

# **Competitors Accounting and Financial Performance of Pabod Brewery, Port-Harcourt**

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## **Abstract**

The objective of this research is to analysis: identify and analyze the relationship between competitor accounting, using variables such as competitor cost assessment and competitor performance appraisal to test the impact on the financial performance of Pabod brewery, Port Harcourt. The population that was used in this study covered the workers of Pabod Breweries Industry, Port Harcourt, with the total number of 274. While the selection of the samples was done by using a sample size determined through Taro Yamani formula for a purposive sampling method with the purpose of obtaining representative samples in accordance with specified criteria through, Based on the mentioned criteria then the amount of the final sample had complete data in this study a total of 167 questionnaires. Primary data with a total of 167 questionnaires were distributed to the company. Out of this number 132 were returned. The response rate was about 76.7%. It was processed using Pearson Product Moment Correlation Analysis to test the extent and effect of relationship using the Statistical Package Social Science (SPSS version 21), to measure the effect of independent variables consisting of: competitor cost assessment and competitor performance appraisal and financial performance. The findings include: there is a positive relationship between competitor cost assessment, competitor performance appraisal and financial performance of Pabod Brewery in Port Harcourt; competitor accounting has a simultaneous significant effect on the financial performance of the firm value. This study suggests and recommends that these companies should pay more attention to competitor accounting in order to enhance their financial performance and competitive advantages.

**Keywords:** Competitor accounting, financial performance, Beverage companies

## **INTRODUCTION**

Pabod brewery was originally owned by the Rivers State Government and came into existence in 1982. At the time, it produced Grand Lager, Grand Malt, Grand Soda and later Bond Super Lager Beer, a special beer made with local raw materials. However, by 1986, it ran into setbacks with the Structural Adjustment Policy (SAP), which prevented brewers from importing raw materials not readily available in the country thereby forcing many closures. In addition, there were issues with poor management and corruption which contributed to the closure of the brewery. By 1996, production stopped.

Pabod brewery came back to life when a German company, Brewtech, in a joint-venture partnership with the state government began production. However, that was not to last, as Nigerian Breweries Plc sued Pabod in court for allegedly copying the shape of its Star Lager brand bottle. Pabod won the case in court but Nigerian Breweries appealed and the case is still pending. However, in 2008, SABMiller struck a deal with the Rivers State government, which allowed it to acquire the majority shareholding in Pabod and take over shares formerly owned by Brewtech and some shares held by the Rivers State government. In recent times, the business environment in which Pabod brewery operates has drastically and the competition has become more intensive (Smirnova, Naudé, Henneberg, Mouzas & Kouchtch, 2011).

Every organization has to work within a framework of certain environmental forces and there is a continuous interaction between the organization and its environment. For any company to survive and prosper, an

organization must be able to assess, be aware of competition, strive to respond continuously to opportunities and threats posed by competitors, and manage with change in the internal and external environment (Brown, Dev & Zhou, 2003; Kleinschmidt, de Brentani, & Salomo, 2007). The competitor accounting process involves critical analysis of accounting information about competitors in order to identify their weaknesses and take advantage of them to improve performance of the firm. Competitor accounting system generates reliable information for strategy formulation so as to cope with competition. The formulation and implementation of the strategies depend on effective information system (Tampidok, 2004). Associated with this is management control system, of which firms are fashioned to feature strategies that drive the achievement superior corporate performance (Simons, 1990; Dent, 1990).

For a number of years, many firms have focused on the marketing concept of customer orientation that is knowing and satisfying customers at a profit. The focus has led firms to consider new customers opportunities, modify channel of distribution, develop new products, reorganize and restructure to achieve this objective. In strong markets such customer focused actions can and did lead to growth and profitability. Today the same firms have realized they cannot increase growth and profitability without a strong understanding of every aspect of their competitor's business and activities, hence the drive for competitor accounting (Akenbor, 2011). Competitor accounting is the analysis of information relating to competitors (Heinen & Hoffjan, 2005). According to Fong and Wong, (2012), competitor accounting is defined as the provision and analysis of management accounting data about each of a firm's competitor relating to the competitor's resources, objectives and competitive stance, for use in developing and monitoring business strategy. It is a central element in management and business planning and control. It consists of industry benchmarking, learning from competitors, positioning, and identifying opportunities and threats. Firms with greater competitor accounting tend to successfully manage and maintain customer relationships and customer satisfaction, potentially identify and rank their competitiveness and excellently gain and achieve their financial and non-financial performance in a highly competitive market and environment. Also, competitor accounting refers to a formal competitor intelligence system as focusing on a competitor's future goals, its assumptions concerning its industry, its strategy and capability to react to strategic moves (Anderson & Guilding, 2006). Firm applies competitor marketing capabilities to understand the needs of customers, the competitors, to create different types of products related to the competition, and to create a marketing plan to achieve customer satisfaction, evaluation in making business, financial decisions, and strategic success of organizations (Akenbor & Okoye, 2011; Malinic, Jovanovic, & Jankovic, 2012).

In respect of the brewery industry, the nature of operations and competition requires that companies should continuously use elements of competitor information, which could foster continuous cost reduction and product innovations. Brewery firms play an important role in fostering growth as evidenced in developed and few emerging economies. However, the practice of competitor accounting in contemporary world of business is low in the brewery industry in Nigeria. More so, it has been observed that, empirical studies that relate competitors accounting to the financial performance brewery companies in Nigeria is very limited and not far reaching. It is therefore imperative, that brewery firms consider competitor accounting and strategic initiatives in order to gain competitive advantage, which increases the chance for firms' financial performance. The reason being that the accounting information about the competitors needed in developing and monitoring competitive strategies to gain competitive advantage, may be difficult to generate and this may erode the profitability of the firm.

Based on the above, our point of departure is to fill these existing gaps by increasing the volume of literature and to provide empirical evidence of the relationship between competitor accounting and financial performance of Pabod brewery in Port Harcourt. Sequel to the objective of this study, the following hypotheses were formulated and tested:

**H0<sub>1</sub>:** There is no significant relationship between competitor cost assessment and Financial Performance of Pabod Brewery in Port Harcourt.

**H0<sub>2</sub>:** There is no significant relationship between competitor performance appraisal and Financial Performance of Pabod Brewery in Port Harcourt.

### **Theoretical Framework**

This study is anchored on the pecking order theory base on the fact it is in line with the competitor's accounting and financial performance. The pecking order theory as articulated by Myers and Majluf (1984) and Myers (1984), state that firms having high profits tend to attain low debt profile because when firms are more profitable, their first priority is to generate financing through retained earnings because they maximize the value of the existing shareholders. If retained earnings are not sufficient, the firms can then go for debt and if further financing is required, they issue new equity. The retained earnings are preferred because it almost has no cost, but if the external resources are used for financing like issuance of new shares it may take very high costs. So, we can conclude that if firm is profitable its retained earnings will be high and it will use its retained earnings for its financial needs, so its employees that there is negative relationship between leverage and firm's profitability. While firms with low retained earnings will rely on debt financing. This theory reflects problems created by asymmetric information between managers and investors.

This theory, interestingly come to stand as a result of information asymmetries existing between insiders of the firm and outsiders (Siyanbola, Olaoye & Olurin, 2015). The model leads to managers to adopt their financing policy to minimize these associated costs. It means that they will prefer internal financing to external financing and very risky debt to equity. In another words, Ojo (2012) opined that if managers have more information than other parties then information costs rise. Thus, firms will prefer issuing shares when they are overvalued or last resort. Managers will use pecking order by first using internally generated funds. If more funds are required then go for cheap debt (capital with fixed interest) before equity (capital with variable interest rate) in financing the firm's activities.

### **Competitor Accounting**

In business, a competitor is a company operating in the same industry or similar industry, which offers similar product or service. Thus, a firm's strategy is likely to be more successful if it develops a strategy for dealing with competitors, as they compete for its customers' patronage. Kotler and Armstrong (2009) identified the key types of competitors to include brand, industry, and form competitors, among others. The competitor's autonomous policies and reactions to market developments have a big influence on each organization's freedom of action and ultimately on its profitability. Hence, a sound knowledge of competitors and understanding their competitive position may ensure that an organization's existence and profitability are maintained in order to create a sustainable competitive advantage (BPP, 2005).

Competitor accounting refers to the provision and analysis of management accounting information about each of a company's competitor associating to the competitor's resources, objectives and competitive stance, for use in developing and monitoring business strategy (Fong & Wong, 2012). It consists of competitive position monitoring, competitor cost assessment, and competitor performance appraisal. It is a significant component in management and business planning and control. It comprises learning from competitors, industry benchmarking, positioning, and identifying opportunities and threats. Organizations with superior competitor accounting tend to potentially identify and rank their competitiveness and excellently gain and achieve their financial and non - financial performance in a highly competitive environment and market. Competitor accounting understands and predicts the rivalry between firms in their quest for a competitive position in an industry (Porter, 1980). Kotler (1988) suggested that a critical benefit of competitor accounting was its capacity to pinpoint which competitors and organization could (or should) compete with, and which should be avoided. Heinen and Hoffjan (2005) describe the various methods of competitor accounting. As per them Competitor cost assessment, Competitive position monitoring, Competitor performance evaluation are the main methods of competitor accounting. The competitor accounting process involves critical analysis of accounting information about competitors in order to identify their weaknesses and take advantage of them to improve performance of the firm. Competitor accounting system generates reliable information for strategy formulation so as to cope with competition. The formulation and implementation of the strategies depend on effective information system (Tampidok, 2004). Associated with

this is management control system, of which firms are fashioned to feature strategies that drive the achievement and sustenance of competitive advantage and superior corporate performance (Simons, 1990; Dent, 1990). From the fore-going, competitor accounting is fundamental to the pursuit of competitive advantage which is critical to a firm's performance. Barney (2002) contends that competitive advantage may be tied to a firm's performance, specially earning superior financial returns within the industry in the long-run, with competitive advantage over its rivals. According to Simmonds (1981), competitive advantage is a function of firm's superiority relative to competitors. It indicates the essence of competitor accounting and the justification for considerable research attention. Studies which emphasize the significance of competitor accounting in corporate strategy formulation and business financial decisions include those conducted by Malinic et al. (2012) and Akenbor and Okoye (2011).

Another aspect of competitors accounting is in the area of competitor marketing capability. The concept of dynamic competitor marketing capability is integrated with that of competitor orientation and competitor accounting (Cadez & Guilding, 2008; Narver & Slater, 1994). Because both concepts were designed to assist the strategist to understand how to analyze information about competitors, it is useful in the strategy development process and to predict the future strategic behavior of the competitors. Competitor orientation posits firms that closely analyze and monitor major competitors' strategic intents and tactical moves (Noble, Sinha, and Kumar, 2002). Similarly, competitor accounting comprises the analysis of information from accounting relating to competitors (Cadez and Guilding, 2008; Heinen and Hoffjan, 2005). Thus, dynamic competitor marketing capability is a key component of this research and it refers to an ability of a firm to continuously improve its processes to analyze rival marketing activities or assessment information from the marketplace for understanding and responding to the strengths, weaknesses, capabilities and strategies of those rivals that lead to the development of a marketing strategy (Im & Workman, 2004; Narver & Slater, 1990). It is the set of managerial decisions and actions that determine the long-term performance of a business.

Competitors' accounting, as a central part of the competition analysis, is a contemporary instrument of strategic accounting that, analyzing the collected quantitative data on the current operations of competitors and details of competitors concerning their near future endeavors ensures high-quality basis for making strategic business decisions. In the course of this work, some aspects of the dimensions were identified, which are closely examined.

**Competitor Cost Assessment:** Competitor cost assessment is a main concept of competitor accounting and it refers to the provision of regularly scheduled updated estimates of a competitor's unit cost (Cadez & Guilding, 2008). It helps firms better understand their competitors' cost structure for providing strategic decision-making in order to gain competitive advantage and to achieve their performance in both financial and non-financial aspects. Greater competitor cost assessment explicitly enhances firms to determine their valuable operational strategies for dealing with complex and uncertain environments and pursuing their competitiveness, profitability, survival, and sustainability in rigorous competition. Also, competitor cost assessment has a specific concentration on cost structures of competitors (Cadez & Guilding, 2007). This assessment of a key competitor's relative cost position potentially enhances firms to provide strategic decision-making situation in order to compete with highly competitive markets and environments. Firms attempt to build and develop best competitor cost assessment system for understanding the competitor's cost structures and identify valuable business actions, activities, techniques and strategies for gaining competitive advantage and superior performance. They must screen public information, tear down competitors' products, identify the competitors' suppliers and costs, analyze efficiency and cost of competitive labor force, and assess state and capacity utilization of competitors assets employed (Cooper & Slagmulder, 1998). Those competitors' related cost information is critical to affect how firms set operations and strategies to cope with their competitors' potential actions and future strategies. Thus, competitor accounting is a strategic tool in supporting firms to set valuable strategies for gaining competitive advantage and business success. Management accounting provides important and useful techniques in analyzing how the cost structure of competitors influences an organization's options and in modeling the impact of different strategies (BPP, 2005). Competitor cost assessment includes a regularly updated forecast of competitors' costs per item (Guilding, 1999). All easily accessible sources like direct observation, mutual suppliers, mutual customers, former

employees and published accounting data should be used to analyze competitor's costs (Heinen and Hoffjan, 2005).

**Competitor Performance Appraisal:** Competitive performance appraisal refers to the numerical analysis of a competitor's published statements as part of an assessment of a competitor's important sources of competitive advantage (Cadez & Guilding, 2008). A competitive performance appraisal may serve two purposes; it may be used to validate competitor cost estimates and to estimate a competitor's overall position and strength (Hesford, 2008). One of the most key tools for measuring the strength of competitors in an industry is to analyze their financial performance. The firms have to appraise the degree of success in implementation of their strategies based on the analysis of ratios and trends derived from financial statements, and the implications of this assessment for competitors, customers and suppliers (Alsoboa & Alalaya, 2015). Competitive performance appraisal explicitly implements an analytical method to investigate, interpret and compare competitors' accounts in published financial statements to firms' financial situations. Greater knowledge of competitor financial statement performance enhances companies to establish valuable and critical organizational strategies in order to achieve sustain organizational competitiveness and have their outstanding profitability. In existing literature, Hesford (2008) revealed that monitoring the competitors' financial statement has a positive influence on economic value-added, return on investment, innovation, service quality, efficiency, market share and customer satisfaction. Also, competitor performance appraisal is a popular and valuable method for prioritizing developments and improving companies' competitive advantage and performance (Chen, 2014). This appraisal helps companies set and identify successful operational strategies in order to improve their competitiveness and performance. Companies attempt to utilize competitor performance appraisal for supporting their strategies business and activities and gaining competitive advantage and superior performance (Phornlaphatrachakorn, 2017).

### **Financial Performance**

Financial performance principally reflects business sector outcomes and results that shows overall financial health of the sector over a specific period of time. It indicates that how well an entity is utilizing its resources to maximize the shareholders wealth and profitability. Although a complete evaluation of a firm's financial performance takes into account many other different kinds of measures but most common performance measurement used in the field of finance and statistical inference is financial ratios (Farah Naz et Al, 2016). Accounting plays an important role in providing information for company's financial performance analysis. Indicator analysis assists in both financial planning and organizational performance monitoring (Groppelli & Nikbakht 2002). The analysis of economic and financial indicators requires interpretation aiming at monitoring company's financial performance. Financial performance measures are considered very important management tools (Gitman, 2010). Solomon and Pringle (1981) emphasized that the analysis of the financial performance within an organization requires comparison standards. These help the company find its evolution in more than a period, because knowing the indicators of only one period is not enough for assessing a company's financial situation. Besides analyzing evolution in more than one period, Groppelli and Nikbakht (2002) add that financial performance analysis help compare a company's financial situation with that of its competitors.

Financial performance is the achievement of the company's financial performance for a certain period covering the collection and allocation of finance measured by capital adequacy, liquidity, solvency, efficiency, leverage and profitability. Financial performance, the company's ability to manage and control its own resources. Cash flow, balance sheet, profit-loss, capital change can be the basis of information for corporate managers to make decisions. It is important to understand fundamental analysis and technical analysis, it is necessary to learn finance to understand the company's financial behavior through economics, financial management and accounting (Didin Fatihudin & Mochamad Mochklas, 2018).

Over the most recent three decades, many researches had been conducted by the researchers in order to evaluate the financial position by the help of several financial ratios or by applying the statistical analysis techniques. The methods used to evaluate a company potential and limitations with the help of relationship between the heads of



the income statement and balance sheet is called financial performance analysis (Panday, 1992). Hingorani and Ramanathan (1973) defined financial analysis as an in-depth study of causal relationship between financial position and profitability. Financial analysis involves three steps: selection, relation and evaluation of financial statements. Proper and appropriate evaluation of industry or more specifically of any company performance is not only important for lenders, investors and shareholders but also for the competing companies working in the same sector. Prasad et al. (2011) financial health of a company is a matter of concern for every investor and stakeholder of the business. The main purpose of financial analysis is to find out the financial performance and position of the company's management, as reflected in the financial data and reports (Hampton, 1986). Besides financial analysis, the location selection also plays as a major factor in the effective asset utilization and cost reduction money matters of cement manufacturing entity (Schumacher & Sathaye, 1999).

Financial performances represent the operation to carry out monetary actions. Generally, financial performance indicates measures to which economic goals being or has been achieved. Economic activities are course of action of measuring the outcome of an organization's guidelines and action in fiscal shape. It is used to calculate organization's overall economic fitness over particular time period. The financial performance of the organizations can be calculated by its economic outcome and by its size of earnings. This could be in terms of net profit margin, return on equity, return on assets, earnings per share, and dividend per share.

### **Empirical Review**

Several studies related to organization's competitor accounting and financial performance" have recognized different elements which has influenced progress of organizations. Limited numbers of findings are available regarding companies' progress in Nigeria beverage companies compared with large number of studies conducted by in other industries. Some of these studies are presented as under.

Nachiket and Vechalekar (2010) in his study it is clear that strategic management accounting techniques help a firm to obtain sustainable competitive advantage. The focus here is not only on cost containment or reduction but also on Cost Management, which helps a firm to achieve competitive advantage. However, an interesting question remains to be answered and that is how many firms actually use these techniques? An interesting survey was conducted of 192 companies in the manufacturing sector from the Mumbai – Pune industrial belt about the strategic management accounting position followed by them. Thapa (2010) in his study examined the strategy performance relationship in the Nepalese banks. He found that there exists a positive relationship between competitive strategies pursued by the banks and their organizational performance. The highest performance seemed to be correlated with cost prices strategy followed by differentiation strategy and focus strategy respectively. He further observed that banks have preferred more to pursue the combination of cost leadership and differentiation strategies than the market focus strategy to attain their higher performance.

Anderson and Gilding, (2006) in their study explores the nature and potential of competitor-focused accounting practice (CFA) in a large hotel. For this they use unstructured tape-recorded interviews ranging from one to one-and-a half hours' duration were conducted with 21 senior managers representing finance, marketing, hotel operations, casino, and human resource management in a large hotel. From this study they find that levels of CFA formalised application appear limited, especially when compared with a widely held managerial perception that significant benefits could derive from applying CFA. The CFA position noted were conducted in an unstructured and ad hoc manner. The main generic use of CFA is in connection with sensitising staff with respect to competitors' strengths and also strategy development. The hotel shared occupancy level information with competing hotels. Heinen and Hoffjan (2005) in their study of the strategic relevance of competitor cost assessment – an empirical study of competitor accounting states that the objective of the study is to examine the potential influence of the relative cost position on strategic decisions and to investigate a possible connection between knowledge of competitor-related costs and the success of one's own company. In order to design the experiment as realistically as possible, the business game MARGA is used. Effectiveness of a central instrument of competitor accounting, the assessment of the competitor's cost, is examined in a laboratory experiment. The results reveal that cost leaders who are aware of their cost lead, act differently than cost leaders without such knowledge. Informed cost leaders implement their strategic decisions much more resolutely.

Fleisher and Bensoussan (2002) examined the level of competitor accounting knowledge among chief executive officer (CEO) of selected Asian countries. Using questionnaire, which were administered on the CEO of 78 companies, the analysis of primary data revealed that CEO knowledge of competitor accounting among CEO of the selected companies in the Asia continent is very low. Hesford (2001) interviewed American members of the Society of Competitive Intelligence Professionals with regard to the use of accounting information. With regard to instruments, he aims at two methods: (1) the assessment of competitors on the basis of published annual financial accounts; and (2) evaluation of competitors' cost. The determinants of the use of accounting information are the focus of the study. With increasing competition, organizational support and accounting knowledge, Hesford identifies an increasing demand for accounting information in the context of competitive intelligence. The increased use of accounting information has a positive effect on the effectiveness of the competitive intelligence. Figures taken from accounting seem to be more helpful in the process of strategic decisions than other sources of information used by the staff of competitive intelligence. Accounting information is considered reliable and not very much distorted while qualitative information such as press releases of the company is strongly influenced by the competitors themselves. Finally, a higher effectiveness in competitive intelligence also has a positive effect on the performance of the company. The study concludes that the monitoring of financial information is a central part of competitive intelligence. In a study with companies from Great Britain, New Zealand and the USA, Guilding, Cravens and Tayles (2000) analyze the use of twelve different practices of strategic management accounting. They come to the conclusion that the three aforementioned instruments of competitor accounting belong to the techniques of strategic management accounting which are most popular, together with strategic pricing, i.e., the analysis of strategic factors in the pricing process. With the exception of competitor cost assessment in New Zealand, this result was confirmed for the three instruments in all the countries studied. Based on the perceptions of the benefit of competitor accounting experienced, the potential of these instruments does not appear to be exhausted yet. In all the methods, the benefit perceived received a much higher value than the previous application frequency. Obviously, there are still differences between the requirements of the information addressee and what accounting is able to provide<sup>33</sup> because the benefit perceived as high makes one expects a much more frequent use of competition-related information from the accounting department.

The Guilding's (1999) study is dedicated explicitly to the use of instruments of competitor accounting in New Zealand companies. Guilding identifies a far greater application of the instruments than previously expected. Monitoring the competitive position proves to be the instrument of competitor accounting which was used most and was regarded most useful. Compared to the other instruments, competitor cost assessment is relatively seldom used. The application frequency of this method is below the medium value of the measurement scale. Furthermore, Guilding identifies three factors with significant influence on the use and the perceived usefulness of competitor accounting: company size, competitive strategy and strategic mission. Companies permanently establishing new product-market combinations and who give up risky positions at an early stage ("prospector"<sup>28</sup>) apply the practices more often and see a much greater benefit. Furthermore, the size of the company correlates positively with the application frequency and the perceived benefit of competitor accounting.

Grutter-Settle (1999) makes a detailed study of company's' analyses of the annual financial statements of competing companies. The starting point of this study is the fundamental hypothesis that the annual financial statements of competitors can be used as a potential basis for the formulation of a company strategy. In the context of a business game conducted in a laboratory setting with participants from the German language area, he examines whether there is a connection between the strategic decisions of companies and the knowledge of ratios of the annual financial statements of competitors. He focuses in particular on the extent to which planning accuracy, basic strategic orientation and the strategically relevant individual decisions are influenced. Grutter-Settle observes an influence on price strategy, variable production costs and on the profit situation. His experiment proves that the competitors' annual financial statements influence competitors' decision-making. The study concludes that the evaluation of the competitors on the basis of published annual financial accounts should become a fixed part of competitive analysis.

Subramanian and IsHak (1998) examined the relationship between a firm's competitor analysis and performance. Chi-square test of independence was used to test the relationship between the two variables. The results affirmed a relationship between profitability (measured by return on assets) and advanced competitor analysis system. This provides further evidence for the contingent relationship between the external environment (specifically, the competitor element of such environment), the organization internal processes, and performance of successful firms. Ward et al. (1992) examined competitor cost assessment and decision making in selected companies in Sri Lanka. Using data collected from the financial statements of 81 companies, the findings revealed that competitor cost assessment significantly impacts decision making by managers for enhanced performance.

## METHODOLOGY

This study adopts the survey research design, and the choice of this design was informed by the submission of Eze (2008), who noted that survey research design enhances the study of both small and large number of people that derived from the entire population and share basic characteristics of the elements that make up that subject matter. This method allows researchers to study people and situations directly. The population of this study therefore consisted of workers of Pabod Brewery in Port Harcourt, with the total number of 274 employees. The research instrument used in the collection of data in this study was the questionnaire. In a bid to get the precise opinions of respondents, the questionnaire was designed in a way that enabled respondents to choose the most appropriate options for the statement. The Pearson Product Moment Correlation Co-efficient was used to test the extent of relationship between competitor accounting and financial performance using the Statistical Package for Social Science (SPSS) version 21.

### Descriptive Analysis

In this section, a descriptive analysis of data was conducted, and the results are presented in the tables below:

**Table 1: There is a Positive Relationship Between Competitor Cost Assessment And Financial Performance in Our Company**

Options	Frequency	Percentage (%)
Strongly Agree	62	40.9
Agree	68	44.7
Undecided	13	8.5
Disagree	9	5.9
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

Source: Field Survey, 2022

Table 1 shows that, 62 of the respondents representing 40.9% strongly agree that there is a positive relationship between competitor cost assessment and financial performance, 68 respondents representing 44.7% agree, 13 respondents representing 8.5% were undecided, 9 respondents representing 5.9% were disagree, while none was strongly disagree.

**Table 2: The Company has Better Knowledge of how Existing and Potential Customers Rate the Competition**

Options	Frequency	Percentage (%)
Strongly Agree	41	27
Agree	78	51.3
Undecided	12	7.9
Disagree	21	13.8
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

Source: Field Survey, 2022

Table 2 shows that 41 of the respondents representing 27% strongly agree that their company has better knowledge of how existing and potential customers rate the competition, 78 respondents representing 51.3% agree, 12 respondents representing 7.9% were undecided, 21 respondents representing 13.8% were disagree, while none was strongly disagree.



**Table 3: Improved Business Representatives Help us to know when our Competitors are Launching a New Feature.**

Options	Frequency	Percentage (%)
Strongly Agree	94	61.8
Agree	50	32.9
Undecided	6	4
Disagree	2	1.3
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 3 shows that, 94 of the respondents representing 61.8% strongly agree that Improved business representatives help us to know when our competitors are launching a new feature., 50 respondents representing 32.9% agree, 6 respondents representing 4% were undecided, 2 respondents representing 1.3% were disagree, while none of the respondent strongly disagree.

**Table 4: There is a Positive Relationship between Competitor Performance Appraisal and Financial Performance in our Company.**

Options	Frequency	Percentage (%)
Strongly Agree	58	38.2
Agree	76	50
Undecided	9	5.9
Disagree	9	5.9
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 4 shows that, 58 of the respondents representing 38.2% strongly agree that there is a positive relationship between competitor performance appraisal and financial performance in their company, 76 respondents representing 50% agree, 9 respondents representing 5.9% were undecided, 9 respondents representing 5.9% were disagree, while none was strongly disagree.

**Table 5: The Company Minimize Costly Performance by Using Appraisal Systems that give Fair and Accurate Ratings**

Options	Frequency	Percentage (%)
Strongly Agree	41	27
Agree	78	51.3
Undecided	12	7.9
Disagree	21	13.8
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 5 shows that, 41 of the respondents representing 27% strongly agree that their company minimize costly performance by using appraisal systems that give fair and accurate ratings, 78 respondents representing 51.3% agree, 12 respondents representing 7.9% were undecided, 21 respondents representing 13.8% were disagree, while none was strongly disagree.

**Table 6: Minimizing Turnovers in the Organization have Employees Satisfied and Motivated, gives it Edge over its Competitors**

Options	Frequency	Percentage (%)
Strongly Agree	94	61.8
Agree	50	32.9
Undecided	6	4
Disagree	2	1.3
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 6 shows that, 94 of the respondents representing 61.8% strongly agree that minimizing turnover in the organization have employees satisfied and motivated, gives it edge over its competitors, 50 respondents representing 32.9% agree, 6 respondents representing 4% were undecided, 2 respondents representing 1.3% were disagree, while none of the respondent strongly disagree.

**Table 7: There is a Positive Relationship Between Competitors Position Monitoring and Financial Performance in Our Company**

Options	Frequency	Percentage (%)
Strongly Agree	72	47.4
Agree	63	41.4
Undecided	10	6.6
Disagree	7	4.6
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 7 shows that, 72 of the respondents representing 47.4% strongly agree that there is a positive relationship between Competitors Position Monitoring and Financial Performance in their company., 63 respondents representing 41.4% agree, 10 respondents representing 6.6% were undecided, 7 respondents representing 4.6% were disagree, while none was strongly disagree.

**Table 8: The Company Has a Strategy to Attract and Retain Customers**

Options	Frequency	Percentage (%)
Strongly Agree	41	27
Agree	78	51.3
Undecided	12	7.9
Disagree	21	13.8
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 8 shows that, 41 of the respondents representing 27% strongly agree that their company has a strategy to attract and retain customers, 78 respondents representing 51.3% agree, 12 respondents representing 7.9% were undecided, 21 respondents representing 13.8% were disagree, while none was strongly disagree.

**Table 9: The Incumbent Competitors Have Products or Services That Can Compete with Your Company's Products or Services Successfully**

Options	Frequency	Percentage (%)
Strongly Agree	94	61.8
Agree	50	32.9
Undecided	6	4
Disagree	2	1.3
Strongly Disagree	0	0
<b>Total</b>	<b>152</b>	<b>100</b>

**Source: Field Survey, 2022**

Table 9 shows that, 94 of the respondents representing 61.8% strongly agree that the incumbent competitors have products or services that can compete with your company's products or services successfully, 50 respondents representing 32.9% agree, 6 respondents representing 4% were undecided, 2 respondents representing 1.3% were disagree, while none of the respondent strongly disagree.

### Test of Hypothesis

**H0<sub>1</sub>:** There is a positive relationship between competitor cost assessment and Financial Performance of Pabod Brewery, Port Harcourt.

**Table 10: Correlation between Competitor Cost Assessment and Financial Performance**

		Comp_cos ass	Fin_perfo
Comp_cos ass	Pearson Correlation	1	.722**
	Sig. (2-tailed)		.000
	N	152	152
	Pearson Correlation	.722**	1
	Sig. (2-tailed)	.000	
Fin_perfo	N	152	152

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From Table 10, the correlation(r) value of 0.722 indicates that there is a positive relationship between competitor cost assessment and Financial Performance(y). Also, since the p-value (0.000) is less than the level of significance of 0.01 (2 tailed). Therefore, the null hypothesis rejected. This means that there is a significant relationship between competitor cost assessment and financial performance of Pabod Brewery, Port Harcourt

**H0<sub>2</sub>:** There is no positive relationship between competitor performance appraisal and Financial Performance of Pabod Breweries Industry, Port Harcourt.

**Table 11: Correlation between Competitor Performance Appraisal and Financial Performance**

		Com per app	Fin_perfo
Com_per_app	Pearson Correlation	1	.842**
	Sig. (2-tailed)		.000
	N	152	152
	Pearson Correlation	.842**	1
	Sig. (2-tailed)	.000	
Fin_perfo	N	152	152

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From Table 11, the correlation(r) value of 0.842 indicates that there is a positive relationship between competitor performance appraisal and financial performance(y). Also, since the p-value (0.000) is less than the level of significance of 0.01 (2 tailed). Therefore, the null hypothesis rejected. This means that there is a positive relationship between competitor performance appraisal and financial performance of Pabod Brewery, Port Harcourt.

**Table 4.15: Correlation between Competitors Position Monitoring and Financial Performance**

		Com_pos mon	Fin_perfo
Com_pos_mon	Pearson Correlation	1	.854**
	Sig. (2-tailed)		.000
	N	152	152
	Pearson Correlation	.854**	1
Fin_perfo	Sig. (2-tailed)	.000	
	N	152	152

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From Table 4.9, the correlation(r) value of 0.854 indicates that there is a positive relationship between Competitors Position Monitoring and Financial Performance (y). Also, since the p-value (0.000) is less than the level of significance of 0.01 (2 tailed). Therefore, the null hypothesis rejected. This means that there is a positive relationship between Competitors Position Monitoring and Financial Performance of Pabod Breweries Industry, Port Harcourt.

### Discussion of Findings

The findings of this study revealed that a positive relationship exists between competitor cost assessment and financial performance of Pabod brewery, Port Harcourt. This finding supports Cadez and Guilding (2008), which revealed that competitor cost assessment helps firms better understand their competitors' cost structure for providing strategic decision-making in order to gain competitive advantage and to achieve their performance in both financial and non-financial aspects. Also, that greater competitor cost assessment explicitly enhances firms to determine their valuable operational strategies for dealing with complex and uncertain environments and pursuing their competitiveness, profitability, survival, and sustainability in rigorous competition. It was also observed that a positive relationship exists between competitor performance appraisal and financial performance of Pabod brewery, Port Harcourt. This finding lend credence to Alsoboa and Alalaya (2015), which conclude that competitive performance appraisal explicitly implements an analytical method to investigate, interpret and compare competitors' accounts in published financial statements to firms' financial situations. Greater knowledge of competitor financial statement performance enhances companies to establish valuable and critical organizational strategies in order to achieve sustain organizational competitiveness and have their outstanding profitability.

### CONCLUSION AND RECOMMENDATIONS

The purpose of this study is to examine the relationship between competitor accounting and the financial performance of Pabod brewery in Port Harcourt. The key research questions in this study are how competitor accounting and financial performance have an impact on selected beverage companies in Nigeria. Competitor accounting include competitor cost assessment, competitive position monitoring and competitive performance appraisal. But the dimensions used in this study are competitor cost assessment and competitive performance appraisal and how they affects financial performance. The results indicated competitor cost assessment has a significant positive influence on financial performance. Moreover, competitive performance appraisal has a significant positive influence on financial performance.

This outcome of the study proves that competitor accounting is a powerful tool for gaining or maintaining competitive advantage in the area of financial performance. Knowledge of competitor cost, appraisal and monitoring enhances an organization ability to anticipate future financial performance behavior whether is advantageous or not. Likewise, the analysis of competitors' external accounting information can influence investment behavior, production quantity, and pricing policy of firms.

In view of the above findings and the conclusion drawn therefrom, it is recommended that organizations, investors and managers of Pabod brewery should: innovatively carryout analysis/assessment of competitors accounting in order to purge or appraise any loopholes in their financial performance; and establish a special unit made up of analysts from the accounts and marketing departments and charged with the responsibility of supporting/overseeing the conducting competitor accounting on regular basis to ensure greater diligence and efficiency. Also, the authorities responsible for setting management accounting standards should intensify advocacy for the practice of competitor accounting, and continually upgrade their accounting systems to keep pace with financial reporting best practices.

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