



Corporate Governance Mechanisms and Quality of Financial Reporting in an Emerging Market

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Abstract

The growing complexity of financial reporting and inconsistent regulatory oversight has heightened concerns about the credibility of financial statements. While studies in developed economies have examined how corporate governance influences reporting quality, evidence from emerging markets remains limited. This study fills that gap by analyzing the effects of board financial expertise, ownership concentration, board skill diversity, and overall board effectiveness on financial reporting quality in Nigeria. Using secondary data from the annual reports and corporate websites of listed consumer goods firms from 2014 to 2023, panel data analysis with fixed effects regression was applied. The results revealed a significant positive relationship between these governance attributes and reporting quality. The study recommends strengthening regulatory enforcement and resources to ensure compliance with corporate governance codes and reporting standards, thereby enhancing the quality of financial reporting.

Keywords: Board effectiveness, Board financial expertise, Board skill diversity, Ownership concentration, Quality of financial reporting, Nigeria.

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I. Introduction

Corporate governance plays a crucial role in promoting transparency, accountability, and integrity in financial reporting. Its importance in Nigeria has grown following corporate scandals and reporting irregularities, particularly in the consumer goods sector (Adegboye & Olowookere, 2021). This sector significantly contributes to employment and GDP, making credible financial reporting vital for sustaining investor confidence and economic growth (Okafor & Odia, 2023). However, challenges such as poor disclosure, earnings manipulation, and weak compliance persist, often linked to ineffective governance structures (Adebayo & Akinpelu, 2021; Zorn et al., 2023).

Empirical evidence on the relationship between corporate governance and reporting quality remains mixed, with most studies focusing on developed economies and limited insights from Nigeria. Prior local research often overlooks key governance attributes and relies on accrual-based measures (Okafor & Odia, 2023; Ahmed et al., 2020).

This study fills this gap by examining how board financial expertise, ownership concentration, board skill diversity, and board effectiveness influence financial reporting quality in Nigerian consumer goods firms using a disclosure-based index. Despite ongoing regulatory reforms by the Financial Reporting Council of Nigeria, Corporate Affairs Commission, and Nigerian Exchange Group (NGX), weak enforcement persists. Strengthening governance practices is, therefore, essential to enhance transparency, accountability, and investor confidence in the sector.

II. Literature Review

2.1 Corporate Governance Mechanisms and Quality of Financial Reporting

The link between corporate governance and financial reporting quality (FRQ) remains central to corporate finance, as effective governance enhances accuracy, transparency, and reliability in financial disclosures (Anderson et al., 2021). Following scandals such as Enron and WorldCom, reforms including the Cadbury Report, Sarbanes-Oxley Act, and King Report strengthened global governance frameworks (Hasan et

al., 2021; Chen et al., 2021), while Nigeria's reforms aim to safeguard shareholders and prevent corporate failures (Adediran & Olurankinse, 2020).

Core governance mechanisms, board financial expertise, ownership concentration, board effectiveness, and skill diversity play vital roles in improving FRQ by enhancing oversight, accountability, and disclosure quality (Yakubu & Hassan, 2022; Okoye & Eze, 2023). Financially literate boards reduce misreporting risks (Okolie & Agbontaen, 2023), and concentrated ownership promotes stronger monitoring (Kim & Lee, 2023). High-quality reporting underpins market confidence through relevance, reliability, and comparability (IASB, 2025; Owolabi & Ogbechie, 2023). Despite challenges in measuring qualitative attributes (Barros & Manly, 2023), the Qualitative Financial Reporting Index (QFRI) provides a robust framework aligned with IASB standards for assessing faithful representation and transparency in financial disclosures (Beest et al., 2021; Bozzolan & Beretta, 2021).

2.2 Theoretical Review

This section outlines the theoretical framework guiding the study, drawing on Agency Theory, Stewardship Theory, and Resource Dependence Theory. Each provides a distinct perspective on how corporate governance mechanisms, such as board expertise, ownership structure, and board diversity, influence the quality of financial reporting.

2.2.1 Agency Theory

Agency Theory (Jensen & Meckling, 1976) explains conflicts between shareholders and managers arising from information asymmetry, where managers may prioritize personal interests over shareholder value. It underscores the need for robust governance mechanisms, such as monitoring and performance-based incentives, to align interests and ensure transparency. In Nigeria's weak governance environment, the theory highlights accountability in financial reporting (Adeniran & Abiodun, 2022; Owolabi & Ogunleye, 2023). Although criticized for neglecting broader stakeholder and social factors (Nwachukwu et al., 2023; Oyelere & Salami, 2021), it remains central to explaining how board expertise, ownership concentration, and board effectiveness enhance financial reporting quality through stronger oversight (Adebayo & Olowookere, 2023).

2.2.2 Stewardship Theory

Stewardship Theory (Donaldson & Davis, 1991) contrasts with Agency Theory by portraying managers as stewards whose interests align with organizational goals. It emphasizes trust, shared values, and managerial autonomy, suggesting that empowered managers act for the firm's long-term benefit (Davis et al., 1997). While critics note potential complacency risks in weak governance contexts like Nigeria (Sharma et al., 2023; Ijeoma & Akinlolu, 2024), the theory remains relevant in environments with family ownership and trust-based relationships (Adebayo & Olowookere, 2023). It underpins governance models that promote ethical leadership, board diversity, and managerial commitment, thereby enhancing accountability and financial reporting transparency (Mbobo & Ekpo, 2024).

2.2.3 Resource Dependence Theory

Resource Dependence Theory (Pfeffer & Salancik, 1978) posits that firms operate within interdependent environments where access to external resources, such as capital, regulation, and stakeholder support, shapes governance design and strategy. Governance mechanisms like board composition and ownership structure help manage dependencies, reduce uncertainty, and enhance legitimacy (Owolabi & Ogunleye, 2023). In Nigeria, where investor confidence and regulatory compliance are vital, RDT explains how governance factors, such as board expertise, ownership concentration, and stakeholder engagement, promote transparency and strengthen financial reporting quality (Mbobo & Ekpo, 2024; Ijeoma & Akinlolu, 2024).

2.2.4 Theoretical Justification

Resource Dependence Theory (RDT) offers a more contextually grounded framework for examining corporate governance and financial reporting quality in Nigeria than Agency or Stewardship theories. While Agency Theory centers on internal principal, agent conflicts and Stewardship Theory emphasizes managerial trust, RDT underscores the influence of external actors, regulators, investors, and financial institutions on governance and transparency (Owolabi & Ogunleye, 2023; Pfeffer & Salancik, 1978). It explains how firms align governance mechanisms such as board diversity, financial expertise, and ownership structure with external stakeholder expectations to strengthen compliance, investor confidence, and reporting credibility (Mbobo & Ekpo, 2024). In Nigeria's resource-dependent and institutionally complex context, firms with stronger external linkages exhibit higher reporting rigor (Nwachukwu et al., 2023). Hence, RDT provides a comprehensive lens for understanding the interplay between internal governance structures and external pressures in shaping financial reporting quality.

2.3 Empirical Review

This section reviews empirical studies on financial reporting quality and the impact of corporate governance mechanisms, summarizing key findings, methodologies, and research gaps.

2.3.1 Board Financial Expertise and Quality of Financial Reporting

Board financial expertise refers to the financial knowledge and skills that enable directors to effectively oversee reporting, risk management, and compliance. Evidence from Nigeria shows that financially literate boards enhance governance, performance, and reporting quality, while their absence undermines decision-making and shareholder value (Adebayo & Olowookere, 2023; Olamide et al., 2022; Okoro & Eze, 2023; Adeoye et al., 2024; Onwuka & Nwachukwu, 2025). Empirical findings further reveal that board financial competence improves disclosure accuracy and reliability, with stronger effects in emerging markets (Emeka & Chinedu, 2023; Wang et al., 2023; Tan & Shuan, 2023; Chen et al., 2021; Nwafor & Eze, 2023; Zhang & Zhao, 2023). However, some studies report mixed outcomes, suggesting that the relationship may depend on contextual and regulatory factors (Sadiq & Azeem, 2022; Ojo & Igbinedion, 2022; Siddiqui et al., 2022; Khan et al., 2023).

2.3.2 Ownership Concentration and Quality of Financial Reporting

Ownership concentration refers to a governance structure in which a few shareholders hold substantial equity stakes, granting them significant control over corporate decisions. While concentrated ownership can enhance monitoring and reduce agency costs (Moyo et al., 2021), it may also foster governance imbalances when dominant shareholders prioritize personal interests over minority rights (Owusu & Boateng, 2023). Excessive concentration can further constrain innovation and board independence (Ndlovu et al., 2022; Chikuni & Nyoni, 2024), though its effects often depend on the ethical orientation of controlling owners (Olawale et al., 2025). In Nigeria, empirical evidence is mixed: some studies report a negative association between ownership concentration and reporting quality (Adeyemi & Uadiale, 2023; Tan & Shuan, 2023; Nwafor & Eze, 2023), while others find a positive relationship, suggesting improved oversight by large shareholders (Wang et al., 2022; Ajayi & Ogundipe, 2022; Sadiq & Azeem, 2022; Emeka & Chinedu, 2023). These divergent results indicate that the effect of ownership concentration on financial reporting quality is context-specific, influenced by regulatory strength, firm characteristics, and governance culture.

2.3.3 Board Skill Diversity and Quality of Financial Reporting

Board skill diversity encompasses the varied competencies and experiences of directors—financial, legal, strategic, and industry-specific—that enhance board oversight and decision-making (Williams et al., 2021). While evidence from the UK and Brazil links diversity to improved risk management and innovation (Silva & Pereira, 2022), poorly managed diversity may cause inefficiency (Zhang et al., 2023). In Nigeria, findings are mixed: some studies show that diverse and internationally exposed boards strengthen governance (Adeoye & Akinbode, 2024; Müller & Tabe, 2025), whereas others find no significant impact on reporting quality (Bola & James, 2024; Emmanuel & Ayodele, 2025; Alabi & Olayinka, 2023; Taiwo & Mohammed, 2023). Conversely, research by Saeed and Taufiq (2022), Bianchi and Rossi (2023), and Mansoor and Khan (2023) suggests that diversity's effects depend on regulatory and industry contexts.

2.3.4 Board Effectiveness and Quality of Financial Reporting

Board effectiveness, the ability of directors to execute their duties efficiently, ensuring sound oversight, decision-making, and strategic guidance, is critical for governance, risk management, and reporting quality. International studies link effective boards to higher firm performance and transparency (Wang et al., 2021; Smith & Ndlela, 2022; Gupta et al., 2023), while Nigerian evidence is mixed. Some studies associate effective boards with greater accountability (Okeke & Adebayo, 2024) and governance benefits (Brown & Lee, 2025), but others report no significant impact on financial reporting quality (Folake & Babajide, 2024; David & Adeleke, 2025; Chinonso & Adedayo, 2023; Alabi & Olayinka, 2023). These variations suggest that board effectiveness depends on context, including institutional strength, regulatory enforcement, and governance culture, which may constrain its impact in developing economies like Nigeria.

III. Methodology

This study employs a correlational research design and panel data estimation to assess the relationship between corporate governance mechanisms and financial reporting quality among listed consumer goods firms in Nigeria. The sample comprises 20 of the 21 companies listed on the Nigerian Exchange Group (NGX) as of December 31, 2023, with one excluded due to incomplete data. Using a census sampling approach, secondary data were collected from annual reports and company websites for the period 2014–2023. These sources were selected for their credibility and consistency as reliable channels of corporate disclosure (Müller & Tabe, 2025).

3.1 Model Specification

This study modifies the model developed by Chen et al. (2021), which examined the effect of corporate governance on financial reporting quality among listed Chinese firms. The original linear regression model assessed how governance attributes shape reporting outcomes. Here, it is adapted to the Nigerian context, focusing on listed consumer goods companies, and specified in the following linear form:

$$FRQ_{it} = \beta_0 + \beta_1 FSIZE_{it} + \beta_2 DEBT_{it} + \beta_3 BIND_{it} + \beta_4 BGEN_{it} + \beta_5 BSIZE_{it} + \epsilon_{it}, \dots\dots\dots(1)$$

Where:

FRQ = Financial reporting quality; SIZE= Board Size; DEBT= Firm debt; BIND = Board Independence; BGEN = Board Gender; BSDV= Board Skills Diversity

Thus, the revised model is expressed in the following linear form:

$$QFR = f(BFEX, OWNC, BSDV, BEFF) \dots\dots\dots(2)$$

The model for econometrics will be:

$$QFR_{it} = \beta_0 + \beta_1 BFEX_{it} + \beta_2 OWNC_{it} + \beta_3 BSDV_{it} + \beta_4 BEFF_{it} + \epsilon_{it} \dots\dots\dots(3)$$

Where:

- QFR= Quality of Financial Reporting assessed using the Qualitative Financial Reporting Index
- BFEX = Board Financial Expertise, as the proportion of board members possessing financial expertise relative to the total number of board members
- OWNC =Ownership Concentration measured by the percentage of outstanding company shares held by the five largest shareholders
- BSDV= Board Skill Diversity calculated as a weighted average based on directors’ backgrounds: a score of “3” for those with professional qualifications, “2” for academic qualifications, and “1” for industry-specific experience
- BEFF = Board Effectiveness evaluated by the number of board meetings held within a given period
- i= Company; t=Time; ϵ = Error term
- β_0 = Intercept of the regression line. It is treated as a constant.
- β_1 – β_4 = Coefficients (or slopes) of the primary explanatory variables.

IV. Results and Discussions

Table 1 Descriptive Statistics

| | QFR | BFEX | OWNC | BSDV | BEFF |
|--------------|-----------|-----------|-----------|----------|----------|
| Mean | 18.29500 | 0.466287 | 7.240000 | 0.949658 | 4.090000 |
| Median | 20.00000 | 0.500000 | 7.000000 | 0.661800 | 4.000000 |
| Maximum | 24.00000 | 0.700000 | 10.00000 | 60.42000 | 5.000000 |
| Minimum | 0.000000 | 0.140000 | 4.000000 | 0.125900 | 3.000000 |
| Std. Dev. | 5.732564 | 0.098123 | 0.973209 | 4.228763 | 0.303911 |
| Skewness | -0.171469 | -0.269112 | -0.035363 | 0.401126 | 0.313681 |
| Kurtosis | 2.265937 | 2.769357 | 2.817247 | 1.975478 | 2.556300 |
| Jarque-Bera | 2.460622 | 1.175993 | 0.320008 | 3.219509 | 0.357079 |
| Probability | 0.053268 | 0.076530 | 0.852140 | 0.065400 | 0.097530 |
| Sum | 3659.000 | 93.25747 | 1448.000 | 189.9315 | 818.0000 |
| Sum Sq. Dev. | 6539.595 | 1.915983 | 188.4800 | 3558.605 | 18.38000 |
| Observations | 200 | 200 | 200 | 200 | 200 |

Source: Researchers’ computation (2025)

Table 1 presents descriptive statistics for the sampled firms from 2014 to 2023, comprising 200 firm-year observations. The mean values lie within their respective ranges, indicating data consistency, while the standard deviations show moderate variability across firms. Skewness and kurtosis values fall within acceptable limits (± 1.96 and ± 3), confirming approximate normality (Uttley, 2019). The Jarque-Bera test further supports normality at the 5% significance level, validating the use of parametric statistical methods in the analysis.

Table 2 Pearson Correlation Matrix Analysis

| | FRQ | BFEX | OWNC | BSDV | BEFF |
|------|----------|----------|----------|----------|----------|
| FRQ | 1.000000 | | | | |
| BFEX | 0.289047 | 1.000000 | | | |
| OWNC | 0.036786 | 0.065375 | 1.000000 | | |
| BSDV | 0.181929 | 0.021524 | 0.022478 | 1.000000 | |
| BEFF | 0.065446 | 0.056144 | 0.226307 | 0.016589 | 1.000000 |

Source: Researchers’ computation (2025)

Table 2 presents the Pearson correlation results for the study variables. The analysis shows positive associations among the variables, with all correlation coefficients below the 0.8 threshold, indicating no multicollinearity issues (Gujarati & Porter, 2020). This confirms the suitability of the variables for inclusion in the regression model and supports their use in subsequent inferential analyses.

Unit Root Tests

The Augmented Dickey-Fuller (ADF) test was employed to assess the stationarity of QFR, BFEX, OWNC, BSDV, and BEFF. This test addresses autocorrelation by including lagged difference terms, providing a robust check for unit roots. It tests the null hypothesis of non-stationarity against the alternative of stationarity, using critical values at the 1%, 5%, and 10% levels. Table 4.3 presents results for both levels and first differences, indicating which variables are stationary and which require differencing to prevent spurious regression in panel estimation.

Table 3 Summary of ADF Unit Root Test

| Variable | (ADF) Statistics at Level | At Level 5% critical value | Prob. at Level I(0) | At First Difference (ADF) Statistics at | At First Difference 5% critical value | Prob. At First Difference I(1) | Stationarity Order |
|----------|---------------------------|----------------------------|---------------------|---|---------------------------------------|--------------------------------|--------------------|
| FRQ | -6.5491 | -2.8760 | 0.0000 | - | - | - | I(0) |
| BFEX | -4.6642 | -2.8767 | 0.0001 | - | - | - | I(0) |
| OWNC | -4.4591 | -2.8768 | 0.0003 | - | - | - | I(0) |
| BSDV | -14.1190 | -2.8759 | 0.0000 | - | - | - | I(0) |
| BEFF | -5.3142 | -2.8760 | 0.0000 | - | - | - | I(0) |

Source: Researchers’ computation (2025)

The results show that all variables are stationary at level, with ADF test statistics and p-values below the 0.05 significance threshold, indicating integration of order zero [I(0)]. This validates the use of panel least squares regression for hypothesis testing, as the stationarity condition required to prevent spurious results is met. Table 4 presents the regression results based on 200 observations, analyzing the relationship between corporate governance mechanisms and financial reporting quality.

Table 4 Estimation of Panel Least Square Results (Pooled)

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|------------|-----------------------|----------|
| BFEX | 17.27891 | 3.923697 | 4.403732 | 0.0000 |
| OWNC | 0.193307 | 0.405559 | 0.476642 | 0.6342 |
| BSDV | 0.252311 | 0.090812 | 2.778380 | 0.0060 |
| BEFF | 1.629557 | 1.297767 | 1.255662 | 0.2107 |
| C | 2.413242 | 6.894306 | 0.350034 | 0.7267 |
| R-squared | 0.126210 | | Mean dependent var | 18.29500 |
| Adjusted R-squared | 0.108287 | | S.D. dependent var | 5.732564 |
| S.E. of regression | 5.413293 | | Akaike info criterion | 6.240274 |
| Sum squared resid | 5714.230 | | Schwarz criterion | 6.322732 |
| Log likelihood | -619.0274 | | Hannan-Quinn criter. | 6.273644 |
| F-statistic | 7.041467 | | Durbin-Watson stat | 1.311806 |
| Prob(F-statistic) | 0.000026 | | | |

Source: Researchers’ computation (2025)

The pooled OLS model assumes uniform regression coefficients across firms, overlooking firm-specific heterogeneity (Gujarati, 2018). Table 4 presents panel least squares results for 20 listed Nigerian consumer goods firms (2014–2023; n = 200), assessing the impact of corporate governance mechanisms on financial reporting quality (QFR). The findings show that board financial expertise (BFEX) positively and significantly affects QFR ($\beta = 17.27891$, $p = 0.0000$), while board skill diversity (BSDV) also has a significant positive impact ($\beta = 0.252311$, $p = 0.0060$). Ownership concentration (OWNC) and board effectiveness (BEFF) are not statistically significant, indicating minimal direct influence on QFR. The model’s R^2 of 0.1262 suggests that 12.6% of QFR variation is explained by the predictors, with the F-statistic ($p = 0.000026$) confirming overall model significance. Nonetheless, the low explanatory power and autocorrelation indicate possible misspecification, warranting the use of fixed or random effects models to address unobserved heterogeneity.

Table 5 Fixed and Random Effects Model

| The Result of Fixed Effects Model | | | | | Random Effects Model | | | | |
|-----------------------------------|-------------|------------|-------------|--------|----------------------|------------|-------------|--------|--|
| Variable | Coefficient | Std. Error | t-Statistic | Prob. | Coefficient | Std. Error | t-Statistic | Prob. | |
| BFEX | 2.1974 | 0.7893 | 2.7838 | 0.0074 | 17.27891 | 3.923697 | 4.403732 | 0.0000 | |
| OWNC | 0.1472 | 0.0623 | 2.3624 | 0.0075 | 0.193307 | 0.405559 | 0.476642 | 0.6342 | |
| BSDV | 0.2717 | 0.0782 | 3.4758 | 0.0006 | 0.252311 | 0.090812 | 2.778380 | 0.0060 | |
| BEFF | 2.4260 | 0.6753 | 3.5926 | 0.0001 | 1.629557 | 1.297767 | 1.255662 | 0.2107 | |
| C | 6.5406 | 8.3400 | 0.7842 | 0.4340 | 2.413242 | 6.894306 | 0.350034 | 0.7267 | |
| Cross-section fixed (dummy) | | | | | | | | | |
| R-squared | | | | | 0.126210 | | 0.471349 | | |
| Adjusted R-squared | | | | | 0.108287 | | 0.402264 | | |
| S.E. of regression | | | | | 5.413293 | | 4.432040 | | |
| Sum squared resid | | | | | 5714.230 | | 3457.164 | | |
| Log likelihood | | | | | -619.0274 | | -568.7763 | | |
| F-statistic | | | | | 7.041467 | | 6.822732 | | |
| Mean dependent var | | | | | 18.29500 | | 18.29500 | | |
| S.D. dependent var | | | | | 5.732564 | | 5.732564 | | |
| Akaike info criterion | | | | | 6.240274 | | 5.927763 | | |
| Schwarz criterion | | | | | 6.322732 | | 6.323562 | | |
| Hannan-Quinn criter. | | | | | 6.273644 | | 6.087937 | | |
| Durbin-Watson stat | | | | | 1.311806 | | 1.997537 | | |
| Prob(F-statistic) | | | | | 0.000026 | | 0.000000 | | |

Source: Researchers' computation (2025)

Results from the Fixed Effects Model (FEM) and Random Effects Model (REM) reveal differing impacts of corporate governance mechanisms on financial reporting quality in Nigeria. Consequently, the Hausman test was conducted to determine the more appropriate and reliable model for the analysis.

The Hausman Test

Table 6 Extract from the Hausman Test Result

| Correlated Random Effects - Hausman Test | | | | |
|--|-------------------|--------------|-------------|--------|
| Equation: Untitled | | | | |
| Test cross-section random effects | | | | |
| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. | |
| Cross-section random | 105.959393 | 4 | 0.0000 | |
| Cross-section random effects test comparisons: | | | | |
| Variable | Fixed | Random | Var (Diff.) | Prob. |
| BFEX | 2.197385 | 8.605505 | 15.169876 | 0.0999 |
| OWNC | 0.147171 | 0.211152 | 0.027530 | 0.6998 |
| BSDV | 0.271711 | 0.266160 | 0.000093 | 0.5645 |
| BEFF | 2.426002 | 2.142814 | 0.510434 | 0.6918 |

Source: Researchers' computation (2025)

Table 6 presents the Hausman test results used to determine the appropriate panel estimation technique. With a Chi-square p-value of 0.0000 (below 0.05), the null hypothesis favouring the random effects model is rejected. Thus, the fixed effects model is preferred, indicating significant firm-specific differences that justify its use to control for unobserved heterogeneity. The fixed effects regression results for the four study hypotheses are shown in Table 5.

Hypothesis Testing and Discussion of Results

Hypothesis One posited no significant relationship between board financial expertise (BFEX) and financial reporting quality (QFR). The results revealed a significant positive effect ($p = 0.0074$; $t = 2.78$), indicating that greater board financial expertise enhances reporting quality. This supports the view that financially literate directors improve accuracy and compliance, consistent with Chen et al. (2021) and Tan & Shuan (2023), but contrary to Ojo & Igbinedion (2022). Similarly, Hypothesis Two proposed that ownership concentration (OWNC) has no significant effect on QFR. The findings showed a significant positive relationship ($p = 0.0075$; $t = 2.36$), suggesting that concentrated ownership strengthens monitoring and reduces agency problems. This aligns with Ajayi & Ogundipe (2022) but contrasts with Tan & Shuan (2023), who reported a negative link.

In addition, Hypothesis Three examined the impact of board skill diversity (BSDV) on QFR. A strong positive relationship was found ($p = 0.0006$; $t = 3.47$), implying that diverse expertise enhances oversight and reporting quality. This agrees with Bianchi & Rossi (2023) but differs from Taiwo & Mohammed (2023), who

found no significant effect. Hypothesis Four tested the link between board effectiveness (BEFF) and QFR. The results revealed a significant positive association ($p = 0.0001$; $t = 3.59$), indicating that effective boards improve the quality of disclosures. This finding supports Hassan & Yunus (2023) but contrasts with Chinonso & Adedayo (2023), who observed no significant effect.

V. Conclusion and Recommendations

This study investigated the impact of corporate governance mechanisms on the quality of financial reporting among listed consumer goods firms in Nigeria. The findings show that board financial expertise, ownership concentration, board skill diversity, and board effectiveness all have significant positive effects on financial reporting quality. This underscores the importance of strong governance structures in fostering transparency, accountability, and accuracy in corporate disclosures.

Accordingly, it is recommended that regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) strengthen the enforcement of governance codes and reporting standards. Firms should adopt strategic board appointments that ensure diversity in skills and expertise, particularly in finance, law, and industry knowledge. Regular governance and reporting training should be provided for board members, while companies should institutionalize best governance practices through periodic board evaluations, well-defined roles, and performance-based accountability.

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