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Effect of corporate governance on financial reporting quality: A study of Nigerian banking sector

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ABSTRACT

The research work examines the effect of corporate governance on the financial reporting quality of Nigerian banks. Such an examination may also provide deeper insight into the extent to which governance mechanisms shape the reliability and quality of financial reporting in a developing economy. The study used primary data from a structured questionnaire. Data were generated mainly views and opinions of the employees from the banks listed on the floor of the Nigerian Exchange Group Ltd. Consequently, the data required appropriate non-parametric analytical techniques, including the use of an ordinal logistic regression technique. The results of this research work revealed that Chief Executive Officer duality, audit committee independence, and accountability structures have a positive and significant impact on financial reporting quality. Directors' competence has negative effect on financial reporting quality. The results also indicate that ownership structure, board characteristics, and International Financial Reporting Standards have no significant effect on financial reporting quality. As such, corporate governance significantly impact on the financial reporting quality of banks in Nigeria. The results highlight the benefit of balancing relationship between corporate governance and financial reporting quality, therefore effective corporate governance improve financial reporting reliability, stakeholder confidence, and organizational performance.

Keywords

Accountability, Corporate Governance, CEO duality, and Financial Reporting

1. Introduction

Corporate governance is vital for directing, controlling, and monitoring organizations, as effective governance strengthens internal controls, auditing, and the credibility of financial reporting. Major corporate failures such as Enron, WorldCom, and Tyco highlighted how weak governance and inadequate oversight can lead to unreliable and questionable financial reporting.

Consequently, high-quality financial reporting is essential for maintaining stakeholder confidence and trust. Accurate, transparent, and reliable financial information enables stakeholders to assess management effectiveness, determine an organization's financial position and stability, and evaluate its future prospects. Thus, strong corporate governance and transparent financial reporting are important for promoting accountability and stakeholder trust.

International Financial Reporting Standards (IFRS) were developed to promote consistency, transparency, and comparability in financial reporting across countries. The International Accounting Standards Board (IASB) develops and regularly updates IFRS to reflect changes in the global economic environment and reduce differences in national accounting practices.

International Financial Reporting Standards improve the quality and usefulness of financial information by emphasizing qualitative characteristics such as relevance, faithful representation, verifiability, and understandability. Comparability under IFRS helps investors, shareholders, and creditors make better-informed economic and investment decisions. This is especially important for financial institutions and organizations operating in an increasingly interconnected global economy, where stakeholders need to assess the operational performance, financial position and financial performance of specific companies.

The study examines the effect of corporate governance on financial reporting quality, with IFRS as an important contextual factor that improves the consistency, reliability, and usefulness of financial information.

Because banks manage substantial stakeholder funds and play a critical role in economic development, effective corporate governance is essential to ensure accountability, transparency, proper oversight, stakeholder protection, and confidence in the banking system while reducing the risk of financial distress and institutional failure.

Research on corporate governance and financial reporting quality in Nigerian deposit money banks is limited, as much of the existing evidence focuses on developed economies. This gap justifies further study of Nigeria's banking sector to determine how corporate governance mechanisms affect financial reporting quality in a developing-country context.

2. Review of literature and hypothesis development

[Gardi et al. \(2023\)](#) examined the relationship between corporate governance and financial reporting quality, with IFRS adoption specified as a mediating factor. The researchers collected primary data from private banks in Iraq, including IS Bank, Vakif Bank, RT Bank, Cihan Bank, Bank of Iraq, and TD Bank. Their findings indicated that IFRS adoption plays a significant mediating role in the relationship between corporate governance and financial reporting quality among private banks. The study suggests that adopting internationally recognized reporting standards may strengthen the influence of governance mechanisms on the quality of financial information.

[Hasan et al. \(2022\)](#) conducted a comparative investigation of corporate governance and financial reporting quality using firms from Pakistan and the United Kingdom over the period 2009–2018. Their sample included 78 Pakistani firms and 77 UK firms, and they measured financial reporting quality using an accrual-based model. The findings showed that board size was negatively associated with financial reporting quality, whereas foreign ownership had a positive relationship with financial reporting quality in both countries. Board independence was positively associated with reporting quality among Pakistani firms. In contrast, the frequency of board meetings and audit committee independence showed negative relationships with financial reporting quality. The study also found that board gender diversity and ownership concentration had negative affected financial reporting quality among UK firms.

[Reza and Mostafa \(2018\)](#) investigated the effect of corporate governance on financial reporting quality among 102 firms listed on the Tehran Stock Exchange. The study covered a seven-year period from 2006 to 2013 and employed structural equation modeling together with the partial least squares approach. Their findings established a statistically significant relationship between corporate governance and financial reporting quality, indicating that governance arrangements have an important role in determining the quality of corporate financial information.

[Önce and Çavuş \(2019\)](#) examined the relationship between corporate governance and financial reporting quality among firms listed on Borsa Istanbul (BIST). Their analysis included 72 publicly traded enterprises 36 firms in the Corporate Governance Index and 36 firms outside the index. The authors used panel-data techniques and earnings-quality measures were used to compare the two groups. The results indicated that earnings among firms included in the BIST Corporate Governance Index were more persistent than those of firms not included in the index. Based on this evidence, the authors argued that stronger compliance with corporate governance principles improve financial reporting quality.

[Hsu and Yang \(2022\)](#) investigated the effect of corporate governance on financial reporting quality during the COVID-19 pandemic using data from companies listed in the United Kingdom. The researchers used real earnings management as an indicator of reporting behaviour and found that financial reporting quality declined during the pandemic period. The findings suggested that some companies engaged in real earnings management in an attempt to reduce adverse investor reactions. The study also found that larger boards helped reduce pandemic's

adverse effect on financial reporting quality. However, the study found no significant evidence that board independence and CEO duality moderated the negative effect of the pandemic on reporting quality.

Anastasia and Imene (2016) found that corporate governance characteristics were strongly associated with financial reporting quality among selected Nigerian companies. Board structure, board experience, and external audit quality had positive effects, while board independence and audit committee size showed negative relationships. This suggests that governance mechanisms can affect financial reporting quality in different ways.

Chizoba et al. (2017) empirically investigated corporate governance and financial reporting quality among quoted Nigerian companies. They obtained data from the annual reports and accounts of 15 quoted firms covering the period 2012–2016. The researchers employed simple regression analysis to examine the relationship between the variables. Their findings indicated that audit committee independence did not have a statistically significant effect on audit delay among the sampled Nigerian firms. In this study, audit delay was employed as a proxy for financial reporting quality.

Abbati (2018) examined corporate governance and financial reporting quality among four quoted chemical and paint companies in Nigeria from 2009–2013. The findings showed that board size, board independence, and non-executive audit committee membership had no significant effect on financial reporting quality. The study recommended stronger emphasis on directors' competence, technical knowledge, and professional experience to improve financial reporting quality.

Al-Khonain and Khalid (2020) examined corporate governance and financial reporting quality in Saudi Arabia using survey data from 56 financial analysts. The findings showed that effective corporate governance improves financial reporting quality and may attract foreign investment, thereby supporting corporate stability and competitiveness.

Erieg and Al-Sa'eed (2012) examined how good corporate governance practices influence financial reporting quality among companies listed on the Amman Stock Exchange in Jordan. Multiple linear regression was employed to analyze the data. The findings revealed significant relationships between financial reporting quality and several governance characteristics, particularly board transparency, board independence, and the existence of separate audit committees. The evidence therefore supports the argument that effective governance arrangements can contribute to the credibility and quality of corporate financial information.

Chalaki et al. (2012) investigated corporate governance attributes and financial reporting quality using evidence from firms listed on the Tehran Stock Exchange. The study covered 2003–2011 and included 136 sampled firms. The researchers examined governance attributes including board size, board independence, ownership concentration, and institutional ownership. Their findings indicated that these corporate governance characteristics were not significantly related with financial reporting quality. This result contrasts with studies that report significant effects of governance mechanisms, demonstrating that the relationship between corporate governance and financial reporting quality may vary across institutional and national settings.

Gardi et al. (2023) also investigated the influence of corporate governance on financial reporting quality by examining the mediating role of IFRS adoption. The study collected primary data from selected private banks in Iraq, including IS Bank, Vakif Bank, RT Bank, Cihan Bank, Bank of Iraq, and TD Bank. The results indicated that IFRS adoption significantly mediates the relationship between corporate governance and financial reporting quality in private banks. This finding supports the argument that internationally recognized reporting standards may strengthen the effectiveness of governance mechanisms in enhancing the credibility of financial information.

Hassan (2023) examined the effect of chief executive attributes on financial reporting quality among Egyptian firms. The model incorporated Board ownership as a moderating variable, and the study covered the period 2014–2022. Multiple linear regression was employed to test the formulated hypotheses. The findings showed that higher levels of board ownership strengthened the negative relationship between CEO duality and financial reporting quality. This suggests that ownership characteristics may influence the extent to which CEO-related governance arrangements affect corporate reporting quality.

Tanjeh et al. (2025) examined board characteristics and financial reporting quality in 60 public limited companies in Cameroon using Pearson correlation and binary logistic regression. The findings showed that CEO duality had

both positive and negative relationships with financial reporting quality, suggesting that its effect may depend on the organization's institutional environment, characteristics, and other governance mechanisms.

Theoretical framework

This study draws on agency theory. This theory provides complementary explanations of the relationship between corporate governance structures, managerial behaviour, accountability, and the quality of financial reporting. It emphasizes the potential conflicts between owners and managers.

Agency theory

Agency theory, originally developed by [Jensen and Meckling \(1976\)](#), has become an important theoretical perspective in accounting, finance, and corporate management research. The theory examines the contractual relationship that exists when one party, the principal, delegates authority and decision-making responsibilities to another party, known as the agent. Within a corporate organization, shareholders are principals because they provide capital and own the business, while managers are agents because they are entrusted with the responsibility of managing the organization's resources and making operational and strategic decisions on behalf of the owners.

Agency theory explains that conflicts may arise because managers, as agents, may pursue interests that differ from shareholders. Information asymmetry worsens this problem because managers have more information about the organization than external stakeholders, creating opportunities for selective disclosure or manipulation. The theory also highlights moral hazard, whereby managers may undertake risky decisions that serve their personal interests while shareholders bear the consequences. Consequently, effective corporate governance mechanisms are necessary to monitor management, reduce opportunistic behaviour, improve transparency and accountability, and enhance the reliability and usefulness of financial reporting. In order to determine whether corporate governance has a significant effect on financial reporting quality, the following hypotheses shall be tested:

H₀₁: Board characteristics have no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

H₀₂: Ownership structure has no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

H₀₃: Chief Executive Officer Duality has no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

H₀₄: Audit committee independent has no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

H₀₅: Accountability structure has no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

H₀₆: Directors' competence has no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

H₀₇: International Financial Reporting Standards has no significant relationship with Financial Reporting quality of deposited money banks in Nigeria.

3. Methodology

The research design adopted for this study is survey research design using cross sectional regression model. The data for this research work was sourced through the participation of employees of some selected Deposit Money Banks that are listed in the Nigerian Exchange Group LTD (table of listed deposit money banks is presented in the [Appendix II](#)). The questionnaire was drafted containing research statements for data collection. The questionnaires were administered via online links with the support from trusted colleagues. See the appendix for a sample of the questionnaire used for data collection. A sample of eighty (80) employees was randomly selected from the total population.

Data were generated using the [Likert \(1932\)](#) scale and transformed into the central tendency precisely statistical mean, for each of the variables using SPSS version 20. However, the study used a Likert scale to measure
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respondents' levels of agreement with the statements related to the study variables, following the attitude measurement technique developed by [Likert \(1932\)](#). According to [Agresti \(2010\)](#) ordinal logistic regression is appropriate when the dependent variable consists of ordered categories in which the ranking of the categories is meaningful, but the distance between adjacent categories cannot be assumed to be equal. The model is based on the proportional-odds assumption, which requires the effects of the explanatory variables to remain constant across the cumulative logits of the ordinal dependent variable ([Agresti, 2010](#)).

Table 1 Variables Measurement

Variable	Measurement	Source
Independent variable		Construct validity
Board characteristics	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Abunde et al. (2025) ; Gardi et al. (2023) Shiyanbola et al. (2020) ; Tsetim and Tyonande (2022)
Ownership structure	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Abiodun et al (2024) ; Gardi et al (2023)
Chief Executive Officer duality	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Gardi et al (2023)
Audit committee independence	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Abiodun et al (2024) ; Gardi et al (2023) Shiyanbola et al. (2020) , Tsetim and Tyonande (2022)), Hope et al (2026) .
Accountability structure	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Ali and Alkareem (2019) ; Gardi et al (2023)
Directors' competence	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Abiodun et al (2024) ; Gardi et al (2023)
Control variable		
IFRS	For each statement raised, “strongly agree” has 5 points, “agree” has 4 points, “undecided” has 3 points, “disagree” has 2 points, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Gardi et al (2023)
Dependent variable		
Financial reporting quality	For each statement raised, “strongly agree” has 5 point, “agree” has 4 point, “undecided” has 3 point, “disagree” has 2 point, and “strongly disagree” has 1 point. The statistical mean of the selected points for each respondent, based on the five statements in the questionnaire was determined and used for data analysis.	Abiodun et al (2024) ; Gardi et al (2023) ; Tsetim and Tyonande (2022) ; Hope et al (2026)

Source: Authors' compilation (2026)

Model specification:

$FRQ = f\{Boc, Ows, Ceo, AcI, AccS, DirC, IFRS\}$

$$FRQ_i = \beta_0 + \beta_1 BoC + \beta_2 OwS + \beta_3 CeO + \beta_4 AcI + \beta_5 AccS + \beta_6 DirC + \beta_7 IFRS + \varepsilon$$

Where,

FRQ: Financial Reporting Quality

BoC: Board Characteristics

OwS: Ownership Structure

CeO: Chief Executive Officer Duality

AcI: Audit Committee Independence

AccS: Accountability Structure

DirC: Directors' Competence

IFRS: International Financial Reporting Standard adoption.

Board Characteristics, ownership structure, Chief Executive Officer Duality, audit committee independence, accountability structure, and directors' competence are the independent variables. The control variable is the International Financial Reporting Standards, while Financial Reporting Quality is the dependent variable. Five research statements were raised for each of the variables under investigation, with a total number of forty statements used in the questionnaire. The variables are Board characteristics, ownership structure, Chief Executive Officer duality, audit committee independence, accountability structure, director's competence, IFRS, and financial reporting quality. For each statement raised and to the best of the respondents' knowledge they were to select appropriately from the following codes "5 for strongly agree" or "4 for agree" or "3 for undecided" or "2 for disagree" or "1 for strongly disagree" which is a five point Likert Scale. SPSS version 20 was used to determine the statistical mean for the five research statements and for each variable under investigation. The measurement of these variables is presented in [Table 1](#).

4. Results

Table 2: Gender Description

Gender	Frequency	Percentage
Male	46	57.5%
Female	34	42.5%
Total	80	100%

Source: Field Survey (2026)

[Table 2](#) above indicates that of the eighty the Deposit Money Banks employees who participated in this research work, 57.5% of the respondents were male while female constituted 42.5%.

Table 3: Age Distribution

Years	Frequency	Percentage
20 – 29	11	13.75%
30 – 39	21	26.25%
40 – 49	15	18.75%
50 – 59	25	31.25%
60 – 69	8	10%
Total	80	100%

Source: Field Survey (2026)

In [Table 3](#) above employees aged 50 to 59 constituting 31.25% were the highest participants. Employees aged 60 to 69 constituted 10% of the participants and were the lowest. Employees aged 30 to 39 made up 26.25% of participants followed by employees aged 40 and 49 who constituted 18.75% of the respondents. Employees aged 20 to 29 constituted 13.75% of the participants in the research survey.

In [Table 4](#) above, 73.75% of the respondents held a Bachelor of Science degree and a Higher National Diploma. The remaining 26.25% held a Masters Degree or a Doctor of Philosophy Degree. No participant held National Diploma, Ordinary National Diploma, or Secondary School Certificate Examination.

Table 4: Educational qualification

	Frequency	Percentage
Masters/PhD	21	26.25%
Bsc/HND	59	73.75%
ND/OND/SSCE	0	0%
Total	80	100%

Source: Field Survey (2026)

Table 5 Reliability statistics

Statistic	Item	Value
Cronbach's Alpha	Overall (8 items)	0.808
Cronbach's Alpha if Item Deleted	BoC	0.808
	OwS	0.797
	CeO	0.818
	AcI	0.772
	AccS	0.767
	DirC	0.772
	IFRS	0.761
	FRQ	0.789

Source: SPSS V20

In [Table 5](#) above, individual variables were tested for statistical reliability and internal consistency in terms of how participants answered in terms of how the participants were able to provide answers to the research questions in an orderly and directional manner. Cronbach's alpha is 0.808 which is less than 0.9. In addition, a Cronbach's Alpha of 0.808, greater than 0.7, indicates good reliability. This indicates statistical significance for proceeding with analysis using the data generated from the questionnaire distributed and retrieved.

For Cronbach's alpha if item deleted, presented in [Table 5](#) above, no item should be deleted because Cronbach's alpha falls below 0.8, except for Board Characteristics and Chief Executive Officer duality, where Cronbach's alpha is retained at 0.808 and increases to 0.818, respectively.

Table 6 Computation of Spearman rank correlation coefficient

Variables	FRQ	BoC	OwS	CeO	AcI	AccS	DirC	IFRS
FRQ	1							
BoC	0.347	1						
OwS	0.353	0.243	1					
CeO	0.148	-0.003	0.180	1				
AcI	0.350	0.439	0.501**	0.246*	1			
AccS	0.454	0.231	0.381**	0.287**	0.466**	1		
DirC	0.486	0.437	0.372**	0.179	0.451**	0.499**	1	
IFRS	0.433	0.338	0.356**	0.350**	0.609**	0.531**	0.532**	1

Source: SPSS V20

Data were diagnosed to verify normality and the results indicated that the data for the variables under this investigation were not normality distributed and as a result non-parametric data was proceeded with. For non-parametric data, Spearman rank correlation is used to determine the level of correlation between the dependent variable and the independent variables.

As shown in [Table 6](#), The Spearman rank correlation analysis of 34.7% revealed a moderate positive association between Board characteristics and financial reporting quality. The result also indicates that significant levels of perceived Board characteristics tend to be associated with significant levels of financial reporting quality. In [table 6](#) above, the Spearman rank correlation analysis of 35.3% revealed a moderate positive association between ownership structure and financial reporting quality. The result also indicates that significant levels of perceived ownership structure tend to be associated with significant levels of financial reporting quality. In [table 6](#) above, the Spearman rank correlation analysis of 14.8% revealed a weak positive association between Chief Executive Officer duality and financial reporting quality. The result also indicates that significant levels of perceived CEO duality tend to be associated with significant levels of financial reporting quality. In [table 6](#) above, the Spearman

rank correlation analysis of 35% revealed a moderate positive association between audit committee independence and financial reporting quality. The result also indicates that significant levels of perceived audit committee independence tend to be associated with significant levels of financial reporting quality. In [table 6](#) above, the Spearman rank correlation analysis of 45.4% revealed a moderate positive association between accountability structure and financial reporting quality. The result also indicates that significant levels of perceived accountability structure tend to be associated with significant levels of financial reporting quality. In [table 6](#) above, the Spearman rank correlation analysis of 48.6% revealed a moderate positive association between directors' competence and financial reporting quality. The result also indicates that significant levels of perceived directors' competence tend to be associated with significant levels of financial reporting quality. In [table 6](#) above, the Spearman rank correlation analysis of 43.3% revealed a moderate positive association between International Financial Reporting Standards and financial reporting quality. The result also indicates that significant levels of perceived International Financial Reporting Standards tend to be associated with significant levels of financial reporting quality.

Table 7: Regression results

Variables	Beta Coefficient (β)	P-value
BoC	-0.017	0.985
OwS	-0.082	0.685
CeO	1.041	0.000
AcI	0.746	0.015
AccS	0.804	0.045
DirC	-0.689	0.022
IFRS	-0.213	0.569
Model fitting information	Nil	0.000
Goodness of fit:		
Pearson	Nil	1.000
Deviance	Nil	1.000
Pseudo R-Square:		
Nagelkerke 0.932	Nil	Nil

Source: SPSS V20

In [Table 7](#) above, the goodness of fit for the non-parametric data is that the calculated value is expected to be greater than the alpha value of 0.05 for both Pearson and Deviance. Both measurements appeared at 1.000. The Nagelkerke Pseudo-R² of 0.932 indicates that the board characteristics, ownership structure, Chief Executive Officer duality, Audit Committee Independence, accountability structure, directors' competence, and International Financial Reporting Standards account for approximately 93.2% of the variation in the ordinal dependent variable which is the financial reporting quality, while the remaining 6.8% is associated with factors not included in the model.

In [table 7](#) above, the ordinal logistic regression result indicates that board characteristics have a negative but statistically insignificant relationship with financial reporting quality ($\beta = -0.017$, $p = 0.985$). The negative coefficient suggests that an increase in board characteristics is associated with a marginal decrease in the odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 0.983$, indicates an estimated 1.7% decrease in the odds of being in a higher category of financial reporting quality, holding other variables constant. However, the p-value of 0.985 is greater than the 5% significance level, indicating that the relationship is not statistically significant. Therefore, the study fails to reject the null hypothesis that board characteristics have no significant relationship with financial reporting quality. The result is consistent with the works of [Chalaki et al \(2012\)](#), [Abbati \(2018\)](#), and [Anastasia and Imene \(2016\)](#). The result indicates that ownership structure has a positive but statistically insignificant relationship with financial reporting quality ($\beta = 0.082$, $p = 0.685$). The positive coefficient suggests that an increase in ownership structure is associated with higher odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 1.085$, indicates an estimated 8.5% increase in the odds of being in a higher category of financial reporting quality, holding other variables constant. However, the p-value of 0.685 is greater than the 5% significance level, indicating that the relationship is not statistically significant. Therefore, the study fails to reject the null hypothesis that ownership structure has no significant relationship with financial reporting quality. See [Table 7](#).

The result indicates that CEO duality has a positive and statistically significant relationship with financial reporting quality ($\beta = 1.041$, $p < .001$). The positive coefficient indicates that CEO duality is associated with higher odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 2.833$, indicates that a one-unit increase in CEO duality is associated with approximately 2.83 times higher odds of being in a higher category of financial reporting quality, holding other variables constant. Since the p-value is less than the 5% significance level, the null hypothesis that CEO duality has no significant relationship with financial reporting quality is rejected. This result is consistent with the work of [Gardi et al \(2023\)](#), and [Tanjeh et al \(2025\)](#). But in the work of [Hassan \(2023\)](#) and [Tanjeh et al \(2025\)](#), the chief executive officer duality has a negative and significant effect on financial reporting quality. See [Table 7](#).

The result indicates that audit committee independence has a positive and statistically significant relationship with financial reporting quality ($\beta = 0.746$, $p = 0.015$). The positive coefficient suggests that an increase in audit committee independence is associated with higher odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 2.109$, indicates that a one-unit increase in audit committee independence is associated with approximately 2.11 times higher odds of being in a higher category of financial reporting quality, holding other variables constant. Since the p-value of 0.015 is less than the 5% significance level, the null hypothesis is rejected, indicating a statistically significant relationship between audit committee independence and financial reporting quality. The result is consistent with the work of [Gardi et al \(2023\)](#) and [Anastasia and Imene \(2016\)](#). But in the works of [Chalaki et \(2012\)](#), [Anastasia and Imene \(2016\)](#) and [Abbati \(2018\)](#) the result of their findings indicate an insignificant statistical relationship between audit committee independence and financial reporting quality. See [Table 7](#).

The result indicates that accountability structure has a positive and statistically significant relationship with financial reporting quality ($\beta = 0.804$, $p = 0.045$). The positive coefficient indicates that an increase in accountability structure is associated with higher odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 2.235$, indicates that a one-unit increase in accountability structure is associated with approximately 2.24 times higher odds of being in a higher category of financial reporting quality, holding other variables constant. Since the p-value of 0.045 is less than the 5% significance level, the null hypothesis is rejected, indicating a statistically significant relationship between accountability structure and financial reporting quality. This is consistent with the research work of [Gardi et al. \(2023\)](#). See [Table 7](#).

The result indicates that directors' competence has a negative and statistically significant relationship with financial reporting quality ($\beta = -0.689$, $p = 0.022$). The negative coefficient indicates that an increase in directors' competence is associated with lower odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 0.502$, indicates that a one-unit increase in directors' competence is associated with approximately a 49.8% reduction in the odds of being in a higher category of financial reporting quality, holding other variables constant. Since the p-value of 0.022 is less than the 5% significance level, the null hypothesis is rejected, indicating a statistically significant relationship between directors' competence and financial reporting quality. The result is consistent with the work of [Gardi et al \(2023\)](#). But the research work of [Anastasia and Imene \(2016\)](#) reported an insignificant statistical relationship between directors' competence and financial reporting quality. See [Table 7](#).

The ordinal logistic regression result indicates that International Financial Reporting Standards (IFRS) have a negative but statistically insignificant relationship with financial reporting quality ($\beta = -0.213$, $p = 0.569$). The negative coefficient suggests that an increase in IFRS is associated with lower odds of financial reporting quality being in a higher category. The corresponding odds ratio, $\text{Exp}(B) = 0.808$, indicates an estimated 19.2% reduction in the odds of being in a higher category of financial reporting quality, holding other variables constant. However, the p-value of 0.569 is greater than the 5% significance level, indicating that the relationship is not statistically significant. Therefore, the study fails to reject the null hypothesis that IFRS has no significant relationship with financial reporting quality. The result is consistent with the works of [Chalaki et \(2012\)](#), [Abbati \(2018\)](#), and [Anastasia and Imene \(2016\)](#). See [Table 7](#).

5. Conclusion

The study found that corporate governance significantly influences financial reporting quality. CEO duality, audit committee independence, and effective accountability structures were associated with improved financial reporting quality, while directors' competence had a negative effect on financial reporting quality, suggesting weaknesses in directors' zeal to understand market dynamics, oversee financial performance and stability, in

addition, the directors have failed to promote accountability and quality financial reporting. The study also reported that IFRS adoption had no significant effect on financial reporting quality among the banks examined.

Although the study found that board characteristics do not have a statistically significant effect on financial reporting quality, Nigerian banks should continue to recognize the importance of board independence as a fundamental element of effective corporate governance. Board composition should also encourage gender diversity by ensuring that both male and female directors are adequately represented and actively involved in board responsibilities. Furthermore, directors should have appropriate professional knowledge, technical expertise, and managerial competencies to provide sound strategic guidance, perform their oversight functions effectively, and monitor management activities adequately. Improving these aspects of board composition and effectiveness could support the attainment and sustenance of high-quality financial reporting.

The study further recommends that Nigerian banks strengthen their corporate governance frameworks through effective ownership structures, appropriate CEO duality arrangements, independent audit committees, well-defined accountability mechanisms, and the appointment of competent and professionally qualified directors. These measures could enhance the reliability of financial reporting, rebuild stakeholders' confidence, and contribute to improved organizational performance. In addition, the adoption of International Financial Reporting Standards (IFRS) should be implemented effectively to ensure that financial information is transparent, comparable, relevant, timely, accurate, and faithfully represented. These improvements would provide stakeholders with more reliable information and support informed and effective financial decision-making.

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Appendix I

PLEASE Note that SA = STRONGLY AGREE; A = AGREE; U = UNDECIDED; D = DISAGREE; and SD = STRONGLY DISAGREE

Data Collection Instrument

VARIABLES	ITEMS	SA	A	U	D	SD
		5	4	3	2	1
Board characteristic s	1. In Nigerian banking system non-executive directors who are not involved in the company's daily operations can promote quality financial reporting.					
	2. In Nigerian banking system women representation in the board of directors will promote quality financial reporting.					
	3. In Nigerian banking system financial reporting quality is achieved where there is frequent board of directors meeting.					
	4. In Nigerian banking system high quality financial statement is achieved with increase in the number of directors for the Board.					
	5. In Nigerian banking system composition of various committees will ensure improvement in accountability.					
Ownership structure	1. In Nigerian banking system concentrating ownership of a firm to a few stakeholders will affect accountability.					
	2. In Nigerian banking system foreign investors' share of ownership will promote high quality financial reporting.					
	3. In Nigerian banking system accountability is sustained when managers are encouraged to participate in the ownership of firms.					
	4. In Nigerian banking system Dispersed (not concentrated) ownership of a firm will promote quality financial reporting.					
	5. In Nigerian banking system sharing of liabilities to firm's owners will promote quality financial reporting.					
	1. In Nigerian banking system combining the executive power with Board Chairman roles					

Chief Executive Officer Duality	will stimulate the adoption of financial reporting standard.					
	2. In Nigerian banking system a powerful and effective dual leader can enforce compliance with financial reporting standard when preparing financial statement.					
		SA	A	U	D	SD
	3. In Nigerian banking system a powerful and dual leader can project the image of stability and accountability to employees and shareholders.					
	4. In Nigerian banking system CEO duality eliminates potential conflict between CEO and Board Chairman, that will fast tract decision making process.					
	5. In Nigerian banking system lack of separating Management leadership from Board leadership may negatively affect quality of financial reporting.					
Audit Committee Independence	1. In Nigerian banking system audit committee independence will prevent fraud and promote quality financial statement.					
	2. In Nigerian banking system audit committee independence promotes employees transparency and accountability.					
	3. In Nigerian banking system audit committee independence boosts investors' confidence and the shareholders.					
	4. In Nigerian banking system audit committee independence monitor compliance with the financial reporting standard.					
	5. In Nigerian banking system with quality financial reporting audit committee independence permit assessment of financial misconduct.					
Accountability Structure	1. In Nigerian banking system employees are encouraged to focus on goals and possess ownership of their work.					
	2. In Nigerian banking system accountability structures can lead to higher employee morale, satisfaction, and motivation.					
	3. In Nigerian banking system accountability structure promotes the culture of trust.					
	4. In Nigerian banking system accountability structure ensures relevance of the financial reporting standards.					
	5. In Nigerian banking system accountability structure promotes compliance with the financial reporting standards and actualizes quality financial reporting.					
		SA	A	U	D	SD

Directors Competence	1. Directors in the Nigerian banking system understand market dynamics and promote quality financial reporting.					
	2. Directors in Nigerian banking system exhibit financial competencies, oversee financial performance and stability.					
	3. Directors in Nigerian banking system are experts in areas like business forecasting, corporate planning, and adoption of the financial reporting standards.					
	4. Directors in Nigerian banking system are competent enough to promote compliance with international financial reporting standards and in turn actualize quality financial reporting.					
	5. Competent Directors in the Nigerian banking system are influenced by accountability where it is easier for them to be held responsible for their actions.					
Adoption of IFRS	1. IFRS adoption for the preparation and presentation of quality financial statement is gaining more support in the Nigerian banking industry.					
	2. It is a known fact that IFRS adoption promotes accountability and restores confidence in the Nigerian banking industry.					
	3. It is a known fact that IFRS adoption in the preparation and presentation of financial report in the Nigerian banking system increases transparency.					
	4. It is a known fact that the IFRS adoption in the Nigerian banking industry has created a uniform accounting language for making easy comparison between different periods' financial performance and positions.					
	5. It is a known fact that IFRS adoption has promoted compliance with single set of global standards that reduce cost of preparing financial report in many different accounting frameworks.					

Data Collection Instrument

VAIABLES	ITEMS	SA	A	U	D	SD
		5	4	3	2	1
Financial Reporting Quality	1. In the Nigerian banking system, quality financial reporting encourages reliability from accounting information users.					
	2. In the banking system quality financial reporting reflects economic reality without altering the basic components of the financial statements.					
	3. In the Nigerian banking system quality financial reporting is complied and enforcement is ensured by the regulatory body.					

	4. In the Nigerian banking system quality financial reporting had made internal control systems stronger than ever before.					
	5. In the Nigerian banking system quality financial reporting has ensured timely availability of financial information for the users to make informed decision					

Appendix II

List of deposit money banks listed on the floor of the Nigeria Exchange Group

No.	Listed entity	Ticker
1	Ecobank transnational incorporation	ETI
2	Fidelity Bank Plc	FIDELITYBK
3	Guarantee Trust Holding Company Plc	GTCO
4	Sterling Financial Holdings Company Plc	STERLINGNG
5	Unity Bank Plc	UNITYBNK
6	Wema Bank Plc	WEMABANK
7	United Bank for Africa Plc	UBA
8	Zenith Bank Plc	ZENITHBANK

Source: NGX List of Equities (2026)