



An Examination of the Relationship Between Firm Characteristics and Financial Reporting Quality

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ABSTRACT

This research delves into how the qualities of companies are connected to the accuracy of financial reporting in consumer goods companies in Nigeria that are publicly traded. By using data from financial documents from 12 consumer goods companies in Nigeria from years 2014 to 2023, the study looked at three different aspects of companies (firm size, board makeup, and profitability) to see how they relate to the quality of financial reporting. The accuracy of financial reporting was assessed in the research using the Modified Jones Model. The data was examined using a combination of basic statistics, tests for issues, and advanced statistics. The research established a straight line pattern which was evaluated using a basic analysis of regression. It was discovered that the makeup of a board greatly affects how well consumer goods companies report their finances in Nigeria. Conversely, the size and profitability of a company do not have much impact on the quality of financial reporting for consumer goods companies in Nigeria. The results showed that when taken together, the various characteristics of companies studied in this research are significantly linked to the quality of financial reporting for public consumer goods companies in Nigeria. Based on these findings, the research recommended that businesses should work on setting up strong internal controls, reliable reporting channels, and appropriate structures for governance to deal with the negative consequences of these factors.

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

1. INTRODUCTION

Financial reporting plays a crucial role in providing essential and reliable information to stakeholders, regulators, and other relevant parties, highlighting its significance. This information helps individuals in making well-informed financial choices, assessing the stability of companies, and promoting transparency (Abanum & Ebiaghan, 2022; O. F. Ebiaghan, 2019a, 2019b). However, there have been various recent events around the world that have eroded confidence in financial reporting, including the 2010 global financial crisis, instances of financial misconduct, and collapses of large corporations. 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 (Omebere & Ebiaghan, 2022; Paulinus et al., 2017). Given the significance of financial reporting quality in Nigeria, particularly in the consumer goods sector, there is the urgent need to investigate the factors influencing it. Financial reports are anticipated to reflect the day-to-day functions of a company and offer precise and punctual data to a variety of stakeholders (Ajayi-Owoeye et al., 2022). Financial reporting of high quality is known for providing dependable, brief, and consistent data that accurately represents a company's financial standing.

The assessment of the reliability of accounting profits is now a significant focus in the field of financial accounting research. Accurate accounting data is crucial for understanding the true financial state of a company, and regulators are placing high importance on the quality of accounting earnings to ensure the accuracy and transparency of financial reports (Ahmad et al., 2015). High accounting earnings quality provides decision-makers with relevant information for making informed economic decisions. Prevalence of

financial scandals and collapses in financial institutions has further worsened 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 (O. F. Ebiaghan & Emmanuel, 2018; Terkende & Karim, 2023).

The purpose of this research is to explore the influence of company attributes on the accuracy of financial disclosures in the consumer goods industry in Nigeria. The choice to concentrate on consumer goods firms was made due to their importance in the manufacturing industry of Nigeria. More specifically, the research will investigate how the size of the company, the makeup of the board, and its profitability affect the quality of financial reporting. 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 results are anticipated to influence the enhancement of financial reporting accuracy, safeguard those who use financial statements, and provide direction for current and future investors when making well-informed investment choices.

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. This study will improve the existing knowledge base by bringing attention to the accuracy of financial reporting in Nigeria and contribute to increasing trust and reliability in financial reporting guidelines.

2. LITERATURE REVIEW

2.1. Financial Reporting Quality

Financial reporting quality plays a crucial role in providing reliable and relevant information to stakeholders for decision-making purposes. Ensuring top-notch financial reporting is vital for upholding trust and transparency in the financial markets for listed consumer goods companies in Nigeria (Oburota & Ebiaghan, 2023). Financial reporting quality pertains to how accurately and transparently an organization's financial statements portray its financial performance, position, and cash flows. It encompasses the reliability, relevance, comparability, and understandability of financial information disclosed by the company. Investors, lenders, and various stakeholders rely on accurate and trustworthy financial data to guide their decisions on investments, lending, and resource allocation (Mordi Justin Ugo & Ebiaghan, 2022; O. Umoren & G. Ukpong, 2023; Shika & Saifullahi, 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 impact the financial reporting quality of consumer goods companies listed 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. Strong corporate governance practices, such as having an independent board, ensuring the audit committee is efficient, and maintaining solid internal controls, help enhance the accuracy and reliability of financial reporting. The competence and knowledge of the company's accounting staff and external auditors contribute to the accuracy and reliability of financial reporting (Esezobor & Funmi, 2020; Isaac et al., 2023; Orjinta & Abazu, 2023).

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 (Isaac et al., 2023; Orjinta & Abazu, 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 (Esezobor & Funmi, 2020; Orjinta & Abazu, 2023). Limited resources, including skilled professionals and technology infrastructure, may hinder the implementation of robust financial reporting systems.

2.2. Firm characteristics

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.

2.3. Firm Size and Financial Reporting Quality

Firm size has a notable impact on financial reporting quality (Daferighe & George, 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 large size enables them to allocate funds towards improving systems and procedures that increase the precision and openness of financial reporting (Paulinus et al., 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 understand that the quality of a company's financial reporting may not necessarily be determined by its size. Even smaller businesses can demonstrate excellence in financial reporting. 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 et al., 2019; O. F. Ebiaghan, 2020; Paulinus et al., 2017).

The size of a company plays a crucial role in influencing the standard of financial reporting. Despite the fact that larger companies have greater access to resources and oversight benefits, the relationship between company size and financial reporting quality is intricate (Hassan & Bello, 2013; Shehu, 2012). Analyzing this correlation in the Nigerian consumer goods industry can offer valuable perspectives for stakeholders and help enhance financial reporting standards.

2.4. Board Composition and Financial Reporting Quality

The way a company's board of directors is composed and structured can greatly impact the accuracy and reliability of its financial reporting. Incorporating independent directors, particularly those with financial expertise, enhances objectivity and strengthens oversight of financial issues (O. F. Ebiaghan & Jeroh, 2020). The board's independent members possess the essential skills to evaluate financial reporting, enforce compliance with accounting standards, and provide impartial assessments of financial statements. Additionally, boards composed of individuals from diverse backgrounds bring unique perspectives and insights, fostering robust discussions and informed decision-making regarding financial reporting (Musa et al., 2014; Osemene et al., 2018).

However, it is important to highlight that just having independent directors on the board does not automatically lead to better financial reporting standards. The board's ability to effectively oversee depends on elements such as being actively involved, having impartiality, and possessing knowledge (Bala & Kumai, 2015). Creating an environment of responsibility, openness, and integrity among board members is essential in encouraging accurate financial reporting of high caliber. 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.

2.5. 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 (F. O. Ebiaghan et al., 2017). Firms that are making a good profit are less inclined to use aggressive accounting tactics or manipulate financial data, due to a decreased motivation. They are more likely to adhere to accounting principles and present accurate and transparent financial information (O. F. Ebiaghan & Jeroh, 2020; Eneh, 2019).

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 (Hassan & Bello, 2013; Shehu, 2012). 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 (Ahmad et al., 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.

2.6. Empirical Review

Adegboye et al. (2019) conducted a study on how the characteristics of companies affect the accuracy of financial reports in Nigeria's consumer goods sector between 2008 and 2017. Researchers meticulously analyzed various indicators of firm characteristics, including company size, board composition, profits, and growth. To evaluate the quality of financial reporting, they employed a refined model grounded in Jones' (1991) work and conducted a series of panel multiple regressions to investigate the proposed theories. The results suggest that financial reporting quality is impacted by factors such as profitability, the makeup of the board, and the growth of the company. Higher profitability suggests a stronger financial position and reduces the likelihood of aggressive accounting practices. Having independent directors on the board who possess relevant financial knowledge can strengthen financial supervision and corporate governance, ultimately resulting in enhanced quality of financial reporting. Effective management of firm growth, along with robust financial reporting systems, contributes to accurate reporting of financial information.

Terkende & Karim (2023) investigated how listed consumer goods companies in Nigeria have experienced changes in their financial reporting timeliness between 2017 and 2021 due to various characteristics of their organizations. The research utilizes information from every retail company that was included on the Nigeria Group Exchange (NGX) during that particular period, and evaluates data obtained from their annual reports. To test the hypothesis and make inferences, the researchers apply the Generalized Least Square (GLS) regression method. The research discovered that the size of a company and its level of debt both play a crucial role in slowing down the speed of financial reporting. Companies that are bigger and have more debt often delay releasing their financial reports. One suggestion from the research is for consumer goods companies listed on the stock market to concentrate on growing in order to speed up the process of financial report publication. Additionally, managing financial leverage effectively is crucial to ensuring that it does not hinder the timely reporting of financial information.

Ajayi-Owoeye et al. (2022) investigated the influence of the accuracy of financial reports on choices made regarding investments in manufacturing companies listed in Nigeria was examined. A research design called ex-post facto was used by the researchers, who chose ten manufacturing companies from the total of 52 listed on the Nigerian stock exchange as of the conclusion of 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 focusing on multiple regression analysis, were used to examine the data. The results of the research showed a notable impact of financial reporting accuracy on the stock price of manufacturing companies listed in Nigeria. The adjusted R-squared value suggested that factors like earnings accuracy, timely identification of losses, and accounting cautiousness explained around 31.66% of the changes in stock prices. The statistical importance of the F-statistic added to the evidence of a link between financial reporting accuracy and choices regarding investments.

Bala et al. (2023) analyzed how board characteristics relate to earnings manipulation in deposit money banks listed on the Nigeria Stock Exchange between 2010 and 2019. The study showed that the academic qualifications and financial standing of board members did not have a substantial influence on the manipulation of profits. However, having an audit committee on the board was linked to a notable decrease in managers' likelihood to engage in earnings manipulation. The research proposes that regulators should encourage the establishment of audit committees in publicly traded banks to enhance the accuracy of financial reporting and reduce the likelihood of manipulating earnings. The research offers significant information for regulators and policymakers in the Nigerian banking industry, underscoring the significance of board structures in advancing financial transparency and honesty.

Orjinta & Abazu (2023) studied the impact of audit firm characteristics on the financial performance of industrial goods companies in Nigeria from 2012 to 2021. They reviewed existing literature to explore the relationship between audit firm attributes and earnings quality. The research used out-of-the-box designs and

gathered data from annual reports of fifteen selected companies, focusing on variables such as audit speciality, fees, workload, and qualifications, while assessing earnings quality through discretionary accrual analysis. Various statistical methods, including descriptive analysis, correlation matrix, and panel least squares regression, were applied using E-views 12 software. Results indicated that higher audit fees and better-educated auditors positively influenced earnings quality in Nigeria's industrial sector.

Umoren & Ukpong (2023) explored the relationship between company characteristics and earnings quality in Nigeria's listed non-financial firms, categorized into natural, industrial, and service sectors. They examined six company attributes: size, auditor type, leverage, age, board size, and board meetings, using income smoothing to measure earnings quality. The research analyzed 697 firm-year observations from 95 companies from 2012 to 2019, employing descriptive, correlation, and regression analyses. The results showed that company leverage negatively impacted earnings quality, while company age positively influenced it, particularly across most sectors and overall.

Isaac et al. (2023) examined how the performance characteristics of companies in Nigeria are related to their reporting on social sustainability. The study used a retrospective research approach, chose participants purposefully, and analyzed data from the annual reports of 112 non-financial companies listed in Nigeria through Panel regression estimation. 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 study's results indicated that the size of a company plays a crucial role in its social disclosure practices in Nigeria. The study found that bigger corporations tend to participate more in reporting on social sustainability. Furthermore, the research showed that the age of a firm can also influence its social disclosure index, with older companies tending to have slightly higher levels of social sustainability reporting.

Wu & Abeysekera (2023) examined the factors influencing financial reporting quality in Chinese ESG firms. They analyzed data from 100 firms in the 2021 China ESG Top 500, focusing on financial health, governance, earnings management, firm age, and specific risks from 2018 to 2020. Metrics like accruals quality and earnings smoothness assessed reporting quality. Surprisingly, firms with better financial health had lower reporting quality. Governance and earnings management did not impact reporting standards, while firm-specific risks were associated with lower quality. Firm age had no significant effect on reporting quality.

2.7. Research Hypothesis

In accordance with previous research, the quality of financial reporting was evaluated using Discretionary Accounting Accruals (DAA), and the Jones model (1991) was selected for its widespread use in research on financial reporting quality. The study aimed to analyze the connection between financial reporting quality and factors such as firm size, profitability, board makeup, and firm growth. With this in mind, the following hypotheses were formulated:

HO1: there is no significant relationship between firm size and financial reporting quality in listed consumer goods firms in Nigeria.

HO2: there is no significant relationship between board composition and financial reporting quality in listed consumer goods firms in Nigeria.

HO3: there is no significant relationship between profitability and financial reporting quality in listed consumer goods firms in Nigeria.

3. RESEARCH METHODS

The study employed an ex-post-facto research design, specifically selected for its suitability in investigating the correlation under consideration. Information from the financial statements of 12 consumer goods companies in Nigeria was collected from publicly available sources. The data covered a timeframe of 10 years, running from 2014 to 2023. To test the formulated hypotheses and the conceptual model, linear regression analysis was employed as the chosen statistical technique. To confirm the accuracy of both the data and analysis, various diagnostic examinations were performed on the dataset, including correlation analysis and tests for multicollinearity.

3.1. Model Specification

Below is the implicit form of the model that is required to steer the analysis of this research:

$$\text{Financial Reporting Quality} = f(\text{FSIZE}, \text{PROF}, \text{BCOMP}) \quad \text{Eqn. 1}$$

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

$$\text{FRQ}_{it} = a_0 + a_1\text{FSIZE}_{it} + a_2\text{PROF}_{it} + a_3\text{BCOMP}_{it} + \mu_{it} \quad \text{Eqn. 2}$$

Table 1. Variable Measurement

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

Source: Author's compilation, 2024

4. RESULTS AND DISCUSSION

4.1. Description Statistics

Table 2. Summary of Descriptive Statistics

Variables	Number 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

Source: Author's compilation, 2023

The table displays data suggesting that the average FRQ is approximately -0.369, with a standard deviation of roughly 1.09. The small standard deviation for FRQ suggests minimal variability among the companies analyzed, demonstrated by the range of -6.84 to 4.79. In addition, the mean values of FSIZE, BSIZE, and PROF as independent variables are 7.64883, 10.79167, and 4.93075, correspondingly. FSIZE, BSIZE and PROF obtained corresponding standard deviation value of 0.72100, 2.85474 and 102.297. The standard deviation calculated for the independent variables showed that the values of these variables varied greatly among different companies; FSIZE had a minimum value of 5.07 and a maximum value of 8.74, BSIZE had a minimum value of 6 and a maximum value of 18, and PROF had a minimum value of -989.38 and a maximum value of 187.28.

4.2. Correlation Analysis

Table 3. Correlation Analysis Results

Variables	FRQ	FSIZE	BSIZE	PROF
FRQ	1.0000			
FSIZE	-0.2032	1.0000		
BSIZE	-0.2846	0.4528	1.0000	
PROF	-0.0211	0.1530	-0.1077	1.0000

Source: Author's compilation, 2023

As shown in the table provided, there was a negative correlation between FRQ and various firm attributes such as FSIZE, BSIZE, PROF, and FGROW. Additionally, the coefficients indicated that there was no issue of multicollinearity, as the independent variables had coefficients below 0.8. To confirm the lack of multicollinearity, the variables were also examined using Variance Inflation Factor (VIF).

4.3. Multicollinearity Test

Table 4. Multicollinearity Test Results

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

Source: Author's compilation, 2023

The findings displayed in the table demonstrate that the VIF results fall within the range of 1.33 to 1.01, with an average value of 1.18, suggesting that the independent variables do not suffer from multicollinearity issues. The average VIF of 1.18 is below the threshold of 10 ($1.01 < 10$), signaling the appropriateness of the models used in the study.

4.4. Breusch and Pagan Lagrangian Multiplier test

Table 5. Breusch and Pagan Lagrangian Multiplier test

Decision rule	If p-value is statistically significant, then reject H_0 and accept H_A
Result	$\chi^2(1) = 7.21$; $\text{Prob} > \chi^2 = 0.0072$

Source: Author's compilation, 2023

According to Table 5, the chi-square value of 7.21 with a p-value of 0.0072 indicates that there is no issue of heteroskedasticity present in the dataset.

4.5. Hypotheses Testing

Table 6. Result of Ordinary Least Square (OLS) Regression Analysis

Variable Statistics	Financial Reporting Quality (FRQ)				
	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
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 compilation, 2023

H01: There is no significant relationship between firm size and financial reporting quality in listed consumer goods firms in Nigeria.

The table shows that FSIZE has a negative correlation with FRQ, suggesting that as a company grows, its financial reporting quality may decrease. The relationship between firm size and financial reporting quality is not considered statistically significant, with a p-value of 0.302. This revelation that firm size has a non-significant negative effect on financial reporting quality could lead to a range of implications. Firstly, it implies that big companies might struggle with maintaining accurate financial reporting due to their complex and large-scale operations. This can make it harder to ensure transparency and precision in financial reporting procedures. 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. The research contradicts Umoren & Ukpong (2023) who said company size doesn't affect financial reporting quality of consumer goods firms in Nigeria. However, it supports Terkende & Karim (2022) and Daferighe & Emem (2020) who found that firm size does impact financial reporting quality of consumer goods firms in Nigeria.

HO2: 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 discovery that the size of the board, as indicated by the number of board members, is correlated with a decrease in the quality of financial reporting could have various consequences. For instance, it implies that an increased number of board members might result in lower 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. The outcome contradicts the findings of Umoren & Ukpong (2023) who stated that the board size does not affect the financial reporting quality of consumer goods companies in Nigeria. However, Adegboye, Muhammad & Hanga (2019) found that the board composition does play a significant role in the financial reporting quality of consumer goods companies in Nigeria.

HO3: There is no significant relationship between profitability and financial reporting quality in listed consumer goods firms in Nigeria.

The findings show that profitability does not significantly affect financial reporting quality in this research context. The negative coefficient of -0.00017 indicates a slight decline in financial reporting quality as profitability increases, but this decline is not statistically significant, with a p-value of 0.845. This suggests that profitability by itself may not be a key factor influencing financial reporting quality in this study. Other elements like control mechanisms, management strategies, and compliance with financial regulations could play a larger role in shaping the accuracy of financial statements. Nevertheless, it is crucial to approach the weak correlation with care. 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. Adegboye, Muhammad, and Hanga (2019) found that profitability does not have a significant impact on the financial reporting quality of consumer goods companies in Nigeria, which contradicts the findings of this study.

5. CONCLUSION

In conclusion, this study offers crucial insights into how firm size, board size, profitability, firm growth, and financial reporting quality interconnect in publicly traded consumer goods companies in Nigeria. The findings reveal a notable correlation between larger firms and an increased board size, which both correspond to diminished financial reporting quality. Conversely, profitability appears to have little impact on financial reporting quality in this context.

The study suggests that consumer goods companies in Nigeria should take into account how the size of their organization and board can impact the accuracy of their financial reporting. To mitigate any adverse effects associated with these factors, it is crucial for these companies to establish robust internal controls, dependable reporting systems, and effective governance practices. 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 of financial reporting processes and controls is essential for ensuring reliable and accurate financial information. The results underscore the importance of quality financial reporting in corporate governance and decision-making. Regulators and

stakeholders should actively promote and oversee financial reporting practices in the consumer goods sector. Further exploration in this area could improve our understanding of factors influencing financial reporting quality, leading to better strategies for enhancing transparency and accountability in Nigeria's consumer goods sector.

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