Corporate Governance And Financial Reporting Quality In Nigeria Deposit Money Banks

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Abstract- The manipulations of financial statements and subsequent corporate failure are recurring phenomena globally which have not guaranteed the credibility of the financial statements. Studies have shown that financial statement quality is a challenge in deposit money banks in Nigeria. Despite various measures put in place by the regulatory agencies, there were recurring cases of poor quality of financial statements. Therefore, the study examined the effect of corporate governance on financial reporting quality in quoted deposit money banks in Lagos State, Nigeria.

The study adopted survey and *ex post facto* research design. The target population for this study was staff from 10 deposit money banks in Lagos State, Nigeria and 450 participants were purposively sampled for the study. The instrument for the study was validated by the supervisor and its reliability test shows 0.752. The data for the study was analysed using multiple regression analysis.

The study showed that corporate governance has significant effect on financial reporting quality in selected deposit money banks in Lagos State, Nigeria. The finding also revealed that shareholders assembly, board of directors, supervision and control; and transparency and publicity have significant effect on faithful representation *Adj* R^2 = 0.596; F-Stat "F (4, 432) = 161.994" and *p-value*=0.000; on the relevance with *Adj* R^2 = 0.899; F-Stat "F (4, 432) = 968.894" and *p-value* = 0.000. Also on financial report comparability with *Adj* R^2 = 0.606; F-Stat "F (4, 432) = 168.993" and *p-value* = 0.000; and on timely preparation with *Adj* R^2 = 0.805; F-Stat "F (4, 432) = 74.307" and *p-value* = 0.000 of the selected banks in this study.

The study concludes that corporate governance is essential towards the growth of deposit money banks in Nigeria. It was recommended that the government should ensure the provision of standards and guidelines to regulate forensic activities and above all Nigerians should embrace integrity, objectivity, fairness and accountability in their day-to-day activities.

Index Terms- Comparability, Corporate governance, Faithful representation, Financial reporting quality, Relevance, Timeliness.

I. Introduction

Financial reporting quality has gained increasing attention globally in recent decades, being pervasive in almost all spheres of the human activity (Kim, 2019). This study shows that financial reporting quality from a global perspective is dependent in terms of the nature of governance principle in all countries both the developed and developing countries (Ismael & Roberts, 2018). Discussion on financial reporting quality in the UK, the US, German and Japan there are sector aims of understanding the performance of the governance systems of different countries from the international scene irrespective of the attempts made in these countries to reform the practice of corporate governance. Financial reporting quality is an idea of outcome, achievement of goals and quality in terms of efficiency and effectiveness of an organization's production and services (Onaolapo & Ajala, 2018). In Africa, a measure of an organizations financial reporting quality can be viewed from financial and organizational perspectives (Onuonga, 2014). Financial reporting quality is in terms of profit maximization, maximizing return on assets and maximizing shareholder return which is built on the company's efficiency (Tudose, 2018). However, valuation of financial reporting quality in many countries in Africa bends to using financial indicators to accompany by a valuation founded on organizational perspective - productivity, returns, growth or even customer satisfaction (Roussy & Brivot, 2016). Good financial reporting quality translates into good financial performance and if corporate organizations fail to increase governance by ensuring efficient use of capital structure decision, domestically, performance in all ramifications will become less effective (Sheedy & Lubojanski, 2018).

For banks to be able to function effectively and contribute meaningfully to the development of a country, the industry must be stable, safe and sound. In addition, due to fraud and poor financial reporting in the banking system of Nigeria, the results of the stress tests conducted by the CBN in 2009 on deposit money banks revealed that eight of the 24 banks in the country were unhealthy, necessitating the intervention of the CBN through the injection of 620 billion naira of liquidity into the banking sector (Ongore & Kusa, 2013). Financial reporting quality of an organization defines the extent to which the organizational system promotes the achievement of its corporate goals and objectives (Onuonga, 2014). In the case of profit-based organizations like deposit money banks, these objectives and goals are related to financial and non-financial governance (Gamage, Lock & Fernando, 2014).

However, a system of financial reporting quality is a critical component of an organization's management and a foundation for its safe and sound operations. A system of strong financial reporting quality can help to achieve the goals and objectives of

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banks, for long-term targets and maintain reliable financial, managerial reporting quality (Anthony, 2018), Such a system can also help to ensure that the banks will comply with laws and regulations as well as policies, plans, internal rules and procedures, and reduce the risk of unexpected losses and damage to the organization's reputation (Hunziker, 2016).

Despite the importance of this sector in regulating the economy the quality, and standard of financial reporting in the Nigerian banking sector seems not to match the high standard of reporting in the banking sector of more developed countries (Thomasa & Kumara, 2016). In this regard, this study examine the effects of corporate governance on financial reporting quality in Nigeria deposit money banks.

The specific objectives are to;

i. evaluate the effect of shareholders assembly, board of directors, supervision and control, transparency and publicity on the faithful representation of financial report of Nigeria deposit money banks;
ii. ascertain the effect of shareholders assembly, board of directors, supervision and control, transparency and publicity on the relevance of financial report of Nigeria deposit money banks;
iii. assess the effect of shareholders assembly, board of directors, supervision and control, transparency and publicity on financial report comparability of Nigeria deposit money banks;
iv. examine the effect of Board independence, board size, ownership structure, board diversity and audit committee on the timely preparation of financial report of Nigeria deposit money banks.

Research Hypotheses

$H_0$1: Shareholders assembly, board of directors, supervision and control, transparency and publicity have no significant effect on the faithful representation of financial report of Nigeria deposit money banks.

$H_0$2: Shareholders assembly, board of directors, supervision and control, transparency and publicity have no significant effect on the relevance of financial report of Nigeria deposit money banks.

$H_0$3: Shareholders assembly, board of directors, supervision and control, transparency and publicity have no significant effect on financial report comparability of Nigeria deposit money banks.

$H_0$4: Board independence, board size, ownership structure, board diversity and audit committee have no significant effect on timely preparation of financial report of Nigeria deposit money banks.

II. LITERATURE REVIEW

Financial Reporting Quality

The concept of quality financial reporting has commanded considerable research interest around the world. Financial reporting quality address matters of increasing concern to investors in order to enhance public trust in business. Organization are expected to improve quality report for forward-looking information, the potential impact of emerging risks on future business strategy (i.e. the risks to which companies are exposed and the actions they take to mitigate the impact of uncertainties, the carrying value of assets and the recognition of liabilities as failure to report on these crucial areas undermines trust in business and can lead to the conclusion that management can either be unaware of their potential impact, being opaque, or is not managing them effectively). Financial reporting quality owns the following features; faithful representation, relevance, comparability, and timely in preparation.

Faithful Representation

For financial information to be useful, it must not only represent relevant phenomena, but also faithfully represent the phenomena that it purports to represent. Faithful representation is achieved by presenting the transactions and events in the way they are reasonably expected to be reported in the financial statements and is usually measured in terms of neutrality, completeness, freedom from material error. Faithful and representation does not mean accurate in all respects. It means the process used to produce. The study established that the size of a board negatively affect the faithful representation of the firms. In addition, the study established a positive relationship between board composition and faithful representation. The study further provided evidence that the segregation of the CEO and Chairman's roles positively influenced the faithful representation of the listed insurance companies.

Relevance

Relevant financial information is capable of making a difference in the decisions made by users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. Financial information can make a difference in decisions if it has predictive value, confirmatory value or both. Financial information has predictive value if it can be used as an input to processes employed by users to predict future outcomes. Financial information has confirmatory value if it provides feedback about previous evaluations.

Comparability

Comparability is a desirable property of financial reporting and is defined as the quality of accounting information that enables users to identify and understand similarities in, and differences across, firms (FASB, 2018). Investors choose among alternatives in making investment decisions. Therefore, "information about a reporting entity is more useful if it can be compared with similar information about other entities and with similar information about the same entity for another period or another date" (FASB, 2018).

Timely Preparation

Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older the information, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends. Timeliness illustrates that information must be available to decision makers before losing its powerful and good influences.

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Corporate Governance

Corporate governance is a uniquely complex and multi-faceted subject (Ene & Bello, 2016). Corporate governance is a technique created and put in place to stop entrepreneurs and owners acting abusively or even criminally on behalf of a company. Corporate Governance is aimed at ensuring proper governance of business as well as complying with all the governance norms prescribed by regulatory body for the benefit of all interested parties including society (Fekadu, 2015). Corporate governance is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance (Paul & Yakubu, 2015).

Shareholders Assembly

The kind of affiliation between the managerial ownership structure and corporate governance structure has been a major issue in corporate governance literatures. The major reason behind giving directors and mangers equity stake in firms is to resolve the problem of moral hazard which is a core agency problem which aims at aligning managerial interests with of shareholders.
Shareholders assembly is the individuals that shareholders rely on to ensure that their investment is protected and well managed.

Board of Directors

Board of directors is the number of executive and non-executive directors sitting on the board of a company. Gone are the days when a new director's main skill was being in the right circles and would simply fit with the existing Board and culture. The new world we live in brought about by digital technology, more open markets and increased competition has accelerated the need for change.

Supervision and Control

Directors are motivated to run and manage the business well and generate profit as their wealth are tied to the well-being of the company. They are the main organizers of the company and they have the greatest risks in the success and failures of the business. They have better knowledge of the firm better than any stakeholder. Directors are effective monitors of firm's strategy related issues.

Transparency and Publicity

It is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance. There is no generally accepted definition for corporate governance as there are different opinions to it in different regions all over the world.

Board Independence

This finding suggested that keep tracking of corporate boards by independent directors will assist them to become more reactive to investors and will enhance the company's adherence with the disclosure requirements, which consecutively will improve the extent and quality of information disclosures.

Board Size

Board Size refers to the number of directors sitting on a board at a particular company. There is a notion that board size affects corporate governance in most studies. The board of directors is responsible for ensuring the reliability of financial statements. Limiting board size to a particular level is widely believed to improve the performance of the firm at all levels.

Ownership Structure

Ownership structure refers to ratio of shares held by directors on the board. Board's ownership is an encouragement for board members. This encouragement will help board members supervise management in a more efficient way. With this position it is safe to say that, board's ownership will improve firm's performance. Ownership structure was not investigated extensively in prior research. Only few researches considered the association between ownership structure and FRQ.

Board Diversity

Board diversity refers to the diversity of skills and experience available to the company among the board of directors. These are the skills that are available and aligned with the strategy of the company which provides effective corporate governance and oversight. The company so strive to attain a balance between directors with experience and knowledge of the organisation and directors with specialist expertise with a fresh perspective by building a skills-based board.

Audit Committee

Audit committee refers to the total number of members in the audit committee in a company. High-profile corporate scams have heightened the need for an effective audit committee. Frequent CEO duality, audit committee, meetings and independence of audit committee can ensure credibility of corporate reports. Audit committee is one of the board committees set up to aid the effectiveness of the board. An effective audit committee is a vital component of an effective corporate governance system.

2.2 Theoretical Review

Agency Theory

The theory of principal-agent problem occurs when one person or entity i.e. the agent is able to make decisions on behalf of another person or entity i.e. the principal. Agency theory was propounded by Stephen Ross and Barry Mitnick in 1970. The literature on corporate governance attributes two factors to agency theory. The first factor is that corporations are reduced to two participants, managers and shareholders whose interests are assumed to be both clear and consistent. A second notion is that humans are self-interested and disinclined to sacrifice their personal interests for the interests of the others (Daily, Dalton,& Cannella, 2019).

This emphasizes the role of accounting in reducing the agency cost in an organization, effectively through written contracts tied to the accounting systems as a crucial component of corporate governance structures, because if a manager is rewarded for their performance such as accounting profits, they will attempt to increase profits which will lead to an increase in bonus or remuneration through the selection of a particular accounting method that will increase profits.

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Stakeholder Theory

Stakeholder theory was propounded by Dr. F. Edward Freeman, a professor at the university of Virginia in 1984. This theory centers on the issues concerning the stakeholders in an institution. It stipulates that a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholdersto ensure that each interest constituency receives some degree of satisfaction Abrams (2019). However, there is an argument that the theory is narrow because it identifies the shareholders as the only interest group of a corporate entity.

The traditional definition of a stakeholder is "any group or individual who canaffect or is affected by the achievement of the organization's objectives" Freeman (2019). With an original view of the firm, the shareholder is the only one recognized by business law in most countries because they are the owners of the companies.Given this, the firm has a fiduciary duty to maximize their returns and put their needs first. In more recent business models, the institution converts the inputs of investors, employees, and suppliers into forms that are saleable to customers hence returnback to its shareholders.

Resource Dependency Theory

This theory was propounded by Jeffrey Pfeffer and Gerald Salancik in 1978. Resource-dependence theories argue that a board exists as a provider of resources to executives in order to help them achieve organizational goals (Hillman, Cannella and Paetzold, 2019;Hill and Jones, 2019). For example, board members who are professionals can use their expertise to train and mentor executives in a way that improves organizational performance.

The basic proposition of resource dependence theory is the need for environmental linkages between the firm and outside resources. In this perspective, directors serve to connect the firm with external factors by co-opting the resources needed to survive. Thus, boards of directors are an important mechanism for absorbing critical elements of environmental uncertainty into the firm.

Stewardship Theory

Stewardship theory propounded by Donaldson and Davis is about the employment relationship between two parties, the principal (owner) and the steward (manager). The fundamentals of the stewardship theory are based on social psychology, which focuses on the behaviour of executives. Therefore, stewardship theory is an argument put forward in firm performance that satisfies the requirements of the interested parties resulting in dynamic performance equilibrium for balanced governance.

Social Contract Theory

Among other theories reviewed in corporate governance literature is social contract theory, which sees society as a series of social contracts between members of society and the society itself (Gomper, Ishii & Metrick 2018). An integrated social contract theory was developed by Demsetz & Lehn (2019) as a way for managers make ethical decision making, which refers to macrosocial and microsocial contracts.

Legitimacy Theory

Another theory reviewed in the corporate governance literature is legitimacy theory. Friedman (1970) propounded this theory. Legitimacy theory is defined as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate with some socially constructed systems of norms, values, beliefs and definitions Donli (2018). Similar to social contract theory, legitimacy theory is based upon the notion that there is a social contract between the society and an organization. A firm receives permission to operate from the society and is ultimately accountable to the society for how it operates and what it does because society provides corporations the authority to own and use natural resources and to hire employees Joh (2019).

Political Theory

Political theory propounded by George Holland Sabine, brings the approach of developing voting support from shareholders, instead of purchasing voting power. Hence, having political influence in corporate governance may direct corporate governance within the organization. Public interest is much reserved as the government participates in corporate decision making, taking into consideration cultural challenges Inam (2019). The political model highlights the allocation of corporate power, profits and privileges are determined via the governments' favour. The political model of corporate governance can have an immense influence on governance developments.

Empirical Review

Financial reporting quality and Board independence

Aliyu and Ishaq (2015) studied the impact of monitoring characteristics on financial reporting quality of the Nigerian listed oil marketing firms. Financial reporting quality is represented by the qualitative characteristics of the financial statement. Data for the study were obtained from an audited annual report and accounts of the sampled oil marketing companies for twelve years covering 2000 to 2011.

Noor and Kamarul (2014) examined the relationship between board independence and accounting conservatism among Malaysian companies in the year 2000 until 2012. What triggers the researchers to carry out this study is that studies found that the implementation of Malaysian Code of Corporate Governance to Malaysian companies has created a higher confidence level to investors and enhances the company's image. Further, one of the elements of good corporate governance is the board independence. It was argued that accounting conservatism is an effective mechanism to address the agency problem. Based on the findings, the study found that higher board independence does not align with higher conservatism. Instead, the independent non-executive directors do not actually have the power ofindependence, monitoring and advising the board.

Financial reporting quality and Board size

Aminu, Aisha and Muhammed (2015) analyzed the effects of board size and board composition on the performance of Nigerian banks. The financial statements of five banks were used as a sample for nine years and the data collected were analyzed using the multivariate regression analysis. The study found that board size has a significant negative impact on the performance of banks in Nigeria.

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Financial reporting quality and Ownership Structure

Amer and Ravindran (2013) studied the relationship between corporate governance and ownership structure on voluntary disclosure, with a particular focus on variables affecting voluntary disclosure of listed companies in the Amman Stock Exchange (ASE).

Nwalomwa (2016) studied the impact of ownership structure on financial disclosure quality of 75 firms listed on the Nigerian Stock Exchange (NSE) during the period 2011-2015. The study modeled financial disclosure quality using both accounting measure (ACCR) and market-based measure (RET). The study used foreign ownership, managerial ownership, and institutional investors as ownership structure attributes. The data used for the study were collected from the annual reports, the company's website and African financials website for the periods of 2011 to 2015. The General least square (GLS) regression method was used to estimate the parameters of the model. Findings from the study revealed that there is a significant relationship between institutional investors, managerial ownership and quality of financial disclosure.

III. METHODOLOGY

The survey research design and *ex post facto* research design were adopted for this study. The survey research design was carried out using primary data collected through the use of questionnaire and *ex-post* facto design was used to justify the use of secondary data - annual financial statements which would not be manipulated. The target population for this study would be staff of the selected deposit money banks in Lagos State, Nigeria. The population of respondents in this category is 450 while the secondary data was made up of all Deposit money banks in Nigeria. The population of respondents from the selected banks is 450 (CBN, 2019). The sample size for this study was made up of 10 selected deposit money banks listed on the Nigerian Stock Exchange (NSE). The sampling technique adopted was judgemental sampling technique, meaning the judgement of the researcher was used in selecting items which the researcher considers as representative of the population because of the ease of finding relevant information for the selected banks.

A content validity was used for the study. The questionnaire was submitted to the researcher's supervisor, a research statistician and a specialist in the field of research for verification and correction in order to establish an accurate criterion of the validity of the instrument and all necessary corrections were made before they were administered. Using Statistical Package for Social Sciences (SPSS) to test the reliability, the result (α=0.752) was obtained;

Model Specification

Y = f(X)
X = Corporate Governance
Y = Financial Reporting Quality
Sub-Variables for Y are;
Y = (y_1, y_2, y_3)
(Primary Data)
y_1 = Faithful representation (FR)
y_2 = Relevance (RV)
y_3 = Comparability (CM)
Sub-Variables for Y are;
Y = (y_1)
(Secondary Data)
y_1 = Timely Preparation (TP)
Sub-Variables for X are;
X = (x_1, x_2, x_3, x_4)
(Primary Data)
x_1 = Shareholders Assembly (SA)
x_2 = Board of Directors (BD)
x_3 = Supervision and Control (SC)
x_4 = Transparency and Publicity (TP)
Sub-Variables for X are;
X = (x_1, x_2, x_3, x_4,)
Secondary Data
x_1 = Board Independence (BI)
x_2 = Board Size (BS)
x_3 = Ownership Structure (OS)
x_4 = Board Diversity (BD)
x_5 = Audit Committee (AC)
Functional Relationship
(Primary Data)
FR = f(SA, BD, SC, TP) ………………………..…………………,…(Model 1)
RV = f(SA, BD, SC, TP)…………….……………….……………(Model 2)
CM = f(SA, BD, SC, TP)……………………………...………………(Model 3)
(Secondary Data)
TP = f(BI, BS, OS, BD, AC)……………………...…..……………(Model 4)
Model Specification
(Primary Data)
$FR = \alpha + \beta_1 SA_i + \beta_2 BD_i + \beta_3 SC_i + \beta_4 TP_i$……………………………(Model 1)
$RV = \alpha + \beta_1 SA_i + \beta_2 BD_i + \beta_3 SC_i + \beta_4 TP_i$……………………………(Model 2)
$CM = \alpha + \beta_1 SA_i + \beta_2 BD_i + \beta_3 SC_i + \beta_4 TP_i$……………………………(Model 3)

(Secondary Data)
$TP = \alpha + \beta_1 BI_{it} + \beta_2 BS_{it} + \beta_3 OS_{it} + \beta_4 BD_{it} + \beta_4 AC_{it}$…………..(Model 4)
β_0 = Intercept
$\beta_1 - \beta_4$ = Coefficients
μ_i = error term

Method of Data Analysis

The study employed multiple regression analysis. Multiple regression analysis was used to examine the effect of corporate governance on financial reporting quality of Nigerian deposit money banks. The coefficients of the regression analysis was used to determine the type of relationship between the dependent and independent variables and the coefficient of determination (R-square) was used to explain the degree to which the independent variables affect the variations in the dependent variables.

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IV. RESULTS AND DISCUSSIONS

Test of Hypothesis One (H_{01})
Regression Estimate

Variable	Model 1			
	Coefficient	Std Error	t-Stat.	Prob.
C	1.855	0.137	13.512	0.000*
SA	0.368	0.015	24.179	0.000*
BD	0.271	0.037	7.380	0.000*
SC	-0.142	0.024	-5.924	0.000*
TP	0.054	0.020	2.681	0.008*
R^2	0.600			
Adjusted R^2	0.596			
S.E of Reg	0.23234			
F-Statistic	161.994			
Prob.(F-Stat)	0.000*			
Obs	437			

Dependent Variable: Faithful Representation
***significance at 5%**
Source: Researcher's Study, 2019

Model 1

$FR_i = \alpha_1 + \beta_1 SA_i + \beta_2 BD_i + \beta_3 SC_i + \beta_4 TP_i + \mu_1$

$FR_i = 1.855 + 0.368SA_i + 0.271BD_i - 0.024SC_i + 0.054TP_i$

Interpretation

Hypothesis one of this study aimed to examine if shareholders assembly, board of directors, supervision and control, transparency and publicity have no significant effect on the faithful representation of financial report of Nigeria deposit money banks. In fulfillment of the objective one, research question one and hypothesis one of this study, shareholders assembly, board of directors, supervision and control, transparency and publicity were used as independent variables while faithful representation of financial reporting quality was used as dependent variable. Observable in the result presented above, the independent variables employed were examined and decisions were made using the p-values of the results. Considering the signs and magnitude of the estimated parameters, the values of the coefficient of shareholders assembly, board of directors, supervision and control; and transparency and publicity are all positive except supervision and control whose coefficient is negative. A unit change in positive coefficient (independent variables) will increase the faithful representation while a unit change in negative coefficient as supervision and control will decrease the faithful representation of financial reporting quality by 0.142.

The adjusted R^2 value of 59% for shareholders assembly, board of directors, supervision and control, transparency and publicity reassured the ability of the independent variables to collectively explain any variation in the dependent variable up to these numbers of percentage even if the observations and variables are infinitely enlarged. The explanatory power of the regression model with an adjusted R^2 of 0.596 is impressive. This implies that there is good fit of the model, showing that there is a strong positive relationship between the regressors (independent variables) and the regressed (dependent variable). The t-statistics reflects the individual significance of the variables in the model. From the above presented result, shareholders assembly, board of directors, supervision and control; and transparency and publicity have significant effect on the faithful representation of financial reporting quality at 5% level of significance. The F-statistics measures the overall performance of the model employed in the study. At a level of significance 0.05, the F-Statistics is 161.994, while the p-value of the F-Statistics is 0.000 which is less than 0.05 adopted. The study therefore rejected the null hypothesis which means that shareholders assembly, board of directors, supervision and control and transparency and publicity significantly affect faithful representation of the selected banks in this study.

Test of Hypothesis Two (H_{02})
Regression Estimate

Variable	Model 2			
	Coefficient	Std Error	t-Stat.	Prob.
C	0.762	0.099	7.727	0.000*
SA	-0.150	0.017	-8.674	0.000*
BD	0.477	0.011	41.996	0.000*
SC	0.143	0.023	6.269	0.000*
TP	0.342	0.018	18.798	0.000*
R^2	0.900			
Adjusted R^2	0.899			
S.E of Reg	0.14473			
F-Statistic	968.894			
Prob.(F-Stat)	0.000*			
Obs	437			

Dependent Variable: Relevance ***significance at 5%**
Source: Researcher's Study, 2019

Model 2

$RV_i = \alpha_1 + \beta_1 SA_i + \beta_2 BD_i + \beta_3 SC_i + \beta_4 TP_i + \mu_1$

$RV_i = 0.762 - 0.150SA_i + 0.477BD_i + 0.1477SC_i + 0.342TP_i$

Interpretation

Hypothesis two of this study aimed to examine if shareholders assembly, board of directors, supervision and control, transparency and publicity have no significant effect on the relevance of financial report of Nigeria deposit money banks. In fulfillment of the objective two, research question two and hypothesis two of this study, shareholders assembly, board of directors, supervision and control, transparency and publicity were used as independent variables while the relevance of financial reporting quality was used as dependent variable. Observable in the result presented above, the independent variables employed were examined and decisions were made using the p-values of the results. Considering the signs and magnitude of the estimated parameters, the values of the coefficient of shareholders assembly, board of directors, supervision and control; and transparency and publicity are all positive while the coefficient of shareholders assembly is negative. A unit change in shareholders assembly will decrease the relevance of financial reporting quality by 0.150, a unit change in board of directors, supervision and control, transparency and publicity will increase the relevance of financial reporting quality by 0.477, 0.143, and 0.342 respectively. The value of the constant imply that if the independent variables

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employed do not exist, the relevance of financial reporting quality will maintain a positive value of 0.762.

The adjusted R^2 value of 90% for shareholders assembly, board of directors, supervision and control, transparency and publicity reassured the ability of the independent variables to collectively explain any variation in the dependent variable up to these numbers of percentage even if the observations and variables are infinitely enlarged. The explanatory power of the regression model with an adjusted R^2 of 0.899 is impressive. This implies that there is good fit of the model, showing that there is a very strong positive relationship between the regressors (independent variables) and the regressed (dependent variable).

The t-statistics reflects the individual significance of the variables in the model. From the above presented result, shareholders assembly, board of directors, supervision and control; and transparency and publicity have significant effect on the relevance of financial reporting quality at 5% level of significance. The F-statistics measures the overall performance of the model employed in the study. At a level of significance 0.05, the F-Statistics is 968.894.994, while the p-value of the F-Statistics is 0.000 which is less than 0.05 adopted, The study therefore rejected the null hypothesis which means that shareholders assembly, board of directors, supervision and control and transparency and publicity significantly affect relevance of financial report of deposit money banks in Nigeria.

Test of Hypothesis Three (H_{03})

Table 3 Regression Estimate of corporate governance proxies on comparability

Variable	Model 3			
	Coefficient	Std Error	t-Stat.	Prob.
C	3.693	0.170	21.758	0.000*
SA	0.062	0.023	2.707	0.007*
BD	0.668	0.032	20.808	0.000*
SC	-0.626	0.042	-15.026	0.000*
TP	0.114	0.030	3.801	0.000*
R^2	0.610			
Adjusted R^2	0.606			
S.E of Reg	0.26089			
F-Statistic	168.993			
Prob.(F-Stat)	0.000*			
Obs	437			

Dependent Variable: Comparability
***significance at 5%**
Source: Researcher's Study, 2019

Model 3

$CM_i = \alpha_1 + \beta_1 SA_i + \beta_2 BD_i + \beta_3 SC_i + \beta_4 TP_i + \mu$

$CM_i = 3.693 + 0.062SA_i + 0.668BD_i - 0.626SC_i + 0.610TP_i$

Interpretation

From table 3, the independent variables employed were examined and decisions were made using the p-values of the results. Considering the signs and magnitude of the estimated parameters, the values of the coefficient of shareholders assembly, board of directors, supervision and control; and transparency and publicity are all positive except for supervision and control whose coefficient is negative. A unit change in shareholders assembly, board of directors and transparency and publicity will increase financial report comparability by 0.062, 0.668 and 0.111 respectively while a unit change in supervision and control will decrease financial report comparability by 0.626. The value of the constant imply that if the independent variables employed do not exist, financial report comparability will maintain a positive value of 3.693.

The adjusted R^2 value of 61% for shareholders assembly, board of directors, supervision and control, transparency and publicity reassured the ability of the independent variables to collectively explain any variation in the dependent variable up to these numbers of percentage even if the observations and variables are infinitely enlarged. The explanatory power of the regression model with an adjusted R^2 of 0.606 is impressive. This implies that there is good fit of the model, showing that there is a strong positive relationship between the regressors (independent variables) and the regressed (dependent variable).

The t-statistics reflects the individual significance of the variables in the model. From the above presented result, shareholders assembly, board of directors, supervision and control; and transparency and publicity have significant effect on financial report comparability at 5% level of significance. The F-statistics measures the overall performance of the model employed in the study. At a level of significance 0.05, the F-Statistics is 168.993, while the p-value of the F-Statistics is 0.000 which is less than 0.05 adopted, the study therefore rejected the null hypothesis which means that shareholders assembly, board of directors, supervision and control and transparency and publicity significantly affect financial report comparability of the selected banks in this study.

Test of Hypothesis Four (H_{04})

Table 4 Regression Estimate of corporate governance proxies on Timely preparation

Variable	Model 4			
	Coefficient	Std Error	t-Stat.	Prob.
C	0.259	0.388	0.668	0.506
BI	0.098	0.017	5.809	0.007*
BS	0.093	0.015	6.078	0.000*
OS	0.210	0.022	9.503	0.000*
BD	0.257	0.018	13.950	0.000*
AC	0.222	0.076	2.914	0.005*
R^2	0.816			
Adjusted R^2	0.805			
S.E of Reg	0.43217			
F-Statistic	74.307			
Prob.(F-Stat)	0.000*			
Obs	437			

Dependent Variable: Timely Preparation
***significance at 5%**
Source: Researcher's Study, 2019

Model 4

$TP_i = \alpha_1 + \beta_1 BI_i + \beta_2 BS_i + \beta_3 OS_i + \beta_4 BD_i + \beta_4 AC_I + \mu_1$

$TP_i = 0.259 + 0.098BI_i + 0.093BS_i + 0.210OS_i + 0.257TP_i + 0.222AC_i$

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Interpretation

Hypothesis four of this study aimed to examine if board independence, board size, ownership structure, board diversity and audit committee have no significant effect on timely preparation of financial report of Nigeria deposit money banks. In fulfillment of the objective four, research question four and hypothesis four of this study, board independence, board size, ownership structure, board diversity and audit committee were used as independent variables while timely preparation of financial reporting quality was used as dependent variable. Observable in the result presented above, the independent variables employed were examined and decisions were made using the p-values of the results. Considering the signs and magnitude of the estimated parameters, the values of the coefficient of board independence, board size, ownership structure, board diversity and audit committee are all positive. A unit change in board independence, board size, ownership structure, board diversity and audit committee will increase timely preparation of financial reporting quality by 0.098, 0.093, 0.210, 0.257 and 0.222 respectively. The value of the constant imply that if the independent variables employed do not exist, timely preparation of financial reporting quality will maintain a positive value of 0.259.

The adjusted R^2 value of 81% for R^2 reassured the ability of the independent variables to collectively explain any variation in the dependent variable up to these numbers of percentage even if the observations and variables are infinitely enlarged. The explanatory power of the regression model with an adjusted R^2 of 0.805 is not impressive. This implies that there is no good fit of the model. However, from the regression value, the independent variables have a very strong positive relationship with the dependent variable.

The t-statistics reflects the individual significance of the variables in the model. From the above presented result, board independence, board size, ownership structure, board diversity and audit committee have significant effect on timely preparation of financial reporting quality at 5% level of significance. The F-statistics measures the overall performance of the model employed in the study. The F-statistics values for this study is 74.307. The significance of this variable is ascertained using the p-values. At a level of significance 0.05, the F-Statistics is 74.307, while the p-value of the F-Statistics is 0.000 which is less than 0.05 adopted, the study therefore rejected the null hypothesis which means that board independence, board size, ownership structure, board diversity and audit committee have significant effect on timely preparation of financial report of Nigeria deposit money banks.

V. 4. DISCUSSION OF FINDINGS

This study was set out to examine the effect of corporate governance on financial reporting quality in Nigeria deposit banks. The peculiarity of this study affords the chronological presentation of this chapter.

The first part dealt with demographic characteristics of the respondents. The summary of the responses obtained from the returned copies of the questionnaire showing that respondents between the age of 31-40 has the highest number of frequency (238) with 54.5% compared to the respondents between the age range 20-30 and 41-50 with number of frequency and percentage of 120 (27.5%) and 79 (18.1%) respectively. Also, it can be concluded that most of the respondents are mostly male given by result obtained in table 4.2 above which shows that 63.6% with frequency 278 are male, while the remaining 36.4% with frequency 159 are female. Also, from the result obtained in terms of academic qualifications, it is evident that respondents that falls to the class of MSc/MBA/PhD as the highest number of respondent of 54.7% with frequency 239, while respondents that falls between the class of OND/NCE or Equivalent and HND/BSC or Equivalent has the lowest number of respondents of 8.9% with frequency 39 and 32.1% with frequency 159 respectively. Likewise, from the table 4.2 above, most of the respondents occupied the position of the assistant managers which is shown by the number of frequency 318 with 72.8% compared to the manager with the frequency 119 with 27.2%. Lastly, respondents with below 5 years working experience has the highest number of frequency of 375 with 81.7% which are the assistance mangers, while the remaining respondents fall to the class of 5-10 years working experienced with frequency 80 and has 18.3% and these are middle level managers of the banks from which the information were obtained.

The second section focused on testing the hypotheses previously stipulated through the use of regression analysis. The regression estimate of model 1 shows corporate governance significantly affect faithful representation of the selected Banks in this study. This result is inconsistence with the *a priori* expectation that there is no significant impact of corporate governance on the faithful representation of financial report of Nigeria deposit money banks. The result was corroborated by the probability value of the *F* statistics of 0.000 which shows that the regression result is statistically significant because this is less than 5%, the level of significant adopted for this study. This implies that corporate governance thus impact on faithful representation of the financial report of the selected Nigeria money banks. Our findings is consistent with the study of Aliyu and Ishaq (2015) where they conclude that the steward's behaviour is pro-organizational and collectivists and has higher utility than individualistic, self-serving behavior, and the steward's behaviour will not depart from the interest of the organization because the steward seeks to attain the objectives of the organization. Also, Joh (2019). in his research, states that where shareholder wealth is maximized, the steward's utilities are optimized too, because organizational success will serve most requirements and the stewards will have a clear mission.

The regression estimates of model 2 shows that corporate governance significantly affects Financial Report Relevance (FR) of the selected Banks in this study. This result is inconsistence with the *a priori* expectation that there is no significant effect of corporate governance on the relevance of financial report of Nigeria deposit money banks. The result was also corroborated by the probability of the *F* statistics 0.000 which shows that the regression result is statistically significant because this is less than 5%, the level of significant adopted for this study. This implies that corporate governance thus impact on relevance of the financial report of the selected Nigeria money banks. The findings of this study is consistent with the study of Beasley (2019), who in his study affirms that a firm receives permission to operate from the society and is ultimately accountable to the society for how it operates and what it does because society provides corporations

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the authority to own and use natural resources and to hire employees.

The regression estimate of model 3 shows that corporate governance significantly affect financial report comparability (COMP) of the selected Banks in this study. This result is inconsistent with the *a priori* expectation that there is no significant effect of corporate governance on the comparability of financial report of Nigeria deposit money banks. The result was also corroborated by the probability of the *F* statistics 0.015 which shows that the regression result is statistically significant because this is less than 5%, the level of significant adopted for this study. This implies that corporate governance thus impact on comparability of the financial report of the selected Nigeria money banks. Although this study could not find any previous research study that corroborate the above hypothesis, thus it can be concluded that corporate governance greatly impact the comparability of financial report of deposit money banks in Nigeria.

Lastly, the regression estimate of model 4 shows that corporate governance significantly affect timely preparation (TP) of financial reports of the selected Banks in this study. This result is consistent with the *a priori* expectation that there is a significant effect of corporate governance on the timely preparation of financial report of Nigeria deposit money banks. The result was also corroborated by the probability of the *F* statistics 0.001 which shows that the regression result is statistically significant because this is less than 5%, the level of significant adopted for this study. This implies that corporate governance thus impact on timely preparation of the financial report of the selected Nigeria money banks.

VI. CONCLUSION

This study examined effect of Corporate Governance on Financial Reporting Quality of Deposit Money Banks (DMBs) in Nigeria. Numerical description of all variables under study was captured to depict the movement of values and determine the fluctuations of each of the independent variables with the dependent variables.

Findings of this study therefore provide insight into the effect of corporate governance on Financial Reporting Quality which has been measured by Faithful Representation (FR), Relevance (R), Comparability (COMP), Timely Representation (TR), Understandability (U), of selected money banks in Nigeria for the period between 2009 and 2018. It also provides an affirmation of the extent to which the variations in the dependent variable are caused by the independent variables covered in the models as depicted by the R-squared and adjusted R-squared.

Thus, the research concluded that corporate governance has a significant effect on financial reporting quality of the selected deposit money banks (DBMs) in Nigeria.

VII. RECOMMENDATIONS

Based on the findings and conclusions of this study, the following recommendations are offered to issue of corporate governance and financial reporting quality;

i. Top executives should have better understanding of the new code of corporate governance to improved standard of financial reporting quality for greater accountability and transparency.

ii. Regulators should review on timely basis governance regulations in order to assess its impact on financial reporting quality.

iii. Regulators should take into consideration the industry norms especially the existing sectoral codes in developing unified corporate governance codes

VIII. CONTRIBUTION TO KNOWLEDGE

This study has made the following contributions to knowledge;

i. The study investigated the effect of corporate governance on financial reporting Quality of Deposit Money Banks in Nigeria. Previous related studies have dealt largely on the effect of Corporate Governance on Financial Reporting Quality of deposit money banks in Nigeria without considering the moderating effect as used in this study. Thus, this study provides empirical evidence of the effect of Corporate Governance on Financial Reporting Quality measured by Faithful Representation (FR), Relevance (FR), Comparability (COMP), Timely Preparation (TIM) of the selected Deposit Money Banks in Nigeria.

ii. The study influenced the existence of internal control systems of banks in Nigeria. It also add to academicians and future researchers in the field of Accounting and other related field and enhance literature of the subject matter that will be available for the existing and potential researchers to make use as one of the useful materials.

iii. In practice, the study would assist investors in the Nigerian deposit money banks to examine whether earnings reported are still adequate to meet their expectations and to take into consideration if they should revise their expectations from the organization's performance. More also, the study contributed to national provision of the government that relates to the adoption and implementation of better internal control measures.

iv. Finally, it broadens the expectations of policy makers and assist them to know the practical implications of converting to internal control and corporate performance.

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