



Exploring the Role of Accounting Information in Managing Nigeria's Foreign Exchange and Inflation

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

This research aims to explore how accounting information affects economic factors' management, concentrating on the foreign exchange rate and the inflationary pressure of Nigeria. Based on previous works, data, and information systems are highlighted as the key sources of information used for decision-making, policy interventions, and the mitigation of the effects of economic instability and volatility on growth. Cross-sectional research design and a mix of qualitative and quantitative methods are employed to gather data from Dangote Group representatives cut from different departments. The study reveals a significant positive correlation between the use of accounting information and management of exchange rate volatility and mitigation of inflationary pressure. Attendees of the workshop by and large come to the agreement that accounting information is a vital element for enhancing transparency, accountability, and decision-making effectiveness. The research provides evidence of the value of training programs, technological

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innovation, network formation, policy provisions, and regular monitoring to fully exploit the potential of accounting information for economic management. The findings presented here are prospective in the sense that they will help policymakers, regulators, businesses, and investors to use accounting information more effectively, and hence promote both economic stability and sustainability in Nigeria. As a whole, we can say that this survey provides a basis for growing the field of accounting information and uncovering its impact on economic challenges and resiliency in dynamic economic contexts.

Keywords: Accounting information; foreign exchange management; economic stability.

1. INTRODUCTION

Handling the foreign exchange and the inflation in Nigeria are arguably essential pillars of the nation's financial stability and growth, which are incredibly complex issues, with accounting information becoming a key tool in overcoming these hurdles. As a country with a strong oil economy, Nigeria is prone to the volatility of international oil prices which has a great influence on its foreign exchange reserves and exchange rate dynamics, hence the need for close monitoring and implementation of strong strategies that are supported by information systems of good accounting (Ojo, 2019). Other than this, Nigeria's economy is still faced with challenges of inflation, which include excessive money supply, supply chain disruptions, currency devaluation, and all these factors increase inflationary pressures (Adebola, 2020). In this regard, the role of accounting information outgrows basic financial reporting; it becomes a strategic asset that enables decision-makers, regulators, and firms to utilize it to guide them in making informed policy decisions aimed at cushioning the effects of foreign currency fluctuations and inflationary trends. Financial accounting data helps to navigate the course of the impact of macroeconomic factors on financial performance, and therefore the stakeholders can then respond with proactive methods like managing the currency risks and inflation-borne uncertainties (Uadiale, 2018). The accounting information is used to carry out financial modeling techniques which are very sophisticated. This is used to carry out scenario analysis, and sensitivity testing. This allows decision-makers to anticipate any potential economic shocks and thus devise contingency plans. Also, accounting information is vital in making monetary policy formulation and implementation transparent and accountable thus enhancing investor confidence which is a key condition for capital inflows which are vital in sustaining foreign exchange reserves and stabilizing exchange rates (Okoye, 2021). Accounting information integration into monetary

policy frameworks empowers central banks with data-driven approaches so that they can base their decisions on Nigeria's unique economic conditions. They can employ inflation-targeting models to manage foreign exchange reserves (Olatunji, 2019). Furthermore, accounting information acts as a key element in enhancing fiscal discipline and ensuring the adoption of responsible budgetary management. This helps to reduce inflationary pressures which are mainly due to excessive government spending and unsustainable accumulation of debt (Ademu, 2020). In this regard, accounting information helps businesses to make well-informed decisions on how to best manage their foreign exchange risk. Encouraging the use of hedging instruments, diversification of revenue streams, or strategic sourcing decisions all support the success of businesses in the face of currency devaluation as a means of maintaining profitability and operational efficiency (Ajibade et al., 2018). In addition to this, IFRS adoption encourages the comparability and reliability of accounting information, thus strengthening cross-border investments and assisting Nigeria to be fully integrated into the global economy (Okafor & Gbadamosi, 2021). In summary, accounting data acts as a crucial agent that determines foreign exchange and inflation in Nigeria, allowing relevant authorities to develop operations that can address the complexities of the economic landscape and promote sustainable growth and development (Abdulraheem et al., 2019). The strategic leverage of accounting information will keep on being the butter side of the bread to see that Nigeria continues to move in the right direction of economic diversification and resilience as the global environment continues to become more and more interrelated and dynamic.

The economic background for this study lies in the intricate economic terrain of Nigeria, a country blessed with diverse natural resources, yet confronted with recurring challenges of balancing its foreign exchange rate dynamics and managing inflation, thus reiterating the

critical role of accounting information as a pivotal factor in tackling these complexities. Nigeria, which is an oil-based economy, has been challenged by the price volatility of the oil market that affects the country's foreign exchange reserves, stability of the exchange rate, and equilibrium of the macroeconomic over the years (Ojo, 2019). Also, the country has a high inflation rate because of its different internal and external factors such as excessive supply of money, supply chain disruption, and devaluation of currency in turn reduce the purchasing power of individuals and the movement of the economy (Adebola, 2020). In this regard, accounting information becomes a tool that goes beyond traditional financial reporting; rather, it is a key strategy that is vital to policymakers, regulators, business owners, and investors in making informed decisions to deal with the negative effects of currency fluctuations and inflation (Uadiale, 2018). The root of Nigeria's foreign exchange management problems may be found in its high dependence on oil exports as the primary source of revenue and making the economy vulnerable to shocks and volatility in the global oil market (Olayinka & Raheem, 2017). Also, continuing disparities in the availability of forex add to the exchange rate volatility which makes it difficult for businesses, investors, and policymakers as a trio (Okoye, 2021). For another, one of the major challenges that the country is facing is inflation, which is haunting the economic situation of Nigeria and has been growing as much as double-digit in recent years, thus, eroding the consumer's purchasing power, losing the investors' confidence, and causing to the slowdown in the long-term economic development (Ademu, 2020). Consequently, accounting information becomes a torch of light for the stakeholders who are given the analytical tools and empirical knowledge needed to understand the inherent elements of foreign exchange and inflation dynamics and thus the subsequent policy decisions (Ajibade et al., 2018). Management can use information systems in accounting to know what macroeconomic variables affect, how to avert risks and, at the same time, fully capitalize on the opportunities (Abdulraheem et al., 2019). Additionally, IFRS mandates transparency, comparability, and reliability of accounting information and stimulates the cross-border investments and integration of Nigeria into the global financial market (Okafor & Gbadamosi, 2021). Subsumed in the context of the study is the plethora of crosscutting problems facing the foreign exchange and inflation management

strategies of Nigeria and the significance of accounting information especially in coming up with a short-term solution that will see to economic stability, resilience, and steady growth in the face of uncertainties.

1.1 Statement of the Problem

The major problem to which this study contributes a solution relates to the existence of incorrigible problems of foreign exchange market management and inflation in the context of the Nigerian economy and the inability of conventional accounting techniques to fully utilize the accounting information to successfully remedy the economic instability emanating from these phenomena. The almost complete reliance of the Nigerian economy on oil export as the main source of foreign exchange earnings is also detrimental to the economy when there are fluctuations in the international oil market and the unstable exchange rate which in turn hinders the efforts to maintain adequate foreign reserves (Ojo, 2019). Secondly, the foreign exchange supply-demand mismatch that continues to prevail is evidence that there is a need to put in place stronger currency risk management mechanisms and optimal allocation mechanisms respectively (Olatunji, 2019). Also, there are many economic development problems posed by inflation in Nigeria, such as the reduction in the consumers' purchasing power, the institution of insecurity, and the hindrance of long-term growth (Ademu, 2020). Through the complicated mix of internal and external factors, which include high money supply, supply chain disruptions, and currency devaluation, attempts to lower inflation and maintain price stability seem unsuccessful (Adebola, 2020). In this context, the role of accounting information becomes a strategic instrument for policymakers, regulators, businesses, and investors to maneuver through the complexities of foreign exchange and inflation management. (Uadiale Nevertheless, the literature has not yet fully investigated how accounting information systems can interact with efficient strategies of foreign exchange and inflation management in the Nigerian environment, thus leaving a notable gap uncovered in our comprehension of the role of accounting information in promoting resilience, stability, and sustainability (Abdulraheem, et al., 2019). Therefore, the central problem addressed by this study is the need to elucidate the role of accounting information in facilitating more informed decision-making processes and fostering greater efficiency, transparency, and

accountability in managing foreign exchange dynamics and inflationary pressures within Nigeria's evolving economic landscape.

1.2 Objectives of the Study

The primary objective of this study is to elucidate the multifaceted role of accounting information in effectively managing foreign exchange dynamics and inflationary pressures within Nigeria's economic landscape, aiming to provide actionable insights for policymakers, regulators, businesses, and investors to enhance economic resilience, stability, and sustainability (Abdulraheem et al., 2019). The significance of this study lies in its potential to bridge the existing gap in the literature by offering a comprehensive understanding of how accounting information can be leveraged to inform decision-making processes, foster greater transparency and accountability, and optimize resource allocation strategies in the context of foreign exchange and inflation management in Nigeria, thereby contributing to the advancement of knowledge and the formulation of evidence-based policy interventions (Adebola, 2020).

1.3 Research Question

How does accounting information contribute to the effective management of foreign exchange dynamics and inflationary pressures within Nigeria's economic landscape, and how can this contribute to enhancing economic resilience, stability, and sustainability?

1.4 Research Hypothesis

H0: There is no significant relationship between the utilization of accounting information and the management of foreign exchange dynamics and inflationary pressures in Nigeria.

H1: The effective utilization of accounting information is positively associated with better management of foreign exchange dynamics and inflationary pressures in Nigeria, leading to enhanced economic resilience, stability, and sustainability.

1.5 Scope of the study

The scope of this study encompasses a comprehensive examination of the role of accounting information in the management of foreign exchange and inflation in Nigeria, focusing on its impact on decision-making processes, policy formulation, and economic performance, while the limitations primarily

revolve around the availability and reliability of data, potential biases in sampling techniques, and the dynamic nature of economic variables, which may constrain the generalizability and applicability of findings (Ojo, 2019).

1.6 Significant of the Study

The significance of this study lies in its potential to provide valuable insights into the intricate relationship between accounting information and the management of foreign exchange and inflation in Nigeria, thereby informing policymakers, regulators, businesses, and investors of effective strategies to enhance economic stability, resilience, and sustainability (Abdulraheem et al., 2019).

2. LITERATURE REVIEW

Accounting information According to Janz (2019), accounting information is defined as a group of procedures which are for collecting, storing, and processing financial and accounting data that are used by managers for decision-making. The prime purpose of accounting information is to report relevant facts that are required for planning, budgeting, evaluation of performance, and decision-making. Accounting information is key to making economic decisions based on reason and has a significant impact on the allocation of resources (Jan 2008). After accounting information comprehensively concludes the business, the business will be able to reach a high level of performance and explore a lot of financial approaches (Austin, 2013). For the management of the business to be able to answer the requests of the different stakeholders, they must base the information on the finances of the firm. Managers, and supervisors, heads of departments alike, can create an enabling environment for the managers and employees to easily make informed decisions, which will impact their performance in the general. For proper economic planning, successful businesses, and effective economic allocation, a company should organize and have a well-structured information flow that helps the company accomplish its objectives (Peasah, 2014). As an individual very important accounting information helps the management in making appropriate decisions, strategic planning, and performance assessment, it is also important when it comes to getting loans and achieving financial targets, resource management, and transparency. Accounting information sources should be an essential factor no matter their

timeliness. Whether it is about the regular controls or the end of the year, it will be impossible to track every record, which is why companies will not be in the madness of data provision and re-following, but every record will be automatically saved. The attribute of reliability of accounting information has the consequence that reporting of accounting information should not only represent the economic events and happenings correctly but should also reflect them faithfully. Therefore, it implies that it is free from errors and biases as well as it will reflect the real events it intends to represent (Mulengera, 2015). Error-free data implies data free from any known type of omission or commission. It means that the user will not get any misleading information, and therefore, he/she will be able to make an informed decision or judgment. Bias-free or evenhandedness means that the quality of accounting information is skewed to only specific results or conclusions. Therefore, the accounting information reliability characteristic cannot be used for decision-making in such a manner that businesses with reliable accounting information can easily provide it for audit review purposes of potential buyers and also calculate and pay taxes (Kuznets, 2008). The government too, through the information gathering, can determine the allocation of social amenities and this is also useful in investors' comparison of one investment alternative to the other. In the short term, accounting information could be limited to the past but it has a very bright future in the long term to collaborate with the economic growth in the region through foreign investors.

2.1 Accounting Information

The paper discusses how financial statements add value to the management of foreign exchange and inflation in Nigeria. The study opens up with the theoretical background and accounting information, the international exchange rate, and inflation as concepts. The next part examines the literature and findings that precede the association between accounting information and exchange and inflation control in Nigeria and other countries. In this section, we focus on the studies, which are research on accounting information and foreign exchange management, accounting information, and inflation management. Also, in this section, we review the relationships between accounting information and both foreign exchange and inflation management. Also, it reviews the former research projects in Nigeria and other countries that were aimed at that problem. The third

section is dedicated to thorough research and analyses of the existing gaps in the field, which stresses the urgency of filling them. Eventually, the paper describes the study's results as to the accounting information and management of currency exchange rates and inflation. Accounting information may be more generalized in that it refers to financial and non-financial information, and it then becomes the language of business and the basis upon which business decisions are made. It provides financial information for all the company's stakeholders which includes: providing returns to their shareholders and creditors, safeguarding employees' jobs and wages, maintaining good relations with the public because of its management, and implementing government laws and regulations. The agency took the stakeholders through how the company would function. It is also a factor that contributes to effectiveness and profitability in administrative affairs and business of the whole. This tool assists us in selecting stocks for investments by comparing the financial performance among the companies. In the next paragraph, the study is focused on how accounting information is being used for interpretation, analysis, and also to make effective decisions. It also takes into consideration the way accounting information has been used in the past, how it is used today how it is going to be used together with the emerging future, and finally the limitations of accounting information. The next point is whether the accounting information is being affected in any way by the management of foreign exchange and inflation in Nigeria. So, this study will cover the idea of foreign exchange, how foreign exchange is being handled, and accounting information effects on foreign exchange. Also, through the use of the inflation rate in Nigeria which has been on a course of increasing, the research will explore how the management works at stabilizing the level of inflation and the use of accounting information and data in achieving the objective of inflationary control.

2.2 Foreign Exchange

The foreign exchange market is the major one on which finance is based. It stands significant so that every nation has its distinctive currency whereby people can have economic actions at the national level. In such a scheme, an individual will trade one currency for another through a direct exchange of their currency for the currency that they would like to own. There will not be any governmental revenue as there is

an absence of a lender. The market is prone to fluctuation on smaller time frames, the analysis of which is entirely based on global factors including political aspects, global economics, and naturally on supply & demand. You have to deal with different 'forex jargon'. Some of these perspectives are briefly listed in the paragraphs below. This initial exchange rate is called the 'spot rate' for the currency. The implementation of the trade implies the spot identifier. Unlike a 'spot rate', which is the price at which a currency can be bought or sold for instant cash at that time, the 'forward rate' is the price at which a currency can be bought or sold for delivery in the future. Without saying this is the case, the future called-for forward rate is not the same thing as the future thought spot rate. It's the rate you therefore determined today for a deal you'll conclude tomorrow. Another point is the definition of the real exchange rate. In the real exchange rate, transfers from one country to another are reflected by the extent to which their domestic goods are involved in the trade process. This is essential in the process of coming to terms with your wealth and assets. The last combination is the nominal exchange rate which describes the money amount of these units per unit in another currency.

2.3 Inflation

One tool for the management of inflation is through the hike in the nominal earnings of an economic entity, keeping pace with the changes in the prices of the goods bought and sold and in the prices of the assets and liabilities. As described by Granof and Khumawala (2005), "Inflation accounting is the generic term describing a range of accounting methods that are used to correct the problems occurring in the historical cost accounting system, when there is high inflation. The principal benefit that inflation accounting has is that it reflects on the changing prices of different items in financial statements which bring out a true and fair view of the financial position and the profits or losses during a specific period. Apart from that, it can be said to be a way of tracking the damage that is caused by the high inflation to the financial statements and also to the profit and loss management. However, inflation accounting does not equalize the right effect of the variations in price level on the statements of financial position. In this case, the ruler has altered the purchasing power of money. The resolution of the problem with the differential in price level and the purchasing power of money can be done

through inflation accounting. Under this method statement of financial position is prepared with a view to the present value of the money. For instance, once the price level is altered, the act of having the same amount of money value will be changed as well. By inflation, the money can buy more or less in the present. That can again change in the future as well. In consequence, it has affected both the production and services. The valid and fair representation of the financial statement may be compromised in the case of inflation, therefore inflation accounting is adopted as the accounting method. Citing Govil (2009), the author states that inflation accounting has a solid ground in the decision-making process. In this respect, as he puts it, "Inflation accounting not only provides the actual financial information that users of financial statements require but it is also necessary for different corporations when making various important decisions." He goes on to say that when enterprises are more affected by high inflation levels, they need to adjust their financial statements to the soaring price levels. This, therefore, indicates the importance of inflation accounting and how it can be a tool for the users of financial information to have a clear view of the information so that they can make reliable decisions that are economically beneficial to them. Throughout the business, high inflation is a very serious concern and should be regarded as such especially when considering the costs and profits of the business. On such occasions businesses are to rely more on price level adjustments and because inflation is very high companies have to pay more attention to the disclosures and statements like the general index and the adjustments. Akadiri and Babajide (2010) furthermore hold this view that it is correct to adjust for inflation. Nevertheless, they claim that it is ambiguous if the methodologies of the accounting may lead to a reduction in the transparency in the financial reporting. For example in Nigeria where inflation is not mandatory in financial accounting statements, resulting in the loss of relevant financial information in Nigeria is imminent. This implies that the financial statement would not be true and fair without adjusting to inflation accounting, and this may not fit the position of the business. According to them, "It is observed that the adopted methodology is a function of the level of price changes and the likely impact of inflation on the accuracy of the financial statement" and that "inflation-adjusted financial data should be considered as relevant information for decision-making." They strongly believe that inflation-adjusted financial data have a strong potential to

enhance the utility and relevancy of financial information for various economic decisions.

2.4 Theoretical Review

In addition to the theoretical framework, it is important to carry out a deeper analysis on the practical aspects of agency and information asymmetry theories in the Nigerian context particularly in regards to accounting information and foreign exchange management and inflation.

The humanity of the agency theory, as it concerns Nigeria, is that the principal-agent relationship of the shareholders and management can be aggravated by the economic problems of the country. The Nigerian business environment which is characterized by high inflation and foreign exchange volatility can exacerbate agency problems since managers may find themselves under intense pressure to misrepresent accounts. The possible implication of such manipulation is the misrepresentation of the real financial condition of a firm which can cause a poor decision amid foreign exchange and inflation risk (Jensen & Meckling, 1976).

Through the information asymmetry theory, it is clear that transparency of financial reporting is key in bridging information gaps among all the concerned stakeholders in Nigeria. In an environment in which foreign exchange and inflation are common risks, investors, creditors, regulators, and even the general public, put so much reliance on the timeliness and accuracy of accounting information. By and large, this dependency, in the end, underlines the value of comprehensive financial reporting practices to guarantee the availability of reliable information to stakeholders. In Nigeria, it is especially significant since the economic problems are so severe, with stakeholders requiring accurate information that they can use to make decisions based on facts and be able to deal with exchange rate fluctuations and inflation.

Moreover, the papers by Barth, Cram, Nelson, et al. (2001), Jensen, and Meckling (1976), and Myers, and Majluf (1984) respectively supplement the broader field of accounting information. Barth, Cram, and Nelson's work on accrual accounting that indicates its value in forecasting future financial results is one of the examples, and the other one is Jensen and Meckling's seminal work from which one can draw a general theory of the firm, namely, agency relationships. Myers and Majluf add to this discussion by considering corporate finance and investment decisions and providing us with

an insight into the complicated nature of decisions that may not be available to investors.

The theoretical framework which is based on agency theory and information asymmetry theory aims to provide a firm ground for the understanding of how accounting information is utilized as a mitigation and management of foreign exchange and inflation risks in Nigeria. The practical consequence shows the importance of transparent financial reporting processes to solve the agency problem and reduce information disparity, making it possible for stakeholders to have a full understanding of the economic environment, which makes it easy for them to make informed decisions amidst economic challenges.

2.5 Empirical Review

The role of accounting data in the management of foreign exchange and inflation in Nigeria has been an issue receiving a lot of attraction among practitioners in accounting and finance. Therefore, empirical study we choose to review this topic and identify the place of accounting information in the management of foreign exchange and inflation in the Nigerian context. Accounting information has long been perceived as a key decision-making instrument in private companies and governmental bodies. As a way of tracking the organization's financial performance, accounting information which includes evaluation and monitoring of the foreign exchange transactions and inflationary pressures, is crucial for making informed decisions on these factors.

Many scholars have indicated accounting information in managing foreign currency in Nigeria. As Agbo and Okafor (2014) demonstrated in their study, accounting information is an important determinant of foreign exchange risk management in manufacturing firms in Nigeria. The study concluded that firms rely on accounting information to gauge the risks and perform hedging and exposure management strategies. And just like in the example of inflation management, accounting information is a vital tool in the process of making decisions. According to Okpanachi and Musa (2013), the study looked at the ways accounting information can help Nigerian banks deal with inflation. The study, however, showed that accounting information is highly significant for managing pricing decisions, cost control, and financial reporting, which are, in turn, relevant when planning and managing the effect of inflation on

banks' financial performance. Revelations in accounting have also been acknowledged as tools for evaluating the consequences of foreign exchange and inflation on financial statements. The work of Adeyemi and Fakile (2018) addressed the impact of foreign exchange volatility and inflation on accounting information as a way to cope with the adverse effects on the financial performance of Nigerian multinational corporations. In its findings, the study noted that accounting information provides the required data for necessary adjustments in financial statements to reflect the effects of exchange rate variations and inflation on the organization's financial position. The reviewed literature and the empirical evidence to back up the claim that accounting data is the major tool that is used by the management of foreign exchange and inflation in Nigeria. Accounting information allows for the measurement, monitoring, and manage foreign exchange risk in addition to controlling the effects of inflation on financial activities. Consequently, policymakers, regulators, and practitioners should consider carefully the role of financial information in decision-making that should provide some solutions to foreign exchange and inflation problems in Nigeria. Oseni, (2017) examined the connection between accounting information and foreign exchange risk managed by listed companies in Nigeria. The research indicated that companies, that primarily used accounting information for risk management, were owners of the capacity of the business to avoid the negative effects of foreign currency rate fluctuations on their financial performance. This research highlighted the vital part of clear and precise financial disclosure and reporting in the course of preemptive foreign exchange risk management.

Akinlo & Ogunmuyiwa (2018) researched the relationship between exchange rate regime, inflation, and the performance of firms in Nigeria. Results of this study revealed that the firms that managed to obtain trustworthy accounting information to assess and control the effects of the changes in foreign exchange rates and inflation enjoyed increased profitability and less risk exposure. The study underlined the fact that the accounting data played the strategic role of making Nigerian firms more resilient amid economic fluctuations. Adegun, & Oladipupo, (2019), study a case of the effect of inflation on the financial result of firms in Nigeria. The conclusion pointed out that companies that had their financial reporting information effectively utilized and accounting systems robustly

developed were better positioned to face challenges due to inflation like any other. The study revealed that accounting reporting is of vital importance in providing companies with the required information to keep abreast of risks provoked by inflation.

The empirical literature assessment of accounting information as a function that deals with the management of foreign exchange and inflation in Nigeria shows expected consequences. The studies exemplified above demonstrate the influential role of accounting information in the context of decision-making processes in Nigeria dealing with the volatility of foreign exchange rates and inflation pressure. The report points out that the accounting information serves as the key element that allows the organizations to quantitatively measure, monitor, and manage the risk derived from the currency fluctuation through foreign exchange risk hedging strategies and exposure management. Likewise, accountancy provides essential information for businesses as they intend to monitor their pricing strategies, cost controls, and financial reporting, which as a result work best in balancing the business risks against inflation. The findings that can be obtained from empirical proof match the statement that the financial statements produced by accounting information may be used for measuring the impact of foreign exchange and inflation. Firms taking successful accounting operations are capable of performing financial statements that show how fluctuating exchange rates and inflation have impacted the financial position of their companies entirely. The following assumptions suggest that accounting data is not the means for compliance we have accountable organizations as the strategic tool that provides the information required to make informed decisions and the economic environment in Nigeria. Policymakers, regulators, and practitioners, as they occur, should see the accounting information of foreign exchange and cash stabilization as a major part of the solution to the problems of both devaluation and inflation, the creation of transparency, and also the improvement of macro-economic stability of businesses in the Nigerian economy.

The Relationship Between Accounting Information and The Management of Foreign Exchange: The studies conducted so far on the connection between accounting information and strategies used to direct foreign exchange and inflation in Nigeria and other countries have

contributed to the understanding of the multi-dimensional dynamics at hand, making it clear that accounting information systems should be used for making relevant decisions and formulating policies for health economic stability and growth. Undoubtedly, a commendable piece of research conducted by Ojo (2019) centered on showing the link between oil price shock with exchange rate volatility and inflation dynamics in Nigeria, provided compelling evidence of the presence of a positive correlation between the fluctuations of global oil prices, exchange rate instability, and the inflationary pressures. By applying econometrics with high methodological credibility, this study established the significance of paying attention to accounting information for monitoring macroeconomic factors, assessing their contribution to the financial indicators, and formulating policies to prevent excessive inflation and save the level of prices. As with the research by Olatunji (2019) which focused on the link between monetary policy and exchange rate volatility in Nigeria, accounting information is also essential since it guides the central bank in its intervention measures, managing the foreign exchange reserves and, most importantly, forestalling the exchange rate volatility to promote economic growth and development.

The fact that the heterogeneous economic models used in other developing countries have yielded similar findings of how accounting information can be applied to control the exchange rate and inflation dynamics in Nigeria only gives more emphasis and credibility to the significance of this discussion in the context of the country. Such as, Lee and Kim (2018) have studied how the quality of accounting information affects the exchange rate movements in South Korea, whereby the higher the transparency in financial reporting, the confidence of the investors, and the variation in the exchange rate becoming less significant. These findings emphasized an important role for accounting information which is to reduce information asymmetry, make the market more efficient, and, as a consequence, involve foreign investors who in turn, inflate the level of foreign exchange reserve, thus, ground the currency stability. Besides this, a study by Mishra and Biswal (2017) on inflation management in India considered the nexus of accounting information in an inflation environment. This study captured the role of financial reporting information in facilitating effective monetary policy formulation, inflation targeting, and price stability. The study largely supported its conclusion by providing

numerical examples of the causal connection between accounting information reliability, inflation expectations anchoring, and central bank credibility, thus showing the significant role of accounting information in fostering a stable macroeconomic environment. Additionally, global studies furnish comparative knowledge regarding the performance of accounting information systems in controlling foreign exchange and inflation while doing so in different national environments. The two scholars (Blinder and Reis, 2018) researched the functions of accounting information transparency in the US and EU central bank communication strategies and inflation expectations management. Quoting the two nations, the authors bring to the table the disparities in finance media sharing including the view of both the bank and market players. The research showed that coordinated and consistent communication strategies can be used to improve the usefulness of monetary policy instruments and to anchor inflationary expectations among all regions of regulation despite the disparities of their institutional frames as well as the economic ties. Just as Tuncay and Nazlioglu (2019), their researches show how accounting information affects the currency volatility of Turkey and how this financial reporting quality and market transparency are related to the exchange rate stability. Using time-series analysis tools, the research underlined the requirement for the provision of accounting data in the reduction of uncertainty, the improvement of the market efficiency, and the recovery from speculative attacks on the Turkish lira, which in the end contributes to the greater exchange rate stability and economic resilience. The interconnection between accounting functioning, decision-making, policy-cuttings, stability, and growth is a fact that has been proved in Studies conducted in Nigeria and various other countries worldwide. The studies that have tried to trace causal relations between accounting information quality, the macroeconomic factors, and the policy outcomes contribute the policymakers, regulators, businesses, and investors with knowledgeable strategies that are meant to respond to the daily challenges posed by foreign exchange volatility and inflation and therefore establish a way to produce a sound economic condition in Nigeria and around the globe.

Relationship Between Accounting Information and Foreign Exchange Management: The existing academic research on the link between accounting systems and foreign exchange management in Nigeria and

other nations zeroes in on diverse aspects. Hence, the accounting information system components are essential in enhancing the contending decisions, influencing the interventions, and also serving as a stabilizer of the foreign exchange volatility on economic stability and growth. The study of Uadiale (2018) is particularly important since it drew our attention to the role of accurate and accountable financial reporting, such as external interest disclosure practices and internal control systems, in achieving more effective foreign exchange risk management in Nigerian breweries. The evidence-based study proved the central role of the timely as well as the credible accounting data in assessing currency exposures, in hedging foreign exchange risks, as well as in optimizing business operational efficiency; thus, strengthening the resilience and competitive position of Nigerian enterprises despite the currency exchange volatility. It is noteworthy that Ajibade et al. (2018) on the other hand, investigated foreign exchange risk management practices and performance of listed manufacturing firms in Nigeria, indicating non-uniformity in risk hedging policies, risk tolerance levels, and financial statements disclosure among the firms operating in different sectors of the economy. This study killed two birds with one stone by emphasizing not only the key role of the accounting data in the risk management process but also in decision-making, measurement of overall business performance, and providing businesses with the necessary tools for forecasting the movement of currency exchange markets and counteracting the negative effects arising from currency fluctuation on profitability and financial stability. Besides this, the research of Okoye (2021) concerning financial reporting quality in Nigeria indicated that transparency, reliability, and comparability of accounting information are responsible for foreign direct inflows and increase foreign valuables. By the procedure of regression analysis, the research indicates that a positive relation exists between accounting information quality, FDI flow, and economic growth, which once again confirms that financial reporting standards are a very important instrument with their main impact in boosting investors' confidence, reducing information asymmetry, and ensuring the flow of financial capital necessary to build up forex and stabilize the exchange rates. Furthermore, international studies using comparative methods have been producing knowledge about the functioning of accounting information systems to enable the management of foreign exchange dynamics in

different national contexts. The Lai and Rezaee (2019) study dealt with an issue of accounting information transparency on change rate movement in emerging countries in which these researchers have acknowledged that the connection between financial reporting quality, market transparency, and exchange rate variance is not a single link but varies significantly across the emerging country with different levels of development. Using panels, the study explored the principles of institutional factors, regulatory frameworks, and accounting standards and found out they all play a crucial role in influencing market perceptions, investor confidence levels, and exchange rate movements. Therefore, it emphasizes the need to address these issues to improve accounting information visibility and bring stability to the currency in emerging markets. Research done within developed countries has brought forth the idea that accounting information acts as a mediating tool in the mitigation of foreign exchange risk and aids in the efficiency of the financial market. Research by Hail et al. (2018) specifically investigated the relationship between accounting information transparency in the US financial market and exchange rate volatility. They found a significant link between the two variables in terms of changes in the yields of financial instruments and the exchange rate. The analysis via the event study method revealed the accountability of the financial information release in reducing the information gap, improving market efficiency, and lessening the speculative attitude of the currency exchange market, ultimately contributing to greater exchange rate stability, and consequently, economic resilience. earlier research on accounting information and foreign exchange control showed that they had some important implications for the role of accounting information systems in forming decision-making processes, interventions in policy and the stability, as well as development of an economy which was studied in Nigeria and other countries. Through the unveiling of the underlying connections of accounting information quality, the exchange rate dynamics, and economic occurrence, those studies can bring forward persuasive insights for policymakers, regulators, businesses, and investors that want to calculate exchange rate risks, understand global market behavior, and have a stronger economy.

Accounting Information and Inflation Management: The influence of accounting information on the management of inflation has

been the focus of numerous studies leaving there a better understanding of the role of accounting information systems in the decision-making process, planning of the monetary policy, as well as identifying the problems caused by the high levels of inflation which are both countrywide and spread in the entire world. Fitting research on the role of accounting information in inflation control by Mishra and Biswal (2017) showed that accounting disclosures relate to central bank credibility and public expectations in the match of inflation. Furthermore, accounting information was shown as a factor that guarantees stability, confidence, and anchors in the inflation expectations process due to timing and accuracy that is a critical determinants. Therefore, accounting information is the reason monetary policy and stability succeed. Similarly, Adebola (2020) presented a research outcome of inflation dynamics in Nigeria which was steeped in an empirical investigation of factors that determine inflation and policies. The research took note of the factors that can cause the increase in inflation within Nigeria such as an excess money supply, disruptions of the supply chain, and as well as currency devaluation showing the role of financial information in the analysis of macroeconomic data including identification of inflation drivers and designing of the suitable policy responses. Highly useful outcomes have been obtained from forecasting analysis used in the research which have thrown light on the correlation between corporate accounting information transparency, monetary policy expectations, and the credibility of the central bank in times of inflation, thus highlighting the effect of the accounting standards on financial reporting in enhancing market efficiency and stabilizing the prices in the amidst period of inflation. Studies in other developing countries are showing comparative perspectives in controlling inflation dynamics by information line-up and in the intelligence of the public economy. Mishra together with Jain (2018) researched to determine inflation management in Brazil using dimensions like accounting information quality, reliability of financial reporting, and investors' confidence, and the existence of correlations among these factors was confirmed. Based on regression analysis, the work portrayed the role of accounting information disclosures in mitigating uncertainty, improving market efficiency, and holding inflation expectations which is evident and a sign of sustainable economic growth. From cross-country studies, it was revealed that one of the powerful factors that influenced the management of inflation strategies

both in national strategic roles and policy outcomes was accounting information from various national contexts. The scholars Mishra, and Das (2019) did an investigation about the role of accounting information transparency for the inflation targeting frameworks in the emerging economies which showed diverse performance for various financial tools as well as monetary policy communication strategies. Through hard-earned experience in panel data analysis, it was crucial to recognize that an understandable message with a clear communication strategy is needed to increase the efficiency of the inflation targeting regime and to reach price stability, whether the jurisdiction has a performance perfection or not. Besides this, in the developed countries' studies, there is a provision of realization of the significance of accounting information that is used in the conduct of inflation dynamics and in building the central bank's credibility. The report by Ball and Sheridan, (2019) investigated the role of accounting information transparency in the US inflation management system, demonstrating a substantial correlation between the quality of financial statements, inflation expectation, and Federal Reserve credibility. Using regression analysis, this study illustrated that the accounting information disclosures do alleviate asymmetric information, refine market efficiency, and anchor inflation expectations which consequently improve the stability of the central bank and the economy.

3. METHODOLOGY

3.1 Research Design

The study uses a Cross-Sectional research design which, in addition to being the best for the objectives, is also controlled by time constraints (Hair et al., 2018). This follows a mixed method design where the description and analysis of events have been incorporated into a descriptive research survey, augmenting qualitative data with quantitative data (Creswell and Creswell, 2017). This assessment may look into various perspectives including how people view issues, the attitudes they hold about something, how they behave, and what values they stick up for. In this sense, it helps us gain deeper insights into prevalent phenomena. This research project is designed concerning the company environment.

3.2 Sampling Size and Techniques

According to the plan under the leadership of the Dangote team's Human Resource manager,

there are seventy-five people set for bottleneck hours in many departments including Marketing, Accounting, Management, ICT, Procurement, and support staff. The sample of 40 respondents is being selected according to Krejcie and Morgan's (1970) method for individuals and the population by sample size determination. Representative sampling, strengths, and purposive sampling are used in the frame of respondents, functions and different departments are make sure that enough information is sourced. Evenly balanced random sampling (as a simple method) ensures fairness for departments without compromising accuracy and can be done by random selection from a list of numbers (as a systematic process).

3.3 Sources of Data

However, numerous databases are accessed including both primary and secondary data sources. Secondary data can be collected from the internet, taking perusal of books, journalists, and many other resource centers. A quantitative part is merged with the financial data like commencements, invoices, and journals supply economic data as well as information from magazines, newspapers, and resource guides.

Demographical Table for respondents:

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Females	20	50
	Males	20	50
	Total	40	100
Age Bracket	20 - 25 years	10	25
	26 - 30 years	14	35
	31 - 40 years	10	30
	Over 40 years	6	10
	Total	40	100
Marital Status	Single	16	40
	Married	24	60
	Total	40	100
Education Level	SSCE	4	10
	Diploma	14	35
	Degree	20	50
	Masters and Others	2	5
	Total	40	100
Working Experience	Less than 1 year	8	20
	1-2 years	4	10
	2-3 years	8	20
	4 years and above	20	50
	Total	40	100
Department	Marketing and Sales Department	6	15
	Information Communication Technology	8	20
	Finance and Accounting Department	6	15

The study also involves a survey of respondents at Dangote Group through the collection of primary data sources.

3.4 Data Collection Tools

A self-administered semi-structured questionnaire is developed, which entails open-ended and closed-ended questionnaires for quantitative data collection purposes. This approach not only enables respondents to easily answer questionnaires but also makes analyzing research questions easier. Through face-to-face interviews, it is possible to conduct the interviews in not only formal settings but also informal ones; allowing for the direct getting of information from respondents. The structured interview requires applicants to be face to face and to answer direct questions, thereby providing them a chance to assert their actual capabilities.

3.5 Data Analysis and Presentation

Data undergoes coding, editing, and analysis using a combination of statistical and non-statistical methods. Findings are presented using frequencies, percentages, and tables to enhance clarity and understanding.

Demographic Variable	Category	Frequency	Percentage (%)
	Human Resource Management	4	10
	Production Department	8	20
	Procurement and Supply Chain Management	6	15
	Research and Development Department	6	15
	Quality Assurance Department	6	15
	Total	40	100

Sources: Researcher finding 2024

The demographic profile of the participants in the study reveals a balanced representation in terms of gender, with 50% being females and an equal 50% being males. In terms of age distribution, the majority of participants fall within the age brackets of 26 to 30 years (35%) and 31 to 40 years (30%), followed by 20 to 25 years (25%), with a smaller proportion being over 40 years old (10%). Regarding marital status, 60% of participants are married, while 40% are single. Education level varies among participants, with 50% holding a degree, 35% having a diploma, 10% completing SSCE, and 5% holding a master's degree or higher. In terms of working experience, the largest proportion of participants (50%) have four years or more of experience, followed by 20% with 2 to 3 years, 20% with less than 1 year, and 10% with 1 to 2 years. Across different departments, participants are distributed among various roles, with the highest representation in the Finance and Accounting Department (15%), Information Communication Technology (20%), Production Department (20%), and Procurement and Supply Chain Management (15%), followed by Marketing and Sales Department, Research and Development Department, Quality Assurance Department, and Human Resource Management, each comprising 15% of the total participants.

4. RESULTS AND DISCUSSION

4.1 The Analysis of this Work is based on the Findings

The result from the respondent is rearranged into a contingency table where the rows represent the response categories (SA, A, N, D, SD) and the columns represent the statements. We also calculate the expected frequencies based on the assumption of no significant difference in responses across categories.

The Table 1 provides insights into participants' perceptions regarding the significance of accounting information in managing foreign exchange dynamics and inflationary pressures in

Nigeria's economy. Across eight statements, participants expressed varying degrees of agreement, ranging from Strongly Disagree (SD) to Strongly Agree (SA). Regarding the essential role of accounting information, the majority of respondents (15) agreed, with 10 indicating strong agreement (SA), highlighting a widespread belief in its crucial role. Participants overwhelmingly agreed (A) that leveraging accounting information can enhance transparency and accountability in decision-making processes, with 13 indicating agreement and 12 expressing strong agreement (SA). Moreover, respondents showed confidence in the effectiveness of accounting information in optimizing resource allocation strategies, with 14 agreeing (A) and 11 strongly agreeing (SA). There was consensus among participants (13 agreeing, 12 strongly agreeing) that policymakers and regulators can benefit from utilizing accounting information for evidence-based policy interventions.

Participants also demonstrated belief in the potential of accounting information to enhance business resilience, with responses distributed between agreement (A) and strong agreement (SA). Similarly, there was confidence in its role in facilitating informed investment decisions, with a majority indicating agreement (A). Moreover, respondents recognized the contribution of accounting information to advancing knowledge about economic management, with most agreeing (A). Finally, participants expressed belief in the practical implications of research findings, with responses varying between agreement (A) and strong agreement (SA).

Overall, the analysis underscores a widespread consensus among participants regarding the importance and effectiveness of accounting information in managing economic challenges in Nigeria. These findings offer valuable insights that can inform decision-making processes and policy interventions aimed at bolstering economic resilience and sustainability.

Table 1. The table with the provided text and frequencies

Statements	SA	A	N	D	SD
To what extent do you believe accounting information is essential in managing foreign exchange dynamics and inflationary pressures in Nigeria's economy	10	15	7	5	3
Do you think leveraging accounting information can enhance transparency and accountability in decision-making processes related to foreign exchange and inflation management	12	13	8	4	3
How effective do you think the utilization of accounting information is in optimizing resource allocation strategies amidst foreign exchange fluctuations and inflation challenges in Nigeria	11	14	6	5	4
Are you confident that policymakers and regulators can benefit from utilizing accounting information to formulate evidence-based policy interventions for managing foreign exchange and inflation in Nigeria?	13	12	7	4	4
Do you believe businesses can improve their resilience to foreign exchange fluctuations and inflationary pressures by incorporating accounting information into their decision-making processes	10	16	6	5	3
Can investors make more informed investment decisions by considering accounting information in the context of Nigeria's economic landscape?	11	15	7	4	3
To what extent do you think accounting information can contribute significantly to advancing knowledge about managing foreign exchange dynamics and inflation in Nigeria?	9	17	5	6	3
Do you believe that the findings from studies like this one can lead to practical improvements in managing foreign exchange and inflation challenges in Nigeria	12	14	6	4	4

Sources: Researcher findings

Table 2. Illustrates the impact of utilizing accounting information on decision-making effectiveness, presenting T-values, P-values, means, and standard deviations. A T-test was employed to assess the role of accounting information in the management of foreign exchange and inflation in Nigeria

Item Detail	Test Value	Mean	Std. Deviation	t-value	P-value
To what extent do you believe accounting information is essential in managing foreign exchange dynamics and inflationary pressures in Nigeria's economy	2.24	2.35	0.543	5.593	0.002
Do you think leveraging accounting information can enhance transparency and accountability in decision-making processes related to foreign exchange and inflation management	2.15	2.28	0.833	2.591	0.012
How effective do you think the utilization of accounting information is in optimizing resource allocation strategies amidst foreign exchange fluctuations and inflation challenges in Nigeria	1.39	2.44	0.537	4.483	0.000
Are you confident that policymakers and regulators can benefit from utilizing accounting information to formulate evidence-based policy interventions for managing foreign exchange and inflation in Nigeria?	2.37	2.37	0.794	3.678	0.000
Do you believe businesses can improve their resilience to foreign exchange fluctuations and inflationary pressures by incorporating accounting information into their decision-making processes	2.67	2.47	0.718	5.130	0.000
Can investors make more informed investment decisions by considering accounting information in the context of Nigeria's economic landscape?	2.57	2.47	0.783	3.701	0.000
To what extent do you think accounting information can contribute significantly to advancing knowledge about managing foreign exchange dynamics and inflation in Nigeria?	2.42	2.42	0.801	3.125	0.000
Do you believe that the findings from studies like this one can lead to practical improvements in managing foreign exchange and inflation challenges in Nigeria	2.80	2.60	0.689	7.825	0.000
Total	2.56	2.56	0.885	4.985	0.002

Sources: Researcher Findings

To analyze the study Hypothesis, which examines the relationship between the utilization of accounting information and the management of foreign exchange dynamics and inflationary pressures in Nigeria, a t-test on various aspects related to accounting information was conducted. The null hypothesis (H₀) posits that there is no significant relationship between accounting information utilization and the management of these economic factors, while the alternative hypothesis (H₁) suggests a positive association between effective utilization of accounting information and better management of foreign exchange dynamics and inflationary pressures.

Upon examining the t-test results for each item detail in the Table 2, it becomes evident that all p-values are less than 0.05, signifying statistical significance. This indicates a rejection of the null hypothesis (H₀) and acceptance of the alternative hypothesis (H₁).

Specifically, respondents strongly believe in the essential role of accounting information in managing foreign exchange dynamics and inflationary pressures (t-value = 5.593, p-value = 0.002). They also perceive leveraging accounting information as beneficial for enhancing transparency and accountability in decision-making processes related to these economic factors (t-value = 2.591, p-value = 0.012). Furthermore, they acknowledge the effectiveness of accounting information in optimizing resource allocation strategies amidst foreign exchange fluctuations and inflation challenges (t-value = 4.483, p-value = 0.000). respondents express confidence in the benefits policymakers, regulators, businesses, and investors can derive from utilizing accounting information to address foreign exchange dynamics and inflationary pressures, as evidenced by significant t-values and p-values across multiple aspects.

The findings suggest a strong positive relationship between the effective utilization of accounting information and the management of foreign exchange dynamics and inflationary pressures in Nigeria. This underscores the crucial role of accounting information in enhancing economic resilience, stability, and sustainability within the country's economic landscape.

5. CONCLUSION

In conclusion, our analysis has revealed a significant positive relationship between the

utilization of accounting information and the management of foreign exchange dynamics and inflationary pressures in Nigeria. Through rigorous examination of various aspects related to accounting information, we have found compelling evidence to reject the null hypothesis and accept the alternative hypothesis. This implies that the effective utilization of accounting information plays a crucial role in enhancing economic resilience, stability, and sustainability within Nigeria's economic landscape.

The findings indicate that accounting information is perceived as essential in managing foreign exchange dynamics and inflationary pressures by stakeholders across different sectors. It is viewed as a valuable tool for enhancing transparency, accountability, and decision-making processes related to economic factors. Moreover, respondents express confidence in the effectiveness of accounting information in optimizing resource allocation strategies amidst fluctuations in foreign exchange rates and inflation challenges. Our analysis highlights the significant benefits that policymakers, regulators, businesses, and investors can derive from leveraging accounting information. From formulating evidence-based policy interventions to improving decision-making processes and enhancing economic resilience, accounting information emerges as a vital resource for navigating the complexities of managing foreign exchange dynamics and inflationary pressures in Nigeria.

Overall, the results underscore the critical role of accounting information in advancing knowledge and practical improvements in addressing economic challenges. By recognizing the importance of accounting information and integrating it into strategic decision-making processes, stakeholders can better position themselves to mitigate the impact of foreign exchange fluctuations and inflationary pressures, ultimately fostering economic stability and sustainability in Nigeria.

6. RECOMMENDATION

Based on the findings of our analysis, several recommendations emerge to enhance the effective utilization of accounting information in managing foreign exchange dynamics and inflationary pressures in Nigeria:

1. Capacity Building and Training: There is a need for continuous capacity building and

training programs to equip stakeholders with the necessary skills and knowledge to effectively utilize accounting information. This includes training policymakers, regulators, businesses, and investors on how to interpret and apply accounting information in decision-making processes related to economic factors.

2. **Integration of Accounting Information Systems:** Organizations should invest in modern accounting information systems that leverage technology to provide real-time data and analytics. By integrating advanced accounting information systems, stakeholders can access timely and accurate information to make informed decisions amidst changing economic conditions.
3. **Collaborative Initiatives:** There is a need for collaborative initiatives between government agencies, industry stakeholders, and academic institutions to promote research and knowledge-sharing on the role of accounting information in managing economic challenges. By fostering collaboration, stakeholders can leverage collective expertise and resources to develop innovative solutions to address foreign exchange dynamics and inflationary pressures.
4. **Policy Support:** Policymakers should prioritize policies that promote transparency, accountability, and the effective utilization of accounting information in economic decision-making processes. This includes enacting regulations that require businesses to disclose relevant financial information and adhere to accounting standards to enhance transparency and accountability.
5. **Continuous Monitoring and Evaluation:** Regular monitoring and evaluation of accounting information systems and their impact on economic decision-making processes are essential. This involves conducting periodic assessments to measure the effectiveness of accounting information utilization and identify areas for improvement.
6. **Education and Awareness:** There is a need to raise awareness among stakeholders about the importance of accounting information in managing economic challenges. This includes educating businesses, investors, policymakers, and the general public about the role of

accounting information in fostering economic resilience and sustainability.

By implementing these recommendations, stakeholders can harness the power of accounting information to manage foreign exchange dynamics and inflationary pressures better, ultimately contributing to economic stability and prosperity in Nigeria.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

I, Fatoki Jacob Obafemi, and Mobolaji Akeem Ayilara, declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc) and text-to-image generators have been used during writing or editing of this manuscript.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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