

Determinants of Financial Reporting Quality in the Nigerian Banking Sector

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DECLARATION

It is hereby declared that this study titled “Determinants of Financial Reporting Quality in the Nigerian Banking Sector” was undertaken by Daniel ALI and it is based on my original work in the Department of Accounting, University of Benin, under the supervision of Prof. (Mrs) P. A. Isenmila. The ideas and views of this research work are products of original research undertaken by me and the views of other researchers which have been duly expressed and acknowledged.

Daniel ALI

Signature and Date.....

CERTIFICATION

This is to certify that this study titled “Determinants of Financial Reporting Quality in the Nigerian Banking Sector” is an original research work carried out by Daniel ALI of the Department of Accounting, University of Benin and it has not been submitted for the award of any other degree in this or any other institution.

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Date

DEDICATION

I dedicate this project to Almighty God who gave me the grace to see this project to the end and to my parents and sibling for their unending love and support.

ACKNOWLEDGEMENTS

My deep and sincere appreciation goes to my project supervisor Prof. (Mrs) P. A. Isenmila for his motivation, contribution and guidance through the course of this project. I also wish to acknowledge my my lecturers in the accounting department for their moral and intellectual guidance in all my years as a student of the department.

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ABSTRACT

This study empirically examined the determinants of financial reporting quality of listed deposit money banks in Nigeria. The study employs secondary sources of data from the financial statements for the period of six years (2015– 2020). Random Effects Regression technique of data analysis was used in the analysis of data.

The study found a significant positive relationship between firm size, firm liquidity, board size and board diversity and financial reporting quality, while an insignificant relationship was found between firm leverage during the period under review.

In view of the foregoing empirical findings, it is recommended that: despite the structural and administrative complexities that are associated with larger companies, managers should deploy a means of reporting quality financial statement in order to boost the investors' confidence in the organization; managers of deposit money banks in Nigeria should strive for improved liquidity level if they are to enjoy quality financial reporting; banks should maintain adequate and effective corporate governance practices (board size and board diversity); and in relation to firm leverage, banks should ensure an optimum leverage level is maintained as such would continuously minimise the adverse effect of leverage on financial reporting quality.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The banking industry plays a vital role as channel through which economic and financial resources flow into the economy. It is therefore imperative to continually evaluate the quality of their financial report with a view to ensuring that banks remain sound, stable and safe. Financial statements are critical reports used for assessing and evaluating the performance of any organisation which includes deposit money banks. These statements are prepared by management to reflect an organization's health and position over a period of time. It provides a summary of accounts of an organisation, the statement of financial position indicating the liabilities, capital and assets, as well as the statement of comprehensive income depicting the outcome of operations over a timeframe (Meyer, 2009).

Financial reporting can be defined as the process of reporting financial activities of a business in a formal manner (Gaynor, Andrea, Molly, & Teri, 2016). A financial report should have good quality so that users of the information will not be misled. Financial reporting is a communication system that involves the firm's management as the preparer, the investors and creditors as primary users, and other secondary users such as the government authorities and the general public (Olowokure, Tanko & Nyor, 2016). Pattaraporn (2016) observes that investors give more attention to earnings in the financial reports more than other accounting information;

therefore, management becomes prone to influencing accounting earnings in order to meet investors' expectations. Hence, the demand and need for sufficient transparency and high quality corporate financial reporting, that is, the truthfulness of the information disclosed by the financial reporting process is indispensable (Ivanova *et al.*, 2016).

There has been frequent criticism against accounting profession as a result of global financial crisis, financial scandals and corporate failures in the world. In Nigeria, the major cases of similar financial and accounting scandals include the collapse of the banking sector with 26 banks liquidated in 1997 and the falsification of the company financial statements in Cadbury Nigeria Plc. in 2006 and the more recent post consolidation banking crises of 2009 in Nigeria when 10 banks were declared insolvent and 8 executive management teams of the banks removed by the CBN. In all of these scandals, the central issues are the availability and reliability of accounting information and the need to review the effectiveness of accounting standards, auditing processes and financial reporting practices (Popoola, *et al.*, 2014).

However, as a result of the CBN's regulatory experience as well as the global financial crisis which impaired public confidence in the nation's financial markets. The CBN in 2009 issued its disclosure requirements for Banks to underscore the need to strengthen regulation and supervision through enhanced disclosures by financial institutions. It is against this backdrop that banks are statutorily required to obtain the Central Bank of Nigeria's approval before publication of their audited financial statements. This is to enable the monetary authority ascertain the soundness,

stability and safety of the banks as well as provide assurance on the accuracy and reliability of the financial reporting (Bosede, *et al.*, 2019).

Some of the determinants affecting financial reporting quality relating to specific characteristics of the company are leverage, firm size, profitability, size of audit firm, and the status of listing (Soheilyfar *et al.*, 2014; Al-Asiry, 2017). The other classification of determinants of financial reporting quality incorporates the features of corporate governance such as board composition, board size, and ownership structure (Chakroun & Hussainey, 2016; Thalassinou & Liapis, 2020).

The board compositions have been found to have an impact on quality financial reporting. According to Obigbemi, *et al.*, (2016) the Nigerian Code of Corporate Governance specifies that the composition of the board of directors must ensure diversity, so that integrity, compatibility, independence and availability will not be compromised. Furthermore, the board should be made up of both executive and nonexecutive directors to be headed by a Chairman, and the membership should be from 5 to 15 persons. Abu Siam, Laili and Bin-Khairi (2014) argue that board of directors play a supervisory role of controlling the reliability and quality of financial reports, because managers are prone to manage earnings to the detriment of shareholders.

Furthermore, the ability of a firm to meet its current obligations as they fall due is an indication to investors and creditors of its continued existence in the future. Thus, it will be willing to report its liquidity position to the public (Shehu & Farouk, 2014). Liquidity is also an indication of a healthy financial performance of a firm. A firm with good financial performance indices such as liquidity has more inducement to provide earnings information of higher quality (Amr, 2016). It is against

this introductory background that this study seeks to examine the determinants of financial reporting quality of listed deposit money banks (DMBs) in Nigeria.

1.2 Statement of the Problem

The Nigerian corporate environment has experienced many issues with regard to financial reporting credibility and quality which has resulted in accounting scandals and corporate failures, for example the case of Oceanic bank, Cadbury Nigeria Plc., Intercontinental bank and African Petroleum. These failures are mostly attributed to inadequate disclosure and transparency about financial reporting process of firms and manipulative accounting (Bhasin, 2016).

There is also tendency for unethical and opportunistic behaviour among firms in Nigeria which therefore result to the flexibilities within the accounting standards for preparers of accounting information to choose accounting methods, policies and estimates of their choice to reflect future anticipation of firms. However, they sometimes use this flexibility to distort financial information for self-serving purposes that do not show the firm's economic reality (Farouk, 2018).

Over the years, the quality of financial reporting has been of considerable concern to stakeholders such as financial analysts, tax authorities, potential investors, the general public shareholders, and creditors. They argue that the financial reports are not an accurate representation of the reflection of business activities, hence meaning that it is not a suitable means of performance evaluation. For example, the idea of stating assets at their historical cost does not take cognizance of the effect of inflation though the real value of such assets might have been eroded or the fact that financial

statements do not cover variables that are relevant in determining the overall performance of banks such as: customer satisfaction, risk and so on (Echobu *et al.*, 2017).

A thorough review of previous studies revealed that numerous studies on the determinants of financial reporting quality in developed and developing countries have been conducted (Monday & Nancy, 2016). These empirical studies on financial reporting quality concentrated primarily on non-financial firms (Abdul Majid & Ismail, 2008; Bello, 2013; Kasmir, 2013; Thalassinos *et al.*, 2015; Olowokure, Tanko, & Nyor, 2016; Susanto & Ramadhani, 2016; Akeju & Babantuntde 2017; Mahboub, 2017; Echobu, Okika, & Mailafia, 2017; Hassan & Kenny & Luqman, 2019).

Despite its flourishing in the Western context, financial reporting quality research in developing countries such as Nigeria is still in its infancy (Monday & Nancy, 2016). The banking industry's lack of research in this area is even more pronounced (Haji & Ghazali, 2013).

DMBs in Nigeria, like any other company, face a variety of challenges when it comes to the quality of their financial reports (Farrell, Yu & Zhang, 2013). For example, it has been argued that a bank's asset size is a factor that is likely to have a relationship with the quality of their financial report. A bank with a large asset base may feel enormous pressure to engage in earnings management in order to present a positive financial performance. Currently, there is a scarcity of studies in this field in Nigeria that rely solely on data from deposit money banks. The studies conducted by (Dabor & Ibadin, 2013; Olowokure, Tanko, & Nyor, 2016) are among the few in Nigeria on the determinants of financial reporting quality of deposit money banks. However, Dabor and Ibadin (2013) considered only the corporate governance attributes of the banks leaving

out other structural attributes such as firm size, firm liquidity and firm leverage while Olowokure, Tanko and Nyor (2016) utilized Abnormal Loan Loss provision (ABLL) as a proxy of financial reporting quality which is not an efficient measure of financial reporting quality when compared to the use of the level of discretionary accruals (residuals).

Therefore, this study aims to investigate the potential main determinants that may influence the quality of financial reporting by Nigerian deposit money banks for the period 2015-2020 using the level of discretionary accruals (residuals) as a measure of financial reporting quality. These determinants precisely pertain to bank specific characteristics and corporate governance variables. The Nigerian deposit money banks are an interesting case because despite the latest universal financial crisis, which influenced the banking sector globally, the Nigerian banking industry is still faced with several financial problems, which consecutively has generated a prospective for better efficiency in financial reporting; thus, a study of this nature is justified.

1.3 Research Questions

Based on the above stated problem, the following research questions will be answered;

- i. What is the effect of firm size on the financial reporting quality of listed DMBs in Nigeria?
- ii. What is the effect of firm liquidity on the financial reporting quality of listed DMBs in Nigeria?

- iii. To what extent does firm leverage affect the financial reporting quality of listed DMBs in Nigeria?
- iv. To what extent does board size affect the financial reporting quality of listed DMBs in Nigeria?
- v. To what extent does board diversity affect the financial reporting quality of listed DMBs in Nigeria?

1.4 Objectives of the Study

The main objectives of this study is to examine the determinants of the financial reporting quality of listed of DMBs in Nigeria. The specific objectives include the following;

- i. To ascertain the effect of firm size on the financial reporting quality of listed DMBs in Nigeria;
- ii. To examine the effect of firm liquidity on the financial reporting quality of listed DMBs in Nigeria;
- iii. To investigate the effect of firm leverage on the financial reporting quality of listed DMBs in Nigeria;
- iv. To ascertain the effect of board size on the financial reporting quality of listed DMBs in Nigeria; and
- v. To assess the effect of board diversity on the financial reporting quality of listed DMBs in Nigeria.

1.5 Research Hypotheses

The hypotheses for the study are stated in null form below;

H₀₁: firm size has no significant effect on the financial reporting quality of listed DMBs in Nigeria.

H₀₂: firm liquidity has no significant effect on the financial reporting quality of listed DMBs in Nigeria.

H₀₃: firm leverage has no significant effect on the financial reporting quality of listed DMBs in Nigeria.

H₀₄: board size has no significant effect on the financial reporting quality of listed DMBs in Nigeria.

H₀₅: board diversity has no significant effect on the financial reporting quality of listed DMBs in Nigeria.

1.6 Significance of the Study

The study will be relevant to the following stakeholders;

Managers/Stakeholders

The study will provide the managers and stakeholders with the basis for good company policies relating to determinants of financial reporting quality as a whole; hence it will enable banks to take necessary actions to improve the financial reporting quality of banks and make good decision that will move the organization forward.

Investors

The study would provide information to investors in the Nigeria Exchange Limited (NGX) on the determinants of financial reporting quality in the banking sectors so as to protect their investment and direct it to the best and viable investment that will yield benefit in future.

Accounting Practitioners

The study will provide accounting practitioners as well as regulators with valuable insight into the complex interactions between firms' specific determinants and financial reporting quality in the Nigerian banking sector.

Academia

This research will provide up to date knowledge which will also be helpful to the academic field by providing extensive knowledge on the determinants of financial reporting quality in the Nigerian banking sector.

Researchers

Finally, the study could prove beneficial to other researchers who wish to conduct similar studies, as they can acquire background information from the results of the study, which could serve as a guideline for the modification of their own research. The study could add to the growing body of knowledge in the field of determinants of financial reporting quality in the Nigerian banking sector.

1.7 Scope of the Study

The focus of this study is on the determinants of financial reporting quality in the Nigerian banking sector. Specifically, the study will focus on listed deposit money banks. The choice of listed deposit money banks is to ensure uniformity and accessibility of data, listed banks are compelled to release their financial statements within a time frame set by Security and Exchange Commission (SEC) which if not adhered to will attract fines or other regulatory punishment. The study shall cover a time scope of 2015-2020 (six years). The choice of this period is to ensure the study reflect current trends and to avoid porous data issue which could occur as a result of the study's utilisation of panel data which will be sourced from the financial statements of listed DMBs in Nigeria; hence a shorter time frame is advisable when utilising panel data. Therefore, given the above background; in my opinion, the listed DMBs in Nigeria which makes up a total number of 14 (fourteen) as retrieved from the Nigeria Exchange Limited Factbook are the representatives of other banks that are not listed on the floor of Nigerian Exchange Limited.

1.8 Structure of the Study

This study is divided into five chapters. Chapter one, the introduction, consists of the research problem, research questions and hypotheses. It also includes; the significance, scope and the organization of the study. Chapter two looks at the literature review, firstly, a conceptual review shall be carried out on the variables of the study. Secondly, the theoretical literature from which the framework of reference for this study will be adopted will be presented as well as the relevant

empirical literatures. Chapter three details the research methodology employed in this study and outlines the research methods used. Chapter four presents the findings of the study along with their discussion. Finally, Chapter five provides a summary of findings, recommendation and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section covers the review of pertinent literature. This section will review literature on the determinants (firm specific characteristics and corporate governance) of financial reporting quality. The chapter will be divided into three sections: conceptual review, review of empirical literature and review of theories. The conceptual review shall conceptualize the variables of the study, that is, firm specific characteristics, corporate governance and financial reporting quality. The review of empirical literature shall present a review of past studies on the relationship between each independent variables and bank as well as their findings while the review of theories shall discuss theories relevant to the subject matter.

2.2 Conceptual Review

2.2.1 Financial Reporting Quality

Financial reporting quality is a term that frequently appears in academic literature, either directly or indirectly via concepts of information quality. It has long been regarded as difficult to come up with a single, widely accepted definition (Ball et al., 2003; Cheung et al., 2010). The breadth of approaches taken by researchers demonstrates this difficulty (Biddle et al., 2009; Beest et al., 2009; Cheung et al., 2010; Financial Accounting Standards Board, 2010; Elbannan, 2011; Platikanova & Perramon, 2012; Achim & Chis, 2014). Agienohuwa and Ilaboya (2018) stated that the concept of

financial reporting quality has been the subject of complex, confusing, and contradictory debates about financial reporting and accounting standard-setting on a global scale. Mbobo and Ekpo (2016) observed that researchers, practitioners, and regulators all disagree or are silent on what constitutes financial reporting quality. They cited the Sarbanes-Oxley (SOX) Act of 2002 as an example, which requires audit committees and auditors to discuss the quality of information disclosed by a company when the Act does not define financial reporting quality. Based on the Act, it is the responsibility of the standard-setting body to be capable of improving the accuracy and effectiveness of financial reporting, as well as the protection of investors under securities laws (SOX, 2002), by keeping standards current in order to reflect changes in the business environment, the extent to which international convergence on high-quality accounting standards is necessary or appropriate in the public interest, and the protection of investors (SOX, 2002). The conceptual framework of the International Accounting Standards Board (IASB) also claims that it provides the foundation for standards that contribute to transparency by improving the international comparability and quality of financial information (IASB, 2018). The term "quality of reporting" is used in the IASB mission statement, however the standard-setter does not elaborate on what financial reporting quality entails.

Jonas and Blanchet (2000) defines financial reporting quality as a complete and transparent financial information that is not intended to obfuscate or mislead users. Robinson et al. (2004) opines that financial reporting quality extends beyond the traditional notions of conservatism and earnings quality. They stated that financial reporting quality refers to the overall quality of

financial statements and related disclosures in order to determine how well the reported results fairly present a company's operations and financial position. Financial reporting quality is defined by Biddle et al. (2009), is the precision with which financial reports convey information about the firm's operations, particularly its cash flows, to inform equity investors. Beest et al. (2009) argued that financial reporting quality is a broader concept that includes not only financial information but also disclosures and other non-financial information useful for decision-making. Cheung et al. (2010) stated that the quality of financial reporting is determined by who prepares the information and for what purpose. The Financial Accounting Standards Board (FASB) (2010) defines financial reporting quality as transparency, high quality, internal consistency, true and fair view or fair presentation, and credibility. Transparency, high quality, internal consistency, true and fair view, or fair presentation, on the other hand, are different words to describe information that has the qualitative characteristics of relevance and representational faithfulness enhanced by comparability, verifiability, timeliness, and understandability. Elbannan (2011) defines financial reporting quality as the extent to which a company's financial reports communicate its underlying economic state and performance during the measurement period.

Platikanova and Perramon (2012) argues that if users can identify similarities and differences between two sets of economic phenomena, the information is of high quality. Achim and Chis (2014) was of the opinion that financial reporting quality cannot be defined uniquely. When financial information improves the qualitative characteristics incorporated in the IASB Conceptual Frameworks, it is of high quality (and FASB). Herath and Albarqi (2017) views

financial reporting quality as when financial statements provide accurate and fair information about an entity's underlying financial position and economic performance, referring to the FASB, IASB, the Accounting Standard Board in the United Kingdom (ASB-UK), and the Australia Accounting Standard Board (AASB). Financial reporting quality is defined by the Chartered Financial Analyst (CFA) (2019) as the characteristics of a company's financial statements. Adherence to generally accepted accounting principles (GAAP) in the jurisdiction in which the firm operates is the primary criterion for judging financial reporting. Given that GAAP provides options for methods and specific treatment of many items, compliance with GAAP does not always result in high-quality financial reporting. Financial reporting of high quality must be decision-useful. Relevance and faithful representation are two characteristics of decision-useful financial reporting.

Verdi (2006) defined financial reporting quality as the precise manner in which information about a business activity is shown in relation to its anticipated cash flows, with the goal of informing shareholders about a company's operation. The degree to which financial statements provide us with information that is fair and authentic about an enterprise's financial position and performance is referred to as financial reporting quality (Tang et al., 2008). Based on the definitions above, for a financial statement to be considered high-quality, it must contain genuine information about the economic performance, financial position, and activities of the business in relation to its cash flow generation, with the goal of providing information that is useful to shareholders and other stakeholders of the organization. Martnez-Ferrero et al. (2015) defined financial reporting quality

as the consistency with which information is conveyed during the financial reporting process. Because this definition was primarily concerned with the financial aspects of an organization, we expanded and modified it.

One possible explanation for the difficulty in defining financial reporting quality is that different users use financial reports for different purposes and with different information requirements. Investors, for example, decide whether or not to invest in businesses based on various investment strategies such as dividend income and capital gains. Lenders, on the other hand, are concerned about the company's ability to meet its debt obligations. Lenders are primarily interested in the company's solvency, liquidity, and profitability indicators when evaluating its financing. This viewpoint is shared by Beattie et al. (2004) and McDaniel et al. (2002), who argue that the concept of quality is inherently subjective due to competing preferences among user groups making different judgements and decisions. Mai (2013) also argued that information quality is a subjective construct, and that users would judge its quality for themselves. As a result, it is not surprising that prior literature has struggled to identify a set of absolute quality assessment criteria as well as a generally accepted financial reporting quality definition.

2.2.1.1 Measure of Financial Reporting Quality

Financial reporting quality can be evaluated both directly and indirectly. It could be measured directly using the accruals model, the value relevance model, specific elements in annual reports, and operationalizing the qualitative characteristics (Beest et al., 2009). It could be measured

indirectly through earnings management, financial restatements, and timeliness (Barth et al., 2008; Schipper & Vincent, 2013; Cohen, et al., 2004).

2.2.1.1.1 International Accounting Standard Board (IASB)

International Accounting Standards Board opines that the essential principle of assessing financial reporting quality is related to the faithfulness of the objectives and the quality of disclosed information in a company's financial reports. These qualitative characteristics facilitate assessing the usefulness of financial reports, resulting in a high level of quality. Financial reports must be faithfully represented, comparable, verifiable, timely, and understandable in order to achieve this level. As a result, the emphasis is on having transparent financial reports and not providing users with misleading financial reports, not to mention the significance of precision and predictability as indicators of high financial reporting quality (Gajevszky, 2015).

There are agreed upon elements of high quality financial reporting, as defined in the FASB and IASB Conceptual Framework for Financial Reporting. Relevance, faithful representation, understandability, comparability, verifiability, and timeliness are some of the qualitative characteristics of financial reporting quality.

Relevance is closely related to the concepts of usefulness and materiality. The ability of users to make decisions is demonstrated by relevance. An information in financial statements is relevant if it influences users' economic decisions. It is also useful when this information assists users in evaluating, correcting, and confirming current and past events (Beest et al., 2009).

Fair value is regarded as a highly significant indicator of relevance. Using Fair Value as a measurement basis in an entity is an indicator of a high level of relevance in financial reporting information (Beest et al., 2009). Annual reports play an important role in determining the level of relevance by disclosing forward-looking information, business opportunities and risks, and feedback on how major market events and significant transactions affected entities (Beest et al., 2009).

Another important aspect of financial reporting quality is reliability (dependability). In order to be useful in financial reporting, information must be of high reliability. This level of quality is achieved when the information on which users rely is free of bias and material errors. The qualities of trustworthy, verifiable, and neutral information are used to assess reliability (Cheung et al., 2010).

Comparability refers to the concept of allowing users to compare financial statements in order to determine an entity's financial position, cash flow, and performance. This comparison enables users to compare across time and among other companies operating during the same time period. Cheung et al. (2010) stated that comparison requires that identical events in the two situations be reflected by identical accounting facts and figures while different events be reflected by different accounting facts and figures in a way that quantitatively reflects those differences in a comparable and easily interpretable manner (Cheung et al., 2010).

To emphasise this point, financial report notes should disclose and explain all changes in accounting policies as well as the implications of these changes, not to mention the importance of

consistency in applying accounting policies and principles. In addition, the results of the current accounting period can be compared to those of previous periods. Finally, displaying financial index numbers and ratios aids in comparison with other organizations (Beest et al., 2009).

One of the most important characteristics of information in financial reports is its understandability. Effective communication is the key to achieving understandability. As a result, the better the users' understanding of the information, the higher the quality that will be achieved (Cheung et al., 2010). It is one of the enhancing qualitative characteristics that will increase when information is clearly and sufficiently presented and classified. Users can understand what their needs are when annual reports are well organised (Beest et al., 2009). The use of graphs and tables aids in the presentation of information, and the use of language and technical jargon is easily followed.

Another enhancing qualitative characteristic is timeliness. Timeliness demonstrates the importance of making information available to decision makers before it loses its powerful and positive influences. When evaluating the quality of reporting in an annual report, the period between the year-end and the issuing date of the auditor's report is used, as is the number of days it took for the auditor to sign the report after the fiscal year-end (Beest et al., 2009).

The concept of faithful representation refers to reflecting and representing the true economic position of the financial information that has been reported. This concept is valuable in that it explains how well obligations and economic resources, including transactions and events, are fully represented in financial reporting. Furthermore, this quality includes the sub-concept of

neutrality, which is concerned with objectivity and balance. Willekens (2008) concluded that the auditors' report adds value to financial reporting information by providing reasonable assurance about the extent to which the annual report faithfully represents economic phenomena.

Furthermore, how business organizations are controlled and directed has an impact on the faithful presentation quality; in fact, this is represented as a corporate governance factor when there is extensive disclosure of corporate governance issues in the annual report (Beest et al., 2009). Furthermore, the annual report clarifies assumptions and estimates and clearly explains the application of accounting principles in the company. It also highlights positive and negative changes and events in the annual results by discussing them. The inclusion of an unqualified auditor's report in the annual report is the final important factor that contributes to this quality. Previously, the primary factor of accounting information was reliability as a quality of financial reporting.

2.2.1.1.2 Accrual Quality or Accrual-Based Models

The accruals model focuses on the quality of earnings measured, and one of its key assumptions is that managers use discretionary accruals to manage earnings (Healy & Wahlen, 1999; Dechow et al., 1995). Earnings management is thought to have a negative impact on the quality of financial reports by reducing their decision usefulness. The main advantage of this model is that it measures earnings management using accruals and is calculated using information from the financial statement (Beest et al., 2009). It does, however, have some drawbacks, one of which is the

difficulty in distinguishing between discretionary and non-discretionary accruals (Beest et al., 2009). Another disadvantage is that it excludes non-financial components from financial statements (Beest et al., 2009), which means that in an era of human accounting and environmental accounting, this model may not provide a true and fair view of financial statements. Accrual Quality is a significant model that has been used to assess financial reporting quality. Revenues are recognised separately from cash collection and expenses are recognised separately from cash payment under the accrual basis of accounting. In general, and whether before or after accrual, the entity's cash flows should correspond to its accrued revenue and expense. Nonetheless, in practice, the actual match between them varies between entities and over time. As a result, accrued estimates of generated revenues or derived costs may be greater than the cash collected from revenues or paid for costs. Accrual Quality research has led to the acceptance and approval of this approach (Pounder, 2013). As a result, measuring the quality of financial reporting has improved significantly. The Accrual Quality method focuses on the degree of uncertainty in an entity's cash flow to the accrual correspondence. Theoretically, the greater the variability between an entity's accruals and cash flows during the operation cycle, the lower the entity's Accrual Quality, and thus the lower the quality of the entity's accounting (Pounder, 2013). It is regarded as an indirect method based on observation. Furthermore, Dechow and Dichevs used it to calculate discretionary accruals and check robustness (Gajevszky, 2015). It also shows the relationship between accruals and earnings quality. Furthermore, accrual measurement error has an impact on Accrual Quality.

This error is caused by assumptions and estimates on the accrual basis, and it should be corrected (Hashim, 2012). One of the capabilities of the accrual-basis accounting tool is the ability to forecast better future cash flows. Financial reporting quality is considered higher when current net income is informative about the performance of future cash flows (Hope et al., 2011). Some studies in the literature evaluate the quality of financial reporting when these two accrual models are used: the Dechow et al. (1995) model and the Kothari et al. (2005) model (Gajevszky, 2015). Because Accrual models focus solely on information disclosed in financial statements to assess financial reporting quality, IASB is more significant as a measure of financial reporting quality (Leuz, 2003; Nichols & Wahlen, 2004) while the IASB focuses on qualitative aspects of both financial state information and non-financial state information. A comprehensive measurement tool for financial reporting quality, on the other hand, would include the entire annual report, including both financial and nonfinancial information.

2.2.1.1.3 The Value Relevance Model

The value relevance model assesses financial report quality by focusing on the relationships between accounting figures and stock market reactions (Barth et al., 2008; Nichols & Whalen, 2004). Stock prices are thought to represent the firm's market value, whereas accounting figures are thought to represent the firm's value based on accounting procedures (Beest et al., 2009). The model is quite useful, but it has some limitations in determining the accuracy of stock prices and a firm's market value.

2.2.2 Firm Specific Factors

Companies are distinguished from one another based on various financial and nonfinancial characteristics. These characteristics are unique to specific companies and create a perception in the minds of information users about the company's performance and future. Various authors have different perspectives on what constitutes firm specific factors. Firm size, firm age, risk, profitability, diversification, leverage, liquidity, premium growth, operating expenses, growth, board size, board composition, board meeting, board gender, audit committee meeting, audit committee composition, managerial and institutional share ownership are examples of firm specific factors (Adedoyin, 2011; Kaguri, 2013; Abdullahi, 2016; Abba & Usman, 2016, Rabi, 2018 and Rabi,2019).

Firm specific factors, then, refer to the various information reported by firms in their financial statements for a specific accounting period that can send a message to various stakeholders about the firm's performance (Abdullahi,2016). They are also known as incentive variables that are relatively sticky at the firm level over time and influence the firm's internal and external decisions (Shehu & Ahmad, 2013). They are viewed as factors that are mostly under management's direct control and frequently account for inter-firm differences in financial performance (Kazeem, 2015). They are the distinguishing characteristics of businesses that allow them to be identified and viewed from various angles. These characteristics are reported by firms in their financial statements and send a message to the firm's various stakeholders about its performance (Abdullahi, 2016). Firm-specific factors are classified as market-related (firm size, audit firm status, and

industry type), performance-related (profit margin, return on equity, and liquidity), ownership-related (high spread ownership and low spread ownership), and structure-related (gearing) attributes (Naser, AlKhatib & Karbhari, 2002). They can also be divided into three categories: firm structure (firm size and leverage), performance (profitability, liquidity, and growth), and monitoring (board composition and institutional shareholding) (Shehu, 2012 and Shehu & Ahmad, 2013). Kazeem (2015), on the other hand, divides firm-specific factors into two categories: financial (firm size, growth, risk, liquidity, tangibility, and leverage) and non-financial (firm age, management competencies, and scope of operation). Different researchers have different perspectives on firm-specific factors. Uwubanmwun and Obayagbona (2012), for example, classify them as Company Fundamentals and examine leverage, size, price-earnings ratio, and book-to-market value. They are regarded as firm characteristics by Adedoyin (2011), Kaguri (2013), and Abdullahi (2016). Adedoyin (2011) investigated growth, profit, risk, age, and size, whereas Kaguri investigated size, diversification, leverage, liquidity, age, premium growth, and claim experience. In contrast, Abdullahi (2016) examined size, leverage, liquidity, operating expenses, and managerial shareholding. Similarly, Rabiun (2019) defines firm specific factors and share prices as profitability, growth, leverage, firm size, board size, board gender, audit committee composition, audit committee meeting, managerial and institutional share ownership in a study on firm specific factors and share prices. In their study, Chukwu, Damieibi, and Okoye (2019) consider firm-specific factors such as firm size, leverage, and profitability. Ifada, Faisal, Ghazali, and Udin (2019) consider dividend policy, ownership concentration, liquidity, capital structure,

and profitability to be company attributes. Jeroh (2020), on the other hand, considers them to be corporate financial attributes and examined Return on Assets, Revenue Growth, Earnings Per Share, Capital Structure, Asset Tangibility, and Firm Size.

2.2.2.1 Firm Size

A company's firm size is related to the total resources it owns; company size can be represented by average total assets, average sale, total assets, and number of sales. The natural logarithm of total asset can also be used to calculate firm size. The assets size of a company is the best proxy for its firm size (Abed, Al-Attar, & Suwaidan, 2012). It is commonly argued that the larger the firm, the less likely they are to be involved in earning management activities and the more concerned they are with the quality of their financial reporting. (Dwi Lusi, 2013) discovered a positive relationship between disclosure policy decisions and firm size, which is consistent with previous research. Firm size has an impact on financial reporting quality (Dechow' and Ge, 2006). In most cases, the firm's size is determined by its asset size (Saheed, 2013). A large firm is expected to have a well-structured accounting and internal control department, as well as the financial resources to hire professionals to improve the financial reporting process (Chalaki, Didar, & Riahnezhad, 2012). They will also most likely have a well-designed information system that allows them to track all financial and non-financial data for operational, tactical, and strategic purposes (Saheed, 2013). This is due to the fact that a well-organized accounting and internal control department will ensure the accuracy of financial reporting. Internal control procedures are

designed to detect and/or prevent both the ability to manipulate earnings and errors or mistakes (Dechow & Ge, 2006). Furthermore, large firms can hire one of the big auditing firms to audit their financial statements, which is expected to improve the quality of financial reporting (Thoopsamut & Jaikengkit, 2009) because the big audit firms are expected to be very professional in their auditing and to be concerned about their reputations.

Larger corporations are better monitored than smaller corporations, based on research. Furthermore, many argue that the agency problem that a larger company will face is likely to be greater as a result of the company's size. Larger corporations are under pressure to disclose more critical financial information while also improving the quality of financial reporting. Large companies are viewed as very important to a country's economy, and as a result, there are greater expectations placed on them to prepare quality financial reporting (Sinan, Qutaiba, & Ayat, 2016).

2.2.2.2 Firm Liquidity

The firm's liquidity is an important factor in determining its performance. Wong and Chen (2004). Liquidity is defined broadly as the ratio of current assets to current liabilities. In other words, liquidity is a measure of an organization's ability to meet its current obligations as they come due. In the context of deposit money banks, liquidity is defined as the likelihood of a deposit money bank paying its debt, which includes operating expenses as well as payments for losses/benefits such as non-performing loans and bad debts. It demonstrates the firm's ability to quickly convert an asset to cash as well as its ability to manage working capital when held at a typical level. When

external funds are unavailable or prohibitively expensive, a company may rely on liquid assets to fund its operations and investments. Yahya and Almajali (2012). Liargovas and Skandals (2008) stated that increased liquidity would allow a corporation to deal with unexpected events and meet its obligations during a period of low profitability. Organizations with more liquid assets, as stated by Daniel and Tilahun (2012), are less likely to fail because they can generate cash even in the most difficult of circumstances. As a result, deposit money banks with more liquid assets are expected to have sufficient funds to finance the cost of high-quality financial statements (Asegdew, 2016). However, increased asset liquidity may increase agency costs for owners, based on the concept of agency costs, because managers may take advantage of the benefits of liquid assets by using them for earnings management (Adams & Buckle, 2000).

2.2.2.3 Firm Leverage

The percentage of debt financing in a company's capital structure is referred to as leverage. It is also known as the gearing ratio (Okwoli, 2009). It is calculated using the long-term debt-to-fixed-asset ratio. The concept of leverage is well documented in corporate finance literature (Kapil, 2011), where the term "leverage" is used to describe the use of certain fixed costs (they act as a "lever") that influence the company's performance, i.e. its significantly increased profitability. The "lever" for a company is a fixed operating cost and a fixed financing cost. This separates three types of leverage: total, operating, and financial leverage. Total leverage includes both operational and financial leverages. It connects the company's sales and earnings per share. The operating

leverage is associated with asset acquisition activities and represents the company's ability to use fixed operating costs to supplement the impact of sales changes on the operating profit (EBIT). Financing activities are associated with financial leverage. When fixed cost funds (debt or preferred capital) with fixed interest rate or fixed preferred dividend payments are included in the company's capital structure, it is said that the company employs financial leverage (Kapil, 2011). Because debt is more commonly used in practise than preferred capital, financial leverage usually refers to the use of debt in capital structure. A company that has debt on its balance sheet is said to be leveraged, whereas a company that finances its operations solely with equity is said to be unleveraged (Graham & Smart, 2011). Financial leverage is used to boost a company's results by utilising fixed-cost financing (Kapil, 2011; Graham & Smart, 2011). Graham and Smart (2011) demonstrated that a company's common practise of deducting interest payments from taxable income provides a good incentive for that company to substitute debt for equity.

The motives of any firm are to earn profit and maximise the owner's wealth; therefore, in order to achieve these motives, firms require sources of funds. Large and small businesses alike require funds to support their operations, and large businesses, in particular, require funds to expand their operations and activities. Firms must select the best financing source in order to achieve an optimal capital structure, and as a result, they will be able to make appropriate financing decisions that will allow them to achieve positive results (Adenugba, Ige & Kesinro, 2016)

Because creditors are concerned about the security of their funds, higher leverage implies that the creditor has a greater right to supervise and be aware of the firm's operational activities (Susanto &

Ramadhani, 2016). Waweru and Riro (2013) stated that highly leveraged firms are more likely to engage in earnings management than non-highly leveraged firms. Shehu (2013); Shehu and Ahmad (2013) found a significant relationship between the degree of leverage and the level of earnings management. The debt covenant hypothesis attempts to explain management's decision to use specific accounting policies to achieve specific goals in order to leave lenders with a favourable impression of the firm. In most cases, the impression they convey to lenders is that the company is doing well and that the lenders' investments in the company are secure. As a result, they are likely to employ accounting policies that shift future earnings to the current period. Darwis (2009), Jensen and Meckling (1976) stated that agency theory predicts that firms with a higher leverage ratio will disclose more information because their agency costs are higher. With greater disclosure of information, financial reporting quality is expected to improve. Olowokure et al. (2016) discovered that leverage has no significant impact on financial reporting quality, whereas Hassan and Bello (2013) and Mahboub (2017) discovered that leverage has a positive and significant impact.

2.2.3 Concept of Corporate Governance

Corporate governance is a set of rights and responsibilities that firms use to control and direct their operations (Pacy, 2012). Obeten, Ocheni, and John (2014) views corporate governance as the process of directing and controlling an organization's affairs in order to protect the interests of all stakeholders in a balanced manner through the application of the principles of openness, integrity,

and accountability. Corporate governance, as defined by Gabrielsen, Gramlich, and Plenborg (2012), is all-encompassing as it concerns how corporate entities are managed and regulated and includes accountability, trust, honesty, and stewardship on the one hand, supervision, control monitoring oversight, and ensuring quality financial reporting on the other.

Kurawa (2013) sees corporate governance as the mechanisms that protect the interests of shareholders, which are required as a result of the separation of business owners and managers. Duztas (2008) defines corporate governance as a mechanism for ensuring the well-being, fairness, social responsibility, transparency, and accountability of a corporation's stakeholders. Oso and Semiu (2012) stated that the essential ingredients of corporate governance are honesty, trust, and integrity, complete transparency, accountability, and responsibility, protection of stakeholder interests and satisfaction, participation, business ethics and values, performance orientation, openness, mutual respect, and commitment to the organisation, and sincere compliance or adherence to them would pave the way for the sustenance of business corporations, realisation of c

These ingredients can be divided into two categories. There are two types of relationships: long-term relationships that deal with checks and balances, incentives for managers, and communication between management and investors, and transactional relationships that deal with disclosure and authority. As a result, Corporate Governance refers to a set of systems, structures, and approaches that govern how a company is managed to achieve its goals.

2.2.3.1 Board Size

The total number of directors on a board is defined as board size (Panasian et al., 2003; Levrau and Van den Berghe, 2007). The number of directors on the board is referred to as the board's size. The Cadbury Committee recommends a board size of 8 to 10 members, with an equal mix of executive (inside) and non-executive (outside) directors (Cadbury Report, 1992). Jensen later argued that the recommended board size should be 7 to 8 directors (Al-matar, Al-swidi, Hanim, & Fadzil, 2014). Brown and Caylor (2004) also suggest that a board size of 6 to 15 members is ideal for reaping the most benefits. Younas and Md Kassim (2016) asserted that board size should be small and limited, with a board size of 8 to 9 members considered best for efficient coordination and decision making, because if the board has more than 10 directors, it is difficult to take decisions on time and reach consensus. An ideal board composition should include both executive and non-executive directors (Goshi et al., 2002). The effectiveness with which the board is structured is critical for the company's governance. Because every country has a different culture, board size varies from country to country. This means that there is no optimal or standard board size for businesses around the world.

Chalaki et al. (2012) investigated the relationship between board size and financial reporting quality and discovered that board size has no relationship with financial reporting quality.

Onuarah and Imeme (2016) asserted that board size has a positive impact on financial reporting quality. Adebisi (2017) investigated the extent to which board size influenced the financial reporting quality of Nigerian banks. Between 2005 and 2016, a sample of 15 deposit money banks

listed on the Nigerian Stock Exchange was used for the study. It was discovered that discretionary accrual, as a proxy for financial reporting quality, was related to board size in a positive way.

2.2.3.3 Board Diversity

Board diversity is critical to improving corporate governance practises in an organisation (Wang, 2015), as diversity in the boardroom fosters better decision making and innovation. Gender, age, educational and functional background, industry experience or exposure, and nationality are all characteristics of a diverse board (Wang, 2015). Sirnidi, Gul, and Tsai (2011) views the best board as a mix of individuals with diverse skills, knowledge, and information power who are willing to contribute their time professionally. It is worth noting that the cost of a diverse board is quite high, as its high cost may impede the organization's performance (Wang, 2015), and this may also affect the quality of its financial reporting.

The notion that diversity can improve governance decisions stems from the belief that diversity has an impact on performance via one of two channels: 1) a larger pool of candidates for director roles results in higher quality directors; those with greater knowledge and skills, as well as the ability and willingness to put forth effort, are chosen for directorship roles; or 2) a change in board dynamics. The first argument for the importance of diversity contends that by including directors with diverse skills and traits, which may be distributed non-randomly across genders (Campbell & Minguez-Vera, 2008), diversity results in boards with a broader skill set, better equipped to deal with various scenarios and tackle various governance challenges. Differences in effort (Adams &

Ferreira, 2009; Thiruvadi, 2012), independence (Carter et al., 2003; Adams & Ferreira, 2009), and qualifications are among the traits thought to differ across genders and impact governance (Ahern & Dittmar, 2012).

The second argument for board diversity is based on a large body of research in psychology and organisational behaviour that shows that groups that differ in demographic characteristics behave differently than homogeneous groups. In essence, board diversity has the potential to alter group dynamics by influencing cognitive conflict and cohesion, resulting in a shift away from the groupthink that frequently plagues corporate boards (Sonnenfeld, 2002; O'Connor, 2003). In the end, it may result in less biased and superior decision-making.

Prior research, while mixed in nature, supports the notion that, at a minimum, board diversity on corporate boards has a neutral effect on governance quality, and at best, it has a positive effect on boards' ability to monitor firm management. Some of the early studies on the impact of board diversity on governance concentrated primarily on discrete board tasks, such as CEO replacement and compensation (Adams & Ferreira, 2009). In other studies (for example, Carter et al., 2003), the presence of female directors is studied in the context of an increase in firm value, demonstrating a positive relationship between board diversity and firm value for Fortune 1000 firms. When the endogenous nature of the board selection process is considered, such a positive association vanishes (Adams & Ferreira, 2009). As a result, studies disagree on whether board diversity improves governance. The impact of board diversity on the quality of financial reporting is one area that has received little attention.

The financial reporting process is an important and one-of-a-kind area to investigate. Some of the mechanisms thought to play a key role in the impact of board diversity on governance quality may be more important in a financial reporting setting than in other governance tasks. Prior research, for example, has argued that boards with female directors are more independent than non-diverse boards (Carter et al., 2003; Adams & Ferreira, 2009). Though independence can and should be an asset in all governance decisions, regulators have primarily focused their attention on financial reporting independence. The Sarbanes-Oxley Act of 2002 introduced a slew of changes to committee composition, the most significant of which was the independence mandate. If gender-diverse boards are more independent, the impact of board diversity should be of particular importance in this context.

Female directors are found to exert more effort in their governance roles, in addition to potentially being more independent. Based on studies (Adams & Ferreira, 2009; Thiruvadi, 2012), boards with female directors hold more meetings per year, and female directors are less likely to fail attendance standards, which are typically defined as attending at least 75 percent of board meetings, when compared to male directors. To the extent that attendance and the number of meetings held are indicators of the effort put forth by female board members in comparison to their male counterparts, such effort would be expected to result in increased prevention and detection of financial reporting errors and irregularities.

Differences in qualifications are also thought to have an impact on the effectiveness of corporate boards (Ahern & Dittmar, 2012). Prior research has shown that a diverse skill set is important in

ensuring boards have the qualifications and breadth of knowledge needed to make important strategic and other monitoring decisions. Female directors' knowledge may be useful in director roles to the extent that they have unique skill sets or come from different qualifications and work/educational backgrounds than male directors. Reviewing the financial reporting process necessitates board members understanding not only accounting and finance, but also the industries in which companies operate.

Understanding all aspects of a business ensures that the board is aware of risks and can predict how such risks will be reflected in financial reports (Lipton et al., 2011). As a result, increased board diversity may result in a broadening of skillsets, which may improve the financial reporting process and result in fewer financial reporting issues.

2.2.4 The Recent Nigerian Code of Corporate Governance (NCCG)

Good corporate governance is beneficial to business. It has the potential to draw international investment into Nigerian enterprises. However, in order for this to happen, investors must have faith in Nigeria's legal system and its ability to safeguard minority interests. According to Ahunwan (2002), Nigeria has been under increasing international pressure to implement a robust corporate governance structure as well as a program of economic liberalization and deregulation in order to boost investors' confidence in conducting business in Nigeria. Nigeria has an evolving national code of corporate governance that reflects the country's specific sociopolitical and

economic context while also providing present and potential shareholders with the necessary assurances (Okike, 2007).

Nigeria's unique institutional arrangements may impact its model and style of corporate governance legislation, and these institutions can either support or hinder the implementation of good corporate governance principles in Nigeria (Adegbite, 2012). Nigeria's corporate governance code is expected to differ slightly from corporate governance laws in modern economies. This is because the peculiar nature of developing economies, such as Nigeria, will cause the governance processes of many private companies to differ from those of private companies in modern economies (Yakasai, 2001), due to a weak institutional environment plagued by corruption as well as conflicting codes (Adegbite, 2013) and regulatory multiplicity (Osemeke & Adegbite, 2016).

The Nigerian Code of Corporate Governance (NCCG) was published in 2020 for private firms, public companies, and non-profit entities. The revised Code is divided into seven (7) sections and includes twenty-eight (28) principles. It addresses the 'board of directors,' the 'audit,' the relationship with shareholders,' the 'business behavior with ethics,' the 'sustainability,' the 'transparency,' and the 'definitions.' The Code is founded on principles and needs a 'apply or explain' attitude. All businesses are obligated to follow the Code or explain why they do not. The 'apply or explain' method is intended to foster better corporate governance standards in Nigerian organizations. The Financial Reporting Council of Nigeria, the Code's issuer, will supervise implementation through sectoral or industry regulators. Each sectoral regulator has been given the

authority to impose appropriate sanctions for Code infractions based on sectoral or industry laws and regulations. The 2020 NCCG improves on the previous code in three key areas: by requiring companies to pay attention to sustainability issues such as environmental, social, occupational, and community health and safety issues; by promoting full and comprehensive disclosure and transparency to investors and stakeholders; and by requiring companies to pay attention to sustainability issues such as environmental, social, occupational, and community health and safety issues.

2.3 Review of Empirical Literature

2.3.1 Firm Size and Financial Reporting Quality

Swastika (2013) investigated the impact of corporate governance and firm size on the financial reporting quality of Indonesia Stock Exchange food and beverage companies. Multiple regressions were used to test the relationship and impact of corporate governance and firm size financial reporting quality on a total of fifty-one (51) companies. The study's findings show that only two corporate governance variables, the board of directors and audit quality, have a significant impact on financial reporting quality, and firm size has a significant impact on financial reporting quality as well.

The relationship between asset size and financial reporting quality is explained by Chan-Jane, Tawei, and Chae-Jung (2015), who refer to the spectacular attributes surrounding a firm's size. They looked into the relationship between two companies' attributes and adequate disclosures,

asset size, and listing status. The study used the Kendall rank correlation coefficient test and Wilcoxon to analyse 88 samples of firms, 44 of which are listed on the New York Stock Exchange (NYSE) and the other 44 of which are unlisted. It was discovered that asset size has an impact on financial reporting quality.

Kirubel (2016) investigated the determinants of financial reporting quality in large manufacturing companies in Addis Abeba; the study used a simple random sampling method to select fourteen (14) companies over a five-year period, yielding 70 observations. The panel least square regression analysis results revealed that: Type of Auditor and Share Dispersion, Firm Profitability have a significant and positive relationship on financial reporting quality manufacturing companies. Furthermore, the size of the firm has a negative and significant relationship with the financial reporting quality of manufacturing companies. The study recommends that investors conduct in-depth investigations into the internal controls of low-performing and large-firm companies in order to assess and improve the quality of their financial reporting.

Chan-Jane, Tawei, and Chae-Jung (2015) investigated the impact of firm characteristics on financial reporting in Spanish firms' annual reports. Multiple regressions were used as an analysis tool in the construction of an index of comprehensive disclosure using both qualitative and quantitative information. Based on the study, firm size has a significant impact on financial reporting. dividing firm characteristics into three categories: structure variables (firm size, growth, and leverage), performance variables (liquidity, earnings return, and profit margin), and market variables (auditor type, industry type, listing status), but limitations such as a small sample size of

only 50 firms and a limited number of disclosure items (16) may affect the statistical validity of their results.

2.3.2 Firm Liquidity and Financial Reporting Quality

Hamidzadeh and Zeinali (2015) investigated the impact of asset structure and liquidity on the financial reporting quality of Tehran Stock Exchange-listed companies (TSE). The causal research design was used in the study. The statistical population consisted of firms listed on the Tehran Stock Exchange, a systematic elimination sampling method was used to select 100 firms as the sample, and the time period ranged from 2007 to 2011. For analysis, the study used multivariate regression techniques. The study's findings revealed that liquidity has a significant and positive impact on financial reporting quality.

By analysing long-term trends in illiquidity measures for firms that restate their financial statements, Mahama and Safikhani (2014) investigated the relationship between liquidity and financial information quality. Amihud's method was used in the study (2002). The original sample consisted of 98 listed firms on the Tehran Stock Exchange between 2004 and 2011. The presence or absence of financial restatement cases was associated with the measurement of financial information quality in the study. Based on the study, for most income decreasing restatements, illiquidity rises prior to the announcement of the restatement and continues to rise after the announcement of the restatement. Overall, the findings indicated a positive relationship between financial information quality and liquidity.

Akhgar and Karami (2014) investigated the impact of firm characteristics on the financial reporting quality of companies listed on the Tehran Stock Exchange (TSE). A systematic deletion sampling model was used to select 120 active TSE companies from 1982 to 1991 as the study's sample size. The Pearson regression coefficient and the Lamer and Hussmann F-test were used to estimate generalised least square regression. The effects of seven factors, including firm size, leverage, board composition, institutional shareholding, liquidity, profitability, and firm growth, were studied in three formats. Profitability, size, liquidity, and firm growth were found to have a positive and significant influence on financial reporting quality, whereas leverage and board composition had a significant negative influence on financial reporting quality. Institutional shareholding, on the other hand, had no effect on the explained variable.

Mohamed Amr (2016) investigated the impact of liquidity on the quality of financial reports produced by firms listed on the Egyptian Stock Exchange. On a sample of 32 firms listed in 2014 and 2015, the study used a simple multiple regression model. The quick ratio was used to assess firm liquidity, and accounting conservatism was used to assess financial report quality. The findings revealed that liquidity level is a good enhancer of Egypt's financial reporting quality.

Shehu and Farouk (2014) investigated the impact of firm attributes on the quality of earnings of publicly traded oil and gas companies in Nigeria from 2007 to 2011. The analysis used a sample of seven firms from a list of nine (9) firms. Leverage, firm size, institutional ownership, liquidity, profitability, and firm growth are some of the firm attributes that are used. Dechow, Sloan, and Sweeney (1995) used a multiple regression technique on data obtained from annual reports of

companies. Based on the findings, liquidity, leverage, and firm growth all had a significant and positive impact on earnings quality. Meanwhile, institutional ownership, firm size, and profitability all had a significant but negative impact on the quality of earnings of Nigerian listed oil firms.

2.3.3 Firm Leverage and Financial Reporting Quality

Echobu, Okika, and Mailafia (2017) investigated the factors that influence the financial reporting quality of publicly traded Natural Resources and Agriculture companies in Nigeria. The population was made up of nine publicly traded companies, five of which were in agriculture and four of which were in natural resources. The study drew on a sample of seven companies drawn from the target population. Secondary data was gathered from company financial statements and thus covers the period from 2008 to 2015. The findings revealed a significant positive impact of leverage, board size, and liquidity on financial reporting quality.

In another dimension, Shehu and Bello (2013) used the Dechow and Dechev (2002) model to investigate the effect of firm characteristics such as monitoring, structure, and performance components on financial reporting quality of listed manufacturing firms in Nigeria. For the analysis, 24 firms with balanced panel data were used, and multiple regression was used as the data analysis technique. The findings revealed that highly leveraged firms are less likely to manage earnings, and institutional investors play an important monitoring role in mitigating managers' opportunistic tendencies toward earnings management.

Ishak, Amran, and Abdul Manaf (2018) investigated the impact of firm characteristics on financial reporting quality. Thompson Database was used as a secondary source of data. The sample consists of firms listed on the Bursa Malaysia Main Market from 2012 to 2015. The findings revealed that large corporations engage in earnings management. High-leveraged firms, on the other hand, are less likely to engage in earnings manipulation.

Shehu (2013) investigates the monitoring features and quality of financial reporting in Nigerian listed manufacturing companies. Earnings management using a modified Dechow and Dichev model was used as a proxy for financial reporting quality (2002). Ordinary Least Square regression was used with 32 firms and 160 observations. The findings revealed a positive and statistically significant relationship between leverage, audit committee, independent directors, managerial shareholdings, block, institutional, and financial reporting quality.

In addition, Olowokure, Tanko, and Nyor (2016) investigated the impact of firm structural characteristics on the quality of financial reporting of Nigerian listed deposit money banks. Secondary data was gathered from published annual reports of 13 publicly traded banks over a ten-year period (2005–2014). The study found no evidence of a significant effect of size, firm age, or leverage on financial reporting quality.

Mahboub (2017) investigated the factors that influence financial reporting quality. Financial statements from twenty-two (22) Lebanese banks covering the years 2012-2015 were used. As the dependent variable, the quality of financial reporting was indexed using a total of 40 items. The independent variables for bank specific characteristics are leverage, profitability, size, board

independence, board size, and ownership structure. The findings of a multivariate analysis using the Ordinary Least Square (OLS) model revealed that ownership structure and financial leverage have a significant positive impact on financial reporting quality. Meanwhile, profitability and bank size have little impact on the financial reporting quality of Lebanon's banks.

Adebayo and Adebisi (2016) investigated the impact of firm characteristics on the timeliness of financial reporting by Nigerian banks. Between 2005 and 2013, samples of fifteen publicly traded banks on the New York Stock Exchange were used. The OLS estimation technique was used. Except for leverage, all of the variables examined (bank size, leverage, profitability, audit firm size) were found to be statistically significant. Based on the findings, the majority of banks in Nigeria have improved their timely reporting of financial statements by complying with regulations.

2.3.4 Board Size and Financial Reporting Quality

Uwalomwa et al. (2018) investigated the impact of corporate governance on the quality of financial reports issued by Nigerian listed banks. The researchers analysed data from the annual reports of the Nigerian Stock Exchange-listed banks from 2008 to 2015. The size of the board of directors was used as a proxy for corporate governance by the researchers. Descriptive statistics, a correlation matrix, and panel data regression analysis were used to analyse the data. The size of the board was found to have a non-significant negative relationship with the quality of financial reports.

Yu (2008) acknowledged in another study that larger boards have a strong relationship with lower levels of earnings management. Onuorah and Imene (2016) investigated the quality of corporate governance and financial reporting in Nigeria. The study's goal was to assess the level of performance of some selected companies in Nigeria in terms of corporate governance measure indicators on the firm's quality of financial reporting, including commodities, breweries, banking, oil and gas, and beverages. The information was gathered between 2006 and 2015. An econometric analysis was performed, and the results indicate that board size has a positive impact on financial reporting quality as measured by firms' discretionary accruals. Ezat and El- Masry (2008) stated that the variability of the board's membership, combined with their desire to reveal more timely financial information, will pique the interest of more investors. This suggests that the desire for more timely disclosure grows with the size of the board.

Chalaki et al. (2012) investigated the corporate governance mechanism and the quality of financial reporting in Iran. The purpose of this study was to look into the impact of corporate governance attributes on financial reporting quality in firms listed on the Tehran Stock Exchange (TSE) from 2003 to 2011. The McNichols (2002) and Collins & Kothari (1989) models were used to assess financial reporting quality, with board size serving as a proxy for corporate governance attributes. Based on the study's findings, there is no relationship between board size and financial reporting quality.

Aigbovo and Ashafoke (2015) investigated the relationship between corporate governance and share price of Nigerian listed banks from 2002 to 2011. The researchers used panel data from

fourteen (14) sampled Nigerian Stock Exchange-listed banks. The data was analysed using descriptive statistics, correlation analysis, and panel regression methodology. The findings revealed that the size of the board of directors had a significant impact on the share price of Nigeria's listed banks. In another study, Patrick et al. (2015) found that corporate governance mechanisms such as board size have a significant impact on the quality of financial reports as measured by financial report timeliness.

2.3.5 Board Diversity and Financial Reporting Quality

Several studies have investigated the relationship between board diversity and financial reporting quality (see, Barua, Davidson, Rama, and Thiruvadi, 2010; D'onza & Lamboglia, 2014; Ho, Li, Tam, and Zhang, 2015; Klai & Omori, 2011; Makhlouf, Al-Surf, and Almubaideen, 2018; Pen & Vahamaa, 2010; Pulungan & Sadat, 2014; Yunos,

Other research (Dobbin and Jung, 2010; Labelle, Gargouri, & Francoeur, 2010) found a significant and negative relationship between board diversity and financial reporting quality. Furthermore, a third body of literature asserted that board diversity is unrelated to financial reporting quality (Firoozi, Magnan, & Fortin, 2016; Hoang, 2014; Wang, 2015; Muhammad, Ayoib & Noor, 2016).

In particular, when it comes to gender diversity, the traditional board make-up around the world does not easily support the linear relationship between gender diversity and financial reporting quality, as the male gender in the board room always outnumbered their female counterparts (Ilaboya & Lodikero, 2017). This is evidenced by European legislation requiring 40% female

representation on boards, as well as in Nigeria, where some government positions are reserved for women (for example, the ministry of finance). Despite the backdrop of gender inequality on the board, Makhoul et al., (2018) maintain that gender diversity is positively and significantly related to financial reporting quality when accounting conservatism is used as a metric.

Hope and Kemebradikemor (2019) investigated the impact of board characteristics on the financial reporting quality of publicly traded manufacturing firms. To test the hypotheses, the study used a multi-method quantitative design and the Generalized Linear Model. At a 5% significance level, the findings revealed that board independence and diversity have a significant influence on financial reporting quality.

Kreder (2016) investigated the relationship between female board participation and a firm's use of discretionary revenue recognition. The study found that female board members were negatively associated with discretionary revenue recognition in a sample of S&P 1500 firms from 2007 to 2014.

Branciarri and Poli (2017) investigated whether and how gender diversity on boards of directors affected the proclivity of Italian private unlisted companies to engage in earnings minimization, which is equivalent to financial reporting quality. The study found that gender diversity on corporate boards of directors has no effect on a company's proclivity to maximise profits.

2.4 Review of Theories

There have been theories developed about the firm's specific characteristics, corporate governance, and financial reporting quality. These theories are discussed in greater depth further down.

2.4.1 Agency Theory

Jensen and Meckling proposed this theory in 1976, and it has since become a popular theory in management and the social sciences (Ezelibe et al., 2017). This theory explains how ownership and management are separated in an organisation, as well as the relationship that exists between them. Based on the theory, in the presence of information asymmetry, the agent is more likely to pursue his personal interests, which may be detrimental to the owners of the organisation (Sanda, Mikailu, & Garba, 2005). Ezelibe et al. (2017), stated that the central philosophical tenet of this theory is that parties who enter into an agency agreement act in their own self-interest while also having the right and freedom to enter into other agreements. Agency theory is relevant to our investigation because it explains and ensures that the agent, whether an employee or a board of directors, acts in the best interests of the principal when performing ethical and boardroom duties. This theory can also be applied in other fields such as engineering, politics, and government.

The theory illuminates the agent-principal relationship. Management (agent) may provide misleading information to shareholders (owners) and other stakeholders when performing their role of disclosing financial information to them. This is due to their selfish interests. The issue of corporate governance arose as a result of the activities of managers or agents in sharp practises

that are usually not in the best interests of the principals (owners of the business). Over time, situations have arisen in which the Board of Directors does not act in the best interests of the shareholders. This is the central issue addressed by agency theory. This problem arises as a result of the separation of a firm's control and ownership; thus, the directors control the firm while the shareholders are the owners. This arrangement almost always results in a conflict of interest between ownership (shareholders) and control (directors) (Ogbaisi & Ezuem, 2021). The agency theory has also revealed that when the principal has enough information to evaluate the agent's activities and performance, the agent will tend to act in the best interests of the principal. As a result of this, as well as previous instances of financial scandal, both the local and international communities have levelled numerous criticisms at the quality of financial reports (Orlando, 2010). Numerous studies have been based on agency theory, implying that it is widely accepted and applicable. This theory, however, has been criticised for focusing solely on the agent-principal relationship and completely ignoring the organization's stakeholders, which include suppliers, creditors, and the environment in which the organisation operates.

2.4.2 Stakeholders Theory

In 1984, against the backdrop of the Agency theory, Edward Freeman proposed Stakeholder's theory. This theory was used by Freeman (1984) to explain the organization's tripartite relationship – between agents (employees and the board of directors), principals (owners), and stakeholders (creditors, suppliers, government, customers and so on). The role of morals and

values in organisational management is also addressed by stakeholder theory. This theory is relevant to our current research because it will allow us to broaden our understanding of the concept of stakeholders in an organisation. This theory is also applicable in other fields such as ethics, law, and organisational management.

While stakeholder theory addressed the shortcomings of agency theory, the concept of stakeholders is vague and poorly defined (Miles, 2012). As a result, even when an organisation attempts to identify its stakeholders, they assume equal stakeholder interest in the organisation, rendering the term "social contract" obsolete (Mansell, 2013).

2.4.3 Stewardship Theory

This theory is diametrically opposed to agency theory. Based on the stewardship theorists, directors frequently have interests that are compatible with those of shareholders. They believe that because managers are naturally trustworthy, there will be no significant agency costs (Donaldson, 2003). Donaldson and Davis (1991) propose an alternative model in which organisational role holders are reconceived as being motivated by a need to achieve and gain intrinsic satisfaction by successfully performing inherently difficult work, exercising responsibility and authority, and thus gaining recognition from peers and bosses. They asserted that where managers have served a corporation for several years, the individual ego in the corporation merges.

The stewardship theory postulates that a steward protects and maximises shareholder wealth through firm performance because doing so maximises the steward's utility functions. The steward gains more utility from achieving organisational goals than from self-serving behaviour. The theory recognises the fundamentals of structures that empower the steward, providing maximum autonomy built on trust. Reduces the cost of mechanisms for monitoring and controlling behaviour (Amah & Ekwe, 2021).

2.5 Theoretical Framework

This study will be anchored on the agency theory. This theory explains how ownership and management are separated in an organisation, as well as the relationship that exists between them. Based on the theory, in the presence of information asymmetry, the agent is more likely to pursue his personal interests, which may be detrimental to the owners of the organisation (Sanda, Mikailu, & Garba, 2005). Ezelibe et al. (2017), stated that the central philosophical tenet of this theory is that parties who enter into an agency agreement act in their own self-interest while also having the right and freedom to enter into other agreements. Agency theory is relevant to our investigation because it explains and ensures that the agent, whether an employee or a board of directors, acts in the best interests of the principal when performing ethical and boardroom duties. This theory can also be applied in other fields such as engineering, politics, and government.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter discusses the method, the steps and the procedures to be employed in carrying out the study. It includes the research design, the population and sample of the study, the method of data collection, method of data analysis, the model specification and operationalization of the variables.

3.2 Research Design

This study will adopt a causal relationship research design to examine the determinants of the financial reporting quality of listed of DMBs in Nigeria. This enabled the researcher to understand how one variable under study affects, or was responsible for changes in another variable. Causal research design was chosen because in business research, the cause-effect relationship is less

explicit. Cooper and Schindler (2014) pointed out that, the use of a causal research design eases the understanding, explanation, prediction and control of any relationship between variables under study.

3.3 Population and Sample Selection

A population represents a set of objectives, cases or individuals that have the same characteristics which are observable. To add also, the target population is defined as that one to which a particular research intends to normalize the results of his or her study (Mugenda & Mugenda, 2003). The population of the study covered deposit money banks listed in the Nigerian exchange group. There are a total of fourteen deposit money banks listed in the Nigerian exchange group, therefore our population was fourteen listed deposit money banks in Nigeria.

3.4 Sample Size and Sampling Techniques

The census sampling technique will be adopted in this study. Since the target population of this study comprises of the fourteen deposit money banks listed in the Nigeria Exchange Limited and this number is relatively small.

3.5 Method of Data Collection

This study used secondary sources of data. The Secondary data was obtained from audited financial statements and annual reports of the listed deposit money banks in Nigeria. The secondary sources of data include books, annual statements of listed deposit money banks, journal articles, publications and reports published by the institution under study (Nigerian Exchange

Group). The type of data collection procedure employed is convenient and effective as it saved time and money.

3.6 Model Specification

To determine our proxy of financial reporting quality, the level of discretionary accruals (residuals) is used (higher level of the residual indicates a lower level of accrual and earnings quality). Discretionary accruals are accruals that do not relate to normal operating activities, and so a higher level of these accruals may indicate that management has been able to exert its power over the auditor by being able to report on terms favourable to management (earnings management). To measure discretionary accruals, this study adopts a performance matched Modified-Jones (1991) discretionary accruals model. This is because Dechow et al. (1995) provide evidence that the modified Jones model had the highest statistical power in detecting earnings management, and Kothari et al. The performance-matched Modified-Jones (1991) discretionary accruals model is mathematically presented as follows;

$$C_{it} = \beta_0 + \beta_1(\Delta REV_{it} - \Delta REC_{it}) + \beta_2 PPE_{it} + \beta_3 TA_{it-1} + \beta_4 GRWTH_{it} + \varepsilon_{it} \dots \dots \dots (3.1)$$

Where:

TACC_{it} = Total accruals (difference between net income and operating cashflows) of bank I in year t scaled by total assets

ΔREV_{it} = Change in revenue/sales of bank I in year t scaled by total assets

ΔREC_{it} = Changes in receivables of bank I in year t scaled by total assets

PPE_{it} = Gross plant, property and equipment of bank I in year t

TA_{it-1} = Lag total assets of bank I in year t scaled by total assets

$GRWTH_{it}$ = the ratio of next year's sales to this year's sales

And $\beta_1, \beta_2, \beta_3, \beta_4$, are parameters estimates; β_0 intercept

E_{it} = the residual from the regression (the measure of discretionary accruals, i.e Financial Reporting Quality)

After estimating our proxy for financial reporting quality from model one, the model of the study is as follows;

Financial Reporting Quality = f (Determinants)

Financial Reporting Quality = f(Firm Size, Firm Liquidity, Firm Leverage, Board Size and Board Diversity)

$$FRQ_{it} = \beta_0 + \beta_1 FSZ_{it} + \beta_2 FLQD_{it} + \beta_3 FLEV_{it} + \beta_4 BSZ_{it} + \beta_5 BDIV_{it} + \epsilon_{it} \dots \dots \dots (3.2)$$

Where:

FRQ_{it} = Financial Reporting Quality of bank I in year t

FSZ_{it} = firm size of bank I in year t

FLQDit = Firm liquidity of bank I at year t

FLEVit = Firm leverage of bank I at year t

BSZit = Board size of bank I at year t

BDIVit = Board diversity of bank I at year t

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are parameters estimates; β_0 intercept ε = Residuals

3.7 Variable Measurement and Model Specifications

In this section, the variables use to test the hypotheses formulated in this study are presented and measured. The model of the study as well as the model used to extract the measure of financial reporting quality is also presented here.

3.7.1 Variable Measurement

The design adopted is a two stage design; in the first stage, our measure of financial reporting quality is generated from the residuals of modified Jones model (that is, the discretionary accruals). In the second stage, the study tests the effect as well as the relationship between deterministic variables of financial reporting quality and financial reporting quality of listed deposit money banks in Nigeria. The measurements of the variables used to achieve the research objectives are presented in Table 3.1;

Table 3.1 Variables Measurement

Variable name	Symbol	Expected Relationship	Measurement	Source
Financial reporting quality	FRQ		Inverse of earnings management (discretionary accruals), measured by the level of absolute discretionary accruals from the residuals of the performance-matched modified Jones (1991) discretionary accruals model.	Ishaq and Che-Ahmad (2016)
Firm size	SIZC	Positive	Natural logarithm of the total asset of the company	Carslaw and Kaplan, (1991)
Firm Liquidity	FLQD	Positive	Current Assets/Current Liability	Mugenyah (2015)
Firm Leverage	FLEV	Negative	Total Debt / Total Assets	Amara and Bilal (2014)
Board Size	BSZ	Positive	Aggregate number of directors	Uwuigbe et al. (2014)
Board Diversity	BDIV	Positive	Ratio of male to female directors	Uwuigbe et al.

Source: Researcher's compilation from various sources, 2022

3.8 Method of Data Analysis

Panel multiple regression was used to analyse the data in order to establish relationship between the variables. Multiple regression was considered appropriate in view of the fact that it helps in not only establishing relationship between variables, but shows the cause and effect relationship. In order to achieve reliability of the result, robustness tests that include multicollinearity test, Hausman test and heteroskedasticity test were conducted.

3.9.1 Diagnostic and Robustness Tests

The following robustness tests were conducted in order to improve the validity of the results:

- (i) **Multicollinearity Test:** The study adopted multiple regression models to ascertain the association between the independent and dependent variables. Where the association is highly correlated, multicollinearity exists. For that the study tested for it, to see the possibility of its existence or otherwise. This was done using variance inflation factor (VIF) and tolerance value.
- (ii) **Heteroskedasticity Test:** The study deals with observations that constitute different sizes, some are in decimal while others in units, and that heteroskedasticity sometimes occurs when there is a large difference among the sizes of observations. For that, the

study had to run a heteroskedasticity test in order to see its existence or otherwise. It was done using Breusch-pagan/cookweisberg test for heteroskedasticity.

- (iii) **Hausman Test:** In view of the fact that both fixed and random effect tests were conducted, Hausman test was used to decide the best out of the two results. The test enabled the researcher to choose the most appropriate between the fixed and random effect models.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSES

4.1 Introduction

In this chapter, the descriptive and inferential statistics of the data collected for the study are presented, discussed and interpreted. The chapter begins with the discussion of the descriptive statistics of the variables, and then the correlation matrix of the variables of the study. This is followed by the presentation, interpretation and discussion of the regression results and test of hypotheses of the study. The chapter ends with the discussion of the major findings of study and the policy implications of the findings.

4.2 Descriptive Statistics

This section of the chapter presents and discusses the descriptive statistics of the variables, as presented in Table 4.1;

Table 4.1: Descriptive Statistics of the Variables

Variables	Mean	SD	Min	Max	Skewness	Kurtosis
FRQ	0.1553	0.1650	0.0026	0.9822	2.5001	10.7346
FSZ	7.0893	0.6198	6.3401	8.8864	1.8397	5.7163
FLQD	5.4814	16.8108	0.0403	2.5082	4.7447	27.5374
BSZ	6.3776	2.1611	7.0000	12.0000	-0.2540	3.2580
FLEV	0.2412	0.1346	0.0412	0.5745	4.7753	25.8547
BDIV	1.3265	1.0724	0.0000	3.0000	0.1791	1.7774

Source: STATA OUTPUT (2022)

Table 4.1 indicates that the measure of financial reporting quality (FRQ), absolute discretionary accruals of the sampled listed deposit money banks has an average value of 0.1553 with standard deviation of 0.1650, and minimum and maximum values of 0.0026 and 0.9822 respectively. The coefficient of Skewness 2.5001 indicates that the data is positively skewed, that is, most of the data are on the right side of the normal curve. Similarly, the value of kurtosis 10.7346 on the other hand, suggests that the data does not follow the normal curve as required by the Gaussian distribution assumption.

Table 4.1 also shows that the sampled deposit money banks have an average firm size of 7.0893, with standard deviation of 0.6198, and the minimum and maximum value of 6.3401 and 8.8864 respectively. Moreover, the kurtosis value of 5.7163 shows that data is non-normal, on the other hand, the coefficient of Skewness 1.8397 implies that the data is positively skewed, that is, most of the data are on the right side of the normal curve.

The descriptive statistics in Table 4.1 shows that on average the firm liquidity during the period of the study is 5.481, with standard deviation of 16.8108. This implies that the data deviate from the mean from both side by 16.8108. The standard deviation suggests that the data is widely dispersed because it is higher than the mean. The minimum and maximum values of FLQD are 0.0403 and 2.5082 respectively. The coefficient of Skewness 4.7447 implies that the data is positively skewed, and therefore does not conform to the symmetrical distribution requirement of normal data. Similarly, the coefficient of Kurtosis 27.5374 also supports that the variable does not meet the Gaussian distribution criterion of the normal data.

The mean of board size as indicated by table 4.1 is 6.3776, representing the average BSZ of the sampled deposit money banks in the study. The standard deviation is 2.1611 indicating a relatively high variability among the variables. It means that most of the banking companies are not within the same range in terms of their BSZ. The minimum and the maximum BSZ of sampled firms are 7 and 12 respectively. This implies that the range of total number of directors in the board of the banks is from 7 to 12, indicating a relatively low range in BSZ of the sampled deposit money banks. It implies that the difference between the firm with the lowest BSZ and the banking company with the highest BSZ is 5. The value of skewness of -0.2540 indicates that the data is negatively skewed from the origin. This coefficient of kurtosis is 3.2580 which implies that the Gaussian distribution assumption of normal data has not been met.

Table 4.1 showed that average firm leverage (FLEV) across the sampled deposit money banks within the period of the study is 0.24. The standard deviation is 0.13 indicating a very low level of variability in the FLEV among the banks. The difference between the mean and the standard deviation is 0.11. This indicates a very low variability around the mean. The implication is that there is very small difference in the FLEV of the banking firms in Nigeria. The minimum and maximum are 0.04 and 0.57 respectively. Thus, the range value is 0.53 representing the difference between the maximum and minimum FLEV among the sampled deposit money banks. The coefficient of Skewness 4.7753 implies that the data is positively skewed, and therefore does not conform to the symmetrical distribution requirement of normal data. Similarly, the coefficient of Kurtosis 25.8547 also indicates that the variable does not meet the Gaussian distribution assumption of normal data.

The mean of board diversity as indicated by table 4.1 is 1.3265, representing the average BDIV of the sampled deposit money banks in the study. The standard deviation is 1.0724 indicating a very low variability among the variables. It means that most of the banking companies are within the same range in terms of their BDIV. The minimum and the maximum BDIV of sampled firms are 0 and 3 respectively. The value of skewness of 0.1791 indicates that the data is positively skewed from the origin. The coefficient of kurtosis is 1.774.

Therefore, the study adopts Shapiro Wilk test for normal data to find statistical evidence as to whether the data of the variables of the study follow the normal curve or not. The results of the test are presented in Table 4.2.

Table 4.2: Normality Test of Data

Variables	W	V	Z	P-Values
FRQ	0.6037	29.976	7.500	0.0000
FSZ	0.2731	54.985	8.838	0.0000
FLQD	0.9732	2.028	1.559	0.0595
BSZ	0.4267	43.368	8.314	0.0000
FLEV	0.5847	31.410	7.603	0.0000
BDIV	0.3213	41.236	7.521	0.0000

Source: STATA OUTPUT (2022)

Null hypothesis principle is used in the Shapiro-Wilk (W) test for normal data, under the principle; null hypothesis that “the data is normally distributed” is tested. Table 4.2 indicates that data from

the variables of the model are not normally distributed because the P-values are significant at 1% level of significance (p-values of 0.0000), except the firm liquidity (FLQD) variable, which is not significant at 5% level of significance (p-value of 0.0595). Therefore, the null hypothesis (that, the data is normally distributed) is rejected for FRQ, FSZ, BSZ, FLEV, and BDIV while not rejected for the FLQD. This may lead to some problems in OLS regression and, hence the need for a more generalized regression models.

Therefore, following analysis of the descriptive statistics and normality of the data, the inferential statistics of the data collected from which the hypotheses of the study are tested are presented and interpreted in the following section.

4.3 Correlation Results

In this section, the summary of the Pearson correlation Coefficients of the variables of the study are presented in Table 4.3.

Table 4.3: Correlation Matrix of Dependent and Independent Variables

Variables	AQ	FSZ	FLQD	BSZ	FLEV	BDIV
FRQ	1.0000					
FSZ	0.7587 (0.0000)	1.0000				
FLQD	0.1347 (0.0000)	0.2649 (0.0000)	1.0000			
BSZ	0.4899 (0.0788)	0.3335 (0.0013)	-0.0323 (0.0014)	1.0000		

FLEV	-0.5746 (0.0000)	0.7277 (0.0000)	-0.0767 (0.4723)	-0.1308 (0.2190)	0.510493 (0.0000)	
BDIV	0.43443 (0.0023)	0.5434 (0.0005)	-0.0767 (0.3464)	0.1308 (0.0865)	0.2333 (0.5667)	1.0000

P-Values in Parentheses

Source: STATA OUTPUT (2022)

The correlation matrix from Table 4.3 shows the determinants of financial reporting quality of the selected listed deposit money banks in Nigeria. The table shows a significant positive correlation between financial reporting quality (FRQ) and the firm size (FSZ) as measured by the natural logarithm of total assets, from the correlation coefficient of 0.7587 which is statistically significant at 1% level of significance (p-value of 0.0000). This result implies that the size of the firms is positively related with the quality of financial reporting in the banking companies in Nigeria. This could be due to their expertise and different industry experience they have which could be interpreted as less earnings management and higher quality reporting. However, the result is consistent with the proposition that larger firms are more closely watched, analyzed and scrutinized by stakeholder outside the firm. As a result, they are forced to present qualitative financial statement to enhance public confidence.

Table 4.3 also shows a positive relationship between financial reporting quality (FRQ) and firm liquidity (FLQD) from the correlation coefficient of 0.1347 which is not statistically significant at all levels of significance (p-value of 0.0000). This result implies that the liquidity in the deposit money banks in Nigeria is significantly related with their financial reporting quality. The result

supports the view that increases in liquidity of firms enhances their capacity to finance quality auditing.

The Table on the other hand indicates insignificant positive relationship between financial reporting quality (FRQ) and firm board size (BSZ), from the correlation coefficient of 0.4899 which is statistically insignificant at 1% level of significance (p -value of 0.0788). This implies that the board size of the listed deposit money banks in Nigeria is not significantly related with their financial reporting quality.

Finally, the correlation matrix showed that the coefficient of correlation between financial reporting quality and firm leverage (FLEV) is -0.5746. The result implies that FLEV has a negative relationship with FRQ of quoted deposit money banks in Nigeria. That is, the more banks' firm leverage, the less the quality of their financial report. The result suggests that firm leverage has some negative relationship with financial reporting quality of quoted deposit money banks in Nigeria.

Finally, the correlation matrix showed that the coefficient of correlation between financial reporting quality and board diversity (BDIV) is 0.4344. The result implies that BDIV has a positive relationship with FRQ of quoted deposit money banks in Nigeria. That is, the more firms' board diversity the greater the quality of their financial report.

4.4 Regression Results and Hypotheses Testing

This section presents and analyzes the regression results of the models of the study. The section begins with the analysis of model one as presented in Table 4.4.

Table 4.4: Robust OLS Regression Results: Model One (Performance Matched Modified Jones Model)

Variables	Statistics	P-Values
R²	0.3646	
F-Statistic	14.19	0.0000
Hetttest: Chi2	36.75	0.0000
Mean VIF	1.32	
Random Effect Test: Chi2	1.08	0.2982

Source: STATA OUTPUT (2022)

The measure of financial reporting quality in this study is extracted from model one (performance matched modified Jones Model). However, the classical assumptions of OLS regression with regard panel data require the model to be fit and unbiased for a valid interpretations and

conclusions. As such this study subjected the model to other regression models (Fixed and Random Effects) in addition to OLS and the robustness tests conducted. For instance, the results in table 4.4 shows a presence of Heteroskedasticity in the panel as indicated by the Breuch Pagan/Cook-Weisberg test for heteroskedasticity Chi2 of 36.75 with p-value of 0.0000. This proved that the assumption of constant variance of the error term (homocedasticity) is not been met, and as a result OLS estimators will not be best linear unbiased estimators (BLUE). This is corrected using robust OLS (heteroskedasticity corrected standard errors), after the results of random effect test, Breusch and Pagan Lagrangian Multiplier Test for Random Effects, which indicated that there is no statistical significant variance among the units in the panel (Chi2 of 1.08 with p-value of 0.2982), implying that OLS technique is appropriate with respect to model one. The table on the other hand, indicated the absence of the perfect multicollinearity among the explanatory variables, as shown by the mean VIF of 1.32. The decision criterion for the Variance Inflation Factor is that a value of 10 and above implies the presence of perfect multicollinearity.

Moreover, table 4.4 indicates that the independent variables of model one explained around 36.46% of the total variations in the dependent variable, from the coefficient of determination (R^2 value of 0.3646). The table also shows that the model is fitted from the F-Statistic of 14.19 which is statistically significant at 1% level of significance (as indicated by the P-value of 0.0000). This study measured financial reporting quality from the residuals of model one.

Table 4.5: Random Effects Regression Results and Robustness Tests: Model Two (Determining Variables (Firm Size, Firm Liquidity, Board Size, Firm Leverage and Board Diversity) and Deposit Money Banks' Financial Reporting Quality)

Variables	Statistics	P-Values
R² Within	0.7410	
R² Between	0.6301	
R² Overall	0.7024	
Wald Chi2	228.63	0.0000
Hetest: Chi2	0.02	0.9003
Mean VIF	2.42	
Random Effect Test: Chi2	20.12	0.0000

Source: STATA OUTPUT (2022)

Table 4.5 presents the regression results (of the model two (model of the study)). The table shows an absence of Heteroskedasticity in the model as indicated by the Breuch Pagan/CookWeisberg test for heteroskedasticity Chi2 of 0.02 with p-value of 0.9003. The table also indicated the absence of the perfect multicollinearity among the explanatory variables, as shown by the mean VIF of 2.42. However, the Breusch and Pagan Lagrangian Multiplier Test for Random Effects indicated a significant statistical variance in the panel, from the Chi2 of 20.12 with p-value of 0.0000, implying that random effect regression model is the most appropriate model for the study.

The table on the other hand indicates that the independent variables (firm size, firm liquidity, board size, firm leverage and board diversity) explained around 70.24% of the total variations in the dependent variable (financial reporting quality) of the listed deposit money banks in Nigeria, from the overall coefficient of determination (Overall R2 value of 0.7024). The table also shows that the model is fitted from the Wald Chi2 of 228.63 which is statistically significant at 1% level of significance (P-value of 0.0000). Therefore, the study tests the hypotheses formulated in the following section.

4.4.1 Hypotheses Testing

In this section of the chapter, the study tests the hypotheses formulated for the study, Table 4.6 presents the coefficients of the variables of the study from which the hypotheses are tested.

Table 4.6: GLS Estimators: Model Two

Variables	Coefficients	Z-VALUES	P-Values
FSZ	0.5792	3.35	0.001
FLQD	0.4454	4.03	0.000
BSZ	0.5511	6.39	0.000
FLEV	-0.0212	-1.06	0.288
FDIV	0.1232	2.01	0.001
CONSTANT	0.0194	1.02	0.309

Source: STATA OUTPUT (2022)

H₀₁: Firm size has no significant impact on financial reporting quality of quoted deposit money banks in Nigeria.

Table 4.6 indicates that, firm size (FSZ) has a significant positive effect on the financial reporting quality of the sampled deposit money banks in Nigeria, from the coefficient of 0.5792 with Z-value of 3.35, which is statistically significant at 1% level of significance (p-value of 0.001). This results suggests that the more a firm expands in relation to its total assets, the more the discretionary accruals reduces by 57.92k and the financial reporting quality will increase accordingly, this is significant at 99% confidence level. In view of this, the study rejects the null hypothesis one (H₀₁) which states that, firm size has no significant effect on the financial reporting quality of listed deposit money banks in Nigeria. The study therefore infers that the size of the bank is significant in uncovering material errors and misstatements in the financial statements of the listed banking companies in Nigeria during the period covered by the study.

H₀₂: Firm Liquidity has no significant impact on financial reporting quality of quoted deposit money banks in Nigeria

The Table also indicates that liquidity (FQD) has a significant effect on the financial reporting quality of the sampled deposit money banks in Nigeria, from the coefficient of 0.4454 with Z-value of 4.03, which is statistically significant at all levels of significance (p-value of 0.000). This results suggests that liquidity of the listed deposit money banks in Nigeria has positive and statistically significant effect on the financial reporting quality at all levels. Based on this, the study rejects the null hypothesis two (H02) which states that, liquidity has no significant effect on the financial reporting quality of listed deposit money banks in Nigeria. The study therefore infers that selected listed deposit money banks' level of cash at hand for settling their financial obligations as they come due is significant in uncovering material errors and misstatements in their financial statements in Nigeria during the period covered by the study.

H₀₃: Firm Leverage has no significant impact on financial reporting quality of quoted deposit money banks in Nigeria.

Lastly, Table 4.7 shows that firm leverage (FLEV) has insignificant negative effect on the financial reporting quality of listed deposit money banks in Nigeria, from the coefficient of -0.0212 with Z-value of -1.06, which is statistically insignificant at 0.05 level of significance (p-value of 0.288). This suggests that, a unit increase in firm leverage causes discretionary accruals to increase by 44.54k and financial reporting quality deteriorates insignificantly. Based on this, the study fails to reject the null hypothesis three (H03) which states that firm leverage has no significant effect on the financial reporting quality of listed deposit money banks in Nigeria. The

regression result, therefore, means that FLEV is not one of the variables that significantly influence financial reporting quality of quoted deposit money banks in Nigeria. The finding is not in line with the earlier expectation that firm leverage has a significant impact on financial reporting quality of quoted deposit money banks in Nigeria.

H₀₄: Board size has no significant impact on financial reporting quality of quoted deposit money banks in Nigeria.

The results from Table 4.6 also show that board size (BSZ) has significant positive effect on the financial reporting quality of listed deposit money banks in Nigeria, from the coefficient of 0.5511 with Z-value of 6.39, which is statistically significant at 1% level of significance (p-value of 0.000). This result implies that a one-point increase in BSZ, would result in a reduction in discretionary accruals by 55.11k and an improvement in financial reporting quality. Based on this, the study rejects the null hypothesis four (H₀₄) which states that, board size has no significant effect on the financial reporting quality of listed deposit money banks in Nigeria. The study therefore infers that board size of the listed deposit money banks in Nigeria improves the quality of financial reporting during the period covered by the study.

H₀₅: Board diversity has no significant impact on financial reporting quality of quoted deposit money banks in Nigeria.

The results from Table 4.6 also show that board diversity (BDIV) has significant positive effect on the financial reporting quality of listed deposit money banks in Nigeria, from the coefficient of

0.1232 with Z-value of 2.01, which is statistically significant at 1% level of significance (p-value of 0.001). This result implies that a one-point increase in BDIV, would result in a reduction in discretionary accruals by 12.32k and an improvement in financial reporting quality. Based on this, the study rejects the null hypothesis five (H05) which states that, board diversity has no significant effect on the financial reporting quality of listed deposit money banks in Nigeria. The study therefore infers that board diversity of the listed deposit money banks in Nigeria improves the quality of financial reporting during the period covered by the study.

4.5 Discussion of Major Findings

The tests and interpretations of the results from this study show that there is a significant positive relationship between the determining variables covered (except FLEV) and financial reporting quality in the listed banking companies in Nigeria. Evidence from the results show that the determining variables covered (firm size, firm liquidity, board size, firm leverage and board diversity) accounted for about 70.24% of the total variations in the financial reporting quality. Moreover, the study found that the natural logarithm of the firms' total assets has significant statistical positive impact on the financial reporting quality, suggesting that the size of the firm is significant in enhancing the independence and objectivity of the auditor; hence, making the auditor capable of detecting and reporting unethical practices, which affect the quality of financial reporting positively. This finding supports those of DeAngelo (1981), Krishnan and Schauer, (2000), Lennox, (1999), Krishnan (2003) Zhou and Elder (2001) and Bauwhede et al., (2000),

who revealed that the size of the firm enhances the financial reporting quality and financial reporting in return. This could be as a result of the expertise and relevant industry experiences, and the use of modern audit facilities in conducting an audit exercise.

The study on also found that firm liquidity is significant in improving the quality of financial reporting in the Nigerian listed banking firms during the period under review. This finding is in line with the findings of Fagbem and Uadiale (2011), Vuko and Cular (2014) and Ibadin and Elijah (2015) who documented evidence that an increase in firms' liquidity creates a favourable situation where firms are able to cover the cost of contracting the Big N auditors in Nigeria thereby enhancing the quality of the auditing since those firms are perceive to draft quality financial statements than the other auditing firms but contradict findings of Oladipupo (2011) and Modugu et al. (2012) who states that a firm may still be able to cover the cost of quality auditing irrespective of its liquidity level.

The study also found that BSZ has a significant positive impact on the financial reporting quality of the listed deposit money banks during the period under review. Essentially, the larger the board size, the large the number of individuals' contribution on firms' related decision (in this case financial reporting quality). This finding suggests that in the context of earnings management, firm BSZ improves the quality of financial reporting. The finding is consistent with the study conducted by Dibia and Onwuchekwa (2013), Salem (2013) and Saqer (2015) who show that BSZ

has a positive effect on the financial reporting quality of firms. And also, contradict the findings of Iyoha (2012), and Ibadin and Elijah (2015).

Furthermore, the study found that the firm leverage is insignificant in reducing the financial reporting quality of the deposit money banks. The implication of this finding is that firm leverage is not one of the factors that impact on financial reporting quality of quoted deposit money banks in Nigeria. The result is in line with findings of Vuko and Cular (2014) and contrary to the finding of Gajevsky (2015).

Lastly, the study found that the board diversity is significant in improving the financial reporting quality of the deposit money banks. The implication of this finding is that board diversity is one of the factors that impact on financial reporting quality of quoted deposit money banks in Nigeria.

4.6 Policy Implication of Findings

The findings from this study have implication to the policy makers and auditors. The findings implied that firm leverage does not matter with regard to the quality of financial reporting. Therefore, the management concern over the leverage of the firm is not a major problem in the financial reporting quality of the listed deposit money banks in Nigeria. The findings also show that if the firm size increases, it is likely that a high quality financial reporting could be achieved because due time would be taking for the drafting of financial statements. Moreover, the findings suggest that the engagement of large audit firms due to enhanced liquidity level is necessary to achieve a higher financial reporting quality.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study, presents the conclusion reached and advances some policy recommendations.

5.2 Summary of Findings

This study examined the determinants of financial reporting quality of listed deposit money banks in Nigeria. The study covers the firm size, firm liquidity, firm leverage, board size and board diversity as determining variables. The study employs secondary sources of data from the financial statements for the period of six years (2015– 2020). Random Effects Regression technique of data analysis was used in the analysis of data. The study found a significant positive relationship between the determining variables (except firm leverage) and financial reporting quality during the period under review. The study showed that variable covered explained about 70% of the total variation in the financial reporting quality during the period.

From the tests conducted on the data collected and the analyses of the results this study found that the variables covered are strongly associated with financial reporting quality of quoted deposit money banks in Nigeria.

Specifically, from the regression results conducted the study found a significant relationship between the financial reporting quality and the determining variables (firm size, firm liquidity, board size and board diversity) while an insignificant relationship was found between firm leverage. Specifically, the study found that firm size, firm liquidity, board size and board diversity have a significant positive relationship with financial reporting quality of quoted deposit money banks in Nigeria while firm leverage have a negative insignificant relationship with financial reporting quality of quoted deposit money banks in Nigeria.

5.3 Conclusion

Based on the tests conducted on the data and analyses of the results, this study found that the determining variables have significant impact on the financial reporting quality of quoted deposit money banks in Nigeria during the period covered by the study. The study therefore concludes that:

- i. Firm size has a significant positive impact on the financial reporting quality of quoted deposit money banks in Nigeria. This means that increase in the size of the company in term of total asset, the greater the quality of their financial statement.
- ii. Firm liquidity impact positively and significantly on financial reporting quality of quoted deposit money banks in Nigeria. This means that financial reporting quality of quoted deposit money banks in Nigeria is largely influenced by the ability of the firm to fulfil its financial obligations as they come due.

- iii. Firm leverage of a firm has an insignificant negative impact on financial reporting quality of quoted deposit money banks in Nigeria. This means that the ratio of banks' debt to equity has an insignificant implication on their financial reporting quality. Hence, firm leverage is not an important variable in explaining financial reporting quality of quoted deposit money banks in Nigeria.
- iv. Board size has a positive significant impact on financial reporting quality of quoted deposit money banks in Nigeria. This implies that the advantage of larger board size as it relates to more individuals' involvement in decision making significantly improves the financial reporting quality of deposit money banks in Nigeria.
- v. Board diversity has a positive significant impact on financial reporting quality of quoted deposit money banks in Nigeria. This implies that the more diverse a board is as it relates to gender diversity, the more improved the financial reporting quality of deposit money banks in Nigeria.

5.4 Recommendations

In line with the findings and the conclusions of this study, the study recommends that policy makers and regulators should intensify regulations and surveillances in the deposit money banks due to the evidence of financial reporting quality that is associated with the determining variables. Particularly, they should make it a policy that quoted companies, especially deposit money banks should take into cognizance these variables employed in this study excluding firm leverage and

this could improve the audit work and the financial reporting quality. Specifically, the following recommendations are offered:

- i. Despite the structural and administrative complexities that are associated with larger companies, managers should deploy a means of reporting quality financial statement in order to boost the investors' confidence in the organization. This is evidenced from our finding that company size impact positively on financial reporting quality of quoted deposit money banks in Nigeria.
- ii. Managers of deposit money banks in Nigeria should strive for improved liquidity level if they are to enjoy quality financial reporting. This is evidenced from the fact that liquidity has positive and significant impact on financial reporting quality of quoted deposit money banks in Nigeria.
- iii. Banks should maintain adequate and effective corporate governance practices (board size and board diversity) as such was found to have a significant impact on the financial reporting quality of firms.
- iv. In relation to firm leverage, banks should ensure an optimum leverage level is maintained as such would continuously minimise the adverse effect of leverage on financial reporting quality.

5.4 Limitation and Areas for Further Studies

The study examined the impact of firm attributes on financial reporting quality of quoted deposit money banks in Nigeria using statistical tools and data collected from the financial statement of quoted deposit money banks within the period of the study (2015-2020). This study therefore, limited itself to the scope and objectives earlier as specified in the chapter one of the study and caution should be exercised in using the work as a basis for generalization.

In the process of this research, some certain areas that could be investigated have surfaced. For instance, the impact of audit firms' features and governance attributes on financial reporting quality in banking and other sectors of the Nigerian economy requires research effort, especially as they are not covered in this study. There is the need for similar studies that will assess the relationship between company features and financial reporting quality of quoted deposit money banks using different tool of analysis like survey of stakeholders' opinion about determinant of financial reporting quality, so as to see how company features can be used to achieve prompt utilization of financial statement for informed decision making.

There is also the need to conduct similar research using a different source of data, employing different financial reporting quality and determining variables, and using different scales of measurement of variables and techniques for data analysis. Further research in these areas would not only complement this study, but would also help in bringing about improvement in financial reporting practices in the Nigerian corporate landscape.

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APPENDIX

YEAR	Banks	FSZE	FLQD	FLEV	BSIZE	BDIV
2015	Access Bank Plc	2,591,330,151,000.00	1.216669	4.293179	16	5
2016	Access Bank Plc	3,483,865,564,000.00	1.223232	6.760526	15	5
2017	Access Bank Plc	4,102,242,823,000.00	1.257659	4.048404	15	6
2018	Access Bank Plc	4,954,156,938,000.00	1.232681	5.18616	16	6
2019	Access Bank Plc	7,143,157,088,000.00	1.243196	3.728524	17	6
2020	Access Bank Plc	8,679,747,714,000.00	1.209101	3.270298	18	6
2015	UBA Plc	2,752,622,000,000.00	1.175076	2.633105	16	4
2016	UBA Plc	3,504,470,000,000.00	1.166618	2.52118	19	3
2017	UBA Plc	4,069,474,000,000.00	1.170956	1.875488	19	3
2018	UBA Plc	4,869,738,000,000.00	1.127447	1.728513	19	4
2019	UBA Plc	5,604,052,000,000.00	1.124484	4.523938	19	4
2020	UBA Plc	7,697,980,000,000.00	1.110091	4.995694	16	4
2015	Zenith Plc	4,006,842,000,000.00	49.17945	4.150294	12	2
2016	Zenith Plc	4,739,825,000,000.00	37.51799	4.809402	11	1
2017	Zenith Plc	5,595,253,000,000.00	35.21235	2.825678	13	1
2018	Zenith Plc	5,955,710,000,000.00	33.22566	1.47963	12	1
2019	Zenith Plc		29.59134	8.821082	13	1

		6,346,879,000,000.00				
2020	Zenith Plc	8,481,272,000,000.00	21.85078	5.273951	13	1
2015	First bank Plc	3,973,098,000,000.00	1.180092	10.50102	18	4
2016	First bank Plc	4,736,805,000,000.00	1.181925	-21.3505	10	3
2017	First bank Plc	5,236,537,000,000.00	1.158382	0.957382	10	3
2018	First bank Plc	5,568,316,000,000.00	1.112994	1.067239	10	3
2019	First bank Plc	6,203,526,000,000.00	1.12101	1.164692	10	3
2020	First bank Plc	7,689,028,000,000.00	1.101047	2.260563	12	3
2015	GTBANK Plc	2,524,593,709,000.00	2.725223	3.89751	14	4
2016	GTBANK Plc	3,116,393,439,000.00	2.640433	0.575848	14	4
2017	GTBANK Plc	3,351,096,659,000.00	1.249536	0.686439	14	4
2018	GTBANK Plc	3,287,342,641,000.00	2.650912	0.522512	14	4
2019	GTBANK Plc	3,758,918,770,000.00	1.496272	0.672551	14	4
2020	GTBANK Plc	4,944,653,293,000.00	1.267947	0.776013	14	4
2015	FCMB Plc	1,159,534,176,000.00	0.858682	3.547161	10	0
2016	FCMB Plc	1,172,778,078,000.00	0.746333	4.379796	10	0
2017	FCMB Plc	1,186,179,155,000.00	0.447456	2.878893	12	1
2018	FCMB Plc	1,431,298,022,000.00	0.338325	2.758582	10	1
2019	FCMB Plc	1,668,505,795,000.00	0.666092	2.492401	10	1
2020	FCMB Plc	2,058,393,492,000.00	0.703621	1.543053	9	1
2015	STERLING BANK Plc	799,451,417,000.00	1.408377	1.252766	15	4

2016	STERLING BANK Plc	834,189,950,000.00	1.271331	1.369473	14	4
2017	STERLING BANK Plc	1,072,201,000,000.00	1.247467	1.975828	14	4
2018	STERLING BANK Plc	1,102,921,000,000.00	1.202836	2.894501	12	3
2019	STERLING BANK Plc	1,182,685,000,000.00	1.214136	1.245185	14	3
2020	STERLING BANK Plc	1,299,075,000,000.00	1.187147	1.861128	12	3
2015	Fidelity Bank Plc	1,231,722,000,000.00	125.8215	2.18886	15	3
2016	Fidelity Bank Plc	1,298,141,000,000.00	103.7481	2.671061	14	3
2017	Fidelity Bank Plc	1,379,214,000,000.00	66.07583	1.532996	16	3
2018	Fidelity Bank Plc	1,719,883,000,000.00	78.7624	0.764067	12	3
2019	Fidelity Bank Plc	2,114,037,000,000.00	64.42149	0.694721	14	3
2020	Fidelity Bank Plc	2,758,148,000,000.00	54.05222	0.895339	15	3
2015	STANBIC IBTC BANK Plc	937,564,000,000.00	1.12132	0.743697	10	4
2016	STANBIC IBTC BANK Plc	1,053,523,000,000.00	1.095885	1.925053	10	3
2017	STANBIC IBTC BANK Plc	1,386,416,000,000.00	1.10925	1.11347	10	3
2018	STANBIC IBTC BANK Plc	1,663,661,000,000.00	1.085261	1.151519	8	3
2019	STANBIC IBTC BANK Plc	1,876,456,000,000.00	1.08813	1.031961	10	4
2020	STANBIC IBTC BANK Plc	2,486,306,000,000.00	1.085882	1.121707	11	5
2015	UNION BANK Plc	1,046,892,000,000.00	12.54079	1.164215	17	4
2016	UNION BANK Plc	1,252,682,000,000.00	12.1269	1.269492	17	4

2017	UNION BANK Plc	1,455,540,000,000.00	14.93519	1.719254	15	3
2018	UNION BANK Plc	1,463,858,000,000.00	12.72331	3.966022	15	4
2019	UNION BANK Plc	1,872,231,000,000.00	1.81232	-3.66098	15	4
2020	UNION BANK Plc	2,191,026,000,000.00	13.81509	-2.14993	15	3
2015	UNITY BANK Plc	443,321,012,000.00	1.175601	2.118824	15	5
2016	UNITY BANK Plc	492,681,647,000.00	1.157686	0.481225	15	5
2017	UNITY BANK Plc	156,506,504,000.00	1.150195	1.784106	7	4
2018	UNITY BANK Plc	235,976,190,000.00	1.121497	1.524064	9	4
2019	UNITY BANK Plc	293,052,070,000.00	1.089203	1.331633	9	3
2020	UNITY BANK Plc	492,020,329,000.00	1.089766	2.378937	9	3
2015	WEMA BANK Plc	396,743,314,000.00	1.694523	2.077349	13	4
2016	WEMA BANK Plc	424,043,581,000.00	1.726476	0.044775	12	4
2017	WEMA BANK Plc	388,153,526,000.00	1.719731	1.498654	10	4
2018	WEMA BANK Plc	488,804,317,000.00	1.495777	1.408178	11	4
2019	WEMA BANK Plc	715,869,814,000.00	0.64441	1.356422	11	4
2020	WEMA BANK Plc	979,518,151,000.00	1.146728	1.373381	12	4
2015	ECOBANK Plc	1,794,348,000,000.00	1.303832	1.280165	10	3
2016	ECOBANK Plc	1,808,503,000,000.00	1.287813	1.343754	12	3
2017	ECOBANK Plc	1,829,761,000,000.00	1.313835	1.365465	11	2
2018	ECOBANK Plc	1,956,830,000,000.00	1.177691	6.725369	13	4
2019	ECOBANK Plc		1.150498	6.715356	13	4

1,991,040,000,000.00						
2020	ECOBANK Plc	2,186,712,000,000.00	1.130952	6.763423	10	4

year	id	tacc	Diff	Ppe	Lta	Grwth
2015	1	-0.2038	0.11677	0.66383	0.99687	1.20597
2016	1	-0.1112	0.1943	0.59906	0.91616	1.17745
2017	1	-0.1056	0.07089	0.51765	0.88657	1.14012
2018	1	-0.0924	0.00724	0.43219	0.87239	1.06337
2019	1	-0.0827	-0.0237	0.42524	0.81993	1.00687
2020	1	-0.0235	0.08991	0.32283	0.92215	1.14501
2015	2	0.0901	0.14732	0.21572	0.69452	1.14249
2016	2	-0.0269	0.41	0.20938	0.80027	1.4165
2017	2	0.05693	0.06499	0.23226	0.96064	1.06586
2018	2	0.04076	0.04189	0.22019	0.94253	1.02993
2019	2	0.04666	0.13572	0.27169	0.67666	1.13354
2020	2	0.03683	-0.0195	0.2994	0.77051	1.23024
2015	3	0.09449	0.19578	0.47385	0.72883	1.17523
2016	3	-0.0452	0.34659	0.53764	0.61711	1.32034
2017	3	-0.0455	0.18913	0.66684	0.783	1.21091
2018	3	-0.0451	0.15117	0.70748	0.77639	1.18416
2019	3	-0.1024	0.18291	0.69871	0.87371	1.19136
2020	3	-0.1289	0.11043	0.60882	0.82215	1.14033
2015	4	-0.1385	0.13887	0.65785	0.92609	1.11949
2016	4	-0.1327	0.14184	0.77528	0.90264	1.14039
2017	4	-0.0774	-0.1438	0.64394	0.75227	0.83667
2018	4	-0.2892	0.14826	0.78447	0.1195	1.05226
2019	4	-0.2508	0.09877	0.68285	0.58733	1.07057
2020	4	-0.2138	#####	0.69012	0.94385	1
2015	5	-0.0714	0.19833	0.9602	0.18259	1.11094

2016	5	0.03059	0.25974	0.48597	0.51789	1.28877
2017	5	-0.1773	0.20495	0.48783	0.94224	1.2268
2018	5	-0.0174	0.10218	0.50012	0.85052	1.13072
2019	5	-0.0639	0.09662	0.62135	0.89897	1.02123
2020	5	-0.1034	-0.067	0.72784	0.84697	0.96972
2015	6	-0.1362	0.35867	0.60872	0.86722	1.30169
2016	6	-0.0847	0.17764	0.64496	0.97593	1.12887
2017	6	-0.0771	0.16435	0.64517	0.9353	1.13188
2018	6	-0.1058	0.08209	0.44846	0.53094	1.11536
2019	6	-0.0703	0.13771	0.56124	0.84944	1.21886
2020	6	-0.2123	0.08851	0.60677	0.00346	1.06308
2015	7	0.1361	-0.0165	0.23246	0.83101	1.00027
2016	7	0.0646	0.01499	0.21213	0.75182	1.02138
2017	7	0.16769	0.12156	0.25271	0.26348	1.09205
2018	7	0.13255	0.22428	0.23883	0.90142	1.18371
2019	7	-0.1725	-0.2107	0.21551	0.8321	1.00336
2020	7	0.10172	0.02233	0.49665	0.9987	0.96524
2015	8	-0.183	0.23431	0.13881	0.83775	1.14972
2016	8	0.02037	0.20168	0.12771	0.85458	1.55132
2017	8	-0.0671	0.59483	0.16215	0.07495	1.19771
2018	8	0.03762	0.2697	0.20593	0.621	1.12022
2019	8	0.22481	0.39922	0.2169	0.22705	1.10707
2020	8	-0.241	-0.2823	0.23111	0.92982	0.92325
2015	9	0.00032	0.00018	0.00058	0.92982	1.6592
2016	9	-0.0005	0.00013	0.0006	0.3251	1.73459
2017	9	-0.1094	0.18104	0.36933	0.36703	1.96625
2018	9	0.37791	0.40991	0.46779	0.88534	1.76747
2019	9	-0.7131	0.92955	0.25296	0.92982	1.46667
2020	9	0.27655	-3.6349	0.67268	0.62024	0.1755
2015	10	-0.1022	0.13368	0.52424	0.11072	1.13698

2016	10	-0.179	0.1789	0.54971	0.96558	1.28086
2017	10	-0.1446	0.05706	0.59229	0.92089	1.10121
2018	10	0.08753	0.02069	0.53255	0.83413	0.98048
2019	10	-0.1353	-0.0193	0.54491	0.93129	1.01991
2020	10	-0.0112	0.10489	0.66471	0.91018	1.12841
2015	11	-0.0606	0.30442	0.96901	0.57117	1.47021
2016	11	-0.0352	0.22462	0.97245	0.02175	1.19509
2017	11	-0.1056	0.12443	0.97813	0.99007	1.09687
2018	11	-0.0606	-0.0045	0.11666	0.98853	1.01432
2019	11	-0.045	0.02502	0.94614	0.02175	1.00357
2020	11	-0.0531	0.06176	0.60475	0.99007	1.04153
2015	12	-0.0476	0.2147	0.25893	0.81353	1.2616
2016	12	0.0433	0.09981	0.35658	0.9177	1.11144
2017	12	0.05853	0.0984	0.34027	0.92982	1.01445
2018	12	-0.1435	0.03346	0.33204	0.74747	1.15886
2019	12	-0.0443	0.26676	0.343	0.93989	1.30147
2020	12	0.08514	-0.0711	0.22253	0.61049	0.8079
2015	13	-1.1919	-0.6881	0.48076	0.92982	0
2016	13	-0.828	0.00266	0.53765	0.29546	0
2017	13	0.276	-0.0121	0.916	0.78998	0
2018	13	0.45339	-0.1016	0.89847	0.29817	0
2019	13	-0.3641	-0.011	0.71123	0.77508	0
2020	13	0.15649	-0.0141	0.71846	0.92982	0
2020	14	0.12492	0.02429	0.79228	0.74408	1.25088