Lean Accounting Practices and Financial Performance of Listed Service Companies in Nigeria

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Abstract

The research problem of this paper investigated the relationship between lean accounting practices and financial performance of listed service companies in Nigeria. Lean accounting practices were disintegrated into cash conversion cycle and Kazien costing while financial performance was measured using return on asset. The study adopted *ex post facto* research design in exploring the link between lean accounting practices and financial performance of listed service companies in Nigeria. The study used secondary data assembled from the annual reports of the companies under investigation for the period of twelve (12) years from 2013 to 2024. The data were analyzed using panel least squares regression technique. This was conducted with the aid of the E-view 10.0 software and Excel package. Findings from the study revealed that cash conversion cycle has a negative and significant relationship with financial performance while kaizen costing has a positive and significant relationship with financial performance of listed service companies in Nigeria. Thus, the study concluded that cash conversion cycle and kaizen costing are good predictors of financial performance of listed service companies in Nigeria. Based on these findings, this study recommends that companies should re-evaluate and re-investigate the specific aspects of cash conversion cycle that might be contributing to such negative effects and recognize possible drawbacks associated with cash conversion cycle, discover other cash management policies that might be more operational in enhancing financial performance, and perform industry-specific investigation to determine if the adverse impacts hold across diverse companies. Companies should also focus on the implementation of kaizen costing system to ensure uninterrupted progress as well as cost decline plans so as to maintain better financial performance.

Keywords: Lean accounting practices, Financial performance, Cash conversion cycle, Kaizen costing, Firm age

INTRODUCTION

In today's competitive and dynamic business environment, Nigerian companies face increasing pressure to enhance efficiency, reduce costs, and improve financial performance (Kristina, 2025). Traditional accounting systems, with their emphasis on standard costing and functional reporting, have often been criticized for being slow, bureaucratic, and misaligned with operational realities, thereby limiting their usefulness in guiding strategic decision-making and performance improvement. According to Kristina (2025), lean accounting is an approach that aligns accounting practices with lean principles such as waste elimination, value-stream costing, cash conversion cycle, and kaizen costing (continuous improvement) which has been proposed as a more effective

alternative because it provides clearer, more actionable financial information tied to operational performance drivers.

However, empirical evidence on lean accounting practices and their effects on financial outcomes is still limited in Nigeria (Abubakar et al., 2024). Although some studies (Abubakar et al., 2024; Etale & Sawyerr, 2024; Otuya & Eginiwin, 2024) have indicated a significant positive relationship between lean accounting adoption and financial performance among quoted manufacturing companies in Nigeria, others (Abubakar & Muniru, 2023; Afum et al., 2024) have shown mixed results or focused on related management practices without isolating the unique contribution of lean accounting techniques (cash conversion cycle and kaizen costing) to financial indicators such as profitability, return on assets (ROA), and return on equity (ROE).

Gap in Extant Literature

Nevertheless, there is a knowledge gap regarding the effectiveness of these practices in the Nigerian listed companies. This knowledge gap further outline the necessity for an intensive examination into how lean accounting practices influence the financial performance of listed companies in Nigeria,

Another motivation was the conflicting research outcomes of prior studies necessitated the conduct of this current study to explore the link between lean accounting practices and financial performance of listed service companies in Nigeria. Investigating this link is important not only for advancing theoretical understanding but also for informing managerial practices and policy frameworks that can enhance competitiveness and sustainability of Nigerian firms in a challenging economic environment. Therefore the study has the objective of examining the relationship between lean accounting practices and financial performance of listed service companies in Nigeria. The specific objectives were to:

- Examine the relationship between cash conversion cycle and financial performance of listed service companies in Nigeria; and
- Ascertain the relationship between kaizen costing and financial performance of listed service companies in Nigeria.

Against the backdrop of knowledge gap identified, this study seeks to answer how the lean accounting practice affects financial performance of listed service companies in Nigeria. Consistent with this, the resulting specific questions were formulated for the study:

- What is the relationship between cash conversion cycle and financial performance of listed service companies in Nigeria?
- What is the relationship between kaizen costing and financial performance of listed service companies in Nigeria?

LITERATURE REVIEW

Financial Performance

Financial performance is generally defined as a gauge of the extent to which a firm uses its assets to run the business activities to earn revenues (Steward, 2019). It represents a measure of a company's overall state of the economy over a given period of time. It can be used to compare a company's performance to that of similar organizations in related industries or to that of other businesses. Amahi (2023) postulates that return on assets is a significant measure of financial performance that is regularly used in gauging a company’s performance as it can disclose how well a company generates income. Return on asset

(ROA) is a metric that is typically used to measure a company's historical profitability in order to predict its future profitability.

Myšková and Hájek (2017) argued that ROA makes it possible to compare businesses with varying debt-to-financial-resource ratios. While a low ROA percentage suggests that the company is ineffective at converting its assets into revenue, a high ROA percentage indicates that the company is primarily successful at doing so (Anozie et al 2023).
However, a company's ability to offset its current liabilities (which is mostly determined by its liquidity ratio) affects its return on assets (ROA). The asset management ratio shows how well the company uses its resources. A company's ability to satisfy its non-current obligations, to finance its corporate endeavors, is assessed using the asset management ratio. In light of this, ROA was calculated in this study as the ratio of EAT to the firm's total assets.

Lean Accounting Practices

Lean accounting is an accounting approach that supports lean management and lean manufacturing by focusing on waste elimination, continuous improvement in corporate operations, simplified financial reporting, value stream performance measurement, and real-time operational decision support (Afum et al., 2024). Lean accounting simplifies management reporting and coordinate financial metrics with lean principles (Kristina, 2025). Instead of traditional cost allocation methods, lean accounting emphasizes efficient cash conversion cycle, value stream costing, kaizen costing, inventory turnover ratio, operational metrics, and clear financial visibility. Arguably, lean accounting system is adopted by Nigerian firms purposely to decrease excessive paperwork, complex financial reports, redundant approval processes, as well as unnecessary cost allocations (Abiodun, 2023). In this study, lean accounting practice was decomposed into cash conversion cycle and kaizen costing system due to high production costs, inflation rate, and energy instability. These lean accounting variants were discussed thus:

1. Cash Conversion Cycle and Financial Performance

Doan and Bui (2020) and Stewart (2019) argues that the cash conversion cycle (CCC) is a composite metric describing the average dollar investment in inventory into a dollar collected from a customer. While Besley and Brigham (2023) describe cash conversion cycle as the period from the payment for the purchase of raw materials to manufacture a product up-to the collection of account receivables (debtors) associated with high profitability. Hossain (2020) emphasized that because it results from an optimistic association between the CCC and operating profit, the impact of the CCC decision on gross profit (GP) is a measure of business performance.

Nwokoye (2024) investigated the link between cash conversion cycle and performance of listed firms in Nigeria for the period of 11 years from 2010 to 2020. Cash conversion cycle was decomposed into days inventory turnover (DIO), days payables outstanding (DPO) and days sales outstanding (DSO) while performance was measured using ROA. The data gathered were analysed using pooled OLS and multivariate panel regression technique and showed a negative and significant link between DIO and DSO and performance. Nevertheless, the literature showed an insignificant link between DPO and performance. Abubakar and Muniru (2023) examined the link between credit management and performance of 10 listed banks in Nigeria. The literature utilized ex-post facto research design and the data sourced were analysed using ordinary least square (OLS) regression technique. Credit management was captured using nonperforming loans (NPLN), total bad debts written-off (TBDW), capital adequacy (CPAD), and the liquidity level which is measured by the acid-test ratio (LQDL) while performance was measured using return on

equity (ROE). Findings revealed that non-performing loans, Total bad debt written-off, capital adequacy and liquidity level have positive and substantial link with performance of quoted banks in Nigeria. Base on the above, the study posits the hypothesis,

Ho_1. that *Cash conversion cycle has no significant relationship with financial performance of listed service companies in Nigeria.*

1. Kaizen Costing and Financial Performance

According to Adeniji (2021) and Imai (2019), Kaizen is a fundamental concept in management sciences which originated from Japan and which covers most Japanese management practices since the 1950s through 1980s. Kaizen, otherwise called continuous improvement, is a continuous process of improvement carried out by the person who is doing the job in the day-to-day workplace. It involves everyone, managers and worker alike, for ongoing improvements (Khan, 2020). Blocher et al. (2019) define Kaizen costing technique as the application of continuous improvement specifically to reduce costs; it focuses on making production and service delivery processes more efficient. Against the backdrop, Nderi (2024) explored the link between kaizen operations and performance improvement of 13 quoted manufacturing companies in Kenyan. The study employed primary data through questionnaire and the data obtained were analysed using regression technique. The outcomes revealed kaizen costing has changing levels of execution among Kenyan manufacturing companies. However, the finding showed a significant link between Kaizen costing and performance improvement in Kenya.

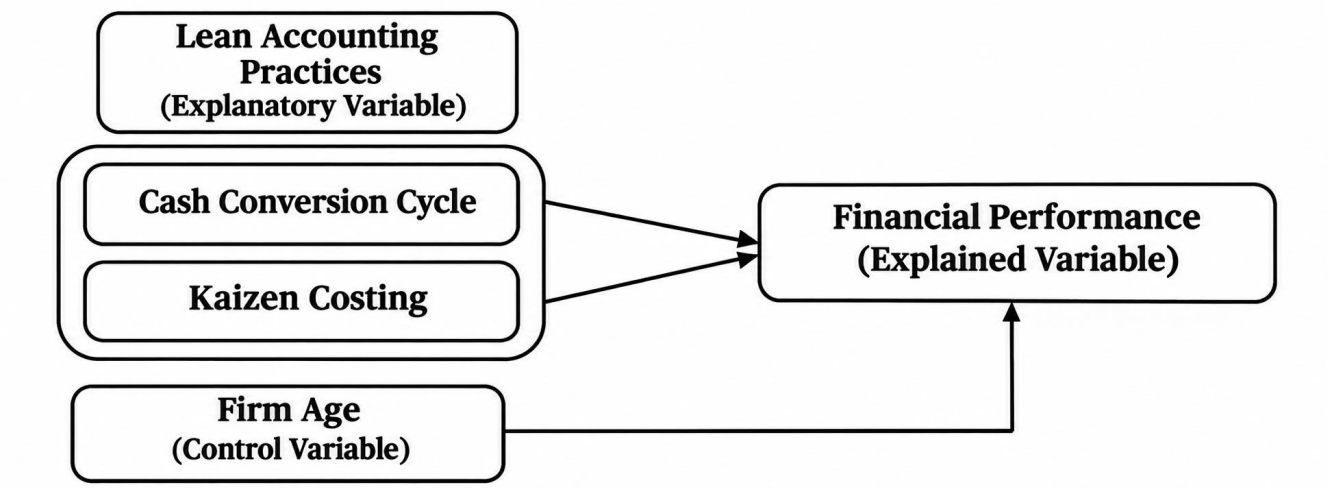
Dibiku (2024) examined the mediating role of customer-supplier connections on organizational culture, continuous improvement, and productivity. The literature utilized a sample of 240 listed manufacturing companies in Ethiopia. The data sourced were analysed using Partial least squares-based structural equation modeling (PLS-SEM). The literature found a positive and substantial link between the mediating role of customer-supplier on the link between kaizen costing and productivity in Ethiopia.

Omotayo et al. (2024) examined the critical success factors for Kaizen implementation in the Nigerian construction industry. Exploratory factor analysis statistical test categorized the CSF identified in the literature review section. A comprehensive sampling method was adopted in synthesizing 135 five-point Likert scale questionnaire from a higher population in Nigeria. Construction management role, corporate productivity, corporate ethics and cost management were the critical success factors reviewed using an exploratory factor analysis test. It was observed that kaizen costing can be implemented among the Nigerian construction firms with considerations on the principal drivers for the critical success factors.

Jibrin and Ine-Tonbarapa (2023) examined the link between kaizen costing and financial performance of 9 quoted consumer goods firms in Nigeria. Kaizen costing was measured as the product of actual cost of production in the previous year and estimated production for the current year while financial performance was measured using return on asset. The literature adopted a sample size of one hundred and eighty-three (183) respondents as well as secondary data collected from the annual reports of companies for the respective years. The data assembles were analysed using multiple regression technique. The literature ascertained an inconsequential link between kaizen costing (KAC) and return on asset (ROA) of quoted consumer goods firms in Nigeria. However, the study established a substantial link between kaizen costing (KAC) and return on equity (ROE) of listed consumer goods companies in Nigeria. Based on the above review, the study posits the hypnosis's

Ho_2: that *Kaizen costing has no significant relationship with financial performance of listed service companies in Nigeria.*

Figure 1: Schema on the Relationship between Lean Accounting Practices and Financial Performance



Source: Researcher's Idea (2026)

2.4 THEORETICAL FRAMEWORK

2.4.1 Contingency Theory

The theory on which this study is anchored is the contingency theory which is credited to Fred Fiedler in the 1960s. The theory emphasizes that the effectiveness of leadership depends upon the link between a leader's style and the specific situational factors. The theory suggests that the effectiveness of management practices, including cost management practices, depends on the alignment between the characteristics of the organization and the external environment (Akinleye & Oluyori, 2023). In the context of standard / cost, the contingency theory implies that the use of standard cost should be contingent upon the specific characteristics of the listed companies and the Nigerian market. The effectiveness of standard cost in improving financial performance may vary depending on factors such as company size, industry dynamics, competitive pressures, and customer preferences. For instance, larger companies may benefit from standard cost by having a standardized approach to cost estimation, control, and analysis across multiple products or divisions. On the other hand, smaller companies with more niche products may find it challenging to establish accurate standard costs due to the variability and uniqueness of their offerings (Ochigbo & Emeti, 2019).

METHODOLOGY AND METHOD SPECIFICATION

The study adopted *ex post facto* research design in investigating the relationship between lean accounting practices and financial performance of listed companies in Nigeria for a period of twelve (12) years from 2013 to 2024. 2013 was chosen due to the fact that it was the second stage of the adoption of International Financial Reporting Standards (IFRS) for the preparation of financial statements by listed companies in Nigeria. Also, the choice of 2024 was made to enable the researcher consider more recent data. The total population of the study was restricted to three (3) sectors on the Nigerian Exchange Group (NGX) as at 31st December, 2024. It involved 34 companies disintegrated into 22 service companies, 8 construction/real estate companies and 4 natural resources companies. The choice of

these sectors was made because these sectors tend to ensure job creation, infrastructural development, economic diversification, and improved government revenue. Due to the smallness of the population of the study, the entire companies were taken as sample using the census technique.

The Panel Least Squares (PLS) regression technique was adopted in investigating the relationship between lean accounting practices and financial performance of listed companies in Nigeria. PLS was chosen because it assisted in adjusting for unseen determinants that are constant over time for a specific company but may change across diverse companies. This was conducted with the aid of the E-views software and Excel package. In interpreting the PLS regression model, some statistics were generated among which are the Hausman statistic, F-Statistic, Jarque-Bera (J-B) statistic, Durbin-Watson (D-W) statistic, t-statistics, coefficient of determination (R-Squared), and the adjusted R-Squared which represents the goodness-of-fit measures. Inference drawn from the PLS regression analysis was based on the mentioned statistics. Nevertheless, it was very vital to ascertain whether the model was capable of predicting the financial performance of listed service companies in Nigeria.

Premised on contingency theory, this study adapted the model by Jibrin and Ine-Tonbarapa (2022) and improved on the model by using cash conversion cycle (CCC) and kaizen costing (KZC) instead of just-in-time costing (JTC) and value stream mapping (VSMC) to suit the study. The model used by Jibrin and Ine-Tonbarapa (2022) is shown thus:

$NLROE_{it} = {}_0 + {}_1(NLJITC) + ŏ\ (.05)$ …….. (1)

$NLROE_{it} = {}_0 + {}_1(NLVSMC) + ŏ\ (.05)$ …….. (2)

Where NLROE = Natural Log of Return on Equity; NLJITC = Natural Log of Just-in-Tim Costing; NLVSMC = Natural Log of Value Stream Mapping; and ŏ = Erro Term. Therefore, the functional model formulated in this study is stated as follows:

Financial performance = f (Lean Accounting Practices)……(3)

Financial performance = f (CCC,KZC))……..……(4)

Flowing from the functional model and integrating the control variable, the econometric model is specified thus:

$A = 0 + {}_1CCC + {}_2KZC + {}_3FAGE + ų_{it}$.....(5)

Where ROA = Return on Assets; CCC = Cash Conversion Cycle; KZC = Kaizen Costing; FAGE = Firm Age; ų = The Stochastic Error Term; i = Firm; t = Period

Considered; β_0 = Intercept; β_1, β_2, β_3 = Parameter Estimates; *a priori* expectations are $\beta_1<0$, $\beta_2>0$ and $\beta_3>0$which suggests that the variables are expected to be good predictors of financial performance, specifically to be consistent with existing theory (contingency theory) on which this study is anchored.

Operationalisation of Variables

The explained and explanatory variables, as shown in Table 1 below, were measured as follows:

Table 1: Measurement of Variables

S/N	Variables	Acronyms	Measurements	Apriori Sign	Sources
	Dependent				
1	Financial Performance	ROA	This was computed as the proportion of earnings after tax to total assets i.e ( ) / ( )		Mandipa and Sibindi (2022)
	Independent				
2	Cash Conversion Cycle	CCC	This was measured as the ratio of average inventory to cost of goods sold multiplied by 365 days i.e g ( ) X 365	-	Ukehinakachi et al. (2023)
3	Kaizen Costing	KZC	This was captured as the logarithm of the product of actual cost of production in the previous year and estimated production for the current year i.e Logarithm of actual cost of production X estimated production for the current year	+	Titu (2020)
	Control				
4	Firm Age	FAGE	This was measured as number of years of incorporation of a firm	+	Akenroye et al. (2022)

Source: Researcher's Compilation (2026)

Data Presentation and Interpretation of Results

Pre-Diagnostic Tests Descriptive Analysis

Descriptive analysis helps in expounding the statistical features of any dataset. In this study, significance was placed on values of the mean, minimum, maximum, and standard deviations, as these are the statistics often used by most researchers.

Table 2: Descriptive Statistics

	ROA	CCC	KZC	FAGE
Mean	0.266	1.959	2.01E	35.977
Median	0.021	1.845	6.22E	32.500
Maximum	221.366	7.751	3.04E	76.000
Minimum	-1146.513	-1.045	0.000	0.000
Std. Dev.	59.301	1.611	1.86E	20.144
Skewness	-17.644	0.898	13.051	0.125

Kurtosis	346.158	4.005	191.203	1.701
Jarque-Bera	2013133.	71.705	610722.3	29.601
Probability	0.000	0.000	0.000	0.000
Sum	-108.282	795.726	8.17E	14607.00
Sum Sq. Dev.	1424266.	1052.222	1.40E	164342.8
Observations	406	406	406	406

Researcher's Compilation (2026)

The result of the descriptive statistics is presented in Table 2 and financial performance (measured using return on assets [ROA]) is the main variable of interest as it is the dependent variable. The mean statistic of ROA is 0.266; the median value is 0.021 while the maximum and minimum statistics are 221.366 and -1146.513 which shows that financial performance is relatively impressive. The standard deviation statistic is 59.301 with a negative skewness of -17.644 indicating that the values of ROA are geared towards the left thus signifying low skewness. The Jarque-Bera (J-B) statistic of 2013133.0 and probability value (p-value) of 0.000 show that the value of ROA is not normally distributed.

Looking at other variables, it can be observed that the maximum and minimum values of CCC are 7.751 and -1.045, and maximum and minimum values of KZC are 3.04E and 0.000. From the maximum and minimum values of CCC and KZC, it is observed that CCC has the maximum value of 7.751 thus signifying that the companies under investigation spent average of 8 days in selling and converting its inventory into cash. The J-B statistics and the associated p-values of the independent variables (CCC and KZC) are 71.705 (0.000) and 610722.3 (0.000) respectively. It can be said that the variables are not generally dispersed at 5% significant level. This implies that robust results would be ascertained. In relation to the control variable, maximum and minimum values of FAGE are 76.000 and 0.000 while its Jarque-Bera statistics and the associated p-value are 29.601 and 0.000 which suggest that the variable is not generally dispersed at 5% significant level.

Table 3: Correlation Matrix

Correlation				
Probability	ROA	CCC	KZC	FAGE
ROA	1.000			
	---.			
CCC	-0.000	1.000		
	0.990	-----		
KZC	0.000	-0.020	1.000	
	0.991	0.684	-----	
FAGE	-0.006	0.036	0.079	1.000
	0.903	0.467	0.110	-----

Source: Researcher's Compilation (2026)

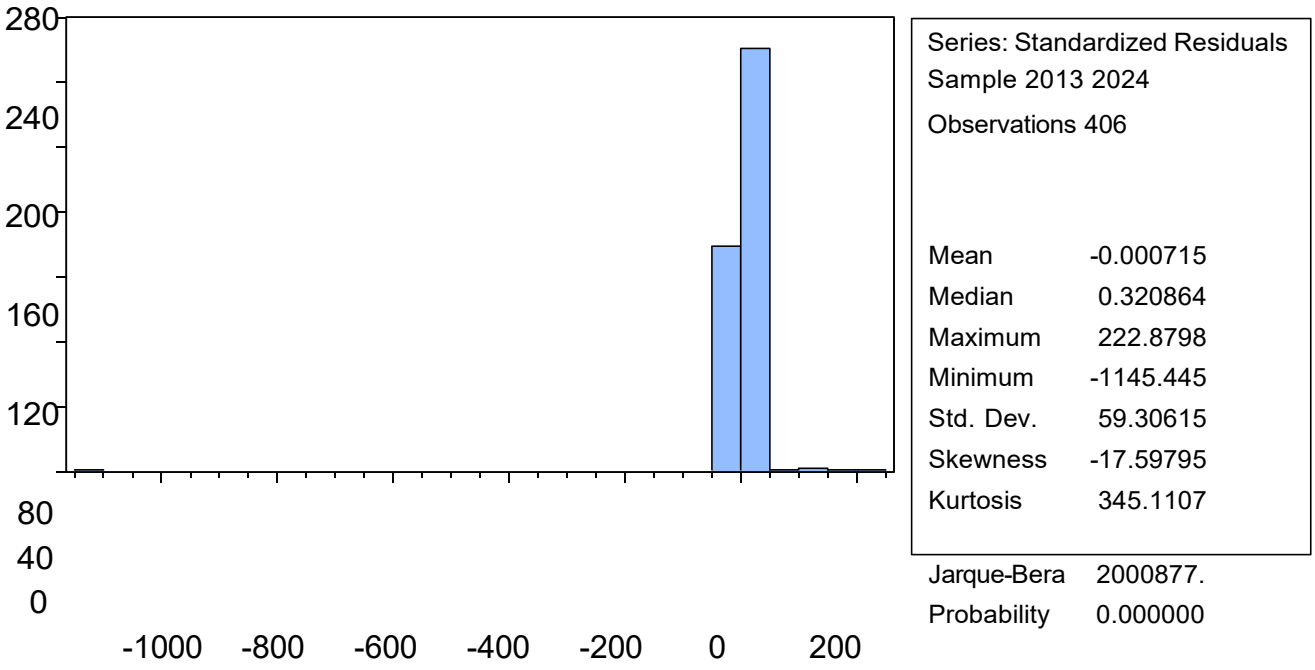
The correlation matrix presented in Table 3 showed the degree of association between the explanatory variables (CCC and KZC), the explained variable (ROA), and the control variable (FAGE). Incontrovertibly, the relationship between a variable and itself is one (1). Additionally, Table 3 revealed that the relationship between ROA and CC is negative and weak based on a correlation coefficient of -0.000. Also, the relationship between ROA and KZC is positive and weak based on the correlation coefficient of 0.000. In relation to the control variable, the relationship between ROA and FAGE is negative and weak based on

a correlation coefficient of -0.006. Based on these values, it is evidenced that there is absence of multicollinearity in the model as the correlation coefficients are less than 0.90 (90%). In terms of the relationship amongst the variables, the study perceived that the strongest relationship is between FAGE and KZC with correlation coefficient of 0.079 while the least is between KZC and CCC with correlation coefficient of -0.020.

Post Diagnostic Tests

In this study, the following post diagnostic tests were carried out:

Figure 2: Histogram Normality Test



Source: Researcher's Computation (2026)

The normality and other mean statistics of the residuals presented in Figure 2 showed a Jarque-Bera statistic of 2000877.0 with a related p-value of 0.000 which signifies that the variables are standard and not normally dispersed. The kurtosis value of 345.110 showed a positive kurtosis in excess of 3.00 which shows a leptokurtic kurtosis. The skewness statistic of -17.597 means the residual from the model is skewed to the left and the average standard deviation of 59.306 showed that the nonconformity from the mean is relatively high.

Table 4: Test of Heteroscedasticity

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.262	Prob. F(3,403)	0.852
Obs*R-squared	0.795	Prob. Chi-Square(3)	0.850
Scaled explained SS	135.443	Prob. Chi-Square(3)	0.000

Source: Researcher's Computation (2026)

The test of heteroscedasticity was carried out using Breuch-Pagan-Godfrey panel cross-section LR test. The test showed an Obs*R-squared value of 0.795 and a p-value of 0.850. This is consistent with the homoscedastic residuals as the Chi-Square p-value is more than the benchmark of 0.05. This indicates that there is no evidence of heteroscedasticity in the model.

Table 5: Test of Multicollinearity

Variance Inflation Factors		
	Coefficient	Uncentered
Variable	Variance	VIF
CCC	2.547	1.887
KZC	2.53E	1.018
FAGE	0.009	1.911

Source: Researcher's Computation (2026)

The test of multicollinearity was conducted using Breuch-Pagan-Godfrey test. The test showed that the centered variance inflation factor (VIF) of the respective independent variables is not up to the rule of the thumb of 10. This indicates lack of multicollinearity in the model.

Table 6: Cross-Sectional Dependence Test

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	2373.912	561	0.000
Pesaran scaled LM	54.122		0.000
Pesaran CD	-0.135		0.892

Source: Researcher's Computation (2026)

The cross-sectional dependence was conducted using Breuch-Pagan-Godfrey test. The test showed a Pesaran CD statistic of -0.135 and a p-value of 0.892. This is consistent with the null hypothesis residuals. In addition, the result revealed that there is absence of cross-sectional dependence (correlation) in residuals in the hypotheses.

Table 7: Correlated Random Effects-Hausman Test

Correlated Random Effects - Hausman Test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.399	3	0.093

Source: Researcher's Computation (2026)

The correlated Hausman test showed a Chi-Squares statistic of 6.399 with an associated p-value of 0.093. The result showed that the random effect model is more efficient as the p-value is more than 5% i.e 0.093>0.05 residuals in the hypotheses.

Table 8: Panel Least Squares (PLS) Regression Output

Variable	Fixed Effect Model (FEM)		Random Effect Model (REM)	
	Coefficient	Prob.	Coefficient	Prob.
C	78.896	0.016	2.018	0.803
CCC	-0.379	0.190	-0.404	0.038
KZC	0.31E	0.747	0.38E	0.029
FAGE	0.019	0.020	0.041	0.008
R-squared	0.922		0.980	
Adjusted R-squared	0.836		0.967	
S.E. of regression	58.212		58.454	
Sum squared resid	1250415.		1373589.	
Log likelihood	2206.713		-	
F-statistic	1.425		0.033	
Prob(F-statistic)	0.058		0.019	
Durbin-Watson stat	2.362		1.976	

Source: Researcher's Computation (2026)

Flowing from the correlated Hausman test Chi-Squares statistic of 6.399 and a p-value of 0.093, the random effect model is more efficient as the p-value is more than 5% i.e 0.093>0.05 residuals in the hypotheses. Premised on the random effect panel least squares (PLS) regression result, the R-Squared of the model is 0.922 (92.2%) with an adjusted R-Squared of 0.836 (83.6%). This showed that the independent variables explained approximately 84% dissimilarity in the dependent variable (ROA). The F-statistic value of 0.033 with a related p-value of 0.019 that is significant at 1% reveals that there is a significant linear relationship between the dependent variable (ROA) and the independent variables. The Durbin-Watson (DW) statistics of 1.976 revealed the absence of autocorrelation in the model. The coefficients and p-values of the two (2) independent variables (CCC and KZC) are specified thus: -0.404 (0.038) and 0.38E (0.029) respectively. The result revealed that CCC has a negative and significant relationship with ROA. Also, KZC has a positive and significant relationship with ROA. Looking at the control variable, the coefficient and p-value of FAGE is 0.041 (0.008) which suggests that FAGE has a positive and significant relationship with ROA.

4.1 Discussion of Findings

Cash conversion cycle (CCC) revealed a negative and significant relationship with financial performance (ROA) which denotes that as CCC increases, there is a significant decrease in financial performance. This does align with the *a priori* expectation ($\beta_1<0$). This indicates that companies with shorter CCC tend to quickly convert inventory to cash, collect receivables, and manage payables, thus resulting in an improved financial performance. The implementation of shorter CCC indicates efficient working capital management, faster cash flows, reduced financing costs, and improved liquidity. This research outcome is consistent with the findings of Nwokoye (2024) that shortening the average collection period and enhancing inventory levels increases corporate profitability. Largely, effective CCC is crucial for maintaining liquidity and profitability, as mismanagement can result in insolvency as well as low operational efficiency. However, this outcome negates the findings of Abubakar and Muniru (2023) thus implying that Nigeria operates in a highly competitive markets where customers depend solely on trade credit, expensive/inaccessible bank financing, and limited cash liquidity.

Kaizen costing (KZC) was revealed to have a positive and significant relationship with financial performance (ROA), which implies that as KZC increases, there is a significant rise in financial performance. This supports the *a priori* expectation ($\beta_2>0$). Following from the finding, it can be argued that companies with more implementation of continuous improvement and cost reduction, waste elimination, and efficiency enhancement efforts tend to have better financial performance, therefore signifying efficient inventory management. Also, companies that implement kaizen costing system tend to be effective in reducing costs and improving efficiency, become well-integrated into corporate culture and contribute better to financial outcomes. The result supports the empirical findings of Dibiku (2024), and Omotayo et al. (2024), that in a high-cost setting, even minor cost savings significantly improve margins, decrease operating expenses as well as profitability.

4.2 Conclusion and Recommendations

Flowing from the results of analysis and hypotheses tested, it was shown that cash conversion cycle (CCC) has a negative and significant relationship with financial performance while kaizen costing has a positive and significant relationship with financial performance of listed companies in Nigeria. In relation to the control variable, firm age has a positive and significant relationship with financial performance of listed companies in Nigeria. Contingent upon the empirical findings, the study concludes that cash conversion

cycle, kaizen costing, and firm age are good predictors of financial performance of listed companies in Nigeria. Thus, it recommends that:

1. Companies should re-evaluate and re-investigate the specific aspects of cash conversion cycle that might be contributing to such negative effects. Firms should also recognize possible drawbacks associated with cash conversion cycle, discover other cash management policies that might be more operational in enhancing financial performance, and perform industry-specific investigation to determine if the adverse impacts hold across diverse companies.
2. Companies should focus on the implementation of kaizen costing system to ensure uninterrupted progress as well as cost decline plans so as to maintain better financial performance. Also, kaizen costing system helps to reduce holding costs, increase sales, constantly monitor inventory turnover ratios, and regulate inventory management policies to sustain optimal performance.

4.3 Contributions to Knowledge

Contribution to Literature : The study adds to existing literature by examining the link between lean accounting practices and financial performance of listed service companies

Contribution to Management Performance:- This study will increase management performance by assisting management with policies that will be more operational in enhancing financial performance.

Industry-specific contribution :- This study adds to knowledge by exploring the link between lean accounting and financial performance. Thus, taking advantage of lean accounting in minimizing inventory levels, reducing carrying costs and freeing up capital that can be reinvested in other areas of the business.

4.4 Recommendations for Further Studies

1. Further studies should explore other counties outside Africa such as the United Kingdom (UK), Canada and China. This will enable us to thoroughly assess the extent of the link between lean accounting practices and financial performance in diverse nations and regions across the globe.
2. Studies should be carried out in relation to other sectors such as financial sector and the conglomerate.

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