



POLAC INTERNATIONAL JOURNAL OF ECONS & MGT SCIENCE (PIJEMS)
DEPARTMENT OF ECONOMICS & MANAGEMENT SCIENCE
NIGERIA POLICE ACADEMY, WUDIL-KANO



FIRM ATTRIBUTES AND FINANCIAL REPORTING QUALITY OF DEPOSIT MONEY BANKS IN NIGERIA

Asuquo, Nsima Isaac

Department of Accounting, University of Uyo

Etim Osim Etim

Department of Accounting, University of Uyo

Unirere, Peter Gabriel

Department of Accounting, University of Uyo

Adebayo, John Adeniran

Department of Economics, University of Uyo

Bassey, Ebong Okon

Department of Business Management, University of Uyo

Abstract

The study investigates the effect of firm attributes on financial reporting quality of deposit money banks in Nigeria. The specific objectives were to evaluate the effect of firm size, firm remuneration and firm independence of financial reporting quality of deposit money banks in Nigeria. The ex-post facto research design was adopted for the study. The population of the study consisted of 20 deposit money banks with the sample size of 3 listed deposit money banks in the floor of Nigeria Exchange Group (NEG) 2023 and was selected using purposive sampling technique. Secondary sources of data collection were used for which included annual reported and Nigeria Exchange Group Fact book. Data were analyzed using multiple regression analyses. Findings indicated that firm size, firm remuneration and firm independence have no significant and positive effect on financial reporting quality of deposit money banks in Nigeria (R^2 -.697, Beta- .058, .373, -501, F-.27.555, P-.000, $P < 0.05$). It was concluded that firm size, firm remuneration and firm independence have no significant effect on financial reporting quality of deposit money banks in Nigeria. Therefore, it was recommended that leveraging the findings of this study, it was recommended that Nigerian deposit money banks are to implement scalable reporting standards that account for firm size. Larger banks, due to their complex operations and greater resources, should be encouraged to adopt more detailed and rigorous financial reporting practices. Nigerian deposit money banks review and refine their executive compensation structures to emphasize long-term performance metrics and discourage short-term profit maximization at the expense of transparency.

Keywords: Firm Attributes, Firm size, Firm Remuneration, Firm Independence and Financial Reporting Quality, Deposit Money Banks

1. Introduction

The quality of financial reporting is essential for fostering investor confidence, improving market efficiency, and ensuring the stability of financial systems. Financial reporting quality (FRQ) refers to the degree to which financial statements faithfully represent the economic reality of a firm's financial position and performance (Dechow, Ge, & Schrand, 2017). In the context of commercial banks, particularly in Nigeria, FRQ plays a critical role in influencing decision-making by investors, regulators, and other stakeholders. Several firm attributes have been identified in the literature as key determinants of FRQ, including firm size, remuneration practices, and the

independence of the firm's board and audit committees. Understanding the relationship between these attributes and FRQ in Nigeria's banking sector is vital due to the unique challenges facing the industry, including regulatory changes, economic volatility, and corporate governance concerns.

Firm size is widely regarded as a key determinant of financial reporting quality, with larger firms generally exhibiting higher quality due to their access to resources, greater oversight, and more robust internal controls (Francis, LaFond, Olsson, & Schipper, 2004). Larger firms, especially listed commercial banks, are subject to more stringent regulatory scrutiny, and they

are more likely to adhere to best practices in financial reporting to maintain investor trust and avoid legal issues (Leuz & Wysocki, 2008). In contrast, smaller firms may face resource constraints that limit their ability to adopt comprehensive reporting practices. In Nigeria, where the banking industry has seen significant consolidation in recent years, the effect of firm size on FRQ becomes even more pertinent as the industry grapples with adapting to new regulatory environments and a rapidly evolving economic landscape.

Firm remuneration also plays a critical role in determining the quality of financial reporting. Executive compensation schemes, including performance-based incentives, can influence managers' behavior and, consequently, the accuracy and transparency of financial reports (Bushman & Smith, 2001). In Nigerian banks, where corporate governance issues such as conflicts of interest and ethical concerns about executive pay are prevalent, the design of remuneration packages is crucial for aligning managerial incentives with the long-term interests of shareholders and other stakeholders. Studies have shown that when remuneration is tied to financial performance, it can either promote or distort the quality of financial reporting depending on whether the compensation structure is designed to encourage ethical reporting practices (Jensen & Meckling, 1976).

The independence of the firm's board and audit committee is another important attribute influencing financial reporting quality. Independent directors and audit committees are believed to provide oversight that ensures accurate and reliable financial reporting (DeZoort, 1998). This is particularly critical in the context of Nigerian commercial banks, where corporate governance structures have historically been weak, leading to concerns about transparency and accountability in financial reporting (Uadiale & Fagbemi, 2011). Independent board members and audit committees are in a better position to challenge management and mitigate the risk of financial manipulation. The effectiveness of these governance mechanisms in ensuring the quality of financial reporting has been a subject of research in both developed and developing markets, and their relevance in Nigerian banks is heightened due to frequent regulatory reforms and macroeconomic instability.

In Nigeria, the banking sector has experienced significant transformation, with increased foreign ownership, regulatory reforms, and changing economic conditions. This context provides an opportunity to examine how these firm attributes, size, remuneration, and independence affect the quality of financial reporting in Nigerian commercial banks. Given the growing importance of financial reporting quality in maintaining market stability and investor confidence, this study seeks to contribute to the understanding of how these attributes influence financial reporting in a developing market, thus offering valuable insights for policymakers, regulators, and corporate governance practitioners in Nigeria.

The quality of financial reporting is crucial for the stability and credibility of the banking sector, particularly in emerging markets like Nigeria. Despite regulatory reforms and significant efforts by the Nigerian government and financial authorities to improve corporate governance practices, concerns over the quality of financial reporting in the country's commercial banks persist. These concerns are heightened by issues such as financial misstatements, lack of transparency, and weak investor confidence, which undermine the reliability of financial reports. One of the key factors influencing financial reporting quality (FRQ) is the firm's internal attributes, such as firm size, executive remuneration, and the independence of the board and audit committees. In the context of Nigerian listed commercial banks, understanding how these attributes affect FRQ is crucial for enhancing financial transparency and promoting the stability of the banking sector.

Firm size has been recognized as a significant determinant of financial reporting quality in many studies. Larger firms often have more resources and are subject to stricter regulatory oversight, which could lead to more accurate and transparent financial reporting (Leuz & Wysocki, 2008). However, in Nigeria's banking industry, it is not entirely clear whether larger banks consistently exhibit higher financial reporting quality due to challenges such as regulatory gaps, management pressure, and the complexity of operations in a volatile economic environment. Smaller commercial banks may face their own challenges, including fewer resources to maintain

high-quality reporting standards. Thus, there is a need to investigate whether firm size indeed correlates with better financial reporting quality in the context of Nigeria's commercial banking sector.

Another critical firm attribute influencing FRQ is the design of executive remuneration packages. In Nigeria, remuneration policies, particularly those tied to short-term financial performance may create incentives for management to manipulate financial results, thereby compromising the quality of financial reporting. There is a growing concern that performance-based executive pay can encourage risk-taking behaviors that might lead to aggressive accounting practices, which obscure the true financial condition of the bank. Furthermore, the independence of the board and audit committees plays a key role in ensuring that management acts in the best interest of shareholders and other stakeholders. Weak corporate governance, characterized by non-independent boards, may result in a lack of effective oversight, thereby diminishing the quality of financial reporting. This study aims to explore the combined effects of firm size, remuneration practices, and governance independence on the financial reporting quality of listed commercial banks in Nigeria, seeking to fill a gap in the existing literature on this important issue. The main objective of this study was to examine the effect of firm attributes on financial reporting quality of listed deposit money banks in Nigeria. The following research hypotheses were formulated to guide the study

Ho₁: There is no significant effect of firm size on financial reporting quality of deposit money banks in Nigeria.

Ho₂: There is no significant effect of firm remuneration on financial reporting quality of deposit money banks in Nigeria

Ho₃: There is no significant effect of firm independence on financial reporting quality of deposit money banks in Nigeria.

2. Literature Review

2.1 Conceptual Definitions

2.1.1 Firm Attributes

The relationship between firm attributes and financial reporting quality (FRQ) has been a significant area of research in the banking sector, particularly in developing economies like Nigeria. Firm size is often cited as a key determinant of FRQ. Larger banks tend to have better resources, more robust internal controls, and are subject to greater regulatory scrutiny, all of which can lead to higher financial reporting quality (Francis, LaFond, Olsson, & Schipper, 2004). In the Nigerian context, studies suggest that larger banks are more likely to adopt international financial reporting standards (IFRS) and other best practices in financial reporting due to their ability to invest in quality reporting mechanisms (Ogege & Agho, 2011). However, some studies have also noted that size alone does not guarantee high-quality reporting, especially in an environment where weak enforcement mechanisms and regulatory challenges persist (Uadiale & Fagbemi, 2011). These findings highlight the complexity of the relationship between firm size and FRQ in Nigerian banks.

Executive remuneration and board independence are also critical factors influencing FRQ in Nigerian banks. Research indicates that when executive compensation is closely tied to short-term performance metrics, it can incentivize managers to engage in earnings manipulation, thus undermining the quality of financial reporting (Bushman and Smith, 2001). In Nigerian banks, this issue is particularly concerning given the prevalent practice of rewarding executives based on financial performance without sufficient checks on ethical reporting standards (Adeyemi & Fagbemi, 2010). The independence of the board and audit committee is another key attribute that can enhance FRQ by ensuring greater oversight of management decisions. Studies in Nigeria suggest that the effectiveness of corporate governance structures, such as the independence of audit committees, significantly impacts financial reporting quality. Banks with independent boards and audit committees are better positioned to ensure the accuracy and transparency of their financial statements (Uadiale & Fagbemi, 2011). Therefore, these firm attributes remuneration practices and governance structures play an essential role in

shaping the financial reporting environment of Nigerian commercial banks.

2.1.2 Firm Size

Firm size has long been recognized as a key determinant of financial reporting quality (FRQ), with larger firms often demonstrating superior reporting practices due to their ability to invest in resources and adopt best practices in corporate governance. In the context of Nigerian banks, studies suggest that larger banks are more likely to implement robust internal controls and adhere to international financial reporting standards (IFRS) due to increased regulatory scrutiny and access to sophisticated resources (Ogege & Agho, 2011). For example, larger Nigerian commercial banks, such as Access Bank and Zenith Bank, are often subject to stringent audits and oversight, which can enhance the quality of their financial statements by reducing the likelihood of earnings manipulation (Uadiale & Fagbemi, 2011). However, while firm size is correlated with higher FRQ, the Nigerian banking sector still faces challenges such as inconsistent regulatory enforcement and external economic pressures, which can affect reporting practices regardless of size.

Despite the potential advantages of larger firms, research in the Nigerian context indicates that firm size alone does not guarantee high financial reporting quality. For instance, while larger banks may have the resources to ensure compliance with reporting standards, they may also face greater pressure to meet market expectations, which can lead to opportunistic financial reporting (Leuz & Wysocki, 2008). Additionally, smaller banks in Nigeria may struggle with limited resources, but they could potentially improve their financial reporting quality through greater transparency and simpler operations. Studies show that the relationship between firm size and FRQ in Nigeria's banking sector is influenced by factors such as the strength of corporate governance mechanisms, regulatory environment, and the specific institutional context (Adeyemi & Fagbemi, 2010). Therefore, while firm size may be a significant factor in improving FRQ, its effectiveness depends on the broader institutional and regulatory framework within which Nigerian banks operate.

2.1.3 Firm Remuneration

Firm remuneration practices play a significant role in shaping financial reporting quality (FRQ), as executive compensation schemes can influence managerial incentives and decision-making. In the Nigerian banking sector, studies have highlighted concerns about the alignment of executive pay with long-term performance, suggesting that when compensation is heavily tied to short-term financial outcomes, it may encourage earnings manipulation or aggressive accounting to meet performance targets (Bushman and Smith, 2001). Adeyemi and Fagbemi (2010) note that performance-based remuneration schemes in Nigerian banks, particularly those based on stock prices or short-term profitability, can lead to distorted financial reporting if not carefully designed. Furthermore, weak corporate governance structures in some Nigerian banks exacerbate these issues, as executive pay packages may not be adequately monitored or aligned with shareholder interests (Uadiale & Fagbemi, 2011). Therefore, the design of remuneration packages in Nigerian commercial banks is crucial in determining the quality of financial reporting, as it directly influences managerial behavior and reporting transparency.

2.1.4 Firm Independence

Firm independence, particularly the independence of the board of directors and audit committees, plays a crucial role in ensuring high-quality financial reporting. Independent boards and audit committees are better positioned to oversee management practices and mitigate the risk of financial manipulation or misreporting (DeZoort, 1998). In the context of Nigerian banks, studies have shown that the effectiveness of corporate governance structures, such as independent audit committees, significantly influences the quality of financial reporting. Uadiale and Fagbemi (2011) argue that stronger board independence in Nigerian commercial banks leads to more transparent and accurate financial statements, as independent directors are less likely to be influenced by management's interests. However, despite the regulatory push for independence in Nigeria, the effectiveness of independent boards is often undermined by factors such as weak enforcement of corporate governance codes and the persistence of insider influence (Ogege & Agho, 2011). As such, while board and audit committee independence is vital,

its impact on financial reporting quality in Nigeria's banking sector is contingent upon the broader regulatory and institutional environment.

2.1.5 Financial Reporting Quality

Financial reporting quality in Nigerian deposit money banks has been an area of increasing concern and study, especially in light of the banking sector's critical role in the economy. Recent studies emphasize the importance of transparency, accuracy, and compliance with both local and international financial reporting standards (IFRS). Research suggests that while some banks have made significant progress in adopting best practices, challenges such as weak governance structures, lack of internal controls, and the manipulation of financial statements still persist (Adediran & Alade, 2021). Furthermore, the influence of regulatory bodies like the Central Bank of Nigeria (CBN) and the Financial Reporting Council (FRC) has been crucial in enhancing financial reporting quality. Studies have shown that financial reporting quality in Nigerian banks has been positively impacted by corporate governance practices, audit quality, and the integration of technology in financial operations (Olowe, 2020). However, issues related to financial misreporting and the need for stronger enforcement mechanisms persist, hindering full transparency in financial disclosures (Ogundipe, 2019).

2.2 Theoretical Framework

Agency Theory

Agency theory, developed by Jensen and Meckling (1976), explores the relationship between principals (owners or shareholders) and agents (managers or executives) within a business context. The theory is built on the premise that principals delegate decision-making authority to agents, but because agents do not always have the same interests as the principals, a conflict of interest, known as the "agency problem," may arise. This issue occurs when agents prioritize their personal goals over the interests of the principals, leading to inefficiency or suboptimal outcomes. The theory posits that principals incur agency costs to monitor agents' actions and align their interests through mechanisms such as performance-based incentives, contracts, and oversight, aiming to reduce the

misalignment and ensure that agents act in the best interests of the principals (Jensen & Meckling, 1976).

However, as the theory correlates with firm attributes and financial reporting quality, agency theory has been extended to understand how corporate governance mechanisms influence transparency and the reliability of financial disclosures. Scholars like Liu and Lu (2020) argue that strong governance structures, such as independent boards and audit committees, help reduce agency costs by ensuring that managers' actions align with the interests of shareholders, thus improving finan

cial reporting quality. Firm size, ownership structure, and the presence of external auditors are also considered key attributes that impact agency costs and, consequently, financial reporting quality (Ali & Zhang, 2018). For instance, larger firms may have more sophisticated monitoring systems that mitigate agency problems, resulting in more accurate financial reporting. On the other hand, weak governance in smaller firms or those with concentrated ownership may lead to opportunistic behavior and earnings manipulation, compromising the quality of financial reports (Liu & Lu, 2020).

2.3 Empirical Review

Adebayo and Okafor (2019) examined the effect of firm Size on financial reporting quality in Nigerian Deposit Money Banks", conducted in Nigeria, examined how firm size influences the quality of financial reporting within the banking sector. The primary objective of the study was to assess whether larger banks, characterized by more resources and better governance structures, report more accurately and transparently compared to smaller banks. The study used a descriptive research design and analyzed data from 10 deposit money banks in Nigeria over a 5-year period (2014-2018). The population of the study included all 22 listed deposit money banks on the Nigerian Stock Exchange, with a sample size of 10 banks selected using simple random sampling. Data was collected through secondary sources, mainly annual reports and financial statements published by the banks. Data were analyzed using multiple regression analysis to determine the relationship between firm size (measured by total assets) and financial reporting quality, which was assessed through transparency, accuracy, and

compliance with International Financial Reporting Standards (IFRS). The findings revealed that firm size had a significant positive effect on financial reporting quality. Larger banks were found to have better adherence to accounting standards, lower instances of earnings manipulation, and more transparent disclosures. Smaller banks, on the other hand, exhibited lower reporting quality, possibly due to weaker internal controls and less stringent governance mechanisms. It was concluded that firm size plays a critical role in ensuring higher quality financial reporting in Nigerian deposit money banks. Larger firms were better equipped to manage the complexities of financial reporting and adhere to regulatory standards.

Akinyemi and Abiola (2020) investigated the impact of executive remuneration on financial Reporting Quality in Nigerian Deposit Money Banks", investigated the relationship between executive remuneration and financial reporting quality in Nigerian deposit money banks. The study aimed to understand whether the structure and size of executive compensation influence the accuracy and transparency of financial reporting, particularly in the banking sector. The research adopted a quantitative research design and focused on 12 deposit money banks listed on the Nigerian Stock Exchange. The population included all 22 listed deposit money banks, and a sample size of 12 banks was selected using purposive sampling, ensuring that only those with available and comprehensive remuneration data were included. Data collection was done through secondary sources, specifically annual reports, corporate disclosures, and financial statements published by the selected banks between 2015 and 2019. Data were analyzed using multiple regression analysis to examine the relationship between executive remuneration (measured as total compensation packages for CEOs and senior executives) and financial reporting quality, which was assessed using indicators such as adherence to IFRS, the accuracy of reported earnings, and the level of disclosure transparency. The findings revealed a significant positive relationship between executive remuneration and financial reporting quality. Banks with higher executive remuneration tended to exhibit better financial reporting practices, including more accurate and transparent financial statements, possibly due to the stronger incentives for executives to align their interests with shareholder value. However, the

study also noted that the effectiveness of remuneration in enhancing financial reporting quality depends on the design of the compensation packages, particularly the inclusion of performance-based incentives.

Ogunleye and Olawale (2021) examined the effect of board independence on financial reporting quality in Nigerian Deposit money banks", investigated the relationship between the independence of the board of directors and the quality of financial reporting in Nigerian deposit money banks. The objective of the study was to determine whether having an independent board improves the transparency, accuracy, and reliability of financial disclosures in banks. The study used a correlational research design and focused on a population of 21 deposit money banks listed on the Nigerian Stock Exchange. A sample size of 10 banks was selected through purposive sampling, ensuring that only those banks with sufficient data on board composition and financial reports were included. The data collection method was secondary data, gathered from the banks' annual reports and corporate governance disclosures for the period 2015 to 2019. For data analysis, the study employed multiple regression analysis to examine the relationship between board independence (measured by the proportion of independent directors on the board) and financial reporting quality, which was assessed based on adherence to International Financial Reporting Standards (IFRS), accuracy of reported earnings, and the level of disclosure transparency. The study's findings showed that there is a positive and significant relationship between board independence and financial reporting quality. Banks with a higher proportion of independent directors were found to have more accurate financial statements, better adherence to accounting standards, and higher transparency in their financial disclosures. This was attributed to the enhanced oversight role played by independent directors, which reduces the risk of earnings manipulation and promotes better governance.

Adedeji and Akinlabi (2020) investigated firm Attributes and Financial Reporting Quality: Evidence from Deposit Money Banks in Nigeria. Objective was to examine the effect of firm attributes, such as firm size, leverage, and board structure, on the quality of financial reporting in Nigerian deposit money banks.

Research design employed a quantitative research design, focusing on the relationship between firm attributes and financial reporting quality. The population consisted of 22 deposit money banks listed on the Nigerian Stock Exchange. The sample included 10 banks selected using purposive sampling, focusing on banks with complete financial data from 2014 to 2018. These secondary data was collected from the banks' annual reports and financial statements for the five-year period. The study employed multiple regression analysis to assess the relationship between the firm attributes (firm size, leverage, and board structure) and financial reporting quality. Financial reporting quality was measured by the level of compliance with IFRS, accuracy of reported earnings, and the quality of disclosures. The findings indicated that firm size and board structure had a significant positive impact on financial reporting quality, whereas leverage had a negative effect. Larger banks with more independent board members tended to provide higher quality financial disclosures. The study concluded that firm size and an effective board structure are critical in ensuring higher financial reporting quality in Nigerian deposit money banks.

Olowokudejo and Bamidele, (2021) investigated the effect of firm attributes on the Quality of Financial Reporting in Nigerian Deposit Money Banks. This study sought to investigate the effect of firm attributes, such as corporate governance, firm size, and ownership structure, on the quality of financial reporting in Nigerian deposit money banks. The research used a descriptive correlational design to explore how firm attributes affect financial reporting quality. The population comprised 23 deposit money banks operating in Nigeria as of 2020. A sample of 12 banks was selected using simple random sampling, ensuring representativeness of the banking sector. The study relied on secondary data obtained from the banks' published annual reports and financial statements over a period of 2016 to 2020. The study used panel data regression analysis to examine the influence of firm attributes on financial reporting quality. Financial reporting quality was assessed using the discretionary accruals model and the disclosure index as proxies for transparency and reporting accuracy. The study found that corporate governance and firm size were positively correlated with financial reporting quality. Larger firms

and those with robust corporate governance mechanisms (e.g., independent directors and audit committees) provided more transparent and accurate financial reports. Conversely, ownership concentration was found to have a negative effect on financial reporting quality, as concentrated ownership may reduce the need for comprehensive disclosures. The study concluded that corporate governance and firm size significantly enhance the quality of financial reporting in Nigerian banks. Banks with better governance structures and larger sizes generally exhibit higher reporting standards.

3. Methodology

3.1 Research Design

The ex-post facto research design was used for the study. The design was used because it sought to establish the elements that were related with certain occurrence or kind of attributes by analyzing past events already existing conditions, therefore, the research has no control over certain elements or variable as the events already existed and cannot be manipulated or changed. The population of the study was 20 listed deposit money banks in Nigeria that were quoted in the list of the Nigeria Exchange Group (NEG) (2023). The sample size was 4 listed deposit money banks which were selected using purposive sampling technique. The criteria for selection was that the banks should be listed in the Nigeria Exchange Group (NEG) for 13 years in operations and covered the time period of 10 years ranging from 2013 to 2022.

3.2 Data and Sources

Data were collected using secondary sources of data collection such as company annual reports and Facts book of the Nigeria Exchange Groups (2018-2023).

3.3 Model Specification

The multiple regression models were developed below as:

$$CCR = f (FS, FR, FI) \dots \dots \dots (1)$$

$$CCR = X_0 + X_1 FS + X_2 FR + X_3 FI + e, \dots \dots \dots (2)$$

Where:

CCR	=	Cash Conversion Ratio
X ₀	=	Intercept
FS	=	Firm Size
FR	=	Firm Remuneration
FI	=	Firm Independence

$X_1 - X_3 =$ Coefficient of the independent variables
 $e =$ Error term

quality, that is, cash conversion ratio, that is, operation cash flow (EBITAD).

3.4 Method of Data Analysis

Data were analyzed using multiple regression analyses.. The Adjusted R Square was used to determine the extent to which the hypothesized firm attributes can account for financial reporting quality in deposit money bank in Nigeria. This was measured using earning

4. Results and Discussion

4. 1 Descriptive Statistics

The data collected were analyzed using multiple regression analyses which covered a time period of 10 years rang ring from 2017 to 2023. The results were presented below as:

Table 1.Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Firm size	40	1.00	4.00	2.8250	.98417
Firm Remuneration	40	1.00	4.00	2.8250	1.05945
Firm Independents	40	1.00	4.00	2.7000	1.22370
Financial Reporting Quality	40	1.00	4.00	2.7500	1.10361
Valid N (listwise)	40				

Source: Researcher's Computation (2025)

Table .1 shows mean scores of 2.8250, 2.8250, 2.700,2.7500 with maximum scores of .4.00, 4.00, 4.00, 4.00, minimum mean scores 1.00, 1.00, 1.00, 1.000 and standard deviation of .98417, 1.0945, 1.22370 and 1.10361. This implies that the interaction between firm size, firm remuneration and firm independent is

positively corrected with financial reporting quality, and that the deviation of 1 and less than 1 has not impacted on the association between firm size, firm remuneration , firm independent and financial reporting quality of listed deposit money Banks in south-south Nigeria.

Table2: The Multiple Regression Analyses on the Influence of Firm size, Firm Remuneration and Firm Independence on Financial Reporting Quality of Deposit Money Banks in Nigeria.

Model Summary^b

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.835 ^a	.697	.671	.63268	1.346

ModelFit

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.090	3	11.030	27.555	.000 ^b
	Residual	14.410	36	.400		
	Total	47.500	39			

Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.181	.329		.549	.586
	Firmsize	.058	.185	.052	.314	.055
	FirmRemuneraton	.373	.183	.358	2.034	.049
	FirmIndependents	.501	.097	.555	5.189	.000

Source: Researcher's Computation (2025)

The Table 2 reveals that interaction between firm size, firm remuneration, firm independence and financial reporting quality of deposit money banks in Nigeria. The results yield adjusted R^2 -value of .671, F-value of 27.555 Beta coefficients of .058, .373, .501, .071, Durbin Watson coefficients of 1.346 and P-value of .000. This implies that Firm size, Firm remuneration and Firm independence can account for 67.1% changes in financial reporting quality of deposit money banks in Nigeria. This is supported by Beta coefficients of .058, .373, .501 which means that 1 unit increase of firm size, firm remuneration, Firm independence would lead to .058, .373, .501 increase in financial reporting quality of deposit money bank in Nigeria. However, to evaluate the fit of the model, the F-statistic was computed and result yields 27.555 which indicated that the model is fit to evaluate the interactions between firm size, firm remuneration, firm independence and financial reported quality. Also, to check the presence of serial correlation, autocorrelation statistic was computed and result yields Durbin Watson coefficients of 1.346 which reveals that there is absent of autocorrelation in the model. The result suggests that the residuals are not conflict in the model. Therefore, since the P-value of .000 lies above the alpha value of 0.05 in social sciences, it can be affirmed that the null hypotheses which states that firm size, firm remuneration and firm independence is rejected and the alternative accepted. This means that there is significant effect of firm size, firm remuneration and firm independence on financial reporting quality of deposit money banks in Nigeria ($P=.000$, $P<0.05$).

4.2 Discussion of Findings

The finding of hypothesis one indicated that firm size has significant effect on financial reporting of deposit money banks in Nigeria. This showed that there are other indicators that have the predictive power to explain the interaction between firm size and financial reporting quality of deposit money banks in Nigeria. These findings affirmed the finding of Olowokudejo and Bamidele, (2021) who found that corporate governance and firm size were positively correlated with financial reporting quality. Larger firms and those with robust corporate governance mechanisms (e.g., independent directors and audit committees) provided more transparent and accurate financial reports. Conversely, the finding of hypothesis two also aligned

with the interaction of financial reporting quality. This implies that firm remuneration has significant effect on financial reporting quality. The finding is supported by the work of Akinyemi and Abiola (2020) that discovered that there was a significant positive relationship between executive remuneration and financial reporting quality. Banks with higher executive remuneration tended to exhibit better financial reporting practices, including more accurate and transparent financial statements, possibly due to the stronger incentives for executives to align their interests with shareholder value. However, the study also noted that the effectiveness of remuneration in enhancing financial reporting quality depends on the design of the compensation packages, particularly the inclusion of performance-based incentives. In the same vein, The finding of hypothesis three showed that firm independence has significant effect on Ogunleye and Olawale (2021) who indicated that there was a positive and significant relationship between board independence and financial reporting quality. Banks with a higher proportion of independent directors were found to have more accurate financial statements, better adherence to accounting standards, and higher transparency in their financial disclosures. This was attributed to the enhanced oversight role played by independent directors, which reduces the risk of earnings manipulation and promotes better governance.

5. Conclusion and Recommendations

It was concluded that firm size, firm remuneration and board independence play significant roles in influencing the quality of financial reporting in deposit money banks in Nigeria. Remuneration policies that align executive pay with long-term financial performance and shareholder interests can motivate better financial reporting practices, reducing the likelihood of earnings manipulation. On the other hand, the presence of independent directors on the board fosters enhanced oversight and accountability, which leads to more transparent and accurate financial reporting. The interplay between these two factors underscores the importance of governance structures that incentivize ethical financial practices and ensure oversight. It was concluded that firm size, firm remuneration and firm independent have significant and

Positive effect on financial reporting quality of deposit money Banks in Nigeria. It was recommended that:

Leveraging the findings of this study, it was recommended that Nigerian deposit money banks are to implement scalable reporting standards that account for firm size. Larger banks, due to their complex operations and greater resources, should be encouraged to adopt more detailed and rigorous financial reporting practices

ii. Nigerian deposit money banks review and refine their executive compensation structures to emphasize long-term performance metrics and discourage short-term profit maximization at the expense of transparency.

iii. Also, Deposit money banks in Nigeria should strengthen the independence of boards by ensuring a greater proportion of independent directors can further improve the objectivity and reliability of financial reporting.

REFERENCE

- Adebayo, O., and Okafor, E. (2019). The Effect of Firm Size on Financial Reporting Quality in Nigerian Deposit Money Banks. *Journal of Financial Reporting and Accounting*, 17(4), 102-118.
- Adedeji, A. A., and Akinlabi, B. H. (2020). Firm Attributes and Financial Reporting Quality: Evidence from Deposit Money Banks in Nigeria. *African Journal of Accounting, Auditing, and Finance*, 8(3), 101-118.
- Adeyemi, S. B., and Fagbemi, T. O. (2010). Audit quality, corporate governance and firm characteristics in Nigeria. *International Journal of Business and Management*, 5(5), 169-179.
<https://doi.org/10.5539/ijbm.v5n5p169>
- Ali, M. M., and Zhang, L. (2018). Ownership structure, agency costs, and the quality of financial reporting in listed companies. *Asian Economic Policy Review*, 13(2), 238-254.
- Bushman, R., and Smith, A. (2001). Financial accounting information and corporate governance. *Journal of Accounting and Economics*, 32(1-3), 237-333.
[https://doi.org/10.1016/S0165-4101\(01\)00029-9](https://doi.org/10.1016/S0165-4101(01)00029-9)
- Dechow, P., Ge, W., and Schrand, C. (2017). Understanding earnings quality y: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics*, 50(2-3), 344-401.
<https://doi.org/10.1016/j.jacceco.2010.09.001>
- DeZoort, F. T. (1998). An investigation of audit committees' perceptions of audit risk and the implications for financial reporting. *Accounting Horizons*, 12(2), 1-14.
<https://doi.org/10.2308/acch.1998.12.2.1>
- Francis, J. R., LaFond, R., Olsson, P. M., and Schipper, K. (2004). Costs of equity and the quality of financial reporting. *The Accounting Review*, 79(4), 967-1010.
<https://doi.org/10.2308/accr.2004.79.4.967>
- Jensen, M. C., and Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Jensen, M. C., and Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Leuz, C., and Wysocki, P. D. (2008). Economic consequences of financial reporting and disclosure regulation: A review and suggestions for future research. *ACCA Research Report*.
- Liu, H., and Lu, Z. (2020). Corporate governance and financial reporting quality: Evidence from China. *Journal of Corporate Finance*, 64, 101596.
- Ogege, S. O., and Agho, O. (2011). Corporate governance and financial reporting quality of

- listed companies in Nigeria. *Journal of Economics and International Finance*, 3(7), 429-438.
<https://doi.org/10.5897/JEIF.9000110>
- Ogundipe, O. (2019). The role of audit committees in ensuring financial reporting quality in Nigerian banks. *Journal of Accounting and Finance*, 11(3), 101-118.
- Ogunleye, T. O., and Olawale, O. A. (2021). The Effect of Board Independence on Financial Reporting Quality in Nigerian Deposit Money Banks. *Journal of Corporate Governance and Financial Regulation*, 15(3), 45-58.
- Olowokudejo, F. I., and Bamidele, O. O. (2021). The Effect of Firm Attributes on the Quality of Financial Reporting in Nigerian Deposit Money Banks. *International Journal of Economics, Finance, and Management*, 10(2), 77-95.
- Uadiale, O. M., and Fagbemi, T. O. (2011). The impact of corporate governance on financial performance of Nigerian banks. *International Journal of Business and Social Science*, 2(2), 122-130
- Uadiale, O. M., and Fagbemi, T. O. (2011). The impact of corporate governance on financial performance of Nigerian banks. *International Journal of Business and Social Science*, 2(2), 122-
- Uadiale, O. M., and Fagbemi, T. O. (2011). The impact of corporate governance on financial performance of Nigerian banks. *International Journal of Business and Social Science*, 2(2), 122-130.