International Journal of Accounting and Taxation
Vol. 1, No. 1, April 2013, PP: 01 – 08, ISSN: 2328 - 6822 (ONLINE)
Available online http://www.acascipub.com/Journals.php

RESEARCH ARTICLE

FINANCIAL INFORMATION NEEDS OF UNIVERSITY STAKEHOLDERS AND THE TRANSPARENCY IMPLICATIONS OF TIMELY DISESEMINATION

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Abstract

The aim of this paper was to identify the financial information needs of the various university stakeholders and the critical implications of the different streams of information on the transparency rating of the institution. The study employed desk research methodology and identified the university council, the university management, the federal government, the national universities commission, the university's bankers, parents, creditors, contractors and donors as the major users of university's financial information. The paper concluded that a timely and regular provision of financial information to the different stakeholders minimized tensions in the management process; heightened the institution's visibility; attracted high quality personnel and boosted the institution's transparency rating. This paper would be of immense academic and practical interest to higher education managers all over the world.

Key words: Financial information, university stakeholders, transparency standing, visibility, higher education.

INTRODUCTION

Information is a concept that has attracted different definitions from diverse scholars. Shera (1972) looked at information from the angle of communication and thus defined information as that which is transmitted by the act or process of communication. Information in this case may be a message, signal or stimulus. Davies (1976) expanded the definition further by describing information as data that has been processed into a form that is meaningful to the recipient and is of real or perceived value in current or future decisions. Therefore, information goes beyond mere communication to the point where it has to be understood and meaningful to the recipient. Machlup and Masfields (1983), in their definition of information, went beyond inter personal interaction, to describe information as all published and unpublished knowledge about any given subject. In the view of Gordon's (1994) information refers primarily to the human understanding that steers human action and consequently control signals in any living organism. This view is shared by Uttor (1999) who gives a more comprehensive definition of information as data that has been subjected to some processing functions capable of answering user's query be it recorded, summarized, or simply collected that would help decision making. Information could therefore be in form of communication or recorded knowledge but which when interacted with could be understood in a way that the state of a recipients' knowledge is transformed. It is based on this understanding, that Uttor (1999) concludes that information is required in man's daily activities, be it in school, at play, or work situation.

Timeliness of information and relevance to purpose make for effectiveness of administration. Information is timely when it is available at the point of decision making. Value is created when information is available to help management decide to take advantage of opportunities in its environment and for the general allocation of resources in the economy (Gordon, Leob & Tseng, 2006). Management is in the regular business of seeking co-operation of its publics, whether it is in the business of revenue generation, application of resources to ends or preservation of the resources so generated. To win the desired co-operation the relevant parties need proper education of the direction of the entity seeking support. This could be achieved by ensuring that the right type of information is disseminated to the appropriate publics in the right time. With its multi-dimensions, universities need lots of partnerships to achieve some degree of effectiveness in the management of personnel and other resources. This would be possible if the management could identify the information needs of the various stakeholders and apply the right protocols to reach them in a timely fashion. The users of financial information may be summed up into internal and external groups (Ampmsah, 2009). The internal users are the various groups who are part of the institution either by employment like management, workers association, etc., or by supervision, like board and council. The external groups are third parties such as tax office, NUC and others. ,On the other hand, Kalejaiye (2003) holds that organizations may communicate to the public in a formal or informal way. He describes a formal process as when official matters are dealt with, and informal the opposite of formal communication.

Information has value in relation to the content and context it conveys for the decision at hand. Onuoha and Onuoha (2010a) admit that need for information in today's society cannot be over emphasized as there is little possibility of taking wise decisions without it. There is no doubt that a piece of information delivered after a decision has been taken contributes little or nothing to the outcome of the decision so made. It does not matter how accurate the data delivered may be, such information would be seen to deliver no added-value to the organization if it arrives after a wrong decision has been taken. What makes a piece of information valuable is the fact of its contribution in addressing the problems and programmes of the entity in question. Haliso (2010) averts that information availability means providing the right information to the right persons who may use it to make the right decisions. It would be right, therefore, to say that information delivered late is worthless.

Information dissemination and transparency are closely linked. The dissemination protocol encompasses processes and levels of information distribution with the goal of effective reach to the desired audience. Drysdale (1998) corroborates that communication skills will help business to succeed. The attention here is on what processes, which forum and how frequent the management attempts to reach the identified publics with important information on the internal operations of the entity. With a good system of information dissemination, the university management would be able to win the support and patronage of important stakeholders who could attract economic advantages to the institution. Major donors, for instance, like to give to entities they understand and identify with their vision and mission. The hearts of donors are won through properly designed information packaging. It is such creative and

intentional information dissemination to the stakeholders that could become the magic string needed to help the organization achieve remarkable degree of transformation and progress.
University stakeholders who need one type of financial information or the other may be categorized into three according to the various types of universities in Nigeria. These categories are Federal, State and private universities. For the federal universities, the major stake holders are the office of the accountant general of the federation, federal ministry of education, national universities commission (NUC), federal inland revenue service, parents, faculty an staff unions, suppliers or creditors, and bankers. The state universities have as their major stakeholders state government; state ministry of education, state inland revenue service, parents; students unions; staff and faculty bodies; NUC; suppliers or creditors; contractors and bankers.

Private universities regularly transact with stakeholders made up of the university council, the proprietor, inland revenue service, parents, students associations, bankers, staff and faculty congregation, NUC, internal and external auditors, suppliers or creditors, contractors, and developers. The amount of information the university management should make available to any of the identified constituencies would sometimes depend on whether the communication is required as statutory protocol or voluntarily undertaken as a due process measure by the institution. However, Osaniyi and Otuza (2010) confirm that 'working in an academic environment increases dependency on information' (p.152). Most government agencies information requirements, such as for the inland revenue service and national universities commission, are mandatory in nature and are required in specific formats. Certain penalties accompany failure to communicate as required. But as for communicating to the other stakeholders, the need for credibility and integrity compels the managements to disseminate accurate, reliable and timely information. Iyoha (2011) underscores reliability as the most important attribute of quality financial information. He goes further to state that information reliability would be achieved when the information regarding an economic phenomenon is complete, neutral and free from error.

The other stakeholders who require the university's financial information are the competitors. The competitors include other federal, state or private universities who want to equal or beat the records of the focal university. Some competitors would go to the extent of 'stealing' the information wherever they can obtain it. But the most genuine way of obtaining information from competition is by seeking a friendly visit or co-operation in a formal way. Many times some organizations managers have opened the doors widely for their competitors who seek tutelage and guidance without hiding anything that could help the visiting team to succeed. Over the years the authors have watched the management of their university host some other upcoming university managements who came seeking a way for carrying out certain administrative pedigree. Such approach to meeting the information needs of competitors eventually end up turning the competition into long term time friends of the mentoring institution. Summing up, the provision of financial information to the right constituencies makes everyone an effective stakeholder and wins for the management the positive co-operation of people inside and outside of the organization. Onuoha and Onuoha (2010b) conclude that information gives confidence to the managers and creates an environment of organizational effectiveness. Suffice to say then that no modern organization could afford not to communicate; survival or success depends hugely on it.

METHODOLOGY

The study is conducted using secondary data sources found in the literatures reviewed and other published works of some experts in the subject. Some of the concepts were also developed from experiential knowledge of the authors who have been in university management system for upwards of 10 years.

CONTEXTUAL ANALYSIS OF THE INFORMATION NEEDS OF UNIVERSITY STAKEHOLDERS AND HOW THEY ARE MET

In this section of the paper, attention is focused on the detailed financial information that the specifically identified stakeholders require and how the management of the university attempts to provide the needed information. The relevant university stakeholders include the University council, the proprietor (in case of private universities), Federal and State Inland Revenue Service Offices, Parents, Students' associations, Bankers, National Universities

Commission, Internal & External Auditors, Suppliers, Creditors and credit rating agencies, office of the accountant general, and competitors. The concepts have been given broader discussion in the next few paragraphs.

Council:

The council is easily the topmost management echelon of any university. The council makes all policy decisions and sets up the agenda that would govern the operation and management of the establishment. The financial information needs of the council include the entire financial reports that may be delivered to all other stakeholders. These include the profitability report; the assets growth profile; the debts profile separating long term from short term commitments; the asset to liabilities report; the cash-flow projection; the report of on going contracts; major losses arising from close down of some aspects of the operations; or any other financial report that would affect the council's decision on some aspects of the university's operations. The information needs of the council are met through reports from the office of the vice chancellor and in some cases, the office of the chief financial officer (CFO), otherwise known as the Bursar. More frequently, the reports are made available to members during the council's statutory sessions.

The Proprietor:

The proprietor, mostly for private universities, seeks similar information with the council. His interest is in every financial indices that touch on all aspects of the university management. His major outlook is to see that the university is on good standing with the going concern indicators - there is no working capital or liquidity problems; revenue generation is progressive; workers emoluments are met as at when due and workers association is happy with the management. The proprietor wants to ensure that external indebtedness are not out of control. The financial information needs of the proprietor may be met through monthly or periodic reports issued by the CFO. The information release could be more frequent where the proprietor himself is also part of the management as with some private universities in Nigeria.

Inland Revenue Service Office:

The tax authority wants to get information on the workers emoluments, the increase in assets value over time and what is the report of value added tax received or paid on goods and services. The inland revenue service office wants to ensure that the right amount of tax is delivered to the government from time to time. the tax agencies pick up the relevant information from the monthly payroll report, the audited financial statement and by carrying out direct audit in which case they look at the invoices and vouchers with which the management reports were prepared in the first place. To be in disagreement with the tax office is to quarrel with the government and this can lead to other dire consequences. This explains why well managed organizations carve out a distinct desk which carters for all tax matters and ensures that disagreements are straightened up as quickly as possible.

Parents:

Parents come in as partners in progress. In some universities, the parents have an association that provides them a common voice when relating with the management of the university. Parents want timely information on any proposed changes in school fees or other levies. They are happy to be carried along anytime management thinks it necessary to increase fees or impose other levies. The parents consultative forum has been a huge success in one of the foremost private universities in Nigeria, and their partnership with the university management has brought about the birth of many development projects. The information needs of parents could be easily met through circulars and reports presented during the meetings of the association. It is indeed of greater gain to the university management to keep this vantage stakeholder close to itself by ensuring that the right information is provided at the right time. Experience has shown that it is more productive engaging parents in direct negotiation on issues like school fees or levy increases rather than with students.

Students/workers associations:

The students association/union is interested in the going concern indicators of the university. While they may not have direct interest in the financial resources of the university, it is appropriate that they expect to see a university that has good planning for infrastructural development as well as one whose employees are paid their emoluments when due. In some private universities students are invited to take part in funding some of the developments. This presupposes that the management is willing to inform the students of her financial plans and programmes. It is easier to convince students contribution to development after the management has delivered in a trust worthy way. The information needs of students association can be met through the periodic management report of stewardship from the office of the vice chancellor. It can also be met through direct communication from the vice Chancellor to the office the students association president. The Students association can be a strong supporter of university management when they are properly carried along in the vision and mission of the institution. On its part, workers want to see the organization flourish because their economic fortunes are tired to the health of the company. And marketers management of the university does wiser by ensuring that her workforce are knowledgeable about the financial gains and/or woes confronting the institution. Carried along properly, workers can give great support to building a virile organization. There can be serious internal worries if management fails to relate appropriately with the staff association. In this regard, Kalejaije (2003) has this to say:

> "Communication has been relegated to the background in many workplaces, and utterly neglected in others. The result is a circle of never-ending industrial unrests. Industrial unrests lead to loss of thousands, if not, millions of profitable 'man-hours'" (p. 37).

Bankers:

One of the very important stakeholders in the university project is the bankers. Every university has one or two financial institutions describable as the funding partners. The bankers support the university through long and short term facilities. The information needs of the bankers may include the management accounts of the university, the profitability profile, cash flow projection, debts profile, assets growth and revenue profile of the university. Some of these indices may be derived by directly looking at the report of enrolment and the average fees paid per student. The attention of bankers is normally on the going concern position and profitability state of the institution. Bankers satisfy their information needs by looking at the university's audited accounts, cash projections, and the monthly management accounts. The bankers demand the institution's documents prior to the approval of financial packages. They are interested in the collateral value of the university's assets. Sometimes they obtain the needed data from direct correspondence with the office of the vice chancellor and/or the CFO. The bankers handle the university's privileged information with utmost good faith.

National Universities Commission (NUC):

Every year, the national universities commission requires statistics from the various aspects of the university operations. Financial data on the recurrent and capital expenditures, and the relevant budgetary allocations to the different programmes of the university are normally sought for. The data required would show instructional and personnel costs, the budget, and how much was actually released from the budget. The data required are normally in ranges of upwards of five years. The library budget and actual release receive yearly emphasis and when accreditation teams come to evaluate, they make sure that the report on funding of the library is properly documented. This is understandable given the importance of the Library in the definition of a university.

Internal and external auditors:

The auditors seek information regarding the validity of the institutions transactions. Auditors want to ascertain that due process has been followed in committing financial transactions and that the revenue report is complete and representative of the true view of the institution's income for the period under consideration. The auditors design and follow some strict procedures for doing their job of assurance and compliance tests. Their review take them through many files and documents on the financial commitments of the university. The Chief Financial Officer's office supplies most of the required data for audit purposes.

Suppliers, creditors and contractors:

The information needs of suppliers, creditors, contractors are similar to those of the bankers. They want assurance that the credits exposures to the university will be met in the due date. They look at the debts to asset ratio and feel better with a higher liquidity situation. They want to know the credit lag report (how frequently the institution meets its obligations) and are willing to give more credit once they are sure that the organization has the ability to pay (Amponsah, 2006).

Credit rating agencies:

Credit agencies assess and place rating on institutions. The attention of credit agencies is on the debt to equity ratio and the business opportunities open to the organzation. They are in the business of providing assurance for those doing business with the entity that their investments in the organization are not at in due risk. The information needs of credit rating agencies may be met through the issuance of the periodic profit and loss statement and the balance sheet, as well as through the general operating report rendered by management from time to time.

Office of the accountant-general:

Federal and state universities owe a duty of information to the office of the accountant general of the federation and the state respectively. For these public universities, the office of the accountant general provides a subtle supervision and receives regular feedback on financial commitments from the universities' CFOs. The data provided from time to time includes reports of internally generated revenue; the personnel cost; research and development reports; and the recurrent and capital costs. The public universities are statutorily required to prepare and send in financial reports, to the office of the accountant general of the federation in the case of the federal universities, and the accountant general of the state for all state universities.

Competitors:

Competitors are ever desirous of knowing what others in the same industry are doing. Financial information needs of competitors include the market share held by the organization, the debt to equity standing and the liquidity situation of the institution. Competitors want to know the cost profile of the entity, how the entity prices its products and services and how the management attempts to achieve maximum cost benefit from its engagements. Competitors seek information that will enable them compete forwardly with the organization.

IMPLICATIONS OF TIMELY AND ACCURATE FINANCIAL INFORMATION DISSEMINATION

University managers would easily determine the outlook of their establishment by the quality and timeliness of the financial information that is made available to the various constituencies. Five major implications of so doing are reviewed here.

Less tensions:

Dissemination of adequate, timely and accurate information to the relevant stakeholders creates an environment where people can trust each other and minimizes different kinds of rumours and petty jealousies. In an atmosphere of trust, the workers attempt to be the best they can be which results in greater productivity for the university. Working under the atmosphere of consistent calm nerves produces creative and effective leaders, and that happens as a result of the provision of accurate and timely information to the stakeholders. The tendency to fill in the gaps with rumors which happens in the absence of official communication is reduced to insignificance and everybody is happier for it.

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Higher credit rating:

Openness is a great attribute of effective leaderships. A management that has something to hide will avoid issuing regular management report cards. Keeping the relevant constituencies in the dark about the financial information as regards profitability, debts profile, or market share is to becloud the image of the organization. People intending to do business are left to guess about the level of risk they are taking by relating. What the stake holders cannot get from the management information system, they find informal sources to fill. More often, it is the negative information that they pick up. Timely and accurate supply of financial information about the entity simply ensures that the stakeholders are properly informed and such douses the error messages and gives a healthy credit rating for the organization. Where all that the credit rating agencies can pick up are the right information, that is simply an image boost for the institution.

Image booster:

Every progressive management wants to see its organization looking good in the eyes of the public. The good efforts and programmes of the organization will remain dumb except the management makes conscious effort to see that positive information about the entity gets into the hands of the appropriate constituencies. So much literature is good, but financial information speaks volumes. The constituencies do not only get informed about the performance of the establishment, they psychologically appropriate it as an expression of trust when management gives them financial information. This works well for social responsibility reports. Stakeholders easily see such as an act of a management that has nothing to hide. Timely and accurate financial information dissemination, from the inside and at the outside, leaves a high estimation of the quality of management and the positioning of the institution. Every piece of positive financial report released to the right constituencies is an image booster for the management and the organization it represents.

A place to make a career:

Every good management wants to attract quality staff into the organization. Fine employees want a place where their careers would be protected. Management could promote this kernel of the organization's quality through its financial reporting. High level manpower wants to know that the organization is strong on the going concern indices; they want to be sure that the company is not going down by looking at the debt profile; they want to see how the institution fares against competition. By the location of most universities, both spouses too easily get employed in the same place. But just before the workers would surrender the fortunes of an entire family into the hands of one employer, they would ask for more clarification. Regular and timely release of accurate financial information to the right constituencies helps such kind of key staff make the necessary decision whether to stay in or move out. It is difficult to decide to work in a company that does not render financial reports in a regular way.

Heightened ranking:

Universities are in a continuous process of evaluation and ranking by third party agencies. Where financial reporting is absent, the institution is highly disadvantaged when it comes to decision to evaluate the establishment in matters of governance and best practices. Financial reports timely rendered help to construct a sense of high positive standing in the minds of the assessors. It tells the story of good management; it describes a place with people who respect due diligence and best practices; it connotes an environment where trust and collegiality exist. The institution very easily attains a tall public assessment and ranking among the league of competing universities.

CONCLUSION AND RECOMMENDATION

The paper has identified the financial information needs of the various university stakeholders and the critical implications such information have on the transparency standing of the institution. The information needs of the stakeholders are deemed to vary slightly depending on whether the university is of the federal, state or private category. The major financial information users identified include the university council, the university management, the federal government, national universities commission, university's bankers, parents, suppliers,

creditors and contractors, and major donors. The paper also reviewed the transparency implications of timely and regular provision of information to these various stake holders and concludes that such would minimize tensions in the management process; raise the institution's popularity among the league of universities; attract quality personnel who decide to make careers in the university, as well as boost the image and transparency index of the institution.
Drawing from the various analysis assembled in the earlier sections, it is suggested that the university managements should constantly keep in mind the sensitivity of the various stake holders and ensure that the right amount of information is available to them at all times. This would not only reduce rumours, but also encourage collegiality, greater productivity and visibility of the institution.

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