Board Attributes and Financial Reporting Quality of Listed Consumer Goods Companies in Nigeria

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Abstract

The financial scandals surrounding the famous giant companies at the beginning of the twenty-first century had posed a lot of threats to the accounting profession and hampered the confidence of the users of financial statements globally. Against this background, the study investigates the effect of board attributes on financial reporting quality of the twenty (20) listed consumer goods firms on the Nigerian Stock Exchange for the period 2013 to 2018. Samples of thirteen (13) companies were selected using census techniques after applying two filters. The study uses Ex-post facto research design, panel data were collected from the annual reports and accounts of the population studied. The Ordinary Least squire (OLS) Model Regression was used in testing the hypotheses stated. Findings showed that board expertise was statistically significant and positively related to financial reporting quality at 5% level of significance, thus, it implies any increase in the number of expertise in the board will lead to an increase in the financial reporting quality of consumer goods companies, while board independence and board diversity were found to be insignificantly related to financial reporting quality at 5% level of significance. Therefore, the study concludes that board attributes especially board expertise affect financial reporting quality. The study recommends that non-executive directors on the board with accounting knowledge, professional certification and considerable work experience should be increased in other to reduced management manipulations and prevents frauds in the organization.

Keywords: Board attributes, Board independent, Board diversity, Board expertise, Financial reporting quality and Discretionary accruals.

Introduction

The financial scandals surrounding the famous giant companies at the beginning of the twenty-first century had poised a lot of threats to accounting profession and hampered the confidence of financial statements users; globally. Thus, the collapse of these companies with their respective auditors (External Auditors) at both international and national level such as Andersen, Enron, Worldcom, Parmalat, Xerox, Oceanic Bank Nigeria Plc, Intercontinental Bank Plc, Savanna Bank Nigeria Plc, Skye Bank Plc, and the financial misconducts of some companies like Cadbury Nigeria Plc, Unilever Nigeria Plc, Bank of Montreal to mention but few, have caused a lots of concern over the integrity of accounting profession.

Moreover, researchers over the years have investigated into the menace with a view to explore the reasons behind the collapse of those big companies and have attributed it to the low ethical standards and poor corporate governance mechanisms (Akeju and Babatunde, 2017; Aifuwa Embele and Saidu, 2018; Osayantin and Embele, 2019).

However, as a consequence of the scandal, new regulations and legislations were enacted as a benchmark to expand the accuracy of financial reporting at the international level. One of these pieces of legislation is the Sarbanes-oxley Act which increases penalties for destroying, altering or fabricating records for investigation. In relation to the Nigerian financial system, the Code of Corporate Governance of Nigeria (2003 as amended September, 2011) was considered a benchmark in corporate entities in Nigeria.

Similar to that, Onourah and Imene (2016); Osayantin and Embele, (2019) are of the view that the code will help companies to reduce mismanagement, remedy any deficiencies in governance mechanisms, prevent the abuse of power and effectively manage risks. The authors believe that, compliance with these recommendations is an important basis for examining the quality of governance system, the reputation of the company and the interest of shareholders. In spite of this, and on the path of the shareholders, quality and reliable information (especially on the operations of the directors) has become a commodity that must be paid for in order to effectively and efficiently assess an entity's performance.

Financial reporting has witnessed persistent issues of corporate accounting scandals that brought about so many questions with regards to the quality of financial reports. The consequences of luscious profit publications accompanied with the ultimate breakdown of major companies across the globe are seen as unavoidable indicators. This has led to the critic of the effectiveness of the board towards its financial reporting responsibilities and overall management of the entity. In view of that, the Code of Corporate Governance recommended a unified board structure in which Non-Executive Directors (NEDs) are expected to bring an independent scrutiny to the board thereby separating decision management from decision control (Osayantin and Embele, 2019).

Good governance by the board of directors is paramount to improve the quality of financial reporting which in turn has impact on the inventors' confidence (Klein, 2002; Bala and Ibrahim, 2016). As such, good corporate governance reduces the negative effects of earning management, as well as the likelihood of creative financial reporting arising from fraud and errors (Beasley, 1996; Dechow, Slaon and Sweeney, 1996). Notwithstanding, prior studies have been conducted on board attributes and financial reporting quality at international level, but the results showed mixed findings.

Among these studies includes Chalak and Riahinezhad (2012) who used panel data from firms listed in Tehran Stock Exchange (TSE), the study findings showed that there is no relationship between corporate governance attributes including board size, board independence, ownership concentration, institutional ownership and financial reporting quality. Nonetheless, on the contrary, Nabila, Taher and Danielle (2015) investigated the corporate board attributes and conditional accounting conservatism of French Firms using - panel data from SBF120 over the period of 2009-2012. The study revealed that boards of directors' attributes are an important factor in determining the financial reporting quality of French firms.

In Nigeria, studies on financial reporting quality includes that of Osayantin and Embele (2019); Waidi (2017); Bala and Ibrahim (2016). The studies revealed positive relationship between board independence, board meetings, audit committee independence and audit committee meetings and financial reporting quality of listed conglomerates firms, deposit money bank's (DMB's) and manufacturing firms in Nigeria, except for board independence which is found to show insignificant relationship with financial reporting quality of conglomerates firms in Nigeria.

This current study is motivated by the used of modified Jones model as proposed in Dechow, *et al* (1995); Dechow and Dichev (2002) as proxy for measuring financial reporting quality of listed consumer goods companies in Nigeria. Although, prior studies have been undertaken on this area as mention earlier but not on consumer goods companies. Therefore, the main objective of this study is to evaluate the effect of board attributes on financial reporting quality of listed consumer goods companies on the Nigerian Stock Exchange. However, the following specific objectives and hypothesis are formulated:

1. To evaluate the effects of board diversity on financial reporting quality of listed consumer goods companies in Nigeria.
2. H_{01}**:** Board diversity has no significant effects on financial reporting quality of listed consumer goods companies in Nigeria.
3. To assess the influence of board independence on financial reporting quality of listed consumer goods companies in Nigeria.
4. H_{02}**:** Board independence has no significant influence on financial reporting quality of listed consumer goods companies in Nigeria.
5. To examine the impact of board expertise on financial reporting quality of listed consumer goods companies in Nigeria.
6. H_{03}**:** Board expertise has no significant impact on financial reporting quality of listed consumer goods companies in Nigeria.

Conceptual Clarification

Concept of Financial Reporting Quality

The term financial reporting is very broad; hence, there are various definitions of financial reporting quality by some scholars. Jones and Blanchet (2000) explained that “Quality of financial reporting is full and transparent financial information that is designed to obfuscate or mislead users”.

Furthermore, Verdi (2006) defines financial reporting quality as “the precision with which financial reports convey information about the firm’s operations, in particular its cash flows, in order to inform equity investors”.

Concept of Board Attributes

The board of directors refers to as the board by Nigerian Security and Exchange Commission (Nigerian SEC CCG, 2011), has several attributes. However, this study is interested on the effects of board independence, board diversity and board expertise on the Financial reporting quality of consumer goods companies in Nigeria. However, the study reviewed each of these attributes and shows how they influence financial reporting quality based on existing research findings.

Board independence and financial reporting quality

Board independence concerns the makeup regarding the ratio of executive director and non-executive directors to the total number of directors in the board (Samaila, 2014). Prior studies were conducted on the relationship between board independence and financial reporting quality and they produced mix results. Chalak, Didar and Riahinezhad (2012) and Osayantin and Embele (2019) in their study revealed a negative relationship between board independence and financial reporting quality. Contrarily, Bala and Ibrahim (2016); Onuara, Egbumike and Gunardi (2018) studies showed a positive relationship between board independence and financial reporting quality.

Board Diversity and Financial Reporting Quality

Board diversity focuses on gender or proportion of female in the board (i.e number of female directors on the board to the total number of the board of directors). Prior studies show the relationship between board diversity and financial reporting quality for instance, Ho, Li, Tam and Zhang (2015), Onoura *et al* (2018), Makhlouf, Al-surf and Almubaideen (2018) they all found a positive and significant relationship between board diversity and financial reporting quality. Other extent literatures such as Wang (2015), Muhammed, Ayobi and Noor (2016), and Osayantin and Embele (2019) revealed an insignificant negative relationship between the two variables namely, board diversity and financial reporting quality. Nevertheless, this backdrop of gender diversity in the board, Nabila *et a*l (2015) and Makhlouf *et al* (2018) still hold the ground that gender diversity is positively and significantly related to financial reporting quality using accounting conservatism as a measure.

Board Expertise and Financial Reporting Quality

This is the proportion of qualified, educated, experienced and aged members of board to the total number of the board directors. Where the board is comprised of experts, there is always a level of confidence in the financial statement reported (Onourah and Imene, 2016). To become an expert in a board, a director must possess adequate educational and professional experience in areas of finance, accounting and auditing. However, Kang, Chenge and Gray (2007) asserted that experience comes with age. The older the director the better, that is to say, that the presence of older directors on the board will lead to better financial reporting quality. However, various scholars have given different findings on the relation between board expertise and financial reporting quality. A predominant finding submitted that board expertise is significantly and positively affecting financial reporting quality, while a strand of literature revealed an adverse view of the relationship between board expertise and financial reporting quality. Similarly, Bala and Ibrahim (2016); Onourah and Imene, (2016), Adamu, Ishak and Chandren (2017) and Osayantin and Embele (2019), all made a submission that board expertise significantly and positively affects financial reporting quality of companies. Contrarily, Kankanamage (2015) as cited by Osayantin and Embele (2019) submitted that board expertise has a significant and negative effect on financial reporting quality using earnings management as a measure.

Theoretical Framework

The study was anchored on the Resource Dependency Theory (also known called RDT) of Pfeffer and Salancik (1978) to explain the effects of board attributes and financial reporting quality of listed consumer goods firms in Nigeria Stock Exchange. RDT has become one of the most influential theories in the organizational theory and strategic management, it characterizes the corporation as an open system, dependence on contingencies in external environment Pfeffer and salancik (1978). According to Pfeffer and Salancik, (1978:1)” To understand the behavior of an organization you must understand the context of the behavior – that is, the ecology of the organization”.

Furthermore, RDT recognizes the influence of external factors on organizational behavior and, although constrained by their context, managers can act to reduce environmental uncertainty and dependence. Central to these actions is the concept of power which is control over vital resources, Ulrich and Barney (1984). In addition to the above, Pfeffer (1987: 26-27) provides the basic argument of the resource dependence theory and interorganizational relations as follows;

i. The fundamental units for understanding intercorporate relations and society are organization.

ii. These organizations are not autonomous, but rather are constrained by a network of interdependence with other organizations. 3. Interdependence when coupled with uncertainty about what the actions will be of those with which the organization interdependent, leads to a situation in which survival and continued success are uncertain. 4. Organization takes actions to manage external interdependencies, although such actions are inevitably never completely successful and produce new patterns of dependence and interdependence, and 5. These patterns of dependence produce interorganizational as well as intraorganizational power, where such power has some effect on organizational behavior.

Agency theory is the predominant theory used in the research of boards of directors (Dalton, Hitt, certo, and Dalton, 2007; Johnson, Ellstraind, and Daily, 1996; Zahra and Pearce, 1989), this is the area of RDT's greatest research influence. Pfeffer (1972b), Asserts that boards enable firms to minimize dependence or gain resources. However, extent literatures on the board of directors' attributes conclude that RDT is supported more often than other board perspectives, for instance the work of Johnson et al, 1996; and Zahra and Pearce, 1989, including agency theory. Thus, although RDT is less commonly used to study boards attributes than agency, empirical evidence to date suggests that it is a more successful lens for understanding boards attributes, Amy, Michael, and Brain, (2009). Furthermore, this theory is centered on the roles of the board in providing access to resources for the organization. As resource providers, their attributes tend to be of paramount importance (Abdullah and Valentine, 2009; Ezelibe, Nwosu, and Orazulike, 2017). Some of these attributes are size, independence, diversity, diligence etc. These attributes of the board are assumed to improve the quality of financial reports of an organization, which will, in turn, improve the confidence of the stakeholders of the organization.

Materials and Methods

Population of the study

The study uses historical data covering a period of six (6) years (2013 to 2018). In addition, ex-post facto design is considered suitable as the study uses existing data. However, the study focuses on the effects of board attributes and financial reporting quality, the panel data analysis is employed on annual reports and accounts of the Nigerian consumer goods companies as area of study. The population of the study consist of twenty (20) companies. A sample of (13) companies were selected using census techniques after applying two filters, i,e company must be listed throughout the period of study, and company must have available data required for the study. Descriptive statistics, Pearson Moment Correlation and Multivariate Regression were used as a tool of analysis. Information in Table 1 showed the population of the study, as follows:

Table: 1. Population and sample of the study

S/N	NAME OF COMPANY	REMARKS
1	Cadbury Nigeria PLC	Selected
2	Champion Breweries PLC	Selected
3	Dangote Sugar Plc	Selected
4	Dangote Flour Mills PLC	Not Selected
5	DN Tyre Nigeria PLC	Not Selected
6	Flour Mills Nigeria PLC	Not Selected
7	Golden Guinea Breweries PLC	Not Selected
8	Guinness Nigeria PLC	Selected
9	Honeywell Flour Mills	Not Selected
10	International Breweries PLC	Selected
11	McNichols PLC	Selected
12	Multi- Trex PLC	Not Selected
13	Nascon Allied Industries PLC	Selected
14	Nestle Nigeria PLC	Selected
15	Northern Nigeria Flour Mills PLC	Selected
16	Nigeria Enamelware PLC	Selected
17	Pz Cussons Nigeria PLC	Selected
18	Unilever Nigerian PLC	Selected
19	Union Dicon Salt PLC	Not Selected
20	Vita form Nigeria PLC	Selected

Source: Generated by the researcher from Nigeria stock Exchange, (2019)

Models Specification

The independent variable board attributes were proxied by Board independence (BDIND), Board diversity (BDDIV) and Board expertise (BDEXP); while the dependent variable is financial reporting quality (FRQ) was proxied by Discretionary Accruals (DA).

The following multiple regression model is used to test the hypotheses:

$FRQit = \beta 0 + \beta 1BDDIVit + \beta 2BDINDit + \beta 3BDEXPit + \beta 4FMSIZit + \varepsilon i$
Where:
FRQ(DAit): Financial reporting quality
$\beta 0$: Constant
BDDIV: Board diversity
BDIND: Board Independent
BDEXP: Board expertise
Control variables:
FMSIZ: Firm size
εi: error term
i = Cross sectional (Companies)
t= Time Series

A priori expectations in line with extant literature to be $\beta 1$, $\beta 2$, $\beta 3$,> 0

Models of Financial Reporting Quality Measurement
Dechow, Sloan and Sweeney (1995) observed that the original Jones model is unable to capture the impact of sales-based manipulation because accounts receivables should not be considered as nondiscretionary accruals. Hence, they proposed a modification to the original Jones model known as the Modified Jones model (1995). Based on the Modified Jones model (1995), the nondiscretionary accruals (NDA) of the event period for the firm i in time phase t is calculated using:

$NDAi,t = Ait\text{-}1 + (\Delta REVit - \Delta ARit) + PPEit$
Where:
NDAit= nondiscretionary accruals for company i in year t
Ai,t-1 = lagged (one year) total assets
ΔREVi,t= change in revenues for company i in year t
ΔARi,t= change in net receivables for company i in year t
PPEi,t= property, plant and equipment for company i in year t
The discretionary accruals (DAit) are then calculated as:
$DAit = TAit - NDAit$
In this study however, total accruals (TAit) will be computed as income before tax and extraordinary ordinary items (EBXIit) minus net cash flow from operating (CFOit) as follow:
$TAit = EBTXIit – CFOit$.

Table 2: Variables and Their Measurements

S/N	VARIABLE	DEFINATIONS	TYPES	MEASUREMENT
i.	BDIND	Board of director's independence	Independent variable	The ratio of non-executive directors to the company's board size
ii.	BDDIV	Board diversity	Independent variable	Percentage of female in the board
iii.	BDEXP	Board expertise	Independent variable	Total number of expertise (i.e Those with Accounting, professional certificates and at least 10 years' experience) on the board of director's divided by total number of board members.
iv.	FMSIZ	Firm Size	Control variable	Natural log of company's total assets
v.	FRQ	Financial Reporting Quality	Dependent variable	Measured by use of discretionary accruals as a proxy for financial reporting quality (i.e DAit= Tait – NDAit were TAit= EBTIit - CFOit)

Source: Adapted from Bala and Ibrahim (2016) and Osayantin and Embele (2019)

Results of the Findings

This section presents the results of data collected from the Annual Report and Accounts of the sampled firms. The descriptive statistics, correlation and regression are presented as follows;

Descriptive Statistics Result

The following Table 3 summarizes the descriptive statistics of the variables included in the Regression Models as presented. It represents the variables of the 13 samples firms operating in consumer goods companies for the period of 2013 -2018.

Table 3: Descriptive Statistics Result

Var.	Obs	mean	Std Dev.	Min	Max
FRQ(DA)	65	-1.45e+08	2.25e+08	-1.16e+09	6781442
BDDIV	65	0.1905577	0.1156985	0	0.4
BDIND	65	0.7175668	0.1293842	0.5	0.9166667
BDEXP	65	0.258462	0.1132476	0.0909091	0.5454546
FMSIZ	65	16.53817	1.426519	13.39796	18.40704

Source: Generated by the researcher using stata12

Table 3 showed a descriptive statistic of variables used in the study. From the listed consumer goods firms investigated, the discretionary accruals (DA) -a proxy for financial reporting quality (FRQ) shows a mean value of -1.45e+08 with minimum and maximum values of -1.16e+09 and 6781442 respectively, and a standard deviation of 2.25e+08 which is high and above the mean, suggesting that there is high level variability in the quality of financial reports of consumer goods firms. Furthermore, the mean of board independence (BDIND) is 0.7175668, this implies that an average of about 72% of the directors in the boardroom investigated were independent (nonexecutive directors), also with a minimum and maximum values of 0.5 and 0.9166667 respectively, and a standard deviation of 0.1293842 which is low and below the mean suggesting that there is high variability of board independence in the boardroom of consumer goods firms investigated.

In addition, the mean of board diversity (BDDIV) is 0.1905577, this implies that an average of about 19% of directors' present in the boardroom are female, having a minimum and maximum of 0% and 40% of female directors in the boardroom respectively, with a standard deviation of 0.1156985, which is low implying that board diversity (BDDIV) does not exhibit a considerable clustering around the mean, and further exposes the unequal distribution of female directors in the boardroom. Invariably, the mean of board expertise (BDEXP) shows 0.258462 for the periods investigated, with a standard deviation of 0.1132476, suggesting about 26% of the directors in the board were both educationally and professionally certified with at least ten (10) years' work experience in financial matters. The control variable introduced was - firm size (FMSIZ). From the firms investigated, the mean of the firm size (FMSIZ) investigated is 16.53817 (that is about N17Billion), having minimum and maximum values of 13.39796 and 18.40704 respectively with a standard deviation of 1.426519 which is low, suggesting that investigated consumer goods firms on the Nigerian Stock Exchange (NSE) are performing well in terms of total assets.

Correlation Result

The Correlation Matrix in Table 4 showed the relationship between all pairs of variables in the Regression Model; the relationship between all explanatory variables, explained variable and the relationship between all the independent variables.

Table 4: Correlation Matrix of board attributes and FRQ – Model

Variables	**FRQ**	**BDDIV**	**BDIND**	**BDEXP**	**FMSIZ**
FRQ	1.0000				
BDDIV	-0.1049	1.0000			
BDIND	0.0618	0.0737	1.0000		
BDEXP	0.0947	-0.0494	0.0410	1.0000	
FMSIZ	0.6308	0.3897	0.0144	0.1354	1.0000

Table 4 showed the results of the correlation analysis. The correlation coefficients are mixed with some variables reporting positive correlation coefficients, board independence and financial reporting quality 0.0618; Board expertise and financial reporting quality 0.0947; and others reporting negative coefficients, board diversity and financial reporting quality -0.1049; Firm size and financial reporting quality -0.6308. The strength of the relationship between variables measured by the Pearson product moment correlation showed that the association between the variables is relatively small and were below the threshold of 0.80, suggesting the absence of the problem of multicollinearity in the predictor variables (Studenmund, 2000).

Multicollinearity Test

Table 5. Variance inflation factor

Variables	**VIF**	**1/VIF**
BDDIV	1.20	0.8323
BDIND	1.01	0.9920
BDEXP	1.03	0.9671
FMSIZ	1.21	0.8237
MEAN VIF	1.11	

Source: Generated by the researcher using stata12

Even though correlation matrix was used to detect potential multicollinearity between independence variables, the absent of high correlation does not always mean that there is no multicollinearity. To deal with this problem, the multicollinearity was tested by finding the Variance Inflation Factor (VIF) values for explanatory variables relevant to the model. The VIF above 10 should be taken as a presence of multicollinearity (Studenmund, 2000).

From the result above the mean VIF value is 1.11 which is far less than benchmark 10. This show absent of multicollinearity in the model.

Regression Analysis

Table 6. Regression Result

Source	SS	df	MS		
				Number of obs =	65
				F (4, 60) =	12.99
Model	1.5080e+18	4	3.7700e+17	Prob > F =	0.0000
Residual	1.7419e+18	60	2.9032e+16	R-squared =	0.4640
				Adj R-squared =	0.4283
Total	3.2499e+18	64	5.0780e+16	Root MSE =	1.7e+08

dafrq	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
BDDIV	3.63e+08	2.02e+08	1.80	0.077	-4.06e+07	7.67e+08
BDIND	8.77e+07	1.65e+08	0.53	0.598	-2.43e+08	4.18e+08
BDEXP	4.00e+08	1.91e+08	2.09	0.041	1.73e+07	7.82e+08
FMSIZ	-1.16e+08	1.65e+07	-7.02	0.000	-1.48e+08	-8.26e+07
_CONS	1.53e+09	2.83e+08	5.41	0.000	9.64e+08	2.10e+09

Source: Generated by the researcher using stata12

From the regression result in Table 6, the model has an adjusted R-Squared of 0.4283 which indicates that about 43% of variability in discretionary accruals is explained by variables in the model. The model also indicated high probability value of 0.0000, more than 99.99% of the model is statically valid.

However, the regression model as presented in Table 6 showed that there exist a statistically insignificant but positive relationship between Board independence (BDIND) and financial reporting quality p/v = 0.598. This implies that a unit increase in board independence will not reduce the log likelihood of financial reporting quality by 8.77. The result, therefore, accepts the null hypothesis of no significant influence of board independence on financial reporting quality at 5% level of significance. Similarly, there exist a statistically insignificant and positive relationship between Board diversity (BDDIV) and financial reporting quality p/v = 0.077. This implies that, a unit increase in board diversity will not increase the log likelihood of financial reporting quality by 3.63. The study, therefore, accepts the null hypothesis of no significant effect of board diversity on financial reporting quality at 5% level of significance. Contrarily, there exist a statistically significant and positive relationship between Board expertise (BDEXP) and financial reporting Quality p/v = 0.041. This implies that a unit increase in board expertise will increase the log odds of financial reporting quality by 4.00. The result, therefore, rejected the null hypothesis of no significant impact of board expertise on financial reporting quality at 5% level of significance. In addition to the explanatory variables, the control variable introduced; firm size (FMSIZ) also shows the existence of significant positive effect and is related to financial reporting quality p/v = 0.00 respectively. This suggests that the control variable partially increase the likelihood of financial reporting quality in the investigated listed consumer goods firms in Nigeria.

Discussion of Findings

The study investigated the effect of board attributes and financial reporting quality of listed consumer goods firms on the Nigerian stock exchange over the period of six (6) years spanning 2013 to 2018. The study was under pinned to the resource dependency theory, leading to model specification, where board attributes the independent variable proxied board independence, board diversity and board expertise as its measures and financial reporting quality, while the dependent variable is proxied with discretionary accruals as it measures. The analysis gave mixed results on the subject matter and partially supported Pfeiffer's and Salancik's Resource dependency theory. However, from the analysis, two of the three variables investigated showed no significant impact on financial reporting quality.

Specifically, the study found that board independence was not statistically and significantly related to financial reporting quality. This implies that nonexecutive directors' activities have no effect on the financial reporting quality on the consumer goods companies studied. This finding is consistent with the works of Alkadai and Hanefah (2012), Chalaki *et al*, (2012), Gois (2014), Aifuwa *et al* (2018) and Osayantin and Embele (2019). However, contrary from the findings of Nesrine and Abdelwahid, (2011); D'onza and Lamboglia, (2014); Kantudu and Samalia, (2015); Akeju and Babatunde, (2017), they found that board independence is significantly and positively related to financial reporting quality. On the other hand, Klein (2002) reported a significant and negative relation between board independence and financial reporting quality.

Also, Board diversity was found to have a statistically insignificant relationship with financial reporting quality. This implies that the inclusion of more female in the board will not have any increased on the financial reporting quality of companies investigated. This finding is in line with the work of Osayantin *et al* (2019), but in disagreement with the works of Ho *et al*, (2015); Makhlouf *et al*, (2018) who found that board diversity is positively and significantly related to financial reporting quality. Lastly, the study also revealed that, board expertise significantly and positively affects financial reporting quality. This is quite true and realistic. However, when directors have adequate professional and educational qualification coupled with certain years of work experience, their expertise can improve the quality of financial reports of their firms. Notwithstanding, this result is consistent with the positive relationship reported in the extant literature of Onourah and Imene (2016); Osayantin *et al.* (2019) but in contrast with the findings of Kankanamage (2015) which reported that board expertise is significant but negatively affect financial reporting quality.

Conclusion

The study concluded from the result of its aforementioned analysis that board attributes specifically board expertise affect financial reporting quality as one independent variable out of the three independent variables used to proxy board attributes was statistically significant and have a positive relationship at 5% level of significance.

However, based on the study findings, it is recommended that non-executive directors on the board with accounting knowledge, professional certification and considerable work experience should be increased in other to reduced management manipulations and prevent frauds in the organization, which in turn will bring back the loss confidence of the users of financial statements.

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