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I. Title page
II. Abstract (150-250 words)
III. Keywords (3-5)
IV. Introduction
V. Literature Review
VI. Methodology
VII. Results and Discussion
VIII. Conclusion and Recommendations
IX. References (APA 7th Edition)
X. Appendices (if necessary)
XI. Author Biographies (optional)

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EFFECTS OF FIRM CHARACTERISTICS ON FINANCIAL REPORTING QUALITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

OYEBOADE OLAITAN FOLASAYO

ABSTRACT

This study assessed the effects of firm characteristics on financial reporting quality of listed deposit money banks in Nigeria. The study had a population of fourteen (14) listed deposit money banks and a sample size of eight (8) banks was arrived at based on two criteria that only the listed deposit money banks with data over the period of the study and those banks that have not changed their names over time were considered. Secondary method of data collection was used in gathering data from the sampled banks and it was analysed using Ordinary Least Square regression technique. The findings revealed that leverage and firm age had positive and significant effect on financial reporting quality of listed deposit money banks in Nigeria while firm size and return on assets had negative effect on financial reporting quality of listed deposit money banks in Nigeria but only return on assets had a significant effect. The study recommended inter alia that regulatory authorities such as the Financial Reporting Council of Nigeria (FRCN) should ensure that profit making banks are well examined to ensure that high quality financial reports of listed deposit money banks in Nigeria are produced to provide useful financial information to its numerous users. It was also recommended that listed deposit money banks should be increasing leverage and be growing their firm over time to enhance financial reporting quality. It is also recommended that listed deposit money banks should be reducing their assets to an optimal level in order to enhance financial reporting quality. Also, management of listed deposit money banks in Nigeria should be increasing their profit without engaging in earnings management.

Key words: Firm characteristics, Financial reporting quality, Listed Deposit Money Banks, stakeholder theory

1.1 Background to the Study

The quality of financial report is very crucial to every management since the only means by which outside shareholders and investors keep themselves informed about the performance of the firm is through the disclosure of these reports (Olumide et al., 2016). In the present economic situation, the need for financial reporting quality becomes more sensitive as rising market economies and mono economies like Nigeria features superior uncertainties as they battle the challenges of unparalleled fall in oil prices. Reported accounting information is said to be relevant to the degree of its capability of influencing a decision maker by helping him/her to make predictions about the outcomes of present event or to confirm or correct prior expectations (Bushman et al., 2020).

Users of financial statement are therefore left with the question of the possibility of having the annual reports and accounts totally free of bias even if the reports and accounts are totally free of errors (Olumide *et al*, 2016). This is humanly impossible because the regulatory inconsistency and the choices available to managers in accounting policies has often called for the exercise of judgments or opinion in preparing the annual reports and accounts. Thus, this may eventually mislead the public in taking certain decisions with respect to the information made available by the management which is mostly aimed at communicating self-serving information (Mgbame et al., 2019). Therefore, for accounting information to be relied upon by the public and to be regarded as a quality type; it must be neutral, timely, relevant, accurate, transparent, comparable, predictive, understandable, verifiable and unambiguous in its entirety (Kabir, 2021).

Financial reporting is a communication system that involves the management of the firm as the preparer, the investors and creditors as primary users, and other secondary users such as the government authorities

and the general public (Olumide *et al,* 2016). Financial reporting can be described as the process of communicating the financial information of an enterprise to the external world. It is the use of published financial statements and related tools in communicating financial information of a business enterprise to third parties (external users) including shareholders, creditors, customers, governmental authorities and the public (Maharshi, 2020).

Despite the clear benefit of financial reporting, there are several reasons that have been attributed to the preparation of misleading financial statements which may range from the demand for higher returns by shareholders on their investments, the quest to maintain a giant corporate status in the eye of the business community or sporadic changes in competition, and the need to satisfy the greed of company's insiders (Mgbame et al.,2019). The consistent failure by Nigerian Corporate Governance culture to be pro-active, active, responsible and accountable to the stakeholders can be attributed to the poor services nature of the regulatory agencies that has left the issue of earnings management under the disguise of business ethics (Kabir, 2021).

Firm characteristics are said to have significant role in explaining firm level earnings quality because they are variables that affect the firm's decision both internally and externally (Mgbame et al.,2019). The incentive variable ranges from firm size, leverage, profitability, Liquidity, firm growth among others.

Financial reporting quality is a channel that maintains investors' confidence in the capital market, therefore reliability, transparency, clarity and language presentation are the watch words for financial reporting quality. Reliability is what assures the users that the information is reasonably free from error or bias, and that it truly represents what it is intended to represent. Information in a financial report should be reliable to the extent that users can depend on it to judge the economic conditions or events that it purports to represent (Mgbame et al.,2019). Transparency means that the figures are true reflections of the economic activities of the enterprise during the period. Clarity is focused on how the figures are presented and the format and language of presentation is also very important. Financial reporting should therefore provide information to help investors, creditors, and other users to project the amounts and timing of future cash flows of the enterprise (Waweru & Riro,2019).

In view of the influence firm characteristics may have in restraining financial information preparers (managers) from manoeuvring the accounting figures which will eventually enhance the quality of reported accounting earnings, there have been inconclusive findings and divergent views in extant literatures as to whether firm characteristics have any effect on financial reporting quality. Currently, there is rareness of studies in this area in Nigeria which used strictly data from the listed deposit money banks in Nigeria and this present a gap to be filled by this study.

The study carried out by (Dabor & Ibadin,2019) is one of the few. However, the study considered only the corporate governance attributes of the banks leaving out the structural attributes and besides, the study covered only 5 years period of 2013 to 2017. Furthermore, in Nigeria, Kabir (2021) investigated the effect of firm characteristics on financial reporting quality of listed manufacturing firms over the period 2022-2019 with a sample of 32 firms. Also, Olumide et al., (2021) examined firm characteristics and financial reporting quality of listed manufacturing firms using 24 firms as sample size. None of these studies was specifically based on the listed deposit money banks in Nigeria, particularly as this sector is a sector that provides loans and advances to the Nigerian economy and this also presents a gap to be filled by this study. Therefore, the gaps that this study has identified which it intends to fill include; sector gap, period gap and variable segment gaps.

The main objective of this study is therefore is to examine the effect of firm characteristics on financial reporting quality of listed deposit money banks in Nigerian.

In view of the above objectives, the following hypotheses have been formulated in null form.

$H0_1$ Firm size has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

$H0_2$ Leverage has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

$H0_3$ Firm age has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

$H0_4$ Return on assets has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

$H0_5$ Auditor type has no significant effect on financial reporting quality of listed deposit money banks in Nigeria.

This study aims towards establishing the effect of firm characteristics on financial reporting quality of Nigerian listed deposit money banks in Nigeria. The listed deposit money banks are fifteen (14) in number out of which a sample of Eight (8) was used for the study the study covers a period of 2014-2023.

2.0 Literature and Conceptual Reviews

This section covers the conceptual reviews of both dependent and independent variables of the study, empirical reviews and theoretical review.

2.1 Conceptual Reviews

Firm characteristics can be best described as certain

underlying characteristics that best represent all businesses of firms in the marketplace (Mgbame et al., & Ahmad, 2019). Companies may be strong in some of these characteristics and weak in others. Companies that identify and keep track of key characteristics know where they stand. They can then use their stronger characteristics to their advantage in building sales and profits (Mgbame et al., & Ahmad, 2019).

A key element of firm characteristics is structural characteristics; others are monitoring characteristics and performance characteristics (Wallace, et al., 2007). The structural characteristics are those attributes that have to do with a firm's structure which is likely to be unique to the firm. Such characteristics include firm growth, firm size, firm age, return on asset, and the capital structure which is referred to as leverage (Mgbame et al., & Ahmad, 2019).

The value of financial accounting is generally determined by its quality (Pounder, 2019). The central concept of financial accounting quality is that some accounting information is better and more reliable than other accounting information in relation to its characteristic of communicating what it purports to communicate. That is why accounting quality is of great interest to several types of users involved in the financial reporting chain. The term of financial accounting quality has no single, widely accepted definition. Biddle et al., (2019) defines financial accounting quality as the precision with which financial reports convey information about the firm's operations, in particular its cash flows, in order to inform the equity investors. Tang et al., (2018) define financial reporting quality as the extent to which the financial statements provide true and fair information about the underlying performance and financial position. Anyway, a commonly accepted definition is provided by Jonas and Blanchet (2019), who argue that quality financial reporting is full and transparent financial information that is not designed to obfuscate or mislead users. The role of financial reporting is complex and, according to financial accounting standard board (FASB), it aims to provide even handed financial and other information that together with information of other sources facilitates the efficient functioning of capital and other markets and assists the efficient allocation of the scarce resources in the economy. Therefore, the concept of financial accounting quality is broad and includes financial information, disclosures and non-financial information useful for decision making (Tasios & Bekiaris, 2022).

Furthermore, Mgbame and Ahmed (2021) opined that financial reporting quality pertains to the quality of information in financial reports, including disclosures in notes. High-quality reporting provides decision-useful information, which is relevant and faithfully represents the economic reality of the company's activities during the reporting period as well as the company's financial condition at the end of the period. Furthermore, Financial reporting quality is defined as the faithfulness of the information conveyed by the financial reporting process (Martinez-Ferrero, 2021). The word faithfulness is characterised by relevance, reliability, transparency and clarity (Jonas & Blanchet, 2019). Relevant information means that the financial statement should contain enough information that the different users of the financial statement will find useful which will assist them in their decision making process and that the information is provided in a timely fashion when they are still "news". Reliability is what assures the users that the information is reasonably free from error or bias and that it truly represents what it is intended to represents. Information in a financial report will be reliable to the extent that users can depend on it to judge the economic conditions or events that it purports to represent (Mgbame et al.,2019).

Investors and users are interested in achieving a high quality of financial information, and this quality can be derived from having a high quality of earnings that is known as one of the most important indicators of capital market efficiency. This notion is one of the major concerns in assessing the financial health of entities to signify the level of reliability of reported earnings (Usman, 2019). Moreover, this indicator has been used as an analysis tool to evaluate the impacts of converting accounting standards, external auditing, enforcement and corporate governance, and the cost of capital. Earnings quality has an important role in decision usefulness (Ewert & Wagenhofer, 2011).

The size of the firm is an attribute that affects financial reporting quality (Dechow' & Ge, 2019) and in most cases is measured by the asset size of the firm (Saheed, 2019). A large firm is expected to have a well structured accounting and internal control department and should be able to afford the services of professionals who are expected to enhance the financial reporting process (Chalaki, et al.,2022). They are also likely to have a well built information system that enables them track all financial and non financial information for operational, tactical and strategic purposes (Saheed,2019). This is because a well structured accounting and internal control department will ensure the integrity of financial report. Internal control procedures are meant to detect and/or prevent both the ability to manipulate earnings as well as mistakes or errors (Dechow' & Ge, 2019). In addition, they should be able to engage the services of one of the big auditing firms to audit their financial statement which is expected to enhance the quality of financial reporting (Thoopsamut & Jaikengkit, 2019) reason being that the big audit firms are expected to be very professional in their audit engagements and be concerned about their reputations.

Leverage refers to the company's financial debt, and Leong, et al., (2015), suggest that higher leveraged companies may deter the willingness of financial institutions and creditors to permit additional borrowing, due to their inability to pay their debts. Based on this, highly leveraged companies will publish interim reports less timely. Leverage represents the debt structure of a company and is used in numerous studies to proxy for a debt covenant violation (Efendi, et al., 2007). Following these prior studies, debt reliance is represented by the level of leverage. Leverage is calculated as total long-term debt divided by equity.

The age of the firm is also likely to have repercussions for its financial reporting quality (Huang, et al., 2022). Age of the company has been identified in previous studies as an attribute having impact on the quality of accounting practice. However company age has been often seen as a proxy for risk. Therefore the extent of firm's voluntary disclosure can be related to how many years it has been in operation (Graham, et al, 2021). Notwithstanding, the older the firm the more likely they are to have strong internal control procedures

ROA represents the profitability of the firm with respect to the total set of resources, or assets, under its control (Ilaboya & Omoye, 2019). The assets of a company comprise debt and equity. Both of these types of financing are used to fund the operations of the company. The ROA provides investors with an indicator of how effectively the company is converting assets to invest in net income. Higher ROA ratios indicate that the company is earning more money on less investment. ROA reports earnings generated from invested capital (assets). For public companies, ROA can vary substantially and is highly dependent on the industry (Ugwudioha, 2018). This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA data or the ROA data from a similar company.

2.2 Theoretical Review

Freeman (1984) defines a stakeholder as "any group or individual who can influence or is influenced by the achievement of the organisation's objectives". The term "stakeholder" may, therefore, include a large group of participants, in fact anyone who has a direct or indirect "stake" in the business (Carroll 1993, quoted in Schilling 2019). Direct stakeholders are shareholders, employees, investors, customers and suppliers whose interests are aligned with the company. An example of an indirect stakeholder is the government, which is indirectly affected by the company's function (Kiel & Nicholson 2021).

Clarke (2020) defines stakeholder theory in organisations as multilateral agreements between the enterprise and its multiple stakeholders. The relationship between the company and its internal stakeholders (such as employees, managers, owners) is framed by formal and informal rules developed through the history of the relationship. While management may receive finance from shareholders, they depend upon employees to accomplish the productive purpose of the company (Freeman et al., 2020). External stakeholders (customers, suppliers, and the community) are equally important, and also constrained by formal and informal rules that business must respect".

Stakeholder theory is an extension of the agency view, which expects board of directors to look after the interests of shareholders (Freeman, Wicks & Parmar 2020). However, this narrow focus on shareholders has been expanded to take into account the interests of many different stakeholder groups, including interest groups related to social, environmental and ethical considerations (Freeman, 1984). Sundaram & Inkpen (2020) argue that shareholder value amplification matters because it is the only objective that leads to decisions that enhance outcomes for all stakeholders. They argue that identifying a large number of stakeholders and their core values is an unrealistic duty for managers. Proponents of the stakeholder viewpoint also argue that shareholder value maximisation will lead to expropriation of value from non-shareholders to shareholders. In order to satisfy the various stakeholders, information should be available to them as at when required. Based on the reviews above, this study is posited by the stakeholders theory.

2.3 Review of Empirical Studies

Ahmed (2022) conducted a study on disclosure of financial reporting by focusing on Firm Structure as a determinant of Bangladesh quoted manufacturing firms. The study used Firm size (measured by logarithm of total asset), leverage (measured as the ratio of total non-current liabilities to owners' equity and long term liabilities) and share dispersion (logarithms of number of shareholders) as independent variable. The data is extracted from 12 sample firms representing the all quoted manufacturing companies in Bangladesh as the population of the study. Multiple regressions are used as a tool of analysis for the study. The result reveals a positive strong relationship between firm structure and financial reporting quality of quoted manufacturing firms in Bangladesh. And also the study found significant positive relationship between quality of financial reporting and firm size and significant relationship between share dispersion and quality of transparency in the annual reports.

Firm size will also affect earnings management (Becker et al., 2018). Besides, Mgbame et al., and Ahmad (2021) posit that large firms have very strong reasons to manipulate their earnings in order to keep consistent earnings growth trend and meet and beat earnings expectations.

According to Defond et al (2020), Firm size has been found to exhibit negative association with earnings quality since larger firms choose their accounting methods in response to their managerial decision needs. Hashem et al (2022) found positive and significant relationship between size and earnings management which implies that the reported earnings quality is low. In the same vein, Adelopo, (2018) also found a significant positive relationship between voluntary disclosure and firm size. On the other hand Nelson and George, (2021) found no significant relationship between firm size and earnings management and thus the quality of the reported earnings is not at question. McNally et al (2018) examined the quality of financial reports with corporate characteristics and found Firm size has a mixed result as regards its relationship with earnings quality. Beaver et al, (2019) research shows that firm size opportunities provide managers with incentive to smooth earnings as earnings volatility which will increase perceived firm risk that adversely affect the cost of capital needed by the firm.

Leverage has been seen as one of the most vital Firm attributes to have influence on the earnings quality of firms, the research conducted by Mgbame et al., (2019) shows that leverage is positively related to financial reporting quality. Similar to the finding is the study conducted by Naser (2018), On the other hand, the study conducted by Hashem et 'al (2022) found positive and significant relationship between debt ratio and earnings management which implies that the reported earnings quality is low.

Hassan and Bello, (2021) have studied the effect of firm characteristics on financial reporting quality of listed manufacturing firms in Nigeria. This study investigated firms' characteristics from perspective of structure (using firm size and leverage as proxies), monitoring (using board composition and institutional shareholding as proxies) and performance elements (using profitability, liquidity and growth as proxies). The quality of financial reporting was measured using modified model of Dechew and Dechev (2002) of listed manufacturing firms in Nigeria. The study adopted correlational research design with pooled balanced panel data of 24 firms served as sample of the study using multiple regression as a tool of analysis. The result reveals that larger and more leveraged firms in Nigerian manufacturing sector are less likely to manage earnings and increase in sales as well as institutional investors serve as a monitoring tool of preventing managers from opportunistic behaviour in managing earnings. In addition, profitability and independent directors are positively associated with earnings quality while liquidity is inversely related with quality of financial reporting. In sum, firm characteristics of listed manufacturing firms in Nigeria have impacted significantly on their financial reporting quality.

In the same vein, Nelson and George, (2021) found a significant positive relationship between leverage and earnings management. There result is said to have been consistent with signaling theory, because highly leveraged companies would engage in earnings management in a bid to have reports that will enable them attract more capital at reasonable rate, thus the quality of the report is trampled and compromised upon.

The age of the firm is a major determinant of the strength of a firm's internal control, while a strong internal control is associated with financial reporting quality (Huang et al., 2022). It is believed that the internal control system of a firm becomes better structured as years pass by and a well-structured internal control should naturally guaranty the integrity of the financial report (Huang et al.,2022). Moreover, with the passage of time, firms are more likely to improve their governance and are more likely to be exposed to political risk. This is because government may not pay attention to new firms while firms that have been around for some time are always on the radar of government agencies. These factors are likely to affect their reporting practices (Chalaki, et al., 2022).

Chalaki et al., (2022) investigated the effect of corporate governance attributes on financial reporting quality in 136 firms listed on Tehran Stock Exchange (TSE) during the period of 2011 to 2021 using a descriptive-correlation design, the study used McNichols (2002) for financial reporting quality measurement while considering institutional ownership, ownership concentration, board independence and board size as corporate governance attributes and audit size, firm size and firm age as controll variables, the result of the study showed that there is no significant relationship between firm age and financial reporting quality. Huang and Lee (2022) also documented an insignificant relationship between firm age and financial reporting quality using the year of incorporation of such firms to measure the firm age. There is a paucity of research in this area and we are yet to come across any work with a divergent result. This study will like to authenticate these previous findings using data from listed deposit money banks in Nigeria.

Firms" profitability has also been argued to have an influence on the quality of financial reporting. Alsaeed (2019) argued that a profitable firm may feel proud of its achievements and therefore would wish to disclose more information to the public in order to promote positive impressions of its performance. However, even though a study by Haniffa and Cooke (2002) did find a significant positive relationship between return on equity (ROE) with voluntary disclosure, a study by Alsaeed (2019) on the other hand, had found insignificant relationships. Besides that, the level of

profit has also been argued to have an influence on the manipulation of accounting accruals because managers may manage earnings to increase their bonus rewards (Yang and Krishnan, 2021). Mensah and Deajeon (2021) studied the quality of financial reports before and after adopting IFRSs in Ghana, and also the influence of firm-specific characteristics. The firm specific variables used in the study are firm size, profitability, debt equity ratio, liquidity and audit firm size on the quality of financial information disclosed by firms listed on the Ghana Stock Exchange. The research was conducted through detailed analysis of the pre-official adoption period of financial statements of the listed firms. This study used regression analysis which forms the main data analysis. The results of the quality of financial information for the two years indicate that the quality of financial reports has improved significantly after adopting IFRSs. Based on the foregoing literature reviews, firm characteristics such as firm size, leverage, firm age, and return on assets, are found to be significantly associated with voluntary disclosure thus these variables will be tested to determine the intended segment disclosure in the listed deposit money banks in Nigeria atmosphere.

3.0 METHODOLOGY

This study adopted expost-facto research design method for the documentary data extracted from the financial statements of sampled banks in Nigeria. The population of the study shall be all the fourteen (14) listed deposit money banks that are trading on the floor of Nigerian Exchange Group (NSE) as at 31st December, 2023. The population of this study is specifically selected for two reasons.

The sample size of this study is eight (8) listed deposit money banks operating in Nigeria and listed on the NSE and it was drawn from the population of fifteen (14) listed deposit money banks. The sample size was arrived based on two criteria where all the listed deposit money banks that met them had a chance of being selected. The first criterion was that the listed deposit money banks must have full data over the period of the study (2014-2023) while the second criteria was that the bank must not have change its name as at 31st December 2023. The banks selected are Access Bank, First Bank, Fidelity Bank, FCMB Guaranty Trust Bank, Union Bank, UBA and Zenith Bank.

The reason behind adopting these criteria was that firstly, financial statements and Fact-Books of the Nigerian Exchange Group provide the relevant data of firm characteristics as the determinants of financial reporting quality of listed deposit money banks in Nigeria.

This study utilized secondary method of data collection to be extracted from the financial statements and corporate websites of the sampled listed deposit money banks in Nigeria covering the period of ten years (2014-2023) under consideration. The annual reports of the sampled firms for the period 2014-2023 will be considered because of the increasing awareness of the issue of financial reporting quality. As a result of the panel nature of the data being cross-sectional and time series, the quantified data from the content analysis conducted will be analyzed using multiple regression technique.

For the purpose of finding the effect of firm size, leverage, return on assets and firm age as independent variables on financial reporting quality as the dependent variable a multiple regression analysis is adopted. The functional relationship is given as follows.

$$Frq = f (fsz, lev, age, roa)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(1)$$

Since it is believed there are other variables that can also influence financial reporting quality of firms, auditor type was introduced as control variables of the study.

$$Hence\ Frq = f(fsz, lev, age, roa,)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(2)$$

With the aid of the second equation the study arrives at a model which is presented as follows:

$$Frqi_{,t} = a + \beta1fszi_{,t} + \beta2levi_{,t} + \beta3agei_{,t+} \beta4roai_{,t+} Ui_{,t}\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(3)$$

Where:

Frq= = Financial reporting quality, measured using loan loss provision as used by Oosterbosch (2019) and Chang et al (2019)

FSZ=Firm size is measured by Log of Total Assets of the firm at the end of each year as measured by Yang and Krishnan (2019); Ahmed (2022);

Lev=Leverage is measured by the ratio of total debts to total equity of the firm at the end of each year as measured by Mgbame et al., (2019);

ROA=Return on assets is measured by ratio of profit after tax divided by total assets of the firm for each year as measured by Mensah and Deajeon (2021);

Age=Firm Age is measured as the number of years after the firm was first listed on the Nigerian Exchange Group as used by Omar (2021), a is the intercept, β_{1-4} is the coefficient of the independent variables. is the, e = error term, i = firm and t = year

4.0 Results and Discussion

The main objective of this study is to assess the effect of firm characteristics on financial reporting quality of listed deposit money banks in Nigeria. This section presents the results of the analysed data collected in the course of this study and the results interpreted in

relation to the stated hypothesis. The variables of this study included Financial reporting quality (Frq) as dependent variable while the independent variables were firm size (Fsz), leverage, firm age, return on assets and auditor type as a control variable.

1 shows the summary descriptive statistics of the dependent and independent variables in terms of the mean, standard deviation, minimum and maximum values. Frq had a mean of 10.80 with a standard

deviation of 1.57, a minimum of 6.67 and a maximum of 13.81 suggesting that there is wide dispersion in financial reporting quality of listed Deposit money banks in Nigeria because some of the firms have higher financial reporting quality than others. The values show that the highest earnings manipulation (lowest financial reporting quality) was 13.8 while the lowest earnings management (highest financial reporting quality) was 6.67 over the period of the study.

Table 1 Descriptive statistics of variables

Variables	Obs	Minimum	Maximum	Mean	Std Deviation
Frq	80	6.67	13.81	10.8049	1.56580
Fsz	80	6.89	8.73	7.7899	.38220
Lev	80	.01	6.49	1.0679	1.02309
Age	80	9.00	43.00	28.2500	8.63830
Roa	80	-.07	.69	.0750	.08344

Source SPSS (Version 23)

Firm size (Fsz) had a mean of 7.79 with a standard deviation of 0.38, a minimum and maximum values of 6.89 and 8.73 respectively. This also suggests a wide dispersion in firm sizes of listed deposit money banks in Nigeria because some of the firms have small assets sizes compared to others. Also, Leverage (Lev) had a mean and standard deviation values of 1.07 and 1.02 respectively, implying that there is no wide dispersion in leverage of listed deposit money banks in Nigeria. This equally implies that the rate of borrowing funds by listed deposit money banks in Nigeria is similar. Firm age (Age) had a mean value of 28.25 and a standard deviation of 8.64 showing that there is a wide dispersion between firm ages deposit money banks in Nigeria. This may be due to the fact that some of the listed deposit money banks in Nigeria are much older than others that are younger. Similarly, Return on assets (Roa) had a mean value of 0.075 and standard deviation of 0.08 which was a proof that there is no

much dispersion in the profitability of listed deposit money banks in Nigeria and this may be due to the fact that they are operating in same country and industry. The study can infer from this that Nigerian listed deposit money banks have a similar rate of profitability. The analysis of the descriptive statistics of the study variables shows the nature and extent of dispersion of the data, which strongly suggested that the data did not follow the normal curve as indicated by the higher values of standard deviations.

The correlation between the dependent and independent variables are presented in table 2 and it showed that there was a positive correlation between the dependent variable (Frq) and all the independent variables of the study with the exception of firm size and return on assets that had negative correlation.

Table 2 Correlation Matrix of Dependent and Independent variables

Variables	Frq	Fsz	Lev	Age	Roa	VIF
Frq	1.000					
Fsz	-.036	1.000				1.046
Lev	.360	.044	1.000			1.059
Age	.389	-.106	-.183	1.000		1.051
Roa	-.294	-.179	-.143	-.027	1.000	1.059

Source SPSS (Version 23)

(Version 23)

This implies that as leverage increase, firm age and auditor type increase, the level of financial reporting quality of listed deposit money banks in Nigeria also increases. On the contrary, as the variable of firm size and return on asset reduce, the level of financial

reporting quality of listed deposit money banks in Nigeria increases. Hussain, Islam and Andrew (2019) suggested that multicolinearity may be a problem when the correlation between independent variables is 0.9 and above where as Emory (2018) considered more than 0.80 to be problematic. Therefore, it was evident from the above table that the magnitude of the

correlation amongst the explanatory variables generally indicates no severe multicolinearity problems in the study because the highest correlation coefficient is 0.39 between Frq and Age. To determine the presence of collinearity problem, a Variance Inflation Factor (VIF) test was carried out and the results provided evidence of the absence of collinearity because the results of the VIF test ranged from a minimum of 1.046 to a maximum of 1.059 and a mean of 1.053. VIF of 5.00 can still be a proof of absence of collinearity (Neter, Kutner, Nachtsheim & Wasserman (1996).

The regression results of the dependent variable, financial reporting quality (Frq) and the independent variables of firm size (Fsz), leverage (Lev), firm age (Age), and return on assets (Roa) are as follows;

Table 3 Regression Results

Variables	Coefficients	T. Values	P. Values
Constants	9.661	3.156	.002
FSZ	-.196	-.520	.605
LEV	.631	4.458	.000
AGE	.082	4.921	.000
ROA	-4.346	-2.505	.014
RSquared	0.395		
Adjusted Rsq	0.362		
F. Value	12.227		
P. Value		0.000	

Source: SPSS (23) Output

From the p-values which is statistically significant, the validity of the model under the random effect estimations is evident. The R-squared of 39.5% for the random effect shows that the changes in financial reporting quality are substantially accounted for by the explanatory variables. This implies that the independent variables can explain 39.5% of the changes in the dependent variable. The F. Value of 12.227 and p-value of 0.000 which confirm the fitness of the model because there was a significant linear relationship between financial reporting quality of listed deposit money banks in Nigeria and the explanatory variables (firm size, leverage, firm age return on assets).

Test of hypotheses and discussion of findings.
The null hypotheses of the study were tested and the results are shown in table 3.

The regression results in table 3 showed that firm size has a negative coefficient and p-values of -0.196 and 0.605 respectively, indicating that firm size has a negative and insignificant effect on the financial reporting quality of listed deposit money banks in Nigeria. The implication of this is that as firm size increases the financial reporting quality of listed deposit money banks in Nigeria decreases but it is not significant. Thus, on the basis of this finding the study rejects the null hypothesis which stated that there is no significant effect of firm size on financial reporting quality of listed deposit money banks in Nigeria because the table shows that probability value of 0.605% is more than 0.05% level of significance (0.605% > 0.05%). This finding is in line with those of Nelson and George (2021) who found that there was no significant effect of firm size on financial reporting

quality. This finding is inconsistent with the studies conducted by Ahmed (2022) who documented that there was a significant and positive effect of firm size on financial reporting quality.

Similarly, considering leverage in table 3 indicates that leverage has a positive and insignificant effect on the financial reporting quality of listed deposit money banks in Nigeria with coefficients and p-values of 0.631 and 0.000 respectively. The implication of this is that as the values of leverage these listed deposit money banks increase, the financial reporting quality of listed deposit money banks in Nigeria also increase. Based on this finding the study rejects the null hypothesis which stated that there is no significant effect of leverage on financial reporting quality of listed deposit money banks in Nigeria because the table shows that probability value of 0.631 % is more than 0.05% level of significance (0.631% > 0.05%). This finding is not in tandem with those of Tan and Tower (1997) who found that there was no significant effect of leverage on financial reporting quality. However the study contradicts those of Hashem *et. al* (2022) and Hassan and Bello (2021) who all found that there was significant and positive coefficient on financial reporting quality of sampled firms

Furthermore, the coefficient in table 3 agreed that firm age has a positive and significant effect on financial reporting quality of listed deposit money banks in Nigeria at 5% level of significance with coefficient and p-values of 0.82 and 0.000 respectively. This implies that as firm age increases, the financial reporting quality of listed deposit money banks in Nigeria also increases. Therefore, on the basis of this finding the study rejects the null hypothesis which

stated that there is no significant effect of firm age on financial reporting quality of listed deposit money banks in Nigeria because probability value of 0.000 is less than 5% level of significance (0.000<5%). This finding is inconsistent with those of Chalaki, Didar and Riahneshad (2022); Huang, Rosegreen and Lee (2022) who found that there was negative and significant effect of firm age on financial reporting quality of firms.

Considering return on assets, the random effect in table 3 estimates that return on assets has a negative and significant effect on the financial reporting quality of listed deposit money banks in Nigeria at 5% level of significance with coefficient and p-values of -4.346 and 0.014 respectively. This implies that as the profitability reduces the financial reporting quality of listed deposit money banks in Nigeria increases. On the strength of this finding the study rejects the null hypothesis which stated that there is no significant effect of return on assets on financial reporting quality of listed deposit money banks in Nigeria because the table shows that probability value of 0.014% is less than 0.5% level of significance (0.014% < 0.05%). This finding is in line with those of Haniffa and Cooke (2002) who found a significant and negative effect of return on assets on financial reporting quality. It opposes those of Yang and Krishna (2021) and Alsaeed (2019) who documented that there is a positive and significant effect of return on assets on financial reporting quality of firms.

5.0 CONCLUSIONS AND RECOMMENDATIONS

This study examined the effect of firm characteristics on financial reporting quality of listed deposit money banks in Nigeria over the period of ten years (2021-2023). The study covered eight listed deposit money banks out of the fifteen listed deposit money banks operating in Nigeria as at 31st December 2017. The findings have a clear policy implication on financial reporting quality of listed deposit money banks in Nigeria based on the results of the descriptive statistics, correlation matrix and the random effects model of the study.

The study concluded that firm size had a negative and insignificant effect on the financial reporting quality of listed deposit money banks in Nigeria. It was also concluded that leverage had a positive and significant effect on the financial reporting quality of listed deposit money banks in Nigeria. Furthermore, it was concluded that firm age had a positive and significant effect on the financial reporting quality of listed deposit money banks in Nigeria. Similarly, it was concluded that return on assets had a negative and significant effect on the financial reporting quality of listed deposit money banks in Nigeria.

Based on the conclusion of the study, it was recommended that listed deposit money banks should be increasing leverage and be growing their firm over time to enhance financial reporting quality. It is also recommended that listed deposit money banks should be reducing their assets to an optimal level in order to enhance financial reporting quality. Also, management of listed deposit money banks in Nigeria should be increasing their profit without engaging in earnings management.

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