NEXUS BETWEEN FIRM ATTRIBUTES, ACCOUNTING REGULATIONS AND FINANCIAL REPORTING QUALITY OF LISTED NON-FINANCIAL FIRMS IN NIGERIA

Adesoji OKE[1], Abdulrasaq MUSTAPHA[2], Oluwatobi AHMED[3]
Fountain University, Osogbo, Osun State, Nigeria[1]
Kwara State University, Nigeria[2,3]
Walter Sisulu University, South Africa[2,3]
Corresponding Author Email: okeadesojiaderemi@gmail.com
DOI: https://doi.org/10.57233/gujaf.v6i1.33

Abstract

This study investigates firm attributes, accounting regulations and financial reporting quality of non-financial firms in Nigeria. The study adopted an ex-post facto research design; with population of thirty-three (33) manufacturing firms based in Lagos State while the thirty (30) firms were stratified randomly from the chosen sample sized. The study used descriptive statistical analysis, inferential statistical analysis and panel data to analyse data collected from 2012 to 2023 of selected firms. The result of the findings indicated that CEO's managerial ability (CMA) (β = 0.1318, p-value = .0009), audit committee gender diversity (ACG) (β = -0.5975, p-value = .000), risk management disclosure (RMD) (β = -1.7167, p-value = .0069), corporate control practice (CCP) (β = 0.1650, p-value = .000) and sustainability disclosure (SDP) (β = -0.7232, p-value = .604) and audit quality (AUQ) (β = 0.6607, p-value = .015), audit quality moderate with strategic development (AUQ_SDP) (β = 0.2418, p-value = .446) and audit quality moderated with risk management disclose (AUQ_RMD) (β = 0.4319, p-value = .046) . Thus CMA, CCP, AUQ and AUQ_RMD significantly strengthen financial reporting quality. ACG and RMD indicate weak financial reporting quality while SDP and AUQ_SDP show weak moderating effect on financial reporting quality. The study concludes that transparency and credibility of financial reports in Nigeria's manufacturing sector depend on firm-specific attributes and sound accounting practices. It recommends ethics training for CEOs, inclusion of more women on audit committees, strict enforcement of disclosure regulations, fair compensation for ethical leadership, and engagement of reputable auditors.

Keywords: Risk management, firm attributes, accounting regulations and financial reporting quality

Introduction

As a mechanism of governance, executive compensation in an agency perspective is expected to align interests of executives with those of shareholders. In a signalling perspective, executive compensation is seen as a positive signal conveyed to the market as to the competence of leaders. This compensation would thus improve the quality of financial report. However, given the financial scandals that revealed a dark side of different form of executive compensation, there is tendency for pay performance to have negative influence on the financial reporting quality. Managers are often under pressure to manipulate earnings in order to maximize the present value of bonus payments and also improve the welfare of investors by lowering taxes or reducing regulatory costs. Mellado and Saona (2020) affirmed that capable managers were considered to have understood the company's business conditions and were able to see the accrual component to maximize their bonuses. Managers are always considered to take advantage of existing opportunities (the flexibility of accounting standards with various method options) to perform earnings management which eventually affect the financial reporting quality of companies Nyongesa, et al, (2024). Healy and Wahlen, (2017) also found that managers make use of discretionary accruals to increase the compensation they wish to receive. In addition, previous studies such as (Houlthausen, 2019; Qawasmeh & Azzam (2020); Demerjian, et al, (2020); Machdar & Nurdiniah, (2021); Christensen, et al, (2022) have reported that managers are the main actors of earnings management practices that would disrupt the financial quality.

Despite having a robust regulator in place, financial reporting in Nigeria continues to exhibit inconsistencies, a perceived transparency gap, and persistent events that indicate a shortfall in reporting quality (Bala & Aifuwa, 2022; Okegbe & Uwuigbe, 2021). The adoption of global accounting standards has not, in any way, led to high-quality decisions practical for financial information across all quoted firms in Nigeria.

With the pace at which low financial reporting quality have been reported in connection with corporate misdeed, Canada, et al, (2008); Nissim and Penman (2003), are of the view that financial reporting quality deserves scrutiny from time to time. Such evaluation has to be connected with what factors may explain low- or high-quality financial report. As reported in extant literature, factors or determinants of financial reporting quality range from: industry characteristics (regulated and non-regulated), law and enforcement, accounting techniques/method, firms fundamental characteristics (age, size, governance structure, listing status) firms financial characteristics (Financial leverage, operating leverage, growth, return variability and profitability) to company policy (dividend and investment policy and degree of internationalization) and accounting standard regime have been variously evaluated both in term of general discourse to empirical analysis.

Literature Review

Financial Reporting Quality: Hundal et al. (2024) describe financial reporting quality as the degree to which reported financial information is precise, dependable, and useful. Such reliability is vital because individuals and institutions rely on these reports when making economic decisions. Jonas and Blanchet (2020) further explain that financial reporting involves several interrelated components, including the quality of the information presented, the transparency of disclosures about business activities, managerial estimates, and the accounting policies chosen and applied. These elements collectively guide investors and lenders in evaluating whether a firm is a suitable option for investment or credit.

Accrual Earnings Management: Accruals ensure the quality of earnings by enabling proper income and cost matching and reducing the need for one-time items, which are essential in ensuring the quality of earnings (Dichevet et al., 2013; Levitt, 2018). Accrual quality is one of the dimensions we are using to measure earnings quality in this work. In the words of Mohammady, (2010), the gap between earnings and cash is termed as accruals, which arises from the difference between the timing of the accounting recognition of the transaction and the timing of cash flows. Accruals require assumptions, management judgments, and estimates about future realization of earnings into cash flows, which may be influenced by biases in the estimation process or estimators' judgments that result in misrepresentation of economic phenomena. The recognition of accrual ensures that the revenue reported in the financial statement indicates the firm's financial performance during a given period. The timing and amount of recognition given to the revenue can significantly have effect on profitability ratios, for instance, gross profit margin, operating profit margin, and net profit margin of a firm

Firm Attributes: Davidson, et al, (2024) conceptualized firm attributes as the specifics and features such as Managerial Ability, CEO's Compensation, company age, profitability, liquidity, leverage, industry type, geographical location, tangibility, nature of business, business policy and practices such as accounting policy, compensation practices and by extent characteristics of company's management staff that distinguish a firm from others.

Managerial Ability: Setin and Murwaningsari (2018) described managerial ability of director as the management capacities, expertise, and processes in the custody of firms that are drawn to execute programs and activities to achieve superior performance. In many cases

inter-organization management skills is also counted as the management capability. Similarly, Eggers (2020) defined managerial ability as the capacity of directors or managers to run organizations, and to make and implement strategic and operational decisions, through an impact on and coordination of other firm resources, inputs and capabilities.

CEO's Compensation: Executive remuneration includes all types of financial rewards and tangible benefits executives receive as part of their employment, such as salaries, bonuses, stock grants, stock options, allowances, and various perks. These packages are usually shaped by taxation rules, regulatory requirements, organizational priorities, and the personal interests of the executives. They serve as mechanisms for rewarding managerial effectiveness (Greckhamer, 2011; Sun et al., 2013; Choi & Suh, 2019; Rashidi & Zareei, 2022; Rousseau et al., 2023; Park et al., 2023).

Risk Management and Disclosure Practices: The principles of risk, risk reporting, and risk management have recently attracted considerable attention as the world economy has become increasingly competitive (Lobo et al., 2019). Transparency is widely considered critical for individual firm as well as in terms of national competitiveness (Wyld, 2010). Corporate transparency in financial reporting refers essentially to disclosing risks in corporate annual reports (Kang & Gray, 2019). The call for transparent corporate financial reporting is widely accepted by regulators worldwide as an important theme in economic-political debates in a global context (Transparency International, 2014; Kang & Gray, 2019).

Sustainability Reporting/Disclosure: The concept of sustainability reporting had been used synonymously as sustainability disclosure (SD) reporting, corporate social responsibility (CSR) reporting, non-financial reporting, triple bottom line reporting, corporate environmental reporting, citizenship reporting, and environmental, societal and governance (ESG) reporting (Roca & Searcy, 2012; Sulkowski & Waddock, 2012; Machado, et al, 2021; Martins, et al, 2022). These concepts are gradually becoming more specific in their meanings, and as a result, they are becoming a subset of non-financial reporting.

Accounting Regulation: According to Akisik (2024), accounting regulation remains at the center of an ongoing debate in the discipline, gaining renewed attention due to a series of major scandals and financial reporting frauds in the early 2000s. These incidents severely weakened public confidence in global capital markets. The collapse of Enron, described by Di Pietra et al. (2010) as a shocking event, was followed by numerous accounting irregularities involving other large corporations in the United States, which eventually spread to Europe, Asia, Australia, and Africa. Nigeria also experienced its own high-profile cases, including Cadbury and other listed firms, prompting stronger regulatory interventions.

Audit Committee Gender Diversity: Audit committee gender diversity could be seen as the presence or proportion of women on the committee. Empirical evidence shows that women encounter a barrier to advancement into the top ranks of organizations (Perrault, 2015). Although many expected this barrier to be broken with the large influx of women into the labour force but only a little change has occurred in the top of firms (Bass 2019; Adams and Kirchmaier 2015). Women are, nevertheless, as capable in fulfilling director roles as men, according to Chen, et al, (2016). Because of this, the government of some countries set a minimum required number of women, as so called gender quota, to stimulate gender equality at the top of firms.

Theoretical Review

Stakeholders Theory: Stakeholder theory, introduced by Edward and Freeman in 1984, is a conceptual framework in business ethics and organizational management that emphasizes

moral and ethical considerations in corporate governance. Its purpose is to recognize and classify the multiple groups that have a vested interest in a company. Freeman argued that a firm's success should be evaluated not only by how well it serves its shareholders but also by how effectively it addresses the needs of other stakeholders essential to its operations. These stakeholders include a wide array of groups, such as employees, customers, suppliers, local communities, environmental and political organizations, media, financial institutions, and government agencies.

Signalling Theory: Signalling theory, first proposed by Spence (1973), examines how individuals, such as job candidates, reduce information gaps with potential employers by showcasing their skills through education and training. The theory addresses situations where one party holds private information that, if revealed, could influence the decisions of another party. Stiglitz (2002) defines information asymmetry as a condition in which different individuals possess unequal knowledge. To bridge this gap, the party with private information—known as the signaller—sends signals, which the receiving party interprets. According to Connelly et al. (2011), these signals communicate the signaller's underlying, often unseen, ability to meet expectations, commonly referred to as quality.

Empirical Review

Elmashtawy, et al, (2024) investigate the managerial ability of executives' managers' role in mitigating the negative impact of real earnings management on future firm's performance. Using a panel sample of 605 firms for the period of 2010 to 2020. The study concluded that there is a positive significant relationship between the managerial ability of managers and earnings management through manipulating real operational activities.

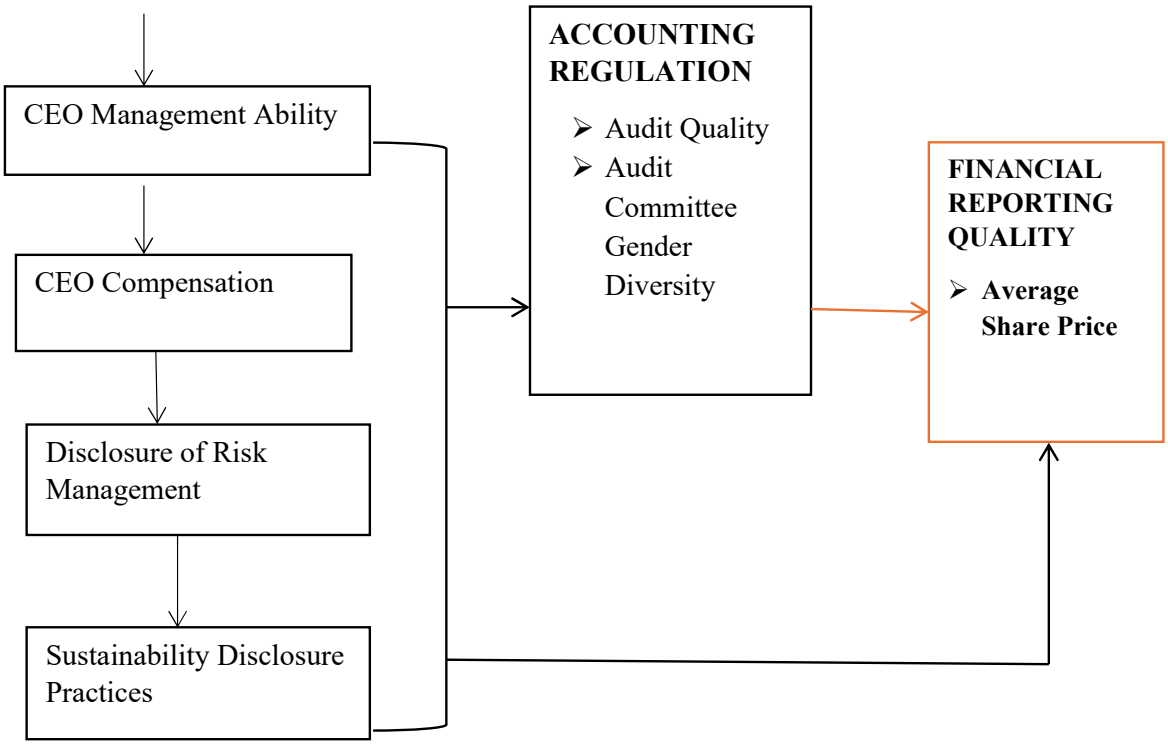
Oyewobi, (2024) contend that accounting information systems are designed to capture and process economic events, influencing the quality of financial reports. In the context of IFRS, if the data processed by Nigerian listed firms' accounting information systems is not IFRS-compliant, the resulting financial statements cannot be considered reliable IFRS-based documents.

Gardazi, et al, (2023) applied a correlation research design along with pooled balanced panel data to examine the impact of leverage on earnings management in Nigeria. The findings indicated that larger firms with higher leverage tend to engage less in earnings manipulation, particularly when institutional investors act as a monitoring mechanism to deter managerial manipulation.

Tunji, et al, (2022) conducted a study exploring the debt-equity ratio within the private corporate sector in Nigeria. The study examined the correlation between the debt-equity ratio and various factors including company age, total assets, retained earnings, profitability, and capital intensity. The findings revealed a negative correlation between age, retained earnings, and profitability with the debt-equity ratio. Conversely, total assets and capital intensity showed a positive relationship with the debt-equity ratio

Figure 1**:** **Conceptual Framework**

Independent Variable	**Mediating Variable**	**Dependent Variable**
FIRMS CHARACTERITICS		



Source: Author`s Conceptualization, 2025

The above conceptual model outlines the mediating role of accounting regulations (audit quality and audit committee gender diversity) in the relationship between the firm attributes (managerial ability and compensation, disclosure of risk management as well as sustainability disclosure practices) and financial reporting quality (average share price). This proposition is grounded in empirical studies that have identified a connection between the firm attributes and financial reporting quality. The significance of accounting regulation as a mediating variable cannot be overlooked, given its substantial association with financial reporting quality as evidenced by Jones (2018) and Samson (2024).

Furthermore, the model suggests an indirect relationship between the firm attributes and financial reporting quality. This is justified by the inclusion of accounting regulations as mediating variable. Therefore, high audit quality and audit committee gender diversity is posited to have a positive influence on financial reporting quality. The model also proposes that audit quality and audit committee gender diversity acts as a mediator in the relationship between firm characteristics and financial reporting quality. This proposition is based on the argument that firm characteristics may not directly affect financial reporting quality.

METHODOLOGY

This study's main objective is to provide empirical proof of how accounting standards and business characteristics may account for the degree of financial reporting quality over time. Because the financial report mostly includes past data, its expo-facto design recommends using earlier data deemed pertinent for this inquiry.

The study population consists of 33 manufacturing firms headquartered in Lagos and listed on the Nigeria Exchange Group (NGX) as of December 31, 2023. These companies operate across six sectors: agriculture (1), consumer goods (15), conglomerates (3), healthcare (4), industrial goods (9), and natural resources (1). The selection of these 33 firms (see Appendix I) was based on two main criteria: first, each company must have been listed on the NGX by 2010 and possess the necessary data for the study period; second, the firms must have maintained their listing on the NGX throughout the entire duration of the study. The study's sample consists of 30 publicly listed manufacturing firms, representing 91% of the total population. This study relies solely on secondary data obtained from the published annual reports of the selected companies.

This model for the study is stated as

$$FRQ_{it} = \beta_0 + \beta_1 CMA_{it} + \beta_2 CCP_{it} + \beta_3 ACG_{it} + \beta_4 SDP_{it} + \beta_5 RMD_{it} + \beta_6 ADQ_{it} + \beta_7 ADQ_{it}.\beta_7 SDP_{it} + \beta_8 ADQ_{it}.\beta_8 RMD_{it} + \varepsilon \quad (3.2)$$

where:

FRQ= is financial reporting quality proxy as average share price, CMA=CEO managerial ability, CCP=CEO Compensation, ACG=Audit committee Gender Diversity, SDP=Sustainability Disclosure Practice, RMD=Risk Management Disclosure Practice, ADQ=Audit Quality, β_0 - is the intercept term, $\beta_1 - \beta_6$ are the co-efficients of the independent variables and ε - is the error term.

DATA ANALYSIS AND DISCUSSION

Descriptive Statistics

The results in table 1 show the descriptive analysis for variables under consideration.

Table 1: Descriptive Statistics of variables

Variable	Obs	Mean	Std. Dev.	Min	Max
FRQASP	359	228.191	735.404	1.8	4883.62
CMA	360	0.694	0.512	0.01	4.244
CCP	360	4.756	1.215	0	8.86
ACG	360	0.161	0.16	0	0.8
SDP	360	0.64	0.09	0.37	0.83
RMD	360	0.68	0.105	0.3	0.8
AUQ	360	4.342	0.664	2.699	6.018

Source: Author's computation, (2025)

As shown in table 1, the reported mean value for average share price, a measure of financial reporting quality is 228.19 depict a moderate financial reporting quality for the fact that is hovering around the middle of the maximum reported average share prices reported in table 1.

For the managerial ability (CMA) measured through log of returns on assets, the reported mean of 0.694 and standard deviation of 0.512, it can be argued that the managerial ability among sampled firms are moderate, since the gap between the reported mean and maximum values is relatively high. The reported mean of 4.756 for managerial/CEO compensation (CCP) measured through the log of various component of compensation, can also be described to be moderate, given the reported maximum value. This implies most of the sampled firms' managers are compensated moderately.

Given the reported mean of 0.16, it is obvious that the degree of gender diversity (ACG) in context of female representation within the audit committee was very low. This implies that

the expected role of female as integrity-enhancing factors was not much present in the audit committee of the sampled companies.

In context of sustainability disclosure practices, the reported mean of 0.64 which is not too distant from the reported maximum values implies that the degree of sustainability disclosure among sampled firms was moderately high to be in line with Global Reporting Index (GRI). Similarly, degree of risk management disclosure can be described to be moderately high given the reported mean of 0.68 also not too distant from the reported maximum value. Finally, the degree of audit quality, measured through the log of audit fees, can also be described to be moderate, given the reported mean value of 4.342 which is not too distant from the reported maximum value.

Multicollinearity Test using Pair-wise Correlation Matrix

The results in table 2 revealed the relationship among the variables used in the study.

Table 2: Matrix of correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
FRQASP	-0.011	1.000						
CMA	-0.041	0.059	1.000					
CCP	0.077	0.231	0.110	1.000				
ACG	0.110	-0.052	-0.064	0.213	1.000			
SDP	0.012	-0.007	-0.052	0.063	0.020	1.000		
RMD	-0.031	0.034	-0.015	-0.011	0.096	0.227	1.000	
AUQ	-0.035	0.132	0.188	0.671	-0.016	0.009	-0.101	1.000

Source: Author's computation, (2025)

The results in Table 2 depict the correlation analysis to assess the strength and direction of the relationship among the variables used in the study. The rule of thumb is that if two variables have correlation of 0.8, there is severe collinearity problem. The results indicated that none of the variables has correlation issues as the entire variable has less than the threshold of 0.8.

Multicollinearity Test using variance Inflation Factor (VIF)

The study also used VIF to further test for a multicollinearity test among the independent variables in order to ensure that two or more variables are not explaining the same thing. The result is shown in Table 3

Table 3: Variance Inflation Factor

Variable	VIF	1/VIF
CCP	2.01	0.496847
AUQ	1.97	0.507636
ACG	1.11	0.900107
RMD	1.08	0.928044
SDP	1.06	0.94032
CMA	1.04	0.957695
Mean VIF	1.38	

Source: Author's computation, (2025)

The rule of thumb is that if a variable has a variance inflation factor above 5, there is problem of multicollinearity among the independent variables; hence the variable will be dropped for the others (Gujarati, 2004). Based on the result in table 3, it could be deduced that none of the

independent variable has problem of multicollinearity as the VIFs of the independent variables is less than 5.

Heteroskedasticity Test

This test is conducted in order to ascertain the level of non-constant error term among the variables.

Table 4: Heteroskedasticity Test

		Chi-square	**p-value**
Model	Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	159.67	0.000

Source: Author's computation, (2025)

This study used Breusch and Pagan Lagrangian Multiplier test to identify the presence of heteroscedasticity. The rule of thumb is that there is problem of heteroskedasticity if the p-value is significant. Based on the result in table 4, it could be seen that the model suffer from problem of heteroscedasticity as the p-value of 0.000 which is greater than 5% level of significance.

Autocorrelation tests

Wooldridge test was conducted to determine if there is any autocorrelation in the residuals of the panel data with the reported result in table 5 indicating presence of auto correlation in the model given the fact that the reported p-value is less than 5%.

Table 5: Wooldridge Test of Autocorrelation

		Test statistics	**p-value**
Model	Wooldridge test	68.430	0.000

Source: Author's computation, (2025)

From the diagnostic tests, the model (**FRQ1BASP model**) evidently suffers from both autocorrelation and heteroskedasticity. Therefore, the PCSE regression was used which automatically corrects for these errors when they concurrently occur on a panel, and most suitable when N>T, as applicable in this study.

Table 6: Panel regression results for FRQ1BASP

Variable	Coefficient	std. err.	z-stat	p-value
CMA	0.1106469	0.05304	2.09	0.037
CCP	0.5509537	0.063998	8.61	0.000
ACG	1.367161	0.263133	5.2	0.000
SDP	0.4530658	0.192576	2.35	0.019
RMD	-0.0854372	0.135969	-0.63	0.530
_cons	0.4615543	0.375198	1.23	0.219

Wald-stat	100.97
Prob	0.000
R-sq.	0.8732
No of Obs.	359
No of groups	30

Source: Author's computation, (2025)

The study first assessed the suitability of Model before testing the hypotheses. The results in Table 6 indicate that the model fits well, with a Wald-statistic of 100.97 and a p-value of 0.000 at the 5% significance level. Additionally, the adjusted R-squared value of 0.87 suggests that 87% of the variation in the dependent variable is accounted for by the independent variables, while the remaining 13% is explained by factors outside the model.

The analysis also demonstrates a significant positive relationship between CEO managerial ability (CMA) and financial reporting quality, measured by average share price, with a beta coefficient of 0.1106, a z-value of 2.09, and a p-value below 0.05. This provides sufficient evidence to reject the null hypothesis that CMA has no significant effect on share price-based financial reporting quality among listed non-financial firms in Nigeria.

For the second hypothesis, CEO compensation (CCP) showed a positive and statistically significant impact on share price-based financial reporting quality, with a beta coefficient of 0.5509, a z-value of 8.61, and a p-value below 0.05. Accordingly, the null hypothesis for this relationship was rejected.

Regarding the third hypothesis, audit committee gender diversity (ACG) exhibited a significant positive effect on average share price-based financial reporting quality, with a beta coefficient of 1.3672, a z-value of 5.2, and a p-value below 0.05, leading to the rejection of the null hypothesis.

Similarly, hypothesis four, which investigated the effect of sustainability disclosure practices, revealed a positive and significant relationship with share price-based financial reporting quality, with a beta coefficient of 0.4531, a z-value of 2.35, and a p-value below 0.05. Consequently, the null hypothesis was rejected.

In contrast, hypothesis five, which examined the influence of risk management disclosures (RMD), did not yield a significant effect on average share price-based financial reporting quality. The beta coefficient was -0.0854, the z-value was -0.63, and the p-value exceeded 0.05, indicating that the null hypothesis could not be rejected for this variable.

Overall, the results for model indicate that CEO managerial ability, CEO compensation, audit committee gender diversity, and sustainability disclosure significantly explain variations in average share price-based financial reporting quality at a 95% confidence level. However, there was insufficient evidence to support a significant impact of risk management disclosures on this measure of financial reporting quality.

Table 7: Moderating effect regression results for FRQ2ASP

Variable	Coefficient	std. err.	z-stat.	p-value
CMA	0.13183	0.05033	2.62	0.009
CCP	0.16502	0.04112	4.01	0.000

ACG	-0.5975	0.22377	-2.67	0.008
SDP	-0.7232	1.3947	-0.52	0.604
RMD	-1.7167	0.9432	-1.82	0.069
AUQ	0.66072	0.2714	2.43	0.015
AUQ_SDP	0.24175	0.31696	0.76	0.446
AUQ_RMD	0.43194	0.21696	1.99	0.046
_cons	-0.7052	1.1756	-0.6	0.549
Wald-stat	589.78			
Prob	0.000			
R-sq.	0.8987			
No of Obs.	359			
No of groups	30			

Source: Author's computation, (2025)

To affirm positive significant moderating effect of audit quality on the relationship between risk management disclosure and financial reporting quality (average share price). Specifically, the reported estimated beta coefficient of 0.43194, t-value of 1.99 and p-value less than 5% give a basis for rejection of null hypothesis.

In contrast, the result also in table 7 gives not enough evidence to assert the moderating effect of audit quality between sustainability disclosure and financial reporting quality (average share price) for the fact that the reported estimated beta coefficient of 0.24175, t-value of 0.76 and p-value greater than 5% give a basis for non-rejection of null hypothesis.

Discussion of Findings

CMA, CCP, AUQ, AUQ_RMD repot positive effect on financial reporting quality measured with average share price. ACG, RMD reported a weak relationship with financial reporting quality relationship. SDP, AUQ_SDP has insignificant effect on financial reporting quality. The overall model indicates a strong explanatory power (R^2 = 0.8987) which confirms robustness of results.

By strengthening management practices, internal controls, and audit quality is crucial for improving financial reporting credibility. Audit committees and risk disclosures need reform to avoid undermining reporting quality. Voluntary disclosure practices require stronger institutional frameworks to become effective. Policymakers should prioritize audit quality and governance reforms to enhance sustainable financial transparency in African firms.

CONCLUSION AND RECOMMENDATIONS

The regression results reveal that the moderating variables exert diverse influences on the relationship between financial reporting quality (FRQ) measured by average share price (ASP). Corporate management activities (CMA), corporate control practices (CCP), audit quality (AUQ), and the interaction between audit quality and risk management disclosures (AUQ_RMD) significantly strengthen this relationship, underscoring the importance of effective governance and credible assurance mechanisms. Conversely, audit committee governance (ACG) and risk management disclosure (RMD) weaken the FRQASP link, suggesting that ineffective oversight or poorly communicated risk information can erode stakeholder confidence. Strategic disclosure practices (SDP) and the interaction between audit quality and disclosure (AUQSDP) were found to be insignificant, highlighting the limited impact of voluntary disclosure in weak institutional environments.

The study recommends the following points based on the finding:

Enhance managerial oversight and internal control systems to ensure transparency and accountability. Invest in training and capacity building for managers to improve decision-making and reporting integrity.

Encourage firms to engage reputable audit firms with proven track records. Regulators should enforce stricter audit quality standards to ensure credibility of financial reports. Promote continuous professional development for auditors to align with international best practices.

Reassess the composition and effectiveness of audit committees to avoid rigid or symbolic oversight. Ensure independence and competence of committee members to strengthen monitoring without stifling managerial initiative.

Develop clearer frameworks for risk disclosure that balance transparency with investor reassurance. Pair risk disclosures with credible audit assurance to transform them into positive signals rather than sources of uncertainty.

Move beyond voluntary disclosure by strengthening institutional enforcement and regulatory frameworks. Encourage firms to adopt standardized disclosure formats to improve comparability and credibility.

Regulators should prioritize governance reforms that integrate audit quality, management oversight, and control practices. Governments and professional bodies should collaborate to build stronger institutional environments that make disclosures meaningful and enforceable.

REFERENCES

Adams, Renée and Tom Kirchmaier. (2015). Barriers to Boardrooms. *SSRN Scholarly Paper.*

Akisik, O. (2024). Accounting regulation, financial development, and economic growth. Emerging Markets Finance and Trade, 49(1), 33-67.http://doi.org/10.2753/REE1540-496X490103

Bala, H., & Aifuwa, H. O. (2022). Earnings management and financial reporting quality: Evidence from listed non-financial firms in Nigeria. African Journal of Accounting and Financial Research, 5(1), 1-15.

Bass, A. E. (2019). Top management team diversity, equality, and innovation: a multilevel investigation of the health care industry. Journal of Leadership & Organizational Studies, 26(3), 339-351

Canada, J., Kuhn, J. R., & Sutton, S. G. (2008). Accidentally in the public interest: The perfect storm that yielded the Sarbanes-Oxley act. Critical Perspectives on Accounting, 19(7), 987-1003.

Chen, G., Crossland, C., & Huang, S. (2016). Female board representation and corporate acquisition intensity. Strategic management journal, 37(2), 303-313.

Choi, H., & Suh, S. (2019). The effect of financial reporting quality on CEO compensation structure: Evidence from accounting comparability. Journal of Accounting and Public Policy, 38(5), 106681.

Christensen, T. E., Huffman, A., Lewis-Western, M. F., & Scott, R. (2022). Accruals Earnings Management Proxies: Prudent Business Decisions Or Earnings Manipulation? Journal of Business Finance & Accounting, 49(3-4), 536-587.

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. Journal of management, 37(1), 39-67.

Davidson, A. A., Omotayo, F. I., Mayor, B. M., & Akinwale, A. I. (2024). Impact of auditor's independence on earnings management of listed deposit money banks in Nigeria. International Journal of Research and Innovation in Social Science, 8(1), 1658-1670

Demerjian, P., Lewis-Western, M., & McVay, S. (2020). How does intentional earnings smoothing vary with managerial ability?. Journal of Accounting, Auditing & Finance, 35(2), 406-437.

Di Pietra, R., McLeay, S., & Ronen, J. (2010). Special issue on governance and accounting regulation. *Journal of Management & Governance,* 14(4), 273–276. http://doi.org/10.1007/s10997-009-9100-2

Dichev, I. D., Graham, J. R., Harvey, C. R., & Rajgopal, S. (2013). Earnings quality: Evidence from the field. *Journal of accounting and economics*, *56*(2-3), 1-33.

Edward, W. & Freeman, I. (1984). Stakeholder theory and earnings management: empirical evidence from France. *Journal of Financial Reporting and Accounting*, 2(3), 117

Eggers, F. (2020). Masters of disasters? Challenges and opportunities for SMEs in times of crisis. *Journal of business Research*, *116*, 199-208.

Elmashtawy, A., Ateeq, A., Salaheldeen, M., Milhem, M., Alzoraiki, M., Al Ani, Z., & Roy, R. (2024). How Does Earnings Manipulation Influence the Firm Performance? The Moderating Effect of the Board Gender Diversity. In *The AI Revolution: Driving Business Innovation and Research: Volume 1* (pp. 497-506). Cham: Springer Nature Switzerland.

Gardazi, S. S. N., Hassan, A. F. S., & Bello, M. S. (2023). A bibliometric analysis of corporate sustainability performance: Current status, development and future trends. *International Journal of Professional Business Review*, *8*(3), e0367-e0367.

Greckhamer, T. (2011). Cross-cultural differences in compensation level and inequality across occupations: A set-theoretic analysis. *Organization Studies*, *32*(1), 85-115

Healy, B. & Wahlen, H. (2017). CEO incentives and earnings management. *Journal of Financial Economics, 3*(3), 511-529.

Holthausen, R. W. (2019). Accounting Standards, Financial Reporting Outcomes, and Enforcement. *Journal of accounting research*, *47*(2), 447-458.

Hundal, S., Dalwai, T., Mohammadi, S. S., Al Balushi, I. A. K., & Al Zawani, H. R. H. (2024). Financial Reporting Quality and Investment Efficiency: Evidence from Emerging Market. In *New Approaches to CSR, Sustainability and Accountability, Volume V* (pp. 239-255). Singapore: Springer Nature Singapore.

Jonas, G.J., & Blanchet, J. (2020), Assessing quality of financial reporting. Accounting Horizons, 14(3), 353-363.

Jones, M., Melis, A., Gaia, S., & Aresu, S. (2018). Does graphical reporting improve risk disclosure? Evidence from European banks. *Journal of Applied Accounting Research*, *19*(1), 161-180.

Kang, H., & Gray, S. J. (2019). Country-specific risks and geographic disclosure aggregation: Voluntary disclosure behaviour by British multinationals. *The British Accounting Review*, *51*(3), 259-276.

Levitt, H. (2018). Real earnings management and cost of capital. *Journal of Accounting and Public Policy,* 3(6), 518-543.

Lobo, G. J., Siqueira, W. Z., Tam, K., & Zhou, J. (2019). Does SEC FRR No. 48 disclosure communicate risk management effectiveness? *Journal of Accounting and Public Policy,* 38(6), 106696.

Machado, B. A. A., Dias, L. C. P., & Fonseca, A. (2021). Transparency of materiality analysis in GRI-based sustainability reports. *Corporate Social Responsibility and Environmental Management*, *28*(2), 570-580.

Machdar, N. M., & Nurdiniah, D. (2021). Does transfer pricing moderate the effect of deferred tax assets and deferred tax expenses on accrual earnings management of firms in Indonesia? *European Journal of Business and Management Research*, *6*(3), 104-110.

Martins, A., Oliveira, C., Silva, R., & Castelo Branco, M. (2023). Management control practices as performance facilitators in a crisis context. *Administrative Sciences*, *13*(7), 163.

Mellado, C., & Saona, P. (2020). Real earnings management and corporate governance: a study of Latin America. *Economic research-Ekonomska istraživanja*, *33*(1), 2229-2268.

Mohammady, H. (2010). The impact of corporate governance on earnings management in Korea. *Malaysian Accounting Review,* 7(1), 56-63

Nissim, D. & Penman, S. H. (2003). Financial statement analysis of leverage and how it informs about profitability and price-to-book ratios. *Review of accounting studies*, *8*, 531-560.

Nyongesa, R. W., Mwangi, C. I., & Wanjare, J. M. (2024). The nexus between earnings management, CEO compensation, and firm value: empirical evidence from the Nairobi securities exchange. *European Journal of Economic and Financial Research*, *8*(4).

Okegbe, T. O., & Uwuigbe, O. (2021). IFRS adoption and financial reporting quality: A review of the Nigerian evidence. International Journal of Business and Social Science, 12(4), 88-97.

Oyewobi, I. A. (2024). Cloud-Based Accounting Information Systems and Financial Reporting Quality of Listed Information and Communication Technology Firms in Nigeria.

Park, J., Lee, J., & Shin, J. (2023). Corporate governance, compensation mechanisms, and voluntary disclosure of carbon emissions: Evidence from Korea. *Journal of Contemporary Accounting & Economics*, *19*(3), 100361.

Perrault, E. (2015). Why does board gender diversity matter and how do we get there? The role of shareholder activism in deinstitutionalizing old boys' networks. *Journal of Business ethics*, *128*, 149-165.

Qawasmeh, S., & Azzam, M. (2020). CEO Characteristics and Earnings Management. *Accounting*, *6*(7), 1403-1410.

Rashidi Baghi, M., & Zareei, Z. (2022). The effect of accounting comparability on the relationship between financial reporting quality and CEO compensation. *Applied Research in Financial Reporting*, *10*(2), 205-232.

Roca, L. C., & Searcy, C. (2012). An analysis of indicators disclosed in corporate sustainability reports. *Journal of cleaner production*, 20(1), 103-118.

Rousseau, D., Kim, B. J., Splenda, R., Young, S., Lee, J., & Beck, D. (2023). Does chief executive compensation predict financial performance or inaccurate financial reporting in listed companies: A systematic review. *Campbell Systematic Reviews*, *19*(4), e1370.

Samson, R. (2024). Effect of bank sustainable performance on bank stability in Nigeria. *Fuoye journal of management science*, *1*(1).

Setin, S., & Murwaningsari, E. (2018). The effect of managerial ability towards earning quality with audit committee as moderating variable. *Journal of Business and Retail Management Research*, *12*(3).

Spence, G. (1973). Signaling Theory of earnings management: the case of the European Union. *Journal of Economic Studies.*

Stiglitz, J. E. (2002). Information and the Change in the Paradigm in Economics. *American economic review*, *92*(3), 460-501.

Sulkowski, A., & Waddock, S. (2012). Beyond sustainability reporting: integrated reporting is practiced, required, and more would be better. *U. St. Thomas LJ*, *10*, 1060.

Sun, F., Wei, X., & Huang, X. (2013). CEO compensation and firm performance: Evidence from the US property and liability insurance industry. *Review of Accounting and Finance*, *12*(3), 252-267.

Tunji, S. T., Augustine, D., Olabode, O. P., & Solomon, O. (2022). Leases financing, liquidity, and return on equity of selected manufacturing companies in Nigeria: Implication of IFRS 16 leases. *International Journal of Accounting, Finance and Risk Management*, *7*(2), 77-85.

Wyld, D. C. (2010). Risk in the clouds? Security issues facing government use of cloud computing. In *Innovations in computing sciences and software engineering* (pp. 7-12). Dordrecht: Springer Netherlands