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EFFECT OF BOARD SIZE AND BOARD MEETINGS ON FINANCIAL REPORTING QUALITY OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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Abstract: Effective financial reporting is the backbone of corporate transparency, investor confidence, and economic stability. In Nigeria's consumer goods sector, where governance practices can significantly impact financial disclosures, understanding the role of board size and meeting frequency is essential. This study examines the effect of board size, and board meetings on financial reporting quality of listed consumer goods firms in Nigeria for a period of 11 years from 2013 to 2023. The study employed a longitudinal research design, focusing on a population of 21 listed consumer goods firms, from which a purposive sampling technique was used to select a sample of 17 firms. The study utilized multiple regression analysis to examine the relationships between the variables and the study found that board size significantly influences discretionary accruals. Larger boards are associated with higher discretionary accruals, potentially reflecting weaker monitoring. Conversely, the frequency of board meetings has no significant effect on discretionary accruals. The study concludes that optimizing board size enhances financial reporting quality, while meeting frequency has no significant impact. The Financial Reporting Council of Nigeria (FRCN) should set a regulatory limit on board size for listed consumer goods firms, recommending an optimal range (for example, 5 to 10 members) to enhance oversight and reduce discretionary accruals. Additionally, the FRCN should mandate annual corporate governance audits to assess board effectiveness and ensure compliance with financial reporting standards. Non-compliant firms should face penalties or be required to undergo governance restructuring to improve transparency and accountability.

Keywords: Board Size, Board Meetings, Financial Reporting Quality, Discretionary Accruals Corporate Governance.

I. INTRODUCTION

Financial reporting quality is a cornerstone of effective corporate governance, playing a critical role in ensuring transparency, accountability, and investor confidence. However, discretionary accruals, which represent the manipulative element of financial reporting, have raised concerns about the integrity of reported earnings. Board characteristics, such as size and meeting frequency, along with firm-specific attributes like size and leverage, are critical components of a firm's governance framework that influence financial reporting practices.

Financial reporting quality (FRQ) is a crucial component of corporate governance, ensuring transparency, accountability, and investor confidence. However, in Nigeria's consumer goods sector, FRQ is significantly undermined by earnings management, discretionary accounting choices, revenue recognition policies, inadequate provisions, and poor disclosure practices. Studies indicate that 92% of listed Nigerian firms engage in earnings manipulation (Adeniyi & Mieseigha, 2013), facilitated by flexibility in accounting standards, allowing managers to adjust provisions and impairments to stabilize reported earnings. Revenue recognition practices also pose a challenge, as firms often inflate earnings despite the adoption of IFRS 15, leading to systematic discrepancies between reported earnings and taxable income (Okafor & Ogiedu, 2011).

Earnings management through accounting discretion is a major issue affecting the quality and reliability of financial reporting. Prior studies have shown strong evidence that managers engage in earnings manipulation to achieve personal or company goals, compromising transparency and decision usefulness of financial statements (Dechow *et al*., 2010; Healy & Wahlen, 1999). This is enabled by the flexibility allowed in accounting standards for estimates, accruals, and provisions.

Board size is a critical determinant of corporate governance, influencing the quality of financial reporting and organizational transparency. Theoretically, larger boards can enhance financial reporting quality by leveraging diverse expertise and perspectives, thus improving oversight of managerial activities and reducing earnings manipulation. However, practical evidence suggests that this relationship is complex and may vary depending on contextual factors such as firm structure and regulatory environment.

Empirical studies have highlighted mixed findings on the role of board size in financial reporting quality. For example, Sultana et al. (2015) found that larger boards are positively associated with the timeliness and

accuracy of financial reporting, attributing this to the enhanced oversight capabilities afforded by a greater number of directors. Conversely, Alfraih (2016) argued that excessively large boards might hinder effective decision-making, leading to weaker monitoring and a higher likelihood of earnings management.

Furthermore, directors on smaller boards may have closer working relationships and stronger accountability mechanisms, which can reduce discretionary accruals and enhance reporting quality. However, limited expertise on smaller boards may restrict their ability to oversee complex financial processes effectively (Srinidhi et al., 2016). The relationship between board size and financial reporting is further influenced by firm-specific factors such as leverage and size, as well as external pressures from stakeholders and regulators (Ado et al., 2021).

Board meetings play a pivotal role in ensuring the quality of financial reporting. The frequency and effectiveness of board meetings are often viewed as key mechanisms through which boards can exert oversight over management's financial reporting processes, potentially influencing the accuracy, transparency, and reliability of financial statements. Regular and effective board meetings facilitate robust discussions about financial performance, risk management, and internal controls, which can reduce the likelihood of earnings management or financial misstatements.

The literature suggests that more frequent board meetings can lead to higher quality financial reporting. For example, Abdullah and Yusof (2016) found a positive relationship between the frequency of board meetings and financial reporting quality, as frequent meetings allow for better monitoring and timely interventions in the financial reporting process. Similarly, Vafeas (2017) argued that frequent board meetings enable directors to be more engaged with the financial reporting process, thereby enhancing the accuracy and transparency of financial reports.

However, there are counterarguments that too many board meetings might result in diminishing returns due to potential information overload or decision fatigue. According to Tricker (2019), excessive meetings may reduce the efficiency of the decision-making process, resulting in lower-quality oversight and increased risk of earnings manipulation. Thus, the impact of board meetings on financial reporting quality may not always be linear, and the effectiveness of these meetings depends on how well the board utilizes the time spent together.
Furthermore, the quality of board meetings beyond just frequency is important. According to Sarens and De Beelde (2018), the substantive nature of discussions during board meetings matters more than the number of meetings. Boards that engage in meaningful discussions and scrutiny of financial reports are more likely to ensure the integrity of the financial statements, regardless of meeting frequency

In Nigeria, weak regulatory oversight has exacerbated earnings management practices. A study by Adeniyi and Mieseigha (2013) found that 92% of listed Nigerian companies used discretionary accruals to manipulate earnings. The consumer goods sector have faced high exposure due to intense competition, volatility, and market fluctuations. Investigations have uncovered accounting irregularities and corporate failures indicating extensive earnings management in large Nigerian firms (Omoye & Eriki, 2013). Another study in the industry documented systematic gaps between reported earnings and taxable income, indicative of manipulative accounting techniques (Okafor & Ogiedu, 2011). Despite extensive research on governance and financial reporting, gaps remain in understanding how board attributes, such as board size and board meetings influence the quality of financial reporting.

This study examines the effect of board size and board meetings on financial reporting quality discretionary accruals. The motivation stems from mixed findings in prior research, where some studies argue that larger boards improve oversight while others contend that they dilute accountability. Similarly, while board meetings are expected to enhance governance effectiveness, their actual impact on financial reporting remains unclear. Furthermore, the influence of firm size and leverage as control variables adds depth to understanding how financial characteristics shape reporting quality.
The following null hypotheses are formulated to empirically test the relationships among variables of the study:
$H0_1$: Actual Board size has no significant effect on discretionary accruals of listed consumer goods firms in Nigeria.
$H0_2$: Board meeting frequency has no significant effect on discretionary accruals of listed consumer goods firms in Nigeria.

II. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Board Size

In literature, it is observed that there are controversies over whether the size of the board implies better corporate performance or not (Abu Affifa et al., 2022). These controversies are premised on the crucial role of the board in the policies regulation and operations within firms. Board size means the number of board members oversee and evaluate management practices and processes (Abu Affifa et al 2022). The size of the board is essential to efficiency and performance (Kiel & Nicholson, 2003). Onyali and Uchenna (2018) opined

that the smaller the size of the board, the better the quality of discussion between members and the board's capacity to make optimal business choices. According to Onyali and Uchenna (2018), the board size can influence the actions and/or inactions of the directors.

Ahmad (2021) opined that smaller board size provides more effective monitoring as they have more oversight over the management which will reduce information asymmetry and agency costs thereby hindering the possibility of the practices of earnings management. Smaller boards are noted to be more informed, allowing better communication between board and members, thus better capable at monitoring earnings management practices. (Kao & Chen, 2004). On the other hand Cho and Chung (2022) opined that larger board size provides higher capability in terms of experience, knowledge and skills that can help mitigate earnings management. According to Cho and Chung (2022), large board sizes are more likely to have independent board members which are not only more objective but can bring in their own cognitive frame including their values and norms to provide strategic direction that demotivates earnings management practices and provides effectiveness in monitoring such practices

Earnings Management

Earnings management refers to the strategic manipulation or adjustment of financial statements by management in order to achieve desired financial outcomes (Healy & Wahlen, 199). This can involve altering reported earnings to meet specific financial targets, such as analyst forecasts, budget expectations, or internal performance goals. While earnings management can be legal and within accounting standards, it often raises concerns about the transparency and accuracy of financial reporting, especially when it leads to misleading or deceptive financial statements.

Earnings management typically occurs through the use of accounting discretion and choices available under Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). These include decisions regarding the timing of revenue recognition, the estimation of bad debts, inventory valuation, and the classification of certain expenses or revenues. In some cases, earnings management crosses the line into earnings manipulation, which is both unethical and illegal, and can result in financial restatements, loss of investor confidence, and legal consequences for firms (Healy & Wahlen, 1999).

2.1.2 Actual Board Size

Board Size in numbers is computed as the total numbers of all directors of a company
(Abu Affifa et al., 2022, Attia et al., 2022, Cho & Chung, 2022).

2.1.3 Board Meeting

The diligence of board members is often measured on the board meeting attendance frequency by each of the board members. (Attia et al.,2022). The attendence of board members is frequently calculated on the board meeting attendance frequency by every one of the meeting members (Alabi, *et al.*,2022). A board with a small frequency of meetings achieves inadequately when compared with a board with the large frequency of meetings (Francis *et al.*, 2012). The frequency of board meetings possibly will mirror whether the board is vigorous or not. Thus, board meeting frequency is a vital apparatus that could mitigate earrings management because it doles out as a means where board members gather to premeditate on fundamental concerns that will facilitate reaching firms' aspirations by this means shortening earnings management practices.

It serves as a platform for discussions and crucial concerns with an aim of efficient, effective, and economic decisions making for success and growth within the organization. (Alao & Olatifede, 2021). (Alabi, *et al.*, (2022) opined that there is no legislation which stipulates, to the best of knowledge, the minimum number of meetings a member will attend. This indicates that the control over the individual diligence of board members is internal and subjective. Alabi, *et al.*, (2022) argued that board meetings and meetings attendance are viewed as significant routes through which managers get information that enhances their monitoring function. The higher the number of meetings, the higher the ability to effectively advise, supervise and manage the company's financial performance. The numbers of board meetings are, According to Aleqah and Ighnaim (2021), one indicator of the participation of non-executive directors in the business and definitely one of the most apparent metrics of corporate decision monitoring.

They further argued that boards who do not adjust meeting frequency to their company demands cannot give its non-executive directors the best opportunity to perform their key monitoring duties. Al-khonain and Al-deem, (2020) opined that the board is the principal means addressing companies' performance, business environments and strategic direction. Also, the board votes on major decisions like merger and acquisitions, changes to the financial structure of the company, such as equity repurchases or new debt issuance.

2.1.4 Board Meeting Frequency

Board Meetings in numbers is the number of the board meetings held by the board of directors in a year (Attia *et al.*, 2022, Githaiga *et al* 2022, Agustia et al 2022, Evbuomwan &Naughton 2021).

2.1.5 Financial Reporting Quality

Financial reporting quality refers to the accuracy, reliability, and transparency of financial statements in reflecting a company's true financial position and performance. High-quality financial reporting ensures

compliance with accounting standards, provides relevant and timely information for decision-making, and minimizes earnings management or manipulation. It enhances investor confidence, reduces information asymmetry, and supports efficient capital markets. Conversely, poor financial reporting can mislead stakeholders, distort economic decisions, and increase financial risk.

In this study, financial reporting quality is represented by earnings management. Earnings management refers to the strategic manipulation or adjustment of financial statements by management in order to achieve desired financial outcomes (Healy & Wahlen, 199). This can involve altering reported earnings to meet specific financial targets, such as analyst forecasts, budget expectations, or internal performance goals. While earnings management can be legal and within accounting standards, it often raises concerns about the transparency and accuracy of financial reporting, especially when it leads to misleading or deceptive financial statements.

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2.1.6 Discretional Accruals

Discretionary accruals are accounting adjustments to a company's earnings that result from management's judgment and estimates, rather than normal business operations. They can be used to smooth earnings, meet financial targets, or manipulate financial statements, making them a key indicator of earnings management. The Modified Jones Model is a widely used accounting model for detecting earnings management by estimating discretionary accruals—adjustments to earnings that managers may manipulate. It refines the original Jones Model by adjusting for changes in revenue and receivables, making it more effective in identifying earnings manipulation.

2.1.7 Firm size

Firm Size is related to the scale of the company. The larger the company is, the bigger opportunity to earn large earnings, so that companies with large sizes translate to high performance (Agustia et al 2022). In accounting, one measure of firm size is natural logarithms (Ln) of Total Assets (Githaiga et al 2022). The size of the company is always related to the opportunity to increase revenue, the larger the size of the company, the greater the opportunity to earn large income, and vice versa, including opportunities to carry out earning management activities (Evbuomwan & Naughton, 2021). The larger the firm size is, the more opportunity to increase earning management activities.

2.2 Empirical Review

Attia *et al*. (2022) investigated the effect of board of directors' attributes on real earnings management (REM). A panel data of 78 Egyptian listed companies was collected over the period 2008–2017 to test the hypotheses. The results of the system generalized method of moment model revealed that the board size is negatively and significantly correlated with REM proxies, except for abnormal cash flows from operations measure. Whereas, board meetings are positively and significantly related to REM except for abnormal cash flows. Furthermore, board independence and chief executive officer duality provided varying results due to different REM proxies that was used in the study. The study by Attia et al. (2022) provides valuable insights into board attributes and earnings management; however, its reliance on different REM proxies yields inconsistent results, potentially limiting the generalizability of its findings.

Cho and Chung (2022) empirically analyzed the relationship between Vietnamese firms' earnings management, board characteristics, and ownership structures. It used board size and the proportion of outside directors to reflect board characteristics, and the ownership percentages of the board of directors, outside directors, and the chief executive officer (CEO) to reflect the ownership structures. The study also used discretionary accruals, measured by the modified Jones model, to proxy for earnings management. From analyzing firms listed on the Ho Chi Minh and Hanoi Stock Exchanges from 2012 to 2017, the study found that board size and the ownership percentages of outside directors and CEOs are negatively related to earnings management, whereas the board of directors' ownership percentage is positively related. The proportion of outside directors is not significantly associated with earnings management. While Cho and Chung (2022) provide valuable insights into the impact of board characteristics and ownership structures on earnings management, the study's reliance on discretionary accruals as the sole proxy for earnings management may overlook other forms of earnings manipulation, potentially limiting the comprehensiveness of its findings.

Abu Afifa *et al*. (2022) examined the direct nexus between board characteristics, earnings management practices and dividend payout is examined, followed by an examination of the indirect mediation impact of earnings management practices in the nexus between board characteristics and dividend payout. It aimed to provide new empirical evidence from the Jordanian market, which is an emerging market. The study population consists of all service firms that were listed on the Amman Stock Exchange (ASE) between 2012

and 2019. Due to the lack of availability of their complete data during the period, four service firms were omitted from the population; hence, a sample of 43 service firms was acquired over the time frame (2012–2019), yielding a total of 344 firm-year observations. Moreover, panel data analysis was employed in the study, and data for the study were acquired from yearly reports as well as the ASE's database. Result of findings showed that board size has a negative and significant influence on earnings management. While Abu Afifa et al. (2022) provide valuable insights into the relationship between board characteristics, earnings management, and dividend payout in an emerging market, the study's reliance on a limited sample of service firms may restrict the generalizability of its findings to other sectors.

Githaiga *et al*. (2022) examined the effect of board characteristics on earnings management from a developing region perspective. The study employed data drawn from 88 listed firms in the East African Community (EAC) for the period between 2011 and 2020. The study used the system generalized method of moments (SGMM) estimation model to take care of potential endogeneity and reverse causality. The findings revealed a positive and significant relationship between board size and earnings management. The findings further indicated that board independence, board gender diversity, and board financial expertise had a negative and significant effect on earnings management. In addition, the findings confirmed that firm size moderated the relationship between board size, board independence, board gender diversity, and earnings management. While Githaiga et al. (2022) offer important insights into board characteristics and earnings management in a developing region, the study's reliance on listed firms in the East African Community (EAC) may limit its applicability to other emerging markets with different regulatory and governance frameworks.

Agustia *et al*. (2022) investigated the association of joint meetings with higher agency costs or information sharing benefits in the context of firm earnings management. Using publicly disclosed data on the frequency of joint board management meetings in Indonesian firms, the study examined the relationship between joint board management meetings and earnings management during 2010–2017. The study found that more joint board management meetings are associated with lower earnings management. While Agustia et al. (2022) provide valuable evidence on the role of joint board management meetings in reducing earnings management, the study focuses solely on Indonesian firms, which may limit the generalizability of its findings to firms in different regulatory and corporate governance environments.

Evbuomwan and Naughton (2021) studied the effect of corporate governance on earnings management of listed manufacturing firms in Nigeria. The ex post facto research design was applied. The population is the forty-nine (49) listed manufacturing companies in Nigeria as at 31st December 2019 on Nigeria Stock Exchange (NSE). A sample size twenty-six (26) firms were selected using the stratified random sampling technique and the period under review is 2010-2019 (10 years). Data used in the research were obtained from annual reports of the sampled companies. Data was analyzed using both Descriptive and Inferential statistics. The study revealed that corporate governance has no significant effect on earnings management of listed manufacturing companies in Nigeria; there is no significant effect of board meeting frequency on earnings management; board gender diversity has no significant effect on earnings management; and board size has no significant effect on earnings management of listed companies in Nigeria. While Evbuomwan and Naughton (2021) provide insights into corporate governance and earnings management in Nigerian manufacturing firms, the study's findings of no significant relationships may be influenced by sample selection, measurement methods, or contextual factors, raising questions about potential omitted variables or industry-specific dynamics.

Yue (2020) researched the effect of frequency of board meetings on the earnings management when firm report the pattern of increasing-earnings for consecutive 3 years. The samples in the study comprise 2373 firms obtained from China Stock Exchange from 2012 to 2016. The Ordinary Least Squares regression model was used for analysing the data for the study. The study result showed that frequency of board meetings is positively related to earnings management. Firms should ensure that board meetings focus on enhancing financial transparency and governance rather than providing opportunities for earnings manipulation, possibly by strengthening independent oversight and improving board effectiveness. While Yue (2020) provides valuable insights, the study's reliance on an Ordinary Least Squares regression model may not fully account for endogeneity issues, potentially limiting the robustness of its conclusions.

2.3 Theoretical Framework

This study adopts stewardship and agency theory as discussed below:

2.3.1 Stewardship Theory

Stewardship theory, developed by Donaldson and Davis (1991), suggests that managers act as stewards who are intrinsically motivated to serve the best interests of shareholders. It emphasizes trust, autonomy, and alignment between managerial and shareholder goals, arguing that empowered managers will act ethically and responsibly, leading to positive organizational outcomes (Davis et al., 1997). Critics, however, contend that the theory is overly idealistic, as not all managers will inherently prioritize shareholder interests (Jensen & Meckling, 1976). In corporate governance, stewardship theory supports governance models that promote

managerial autonomy and trust-based collaboration. It is relevant in enhancing financial reporting quality by fostering ethical leadership and accountability among managers.

2.3.2 Agency Theory

Agency theory, proposed by Jensen and Meckling (1976), highlights the conflict of interest between managers (agents) and shareholders (principals), where managers may prioritize personal gains over shareholder value. To mitigate agency problems, mechanisms such as independent directors and gender-diverse boards enhance monitoring and reduce opportunistic behaviors (Fama & Jensen, 1983). Critics argue that the theory oversimplifies corporate relationships by overlooking factors like trust and cooperation (Davis et al., 1997). In corporate governance, agency theory informs strategies such as board independence, executive compensation, and ownership structures to align managerial actions with shareholder interests (Shleifer & Vishny, 1997). This study applies agency theory to Nigerian consumer goods firms, examining how board independence and gender diversity improve financial reporting quality, offering insights for governance reforms.

This study is underpinned by Agency Theory, which posits that conflicts between managers and shareholders arise due to information asymmetry and divergent interests. Boards of directors act as monitors to mitigate these conflicts by ensuring managerial actions align with shareholder interests. The theory justifies the focus on board size and meetings as critical governance mechanisms. Furthermore, agency theory explains how firm size and leverage affect managerial behavior, with larger firms and highly leveraged firms facing greater scrutiny from external stakeholders.

III. METHODOLOGY

The study adopts a longitudinal research design, because data were extracted across multiple periods, a longitudinal design allows for the examination of how variables like board size, board meetings and discretionary accruals evolve over time. This is crucial for understanding cause and effect relationships and trends rather than relying solely on cross-sectional snapshots, which may miss important dynamics The population comprises of the 21 listed consumer goods firms in Nigeria as at 31st December 2023, out of with a sample of 17 firms were selected using purposive sampling technique after applying a two point filter namely firms selected must have complete data set for all the variables within the study period, and the firm must have been listed on or before 1st january 2012. Secondary data on discretionary accruals, board size, board meetings, firm size, and leverage were extracted from the annual reports and financial statements of the sampled firms for 11 years from 2013 to 2023. The Driscoll-Kraay multiple regression technique was employed to analyze the data and address issues of heteroskedasticity and serial correlation in the data.

The study adopt the Modified Jones Model for Earnings Management stated in model 1 below to measure the degree of earnings manipulation and how it affects the quality of financial reporting of listed consumer goods firms in Nigeria.

DA = TA/ A_{t-1} - [α1(1/A_{t-1}) + α2[(ΔREVt - ΔRECt)/A_{t-1}] + α3(PPEt/A_{t-1})]… 1

Where:

DA = Discretionary accruals

TA = Total accruals

NDA = Non-discretionary accruals estimated by the modified Jones model

The study adopted with modification the model of Attia et al., 2022 as presented below

DCAit = β0 + β1 BSit + β2 BMit + β3 FSIZit + Ɛit…….… (2)

Where,

DCA = Discretionary accruals

BS= Board Size

BM= Board Meetings

FS = Firm size

β0 = . constant or intercept

B_1 - β_6 = coefficient of the regression

i = companies

t = number of years

Ɛ = Error term

Summary of variables and their Measurement

Source: *Author's Compilation (2024)*

IV. RESULTS AND DISCUSSION

Table 2 below presents the result of the Mean, Standard Deviation, Minimum, and Maximum values of the study variables (discretionary accruals, board size,

board meetings firm size and leverage) These statistics provide a snapshot of the central tendency (mean), dispersion (standard deviation), and range (min and max) for each variable, giving an insights into the distribution and characteristics of the data. The results are interpreted below

Table 2 ***Descriptive statistics for*** **dca bs bm fsize**

Variable	Obs	Mean	Std. Dev.	Min	Max
dca	187	0.1037	0.2114	0	2.18
bs	187	9.652	2.9860	4	17
bm	187	4.4920	0.8384	2	9
fs	187	10.4370	0.9887	7.76	11.79

Source: STATA 16 output Results based on study data

Table 2 shows that the average discretionary accruals, (DCA) of listed consumer goods firms in Nigeria was 0.1037 which indicate that, on average, the level of discretionary accruals is relatively low across the observations.The standard deviation of 0.2114 suggests moderate variability in the level of discretionary accruals The DCA also has a minimum and maximum value of 0 and 2.18 respectively indicate that some firms have no discretionary accruals, while others have relatively high levels, indicating a wide range.

The Table also shows that the average board size is 9.652, indicating that most firms have about 10 board members on average. The standard deviation of 2.986 signifies considerable variation in board size among firms. The range spans from 4 to 17, suggesting that some firms have as low as 4 board members indicating that they are very small, while others have relatively large boards as high as 17 members.

Furthermore The average value for board meeting (BM) of the sampled consumer goods firms for the study period was 4.4920 which implied that boards typically meet about four to five times annually. The standard deviation of 0.8384 indicates limited variability in the frequency of board meetings. The minimum value of board meetings is 2, and the maximum is 9, which suggest that some firms held only two board meetings annually, while others meet more frequently as high as 9 times

Similarly Table 2 shows that the firm size (FSIZE) of the sampled firms has an average of 10.4370 which suggest that size of the firms in the sample are moderate .The standard deviation of 0.9887 represent the differences in firm size across the observations. The minimum and maximum value of FSIZE were 7.76 and 11.79 respectively which indicate variability in firm size, with smaller and larger firms represented in the sample.

Table 3 below shows the results of the association between discretionary accruals, board size and board meetings with firm size and leverage as a control variable. It contains the Pearson pairwise correlation coefficients of the variables under study. These correlation coefficients provide insights into the strength and direction of linear relationships between pairs of variables. A positive correlation indicates that as one variable increases, the other tends to increase, while a negative correlation suggests that as one variable increases, the other tends to decrease. The magnitude of the correlation coefficient indicates the strength of the relationship, with values closer to 1 or -1 indicating stronger relationships. The correlation matrix is presented in Table 3 below

Table 3 Results of correlation analysis for dca bs bm fsize

	dca	bs	bm	fs	lev
dca	1.0000				
bs	-0.0813	1.0000			
bm	-0.0679	0.2083	1.0000		
fs	-0.3626	0.4516	0.1811	1.0000	

Source: STATA 16 output Results based on study data

The result in table 3 shows a weak negative correlation of-0.0813, and -0.0679 between discretionary accruals (DCA), board size (BS) and boar meetings (BM) respectively indicating that as board size and board meetings increases, discretionary accruals tend to decrease. The results also showed a negative association of -0.3626 between discretionary accruals and the control variables firm size (FS). This implies that ceteris paribus a unit increase in FS will lead to 0.3626 units decrease in DCA and vice versa. .this further suggest that the Larger the listed consumer goods firms the lower discretionary accruals, potentially reflecting stronger governance or reduced accounting discretion.

The table also revealed a weak positive correlation of 0.208 and 0.4516 between BS, BM and FS indicating that firms with larger boards tend to have more board meetings and Larger firms tend to have larger boards, likely due to increased complexity and governance requirements. Finally the results in table 3 revealed a weak positve

correlation of 0.1811 between board meetings and firm size indicating Larger consumer goods firms tend to have more board meetings, likely reflecting more governance activities

Table 4 below shows the Variance Inflation Factor (VIF) for each variable in the regression model. VIF is a measure of how much the variance of an estimated regression coefficient increases if the predictors are correlated. Generally, a high VIF indicates potential multicollinearity, which can lead to unreliable regression coefficient estimates.

Table 4 ***Results of VIF Test (*****Multicollinearity Test)**

Variable	VIF	1/VIF
bs	1.28	0.7795
fs	1.27	0.7794
bm	1.06	0.9471
Mean VIF	1.20	

Source: STATA 16 output Results based on study data

The result revealed a VIF of 1.28, 1.27 and 1.06 for BS FS and BM respectively which is relatively low and a corresponding 1/VIF of 0.7795, 0.7794, and 0.9471 indicating that about 77.95%, 77.94%, and 94.71% of the variance in the estimated coefficient for BS FS, and BM is not due to multicollinearity. The mean VIF which is calculated as the average of the individual VIF values for all variables in the model is 1.20, which is quite low which indicates that, on average, there is a low level of multicollinearity in the model. Overall, the VIF values are low, suggesting that there is no severe multicollinearity among the predictor variables in the regression model. This is a positive result, as multicollinearity can make it challenging to interpret the individual contributions of predictors to the dependent variable. The low VIF values indicate that the variance in the estimated coefficients for each variable is mostly independent of the other predictors, contributing to the stability and reliability of the regression results.

The Hausman specification test is commonly used to assess the presence of endogeneity in a regression model, particularly in the context of choosing between fixed effects (FE) and random effects (RE) models. The test helps determine whether the differences in the coefficients estimated by the two models are statistically significant, indicating the presence of endogeneity.

Table 5: Results of Hausman test

	Coef.	P-value
Chi-square test value	5.17	0.1599

Source: STATA 16 output Results based on study data

The high p-value of 0.1599 which is greater than 5% provides evidence for rejecting the alternative hypothesis implied by the Hausman test. In the context of the Hausman test, the null hypothesis typically states that the coefficients from the model are consistent and efficient, implying that there is no endogeneity. The results of the Hausman test indicate that there is no evidence of endogeneity in the model. The rejection of the alternative hypothesis implies that the random effects model is more efficient than the fixed effects model

Table 6 below present the result of Breusch and Pagan Lagrangian multiplier test for random effects which was used to determine between pooled OLS and random effect regression which is most appropriate. The null hypothesis of the LM test states that pooled OLS regression is most appropriate while the alternative hypothesis states that random effect regression is most appropriate. The decision rule is to accept the null hypothesis if the p value is greater than 0.05 if otherwise reject the null

Table 6 Breusch and Pagan Lagrangian multiplier test for random effects

Chi^2bar	0.00
Prob > chibar2	1.0000

Source: STATA 16 Output Results based on study data

The LM test showed a chi^2bar of 0.0000 and a corresponding probability value of 1.0000 which is greater than 0.05 which suggests that there is enough evidence to accept the null hypothesis and conclude that pooled OLS regression is most appropriate.

Table 7 below present the results of heteroskedasticity test which was conducted to ascertain whether the data have unequal variance. The null hypothesis (H0) assumes that the variance of the errors is the same for all groups, while the alternative hypothesis suggests that there are differences in variances among the groups. The decision rule is to accept the null hypothesis if the P value is greater than 5% (0.05), otherwise accept the alternative hypothesis if the P value is less than 5% (0.05).

Table 7 heteroskedasticity test

chi2 (1)	=	192.69
Prob>chi2	=	0.0000

Source: STATA 16 Output Results based on study data

The Breusch-Pagan / Cook-Weisberg test for heteroskedasticity was used to assess whether there is evidence of heteroskedasticity in the error terms of the pooled OLS regression model across different groups. Since the probability associated with the chi-squared value of 192.69 (Prob > chi2) is very close to zero (0.0000), the study reject the null hypothesis. This low p-value indicates that there is strong evidence against the assumption of equal variances across all groups. In other words, there is heteroskedasticity in regression model. This result suggests that the variability of the errors differs significantly across the groups included in the model and this can impact the efficiency and reliability of the estimated coefficients. This problem was corrected by running a pooled OLS regression with Driscoll-Kraay standard errors. These adjustments help account for the potential heteroskedasticity and provide more accurate standard errors for hypothesis testing.

The test for autocorrelation in panel data which was used to test for the presence of first-order autocorrelation in the residuals of the panel data regression model is presented in table 8 below. Autocorrelation occurs when there is a correlation between the error terms of a regression model at different time points for the same cross-sectional unit. The null hypothesis of this test is that there is no serial correlation while the alternative hypothesis is that there is serial correlation. The decision rule is to accept the null hypothesis if the P value is greater than 0.05 %, otherwise accept the alternative hypothesis if the P value is less than 5% (0.05).

Table 8 Test for Autocorrelation in panel data

F (1, 25)	4.078
Prob > F	0.0605

Source: STATA 16 Output Results based on study data

The results of the Wooldridge test in table 8 above shows a test statistics of 4.078 with a corresponding p value of 0.0605 which is greater than 0.05. This provide strong evidence that there is no first-order autocorrelation in the residuals of the panel data regression model.

Table 9 below presents the results of the regression analysis using the Driscoll-Kraay standard errors, which account for heteroskedasticity in panel data. The dependent variable is DCA (Discretionary Accruals), and the explanatory variables are BS (Board Size), BM (Board Meetings), and FS (Firm Size),

Table 9: Regression results

		Drisc/Kraay				
dca	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
bs	0.0075	0.0015	5.09	0.000	0.0042	0.0108
bm	-0.0041	0.0057	-0.71	0.496	- 0.0170	0.0088
fs	-0.0871	0.0218	-3.99	0.003	-0.1358	-0.0385
_cons	0 .9590	0.2540	3.78	0.004	0.3930	1.5250
R-squared			0.1403			
F statistics			12.50			
Prob > chi2			0.0010			
Number of observation			187			

Source: STATA 16 Output Results based on study data

The F statistics of 12.50 and a corresponding Prob.>F of 0.0010 and R-squared value is 0.1403, indicating that the model explains about 14.03% of the variance in the dependent variable. This indicates that the model is fit to explain the relationship expressed in the study. The nature and extent of the relationship between the dependent variable and each of the independent variables of the study in terms of coefficients, t- values, and p-values are explained further:

Ho_1; board size has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria

Frpm the results in table 9 board size (BS) of the sampled listed consumer goods firms during the study period has a positive relationship with financial reporting quality as explained by the coefficient of 0.0075. This means that for every unit increase in BS, financial reporting quality (DCA) increases by 0.0075 unit. The results also revealed that BS of the sampled firms has a significant effect on financial reporting quality of listed consumer goods firms in Nigeria. This was supported by a t-value of 5.90 and a corresponding P-value of 0.000 which is statistically significant at 5%. As a result, the study rejected the null hypothesis and accepted the alternative hypothesis, resulting in the conclusion that board size has a significant effect on financial reporting quality of listed consumer goods firms in Nigeria.

$Ho_{2:}$ board meeting has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria

The results in table 9 revealed that board meetings (BM) of the sampled listed consumer goods firms during the study period has a negative relationship with financial reporting quality as explained by the coefficient of -0.0041. This means that for every unit increase in BM, financial reporting quality (DCA) decreases by 0.0041 unit. The results also revealed that BM of the sampled firms has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria. This was supported by a t-value of -0.71 and a corresponding p-value of 0.496 which is statistically not significant at 5%. As a result, the study rejected the alternative hypothesis and accepted the null hypothesis, resulting in the conclusion that board meetings has a no significant effect on financial reporting quality of listed consumer goods firms in Nigeria

V. Discussion of Findings

This study examined the effect of board size and board meetings on financial reporting quality of listed consumer goods firms in Nigeria. Therefore, the findings of this study is on the basis of formulated hypotheses, models and analysis carried out. The apriori expectations was that both board size and board meetings should have a negative significant effect on financial reporting quality of listed consumer goods firms in Nigeria.

The study found out that at the level of significance of 5% (0.05) board size of the sampled listed consumer goods firms in Nigeria during the study period has a positive relationship with financial reporting quality as explained by the coefficient of 0.0075. This means that for every unit increase in board size (BS), financial reporting quality increases by 0.0075 unit. The results also revealed that BS of the sampled firms has a significant effect on financial reporting quality of listed consumer goods firms in Nigeria. This was shown by a t-value of 5.90 and a P-value of 0.000 which is statistically significant at 5%. This means that Larger board sizes are positively and significantly associated with discretionary accruals, potentially suggesting that larger boards may be less effective in monitoring financial reporting practices. As a result, the study rejected the null hypothesis and accepted the alternative hypothesis, resulting in the conclusion that BS has a significant effect on financial reporting quality of listed consumer goods firms in Nigeria. The results are similar to those of Abu Affifa et al (2022) who also found that BS has significant effect on financial reporting quality. The results were in direct opposite to those of Attia et al (2022), and Cho and Chung (2022) who discovered that BS has no significant effect on financial reporting quality. The inconsistency in the findings was as a result of the difference in the tool of analysis.Attia et al (2022), and Cho and Chung (2022) measured financial reporting quality using real earnings manipulation and used fixed effect regression while the current study measured financial reporting quality using discretionary accruals (DCA) used Pooled OLS regression as the technique for data analysis.

Similarly The study found out that at the level of significance of 5% (0.05) board meetings of the sampled listed consumer goods firms in Nigeria during the study period has a negative relationship with financial reporting quality as explained by the coefficient of 0.0041 This means that for every unit increase in board meetings (BM), financial reporting quality decreases by 0.0044 unit. The results also revealed that BM of the sampled firms has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria. This was shown by a t-value of 0.71 and a corresponding p-value of 0.496 which is statistically not significant at 5%. As a result, the study rejected the alternative hypothesis and accepted the null hypothesis, resulting in the conclusion that BM has no significant effect on financial reporting quality of listed consumer goods firms in Nigeria. The results are similar to those of Evbuomwan and Naughton, (2021) who also found that BM has no significant effect on financial reporting quality. The results were in direct opposite to those of Attia et al (2022), Githaiga et al (2022) Agustia et al (2022) who discovered that BM has significant effect on financial reporting quality. The inconsistency in the findings was as a result of the difference in the tool of analysis. Attia et al (2022), Githaiga et al (2022) Agustia et al (2022) used panel GLS regression while the current study measured financial reporting quality using discretionary accruals (DCA) used Pooled OLS regression as the technique for data analysis.

VI. CONCLUSION AND RECOMMENDATION

The study came to the following conclusions as a result of the findings and discussion:

The study reveals that board size significantly influence discretionary accruals, while board meetings do not exhibit a statistically significant effect on discretionary accruals. Larger boards are associated with higher discretionary accruals, potentially reflecting reduced monitoring effectiveness in larger governance structures. Conversely, larger firms tend to have lower discretionary accruals, suggesting that they implement stronger governance practices or face stricter regulatory scrutiny.

Based on the findings of this study, the study recommended that:

i. Efforts should be made by regulatory bodies and management to optimize board size, as larger boards may dilute accountability and reduce their ability to effectively monitor management. A balanced board size tailored to the firm's complexity may improve governance and reduce discretionary accruals.

ii. Although board meetings were not significant, the frequency and quality of meetings should still be reviewed to ensure effective oversight and meaningful deliberation.

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