Effect of CEO Attributes on the Quality of Financial Reporting of Nigerian Firms

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Abstract

Because of the enormous corporate challenges and failures, many questions as to who does the cap fit in putting the enterprises right arises to demand answers to, what characteristics of the CEO are suitable for driving the performance of the organizations with less or no misrepresentation in the financial statements. That calls for this study to investigate the effect of CEO attributes that promote fraud-less financial statement. The study was built on three specific objectives that included investigating the effect of CEO turnover, CEO nationality and CEO gender on quality of financial statement of firms in Nigeria. The three hypotheses that were tested were formulated in accordance with the objectives established. The study covered non-financial service firms for a period of ten years from 2012 to 2021 and adopted Ex-post facto research design. Secondary data were collected from the annual reports of the firms. Sample of 68 firms were drawn from the population of 106 firms listed under non-financial service firms, using a purposive sampling technique. The data generated were analysed with descriptive statistics, correlation and panel regression technique. The findings show that CEO gender has negative and significant effect on quality of financial statement, CEO turnover have inverse statistical significant effect on quality financial statement of non-financial firms at 1% level, while, CEO nationality have positive insignificant effect on quality financial statement of the sampled firms. The study recommended amongst others that shareholders should reduce the rate to which they relieve the CEO his duty as that has increased the degree of low quality financial reports of listed firms sampled.

***Keywords**: CEO Gender Diversity, CEO Turnover, CEO Nationality, Quality of Financial Reporting*

1.0 Introduction

The Nigerian Code of Corporate Governance (NCCG) 2018 buttresses that the CEO being the head of management is delegated by the Board of Directors to run the affairs of the firm, to achieve its strategic objectives for sustainable corporate performance. This assertion invariably positions the CEO on the verge of doctoring the financial statement of the real activities of the firm, to reflect the forecasted financial blueprint, for opportunistic purposes and to present positive public image of himself and the organisation. Most often, retaining the CEO is dependent upon his performance or ability to report accounting profit to the shareholders. Not considering the consequences of these pre performance target or compelling situations would continue to entrap or lure the CEO to manipulate the accounting data. In other words, the behaviour that are adopted by managers

through various reporting methods and estimates display inaccurate reflections on the company's financial fundamentals (Arun, almahrog, & Ali-aribi, 2015). The scenario in most cases amount to presenting low quality financial statement with material misstatements, which is capable of misleading the stakeholders in their various decision making.
Indulgence in financial statement fraud by CEO could be from the perspective of earnings management to present a financial statement that conveys satisfactory image to the shareholders. No doubt the surge in the rate of uprising on corporate failures across the globe, which has necessitated rigorous research to unbundle the measures that can arrest the incessant corporate failures and financial crisis. To understand the argument, Amelia and Eriandani (2021) posit that much pressure on the CEO to meet a given performance target as usually mounted on them by the shareholders cum board of directors adds feather to accounts manipulation. Research had established relationships between CEO characteristics and financial statement fraud. Although, it is evident that the powers of the CEO allows the perception that he is the most influential member of the entity with so much control, and the task ahead of him had presented him in a position that he strategizes to project a positive image of the enterprise.

Surprisingly, even when positive approach to achieving the financial target fails, the CEO can move for stock buy backs, cost deferrals, trade loading, false suppliers certificates, hiding of assets and inflation of bank balances, all for profit management and incentive for extra pay (Mukherjee, & Sen, 2022). At the end of it all, the company may collapse because of the phony concoctions in the financial statements. Some instances where CEO and management were fingered having shady and fraudulent financial reports include the collapsed Indian based global IT firm, Satym, whose CEO doctored its accounting records for the purpose of projecting a larger organisation (Altarawneh, Shafie, Ishak, & Ghaleb, 2022), in far developed America, the management of Enron overstated its profit by 586 million dollar for four years. Similarly, the management of WorldCom capitalized its operating expenses of 3.8 million dollar which amounted to profit overstatement by the same value. Nigerian environment is not an exception; the management of Cadbury Nig. Plc overstated its profits by 13 billion naira (Okaro, Okafor, & Ofoegbu, 2013). Sequel to these cases, an intensive investigation is required to empirically sought for leeway to which some attributes of CEOs could be harnessed, to reduce or eliminate the level that fraud is espouse in the financial reporting of firms in order to smoother corporate failures in Nigeria. This led to the main objective of investigating the influence of CEO on discretionary accruals of firms in Nigeria. The specific objectives are to determine:

1. The influence of CEO turnover on the quality of financial reporting of firms in Nigeria.
2. The effect of CEO nationality on the quality of financial reporting of firms in Nigeria.
3. The influence of CEO gender on the quality of financial reporting of firms in Nigeria.

Hypotheses of the Study

The study stated its hypotheses in null forms as follows;

1. CEO turnover has no significant effect on the quality financial reporting of firms in Nigeria.
2. CEO nationality has no significant effect on the quality of financial reporting of firms in Nigeria.
3. CEO gender has no significant effect on the quality of financial reporting of firms in Nigeria.

2.0 Review of Related Literature

Conceptual Review

Quality Financial Reporting

Presenting a company's financial activity to users in financial statements for their varied decision-making needs is known as financial reporting. Since there is a separation between the principal and the agents, Adebayo (2005) points out that the only way for the managers of the company to report to the owners is through the financial reporting. According to Obazeeand Amede (2019), financial reporting also refers to the method by which managers report to shareholders on their stewardship and to all other stakeholders regarding financial facts. It follows that in order for the financial statement to fulfill its intended functions for the consumers, it must have some quality. Therefore, according to Ogbeifun and Adeniran (2020), financial reporting quality is the degree to which accounting information is free from errors, misstatements, and other unethical accounting and managerial practices. Stated differently, Okpara Okotume and Odubuasi (2023) posit that financial reporting quality is the accuracy with which that financial statement communicates financial information to users, such as shareholders about the growth prospects of their capital, creditors about the liquidity and ability of the enterprise to pay its current obligations as and when due, and customers about the production sustainability of the desired product.

CEO Turnover

CEO turnover buttresses the frequency of replacement of the topmost position on the enterprise. The policy of CEO turnover is believed to be a corporate governance mechanism that would espouse leadership discipline and ensure productive efficiency on the operational system of the enterprise (Huson et al., 2001). The unexpected or sudden change of the CEOs would help harness and make ground for better result management (Choi, Kwak & Choe, 2014). Although, the study by Schwenk (1993) provided the result that upheld that longer tenure implies longer experience with the firm which allows for deeper understanding of the strategy for effective performance by the CEO. They added that long tenure supports the CEO to gain more skills, power and understanding to avert environmental risk exposure. More so, Simsek (2007) opines that longer tenure amounts to more understanding, knowledge, greater skills which would be channeled to propelling the firm to less risk exposure and higher performance. Meanwhile, some researchers uphold that CEO forced turnover would definitely entrench earnings management to the organisation (Hazarika et al., 2012). Additionally, newly recruited directors are also seen to be more potent in the use of earnings management especially in their first years. In which case, forced CEO turnover possibly because of underperformance would trigger increase in the earnings management practices to project upwards the nominal profit of the business enterprise (Wells, 2002).

CEO Nationality

The nationality of CEO refers to the citizenship of the CEO which can be categorized into foreign or local nationality. It follows that CEOs who are not citizens to the nation where they lead the company are foreign CEOs but the CEOs who are citizens of the nation in which they operate are national or local CEOs (Enofe, Iyafekhe, & Eniola, 2017; Omaliko & Okpala, 2022). CEOs are better off in the country where they were groomed except for CEOs with international experience and knowledge who would have a competitive advantage in improving performance of foreign companies (Le, & Kroll, 2017). The foreign CEOs have deeper understanding of international markets and more potentials for creating strategic uniqueness in the market. Be that as it may, a new CEO with a particular nationality may have difficulty to marshal out his skills in a different clime than the CEO in the very nationality. Sebbas (2017) perceive CEO nationality as gaining international experience and having a diversified managerial style.

CEO Gender

CEO gender refers to the sex of the CEO, attributing it to either a female CEOor a male CEO. CEO gender tries to ascertain the functionality of the CEO differently, supposing it was occupied by a female. CEO gender constitutes an essential part of research at the moment as it leaves the argument of whether women do things differently when they are appointed in position of authority, and the proposition has increased focus on corporate governance issues in most countries around the world, which encourages top management diversity. For instance, Smith, Smith and Verner (2006) affirm that Norwegian government has made a case for inclusion of women, which increasingly constitute about 40% of the board. Law and Ningnan (2022) allege that Swedish Law had stipulated that female Executives should constitute 25% of the total Board composition, not only that, female directors should also comprise of 40% of the composition of the Board contrary to this regulation, the company will be withdrawn on an account of being risky. Smith et al. (2006) carried out an investigation using sample of 2500 Danish firms spanning from 1993 to 2001 to understand the impact of female executives on firm performance, which created an evidence that women in top management positions have positive effect on the performance of the firm sampled.

Theoretical review

Upper Echelon Theory

The Upper Echelon Theory (UET) was propounded by Hambrick and Mason (1984) which is established on the ground that displays the characteristics of top management ability to affect the decision making of the firm.The presentation of the seminar paper by Hambrick and Mason's (1984) disclosed empirical result that explored UET with observable demographic characteristics (such as gender, education level, nationality, and tenure) as a proxy to represent psychological differences. This theory introduced that the characteristics of top managers influenced their strategy selection and the results they got and how the human side of managers as informed by their background and psychological characteristics, influences the decision they make. Meanwhile, many researchers had criticized UET for lacking the capacity of considering the factors within the process that mediate in the relationships between top executive and the performance of firms (Menz, 2012; Bluedom, et al., 1994). They argue that UET did not recognize many contributory elements that must surge in during management process, which will react with the demography of the top executives before any result could be achieved. Menz (2012) continued that this gap limits the conceptual and the practical contributions of the UET. Nonetheless, Bromiley and Rau (2016) suggest that additional study should be undertaken at an in-depth tone, to examine the cognitive processes that are essentially required links, to the relationships between top management demography and operational outcomes of the firms. This theory is highly related to our study as its emphasis is on how the CEO or the CFO demography affect the operational outcomes of the organisation including its tendency of presenting financial statements inherent in fraud, therefore we underpin our study on this UE theory.

Empirical Review

Altarawneh et al. (2022) examined the effect of CEO characteristics on the discretionary accrual of firms listed on the Malaysian Stock Exchange from 2012 to 2016. They proxy CEO characteristics with CEO tenure, CEO network, CEO expertise, female CEO, and CEO age, they controlled with firm size, leverage, big4, ROA, sales growth, market to book value. Secondary data were collected from annual reports and accounts of the firms from 2012 to 2016, which was analysed with the descriptive statistics, correlation and regression analysis. The result indicate that CEO tenure, CEO network, female CEO have negative statistical significant effect on discretionary accrual of firms sampled in Malaysian market. Meanwhile, CEO expertise, and CEO age have no significant effect on their discretionary accruals.

Mukherjee and Sen (2022) examined the impact of CEO characteristics on corporate reputation, financial performance and corporate sustainable growth of firms in India, covering the period 2011 to 2018. The study used static panel data method and was anchored on 138 firms listed on Indian Stock Exchange which were purposively chosen. The empirical result from the analysis show that CEO remuneration and tenure maintain significant positive associations with corporate reputation, duality and CEO "busyness" are found to be negatively associated with corporate reputation negatively. Female CEOs and CEO remuneration are associated with corporate financial performance positively, whereas CEO "busyness", as expected, hold a significant negative relationship with corporate financial performance. Besides, the results demonstrate that CEO age is associated with corporate sustainable growth negatively, while tenure appears to have a significant and positive association with corporate sustainable growth.

Odubuasi. Anene and Okeke (2022) in their quest to ascertain if thoroughly firms are reflection of the cognitive bases of the CEO, sampled 36 Nigeria manufacturing firmsfrom 2013 to 2021, with 3 objectives that investigated the effect of CEO education, CEO experience and CEO gender on both firm value and performance on the listed manufacturing companies. Ex post facto research design was engaged while the secondary data for the study was extracted from the financial statements of the firms, which was analysed with descriptive statistics, correlation and panel regression analysis. The result shows that CEO characteristics have significant effect jointly on the performance (ROEQ) and value (TOBNQ) of the manufacturing firms at 1% significant levels.

Law and Ningnan (2022) assessed influence of individual CEO's characteristics on performance of50 largest and most liquid A – share firms in Chinese Stock Exchange from 2010 to 2017. The result of multivariate regression analysis shows that CEO's with legal background has positive and significant effect on corporate performance of firms in China, CEO shareholding ratio and CEO duality have negative insignificant effect on financial performance of firms in China, CEO's gender and CEO tenure have positive but no significant effect on financial performance of firms in China.

Ashafoke, Dabor and Ilaboya (2021) came up with the question as to whether CEO characteristics affect financial reporting quality. They empirically x-rayed the CEO attributes like CEO gender, CEO financial expertise, and CEO tenure on the financial reporting quality measured with IASB qualitative characteristics index, on the sample of banks listed on the Nigeria exchange limited from 2008 to 2019. The result of OLS regression estimation shows that CEO gender has positive and no significant effect on FRQ, CEO tenure has positive significant effect on FRQ, while CEO financial expert has negative and statistical significant effect on FRQ of the Nigerian banks reviewed.

Rehman, Jun, Rehman, Zeeshan, Adeel, Saleem and Rehman (2021) from Pakistan a sample of 200 listed firms was taken and investigated the effect of CEO characteristics on financial performance. The attributes of the CEOs considered were CEO education, CEO tenure, CEO duality, CEO gender, CEO nationality, and CEO origin/insider, but the dependent variable was proxy with ROA, ROE and Tobin's Q. Robust Panel Modeling Methodology was engaged in data analysis and the result show that CEO duality and tenure are inversely associated with performance of firms, female CEO, and non-national CEO are not significant in profit determination, while insider CEO and foreign CEO have influence on firm performance in Pakistan.

Amelia and Eriandani (2021) investigated CEO characteristics and earnings management of495 sampled non-financial companies listed on Indonesian firms from 2017 to 2019. They measured independent variable with CEO gender, CEO tenure and CEO turnover, while the control variables used are firm age, firm size, firm leverage, ROA and MTB. The secondary data collected was analyses using descriptive and panel regression analysis and the result indicates that female CEO and CEO turnover have no significant effect on the earnings management of the firms sampled. Company age and MTB ratio have no significant effect on earnings management of the firms. More so, CEO tenure and firm size have inverse and significant effect on earnings management whereas ROA and firm leverage have positive and statistical significant effect on earnings management.

Alhmood, Shaari and Al-dhamari (2020) investigated CEO characteristics and real earnings management in Jordan. The study sampled 58 companies consisting of 43 industrial firms and 15 service firms listed on the Amman Stock Exchange for the periods of 6 years from 2013 to 2018. They measured CEO characteristics with CEO's experience, CEO's tenure, CEO's duality, and politically connected CEOs. Meanwhile the control variables are firm size, firm age, financial leverage, market-to-book ratio, and sales growth. Their data were collected from the website and annual reports of the firms. The data were dissected with the use of descriptive statistics, correlation and regression analysis, and the result show that CEO experience, CEO political connection have positive significant effect on earnings management, CEO tenure has positive no significant effect on earnings management, whereas CEO duality has negative significant effect on earnings management.

Anaso (2020) determined the impact of CEO characteristics on capital structure of firms listed on the Sub-Sahara African countries namely, Nigeria, South Africa and Kenya with total sample of 64 companies from 2012 to 2016. The variables used in the study are CEO gender, CEO nationality, CEO tenure, CEO share ownership, CEO turnover while working capital was measured with total liability to total assets. Data were analysed with descriptive statistics, parametric and non-parametric tools and the result indicate that CEO nationality was found to be significant to the capital structure of the companies studied from Sub-Sahara African countries.

Qawasmeh and Azzam (2020) investigated CEO characteristics and earnings management, taking on from the perspective of the non financial services firms listed on the Amman Stock Exchange from 2010 to 2018. Their objectives were anchored on four CEO attributes like CEO tenure, CEO age, CEO experience and CEO ownership while earnings management was measured with Performance Matched Discretionary Accrual Model (PMDAM). The secondary data generated were analysed with descriptive statistics, correlation and regression analysis. The results show evidence that CEO tenure and CEO ownership have positive and statistical significant effect on earnings management of non-financial services firms in Amman. More findings indicate that CEO age and expertise have positive but no significant effect on earnings management of the firms sampled.

Saidu (2019) investigated the relationship between CEO characteristics and firm performance with focus on origin, education and ownership; from the perspective of Nigerian listed firms covering 2011 to 2016 fiscal years. The study was centered on financial sector that comprised of 56 firms but limited the study to 37 firms that met up with their criteria. Just like other researchers, this study proxy ROA, ROE and stock price for performance. And measured CEO attributes with CEO ownership, CEO education, CEO insider, and controlled the analysis with firm size, cash flow and leverage. Data collected from the annual reports of the firms were analysed with descriptive statistics, correlation analysis and regression analysis, which produced the findings that posit that CEO education fosters profitability and stock performance gets improved when the CEO has prior experience of the firm before being appointed as the CEO.

Kyunga and Jooyeon (2017) from the North Korea nation investigated the association between CEO gender and earnings management that span from 1982 to 2013. CEO gender was measured by separating male from female CEOs of the companies and tested how each of the groups had aided the firm to inflate earnings on the firm-year observation of 14,385. Their study was on non financial and non regulated industries selected from COMPUSTAT Fundamental annual database. The data collected were analysed with descriptive statistics, OLS regression analysis and the results provide that the male CEO engage in the use of aggressive discretionary accruals and activities operations in order to report small positive earnings or small earnings increase. On the other hand female CEO tends to decimate the earnings management as was proxy by real activities operation of suspect firms.

Benjamin and Dabor (2017) assessed the relationship that exists between CEO characteristics and financial performance of banks in Nigeria covering 2015 financial year. The objective was to ascertain the influence of CEO tunure, CEO gender, CEO education and CEO remuneration on the return on assets of banks in Nigeria. The method of Taro Yamene was applied to obtain the sample size of 14 banks from the total of 18 banks. They extracted data from annual reports of the banks and employed ordinary least square estimation technique in data analysis. The result from the study indicate that CEO remuneration and CEO tenure have positive significant effect on return on assets of banks in Nigeria, while CEO education and CEO gender have negative insignificant effect on banks in Nigeria.

Kokeno and Muturi (2016) undertook an investigation on the effect of CEO's characteristics on the financial performance of firms listed on the Nairobi Kenya security and Exchange Market from 2008 to 2014. They measured CEO characteristics with CEO age and education to which they applied explanatory research design. The data were gathered from the annual reports of the firms for the periods, which were analysed using descriptive statistics, regression analysis. The results thereto indicate that CEO age and CEO education have both positive and significant effect on the performance of firms in Kenya.

3.0 Methodology

Ex-post facto research design was used because the researcher had no intention to manipulate the data. The study population is the one hundred and six (106) non-financial service firms that are listed on Nigeria exchange limited. Elimination method was used to arrive at the sample size of the study. Thus, firms that do not have financial statement for the periods of time covered was removed, all the firms that had not operated for the period of time under review were eliminated, finally oil and gas sector was also sieved out because, the data from the sector had relatively high value of outliers. At the end, the study used sixty eight (68) firms that measured up to the criteria stated above. Secondary data was used by the study and was collected from the annual reports of the firms for ten (10) years, spanning from 2012 to 2021 financial years.

The data generated was analysed using Stata 14 version with some analytical techniques as Descriptive statistics for distribution pattern of the data, correlation analysis for the level and direction of relationship among the variables, panel regression analysis using random effect (RE) and fixed effect (FE) models, alongside Hausman effect test for selection of better model between random and fixed effect results. Variance inflation factor tested multicollinearity, Heteroscedasticity tested for the presence of an outlier, whether the residual of error term is constant. Validity of the models were tested with F-test and P-value, R^2measured the overall impact of independent variables on the dependent variable, a test of goodness of fit of the model, while the significance of the individual independent variables were tested with t-test, all at 95% confidence level.

Model Specification

The model of this study is specified using multiple regression as specified below;
ACCR = *f*(TURN, NATI, GEND)
The model is presented in econometric form as follows;
$ACCR = \beta_0 + \beta_1 TURN_{it} + \beta_2 NATI_{it} + \beta_3 GEND_{it} + \varepsilon_{it}$ -
Where;
$ACCR_{it}$ = Discretionary Accruals that proxy financial reporting quality of firm *i* in year *t*; $TURN_{it}$ = CEO turnover of firm *i* in year *t*; $NATI_{it}$ = CEO Nationality of firm *i* in year *t*; $GEND_{it}$ = Gender of CEO for firm *i* in year *t*; ε_{it}= Error term; β_0 = Constant; $\beta_1, \beta_2, \beta_3,$ = Coefficients of determination.

Variable measurement

Variables/ specifications	Expected Signs / A priori Expectation	Measurements	Authors
Dependent Variable			
Financial Statement Fraud (FSF)		Proxied by discretionary accruals computed using Jones Model (1991)	Qawasmeh and Azzam (2020)
Independent Variable			
CEO Turnover (TURN)	-	'1' If there was change of CEO during the period of the study, otherwise '0'	Orekhova, Kudin and Kupera (2019)
CEO Nationality (NATI)	+	'1' if CEO is a foreigner, otherwise '0'	Orekhova, Kudin and Kupera (2019)
CEO Gender (GEND)	-	'1' if the CEO is a female, otherwise '0'.	Altarawneh, Shafie, Ishak and Ghaleb, (2022)

Source: Researcher's compilation (2024)

4.0 Data Analysis and Interpretation

Table 4.1 - Descriptive Statistics

Stats	QFR	TURN	NATI	GEND
mean	-.5825958	.1776447	.2689243	.0536779
p50	-.56	0	0	0
max	4.7	1	1	1
min	-7.03	0	0	0
sd	.5960672	.3825954	.4438428	.2256054
N	574	501	502	503

Source: Stata 14 output

The table above shows the summary of descriptive statistics for the study. From the table, it is observed that the range of quality financial reporting is from – 7.03 to 4.7. The mean value is -0.58, the median is -0.56, with a standard deviation of 0.59. Positive discretionary accrual means income-increasing behaviour and negative discretionary accrual represents income decreasing management (Abbott, et al., 2006). CEO gender diversity figure shows that appointment of female CEO occurred on average only 5% of the firm-year observations. The standard deviation of CEO gender diversity of 22.5% implies that variations exist on the appointment of female to Chief Executive Officer Position among the firms studied. CEO turnover has mean score of 18% with standard deviation of 38%. Finally, the table displays that on average, 27% of the CEOs are foreign nationals. There is wide variation on the engagement of foreign nationals amongst the firms as indicated by the standard deviation of 44%.

Table 4.2 Normality Test

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
QFR	574	0.65599	131.069	11.793	0.00000
TURN	501	0.98448	5.229	3.977	0.00003
NATI	502	0.99320	2.295	1.998	0.02288
GEND	503	0.93312	22.619	7.499	0.00000

Source: **Stata 14 output**

The normality test result in table 4.2 above provides probability value of the variables that are lesser than 5% critical value, hence are not normally distributed and becomes imperative that Spearman rank correlation will be applied on assessing the correlations among the variables.

Table 4.3 Correlation Matrix

	QFR	TURN	NATI	GEND
QFR	1.0000			
TURN	0.0049	1.0000		
NATI	0.0247	0.0023	1.0000	
GEND	0.0273	0.0561	-0.1414	1.0000

Source: **Stata 14 output**

The correlation table above shows positive and very low relationship between quality financial reporting and CEO turnover, CEO nationality and CEO gender diversity at the correlation coefficient of 0.005, 0.02 and 0.03 respectively. Similarly, CEO turnover has positive and very low relation with CEO nationality and CEO gender at 0.002 and 0.06 respectively, while CEO gender diversity has inverse and low relationship with CEO nationality.

Table 4.4 Variance Inflation Factor

Variable	VIF	1/VIF
GEND	1.02	0.976835
NATI	1.02	0.979909
TURN	1.00	0.996750
Mean VIF	1.02	

Source: Stata 14 output

From the above table 4.4, it is shown that the mean VIF is 1.02. It is however, the rule of VIF to place a benchmark mean of 10 for acceptance level. Hence it is assumed that any result that produces mean VIF above 10 has a case of high correlation among the independent variables. Since our result is 1.02 that is lower than the acceptable mean VIF of 10, we conclude that no presence of multicollinearity exist in our data.

Table 4.5 - **Heteroscedasticity Test**

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of QFR

chi2(1) = 224.37
Prob>chi2 = 0.0000

Source: **Stata 14 output**

Heteroscedasticity test has a decision rule that there is no heteroscedasticity if the probability value is greater than the critical value at 5% level. Table 4.5 indicates that the probability value of 0.00 is smaller than the critical value of 0.05. Therefore, we conclude that heteroscedasticity exist. This assumption so breached will be repaired with random effect model of panel regression technique.

Table 4.6- Regression specification test

Ramsey RESET test using powers of the fitted values of QFR
Ho: model has no omitted variables
F(2, 495) = 4.48
Prob> F = 0.0118

Source: Stata 14 output

The table 4.6 tested if there was omitted variable or whether the model was miss specified. The result shows that the probability is lesser than 5%, which implies that specification error exists and was corrected with random effect model.

Panel Regression Analysis

The study employed panel regression analysis to ascertain the cause and effect links between our explanatory variables and the dependent variable, as well as used the analysis for testing the formulated hypotheses. The summarized results of the panel regression analysis are presented in the table below.

Table 4.7 – Summary of Panel Regression Analysis

	FEM result	REM result
TURN	-0.175 (0.014)*	-0.179 (0.009)***
NATI	0.280 (0.016)**	0.115 (0.147)
GEND	-0.230 (0.169)	-1.178 (0.201)
R^2	0.36	0.32
F-stat and (Prob)	15.61 (0.0009)**	21.74 (0.0075)***

Hausman Test Prob>Chi2 =		0.1734

Source: Researcher's compilation 2024

Remarks: (1).*, **, *** means – statistical significance at 10%, 5% and 1% level respectively.
(2). Brackets () – represents P-values.

From the table 4.7 above, it was seen that F-statistics and its corresponding P-value were 15.61(0.0009) and, 21.74(0.0075) for fixed effect model and random effect model results respectively. This shows that our model remains valid for drawing inference using any of the panel data model since they are statistically significant at 1% levels. The R-squares were shown as 36% and 32% for fixed effect model result and random effect model result respectively. These values indicate that 36% and 32% accordingly of the financial reporting quality of non-financial service firms could be determined by the combination of the CEO attributes in our model.
The probability of the Hausman Test is 0.173, implied not significant, hence we accept null hypothesis that prefer random effect model against fixed effect model of panel regression estimation for testing our hypotheses.

Hypothesis Testing

H_{O1}: CEO turnover has no significant effect on quality financial reporting of firms in Nigeria.
The result of the analysis provides that CEO turnover scored a regression coefficient of -0.179, which indicates that CEO turnover has an inverse association with quality financial reporting of firms sampled from non-financial sectors of the Nigerian economy. The result simply implies that the firms that changed their CEO in the financial year had a lower quality financial report. The result further shows that the p-statistics (P>/t/= 0.009) is lower than 5% critical level. The statistics implies that CEO turnover is a major determinant of quality financial reporting in non-financial service sector. In effect, the study upholds the alternate hypothesis which posits that CEO tenure has significant negative effect on the financial reporting quality of non-financial service firms sampled.

H_{O2}: CEO nationality has no significant effect on quality financial reporting of firms in Nigeria.
The result of the random effect model of the panel regression in table 4.7 indicated that CEO nationality possesses a positive coefficient of 0.115, which carries the insignia that CEO nationality and quality financial reporting go in the same direction. Hence, an increase in engagement of foreign CEO of the firms sampled will result to a corresponding increase in the quality of financial information in the annual reports. In other words, being a foreigner does not accord any special business management acumen to the CEO but his ability to understand and manage the surrounding business challenges, would pave way for more profitability and lesser earnings management that is targeted to portray good image of the entity. More so, the table shows the P-value of CEO nationality is (P>/t/= 0.147), which is far higher than 5% critical value. The statistic implies that CEO nationality is not a significant variable for predicting quality of financial report. Nonetheless, the study fails to reject the null hypothesis that maintains that CEO nationality has no significant effect on the financial statement fraud of firms listed on non-financial service firms.

H_{O3}: CEO gender has no significant effect on quality financial reporting of firms in Nigeria.

The table also indicated that CEO gender diversity (GEND) possesses a negative regression coefficient of -1.17, which means that, having more female CEOs would reduce the degree of low quality financial information contained in the financial statement of the firms sampled. The result follows the argument that female folk are more dynamic, meticulous and more glean in discharging their duties. The result emphasizes that financial reporting quality can improve by 0.055 units should the appointment of female to CEO positions be raised by one unit, supposing all other variables are kept constant. More interestingly, the p-value of CEO gender diversity shows (P>/t/= 0.201), which means that GEND is statistically not significant. If the companies are to make a decision on how to improve quality of financial reporting, CEO gender diversity will not be too important in such deliberation. Hence the study fails to reject null hypothesis that posits that CEO gender diversity has no significant effect on financial reporting quality of non-financial service firms in Nigeria.

5.0 Conclusion and Recommendations

The study has successfully completed the quest to ascertain the effect of certain CEO attributes that can boast or retard quality of financial report of firms listed under non financial service sectors of the Nigeria exchange group. The attributes considered are CEO nationality, CEO gender diversity, and CEO tenure while the financial reporting quality was measured with modified Jones model of Dechow et al. (1996). Data from the annual reports were put to use which has been proved to be more reliable and the study covered 2012 to 2021 financial years. Panel regression estimation was used and the result confirmed that CEO turnover is the most reliable attribute that can determine CEOs tendency to impair of improve financial reporting quality. However, the study recommends that;

1. The shareholders should reduce the rate to which they relieve the CEO his duty as that has increased the degree of low quality financial information of listed firms sampled.

2. The study encourages the firms, shareholders and the sectors studied to pay less attention to the nationality of the prospective CEOs considered for employment, since it does not determine the financial reporting quality within the sector.

3. The firms are encouraged to be sensitive to the quality and skills possessed by the female gender being considered for appointment as the CEO since their presence encourages infiltration of misstatements in the financial statements.

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