Firm characteristics and financial reporting quality of listed non-financial firms in Nigeria

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Abstract
This study examined the interface between corporate attributes and financial reporting quality of listed non-financial entities in Nigeria for the period 2011-2020. The entire 112 listed non-financial companies in Nigeria formed the population of the study, and 40 companies emerged as a sample of the study. The study adopted the correlational research design using secondary data extracted from the annual report and accounts of listed non-financial in Nigeria and panel multiple regression analysis was used as a technique for data analysis. The findings showed that company size, board size, and profitability have a significant positive impact except company size which is negatively determining the FRQ of non-financial entities in Nigeria. Leverage and growth showed a nonsignificant impact on the financial reporting quality of listed non-financial firms in Nigeria. The need for organizations to maintain a good reputation cannot be overemphasized; as such no compromise should be entertained in ensuring and protecting the quality of financial reports. It is recommended that non-financial entities in Nigeria should invest in sales maximization strategies to increase sales revenue.

Keywords: Firm characteristics, financial reporting quality, Nigeria

1. Introduction

The need for high-quality financial reporting information concerning the economic realities of entities cannot be underestimated considering that the quality of both financial and non-financial information is the lifeblood of all vibrant, strong, and efficient markets (Kurawa & Ishaku, 2020). Without quality information, liquidity will dry up, the fair and efficient market may not be in existence. In addition, high-quality financial statements provide financial information that will not only help investors, creditors, and analysts to evaluate and assess a company's financial strengths but also help management to communicate the past successes, progress, and future expected outcomes of the business.

However, certain corporate parameters influence corporate decisions, for example, companies differ in size (Abdulhakim, 2018). The diversities in the nature and substance of businesses companies engage in gives them a better chance to benefit from economy of scale which will give them an edge over competitors since they can produce goods and services at lower cost. Also, companies face different business challenges, different operational cycles, and risks because of different levels of gearing, others have good liquidity management and have no problems in outsourcing funds externally; hence their revenue growth varies (IASB, 2008). These variations affect management decisions which can significantly influence their financial reporting quality (Karami & Akhgar, 2014). In addition, the relevancy, reliability, and credibility of financial reports lie squarely on the shoulders of the board of directors whose duty is to ensure that effective and efficient control mechanisms including internal control measures, accounting policies, and external auditors are equally in place to assure that financial statements are free from material error or fraud which may undermine its quality. This becomes very necessary given the failure experienced by some of the giant companies the world over.

The major role financial statements play is to provide reliable information about the reporting entity's financial performance and financial position that is useful to a wide range of users for assessing the stewardship of the entity's management and for making economic decisions. However, the financial reporting failures in developed, as well as, developing economies for example ENRON Energy Corporation in the USA 2001, Parmalat in Italy 2003, Allied Nation-Wide Finance in New Zealand 2010, Cadbury Nigeria Plc in 2006, Afribank Nigeria Plc in 2009 and Intercontinental Bank Plc in 2009 have reduced investors' confidence on the information contained in the financial statement. Hence a need to ensure that the information contents of the financial statements are not only relevant and understandable but are also timely, error-free, and capable of satisfying the information needs of all stakeholders.

Considerable studies have been conducted on different corporate attributes and their relationship with financial reporting quality in Nigeria with conflicting findings (Chalaki et al., 2012; Farouk et al., 2019; Hassan & Bello, 2015; Soyemi & Olawale, 2019; Echobu et al., 2019) A common phenomenon in most of these studies is that particular corporate attributes revealed positive and significant results in some studies and otherwise in another study. These mixed findings hence suggested the need to broaden the scope of variables which is necessary to examine the influence of the specific characteristics of firms on financial reporting quality and the factors affecting the quality of information contained in the firm's financial statement to enhance not only the credibility but also the relevance and reliability of accounting. Furthermore, the period of the studies conducted in Nigeria mostly terminated in 2019 which was before the pandemic of COVID 19, which had a detrimental effect on the performance of listed companies in Nigeria. The studies therefore didn't include the period of the pandemic in Nigeria.

Thus, gaps in the literature exist in terms of both variable inclusion and period of analysis in Nigeria. Consequently, the peculiar and sensitive nature of the non-financial sector as well as the reforms it has continued to undergo underscores the need for special attention, as this study intends to provide answers to the question; how do specific firm characteristics influence the quality of published financial statement of listed non-financial organizations in Nigeria to emphasize the benefits of credible accounting information as this will not only reduce agency problem but will enhance the overall performance of the corporate entities in Nigeria.

2. Literatures Review

2.1 Conceptual Review and Research Framework

Financial reporting quality has been clearly explained and defined by different authors in diverse ways. Jonas and Blaurchet (2000) see the quality of financial reporting as completeness and unambiguous information that is not designed to misinform users in any way. Soyemia and Olawalea (2019) defined it as the provision of relevant, complete, and reliable information to diverse users. However, in respect of this study, FRQ refers to the quality of the information contained in the financial statements of the sample firms.

The concept of firm characteristics is described by Zou and Stan (1998) as the firm's managerial and demographic parameters which, in turn, comprised part of the firm's internal environment. This study considered firm size, the board size, leverage, liquidity, profitability, and firm growth.

Firm size is defined as the total resources owned by a company, which could be represented by average total assets, average sales, total assets, and number of sales. Firm size can also be measured by the natural logarithm of total assets (Abdelkarim & Zuriqi, 2020). The best proxy for the firm size of a company is asset size (Collins et al., 2017; Abdelkarim & Zuriqi, 2020). It is mostly argued the larger the firm the less likely they are involved in manipulating activities and there are possibilities of getting more concerned with the quality of their financial reporting. Similarly, this also measures firm size as a log of total assets.

Board size comprises the number of directors sitting on the board. The board of directors is the highest authority within an organization which is set up to protect the interests of shareholders. Fama and Jensen (1983) viewed the board of directors as a company's highest-level control mechanism with ultimate responsibility for the functioning of the firm. Shareholders are expected to appoint the board of directors with the mandate of safeguarding their interests and stakes in the business. This mandate involves putting a check on the activities of management that conflict with shareholders' interests. Abu-Siam et al. (2014) assert that the board of directors plays a supervisory role in controlling the reliability and quality of financial reports. This study will measure board size as the total number of directors sitting on the board.

Leverage is defined as the extent to which debt is used in financing a business, it has associated costs and benefits to the organization and hence the covenants associated with it may influence the decisions of the management (Fama, 1980; Collins et al., 2017). A firm's financial leverage is the use of money borrowed from an outside source to acquire additional assets for the business operations (Bragg, 2021). The level of leverage a firm employs can have a significant impact on its financial reporting quality, studies like Chen et al. (2003) and Beatty and Weber (2006) suggested that firms with high leverage are more likely to engage in earnings management and have lower financial reporting quality. Hence leverage refers to the use of debt financing in a firm's capital structure.

Profitability is defined as the excess of revenue over expenses (Hwang & Lin, 2008). It is a firm attribute identified to have a great influence on financial reporting quality. The profitability of a firm is measured by its profit after tax to total assets (Hwang & Lin, 2008). It is a way of financial measurement to evaluate the ability of a firm to generate income. When a firm is profitable, it will be proud to disclose all relevant information to the general public to create a good impression in the minds of its existing and potential shareholders regarding its financial performance at the end of a financial year. Unprofitable firms will be less inclined to release more information to hide their poor performance. Measures of profitability include net income, profit margin, return on assets, and return on equity information (Suwaidan, 1997; Soyemi & Olawale, 2019).

Growth is defined as the increase in the net worth of the business which can be determined by the increase in sales (Hwang & Lin, 2008). The ability of a company to increase sales assists the company to maintain its existence and ensure going concern (Soyemi & Olawale, 2019). Hence growth in sales may have a significant influence on the financial reporting quality of the company.

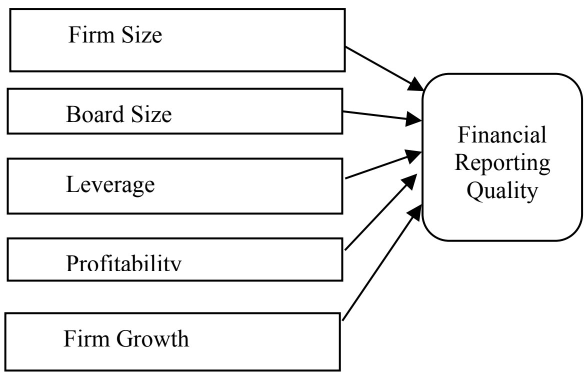

Figure 1: Conceptual Framework Depicting the Relationship among Variables

Figure 1 depicts the linkage among the variables of this study i.e Firm characteristics (firm size, board size, leverage, profitability, & firm growth) and Financial Reporting Quality.

2.1 Theoretical Framework

In assessing the influence of characteristics of firms on the quality of financial reporting, Disclosure, Agency theory, and Stakeholders' theory give the underpinning theoretical basis and explanations for understanding all the dynamics of financial reporting quality and its roles in providing quality information to all diverse stakeholders.

Disclosure theory typically views financial reporting as the unbiased realization of some underlying economic variable and rarely allows for the endogenous creation or dissemination of other information, hence Gigler and Hemmer (2001) assert that the indirect effects of external reporting issues were not regarded as first-order issues that need to be addressed and are thus ignored. As such, Bushman et al. (1999) assert that laws and standards influence the design of an effective organizational financial reporting system. Consequently, enhancing some characteristics of organizations will lead to improved financial reporting quality. This is because the principals did not only appoint managers and give them authority to make business decisions on their behalf but placed their trust in the management to act in the best interest of the shareholders. However, information asymmetries between owners and managers on differing motives result in a lack of trust, hence the need to have a mechanism in place to reinforce this trust (Herzig &Watrin, 1995).

However, Adeyemi and Fagbemi (2010) noted that theory takes note of a wider group of diverse constituents than focusing only on the principal shareholders. All because organizational failure will be detrimental to all groups of stakeholders; hence stakeholder theory was adopted as the theory that best explains the expected interface between the characteristics of firms and the quality of financial reports.

2.2 Empirical Review on Firm Characteristics and FRQ

Studies carried out on the influence of firm characteristics on FRQ include but are not limited to the following studies. Hassan and Bello (2013) determined how characteristics of firms from the perspective of structure, performance, and monitoring parameters affect the quality of financial reporting of manufacturing firms in Nigeria using a modified model of Dechew and Dechev (2002). Secondary data was used and analysed using multiple regression analysis and the results revealed a less likelihood of leveraged firms to manage earnings and increase sales. Institutional investors have a significant influence in preventing managers' opportunistic behaviors' regarding earnings. In addition, independent directors and firm profitability have a positive influence on FRQ however, liquidity is found to be negatively affecting FRQ.

In the same vein, Mohammad and Karami (2014) determined how the characteristics of firms affect FRQ using 120 listed firms on the Tehran Stock Exchange. The systematic deletion sampling model, Pierson correlation coefficient, fixed effects, and random effects, as well as, Lamer and Hussmann F- test were used for the study. The results revealed a positive and significant influence of company size, liquidity, profitability, and growth on FRQ. However, the composition of the board and the use of debt are negatively affecting FRQ. Aljifri et al. (2014) assessed the impact of specific firm-specific characteristics on financial disclosures of 153 public-joint-stock companies in the United Arab Emirates (UAE). The finding revealed a significant impact of industry type, listing status, and size of the firm on the disclosure level of companies in the UAE.

Al-Dmour et al. (2018) examined the impact of business demographic attributes (size, experience, type, and business performance) on the FRQ of publicly listed companies in Jordan. A self-administered questionnaire was used to obtain primary data from 239 respondents. The results showed that variations in the FRQ of Jordanian companies are significantly related to the company and the level of their experience. In another study in Indonesia, Putri and Indriani (2019) investigated the influence of firm leverage, size, and profitability on FRQ of 36 property and real estate firms in Indonesia using secondary data covering the period (2015-2017). Multiple regression results revealed a significant impact of firm profitability and leverage on FRQ. However, the findings revealed no significant effect between the size of the firm and FRQ.

Similarly, Echobu et al. (2019) examined the relationship between firm characteristics and FRQ of Agriculture firms in Nigeria. The study applies the Yoon et al. (2012) model to measure FRQ and cover the period 2008- 2016. Secondary data was extracted from the financial statements of firms under study; the data were analyzed using a regression model. The results revealed that gearing and solvency have a significant influence on FRQ, however, the size of the board and frequency of board meetings have positive but non-significant impacts on FRQ of Agricultural firms in Nigeria. Farouk et al. (2019) examined the effect of characteristics of firms from dimensions of different structures including firm structure, board & and ownership structure, and performance on the quality of financial reporting of industrial goods companies listed in Nigeria. Financial reporting quality was proxied by Roychowdhury's (2006) model and data for the period of 2011-2018 were analyzed using multiple regression analysis. Findings revealed a negative and significant effect of company size, age, leverage, and women directors on real earnings manipulation of Nigerian industrial goods companies. However, the number of board meetings and firm profitability have a positive and significant influence on FRQ.

Moreover, Soyemi and Olawale (2019) evaluated the impact of a firm’s characteristics on the quality of financial reporting of 25 manufacturing firms in Nigeria for the period 2009 to 2016 using Dechow and Dichev’s (2002) model and two steps multiple regression analysis. The results revealed that the size of the firm and profitability are positively and significantly affecting FRQ. However, asset tangibility and growth are negatively affecting FRQ. Erin and Adegboye (2020) examined the impact of corporate attributes on the integrated reporting quality of the top 100 firms listed in South Africa. The study uses a sample of the top 100 listed firms in South Africa and used the International Integrated Reporting Council (IIRC) framework of 2013 to measure the reporting quality while firm attributes, board committee attributes, and audit committee attributes represent corporate characteristics. Ordered probit regression analysis and logistic regression analysis were used for data analysis. The results show a positive and significant effect of the firm attributes, attributes of the board committee, and audit committee attributes on the quality of integrated reporting.

The literature reviewed above clearly revealed a conflicting finding; moreover, none of the studies determine the influence of firm size, the size of the board, firm leverage, growth, and profitability on the quality of financial reporting of non-financial companies in Nigeria. Therefore, this study attempts to bridge the gap by assessing their effect on financial reporting quality.

3. Methodology

In this study, a correlational research design was adopted because the main reason for conducting research under this approach is nothing more than to establish relationships between measured variables. The design was considered appropriate in relating two or more variables to explain and predict the interface between the identified variables (Samaila, 2014). The population of the study comprised the entire non-financial companies listed in Nigeria as of 31st December 2020. There are one hundred and twelve (112) companies listed in the non-financial sector of the NSE, however, forty (40) companies emerged after applying the criteria of being listed throughout the period under study and the provision of the relevant data for all the variables under consideration.

Table1: Sample Size

S/N	Sectors/Firms	Year of Incorporation	Year Listed
1.	**Agriculture**		
	Presco Plc.	1991	2002
	livestock feeds plc.	1963	1978
	Okomu Oil Palm Plc.	1971	1991
2.	**Conglomerates**		
	A.G. Leventis Nig. Plc.	1958	1978
	John holt plc.	1974	1961
	Chellarams plc.	1974	1977
	U A C N Plc	1931	1993
3.	**Construction/Real Estate**		
	Julius Berg. Nig. Plc.	1970	1991
4.	**Consumer Goods**		
	Flour Mills Nig. Plc.	1960	1979
	Guinness Nig. Plc.	1950	1965
	Nestle Nig. Plc.	1969	1979
	Nig. Brew. Plc.	1946	1973
	Unilever Nigeria Plc	1973	1923
	Nascon Allied Industries Plc	1973	1992
	Nigerian Enamelware Plc.	1960	1979
5.	**Healthcare**		
	Neimeth International Pharmaceuticals Plc	1957	1979
	May & baker nigeria plc.	1944	1994
	Evans medical plc.	1954	1979
6.	**Inform. & Comm. Technology**		
	NCR Nigeria Plc	1949	1979
7.	**Industrial Goods**		
	Premier paints plc.	1982	1995
	Chemical and Allied Products Plc	1965	1978
	First Aluminium Nigeria Plc	1960	1992
	Cutix plc.	1982	1987
	Cement Co. of North. Nig. Plc.	1962	1993
	Beta glass plc.	1974	1986

S/N	Sectors/Firms	Year of Incorporation	Year Listed
8.	**Natural Resources**		
	Thomas wyatt nig. Plc	1948	1978
	B.O.C Gases Plc.	1959	1979
	Aluminium extrusion ind. Plc.	1982	1986
9.	**Oil and Gas**		
	Oando Plc.	1969	1992
	11 plc	1951	1991
10	**Services**		
	Trans-nationwide express plc.	1984	1992
	Studio press (Nig) plc.	1965	1979
	Interlinked Technologies	1981	1993
	Capital Hotel Plc	1981	1990
	Academy press plc.	1964	1995
	Red Star Express plc	1992	2007
	University press plc.	1978	1978
	R T Briscoe plc	1957	1974
	Ikeja Hotel Plc	1972	2007
	Interlinked Technologies Plc	1981	1993

Source: Nigerian Exchange Group Ltd Official Website

Table 2: Variables and their Measurements

Variable Name	Type of Variable	Measurement	Sources
Discretionary Accruals (DA)	Dependent	Discretionary Accruals is Measured as the absolute values of the residuals using Soon, Kim and Woodruff (2012) model.	Osarumwense and Aderemi, (2016); Aderemi, Osarumwense, Kehide and Ben-Caleb (2016); Umobong & Ibanichuka (2017) and Christopher & Bassey (2020)
Firm Size	Independent	Log of total asset	Hassan & Bello (2013); Mahboub (2017); Al-Dmour, Abbod and Al-Qadi (2018); Soyemi, and Olawale (2019)
Size of the Board (BS)	Independent	Number of directors sitting on the board	Chalaki, Didar and Riahinezhad (2012).
Debt ratio	Independent	Debt divided by total asset	Chalaki, Didar and Riahinezhad (2012); Hassan & Bello (2013); Farouk, Magaji and Egga (2019); Echobu, Audi and Mailafia (2019)
Profitability	Independent	PBT divided by total asset	Chalaki, Didar and Riahinezhad (2012); Hassan & Bello (2013); Farouk,

Variable Name	Type of Variable	Measurement	Sources
			Magaji & Egga (2019); Echobu, Audi &Mailafia (2019)
Firm Growth	Independent	% change in total sales annually	Chalaki, Didar and Riahinezhad (2012); Hassan & Bello (2013); Mahboub (2017);
Company age	Control	Number of years from incorporation	Farouk et al. (2019), Olowokure, Tanko & Nyor (2016)

Source: Literature Review, 2023

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Therefore:

$DA_{it}=\beta_0 + \beta_1 CS_{it} + \beta_2 BS_{it} + \beta_3 LEV_{it} + \beta_4 PROF_{it} + \beta_5 GRWT_{it} + \beta_6 CA_{it} + \varepsilon_i$

Where;

DA is discretionary accrual
CS is Company Size
BS is Board Size
LEV is Debt ratio
PROF is Profitability
GRWT is Sales growth
CA is Company Age

4. Results and Discussion

This section concerned with the analysis and interpretation of data extracted from the financial statements of non-financial companies in Nigeria. Diagnostic tests were conducted and the data was further analyzed multiple regression analysis.

4.1 Descriptive Statistics

The descriptive statistics presents a summary of the extracted data by showing the mean, minimum, maximum and standard deviation values as presented below.

Table 3: Descriptive Statistics

Variable	OBS	Mean	Std. Dev.	Min	Max
DAC	400	0.7608	1.7856	0.0045	24.0804
CS	400	10.135	0.8313	8.4186	12.0315
BS	400	8.8850	2.2770	4	17
LEV	400	0.2038	0.2545	0.0001	1.0902
PROF	400	0.0817	0.1435	-0.4026	0.9279
GRWT	400	0.3889	1.7938	-0.9992	11.147

Source: STATA OUTPUT compiled by the Author, 2023.

Table 3 shows based on total of 400 observations that discretionary accrual representing financial reporting quality of listed non-financial companies in Nigeria has a mean of 0.7608 the minimum and maximum values of 0.0045 and 24.0804 respectively. The standard deviation value of 1.7856 signifies high disparity in the quality of financial reports of non-financial companies in Nigeria. Company size which is measured as log of total assets has a mean of 10.1349 with a minimum and maximum value of 8.4186 and 12.0315 respectively. However, the standard deviation of 0.8313 shows no significant deviation in the size of the companies under study.

Board size which is measured as number of directors sitting on the board of listed non-financial firms in Nigeria with a minimum of 4 and maximum of 17. On average, the size of the board is 8.8850 indicating size of the board of sampled non-financial organizations in Nigeria comprises of 9 members on average. This indicates a strong compliance of most of the firms to the code of corporate governance which requires listed firms to have not less than 5 members in the board. The standard deviation value of 2.2770 is below the mean value which implies that the data for board size have low dispersion from the mean.

The mean value of leverage is shown to be 0.2037. It has 0.0001 and 1.0903 minimum and maximum values respectively. The mean value therefore implies that leverage makes up to 20% of the capital structure of the sampled non-financial firms in Nigeria also implying a lower utilization of debt than equity by firms under study. The standard deviation value of 0.2545 shows a high deviation in the use of debt by the non-financial companies under study. Profitability was found to have a mean figure of 0.0817 with minimum and maximum values of -0.4026 and 0.9279 respectively. It means that profit before tax as a percentage of assets employed by the firms within the study period are averagely 8.2%. The standard deviation (0.1435) being higher than the mean (0.0817) indicates high dispersion within the data set.

The data for growth recorded a mean value of 0.3889 with the minimum and maximum of -0.9992 and 11.1478 respectively. The standard deviation value of 1.7938 in comparison with the mean of 0.3889 implies high deviation of the data from the mean. The average age of the companies is 30 years. While the minimum and maximum age from the date of listing within the study period is 4 and 59 years respectively. The mean age indicates that most of the companies have been in existence for quite a long time and as such the data can be relied upon. This assertion is therefore strengthened by the result of the standard deviation of 10.3987 which is below the mean value and an indication of low deviation from the mean.

4.2 Correlation Analysis

Correlation analysis deals with the relationship between the dependent and independent variables as well as among the independent variables themselves. The correlation coefficient ranges from -1 to +1. The larger the absolute value of the coefficient, the stronger the relationship between variables. For Pearson correlation, an absolute value of 1 indicates a perfect linear relationship. A correlation that is 0 (zero) indicates no linear relationship between variables. The sign of the coefficient indicates the direction of the correlation. Hence, Table 4 depicts the relationship between all the variables used in this study.

Table 4: Correlation Matrix

Variables	**dac**	**cs**	**bs**	**lev**	**prof**	**grwt**	**cage**
dac	1.0000						
cs	-0.1964	1.0000					
bs	0.0229	0.2825	1.0000				
lev	0.1940	-0.5733	-0.0816	1.0000			
prof	0.1664	0.0325	0.0887	0.0126	1.0000		
grwt	-0.0820	0.1423	-0.0030	-0.1146	0.0399	1.0000	
cage	-0.0492	0.1585	0.0232	-0.1007	-0.0587	0.0607	1.0000

Source: STATA OUTPUT compiled by the Author, 2023.

Table 4 shows the degree of association between the dependent variable financial reporting quality and all the independent variables themselves, also between the independent variables and control variables of the study of listed non-financial companies in Nigeria. A positive relationship exists between financial reporting quality and board size, leverage and profitability which is confirmed by the correlation coefficient of 0.0229, 0.1940 and 0.1664 respectively. This implies a direct relationship between financial reporting quality and board size, leverage and profitability respectively. On the other hand, the correlation result showed a negative association between financial reporting quality of listed non-financial firms in Nigeria and company size, growth and company age which is correlation coefficient of -0.1964, -0.0820 and -0.0492 respectively. This indicates an inverse relationship between financial reporting quality and company size, growth and company age of listed non-financial firms in Nigeria.

4.3 Regression Analysis
Table 5: Fixed-Effect (within) Regression Results

Variables	Dac	Coefficients	t	P>t
cs	-0.8037	0.2154	-3.73	0.000
bs	0.1592	0.0782	2.04	0.042
lev	0.3576	0.4301	0.83	0.406
prof	3.4262	0.7773	4.41	0.000
grwt	-0.0456	0.049	-0.93	0.353
cage	0.1031	0.0279	3.69	0.000
Constants	4.0299	2.2546	1.79	0.075

Number of obs	=	400
Number of groups	=	40
R-sq: overall	=	0.2382
P-value	=	0.000
F(6,354)	=	9.46
VIF:	=	1.23
Hausman test	=	0.0093

Source: STATA OUTPUT compiled by the Author, 2022.

The R^2 being the cumulative coefficient of determination which provides the proportion of variation in the dependent variable stirred by the independent variables altogether. The R^2 value for this study is 0.2382 implying that over 23% of the total change in financial reporting quality of listed non-financial firms in Nigeria is caused by the combined change in company size, board size, and leverage, profitability, growth and the age of the company. The F-statistics value of 9.46 (P-value 0.000) is significant at one percent indicating the fitness of the model which confirmed the appropriateness of the variables selected and used.

Regression results depict that company size has -0.8037 as the coefficient with -3.73 t-value and p-value of 0.000, meaning company size affect FRQ negatively and significant in the listed Nigerian non-financial firms. This result is however, is not surprising because larger firms are assumed to have achieved economy of scale and gained good public image hence, they will try to ensure no compromise on the quality of their external reporting. This outcome is in tandem with those of Kolawole et al. (2021) and Farouk et al. (2019) but contradict findings of Soyemi & Olawale (2019).

Board size coefficient is 0.1592 with 2.04 t-values with 0.042 probabilities which implies a significant positive effect of board size on the FRQ of listed non-financial firms in Nigeria. This result is in tandem with the finding of Shehu (2011) and Jensen (1993) whose findings uncovered a significant positive effect of board size on FRQ. This finding however, contradicts Loderer and Peyer (2002) and Yermack (1996) who uncovered a negative and significant effect of board size on FRQ. Leverage shows a positive coefficient (0.3576) with t-value of 0.83 and 0.406 p-value which is non-significant. This result implies that leverages have positive effect on FRQ and that a one percent increase in the gearing level of the sampled non-financial firms will consequently result to a 36 percent increase in discretionary accruals. This outcome is in line with Mahboub (2017) and Putri & Indriani (2019).

Profitability shows a positive coefficient (3.4262), t-value (4.41) with p-value (0.000) revealing a positive-significant effect of profitability on FRQ of listed non-financial firms in Nigeria. This finding also concurs to the findings of Farouk et al., (2019), Adegboye et al. (2019), and Soyemi and Olawale (2019) but contradicts the results of Shehu and Farouk (2014) whose outcome revealed significant negative effect of profitability on quality of earnings. Growth shows a negative coefficient (-0.0456) a t-value (-0.93) and non-significant p-value (0.353) implying that any increase in firm-growth will result to an inverse negative decrease in discretionary accruals thereby increasing FRQ by 4.6 percent. This negative result means with consistent increase in growth, firms may not be under any pressure to meet a certain benchmark which may require them to manipulate earnings in order to give a false picture of the company which will lead to a decrease in the FRQ and decrease in investors' confidence in those firms. Soyemi and Olawale (2019) found firm growth to be significantly reducing the quality of financial reporting while Farouk et al., (2019) found a negative insignificant effect of growth on FRQ in Nigeria.

Firm age was found to have a significant positive association with discretionary accrual hence reducing financial reporting quality. It means that the older non-financial firms listed in Nigeria gets the higher will be the discretionary accrual. This result contradicts a prior expectation because older firms are assumed to have passed the infancy stage of product life cycle and add to reputation which will enhance financial reporting quality. However, this result conforms to the outcome of Umobong and Ibanichuka (2017) who uncovered a statistically significant effect between firm age and FRQ. It however, contradicts the findings of Salah (2018) who found no significant association between age and FRQ.

5. Conclusion and Recommendations

This study examined the influence of specific characteristics of firms on FRQ and in line with the findings it is concluded that:

i. Bigger firms in size are less likely to allow accounting adjustments be made at the discretion of management, rather than being based on objective transactions which results to High quality financial statements that are free from earnings manipulation.
ii. Firm characteristics like growth, influences discretionary accruals negatively and hence increases FRQ.

iii. The size of the board of listed non-financial firms was found to be positively related with discretionary accrual hence this variable negatively affects financial reporting quality.

iv. Highly geared and more profitable listed non-financial firms in Nigeria are more likely to allow accounting adjustments be made at the discretion of management, rather than being based on objective transactions which will lead to earnings manipulation resulting to decrease in financial reporting quality.

v. Firm age was found to have a significant positive association with discretionary accrual hence reducing financial reporting quality. This means that the older non-financial firms listed in Nigeria gets, the higher will be the discretionary accrual. This result contradicts a prior expectation because older firms are assumed to have passed the infancy stage of product life cycle and add to reputation which will enhance financial reporting quality. The need to maintain organizational reputation may not be overemphasized as such no compromise should be entertained in ensuring and protecting FRQ.

Based on these findings and conclusions drawn, it is recommended that;

listed non-financial firms in Nigeria should invest in sales maximisation strategies to increase sales revenue because the result of this study revealed companies with high sales growth are less likely to allow accounting adjustments be made at the discretion of management, rather than being based on objective transactions which results to High quality financial statements that are free from earnings manipulation.

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