, especially security and exchange commission, to intensify the effort of monitoring the utilization and compliance by all the consumer goods and other manufacturing companies in the country, as this will go a long way in improving the intangible assets and earnings quality of the listed consumer goods in Nigeria.

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