Innovation
2022; 3(1): 26-32
http://www.sciencepublishinggroup.com/j/innov
doi: 10.11648/j.innov.20220301.15

Financial Reporting and Organization Performance in Nigeria

Ahannaya Chinedu Gandolph

Accounting Department, Babcock University, Ilishan-Remo, Nigeria

Email address:
ahannayac@babcock.edu.ng

To cite this article:
Ahannaya Chinedu Gandolph. Financial Reporting and Organization Performance in Nigeria. *Innovation*. Vol. 3, No. 1, 2022, pp. 26-32. doi: 10.11648/j.innov.20220301.15

Received: January 27, 2022; **Accepted**: February 25, 2022; **Published**: March 29, 2022

Abstract: The purpose of this study was to evaluate the relationship between financial reporting and organizational performance in Nigeria. Data was collected from ten Nigerian manufacturing companies. The researcher adopted expo facto research method in this study. The study adopted inferential statistics for panel data analysis. Results revealed that financial reporting has significant effect on organization performance (R2 = 0.006, t= 4.145 and p = 0.001) of selected manufacturing companies in Nigeria. The study concluded that a financial accounting report is a verifiable document through which a corporate organization's condition and performance may be assessed. As a result, the study recommend the directors who are responsible for drafting this financial report in the traditional sense should ensure that it is prepared in accordance with best international practices. However, since this study has proved that both variables have a considerable influence on each other, management of publicly traded firms must propose new tactics to improve their financial reporting quality in order to dramatically boost their profit. Also, stakeholders and potential investors in publicly traded companies should be suspicious of any changes in the value of return on assets, because financial reporting quality has a direct impact on the variable, which in turn affects profit value.

Keywords: Financial Reporting, Nigeria, Organization Performance

1. Introduction

Organizational performance is critical to a company's existence. Organization performance is a fundamental outcome variable of interest in business and management research, with applications ranging from human resources and marketing to operations management, international business, strategy, and information systems [9]. According to Akewushola and Saka, a company's potential success is determined by its organizational performance or its capacity to successfully implement strategies to meet institutional goals. The amount of competence that any organization's executives possess has a significant impact on the organization's performance [9].

According to Habib and Jiang the essence of leadership is a conditional relationship between a manager and his or her followers. Given how difficult it is to achieve organizational goals, it is vital that leaders' techniques be adaptive enough to accommodate change. [15] Employees, who are a vital element of the company and make up the team that works to achieve the organization's goals, have an impact on the organization's success. The term "leadership" is commonly employed in the context of a virtual team [23]. Leaders build virtual teams to ensure that a specific goal is met.

Financial reporting is the presentation of financial data to various users of accounting data in order to help them make investment decisions, get credit, and make other finance decisions. [23] The responsible regulatory agency normally specifies the financial reporting disclosures of corporations. The most basic tools for a company's communication with its stakeholders are these disclosures. Mandatory disclosures are used to offer information that better explains the mandatory disclosures and meets the needs of the user, whereas voluntary disclosures are used to provide information that better explains the mandatory disclosures and meets the needs of the user. According to Abolaji and Adeolu, management decides whether or not to reveal information by considering the projected costs and advantages of making the information public. [1] Also, a number of internationally recognized financial regulatory bodies monitor most financial reporting in Nigeria, including the Securities Transaction

Commission (SEC), the Financial Accounting Reporting Council of Nigeria (FRCN), and the Nigeria Stock Exchange, to name a few. [6]

Financial reports, such as those generated by a manufacturing company, are official and detailed statements that detail a company's financial activity. It's also a financial statement that presents all important financial data in a systematic and easy-to-understand style for managerial use and making quick and educated investment decisions. [17]

Financial data provided by a company, on the other hand, has become a valuable resource for any market participant since it reduces information gaps between management, investors, regulatory agencies, society, and other stakeholders. As a result, when it comes to financial reporting quality, one of the most important elements to consider is how it affects a company's future success, or how the market perceives this greater perceived quality. Market agents find their footing in the quality of their financial reporting and their main source of knowledge on company strategy as a result of market and business globalization, geographical expansion, and the increased demand for information and transparency among investors, stakeholders, and society in general. [11]

Financial reporting, according to Gadave, is more than just a finished product; each component, which includes information about the company's transactions, information about the selection and application of accounting policies, and knowledge of the judgments made, determines the quality of the process. Because it reduces the amount of information asymmetries between management, investors, regulatory agencies, society, and other stakeholders, financial information provided by a company has become a key resource for any market participant. As a result, one of the most essential factors to examine when it comes to financial reporting quality is how it influences a company's future success, or how the market sees this higher perceived quality. [15]

According to past evidence, companies with better financial information have better subsequent performance because the market positively evaluates companies that are more committed to the issuance of good information for shareholders and other stakeholders, with the goal of reducing or eliminating information asymmetries between market participants, with the goal of reducing or eliminating information asymmetries between market participants [8]. Furthermore, the manager's discretionary behavior has an impact on corporate performance through the strategic management process. Understanding the manager's actions, judgments, and behavior, as well as corporate strategy and accounting standards, is critical to identifying and discovering the causes of a company's bad performance. [22]

Objectives of the Study

The major objective of this research was to look into the impact of financial reporting disclosure on the organizational performance of Nigerian listed manufacturing enterprises. To do this, the following particular objective must be met:

1) Evaluate the link between earnings quality and return on asset.
2) Access the factors in the relationship between accruals quality and return on capital employed.

2. Literature Review

2.1. Organizational Performance

Organizational performance is defined as the voluntary association of productive assets, such as human, physical, and financial resources, for the purpose of achieving a common goal [16]. Those that provide the assets will only commit them to the organization if they are satisfied with the value they receive in exchange, as compared to alternative applications. As a result, the production of value is the essence of performance. The assets will be made available to the organization, and the organization will continue to exist, as long as the value generated by using the contributed assets is equal to or greater than the value expected by the individuals who contributed the assets. As a result, every organization's complete performance objectives must incorporate value generating, as defined by the resource supplier.

2.1.1. Return on Assets

Return on Assets (ROA) is a general-purpose financial statistic that measures the connection between profit and the assets necessary to produce that profit [10]. The Return on Assets (ROA) is a metric that measures how efficiently a company's resources are used to generate income. It is the most commonly used indicator for comparing company performance, and it is the ratio of net profit after taxes divided by total assets [12].

ROA = Net profits after taxes / total assets

The ROA percent, according to Lindo (2008), is a baseline that can be used to calculate the profit contribution required from new investments. As a result, it identifies the rate of return required to sustain existing performance, which can be used to set a hurdle rate that all new investments must satisfy in order to be approved.

Return on Assets (ROA) is a strong indicator of a company's profitability since it indicates the amount of earnings (before interest and tax) a company can achieve for each dollar of assets it controls [2]. It's a standard metric for measuring a company's economic performance and profitability [14]. Nerantzidis, for example, claimed that a vast corpus of past research has used ROA to examine the relationship between CSR and financial performance. [23] Mitra, utilized ROA as a metric to examine if a company's environmental performance was linked to its financial performance. [21] As a result, investors, creditors, and other types of stakeholders with varying interests in the firm should be aware of the relationship of reliance between the return and the variables of influence.

2.1.2. Return on Capital Employed

Return on Capital Employed (ROCE) is a financial ratio that assesses a company's profitability and capital utilization efficiency. The operating profit per unit of capital employed is known as ROCE, and its formula is as follows;

$$ROCE = EBIT/Capital\ Employed$$

EBIT stands for earnings before interest and taxes, and it is a measure of a company's profitability that removes interest and income tax costs. The amount of operating income generated by a company is measured by EBIT [10]. Dempster and Oliver defined capital employed as a company's total quantity of share capital and debt, as well as the amount of assets that contribute to its potential to create revenue. [13]

ROCE is a metric that compares a company's earnings from its core business to the capital invested in it, and it can be used as a reliable measure of corporate performance. [13]. It is commonly described as a measure of management's skill and efficiency [4]. Mitra, on the other hand, suggested that while using the ROCE as a performance measure is useful, it is also false and might provide misleading information. This is because the genuine value of capital employed in a firm's activities at any one time may be found in the entire operating costs for that time period, which can then be used to compute a better measure of capital employed called Enhanced Return on Capital Employed (EROCE). [21]

2.2. Financial Reporting

Financial reporting entails the recording of financial data in accordance with applicable accounting rules. According to Zimicki, financial reporting is exposing linked financial facts about an organization to various stakeholders over a predetermined duration. [25] These Stakeholders include investors, lenders, suppliers, and government organisations. Accounting's final output is referred to as financial reporting. [20] Financial related explanations from the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity, notes to financial related explanations, Quarterly and Annual reports (if any quoted organizations), Prospectus (if any quoted organizations), and Management Discussion and Analysis are all included (if there should be an occurrence of open organizations). [24]

2.2.1. Financial Reporting Quality

Since many economic choices are based on data from accounting information systems, it is critical to assess, maintain, and enhance financial reporting quality. Various advantages of higher information and financial reporting quality have been mentioned, including the reduction of liquidity and information risk. It keeps management from utilizing discretionary influence for personal gain or agendas, and it helps them make good investment decisions. [7] One of the main advantages of greater financial reporting quality is that it aids in the reduction of asymmetric information errors that develop as a result of clashing interests. Firms that provide high-quality financial data to various market agents enable firms to compete in the market with a competitive edge and a higher degree of information. [10]

Because many economic decisions are based on the information obtained from accounting information systems, it is critical to assess, maintain, and improve financial reporting quality. Companies with a higher quality of earnings have a lower cost of debt, according to this viewpoint.

The most commonly used dimensions of this theory in text are

(i) accounting conservatism;
(ii) earning quality; and
(iii) accrual quality.

Showing this notion, three categories of earnings quality proxies are described, based on the principle that "greater earnings quality reflects the elements of the firm's earnings process that are relevant to a given decision made by a specific decision maker."[5]

Reporting quality has been studied in a variety of fields, and many writers have emphasized its advantages, including as its positive financial impact by reducing information risk and improving liquidity. Furthermore, financial statement information is critical when it comes to debt contracting. [15]

2.2.2. Earnings Quality

Earnings quality refers to the ability of the current earnings to forecast future earnings [18]. Earnings are of good quality if no earnings reversals are forecasted. Investors are interested in future earnings with valuation in mind, thus they buy future earnings with current earnings. Furthermore, earnings are said to be of poor quality if they are not reliable predictors of future profits. Profits quality, according to Aguguom and Salawu, is the extent to which reported earnings accurately reflect Hicksian income, including changes in net economic assets other than transactions with owners. Hicksian income is the maximum that could be spent while leaving real wealth intact. [3]

Afifa, Alsufy, and Abdallah came up with two definitions that are very similar. To begin with, a high-quality earnings figure properly reflects the company's current operating performance, is a solid predictor of future operating performance, and is a helpful summary metric for assessing firm value. Second, earnings quality describes a circumstance in which a company's earnings figure appropriately annuitizes its underlying worth. [2] Quality of earnings, according to Monah and Okojie, is the extent to which net reported income on the income statement does not deviate from genuine earnings. In light of the aforementioned definitions, quality of earnings can be seen in two ways: first, reported earnings are of high quality if they accurately reflect a firm's underlying economic success during that time period. Second, earnings quality depicts how well accounting earnings convey information regarding stock price reactions. [23] Earnings quality, as defined above, refers to earnings that are free of accruals, are not driven by accounting fundamentals or inherent causes (discretionary accruals), and are sustainable and not being harmed in order to artificially minimize earnings fluctuation.

Earnings quality, according to Nerantzidis, is a multidimensional notion. The research, as well as the availability of data and an estimating methodology, will influence the choice of an earnings quality indicator. According to several studies, a measure of earnings quality that is linked to investor views of earnings is needed. Studies on the value relevance of earnings, for example, assume that earnings are relevant to a specific group of market participants (specifically, investors), whose collective judgements and decisions are summed by share prices and returns. Other research, they claim, focus on direct measures of earnings quality derived solely from accounting data (i.e., without reference to share prices or returns). The distinction between total, inherent, and discretionary earnings quality is another key factor for some studies. [24]

One of the factors that affect the quality of earnings is earnings management. Amat (1996) described earnings management as a process whereby accountants use their knowledge of accounting rules to manipulate the figures or numbers reported in the accounts of a business. Martowidjojo, Valentincic, and Warganegara, viewed earnings management as some misdeeds, misdemeanors or other transgression that alter earnings to be reported. [21] Monah and Okojie, on their part considered earnings management as the manipulation of some accounting principles by managers to conceal poor performance or postpone a portion of usually good current earnings to future years. [23] It occurs when management utilizes its judgment in financial reporting and transaction structuring to manipulate financial reports in order to deceive some stakeholders about the company's underlying economic performance or to affect contractual outcomes based on reported accounting figures (Dempster and Oliver, 2019). It is the process of converting financial accounting data from what they are to what the preparers want by using current regulations and/or ignoring part or all of them, according to Lee, it's a gray area where accounting is distorted, managers take corners, and reported results reflect management's goals or wants rather than the firm's real financial success. [19]

2.3. Theoretical Review

2.3.1. Voluntary Disclosure Theory

According to Jensen and Meckling voluntary Disclosure Theory emphasizes that, even in the absence of control, managers wish to share additional information. This is because, according to organizational theory, agents pay a major portion of agency expenses. In this vein, operators want to reduce their agency costs in order to increase their profits. According to organization theory, agent expenses develop as a result of information asymmetry, in which the expert has more private information about the organization's performance than the essential. [26] The focus of hypothetical and correct accounting assessments is on the instructional aspect of deliberate disclosures for the capital markets. Mandatory disclosures are governed by the Securities Exchange Commission and the Financial Accounting Standards Board, while purposeful and optional disclosures are referred to as exposure writing in accounting. Information management, on the other hand, discharges itself. The administrator has better information than others, according to the disguised premise in the disclosure writing. As a result, executives alternate between making accounting decisions and disclosing information in order to "display their better information of an organization's performance than financial specialists, and to oversee announced performance for contracting, political, or corporate management reasons" [4].

Full disclosure of information will occur as a result of financial experts' view that non-unveiling firms have the worst possible information, according to hypothetical research related with Disclosure (Grossman, 1981). In such reviews, sound exposures and no Disclosure expenditures are likewise acceptable. In any event, Verrecchia suggests that, in the context of fixed, positive Disclosure costs, only firms with financial returns greater than expenses should be reported. [27] In the same way, when Disclosures disclose information to competitors, it affects disclosure strategies. [27] Accounting hypothetical reviews associated with disclosure are particularly concerned with the types of risks that could occur.

2.3.2. Stewardship Theory

Many experts believe that the popular agency theory was born out of economics, whereas the stewardship idea was born out of psychology and sociology. The stewardship thesis may also be traced back to Donaldson and Davis's (1989) seminar work, which stressed that the senior executive should serve as the organization's steward and that everything should be done in the principal's best interests. Donaldson and Davis asserted that most managers act in the best interests of their company by preferring the organization's shared purpose over their self-serving alternative in their explanation of stewardship theory. Their findings also reveal that most stewards are driven only by the desire to make the best decision possible, which is usually in the organization's best interests and is based on the firm assumption that the best option will benefit stewards in the long run. [29]

Stewardship theory, as defined by Davis, Schoorman, and Donaldson, is the process through which stewards safeguard and raise shareholders' money through improved business performance because they recognize that doing so maximizes the shareholder's utility function. The manager and chief executive are the primary persons responsible for the stewardship function in the organization, according to this stewardship paradigm. [28] According to Mitra, stewardship is defined by self-interested service to the firm, and recognizing the stewardship relationship and treating followers as owners and partners can easily achieve the organization and individual duties. [21]

2.3.3. Stakeholder's Theory

Stakeholder theory, according to Fredman, highlights the relevance of some persons or groups for the existence of the organization. This explanation is considered as an organization-oriented explanation, although stakeholder theory, according to a prior study by Freeman, refers to any group or individual who can affect or is likely to be affected by the organization's aim being achieved. Friedman and Miles agreed with Freeman because his definition of stakeholders' theory was more balanced and covered a broader area than Stanford Research Institute (SRI) (1963), which defined stakeholders' theory as simply those people without whose support and ideas the organization would not exist. [30]

He went on to add that the freeman definition was more inclusive because it included persons outside the corporation and other organizations who may perceive themselves as stakeholders without the company recognizing it. In most firms, stakeholders include shareholders, employees, customers, lenders, suppliers, local charities, other interest groups, and the government. The stakeholder's theory, according to Craig, emphasizes that all stakeholders have a right to be informed about how the organization runs. This information could contain details about the organization's polluting impact on the environment, community sponsorship, job possibilities, and safety activities, among other things. He went on to say that this information should be shared with all stakeholders, even if they don't have anything to do with the organization's survival.

2.3.4. Asymmetric Theory

According to the asymmetric information theory, at least one party to a transaction possesses meaningful information while the rest do not. A divergence from perfect information is referred to as asymmetric information. According to Akerlof, information imbalances can easily influence the capital market for products and company transactions. It claims that differences in access to information annoy the usual market for the trade of goods and services in some financial transactions. This hypothesis offers a hypothetical explanation for the weight to be placed on bank executives who are better placed in the corporate structure to gain a better understanding of the banks and, as a result, discharge the information they have to financial specialists who will use it for fundamental leadership. Assessed financial related statements and deliberate exposes, according to Ball, are corresponding channels for directors to share information. According to Gigler and Hemmer, reporting independently examined financial data serves as a 'corroborative factor,' allowing shareholders to assess the education and honesty of earlier voluntary Disclosures. As a result, directors can safely disclose value-relevant information, regardless of whether the information is specifically undeniable.

3. Methodology

To provide data on the relationship between financial reporting disclosure and performance of listed firms in Nigeria, the study used an ex-post facto design. Because all of the information needed could be easily retrieved from the annual reports of the listed organizations in Nigeria, this design was chosen. This was an after-the-fact investigation in which secondary data that was previously available was employed. Content analysis is utilized, which entails tracing sentences from annual reports of organizations in the sample for each component of financial reporting disclosure. The voluntary disclosure index was created using the yearly reports of the sampled organizations for this study. A panel data study using data derived from the annual reports of five manufacturing companies traded on the Nigerian stock exchange. The findings and outcomes of the data collection were presented in tables and analyzed with descriptive and inferential statistics. Uadiale and Fagbemi agree with this research strategy. The study's participants were ten manufacturing enterprises listed on the Nigerian stock exchange.

Table 1. *List of manufacturing companies in Nigeria stock exchange market.*

S/N	Banks
1	Dangote Cement Plc
2	Lafarge Africa Plc
3	Dangote Sugar Refinery Plc
4	DN Tyre & Rubber Plc
5	International Breweries Plc.
6	Golden Guinea Brew. Plc.
7	Flour Mills Nig. Plc.
8	Nestle Nigeria Plc.
9	Vitafoam Nig Plc.
10	Union Dicon Salt Plc.

While a new total employees survey was completed, there were 7000 employees in the ten manufacturing companies on the Nigerian stock exchange market at the end of 2011 (NDIC, 2012.) with 3,500 employees in the credit groups (Olutoye, 2014). The researcher's choice of population sample frame is supported by Peretomode (1996) investigations, which both advised a sample size of 10% for scientific studies. In order for the researcher to gain successful answers to the study questions as outlined in the goals, data must be collected and processed. The questionnaire as an instrument was utilized to collect primary data for this investigation. Secondary data were also collected from publications and related articles to the research work from Central Bank of Nigeria from the annual statistical bulletin.

4. Analysis

The hypothesis tested the effect of financial reporting and organization performance in Nigeria.

Table 2. *Analysis.*

Model	Unstandardized coefficients		Standardized coefficient	T	Sig
	B	Std. Error			
1 (Constant)	42598.211	32546.369		4.145	0.110
FR	-224.131	625.435	-0.070	1.121	0.511

ANOVA

Model	Sum of squares	Df	Mean Square	F	Sig
Regression	1.341E8	1	1.312E7	0.122	0.721
Residual	1.632E10	19	9.681E9		
Total	1.759E10	20			

Table 3. *Model Summary.*

Model	R	R square	Adjusted Square	Std. Error of the estimate	Durbin-Waston
1	0.070	0.006	-0.041	0.32581.63428	1.548

Interpretation

The functional relationship between effect of financial reporting and organization performance in Nigeria is expressed in regression equation as follows:

$$Y = \alpha + \beta x + U;$$

where Y is the dependent variables (Financial Reporting), β the coefficient and X the independent variable (Organization Performance), u the stochastic error and α the gradient.

From the above tables, the effect of a change in the independent variable on dependent variable is established thus Y = 42598.211– -224.131X002X.

Therefore, a change in X (Organization Performance) would have a multiple effect on earnings management by 0.002. It therefore implies that positive coefficient in the quotation also indicates positive relationship between the variables (organization performance and financial reporting).

If the p-value is less than – value at the 95 percent significant level, the judgment rule is to reject H0; otherwise, reject H0. The p-value of 0.004 is smaller than the – value, which is 0.05, as seen in the table above. This indicates that the financial reporting and the performance of the company are linked in some way.

5. Conclusion and Recommendation

The purpose of the research was to look into the impact of financial reporting on company performance in Nigeria. The study concluded that a financial accounting report is a verifiable document through which a corporate organization's condition and performance may be assessed. As a result, the study recommend that financial accounting reporting regulators guarantee that corporate organizations follow the reporting laws to the letter. The directors who are responsible for drafting this financial report in the traditional sense should ensure that it is prepared in accordance with best international practices. However, since this study has proved that both variables have a considerable influence on each other, management of publicly traded firms must propose new tactics to improve their financial reporting quality in order to dramatically boost their profit. In addition, stakeholders and potential investors in publicly traded companies should be suspicious of any changes in the value of return on assets, because financial reporting quality has a direct impact on the variable, which in turn affects profit value.

References

[1] Abolaji, O. B. & Adeolu, O. O. (2015). Perceived effects of international financial reporting standards (IFRS) adoption on quality financial reporting of quoted companies in Nigeria. Research Journal of Finance and Accounting, 6 (23), 1-8.

[2] Afifa, M. A., Alsufy, F., & Abdallah, A. (2020). Direct and Mediated Associations among Audit Quality, Earnings Quality, and Share Price: The Case of Jordan. International Journal of Economics & Business Administration, 8 (3), 500-516. https://doi.org/10.35808/ijeba/540.

[3] Aguguom, A., & Salawu, R. (2018). Earnings quality and firms book value: An empirical evidence from the listed firms in Nigeria. Journal of Internet Banking and Commerce, 23, 1-23.

[4] Aguguom, A., Dada, S., & Nwaobia, A. (2019). Earnings Persistence and Firm Performance: Implications of Analysts' Accurate Forecast Ability from the Emerging Market of Nigeria. International Journal of Digital Accounting Research, 7 (1), 197-214.

[5] Akewushola, R. O., & Saka, R. O. (2018). Executive Compensation and Organizational Financial Performances: Evidence from Selected Diversified Firms in Nigeria. Journal of Business and Management, 20 (3), 08-17.

[6] Akgün, A. İ. (2016). The Reliability of Financial Reporting within Corporate Governance: Evidence from Turkey. Journal of Accounting & Finance, 71, 179-199.

[7] Akintoye, I. R. (2019). Accounting: A Mismanaged Concept Requiring Urgent Re-definition. 28th Inaugural Lecture, Babcock University, Ilishan, Nigeria.

[8] Amiram, D., Bozanic, Z., Cox, J. D., Dupont, Q., Karpoff, J. M., & Sloan, R. (2018). Financial reporting fraud and other forms of misconduct: a multidisciplinary review of the literature. Review of Accounting Studies, 23 (2), 732-783.

[9] Bai, W., Feng, Y., Yue, U., & Feng, L. (2017). Organizational structure, cross-functional integrations and performance of new product development team. 13th Global congress on manufacturing and management procedia Engineering 17 (4) 621-629.

[10] Barakat, F. S. Q., Perez, M. V. L., Ariza, L. R., Barghouthi, O. A., & Islam, K. M. A. (2020). The impact corporate governance on internet financial reporting: empirical evidence from palestine. International Journal of Accounting & Finance Review, 5 (4), 1-22. https://doi.org/10.46281/ijafr.v5i4.852.

[11] Biswas, T. (2017). Responsibility Accounting: A review of related literature. International Journal of Multidisciplinary Research and Development. 4 (8), 202-206.

[12] Darweesh, M. S. (2015). Correlations between corporate governance, financial performance, and market value.

[13] Dempster, G., & Oliver, N. (2019). Financial Market Pricing of Earnings Quality: Evidence from a Multi-Factor Return Model. Open Journal of Business and Management, 7, 312-329. doi: 10.4236/ojbm.2019.71021.

[14] Gadave, B. R. (2017). Glimpses on Responsibility Accounting and Reporting. Imperial Journal of interdisciplinary Research (IJIR). 3 (2); 22-28.

[15] Habib, A., & Jiang, H. (2015). Corporate governance and financial reporting quality in China: A survey of recent evidence. Journal of International Accounting, Auditing and Taxation, 24, 29-45.

[16] Herath, S. K., & Albarqi, N. (2017). Financial reporting quality: A literature review. International Journal of Business Management and Commerce, 2 (2), 1-14.

[17] Habib, A., Ranasinghe, D., & Huang, H. J. (2018). A literature survey of financial reporting in private firms. Research in Accounting Regulation, 30 (1), 31-37.

[18] Kalyani, S., Mathur, N., & Gupta, P. (2019). Does corporate governance affect the financial performance and quality of financial reporting of companies? A study on selected Indian companies. In Business Governance and Society (pp. 105-125). Palgrave Macmillan, Cham.

[19] Lee, J. (2019). Regional heterogeneity among non-operating earnings quality, stock returns, and firm value in biotech industry. Agricultural Economics, 65 (1), 10–20.

[20] Martowidjojo, Y., Valentincic, A., & Warganegara, D. (2019). Earnings Quality and Market Values of Indonesian Listed Firms. Australian Accounting Review, 88 (29), 95-111.

[21] Mitra, R. (2016). The Association between Earnings Quality and Firm-Specific Return Volatility: Evidence from Japan. Review of Accounting and Finance, 15, 294-316. https://doi.org/10.1108/RAF-08-2015-0100

[22] Monah, A., & Okojie, O. (2018). The Effects of International Financial Reporting Standards Adoption on Earnings Management: Evidence from Commercial Banks in Liberia.

[23] Nerantzidis, M., (2018). Enhancing financial reporting: challenges and opportunities in corporate governance statements, Corporate Governance: The International Journal of Business in Society, 18 (5), 773-778.

[24] Omoregie, O. K., & Kelikume, I. (2017). Executive compensation and banking sector performance: evidence from Nigeria. The Journal of Developing Areas, 51 (2), 1-15.

[25] Zimnicki, T. (2016). Responsibility accounting inspiration for segment reporting. CopernicanJournal of Finance & Accounting, 5 (2), 219-232.

[26] Jensen, M. C. and Meckling, W. H. (1976) Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. Journal of Financial Economics, 3, 305-360.

[27] Verrecchia, R. (1983) Discretionary Disclosure. Journal of Accounting & Economics, 5, 179-194. http://dx.doi.org/10.1016/0165-4101(83)90011-3

[28] Davis, J. H., Schoorman, D. L. and Donaldson, L. (1997) The Distinctiveness of Agency Theory and Stewardship Theory. Academy of Management Review, 22, 611-613.

[29] Donaldson, L. and Davis, J. H. (1989) CEO Governance and Shareholder Returns: Agency Theory or Stewardship Theory. Paper Presented at the Annual Meeting of the Academy of Management.

[30] Friedman, A. L. and S. Miles, “Stakeholders: Theory and Practice,” Oxford University Press, Oxford, 2006.