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QUOTED COMPANIES ATTRIBUTES AND THE RELIABILITY OF FINANCIAL REPORTING IN NIGERIA

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ABSTRACT

This study examines the impact of company attributes on the reliability of financial reports in Nigeria, using a sample of 61 quoted companies' annual reports for the years 1999-2007. The data were analysed and results estimated using Ordinary Least Square (OLS) Regression which was complimented with the Panel Data Estimation Technique. The study reveals that profitability is the major companies' attribute that influences the overall quality of financial reports reliability in Nigeria. The implication of this finding is that when firms make profit, the financial report will more likely be reliable and otherwise when loss is made and may give rise to dysfunctional behaviour in order to satisfy market expectation through earnings manipulation. The study recommends that there should be provisions in the various laws dealing with companies' attributes which have the potential to impair the quality of financial reports. Similarly, emphasis should also be focused on the qualities possessed by the preparers and those who attest to financial statements since such persons can manipulate the financial statements to show desired outcome.

Key words: Companies Attributes; Financial Reports; Legal Requirements; Nigerian Accounting Standards Boards Act; Stakeholders.

INTRODUCTION

The main objective of financial reporting is to provide high-quality financial reporting information concerning economic entities, primarily financial in nature, useful for economic decision making (IASB, 2008). In order to be of high quality, financial reports should be reliable. Thus, the reliability of financial reporting is one of the most important qualitative attributes of accounting practice. Financial information reliability is attained when the information concerning economic phenomenon is complete, neutral and free from material error. According to Simon and Taylor (2002:45), attaining reliability in financial reporting presupposes that financial reports are prepared on the basis of "sound accounting rules" and taking adequate steps to ensure compliance with the relevant rules.

It is important to provide high quality financial reporting information because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions which enhance overall market efficiency (IASB, 2008). For instance, financial statements represent about the only opportunity that investors have to assess both an organization's viability and its going concern status. Similarly, preparers of accounting information are likely to attach great premium on the reliability of measures in financial statements in order to pass audit scrutiny. In the same vein, auditors place great importance on reliability in the financial statements that they audit due to legal issues that could arise in the course of the audit exercise.

There has been a number of criticisms from various groups who have operational interest in financial reporting such as the World Bank (2004) which perceives as inadequate, the reliability of financial reports in Nigeria. This is in-spite of the existence of a number of agencies and regulations which ought to ensure that the nature of information disclosed by firms in their financial reports follow a required standard and are reliable. Although, the Nigerian Accounting

Standards Board (NASB) takes into consideration the specific nature of industries/companies in drawing up accounting standards, the potential of some company attributes to impact on the quality of financial reports has not been considered. That is, there are no accounting standards or other regulations that address industry attributes with respect to the quality of accounting practice in Nigeria.

The absence of the consideration of such issues could inhibit the quality of financial reporting. Despite the widespread acknowledgment of the benefits of enhanced financial reporting, little or no evidence exist on the relationship between company attributes and the quality of financial reporting in Nigeria. Therefore, this study attempts to contribute to the knowledge base in this area by exploring the impact of company attributes on the quality of financial reporting in Nigeria. The remaining part of this paper is organized as follows: section 2 describes the institutional and legal requirements for financial reporting in Nigeria. Section 3 is a review of recent literature and hypotheses development. Section 4 describes the data and methodology used in this study while Section 5 reports the result of the study. Finally Section 6 contains the discussion and Section 7, the conclusion and recommendations.

2. REVIEW OF RELATED LITERATURE

2.1 Institutional and Legal Requirements for Financial Reporting in Nigeria

There are a number of laws and bodies whose provisions have implication for financial reporting in Nigeria. The purpose of these existing bodies and laws (the core of which constitutes accounting standards) that guide and restrict managers in their financial reporting is precisely to enhance reliability of financial reporting. For listed companies, however, the main legal framework for financial reporting is the Companies and Allied Matters Act (CAMA) (1990). The CAMA requires that financial statements comply with the Statement of Accounting Standards (SAS) issued by the Nigerian Accounting Standards Board. It further requires submission of audited financial statements to the Corporate Affairs Commission (CAC) within 42 days of the annual general meeting. The objective is to reduce the accounting alternatives in the preparation of financial statements and thus ensure reliability of financial reports.

In order to fully regulate and enforce compliance with local standards, the Nigerian Accounting Standards Board Act, 2003 was enacted to enforce corporate compliance with financial accounting standards. Prior to the enactment of the NASB Act, the Nigeria Accounting Standards Board relied mainly on persuasion to get the accounting standards applied. The NASB Act has changed the mechanism for enforcing compliance with SASs from persuasion and professional requirement to a more stringent regulatory regime wherein non-compliance with SASs is illegal. That is, it moved sanctions for non-compliance with SASs from the private sector led NASB to a legally enforceable government-monitored system through the NASB, Act. For instance, directors, accountants and auditors became legally liable for non-compliance with SASs by their companies, and can be fined substantially by a court of law. In order to ensure there is no breach of any of the provisions of the Act, every public company is required to submit its published financial statements to the Board immediately after the accounts have been approved by the Board of Directors of the company. Given the stiff penalties defined in the Act, it is expected that financial reporting will improve in terms of reliability.

2.2 Financial Reporting Quality and Reliability

One of the major objectives of accounting is to provide information to interested parties who may not have access to complete, timely and reliable information to make economic decisions--they could therefore seem to be at an information disadvantage. Thus, recognizing the importance of quality financial reporting and actually possessing it are two different things. According to

Owusu-Ansah and Yeoh (2005:33) and Afolabi, (2007:5), there are three major criteria used in developed markets in evaluating the quality of financial reports- timeliness, reliability and comparability of information.

The reliability of accounting information is important in choosing between different information that might be reported. Reliability is attained when the depiction of an economic phenomenon is complete, neutral and free from material error- it is precision in accounting practice. It encompasses two requirements. First, financial reports ought to be prepared on the basis of sound accounting rules. Second, adequate steps should be taken to ensure the compliance with these rules (Simon and Taylor, 2002:45). In-spite of these requirements, there are various forms of dysfunctional behaviour that can occur in an organization which can affect the reliability of financial reporting.

The dysfunctional behaviour involves intentionally altering information to satisfy predetermined outcomes such as biasing and focusing with the intention to mislead (Bimberg, Turopolec and Young, 1983), filtering (Soobaroyen, 2006) and various forms of illegal acts of falsification (Simon and Eitzen, 1986). It is also indicated in the literature that financial reporting could be unreliable because managers are prone to look good by manipulating the performance indicators (Merchant and Van der Stede, 2007:185). Manipulating information can come in one of two forms-falsification and data management. According to Merchant (1989:168-169), falsification involves "reporting erroneous data" while data management is "any action on the part of the management which have effects on reported income and which provides no true economic advantage to the organization."

In whatever form it takes, information manipulation can be regarded as unethical as managers usually adopt it out of self-interest to show good performance and be rewarded, even though such action could be damaging to the organization and its various stakeholders. The shareholders or employees who are deceived by a misrepresentation of performance have their rights trampled upon (Langevin and Mendoza, 2010). When managers deliberately engaged in such sharp practices through financial reporting to ensure a desired outcome then, these could lead to misguided decisions and sub-optimal performance for the stakeholders as a whole.

In Nigeria, there is evidence of the presence of manipulation of financial reporting in order to achieve a predetermined state. Based on a survey of users and preparers, the ranking and motives for manipulating financial reports in Nigeria, according to Iyoha (2009) are to : minimize tax burden, cover up poor cash flow from operations, influence outcome of new equities, secure bank loans with more favourable conditions, influence share price, cover up anticipated losses and mislead stakeholders about performance of the firm. The above motives can have very dysfunctional effects on the decision making and evaluation processes at the various levels at which accounting information is used. Though dysfunctional behaviour could encourage healthy competition, for instance in transfer pricing (Ezejelue, 2006), it could be said to encourage unhealthy competition with regard to the provision of accounting information. And unfortunately, there is not any accounting standard yet that addresses such motives for manipulating accounting information in Nigeria.

2.3 Company Attributes
There is evidence in prior research that company/industry factors influence the firm's choice of internal governance mechanism especially with respect to performance measures (Karuna, 2009; Gillan, Hartzell and Starkes , 2003; Sloan, 1993; Ely, 1991 and Lambert and Larcker, 1987). In examining company attributes, Engel, Gordon and Hayes (2002), conceptually identified three categories: uncontrollable, partially controllable and controllable. Uncontrollable attributes are those which fall outside the direct control of the firms and include organizational size and

structure. Partially controllable attributes are those that can not be changed at will by the firm but susceptible to change in the long run and include organizational resources and organizational maturity. And the controllable attributes are those under the control of the firm. Considering that there is always a day of reckoning, the attributes, whether controllable or uncontrollable, are to some extent susceptible to manipulation by the managers of the firms. What that suggests is that company attributes may be an important determinant of the quality of reliability of financial reporting since managers can manipulate such attributes to ensure that short term results are compatible with expectations.

To motivate our prediction on the relation between company attributes and the quality of financial reporting in Nigeria, we draw from prior research in accounting that shows that several company characteristics impact the reliability of financial reporting. Though such attributes may systematically differ across groups of companies and across time, we select those attributes that are more sensitive to, or that are more precise (with less noise) with respect to the quality of financial reporting. The selected attributes in respect of which the hypotheses are formulated include- Company Size (COMPS), Profitability (PROFIT), Company Age (AGE), Size of Audit Firm (SAF), Company Financial Year-end (FINYR) and the dependent variable is Reliability (RELIAB).

HYPOTHESES DEVELOPMENT
3.1 Company Size
The size of a company has been found to influence the quality of financial reporting. Several reasons have been adduced to support the relationship between quality of financial report and company size. Firstly, large firms have more resources to institute and enforce strong internal control systems in their organizations and can afford continuous audits (Ng and Tai, 1994). Arguing along the same line, Ahmed and Nicholls (1994:65) observed that it is more likely that large firms will have the resources and expertise necessary for the production and publication of more sophisticated financial statements and, therefore, exhibit more disclosure compliance and greater levels of disclosure and reliability.
Secondly, Lang and Lundholm (1993) and McKinnon and Dalimunthe (1993:39) pointed out that large firms tend to have more analyst followings than small firms and therefore may be subjected to greater demand for information. This view is shared by Owusu-Ansah (2000) and Ahmed (2003) who noted that large firms are more visible to the public view and face a lot of pressures from media analysts to release more credible financial information. Accordingly, the larger the firm, the more reliable and` credible its financial reports should be.

H_1: Company size and reliability of financial reporting are positively related.

3.2 Profitability
In terms of profitability, natural instincts dictate that managers would be more willing to report good news (profit) faster than reporting bad news (loss) because of the effect such news could have on the share price and other indicators. This assertion has been supported by prior research which documents the fact that managers are prompt to release good news (profit) compared to bad news (loss) (Chambers and Penman, 1984; Ng and Tai, 1994). The assertion is also in consonance with agency theory which suggests that managers of larger profitable companies may wish to disclose more information to obtain personal advantages like continuance of their management position and compensation (Inchausti, 1997). When profits are earned by companies, there is less tendency to manipulate information. Based on the foregoing, a positive association between profitability and the reliability of financial reports is posited and hypothesis 2 tests for the assertion.

H₂: There is a significant positive association between the profitability and the reliability of financial reporting.

3.3 Age of Company
The age of a company has been identified in prior literature as having impact on the disclosure of information which invariably reflects reliability of financial reports. (Hossain, 2008; Akhtaruddin, 2005 and Owusu-Ansah, 1998). According to Owusu-Ansah (1998: 605), the impact of company age on disclosure of information may be ascribed to three factors - the fact that a company may be young and faces stiff competition, the cost and the ease of gathering, processing, and disseminating relevant information and lack of track record on which to rely for public disclosure. Thus, it can be inferred from these studies that the older a company is, the more reliable its financial reports would likely be and the less the possibility of litigation arising from audit failure. Under the context of Nigeria, it is not possible to conclude without equivocation that older companies will necessarily disclose more reliable information than newly-established firms. However, on the balance of the theory and evidence we present the following hypothesis (with a weak expectation of a positive statistical relation):

H₃: There is a significant positive relationship between the age of a company and the reliability of financial reports.

3.4 Size of Audit Firm
The larger an audit firm is in terms of partners, audit personnel, facilities and international affiliations, the chances are that it would complete an audit assignment faster and more accurately than a smaller audit firm would. For instance, Ng and Tai, (1994) and Iman, Ahmed and Khan, (2001) argue that larger audit firms are expected to complete audits more quickly than smaller firms because they have more resources in terms of staff and experience in auditing listed companies. The large audit firms are also expected to be more thorough in their audit assignments due to availability of the right caliber of personnel and resources. Therefore, a positive relationship between the size of an audit firm and reliability of financial reporting is posited in this study.

H₄ There will be positive association between the size of audit firm and reliability of accounting practice.

3.5 Company Financial Year End
Most firms in Nigeria have their financial year-end in the busy month of December. According to Ng and Tai (1994) and Ahmed, (2003), performing audit during the busy months is expected to cause delay because of difficulties with scheduling. The delay could also have impact on the quality of the audit exercise and hence on the reliability of financial reports. To mitigate delays during such periods and increase the quality of work, audit firms may need to recruit more audit staff and pay overtime. However, in developing countries like Nigeria, there are not enough qualified accountants to employ. For instance, whereas Australia and USA have as many as 552 and 210 accountants per hundred thousand population, Nigeria has 26 (Iyoha, 2009). Therefore, recruiting additional staff may not be an option and so the audit would be delayed. The financial year ends of companies in Nigeria are therefore expected to affect the reliability of financial reporting. Consequently, a negative association between financial year end and the quality of reliability of financial reports is posited in this study.

H₅: There will be a negative association between financial year end and reliability of financial reports.
Control variables: Two control variables were considered in this study-

Industry regulation (REG)

We include an indicator variable REG that is equal to one if the industry to which the firm belongs to is more regulated and zero otherwise. Following Smith and Watts (1992), we denote an industry as being more regulated if it belongs to the banking and insurance sub-sectors.

Chief Executive Officer Tenure (TENURE)

The second control variable is CEO tenure. Dechow and Sloan(1991) and Murphy (1992) show that a manager's tenure in a firm affects the type of incentive provided him. CEO tenure is the number of years the executive has held the CEO position up to the current year. It is measured as the difference between CEO's beginning year and the current fiscal year. Tenure is adjusted (Karuna, 2009) whenever a CEO commences duties in any month other than the beginning month of his commencement fiscal year.

3.6 Reliability

We operationalize the overall quality of accounting practice (denoted as Reliability) in terms of the fundamental characteristics (relevance and faithful representation) and the enhancing qualitative characteristics (understandability, comparability, verifiability and timeliness) as defined in the ED (IASB, 2008). Reliability as a construct is not directly observable and hence is proxied by scaled accrual in this study. The scaled accrual is a useful surrogate for the reliability of accounting practice because (i) managers rely on accruals and can exert some control over them to manage earnings (Healy & Wahlen, 1999; Dechow, Sloan and Sweeny, 1995) and (ii) earnings management is assumed to negatively influence the quality of financial reporting by reducing its decision usefulness (Van, Gaeremynck, and Willekens, 2007). Thus, The main advantages of using accruals to measure reliability of accounting practice is that it can be calculated based on the information in the annual report. In addition, when using regression models it is possible to examine the effect of company characteristics on the extent of earnings management (Healy & Wahlen 1999; Dechow et al. 1995).

STATEMENT OF METHODOLOGY

4.1 Data Collection

The data set for this study is based on cross-section and time series secondary data collected in respect of industry attributes for the period 1999-2007. Our sample consists of 549 firm years arising from 61 companies across 7 industries. To be included in the sample, firms must be listed and active on the Nigerian Stock Exchange (between January, 1999 and December, 2007), the industry that the firms belong has at-least three firms (due to the small size of the capital market) and availability of financial statements during the test period. As at the time of collecting the data, financial reports of companies for the 2008 and 2009 financial years were not yet available. The distribution of the firms along industrial sectors is shown in the table below.

Table1. Industrial Sectors and Organization Sampled

Industrial sector	No of organizations
Banking	17
Insurance	16
Conglomerates	5
Petroleum	9
Agriculture	3
Food/Beverage	7
Health	4
Total	**61**

Source: field survey, (2010)

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The annual reports were analyzed for a total number of sixty one companies (61) and for nine years and this gave five hundred and forty nine (549) firm years.

4.2 Model Development and Variables

Based on prior research, five company specific variables have been selected in order to evaluate their association on the reliability of financial reporting in Nigeria. In estimating the relationship between company attributes and the reliability of financial reports, both pooled OLS and Panel Data Estimation were used. The use of Panel Data estimation technique enabled the individuality of the industries to be taken into consideration by letting the intercept vary for each industry but still assuming that the slope coefficients are constant across industries. Using Ordinary Least Squares (OLS) for the pooled cross-section time series data, the relationship between company attributes and reliability (RLBT) of financial reporting can be written in functional form as follows-

RLBT = f (COMPS, PROFIT, AGE, SAF, FINYR, REG, TENURE).................. (1)
Assuming a linear relationship between the variables, the specification of the regression equation for (1) above could be explicitly stated as:

$$RLBT_{it} = \acute{\eta}_0 + \acute{\eta}_1 COMPS_{it} + \acute{\eta}_2 PROFIT_{it} + \acute{\eta}_3 AGE_{it} + \acute{\eta}_4 SAF_{it} + \acute{\eta}_5 FINYR_{it} + \acute{\eta}_6 REG_{it} + \acute{\eta}_7 TENURE_{it} + u_i \dots(2)$$

Using LSDV (Panel Data Estimation), equation 2 above becomes:
$$RLBT_{it} = \acute{\eta}_0 + \acute{\eta}_1 D_{1i} + \acute{\eta}_2 D_{2i} + \acute{\eta}_3 D_{3i} + \acute{\eta}_4 D_{4i} + \acute{\eta}_5 D_{5i} + \acute{\eta}_6 D_{6i} + \acute{\eta}_1 COMPS_{1it} + \acute{\eta}_2 PROFIT_{2it} + \acute{\eta}_3 AGE_{3it} + \acute{\eta}_4 SAF_{4it} + \acute{\eta}_5 FINYR_{5it} + \acute{\eta}_6 REG_{it} + \acute{\eta}_7 TENURE_{it} + u_{it} \dots (3)$$

Where:
$\acute{\eta}_0 =$ the intercept;
$u_I =$ the error term.
RLBT : Total accruals at time t scaled by total assets at time t_{-1}.(see appendix 1)
D_{1i} to D_{6i} : 1 if the observation belongs to Insurance, Health, Food/Beverage, Conglomerates, Petroleum and Banking, 0 otherwise. Since there are seven industries, six dummies are used to avoid falling into dummy variable trap and a_0 represents the intercept of the agricultural industry.

Table 2 Proxies and Predicted Signs for Explanatory Variables

Hypotheses	Predicted signs	Proxies
Company Size	+ sig.	This yeT Book value of total assets at the end of financial year
Profitability	+ sig.	Dummy variable: 1, if the company reports operating profit, otherwise 0;
Age of company	+ sig.	Number of years of existence of a company since the first Annual General Meeting (AGM)
Size of audit firm	+ sig.	Coded 1 for international audit firms/ local firms with international affiliation and 0 for local audit firms.
Financial year end	-sig	Coded 1, if financial year ends in the last quarter (October to December) and 0 otherwise.
Industry regulation	±	Indicator variable = 1 if industry is more regulated; =0 if the industry is less regulated.
Tenure	±	Natural log of number of years CEO held the position continuously

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The parameters of the models are such that:
η_1, η_2, η_3 and $\eta_4 > 0$, $\eta_2 < 0$, $\eta6$ and $\eta7 \leq \geq 0$.
$I = 1,2 \dots\dots 7$ and $t = 1,2\dots\dots 9$ (1999-2007)

5.0 UNIVARIATE ANALYSIS

5.1 Descriptive Analysis
Table 3 shows the descriptive statistics on the quality of reliability of financial reporting of the sampled companies.

Table 3 Descriptive Statistics

Industry	Min	Max	Mean	Std Dev
Banking	-2.79	0.54	-0.240	0.425
Insurance	-0.99	0.73	-0.0393	0.266
Food/Tobacco/Beverage	-6.29	0.99	-0.1782	0.830
Petroleum	-11.05	1	-0.238	1.34
Health	-0.73	0.78	-0.0118	0.315
Agriculture	-0.95	1	-0.0964	0.466
Conglomerates	-1.02	0.43	-.0097	0.251

Source: Author's computation.

The indices show evidence that all the companies sampled engage in presenting unreliable financial reports (earnings management) in one form or the other at different levels. The mean accrual manipulations are -0.240, -0.039, -0.1782, -0.238, -0.0118, -0.0964 and -0.097 for banks, insurance, food/beverage, petroleum, health agriculture and conglomerates respectively. The banking industry has the worst accrual manipulation rate while the health industry has the least. The manipulations as revealed by the statistics are income increasing in effects because the signs of the indices are negative.

5.2 Correlation Matrix
The table below shows the Pearson Correlation. The results indicate that the correlations between all the independent variables are significant at the 0.05 and 0.01 based on Pearson

statistics. It was observed that the correlation between PROFIT and AGE and between FINYR and AGE were not significantly different from zero in a statistical sense.

Variable	COMPS	PROFIT	AGE	FIN YR	SAF
COMPS	1.000				
PROFIT	0.088*	1.000			
AGE	(0.040)		1.000		
	0.117**	0.001			
FIN YR	(0.006)	(0.980)	-0.020		
	-0.423**	-.071	(0.635)	1.000	
SAF	(0.000)	(0.095)	0.228**		
	0.227**	0.192**	(0.000)	-0.0347**	1.000
	(0.000)	(0.000)		(0.000)	

Pearson correlation coefficients. Numbers in parentheses represent P-values, two-tailed tests.
*Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

5.3 Multivariate Analysis

In testing the hypotheses, a pooled regression and fixed effects regression were carried out. The results are presented in the table below

Table 5: Estimation Results (Pooled OLS and Fixed Effects Regressions)

Variable	Equations (Fixed Effects Regression) Dependent Variable −Reliability			(Pooled OLS Regression) Dependent Variable −Reliability		
	Coefficient	(t-statistic)	P-value	Coefficient	(t-statistic)	P-value
Constant	-0.132	(-0.820)	0.412	-66.9***	(-4.931)	0.000
COMPS	-2.230	(-0.080)	0.935	-2.9E-010	(-1.156)	0.248
PROFIT	0.197**	(2.233)	0.026	0.447***	(3.667)	0.000
AGE	-0.007	(-0.486)	0.627	0.010	(-0.356)	0.722
FINYR	-0.057**	(-0.054)	0.040	0.106	(1.591)	0.122
SAF	-0.008	(-0.284)	0.776	0.093	(1.324)	0.186
REG	-2.302**	(-0.083)	0.042	-1.225**	(-2.323)	0.021
TENURE	-5.185	(-0.745)	0.457	-6.053	(-0.98)	0.324
INSURANCE	0.081	(0.562)	0.574			
HEALTH	0.131	(0.749)	0.453			
FOOD/BEVE	-0.071	(-0.453)	0.650			
CONGLOM.	-0.-18	(0.103)	0.917			
PETROLEUM	-0.146	(-0.981)	0.326			
BANKING	-0.121	(-0.812)	0.416			
AGRICULT.	-0.132	(-0.820)	0.412			
R^2	0.038			0.037		
R^2 adj.	0.018			0.028		
F-test	1.941			4.154		
P-value	0.032			0.001		
No of obser	547			547		

***, ** Significant at the 1% and 5% levels respectively.
t-values (in parenthesis)

Source: Field Survey (2010)

6. DISCUSSION OF REGRESSION RESULTS

Results of the Fixed Effect and OLS regression in Table 5 show that the F-ratio for the fixed effect model is 1.941 (P=0.032) and R^2 = 0.038 and the F-ratio for the pooled model is 4.154 (P = 0.001) and R2 = 0.037. The results statistically support the significance of the models.

From Table 5, the coefficient for Size is negative but and not significant under both models. The negative sign of the coefficient suggests that Size has negative influence on the reliability of financial reports. This result is not consistent with prior studies and thus do not lend credence to hypothesis 1. The empirical evidence derived from the regression under both models indicates that PROFIT is statistically related to the quality of financial reports in Nigeria. The coefficients under the fixed effect and pooled regressions are significant at 0.05% and 0.001% level and

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positive. The positive sign on the coefficients suggests that profit has a direct influence on level of quality of financial reports in Nigeria. These results lend credence to hypothesis two.

The coefficient for AGE under the fixed effect model is negative and thus does not support hypothesis 3, while it is positive under the pooled model and weakly supports hypothesis three. This implies that older and other companies have the tendency to engage in manipulation of financial reporting information. In the case of FINYR, the variable is negative but significant while it is positive but not significant under the fixed effect and pooled regressions respectively. The negative position may be due to the fact that most of the companies have financial year during the busy months in the last quarter of the year when audits are not likely to be very effective. This position
does not lend credible evidence to support hypothesis 4. The coefficient for SAF is negative under fixed effect and positive under pooled regression. In both cases, the coefficient is not significant. This implies that the size of audit firm does not significantly influence the quality of financial reports in Nigeria. The result does not support hypothesis 5.

The most significant revelation in the analysis is that only the coefficient for PROFIT is significant at less than the 1% level. This suggests that PROFIT has driven the overall sample to be significant. This indicates that profitability (PROFIT) is the main corporate attribute which impact the reliability of financial reporting in Nigeria and susceptible to manipulation. We control for REG. That the coefficient for REG is negative and significant is an indication that companies in more regulated industries provide lower quality financial reports. This is evident in Table 3 where the banking industry is indicated to have the worst accrual quality. The result for the second control variable- CEO Tenure, show that the coefficient is negative but not significant. This implies that CEO tenure has inverse influence on the quality of financial reporting in Nigeria. This requires that CEO tenure should be defined and restricted to a maximum term. The panel data results are shown for the relationship between corporate attributes and the reliability of financial reporting in Nigeria as well as the industry-specific effects. Except Insurance and Health, industry-specific attributes have a negative effect on the reliability of financial reporting. However, the effects are not significant.

Additional Robustness.

The overall results in this study did not change when the return on average equity was used instead of dummy variable (1 for profit and 0 otherwise) to represent profitability or the when book value of total asset at the end of financial year was replaced with log of sales and log of market value of equity as proxies for size in the regression.

7.0 SUMMARY AND CONCLUDING REMARKS
The main objective of this study was to examine the impact of corporate attributes on the quality of reliability of financial reporting in Nigeria. To address this, relevant data were collected and analysed and from the analysis, results were obtained and discussed. Overall, there is a significant difference in the quality of reliability of financial reporting among industrial sectors in Nigeria. The banking sector was found to be less transparent in financial reporting even though other industrial sectors were also involved in manipulating reports. From regression results, PROFIT was observed as a major influence on the reliability of financial rep orting in Nigeria. That the coefficient for PROFIT is positive and significant is an indication that when firms make profit, the financial report will more likely be reliable and otherwise when loss is made. A situation of loss may give rise to dysfunctional behaviour in order to satisfy market expectation through earnings manipulation. To ·mitigate the problem of low quality of financial reporting in Nigeria, there should be provisions in the various laws dealing with company attributes which have the potential to impair the quality of financial reports. Similarly, emphasis should also be focused on the qualities possessed by those who prepare financial statements and attest to them since they can manipulate financial statements to show desired results.

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