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AN ASSESSMENT OF THE NEXUS BETWEEN FIRM ATTRIBUTES AND FINANCIAL REPORTING QUALITY IN NIGERIA

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ABSTRACT

This study examines the relationship between the firm attributes and financial reporting quality of listed consumer goods firms in Nigeria. The study employed secondary data retrieved from the published financial records of 12 consumer goods listed firms in Nigeria over a period of 10 years spanning 2012 to 2021. The paper adopted four independent variables as measures of firm attributes which includes firm size (FSIZE), board composition (BSIZE, profitability (PROF) and firm growth (FGROW). On the other hand, the dependent variable which is financial reporting quality was proxy using Modified Jones Model. The dataset were analyzed using the descriptive statistics, diagnostic tests and inferential statistics. The study specified a linear model which was tested using the simple regression analysis as a result of the nature of the study. The findings revealed that board composition and firm growth have significant impact on financial reporting quality of listed consumer goods firms in Nigeria. Again, firm size and profitability have insignificant relationship with financial reporting quality of listed consumer goods firms in Nigeria. The findings indicated that collectively the firm attributes measures examined in this study have significant association with financial reporting quality of listed consumer goods firms in Nigeria. Thus, the study recommended that listed consumer goods firms in Nigeria pay attention to the potential negative impact of firm size and board size on financial reporting quality. Companies should strive to establish effective internal controls, robust reporting mechanisms, and appropriate governance structures to mitigate the adverse effects of these factors.

Keywords: Firm Attributes, Financial Reporting Quality, Profitability, Firm Growth, Firm Size.

INTRODUCTION

The quality of financial reporting plays a crucial role in providing reliable and transparent information to investors, regulators, and other stakeholders. It enables them to make informed economic decisions, evaluate the financial health of companies, and ensure accountability (Abanum & Ebiaghan 2022; Ebiaghan 2019a,2019b). However, there have been several instances globally that have eroded trust in financial reporting, such as the global financial crisis of 2010, financial scandals, and corporate failures. Nigeria has not been immune to these challenges, as evidenced by the discovery by the Central Bank of Nigeria of financial irregularities within the banking sector a few years ago (Ezelibe, Nwosu & Orazulike, 2017;Afam-Mebei & Ebiaghan 2022). Given the significance of financial reporting quality in Nigeria, particularly in the consumer goods sector, there is a pressing need to investigate the factors influencing it. Financial statements are expected to reveal the operational activities of a firm and provide accurate and relevant information to different investors (Ajayi-Owoeye, Akinwunmi, Olayinka & Pelemo, 2022). High-quality financial reporting is characterized by reliable, understandable, and comparable information that reflects the true and fair view of a company's financial position.

The determination of accounting earnings quality has become an important area of interest in financial accounting research. Reliable accounting information is essential for determining the economic reality of a firm's financial activities, and regulators have taken accounting earnings quality seriously due to concerns over the accuracy and transparency of financial reporting (Che-Ahmad, Osazuwa & Mgbame, 2015). High accounting earnings quality provides decision-makers with relevant information for making informed economic decisions. The occurrence of financial scandals and collapses in financial institutions has further exacerbated the lack of trust in financial reporting quality globally and in Nigeria. Several prominent cases, including Cadbury, Enron, WorldCom, and collapses of Nigerian banks such as Intercontinental Bank, Oceanic Bank, and Bank PHB, have shaken shareholder confidence in financial reporting quality and management (Ebiaghan & Esekhile 2018; Terkende & Karim, 2022).

This study aims to investigate the influence of firm attributes on financial reporting quality in the consumer goods sector of Nigeria. Consumer goods companies were selected as the focus because they represent a key component of the manufacturing industry in Nigeria. Specifically, the study will examine the impact of firm size, board composition, profitability, and firm growth on financial reporting quality. By examining these factors, the research seeks to contribute to the understanding of financial reporting quality in Nigerian consumer goods companies and enhance the formulation of policies and standards to mitigate accounting manipulations. The findings are expected to have an impact on the improvement of financial reporting quality, protect users of financial statements, and guide existing and potential investors in making informed investment decisions.

The study addresses the research gap in the Nigerian context by focusing on the consumer goods sector, which has its own unique characteristics and challenges. As Nigeria boasts the largest economy in Africa, this research will have implications not only for the Nigerian consumer goods industry but also for the broader African market. It will contribute to the existing literature by providing insights into financial reporting quality in the Nigerian context and help strengthen trust and confidence in financial reporting practices.

CONCEPTUAL REVIEW

Financial Reporting Quality

Financial reporting quality plays a crucial role in providing reliable and relevant information to stakeholders for decision-making purposes. In the context of listed consumer goods companies in Nigeria, ensuring high-quality financial reporting is essential for maintaining trust and transparency in the financial markets (Oburota & Ebiaghan 2023) . Financial reporting quality refers to the extent to which financial statements accurately and transparently represent the financial performance, position, and cash flows of an organization. It encompasses the reliability, relevance, comparability, and understandability of financial information disclosed by the company. Investors, creditors, and other stakeholders rely on accurate and trustworthy financial information to make informed decisions regarding investments, lending, and resource allocation (Shika, Kantudu, Ahmad & Saifullahi, 2022; Umoren & Ukpong, 2023;Mordi & Ebiaghan(2022). Transparent and reliable financial reporting enhances stakeholder confidence in the company's management, reducing information asymmetry and improving capital market efficiency (Wu & Abeysekera, 2023). Adequate financial reporting quality ensures compliance with legal and regulatory requirements, such as the Nigerian Financial Reporting Council (NFRC) regulations and International Financial Reporting Standards (IFRS).

Several factors influence the financial reporting quality of listed consumer goods companies in Nigeria. These factors can be categorized into internal and external determinants. The ethical standards and integrity of management significantly impact financial reporting quality. A commitment to transparency and accurate reporting is essential. Effective corporate governance practices, including board independence, audit committee effectiveness, and internal controls, promote financial reporting quality. The competence and knowledge of the company's accounting staff and external auditors contribute to the accuracy and reliability of financial reporting (Orjinta & Abazu, 2023; Lambe, Arumona & Okoli, 2023; Esezobor & Funmi, 2020).

The effectiveness of regulatory oversight, including the enforcement of reporting standards by regulatory bodies like the Securities and Exchange Commission (SEC) and the NFRC, influences financial reporting quality. The independence, competence, and professionalism of external auditors are critical in ensuring the reliability of financial statements. Competitive pressures within the consumer goods industry may influence financial reporting practices, including the temptation to manipulate financial results (Orjinta & Abazu, 2023; Lambe, Arumona & Okoli, 2023; Chucks, Felix, & Temile, 2023). Nigerian consumer goods firms face specific challenges that may impact financial reporting quality. Inadequate access to reliable and timely financial information may impede accurate decision-making by stakeholders. Inconsistent enforcement of regulatory requirements and weak compliance mechanisms pose challenges to financial reporting quality (Orjinta & Abazu, 2023; Esezobor & Funmi, 2020). Limited resources, including skilled professionals and technology infrastructure, may hinder the implementation of robust financial reporting systems.

Firm Attributes

Firm attributes encompass various characteristics that can influence financial reporting quality. This section provides a conceptual review of the key firm attributes that are relevant to the study's investigation of financial reporting quality in the consumer goods sector of Nigeria.

Firm Size and Financial Reporting Quality

Firm size has a notable impact on financial reporting quality (Daferighe & Emem, 2020). financial systems, which enable them to implement robust internal controls and ensure accurate financial reporting . They also face additional challenges in financial reporting due to their complex operations and diverse product lines. However, their size and scale allow them to invest in systems and processes that enhance the accuracy and transparency of financial reporting (Ezelibe, Nwosu & Orazulike, 2017). Furthermore, larger firms attract more scrutiny from stakeholders and are subject to external audits, which incentivizes them to maintain high-quality financial reporting standards. It is important to acknowledge that the relationship between firm size and financial reporting quality may not be linear, as smaller firms can also exhibit strong financial reporting practices. Future research should focus on understanding the specific mechanisms through which firm size influences financial reporting quality within the consumer goods sector in Nigeria (Adegboye, Muhammad & Hanga, 2019; Ebiaghan 2020, Nwosu & Orazulike, 2017).

Firm size plays a significant role in shaping financial reporting quality. While larger firms have advantages in terms of resources and scrutiny, the relationship between firm size and financial reporting quality is nuanced (Shehu, 2012; Shehu & Bello, 2013). Examining this relationship within the context of the consumer goods sector in Nigeria will provide valuable insights for stakeholders and contribute to the ongoing improvement of financial reporting practices.

Board Composition and Financial Reporting Quality

The composition and characteristics of a firm's board of directors have a significant influence on financial reporting quality. The presence of independent directors, particularly those with relevant financial expertise, ensures objectivity and enhances the effectiveness of financial oversight (Ebiaghan 2020 These independent directors are well-equipped to evaluate financial reporting practices, ensure compliance with accounting standards, and provide objective assessments of the accuracy and transparency of financial statements. Additionally, boards with diverse compositions bring a range of perspectives and experiences that contribute to robust discussions and well-informed decisions regarding financial reporting practices (Musa & Oloruntoba, 2014; Osemene, Adeyele & Adinnu, 2018).

However, it is important to note that the mere presence of independent directors does not guarantee improved financial reporting quality. The effectiveness of the board's oversight depends on factors such as active engagement, independence, and expertise (Bala & Kumai, 2015). Establishing a culture of accountability, transparency, and ethical behavior within the board is crucial for promoting high-quality financial reporting. Further research is needed to explore the specific dynamics and mechanisms through which board composition influences financial reporting quality in the consumer goods sector in Nigeria.

Profitability and Financial Reporting Quality

Profitability is a key factor that influences financial reporting quality. Higher profitability indicates a firm's ability to generate sustainable earnings and cash flows, which enhances the reliability of financial statements Ebiaghan, Ojugbeli & Okoye 2017 Profitable firms are less likely to engage in aggressive accounting practices or manipulate financial figures, as they have fewer incentives to do so. They are more likely to adhere to accounting principles and present accurate and transparent financial information (Eneh & Amakor, 2019; Jeroh, 2020).

Conversely, financially distressed or unprofitable firms may face pressures to engage in earnings management or fraudulent reporting to improve their apparent profitability. Such practices can undermine the reliability and usefulness of financial information, leading to lower financial reporting quality (Shehu, 2012; Shehu & Ahmad, 2013). Therefore, understanding the relationship between profitability and financial reporting quality is crucial, particularly within the consumer goods sector in Nigeria, to identify the specific challenges and dynamics at play (Che-Ahmed, Osazuwa & Mgbame, 2015). Further research in this area can provide valuable insights into how profitability influences financial reporting quality and inform relevant stakeholders about the risks and opportunities associated with profitability in relation to financial reporting practices.

Firm Growth

Firm growth has implications for financial reporting quality, particularly as expanding firms face challenges in maintaining accurate financial reporting. The complexities associated with business expansion, such as increased financial transactions and multiple business units, can strain existing financial reporting systems and processes (Dapo & Adeyemi, 2010). To address these challenges, firms need to invest in robust financial reporting systems, implement effective internal controls, and provide training to their accounting and finance teams. This ensures that financial information is accurately recorded, reported, and aligned with accounting standards and regulations. Understanding the relationship between firm growth and financial reporting quality is important for identifying the specific challenges and opportunities faced by expanding firms and informing best practices for maintaining high-quality financial reporting amidst growth (Adediran, Alade & Oshode, 2013; Dapo & Adeyemi, 2010)

Further research in this area can shed light on the mechanisms through which firm growth influences financial reporting quality and provide valuable insights for firms, policymakers, and regulators (Adegboye, Muhammad & Hanga, 2019). By examining the specific dynamics and factors that affect financial reporting during periods of growth, researchers can contribute to the development of guidelines and recommendations to enhance financial reporting practices in expanding firms. Such research can also help firms navigate the complexities of growth, ensure the reliability of financial statements, and build trust among stakeholders.

Empirical Review

Adegboye, Muhammad and Hanga (2019) investigated the impact of firm attributes on the financial reporting quality of listed consumer goods companies in Nigeria from 2008 to 2017.

The researchers examined firm size, board composition, profitability, and firm growth as proxies for firm attributes. Financial reporting quality was measured using a modified version of the Jones (1991) model, and panel multiple regressions were conducted to test the hypotheses. The findings reveal that profitability, board composition, and firm growth have a statistically significant influence on financial reporting quality. Higher profitability suggests a stronger financial position and reduces the likelihood of aggressive accounting practices. The presence of independent directors with relevant financial expertise in the board composition enhances financial oversight and corporate governance, leading to improved financial reporting quality. Effective management of firm growth, along with robust financial reporting systems, contributes to accurate reporting of financial information.

Esezobor and Funmi (2020) examined the impact of audit quality, including audit independence and audit tenure, on the financial performance of consumer goods companies listed on the Nigerian Stock Exchange. It also investigated the influence of audit firm size on financial performance. The researchers utilized a descriptive and cross-sectional research design, analyzing data from the annual reports of five selected consumer goods firms over a five-year period. The Panel Least Square Regression Model was employed for hypothesis testing. The findings demonstrated that audit independence and longer audit tenure had a positive and significant effect on the financial performance of the selected consumer goods firms. This indicates that having independent auditors and maintaining longer relationships with audit firms contribute to improved financial performance, as measured by return on assets. However, the study did not find a significant relationship between audit firm size and financial performance in this specific context.

Terkende and Karim (2022) investigated how firm attributes impact the financial reporting timeliness of listed consumer goods companies in Nigeria from 2017 to 2021. The research utilizes a sample of all consumer goods firms listed on the Nigeria Group Exchange (NGX) during this period and analyzes secondary data obtained from their annual reports. The Generalized Least Square (GLS) regression technique is employed to test the hypothesis and draw conclusions. The study finds that firm size and financial leverage have a significant negative effect on financial reporting timeliness. Larger firms and those with higher levels of financial leverage tend to take longer to publish their financial reports. The study recommends that listed consumer goods firms focus on increasing their size to reduce the time required for financial report publication. Additionally, managing financial leverage effectively is crucial to ensuring that it does not hinder the timely reporting of financial information.

Shika, Kantudu, Ahmad and Saifullahi (2022) investigated the impact of monitoring characteristics on the financial reporting quality of Nigerian listed consumer goods firms over a nine-year period from 2011 to 2020. The sample consists of all 21 listed consumer goods firms as of December 31st. multiple regression analysis is employed to analyze the data. The findings of the study indicate that all the monitoring characteristics variables examined significantly influence the financial reporting quality of Nigerian listed consumer goods firms. Specifically, the composition of the company's board is highlighted as a crucial factor. The study recommends minimizing the representation of non-executive directors on the board, as it was found to encourage earnings management and subsequently reduce financial reporting quality. This study emphasizes the importance of monitoring characteristics in ensuring high-quality financial reporting among Nigerian consumer goods firms. The findings suggest that a careful composition of the board, with a focus on reducing the presence of non-executive directors, can enhance financial reporting quality.

Ajayi-Owoeye, Akinwunmi, Olayinka and Pelemo (2022) aimed to investigate the impact of financial reporting quality on investment decisions in Nigerian listed manufacturing companies. The researchers utilized an ex-post facto research design and selected ten manufacturing companies from the population of 52 listed on the Nigerian exchange as of December 31, 2020. The sample period spanned from 2011 to 2020, and data availability and total asset base were considered for the purposive selection of the sample. Descriptive and inferential statistics, specifically multiple regression analysis, were employed to analyze the data. The findings of the study revealed a significant effect of financial reporting quality on the market price per share of listed manufacturing firms in Nigeria. The adjusted R-squared value indicated that financial reporting quality, as measured by earnings quality, timely loss recognition, and accounting conservatism, accounted for approximately 31.66% of the variation in market price per share. The statistical significance of the F-statistic further supported the relationship between financial reporting quality and investment decisions.

Daddau, Umar, Miko, Mazadu and Bala (2023) examined the relationship between board attributes and earnings management in deposit money banks listed on the Nigeria Stock Exchange over a ten-year period from 2010 to 2019. The study found that board academic qualifications and board credit had statistically insignificant effects on earnings management, while the presence of a board audit committee had a significant negative impact on the tendency of managers to engage in earnings management. Based on these findings, the study recommends that regulators encourage the establishment of audit committees in listed deposit money banks to enhance financial reporting quality and reduce the likelihood of earnings manipulation. This research provides valuable insights for regulators and policymakers in the Nigerian banking sector, emphasizing the importance of board structures in promoting financial transparency and integrity.

Orjinta and Abazu (2023) examined the relationship between audit firm attributes and earnings quality of quoted industrial goods firms in Nigeria over a ten-year period from 2012 to 2021. The researchers conducted a comprehensive review of theoretical, conceptual, and empirical literature on audit firm attributes and earnings quality. The study employed an ex-post facto research design and collected data from the yearly reports of selected firms. Audit firm attributes were proxied using variables such as audit specialization, audit compensation, auditor busyness, and auditor educational level, while earnings quality was measured using discretionary accruals. The study utilized judgmental sampling techniques and selected fifteen industrial goods firms as the sample size. Using an ex-post facto and longitudinal research design, the collected secondary data underwent preliminary tests, including descriptive analysis, Pearson moment correlation matrix, and multi-collinearity analysis using Variance Inflation Factor (VIF). Hypotheses were tested using panel least squares regression, employing both fixed effect and random effect models, and the appropriate model was determined through the Hausman test. The study used E-views 12 econometric statistical software for data analysis. The findings revealed that audit compensation (AUDCOM) and auditor educational level (AUDEL) had a positive and significant effect on earnings quality (ENQUAL) at a 5% level of significance. This suggests that higher audit compensation and a higher level of auditor education are associated with improved earnings quality in the context of the quoted industrial goods firms in Nigeria.

Umoren and Ukpong (2023) examined the relationship between company characteristics and earnings quality among listed non-financial companies in Nigeria. The non-financial firms were further categorized into three sectors: natural, industrial, and service sectors. The study focused on six dimensions of company characteristics: company size, auditor type, company leverage, company age, board size, and board meetings. Earnings quality was measured using income smoothing techniques. An ex-post facto research design was employed for this study, analyzing a total of 697 firm-year observations from 95 companies over the period from 2012 to 2019. The collected data were subjected to descriptive analysis, correlation analysis, and regression analysis to draw conclusions. The findings of the study indicate that company leverage and company age were the most influential company characteristics affecting earnings quality across most sectors and when considering the combination of all sectors. Specifically, company leverage exhibited a negative influence on earnings quality, while company age had a positive impact.

Lambe, Arumona and Okoli (2023) aimed to investigate the relationship between firm performance attributes and social sustainability reporting in Nigerian non-financial companies. The researchers employed an ex-post facto research design, utilized non-probability (purposive) sampling, and conducted Panel regression estimation using secondary data from the annual reports of 112 listed non-financial companies. Out of the total sample, 82 firms were selected for analysis. The E-views software was used for data analysis, including the application of the Hausman test to determine the appropriate model (random effect). The findings of the study revealed that firm size has a positive and significant effect on the social disclosure index of non-financial companies in Nigeria. This suggests that larger firms tend to have higher levels of social sustainability reporting. Additionally, the study found that firm age has a positive, but negligible, effect on the social disclosure index, indicating that older firms may demonstrate slightly higher levels of social sustainability reporting.

Wu and Abeyeskera (2023) investigated the determinants of financial reporting quality in Chinese ESG firms. The researchers analyzed a sample of 100 firms from the 2021 China ESG Top 500 Outstanding Enterprises and examined their financial data from 2018 to 2020. The study focused on factors such as financial health, governance, earnings management, firm age, and firm-specific risk. Financial reporting quality was measured using accruals quality and earnings smoothness. The findings revealed that financial health had a negative impact on financial reporting quality, indicating that firms with better financial health tended to exhibit lower quality financial reporting. However, the study did not find significant effects of governance variables and earnings management on financial reporting quality. On the other hand, firm-specific risk was positively associated with lower financial reporting quality, suggesting that higher levels of firm-specific risk were linked to reduced quality of financial reporting. Firm age did not have a significant influence on financial reporting quality.

RESEARCH HYPOTHESIS

In line with prior studies, financial reporting quality was measured by Discretionary Accounting Accrual (DAA) while Jones model (1991) was adopted because of its popularity among studies on financial reporting quality and investigates its relationship with measures of firm attributes (firm size, profitability, board composition and firm growth). On this note, the study hypotheses are hypothesized:

H_{O1}: *there is no significant relationship between firm size and financial reporting quality in listed consumer goods firms in Nigeria.*

H_{O2}: *there is no significant relationship between board composition and financial reporting quality in listed consumer goods firms in Nigeria.*

H_{O3}: *there is no significant relationship between profitability and financial reporting quality in listed consumer goods firms in Nigeria.*

H_{O4}: *there is no significant relationship between firm growth and financial statement fraud in non-financial firms in Nigeria*

RESEARCH METHODOLOGY

The study utilized an ex-post-facto research design, which was deemed suitable for examining the relationship under investigation. Secondary data, obtained from the published financial records of 12 listed consumer goods Nigerian firms, were utilized for the study. The data spanned a period of 10 years, from 2012 to 2021. To test the formulated hypotheses and the conceptual model, linear regression analysis was employed as the chosen statistical technique. Given the nature of the dataset, several diagnostic tests, such as correlation analysis and multicollinearity tests, were conducted to ensure the validity of the data and analysis.

SPECIFICATION OF THE STUDY MODEL

The model needed to guide the analysis of this study is presented below in its implicit form;

Financial Reporting Quality = f(FSIZE, PROF, BCOMP, FGROW)-   -   -   Eqn. 1

The above equation is further presented in its explicit form as shown in equation 2

$$FRQ_{it} = a_0 + a_1FSIZE_{it} + a_2PROF_{it} + a_3BCOMP_{it} + a_4FGROW_{it} + \mu_t \quad \text{- - Eqn. 2}$$

Table 1

Definition of Variables

Variables	Proxy	Symbols	Measurement
Financial Reporting Quality	Discretionary Accruals	FRQ	Measured using Modified Jones Model (1991)
Firm Attributes	Firm Size	FSIZE	Measured by log of total assets of firm.
	Board Composition	BCOMP	The number of directors in the corporate board in the firm's board.
	Profitability	PROF	Measured as ROA which is Profit after tax divided by Total Assets of firm
	Firm Growth	FGROW	Measured using revenue growth of the firm

Source: Author's Collation, 2023.

RESULTS AND DISCUSSION OF FINDINGS

Description Statistics

The result of the descriptive statistics for the entire dataset is displayed in the table below.

Table 2

Summary of Descriptive Statistics

Variables	No. of Observation	Mean	Standard Deviation	Minimum Value	Maximum Value
FRQ	120	-0.36875	1.08893	-6.84	4.79
FSIZE	120	7.64883	0.72100	5.07	8.74
BSIZE	120	10.79167	2.85474	6	18
PROF	120	4.93075	102.297	-989.38	187.28
FGROW	120	11.32818	36.05551	-90.7016	268.714

Source: Author's Collation, 2023.

From the result in the table above the approximated mean value of (FRQ) is about -0.369 alongside a standard deviation of approximately 1.09. The standard deviation value obtained for FRQ revealed that there is an insignificant difference across companies within the study period, this is further revealed by the minimum value of -6.84 and a maximum value of 4.79 approximately.

Furthermore, for the independent variables, the average values recorded for FSIZE, BSIZE, PROF and FGROW are 7.64883, 10.79167, 4.93075 and 11.32818 respectively. FSIZE, BSIZE, PROF and FGROW obtained corresponding standard deviation value of 0.72100, 2.85474, 102.297 and 36.05551. The value of the standard deviation obtained for the independent variables revealed that the values of all the independent variables insignificant differ across the various firms. The minimum values recorded for FSIZE, BSIZE, PROF and FGROW were 5.07, 6, -989.38 and -90.7016 respectively; with a corresponding maximum value of 8.74, 18, 187.28 and 268.714 respectively.

Correlation Analysis

The result of the correlation matric for all variable is presented in the table below.

Table 3

Correlation Analysis

Variables	FRQ	FSIZE	BSIZE	PROF	FGROW
FRQ	1.0000				
FSIZE	-0.2032	1.0000			
BSIZE	-0.2846	0.4528	1.0000		
PROF	-0.0211	0.1530	-0.1077	1.0000	
FGROW	-0.4529	0.0363	0.1035	0.0277	1.0000

Source: Author's Collation, 2023.

As indicated in the table above, the correlation between FRQ and all measures of firm attributes (FSIZE, BSIZE, PROF and FGROW) were negative. Furthermore, the coefficients displayed no sign of multicollinearity, because the pair of independent variables had coefficient that is below 0.8. The variables are further subjected to Variance Inflation Factor (VIF) to further confirm the absence of multicollinearity.

Test of Multicollinearity

Table 4

VIF Result Test

Variables	FSIZE	BSIZE	PROF	FGROW	Mean VIF
VIF	1.33	1.33	1.07	1.01	1.18
1/VIF	0.75342	0.75458	0.93546	0.98730	

Source: Researcher's Compilation, 2023.

The result in the table above reveals that the result of the VIF ranges between 1.33 to 1.01 with a mean value of 1.18, the result indicated that the independent variables is free from multicollinearity problem. The mean VIF obtained is 1.18 which is lesser than 10 (1.01<10) revealing the fitness of the study's specified models.

Breusch and Pagan Lagrangian Multiplier test

The Breusch and Pagan Langrangian test was also conducted to ascertain the appropriate model to be adopted in the study between the pooled regression and the random effects. Table 4.5 present the Breusch and Pagan Lagrangian Multiplier tests.

Table 5

Breusch and Pagan Lagrangian Multiplier Test

Decision rule	If p-value is statistically significant, then reject H_o and accept H_A
Result	chi2(1) = 7.21; Prob>chi2= 0.0072

Source: Author's compilation, 2023.

As shown in Table 4.4, the chi2(1) of the fitted values for the variables is 7.21 with a probability value (p-value) of 0.0072. This result thus confirms the absence of heteroskedasticity problem in the data set.

Hypotheses Testing

The study focused on one dependent variable (BMS), the study adopted the simple regression analysis in stating the stated hypothesis. The result of the simple regression analysis is displayed below.

Table 6

Result of Ordinary Least Square (OLS) Regression Analysis

Variable	**Financial Reporting Quality (FRQ)**				
Statistics	**Symbols**	**Coefficient**	**Std. Err.**	**t-statistics**	**p>| t |**
Firm Size	**FSIZE**	-0.14367	0.13860	-1.04	0.302
Board Composition	**BSIZE**	-0.07559	0.03497	-2.17	0.032
Profitability	**PROF**	-0.00017	0.00088	-0.20	0.845
Firm Growth	**FGROW**	-0.01294	0.00242	-5.34	0.000
Constant	**_CONS**	1.69652	0.94359	1.80	0.075
Obs.					120
F (4, 115)					10.65
Prob > F					0.0000
R-squared					0.2703
Adj R-squared					0.2449
Root MSE					0.94623

Source: Author's Collation, 2023.

Ho_1: There is no significant relationship between firm size and financial reporting quality in listed consumer goods firms in Nigeria.

As the table above revealed, FSIZE have negative coefficient with the FRQ of about -0.14367. This implies that increase in firm size will have a decrease in financial reporting quality of about 0.14367. Firm size obtained insignificant negative relationship with FRQ by obtaining a p-value of 0.302. The finding that firm size has a non-significant negative relationship with financial reporting quality has several possible implications. Firstly, it suggests that larger firms may face challenges in maintaining high-quality financial reporting. This could be due to the complexity and scale of their operations, which may make it more difficult to ensure accuracy and transparency in financial reporting processes. As firms grow in size, there may be a need for enhanced internal controls and reporting mechanisms to uphold the standards of financial reporting. Secondly, the non-significant relationship implies that other factors beyond firm size are likely to have a more significant impact on financial reporting quality. It highlights the importance of considering additional variables such as corporate governance practices, internal control systems, auditor independence, and regulatory oversight in assessing and ensuring the quality of financial reporting. This result is inconsistent with those of Umoren and Ukpong (2023) who revealed that firm size has insignificant relationship with financial reporting quality of listed consumer goods firms in Nigeria. This result is consistent with those of Terkende and Karim (2022) and Daferighe and Emem (2020) firm size has significant relationship with financial reporting quality of listed consumer goods firms in Nigeria

Ho_2: There is no significant relationship between board composition and financial reporting quality in listed consumer goods firms in Nigeria.

As the table above revealed, BSIZE have negative coefficient with the FRQ of about -0.75886. This implies that increase in the number of board members will have a decrease in financial reporting quality of about 0.75886. Board composition obtained significant negative relationship with FRQ by obtaining a p-value of 0.032. The finding that board composition, as measured by the number of board members (BSIZE), has a significant negative relationship with financial reporting quality (FRQ) has several possible implications. Firstly, it suggests that having a larger number of board members may lead to decreased financial reporting quality. This could be due to challenges related to decision-making and coordination within a larger board. With more members, there may be increased complexity in reaching consensus and aligning interests, potentially leading to delays, conflicts, or information asymmetry that can compromise the accuracy and transparency of financial reporting. Secondly, the significant negative relationship implies that board composition plays a crucial role in shaping financial reporting quality. It highlights the importance of having an effective and efficient board structure and composition that promotes accountability, transparency, and sound governance practices. Firms should consider the expertise, independence, diversity, and qualifications of board members to ensure their ability to effectively oversee financial reporting processes. This result is inconsistent with those of Umoren and Ukpong (2023) who revealed that board size has insignificant relationship with financial reporting quality of listed consumer goods firms in Nigeria. This result is consistent with those of Adegboye, Muhammad and Hanga (2019) who revealed that board composition has significant relationship with financial reporting quality of listed consumer goods firms in Nigeria.

Ho_3: There is no significant relationship between profitability and financial reporting quality in listed consumer goods firms in Nigeria.

The finding that profitability (PROF) has an insignificant negative relationship with financial reporting quality (FRQ) suggests that there is no statistically significant impact of profitability on financial reporting quality in the context of the study. The negative coefficient of -0.00017 indicates a minimal decrease in financial reporting quality with an increase in profitability, although this decrease is not statistically significant based on the p-value of 0.845. One possible implication of this result is that, within the scope of the study, profitability alone may not be a major determinant of financial reporting quality. Other factors, such as internal controls, governance practices, and adherence to accounting standards, might have a more substantial influence on the quality of financial reporting. However, it is essential to interpret the insignificant relationship with caution. The lack of statistical significance could be due to various reasons, including the specific sample and time period examined in the study or potential measurement limitations. It is possible that the relationship between profitability and financial reporting quality is context-specific and may vary across different industries or time periods. This result is inconsistent with those of Adegboye, Muhammad and Hanga (2019) who revealed that profitability has insignificant effect on financial reporting quality of listed consumer goods firms in Nigeria.

Ho_4: There is no significant relationship between firm growth and financial reporting quality in listed consumer goods firms in Nigeria.

As the table above revealed, FGROW have negative coefficient with FRQ of about -0.01294. This implies that increase in firm growth will have a decrease in financial reporting quality of about 0.01294. Firm growth obtained significant negative relationship with FRQ by obtaining a p-value of 0.000. The finding that firm growth (FGROW) has a significant negative relationship with financial reporting quality (FRQ) suggests that an increase in firm growth is associated with a decrease in financial reporting quality. The negative coefficient of -0.01294 indicates that for each unit increase in firm growth, financial reporting quality decreases by approximately 0.01294 units. This relationship is statistically significant, as indicated by the p-value of 0.000. One possible implication of this result is that rapid or excessive firm growth may place strain on the financial reporting processes and internal controls of a company. When a company experiences rapid growth, there may be increased complexities in financial transactions, expanded operations, and a higher volume of financial reporting requirements. If the company's systems and processes are not adequately prepared to handle this growth, it can lead to challenges in maintaining the same level of financial reporting quality. Additionally, the negative relationship between firm growth and financial reporting quality may suggest that companies prioritizing growth opportunities may divert resources away from ensuring robust financial reporting practices. Investments in systems, controls, and qualified accounting personnel might be overshadowed by the pursuit of growth strategies, potentially compromising the accuracy, transparency, and reliability of financial reporting. This result is consistent with those of Adegboye, Muhammad and Hanga (2019) and Olowokure, Tanko and Nyor, (2016) who revealed that firm growth has significant relationship with financial reporting quality of listed consumer goods firms in Nigeria.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the findings of this study provide valuable insights into the relationship between firm size, board size, profitability, firm growth, and financial reporting quality in listed consumer goods firms in Nigeria. The results revealed that firm size and board size have a negative impact on financial reporting quality, indicating that larger firms and a higher number of board members are associated with lower levels of financial reporting quality. However, profitability was found to have an insignificant effect on financial reporting quality, suggesting that it may not be a significant determinant in this context. On the other hand, firm growth was found to have a significant negative relationship with financial reporting quality, indicating that as firms experience rapid growth, there may be challenges in maintaining the same level of reporting quality.

Based on the findings of this study, it is recommended that listed consumer goods firms in Nigeria pay attention to the potential negative impact of firm size and board size on financial reporting quality. Companies should strive to establish effective internal controls, robust reporting mechanisms, and appropriate governance structures to mitigate the adverse effects of these factors. This may involve optimizing board composition, ensuring a balance of skills, experience, and independence, as well as fostering a culture of transparency and accountability. Furthermore, given the significant negative relationship between firm growth and financial reporting quality, companies experiencing rapid growth should proactively invest in their financial reporting infrastructure. This includes ensuring adequate resources, systems, and expertise to handle the increased complexities associated with growth. Regular monitoring and review of financial reporting processes and controls are crucial to maintain the reliability and accuracy of financial information. Overall, the findings underscore the importance of prioritizing financial reporting quality as a critical aspect of corporate governance and decision-making. Regulators and stakeholders should also play an active role in promoting and monitoring financial reporting practices in the consumer goods sector. Continued research in this area can further enhance our understanding of the determinants of financial reporting quality and contribute to the development of effective strategies for improving transparency and accountability in the Nigerian consumer goods industry.

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