



**CORPORATE GOVERNANCE AND QUALITY OF FINANCIAL REPORTING ON FOOD  
AND BEVERAGE COMPANIES IN NIGERIA**

<sup>1</sup> Mary Josiah  
([majoel2003@yahoo.com](mailto:majoel2003@yahoo.com))  
+2348037381270

<sup>2</sup> Edwin Okoro  
([ediokoro@yahoo.com](mailto:ediokoro@yahoo.com))  
+2348033958334

<sup>3</sup> Gbenga Ekundayo  
([Gbenga@mec.edu.com](mailto:Gbenga@mec.edu.com))  
+96896651970

<sup>1</sup> Muzammi Nuhu Mohammed  
([muzammilmuhd96@gmail.com](mailto:muzammilmuhd96@gmail.com))  
+2348034618712

---

<sup>1</sup> Department of Accounting, Igbinedion University Okada Benin City Nigeria

<sup>2</sup> Department of Business Administration, Igbinedion University Okada Benin Nigeria

<sup>3</sup> Department of Management Studies, Middle East University College Oman

**Abstract**

*The focus of the study is to empirically examine the implications of Corporate Governance in financial reporting quality for Food and Beverage companies. The specific objectives are to identify the effect of board size, board independence and board expertise on financial reporting quality. This study employs a longitudinal research design. This design involves repeated observations of the same variables over long periods of time unlike the cross-sectional design which examines variables at a point in time. The sample for the study was eleven (11) companies in the Food and Beverage sectors. Secondary data used for this study was retrieved from corporate annual reports of the sampled companies from 2010 – 2017. The generalized least square regression analysis was used in the estimation of the models and in the determination of the causal relationship between the variables. The findings revealed that Board size (BSIZE), Board independence (BDIND) and Board expertise (BDEXP) all has negative effect negative on accrual based reporting manipulation and are statistically significant at 5% level. Thus corporate Governance is essential since it guarantee minimum level of assurance to the stakeholders, the study recommend Corporate Governance should be taken very seriously since It influences how the objectives of the company are set and achieved, how risks are monitored and assessed and how performance is optimized by the shareholders.*

**Keywords:** Board Size , Board Independent, Board Expertise and Quality financial Reporting

**1. Introduction**

In modern days particularly with respect to companies, resources are owned by shareholders but managed by the board of directors appointed by shareholders. An active and effective board of directors, responsible financial management, skeptical and independent auditors and attentive regulatory authorities all responsibilities to safe guard those who invest in public corporation. Uche (2004) defines corporate Governance as the manner in which organizations, particularly limited companies are managed and the nature of accountability of the managers to the owners. The simplest and most concise definition of corporate governance was provided by the Cadbury report in 1992, which stated: corporate governance is the system by which companies are directed and controlled. More so, as a matter of fact the concept of corporate governance in relation to the quality of financial reporting is a significant issue which needs the attention of every corporation. Many parties uses accounting information to make decision concerning allocation of scarce resources, the decision have significant effect on all of the society since they have impact on its form and direction of the



economy (Uche 2004). The relationship between Corporate Governance and quality of financial reporting was the subject matter to many researchers in the past two decades. The concept helps companies build more prosperous and sustainable business in the long term. The development of global markets demonstrates an efficient role that helps corporate governance in preventing fraud and management misconduct. According Sloan (2001) the financial information is the first source of independent and true communication about the performance of company managers. However, financial scandal around the world and recent collapse of major corporate institutions in the USA, South East Asia, Europe and Nigeria such as, Adelphia, Enron, WorldCom, Parmalat, and Commerce Bank have shaken investor's faith in capital markets and the efficacy of existing corporate governance in promoting transparency and accountability. More so, as a matter of fact the concept of corporate governance in relation to the quality of financial reporting is significant issue which needs the attention of every corporation. Many parties' uses accounting information to make decision concerning allocation of scarce resources, the decision have significant effect on all of the society since they have impact on its form and direction of the economy.

The agency theory has provided the theoretical foundations for expectations about how corporate governance can at least help to reduce if not eradicate the tendencies of earnings management. Therefore, providing empirical justifications to whatever theoretical expectations are held regarding the effect of corporate governance on financial reporting quality has been the focus of several studies (Cristina 2010; Dabor & Adeyemi 2009; Adeyemi & Uadiale 2010; Sen & Inanga 2004, Domash 2002; Amat, Blake & Dowds 1999; Naser 1993; Ibanichuka & Ihendinihu 2012), Effiok & Eton (2012) spanning over four decades. Ironically, based on our review of these studies there appears not to have any unanimity in the relationship between corporate governance and financial reporting quality. While some studies defend the position of a positive effect (Gulzar & Wang 2011) others find a negative effect (Adeyemi & Uadiale 2010; Sen and Inanga 2004) More so, some find that the relationship depends on the particular variable in question some studies (Bebchuk 2005) suggest that aggregating the variables together in a single model could introduce commonality issues which can affect the outcome. This absence of a clear unanimity suggests that this issue is still open up for debates and there is the need to re-examine and provide fresh views. Thus, the broad objective of the study is to examine the impact of corporate governance on financial reporting quality. The specific aims are to examine the effect of board size on quality of financial reporting on foods and beverages in Nigeria; to investigate the effect of the board independency on the quality of financial reporting on foods and beverages in Nigeria; and to examine the effect of board expertise effect the quality of financial reporting on foods and beverages in Nigeria.

## **2. Literature Review and Theory**

### **2.1. Quality of Financial Reporting**

Financial reporting is a two party transactions in which the issuer of the financial reports provides them to the users, who use them with the expectation that these will help them enhance their financial decisions. The potential users of financial reports vary widely and include creditors, suppliers, financial analysts, government authorities and in general, all related to the company parties. The issues of quality in financial reports are of prime concern not only for the final uses but for the whole society as it affects economic decisions which may have significant impact. According to IASB's conceptual framework a key prerequisite for quality in financial reporting is the adherence to the objective and the qualitative characteristics of financial reporting information, (IASB, 2015). Qualitative characteristics are the attributes that make financial information useful and comprise of relevance, faithful representation, comparability, variability, timeliness and understandability.



Several definitions of the term financial reporting quality have been expressed, for instance, Other researchers define financial reporting quality as the extent to which financial statements provide to us their information about the underlying performance and financial position, (Tang Chen & Zhijun, 2014). However, a commonly accepted definition is provided by Jonas and Blaurchet (2015), who state that Quality financial reporting is full and transparent information that is not designed to obstruct or mislead users.

## **2.2. Corporate Governance**

According to Anandarajah (2004), there is no universally agreed definition for what the term corporate governance means, numerous definitions have evolved owing to the multi-dimensional nature of the concept. Consequently, Anandarajah (2004) views the concept of corporate governance as a means holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society. The Code of Corporate Governance issued by Central Bank of Nigeria (2003) defines the subject of corporate governance as “a system by which corporations are governed and controlled with a view to increasing shareholder value and meeting the expectations of the other stakeholders.” The Economic Cooperation and Development (OECD) (1999) defines corporate governance as the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs.

## **2.3. Empirical Review**

### **2.3.1. Board Size and Financial Reporting Quality.**

According to Lipton and Lorch (2002), board size refers to the total number of directors on the board of each sample firm which includes the Chairman and CEO for each financial year. This includes outside directors, executive directors and non-executive directors. There is no limitation on the numeric specification of board members, although the board is mandated to include a harmony of executive and non-executive directors to avoid the domination of the board by a single individual. Nevertheless; under the most excellent practices in corporate Governance, it is advised that every board carefully examine its size so as to guarantee optimum effectiveness. With regards to the relationship between board size and financial reporting quality, Abbott and Nagy (2004) suggested that the firms with smaller board size experience a lower incidence of restatements as the smaller boards contribute to effective communication and there is less likelihood of a communication breakdown. This suggests that when board members communicate effectively, they reduce the incidence of misunderstanding and consequent errors, and that they are more sensitive to the issues that may affect their shareholders or investor’s confidence, particularly concerning financial reporting issues. It is the view of Carcello et al. (2002) that members of boards of directors who have more experience in terms of a higher number of directorships are more likely to demand high-quality audit work.

In Libya, Alrshah (2014) explored the relationship amidst corporate governance mechanism and financial reporting quality in the Banking Sector. Specifically, the study intends to add to the support connecting external corporate governance mechanisms to auditor quality. Using a primary data approach, the outcomes of the study demonstrated that corporate governance mechanism has a significant positive connection on the reliability of audited financial statements. Also, further findings



reveal that corporate governance practices exert a direct positive relationship on financial reporting quality. Suryanto & Thalassinos and Thalassinos, (2017) examined the relationship between board size and the financial reporting quality. Data from non-financial firms listed in the Indonesian Stock Exchange have been used. The data of 121 listed firms in a five-year period from 2012 to 2016 is collected from the printed audit accounts available on company's websites. The findings of the study have shown that in non-financial firms listed in the Indonesian Stock Exchange board size has significant effect on financial reporting quality.

Dwekat., Mardawi and Abdeljawad (2018) examined the impact of corporate governance mechanisms on auditor quality choice in Palestine. The sample included 46 firms listed on the Palestine stock exchange (PSE) for the period from 2013 to 2015. Relevant data were collected from the annual reports of the sampled companies published at the PSE website. To achieve the objectives of this study, a binary logistic regression was used. The results revealed that companies with a larger board size tend to have high financial reporting quality hire a high quality auditor.

### **2.3.2. Board Independence and Financial Reporting Quality**

Board independence is a key dimension of corporate governance as it is concerned with the extent to which the board can be said to be objective. The independence of the board can be measured by the number of non-executive or outside directors on the board. Empirical evidence has shown that properly constituted boards with the right mix of non-executive directors tend to contribute an unbiased sense of judgment (Ilaboya & Iyafekhe 2014). A board comprising reasonable proportion non-executive directors is more likely to be independent of management than one dominated by inside directors, and therefore more likely to protect the interests of other stakeholders (John & Senbet, 1998).

With regards to the relationship between financial reporting quality and board independence, from the stakeholders' theory view point, the theoretical expectation is that firms with more independent boards will produce higher financial reporting quality than firms with boards dominated by executive directors. Abdullah et al. (2008), using regression, found a positive though insignificant relationship between board independence and financial reporting quality. Salleh et al. (2006) examined the effects of board composition and financial reporting quality found that the proportion of independent directors was significantly related to financial reporting quality

Egbunike, Ezelibe and Aroh (2015) carried out a study to explore the influence of corporate governance and earnings management practices in Nigerian quoted companies. The study was based on both primary and secondary data, from a purposive sampling of listed banks within the period of 2011-2014. Also, the Jones Model was used to study the effect of corporate governance on earnings management. Using the simple regression estimation, the outcomes of the study revealed the explored variable such board independence exerts a significant effect on earnings management practices amongst Nigerian quoted firms.

### **2.3.3. Board Expertise and Financial Reporting Quality**

Financial expertise is typically demonstrated by employment, experience or certification in accounting or finance (Price water house coopers, 2000). The experience and knowledge in accounting and auditing related issues is considered as an important dimensions for boards. This advantage can help the board members to be more conversant with financial and operational reports that will enable them to execute their oversight duties effectively (Matlain and Mazlina, 2005). A number of studies has documented a negative association between the financial accounting expertise and earnings management (Bedard, Chtouron & Courtesur 2004). Xie *et al*, (2003) have found that



board members with accounting and financial knowledge are associated with companies that have smaller discretionary current accruals for financial reporting quality. Carcello, Hollingsworth, Klein and Neal (2006) studied the association between financial expertise accruals and found that accounting and financial experts are consistently associated with high financial reporting quality. Dhahival, Naiker and Navissi (2010) also found a positive relationship between accounting and financial expertise and financial reporting quality. Krishnan (2005) and Zhang and Zhou (2007) found that firms are more likely to be identified with deficiencies in internal control over financial reporting, if their audit committees have less financial expertise. In a nut shell, financially knowledgeable audit committee members who possess accounting qualifications are more likely to prevent and detect financial frauds.

#### **2.4. Agency Theory**

Agency theory having its roots in economic theory was expounded by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). Jensen and Meckling (1976) defined agency relationship as a contract under which the principal engage another person or the agent to perform some service on their behalf which involves delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the irregular activities of the agent. Control of agency problems in the decision process is important when the decision managers who initiate and implement important decisions are not the major residual claimants and therefore do not bear a major share of the wealth effects of their decisions. According to Habbash (2010) agency theory is the most popular and has received greater attention from academics and practitioners. Without effective control procedures, managers are more likely to take actions that deviate from the interests of residual claimants. Individual decision agents can be involved in the management of some decisions and the control of others, but separation means that an individual agent does not exercise exclusive management and control rights over the same decisions (Fama & Jensen, 1983). Consequently, in light of financial reporting quality, corporate governance mechanisms can be viewed as set of instruments put in place by the agent to ensure that managers do not pursue their own interest at the detriment of upholding financial reporting quality.

### **3. Methodology**

#### **3.1 Data**

This study utilized a longitudinal research design. The study population consisted of all quoted oil and gas companies in the Nigerian Stock Exchange (NSE) totaling 12 companies as at 2017. The sample for the study is the entire 12 companies quoted in the food and beverage sector on the floor of the Nigerian stock exchange. Those companies had available and accessible annual reports that covered the study time frame. Secondary data was utilized for this study. The necessary data will be extracted from the annual reports of corporate organizations for the period 2010-2017 financial years. Organizations' corporate annual reports were mainly utilized since they were promptly accessible, available and provided a greater platform for results comparability. The panel regression analysis was employed as the method of data analysis in the study. However, prior to the regression estimation, preliminary analysis such as descriptive statistics, correlation analysis and variance inflation factor test was conducted.

#### **3.2 Model Specification**

The model for the study examines the effect of corporate governance on financial reporting quality in food and beverage companies. The model is presented below;



$$FRQ_{it} = f(BDS_{it}, BDIND_{it}, BDEXP_{it}, \dots) \dots\dots\dots 1$$

Specifying the models in their econometric form and including the error term, we have;

$$FRQ_{it} = \beta_1 + \beta_2 BDS_{it} + \beta_3 BDIND_{it} + \beta_4 BDEXP_{it} + \mu_{it} \dots\dots\dots 2$$

Where FRQ is financial reporting quality measured using discretionary accruals, BDS refer to board size measured as the number of individuals on the board, BDIND indicates board independence measured as the number of non-executive directors on the board, BDEXP represent board Expertise measured as number of individuals with accounting and finance background.  $\mu_t$  is the error term, i refers to firm i, and t is time period.

**3.3 Decision Rule**

The study accepts the null hypothesis if the probability value for the coefficient beta is > 0.05 at 5% significance level, otherwise we reject the null and accept the alternative. The test of hypotheses is based on the fixed effects estimation for the full sample.

**4. Result**

**4.1 Presentation and Analysis of Data**

**Table 1: Descriptive Statistics**

	Mean	Median	Maximum	Minimum	Std. Dev.	Jarque-Bera	Probability
DISACC	2.45939	-0.274	501.23	-325.19	61.4593	5876.05	0.00
BDSIZE	12.064	3	15	1	0.7316	18.196	0.00
BDIND	5.4702	6	7	2	0.88103	102.066	0.00
BDEXP	4.7351	2.102	9.902	1.392	0.4418	99.831	0.00

Source: Researchers Compilation (2017)

Table 1 shows the descriptive statistics for the variables. As observed, Discretionary accruals scaled by total assets show the following statistics; Mean= 2.459, STD= 61.459 which indicates the extent to which discretionary accruals for the distribution exhibits considerable clustering around the average, Max= 501.23 and Min= -325.19. BDSIZE show the following statistics; Mean= 12 which suggest that the average number of board members with is approximately for the distribution within the study period. STD= 0.7316, Max= 15 and Min= 1. For BDIND, Mean= 5.47 which suggest that the average number of independent mebers on the board is approximately five for the distribution within the study period. STD= 0.88, Max= 7 members and Min =2 members. This is in line with the SEC Code of corporate governance that requires not less than twenty percent (20%) Board members should be independent/external directors and lower than the 75% found by Carcello, Hermanson, Neal and Riley (2000) for the U.S. The maximum and minimum values are 5 and 2 respectively. For BDEXP, mean = 4.7351, STD= 0.442, Max= 9.902 and Min= 1.391.

**Table 2: Pearson Correlation Result**

	DISACC	BDSIZE	BDIND	BDEXP
DISACC	1			
BDSIZE	-0.0482	1		
BDIND	-0.0491	0.52697	1	
BDEXP	0.0108	0.12162	0.3435	1

Source: Researchers Compilation (2017)



From Table 2, the correlation coefficients of the variables are examined. However of particular interest to the study is the correlation between; financial reporting quality measured by discretionary accruals and the other variables. As observed, DISACC is negatively correlated with BDSIZE ( $r=-0.0482$ ), BDIND( $r=-0.0491$ ) and is positively correlated with BDEXP ( $r=0.0108$ ). The negative correlation indicates that increases in these variables will be associated with reductions in size of Discretionary accruals and the reverse holds for variables with positive correlations. We proceed to conduct the regression analysis as correlation analysis is not best suited for estimating causality between variables. However, the regression assumptions test is first conducted.

**Table 3: Regression Assumptions Test**

Regression Test		
<i>Normality test</i>		
Variable	Jacque-bera statistics	Prob
DISACC	5876.05	0.00
BSIZE	18.196	0.00
BDIND	102.066	0.00
BDEXP	99.831	0.00
<i>Multicollinearity test</i>		
Variable	Coefficient Variance	Centered VIF
C	1075.01	
BSIZE	22.41779	1.42498
BDIND	23.21217	2.139549
BDEXP	54.12111	1.254243
<i>Heteroskedasticity Test: ARCH</i>		
F-statistic = 0.156	Prob. F(1,96)	0.929
Obs*R-squared = 189.5	Prob. Chi-Square(1)	0.929
<i>Breusch-Godfrey Serial Correlation LM Test:</i>		
F-statistic = 0.12504	Prob. F(2,88)	0.82
Obs*R-squared=2.559647	Prob. Chi-Square(2)	0.79
<i>Ramsey Reset Test</i>		
t- statistics=1.2948	Df= 85	0.281
f-statistics =1.676	Prob. F(1,90)	0.203

Source: Researchers Compilation (2017)

Table 3 shows the regression assumptions test for model. As observed, the table labeled Tests of Normality shows the results of the Jacque-bera statistics. This assesses the normality of the distribution of scores. The variance inflation factor (VIF) shows how much of the variance of a coefficient estimate of a regressor has been inflated due to collinearity with the other regressors. Basically, VIFs above 10 are seen as a cause of concern (Landau and Everitt, 2003). As observed, none of the variables have VIF's values exceeding 10 and hence none gave serious indication of multicollinearity. The test for heteroskedasticity was performed on the residuals as a precaution. The results showed probabilities in excess of 0.05, which leads us to reject the presence of heteroskedasticity in the residuals. The Lagrange Multiplier (LM) test for higher order autocorrelation reveals that the hypotheses of zero autocorrelation in the residuals were not rejected. This was because the probabilities (Prob. F, Prob. Chi-Square) were greater than 0.05. The LM test did not therefore reveal serial correlation problems for the model. The performance of the Ramsey RESET test showed high probability values that were greater than 0.05, meaning that there was no significant evidence of miss-specification.





**Table 4. Panel Regression Result**

Dependent variable	Full sample	Sample with Positive DACC	Sample with Negative DACC
C	12.712** {6.482} (0.0511)	258.2925* {37.817} (0.000)	-65.7036* {11.734} (0.000)
BSIZE	-2.5732* {1.342} (0.000)	4.835 {3.5430} (0.1757)	-4.739* {1.764} (0.008)
BDIND	-3.7917* {1.971} (0.000)	4.495 {4.514} (0.3219)	0.662 {2.441} (0.786)
BDEXP	-1.8927* {0.583} (0.001)	20.61278* {7.7156} (0.009)	-7.018* {1.890} (0.000)
<i>Model properties</i>			
R <sup>2</sup>	0.564	0.536	0.553
ADJ R <sup>2</sup>	0.449	0.395	0.427
F-Stat	4.887	3.807	4.406
P(f-stat)	0.00	0.000	0.000
D.W	2.2	1.94	2.04
Hausman test: 0.002			

Source: Researchers Compilation (2017) { } standard errors ( ) p-values \* sig at 5

Table 4 shows the regression result examining the impact of board characteristics on earnings management. The regression analysis is conducted in three stages. Firstly, we examined all companies in the sample which is the baseline estimation for the study. However, to check the robustness of our estimates, we divided the sample into two sub-groups; sample with positive DACC and sample with negative DACC. The R<sup>2</sup> for the full sample estimation shows a value of 0.564 which indicates that the model explains about 56.4% of the systematic variations in earnings management over the study period. The F-stat is 4.887 with p value =0.00 which is significant at 5% and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. It is also indicative of the joint statistical significant of the model. The D. W statistics of 2.2 indicates the presence of serial correlation in the residuals is unlikely. Commenting on the performance of the variables, we observe that for Board size (BSIZE) is negative (-2.5732) and statistically significant (p= 0.000). Board independence (BDIND) has a negative (-3.7917) effect and also statistically significant (p= 0.000)

Board expertise (BDEXP) has a negative (-1.893) effect and statistically significant (p= 0.001). The R<sup>2</sup> for the Sub-sample estimation for companies with positive DACC shows a value of 53.6 which indicates that for companies with positive DACC, the model explains about 53.6% of the systematic variations in financial reporting quality. The F-stat is 3.807 with p value =0.00 which is significant at 5% and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. It is also indicative of the joint statistically significant of





the model. The D. W statistics of 1.94 indicates the presence of serial correlation in the residuals is unlikely. Commenting on the performance of the Board variables, we observe that Board size (BSIZE) is positive (4.835), Board independence (BDIND) has a positive effect (4.495) effect, Board expertise (BDEXP) has a negative (20.613) effect. However, none of the variables appear significant for the sub-sample with positive DACC. The  $R^2$  for Sub-sample estimation for companies with negative DACC shows a value of 0.553 which indicates that the model explains about 55.3% of the systematic variations in financial reporting quality over the study period. The F-stat is 4.406 with p value =0.00 which is significant at 5% and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. It is also indicative of the joint statistically significant of the model. The D. W statistics of 2.04 indicates the presence of serial correlation in the residuals is unlikely. Commenting on the performance of the board variables, we observe that the coefficient for Board size (BSIZE) is negative (-4.739) and statistically significant, Board independence (BDIND) is positive (0.662), Board expertise (BDEXP) has a negative (-7.018) effect and statistically significant ( $p=0.00$ ).

### **5. Conclusion and Recommendation**

The relationship between corporate governance and quality of financial reporting was the subject matter to many researchers in the past two decades. Corporate Governance (CG) is essential since it guarantees minimum level of assurance to the stakeholders and best management of company's asset without being abused by individuals. More so, as a matter of fact the concept of Corporate Governance in relation to the quality of financial reporting is significant issue which needs the attention of every corporation. Many parties' use accounting information to make decision concerning allocation of scarce resources, the decision have significant effect on all of the society. The focus of the study is to empirically examine the implications of Corporate Governance for financial reporting quality for food and beverage companies. The findings revealed that (i) Board size (BSIZE) has a negative effect on accrual-based reporting manipulation and statistically significant at 5% level. (ii). Board independence (BDIND) has a negative effect on accrual-based reporting manipulation and also statistically significant at 5% level. (iii) Board expertise (BDEXP) has a negative effect on accrual-based reporting manipulation and also statistically significant.

Based on the findings, the study recommends Board size (BSIZE), Board independence (BDIND), Board expertise (BDEXP) as the drivers of financial reporting qualities, therefore efforts should be made by the firms to use qualify and vibrant Board size (BSIZE).It is further recommended that increase in board expertise could reduce the preponderance of earnings management practices and that increasing board membership could decline accruals-manipulations and thus reduce earnings management Corporate Governance should be taken very seriously since It influences how the objectives of the company are set and achieved, how risks are monitored and assessed and how performance is optimized by the shareholders.

### **Reference**

- Abbott, S., & Parker, G. P, (2004), Audit committee characteristics and restatements Auditing: A *Journal of Practice and Theory*, 23 (1), 69-87
- Abdullah, K., & Date, H. (2009). Public sector knowledge management: a generic framework., *Public Sector ICT Management Review*, 3(1)
- Adeyemi, S. B., & Uadiale, O.M. (2010). The impact of firm characteristics and corporate governance variables on audit fees in Nigeria", *Nigerian Journal of Management Studies* 10(2), 1 – 22.



- Alchian, A., & Demsetz, H., (1972). Production, information costs, and economic organization. *American Economic Review* 62, 777-795.
- Amat, L., Blake, J., & Dowds, J. (1999). The Ethics of Creative Accounting. *Economics Working Papers* 349, *Department of Economics and Business*
- Bebchuk L. A., & Cohen A. (2005). The costs of entrenched boards. *Journal of Finance and Economics*, 78(2), 409–33
- Bedard, J. Chtourov, S. M., & Courteau, I. L. (2004). The Effect of audit Committee Expertise, Independence and Activity on Aggressive Earnings Management. *Journal of Practice and Theories*.23 (2), 13-35.
- Carcello, J.V., Hermanson, D.R., Neal, T. L., & Riley, R. A. (2002). Board characteristics and audit fees. *Contemporary Accounting Research*, 19
- Carcello, J.V., Hollingsworth, C.W., Klein, A., & Neal, T. L. (2006). Audit committee and financial expertise, competing corporate governance mechanisms and earnings management. Working Paper, University of Tennessee and New York University.
- Carcello, J. V., Hermanson, D. R. Neal, T., L. & Riley, R A., (2000). Board Characteristics and Audit Fees
- Central Bank of Nigeria (2003). Code of corporate governance for banks in Nigeria post Consolidation
- Christiana, F. D. (2015). How do corporate governance mechanisms affect a firm's potential for bankruptcy?. *Risk governance & control: Financial markets & institutions*, 5(1), 61-70.
- Dabor, E. L., & Adeyemi, B. (2009). Corporate governance and credibility of financial statements in Nigeria. *Journal of Business Systems, Governance and Ethics*, 4(1), 13-34
- Dhaliwal, D; Naiker, V; & Navi ssi, F. (2010). The association between accruals quality and characteristics of accounting experts and mix of expertise on audit committee *Contemporary Accounting Research* 27(3), 787-827.
- Domash, H. (2002). How to Detect Creative Accounting: Detecting accounting shenanigans ( [www.winninginvesting.com](http://www.winninginvesting.com)
- Effiok, S.O., & Eton, O. E. (2012). Creative accounting and managerial decision on selected financial institutions in Nigeria. *International Journal of Business Research and Management (IJBRM)*, 3(1), 35-47
- Egbunike, A., Ezelibe, C., & Aroh, N. (2015). The influence of corporate governance on earnings management practices: a study of some selected quoted companies in Nigeria. *American Journal of Economics, Finance and Management*, 1 (5), 482-493
- Fama, E. & Jensen, M. (1983). Separation of ownership and control. *Journal of Law and Economics* 26, 301-325.
- Global Perspective|; <http://www.allbusiness.com>
- Habbash, M. (2010). "The Effectiveness of Corporate Governance and External Audit on Constraining Earnings management Practice in the UK". Ph.D Thesis. Durham University.
- IASB (2015) Conceptual Framework for Financial Reporting
- Ilaboya, O.J., & Ohiokha, F. I. (2016). Firm age, Size and Profitability dynamics: A test of learning by doing and structural inertia hypotheses. *Business and Management Research*, 5(1), 29-38
- Jensen, M. C, & Meckling W. H. (1976). Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 2, 305-360
- John, K. & Senbert, L.W. (1998). Theory of the Firm Managerial Behaviour, Agency Costs and Ownership Structure. *Journal of Banking and Finance*, 22, 371- 403



- Jonas, G & Blanchet (2015). Assessing quality of financial reporting. *Accounting Horizons*, 14(3), 353-363.
- Krishnan (2005). Audit committee financial expertise and internal control: An empirical analysis. *The Accounting Review*, 80 (2), 649-675
- Landau, S., & Everitt, B.S. (2003), A Handbook of Statistical Analyses using SPSS, Boca Raton, FL: Chapman & Hall / CRC
- Lipton, M., & Lorsch, J. (1992). A modest proposal for improved corporate governance, *Business Lawyers*, 59, 59-77.
- Matlain, & Mazlina (2005). The Impact of Audit Committee & Internal Audit Attributes on Internal Audit Contribution to Financial Statement Audit and Audit Fees: Perceptions of Malaysian Internal Auditors (Unpublished Ph.D Thesis), Griffith University, Australia
- Naser, K. (1993) Creative Financial Accounting: Its Nature and Use, Hemel Hempstead: Prentice Hall. OECD (1999). Principles of Corporate Governance.
- Price water house Coopers (2000). Improving audit committee performance: What works best, *The Institute of Internal Auditors Research: Aitamonte Springs, FL*.
- Salleh, H., Alshawi, M., Sabli, N. A. M., Zolkafli, U. K., & Judi, S. S. (2006). Measuring readiness for successful Information Technology/Information System (IT/IS) project implementation: A conceptual model. *African Journal of Business Management*, 5 (23), 9770 - 9778.
- Sen, D. K., & Inanga, E. L. (2004). —Creative Accounting in Bangladesh
- Sloan, R. G. (2001). Financial Accounting and Corporate Governance: A Discussion. *Journal of Accounting & Economics*, 32, 1-3.
- Tang Q., Chen, H., & Zhijun, J. (2008). Financial reporting quality and investor protection: A global investigation, *Working Paper*.
- Uche, C. (2004). Corporate Governance in Nigerian Financial Industry. *Chartered Institute of Bankers of Nigeria Journal*, 2, 11-2
- Xie, B, Davidson, W. N., & DaDalt, P. J. (2003). Earnings management and corporate governance: the role of the board and the audit committee. *Journal of Corporate Finance*, 9, 295–316
- Zhang, Y., Zhou, J., & Nan Z. (2007). Audit committee quality, auditor independence, and internal control weaknesses. *Journal of Accounting and Public Policy*, 26, (3), 300-327