

EXPLORING THE RELATIONSHIP BETWEEN CORPORATE TRAITS AND FINANCIAL REPORTING STANDARDS AMONG NIGERIAN NON-FINANCIAL COMPANIES

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Abstract:

This study examined the effect of firm attributes on financial reporting quality of listed nonfinancial firms in Nigeria. To achieve the overall objective of this study, four (4) specific objectives were raised alongside with four (4) hypotheses. The data used in this study are secondary and were collated from the financial statements of a sample of 74 nonfinancial listed firms, drawn from a population of 140 non-financial firms listed on the Nigerian Exchange Group. The data used in this study covered a period of 10 years and spanned from 2012 to 2021. Financial reporting quality, accrual quality was used as a proxy. The independent variable which is firm characteristics was measured using firm size, economic value added, firm profitability (measured with return on asset), and revenue growth. Both descriptive and inferential statistical tools were used to analyze the data collected. Finding from the data analyses and hypotheses testing revealed that firm attributes measures (firm size, economic value added, firm profitability and revenue growth) has significantly affected financial reporting quality of listed firms in Nigeria with each having a p-value of 0.000 and 0.008. In line with the findings, the study recommends among others that Managements of firms should make sure they seek to maintain a positive EVA by maintaining a good rate of return on investors' funds, as this will improve the quality of its financial, and as this study observes that revenue growth significantly affect the quality of the firms' financial report, good revenue growth strategies should be put in place as it will boost positively the confidence of investors who look for revenue growth trends in financial reports to gauge a company's growth over specific time periods.

Keywords: Firm attribute; Non-financial companies; Financial reporting quality; Firm profitability; Economic value added; Revenue growth; Firm size.

1. INTRODUCTION

The global financial scandal confronting the accounting profession in recent times have hindered the confidence of users of accounting information. For financial statement transparency, the presentation should not be deceptive so that the user can derive the information presented without much effort. Financial reporting is the way of conveying financial information to various interested parties. This information is used to make investment decisions, secure loans, and for other financial purposes Saliu and Adetoso (2018). Financial reports are official and complete statements describing the financial happenings of business entities while Financial Reporting Quality is the faithfulness of the information conveyed by the financial reporting process. (Olowookere, Ajiboye & Ibrahim 2021).

The quality of financial report is very crucial to every management since the only means by which outside shareholders and investors keep themselves informed about the level of the firm is through the disclosure of the reports (Olumide, Tanko & Nyor 2015). Despite the benefits of

financial reporting, there are different reasons which have been advanced for the presentation of misleading financial statements which may range from the demand for higher returns by shareholders, and the quest to maintain a giant corporate status in the eye of the business community or sporadic changes in competition, and the need to satisfy the greed of company's insiders (Shehu, 2013). Things about a company, like its size and how it's managed, are called firm characteristics. (Egbunike & Okerekeoti, 2018). They are characteristics which have significant role in explaining firm level earnings quality because they are variables that affect the firm's decision both internally and externally (Kenny & Lugman 2019).

Nigeria's financial reporting system struggles to meet up with the standards of developed economies. This weakness hinders the creation of efficient stock markets. Investors in Nigeria often complain that company financial data is either difficult to find or untrustworthy (Adeyele 2020). There is currently a strong demand for high-quality information from investors, stakeholders, and society due to the globalization of business, geographical expansion, and technological advancements (Olowookere, Ajiboye & Ibrahim 2021).

The study is therefore motivated by the need for quality financial report in companies useful for informed economic decisions making; and to checkmate the recurrent accounting scandal which involved financial reporting in different parts of the world including Nigeria. This study investigates how certain firm characteristics impact the quality of financial reporting among nonfinancial firms listed on the Nigerian exchange group using empirical method to analyze these relationships. It addresses a gap in knowledge by examining these relationships, using the following variables as financial reporting quality determinants; Economic Value Added and Revenue Growth. Profitability (measured by return on asset), and firm size. Financial reporting quality is measured by accrual quality.

This study examined the effect of some specific firm attributes on the quality financial reporting of listed non-financial Firms in Nigeria. The specific objectives are:

- i. To determine the effect of firm size has on the quality of financial reporting of listed nonfinancial firms in Nigeria.
- ii. To examine the effect of economic value added has on the quality of financial reporting of listed non-financial firms in Nigeria.
- iii. To examine how return on asset affect the quality of financial reporting of listed nonfinancial firms in Nigeria.
- iv. To investigate the effect of revenue growth on the quality of financial reporting of in listed non-financial firms Nigeria.

The following hypotheses is stated for this study below;

H0₁: Firm size has no significant relationship with the quality of financial reporting of listed nonfinancial firms.

H0₂: Economic value added is not significantly related to the quality of financial reporting of listed firms in non-financial firms.

H0₃: Return on asset has no significant relationship with the quality of financial reporting of listed non-financial firms.

H0₄: Revenue growth has no significant relationship with the quality of financial reporting of listed non-financial s firms.

Financial Reporting Quality

Financial reporting quality is defined as the faithfulness of the information conveyed by the financial reporting process. Relevance and reliability, transparency and clarity define the word faithfulness (Esther 2020). Financial reports are intended to provide transparent information about a company's financial health, performance, and changes in its financial standing. This information is critical for users to make sound economic decisions.

However, financial reporting concept is synonymous with earnings management concept, for the degree or level of earnings management spells the level of the quality financial reporting. According to Bello (2010), any effort to prepare, document, or customize financial accounting is subject to a specific target level is considered earnings management. He considered earnings management to be an ethical transgression by accountants and connected it to the recent corporate collapses and investors' diminished trust in auditors and financial reports.

Attributes of Firm and the Quality of Financial Reports • Firm Size (FSIZE)

Firm size is a critical factor in corporate finance, as research confirms its strong influence on various financial aspects of companies (Olowookere, Ajiboye & Ibrahim 2021).

Ishak, Amran, and Abdul Manaf in their 2018 study argued that large firms are more susceptible to agency problems. This stems from the inherent challenges of managing a complex organization, especially when it ventures into diverse business areas. Agency problems arise when a conflict of interests exists between the managers (agents) and the shareholders (owners) of a company. In large firms with intricate operations and diversified business lines, monitoring managerial actions and ensuring alignment with shareholder interests becomes more difficult. This can potentially lead to inefficiencies, riskier decisions, and ultimately, a decline in shareholder value. Firm size influences financial reporting quality. In most circumstances, asset size determines business size.

• Revenue Growth

The term "revenue growth" means the rate at which a company's business expands. The annual rate of increase/decrease in a firm's revenue or sales growth is depicted in the graph. Analysts, investors, and participants can use the numbers to see how much a company's sales are expanding over time. Although revenue growth fluctuates between fiscal years and quarters, investors seek out trends in revenue growth to assess the company's progress over particular timeframes. If every other aspect remains constant, a company that can increase its revenue should also see improvements in its net income. To find out how much the rate of revenue growth is changing, take the derivative of the revenue growth. This will give you the rate of revenue growth. This metric is used by investors to predict future changes in profits growth. When a business that has been able to grow its revenue steadily begins to see slower revenue growth, there may be a problem (Okerekeoti, 2021).

This approach promotes greater transparency and accuracy in financial reporting by reflecting a company's revenue-generating activities within the period in which they occur, thereby offering a more faithful representation of the financial health of the company. (Okerekeoti, 2021).

• Accrual Quality (ACRQ)

When evaluating the accuracy of a company's financial statements, accrual quality is an essential instrument. Revenue recognition is required by accrual accounting to happen at the time of sale, independent of the time that money is really collected. Conversely, expenses are recognized when incurred, independent of cash disbursement. Ideally, a company's cash flows should synchronize with its reported accrued revenues and expenses within its operating cycle. In practice, these components frequently diverge. Accrual quality models step in to measure these discrepancies and evaluate the trustworthiness of a company's earnings. Accrual quality models offer important insights into a company's financial health and possible risk factors by identifying the degree to which reported accruals match future cash flows. (Pounder, 2013). It is considered as an indirect method, and it is based on observation. In addition, it was used by Dechow and Dichevs to measure discretionary accruals, and check robustness (Gajevszky, 2015).

• **Economic Value Added (EVA)**

EVA is a financial performance statistic that goes beyond standard profit metrics to assess a company's overall health. Since EVA includes the cost of capital, it provides a more complete view of a company's underlying economic profit than typical profit figures do. EVA, created by Stern Value Management, determines a residual value by deducting the cost of capital from operational earnings after taxes for a business. This method evaluates how well a business uses its invested capital to produce returns for shareholders in addition to profitability. A corporation that exceeds investors' expectations in terms of return and adds value is demonstrated by a positive EVA.

On the other hand, a negative EVA indicates that the business is losing value because its returns are less than its cost of capital. To put it simply, EVA is a useful tool that businesses can use to assess how well they are creating wealth for their shareholders. Through the identification of areas for improvement and the optimization of capital allocation strategies with consideration for the cost of capital, EVA contributes to sustainable financial performance. It is the increased difference in rate of return (RoR) over a firm's cost of capital. Essentially, this is used to measure the value a firm generates from the funds that was invested in it.

EVA's strength as a performance measure lies in its ability to pinpoint wealth creation. By incorporating balance sheet data, EVA sheds light on which aspects of a company are driving value. This transparency compels managers to make financial choices that optimize asset utilization and expense control, ultimately maximizing shareholder wealth.

• **Profitability (ROA)**

A company's profitability is a major area of focus for management, investors, and researchers, as evidenced by various studies (Charles, Ahmed & Joshua, 2018). This is because profitability serves as a reliable indicator of a company's growth potential, reflecting its capacity to generate everincreasing income levels (Ahmed, Naveed, & Usman, 2011). However, Rahman and Hasan (2019) caution that profitability can be susceptible to manipulation by management and may require closer scrutiny when evaluating financial reporting quality (FRQ). In other words, while profitability is a key metric, it should be examined with an awareness of potential limitations. Besides, a profitable company gives more financial reports for the enhancement of its reputation communicating better performance and to support proper evaluation of its equity by investors. Although, many firms having “volatile revenue and funds from operation” are found to take part in manipulating its financial reports (Rahman & Hasan, 2019; Ahmed & Azim, 2015),

Theoretical Framework

In discussing firm characteristics, particularly how the managers of firms relate with outside parties, researchers commonly base their study on such theories as agency theory, stakeholders' theory and stewardship theory. These theories are particularly relevant in a study of this nature because the study deals with information produced by managers upon which various stakeholders base their judgments when making decisions. These theories are examined hereunder:

• **Agency Theory**

Agency theory delves into the relationship between a company's shareholders (principals) and its managers (agents). It highlights the inherent conflict of interest that can arise, as managers may prioritize their own agendas over shareholder value. To mitigate this risk, agency theory emphasizes the significance of robust financial reporting. Financial statements prepared by managers and verified by independent auditors serve as a primary channel for shareholders to stay informed about the company's activities and performance. This transparency is

crucial for holding managers accountable and ensuring their actions align with shareholder interests. Market participants have to make decisions about the company on the basis of the reliability and transparency of published financial statements (Bhasin, 2015).

• Stakeholder Theory

Stakeholder theory presents a more nuanced view of a company's purpose and responsibilities compared to agency theory. While agency theory focuses primarily on the relationship between shareholders (principals) and managers (agents), stakeholder theory expands the circle of interested parties to include creditors, employees, communities, and the government. This broader perspective emphasizes the interconnectedness of a company and its stakeholders, recognizing that the firm's success is contingent upon meeting the needs of various groups.

In contrast to agency theory's emphasis on shareholder value maximization, stakeholder theory proposes a more balanced approach to corporate decision-making. It suggests that companies should consider the impact of their actions on all stakeholders and strive to create shared value. This can lead to more sustainable business practices and a more equitable distribution of benefits. Financial reporting also takes on a broader role under stakeholder theory. Instead of solely catering to shareholders' informational needs, financial reports should be designed to be transparent, reliable, and informative for all stakeholders. This may involve including additional disclosures on environmental, social, and governance (ESG) factors alongside traditional financial metrics. By providing a more comprehensive view of the company's performance, stakeholder-oriented financial reporting can foster trust and accountability among all stakeholders (Adedotun, 2016).

• Stewardship Theory

The contractual relationship between the stakeholders is purely a stewardship relationship. Financial reporting arises from the divorce of ownership from management and control of firms. Those who are entrusted with the affairs of the firm on behalf of the owners are expected to render stewardship of their responsibilities through financial reports whose validity has to be guaranteed by professional independent external parties (the external auditors). Stewardship is a broad notion and is more than resources allocation; it focuses on both past performance and how the entity is positioned for the future. Stewardship should be characterized A good way to define stewardship is to give shareholders and management the knowledge they need to have a positive and productive conversation. The audit function is a mechanism to attest to the accountability and stewardship function of management (Adane, 2020).

Of these discussed theories, this study is anchored on the Stewardship Theory as stewardship is imposed simply by both agency and stakeholders' relationships.

Empirical Studies Reviewed

In 2019, Kenny & Kenny carried out an inquiry into the impact of firm characteristics on the caliber of financial reporting produced by Nigerian listed manufacturing enterprises. From 2009 to 2016, the sample consisted of about twenty-five nonfinancial companies that were listed on the Nigerian stock exchange. The model of the study was examined using multiple regression. The quality of financial reports of Nigerian listed manufacturing firms was assessed using longitudinal panel data and a modified Dechow and Dichev (2002) model. The firm characteristics considered were firm size, firm tangibility, profitability, and growth. Two steps regression was employed to account for the individual heterogeneity of the sample companies. Based on the findings, the quality of financial reporting is positively impacted by firm size. The study also revealed that high profitability equals high financial reporting, meaning that profitability should be a good indicator of poor or good financial reports. Tangibility has a negative significant effect on audit financial reporting quality. Firm profitability has also been argued to have a positive impact on the quality of financial reporting while firm growth has a negative significant

effect on financial reporting quality. In light of this, large firms tend to produce high quality financial reports; this should be encouraged among firms.

Cut and Mirna (2019) looked at how business size, profitability, and leverage affected the discretionary accruals used to determine the quality of financial reporting. 36 companies were selected as the study's samples, all of which were property and real estate companies listed on the Indonesian Stock Exchange (IDX) between 2015 and 2017. Multiple regression analysis of the data was done. The results of the study indicated that firm size had no discernible effect on the quality of financial reporting, but leverage and profitability did.

Oyedokun, Olatunji and Musa (2020) studied the effect of audit committee attributes on the financial reporting quality of indexed consumer goods firms in Nigeria for 2013 to 2018. The study population was twenty-one (21) firms listed on the Nigerian Stock exchange. Their result display that audit committee expertise and frequency of meeting had positive and vast impact on financial reporting quality, whilst audit committee size and audit committee gender had any vast association with financial reporting quality. The study concluded that audit committee is a veritable device for enhancing financial reporting quality. The study recommended that extra accounting and finance professionals need to be appointed to audit committees of consumer goods agencies in Nigeria.

Lucky, Emmanuel, and Clifford (2020) looked into how profitability ratios affected the quality of earnings and how IFRS adoption affected profitability in Nigerian businesses. Their investigation of the relationship between return on equity (ROE) and return on assets (ROA) and earnings quality used quantitative techniques, particularly multiple regression analysis. They used the Jones model's estimation of discretionary accruals to measure the quality of earnings. A t-test of mean difference was performed to compare the means of the profitability ratios before and after the adoption of IFRS in order to evaluate the impact of the adoption.

Rathnayake, Rajapakse, and Lasantha (2021) investigated the relationship between the quality of a company's financial reporting and its performance in Sri Lanka. During the course of six years (2013–2018), their research concentrated on listed businesses outside of the banking, finance, and insurance industries. The study found that, although there was no direct relationship between these variables at the level of individual companies, there was an overall statistically significant relationship between the quality of financial reporting and different performance measures (market-to-book ratio, return on equity, and return on assets). To put it another way, improved financial reporting appeared to be generally linked to improved business performance in Sri Lanka; but, a more thorough analysis of individual enterprises failed to confirm this association.

The effect of firm characteristics on the quality of financial reporting of listed consumer goods companies in Nigeria from 2014 to 2019 was studied by Olowookere, Ajiboye, and Ibrahim (2021). The aim of the research was to investigate the relationship between the financial reporting quality of listed consumer goods companies in Nigeria and firm characteristics such as firm size, leverage, board composition, institutional shareholding, profitability, and liquidity. This study used a longitudinal panel research design. Data were sourced from annual financial reports of 13 selected consumable goods companies in Nigeria from 2014 to 2019. The study adopted panel least square regression analysis. The results showed how institutional shareholding, board makeup, and liquidity all positively and significantly affect the quality of financial reporting. The quality of financial reporting is negatively and considerably impacted by the size of the organization; on the other hand, profitability and leverage had a positive but insignificant effect.

Aigienohuwa and Ezejiofor (2021) explored the link between a company's financial leverage (reliance on debt) and the timeliness of its financial reporting in Nigeria. The study examined 145 publicly traded companies over a ten-year period (2010-2019). Interestingly, they found no statistically significant relationship between these two

factors. The findings didn't support the initial assumption, the researchers suggested that companies with high debt levels might still require more auditing effort and time due to increased business risk or workload. This additional time needed for audits could potentially counteract any pressure from debt holders who might benefit from more frequent reporting.

Osuji and Okwuagwu (2022) used ten (10) listed companies in Nigeria's industrial products sector to study the features and reporting quality of Nigerian corporations from 2011 to 2020. Using a total of 100 company year observations, the study employed a panel technique. In contrast to previous research, it measured high-quality profits using the Roychowdhury (2006) model. Discretionary accruals was the dependent variable used to gauge high-quality reporting, while financial leverage, firm size, profitability, and ownership structure made up the four variables being evaluated. The study's panel regression results, which are consistent with previous research, demonstrated that ownership structure, business size, profitability, and financial leverage all had a major impact on the high-quality reporting of listed industrial good enterprises in Nigeria. Efficient financial reporting is achieved by wealthy, big businesses forbidding managers from falsifying results through accruals. It was recommended that listed industrial product businesses prioritize ownership structure over board structure to enhance financial reporting integrity and prevent manipulation of accounting by management. Because they have more financial clout and control over a larger portion of the directorship, managers manipulate the records.

Methods

This study adopted the ex-post facto research design and would use only secondary data from the financial statement of nonfinancial firms listed on the Nigerian Exchange Group (NGX) from 2012 - 2021. The ex-post facto design was adopted because the variables used in this study are readily available and obtained in the audited financial statements of the sampled nonfinancial firms which amounted to seventy four (74) without being manipulated or controlled. The STATA 13.0 software was used to analyze the data collected.

Model Specification

The model used for the study is therefore, stated as follows; **Model One:**

$$FRQ_{it} = \alpha ACRQ_{t-1} + \beta_1 FSIZE_{1,it} + \mu_{it} \quad (1)$$

Model Two:

$$FRQ_{it} = \alpha ACRQ_{t-1} + \beta_1 EVA_{1,it} + \mu_{it} \quad (2)$$

Model Three:

$$FRQ_{it} = \alpha ACRQ_{t-1} + \beta_1 ROA_{1,it} + \mu_{it} \quad (3)$$

Model Four:

$$FRQ_{it} = \alpha ACRQ_{t-1} + \beta_1 LEV_{1,it} + \mu_{it} \quad (4)$$

Where:

FRQ = Financial Reporting Quality

ACRQ = Accrual Quality a measure for FRQ

FSIZE = Firm Size

EVA = Economic Value Added

ROA = Return on Asset a measure for Profitability

REVG = Revenue Growth

Subscripts i denote number of firms, t denotes years or time-series dimensions ranging from 2012 to 2021.

ε is the individual effect and μ is the error term capturing variables not included in the model and $\alpha, \beta_1, \beta_2, \beta_3 \dots$ are the individual coefficient of the explanatory variable

RESULTS

This section contains the data collected for the study for a 10 year period ranging from 2012-2021 for the companies sampled. Tables showing the results obtained from the data analyzed are also presented below.

4.1. Descriptive Statistics

The descriptive statistics of the study variables are presented in Table 4.1 below:

Table 1: Descriptive statistics of the study variables

Variable	Obs.	Mean	Std. Dev.	Min Value	Max Value
ACRQ	740	-.0000147	13170.46	-110722.5	330075.7
EVA	740	-3.903012	3.85282	-34.4011	1.089
ROA	740	4.786641	17.36953	-179.9173	176.2669
REVG	740	12.57432	82.37971	-100	1354.255
FSIZ	740	7.117848	.8380157	5.2394	9.3059

Source Researcher's Computation via STATA 13.0

The table 1 above specifically focuses on descriptive statistics of the study variables. The table includes statistical data for different financial metrics such as ACRQ, EVA, ROA, and REVG, with details on observations, mean values, standard deviations, minimum values, and maximum values.

3.2. Correlation Analysis

Table 2: Result of Correlation Matrix

Variables	ACRQ	EVA	ROA	REVG	FSIZ
ACRQ	1.0000				
EVA	0.0000	1.0000			
ROA	0.0000	0.2899	1.0000		
REVG	-0.0000	-0.0798	0.0062	1.0000	
FSIZ	-0.0000	-0.0352	0.1745	0.0026	1.0000

Source: Researcher's Computation via STATA 13.0

The table 2. Shows the correlation coefficients between various financial variables. Here's an interpretation of the correlations presented: ACRQ has a perfect self-correlation of 1.0000, as expected, since any variable is perfectly correlated with itself. It shows no correlation with EVA or ROA, indicating no linear relationship with these variables. However, it has negative correlations with REVG and FSIZ, suggesting that as ACRQ increases, REVG and FSIZ tend to decrease, and albeit the correlation is very weak. EVA also has a perfect self-correlation and shows no correlation with ACRQ or ROA. The slight negative correlation with REVG suggests a weak inverse relationship, while the small positive correlation with FSIZ indicates a weak direct relationship.

ROA is not correlated with ACRQ or EVA, but it has a very small positive relationship REVG and FSIZ, suggesting that as ROA increases, REVG and FSIZ may also increase slightly. REVG has negative correlations with ACRQ and EVA, and a positive correlation with ROA. The negative correlations indicate inverse relationships, while the positive correlation with ROA suggests a direct relationship. FSIZ is negatively correlated with ACRQ and positively correlated with EVA and ROA. The negative correlation with ACRQ suggests an inverse relationship, while the positive correlations with EVA and ROA suggest direct relationships. The

correlations are generally very weak, as indicated by the values close to zero. This means that the financial variables have little to no linear relationship with each other.

3.3.Diagnostic Tests Table 3: Variance Inflation Factor Results for Independent Variables

Variable	VIF	1/VIF
ROA	1.14	0.880922
EVA	1.11	0.901735
FSIZ	1.04	0.961452
REVG	1.01	0.992658

MEAN VIF 1.07 Source: Researcher's Computation via STATA 13.0

The result from Table 4.3 above shows that the range of the VIF for the independent variables did not go above the maximum threshold of 5%. The VIF scores which ranges from 1.14 - 1.01 shows that there is no multicollinearity within the independent variables, as shown in the mean VIF of 1.07. The result further shows the appropriateness of the variables used in the study.

Table 4: Result for Breusch-Pagan/Cook Weisberg Test

Breusch Pagan/Cook Weisberg Test for Heteroskedasticity	
chi2(1) = 734.91; Prob>chi2= 0.0000	

Source: Researcher's Computation via STATA 13.0

Table 4 presents the result regarding the test conducted to ascertain the presence or otherwise of heteroscedasticity among the variables of concern in this study. The fitted values for the variables have a chi2 (1) value of 734.91 and a probability value (p-value) of 0.0000. As a result, even though the data do not show any signs of multicollinearity, the lack of constant variance in the data indicates that the results of the OLS regression may not be accurate. With this result, the Robust Regression Technique will be the best suitable for testing the study's hypotheses. This outcome justifies the earlier trend showcased by the result of the descriptive statistics.

4.4. Hypotheses Testing

H₀₁: Firm size has no significant relationship with the financial reporting quality of listed nonfinancial firms.

Table 5: Results for Test of Hypothesis I

Dependent Variable: ACRQ		No. of Obs. = 740			
Variables	Coefficient	Std. Err.	t-Statistics	P> t	Decision
FSIZ	-187.9669	4.836222	-38.87	0.000	Reject Ho
_cons	1180.474	34.6488	34.07	0.000	
F			1510.60		
Prob>F			0.0000		

Source: Researcher's Computation via STATA 13.0

The result in table 5 reveals the coefficient and standard error obtained for FSIZ was -187.9669 and 4.836222 respectively. This is a suggestion that FSIZ have negative relationship with ACRQ. The model diagnostics reveal that FSIZ recorded t-statistics and p value of -38.87 and 0.000 respectively. This indicates that the robust

regression technique is fit for estimating the model showing the existence of a negative significant relationship between FSIZ and ACRQ, this means that on individual basis the FSIZ of the sampled firms has a significant effect on the financial reporting quality of the firms. Therefore, the null hypothesis is rejected. Thus, Firm Size has a significant effect on the financial reporting quality of listed companies in Nigeria.

3.4. Hypothesis Two

H02: economic value added is not significantly related to the financial reporting quality of listed firms in non-financial firms. **Table 6: Results for Test of Hypothesis II**

Variables	Coefficient	Std. Err.	t-Statistics	P> t	Decision
EVA	38.72117	1.505493	25.72	0.000	Reject Ho
_cons	-28.26537	8.253847	-3.42	0.001	
F			661.51		
Prob>F			0.0000		

Source: Researcher's Computation via STATA 13.0

The result in table 6 reveals the coefficient and standard error obtained for EVA was 38.72117 and 1.505493 respectively. This is a suggestion that EVA has a positive relationship with ACRQ.

The model diagnostics reveals that EVA recorded t-statistics and p value of 25.72 and 0.000 respectively. This indicates that the robust regression technique is fit for estimating the model showing the existence of a positive significant relationship between EVA and ACRQ, this means that the EVA of the sampled firms has a significant effect on the financial reporting quality of the firms. Therefore, the null hypothesis is rejected. Thus, Economic value added has a significant effect on the financial reporting quality of listed companies in Nigeria.

H03: Return on asset has no significant relationship with the financial reporting quality of listed non-financial firms.

Table 7: Results for Test of Hypothesis III

Dependent Variable: ACRQ			No. of Obs. = 740		
Variables	Coefficient	Std. Err.	t-Statistics	P> t	Decision
ROA	-1.15398	.4357436	-2.65	0.008	Reject Ho
_cons	-169.3566	7.603506	-22.27	0.000	
F			7.01		
Prob>F			0.0083		

Source: Researcher's Computation via STATA 13.0

The result in table 7 reveals the coefficient and standard error obtained for ROA was -1.15398 and .4357436 respectively. This is a suggestion that ROA has a positive relationship with ACRQ.

The model diagnostics reveals that ROA recorded t-statistics and p value of -2.65 and 0.008 respectively. This indicates that the robust regression technique is fit for estimating the model showing the existence of a negative significant relationship between ROA and ACRQ, this means that the ROA of the sampled firms has a significant effect on the financial reporting quality of the firms. Therefore, the null hypothesis is rejected. Thus, Profitability added has a significant effect on the financial reporting quality of listed companies in Nigeria.

H₀₄: revenue growth has no significant relationship with the financial reporting quality of listed nonfinancial firms in Nigeria.

Table 8: Results for Test of Hypothesis IV

Dependent Variable: ACRQ			No. of Obs. = 740		
Variables	Coefficient	Std. Err.	t-Statistics	P> t	Decision
REVG	-.8292602	.0894537	-9.27	0.000	Reject Ho
_cons	-165.1818	7.449601	-22.17	0.000	
F			7.01		
Prob>F			0.0083		

Source: Researcher's Computation via STATA 13.0

The result in table 8 reveals the coefficient and standard error obtained for REVG was -.8292602 and .0894537 respectively. This is a suggestion that REVG has a positive relationship with ACRQ.

The model diagnostics reveals that REVG recorded t-statistics and p value of -9.27 and 0.000 respectively. This indicates that the robust regression technique is fit for estimating the model showing the existence of a negative significant relationship between REVG and ACRQ, this means that the REVG of the sampled firms has a significant effect on the financial reporting quality of the firms. Therefore, the null hypothesis is rejected. Thus, Revenue Growth has a significant effect on the financial reporting quality of listed companies in Nigeria.

H₀₄: revenue growth has no significant relationship with the financial reporting quality of listed nonfinancial.

Table 9: Results for Test of Hypothesis IV

Dependent Variable: ACRQ			No. of Obs. = 740		
Variables	Coefficient	Std. Err.	t-Statistics	P> t	Decision
REVG	-.8292602	.0894537	-9.27	0.000	Reject Ho
_cons	-165.1818	7.449601	-22.17	0.000	
F			7.01		
Prob>F			0.0083		

Source: Researcher's Computation via STATA 13.0

The result in table 9 reveals the coefficient and standard error obtained for REVG was -.8292602 and .0894537 respectively. This is a suggestion that REVG has a positive relationship with ACRQ.

The model diagnostics reveals that REVG recorded t-statistics and p value of -9.27 and 0.000 respectively. This indicates that the robust regression technique is fit for estimating the model showing the existence of a negative significant relationship between REVG and ACRQ, this means that the REVG of the sampled firms has a significant effect on the financial reporting quality of the firms. Therefore, the null hypothesis is rejected. Thus, Revenue Growth has a significant effect on the financial reporting quality of listed companies in Nigeria.

CONCLUSION

The study concludes that firm size, economic value added, return on asset and revenue growth have significant effect on the financial reporting quality of the listed non-financial firms in Nigeria during the period covered by the study. It concluded that firm size have a negative significant effect on the quality of financial reporting of

listed nonfinancial firms in Nigeria during the period. It also concluded that economic value added of nonfinancial firms has a positive significant effect on the quality of financial reporting; while return on asset of the nonfinancial firms had a negative significant effect on the quality of financial reporting. On the other hand, assets revenue growth has a negative significant effect on the quality of financial reporting of the listed nonfinancial firms during the period. In essence, the study concludes that there is a significant relationship between firm attributes and the quality of financial reporting of listed nonfinancial firms in Nigeria.

- i. That board of committees should take into account the firm profitability structure when making decision, as this will improve the quality of financial reporting of the firms, and safeguard their going-concern.
- ii. Managements of firms should make sure they seek to maintain a positive EVA by maintaining a good rate of return on investors' funds, as this will improve the quality of its financial statements.
- iii. Companies should set up good revenue growth strategies so as to maintain a positive position in its annual sales activities, to improve the quality of its yearly financial reports, as investors look for revenue growth trends to gauge a company's growth over specific time periods.
- iv. The size of a firm in terms of its tangible fixed asset should be properly reviewed by both managers and the auditors to ensure that their carrying amount reflects their economic realities in its financial statements.

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