FIRM CHARACTERISTICS AND FINANCIAL REPORTING QUALITY OF LISTED CONSUMABLE GOODS COMPANIES IN NIGERIA

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Abstract
This study examined the influence of firm characteristics on the financial reporting quality of listed consumable goods companies in Nigeria from 2014 to 2019. The objective of this paper was to examine the link between firm characteristics like firm size, leverage, board composition, institutional shareholding, profitability, and liquidity and financial reporting quality of listed consumable goods companies in Nigeria. This study adopted a longitudinal panel research design. Data were sourced from annual financial reports of 13 selected consumable goods companies in Nigeria from 2014 to 2019. This study used panel least square regression analysis. The results revealed that the institutional shareholding, board composition, and liquidity influenced financial reporting quality positively and significantly. The firm size influences financial reporting quality negatively but significantly; while leverage and profitability were positive but had an insignificant influence on the quality of financial reporting.
Keywords: Financial reporting quality, Board composition, Profitability, Institutional shareholding, Liquidity

Introduction

The International fraudulent practice confronting the accounting profession in recent times has hindered the confidence of users of accounting information. For financial statement transparency, the presentation should not be deceptive while the user can grasp the information presented without much effort (IASB, 2008). Saliu and Adetoso (2018) submitted that financial reporting is the communication of financial data to several users of accounting information to formulate an investment decision, obtain credit facilities, and other financial decisions. Financial reports are official and complete statements describing the financial happenings of business entities while financial reporting quality refers to a wide and multifaceted concept.

Despite numerous measures by the foreign financial institutions to enhance the quality of financial reporting, which reached the peak at the beginning of International Financial Reporting Standards (IFRS) and its succeeding acceptance by a meaningful number of nations, the wave of firm offence and fraud was retained on a universal extent. Particularly, in 2014, Glaxo Smith Kline (GSK) or Glaxo China, after months

of an examination was engaged in widespread corporate corruption to the tune of £320m as a result of the low quality of the financial report (Okunbor & Dabor, 2018). The suspension of the CEO, Chairman, and two other directors of Stanbic IBTC Bank by the Financial Reporting Council of Nigeria in 2015 for filing false financial statements during 2013-2014 has affirmed this and also explicitly proven that regulators now considered the matter of financial reporting quality serious. In addition, various financial reports in Nigeria are controlled by regulations and standards from diverse approved financial regulatory entities such as the Securities and Exchange Commission (SEC), the Financial Accounting Reporting Council of Nigeria (FRC), Nigeria Stock Exchange to say a few (Olowokure, Tanko & Nyor, 2015).

The higher the quality of financial reporting, the more important are the advantages earned by investors and users of financial reports (Herath & Albarqi, 2017). It is the heartbeat of a progressing company in which investors and other users find good, appealing, and promising information that facilitates their decision toward investing in such companies. Furthermore, over the years, the accounting scandals that took place in the foreign financial institutions and Nigeria have raised questions and worries regarding the quality of financial reporting (Agraval & Chadha, 2005; Brown, Falaschetti & Orlando, 2010). Notable firms like Enron, Worldcom, Marconi, Parmalat, Cadbury, and Bank Oceanic have engaged in financial fraud; this reduced the confidence of investors in the management and their published financial reports (Biddel, Hillary & Verdi, 2009).

Firm characteristics are described as firm demographic and managerial variables which in turn, include groups within the firm's environment (Zou & Stan, 1998 as cited in Egbunike & Okerekeoti, 2018). These characteristics cannot be overemphasized because of their importance in determining the quality of financial reporting. Hassan and Bello, (2013) listed seven independent variables which were chosen as substitutes for the firm's characteristics such as firm size, leverage, board composition, institutional shareholding, profitability, liquidity, and firm growth. Hassan and Bello (2013) further re-grouped the variables into three, namely: structure variables such as firm size and leverage, monitoring variables are boards' composition and institutional shareholding while performance variables are profitability and liquidity. Several studies were done on structure variables and financial reporting quality which show that; firm size has a relationship that is positively strong and significant with the financial reporting quality of listed manufacturing companies (Hossain, Momin & Leo, 2012; Ahmed, 2012; Mensah & Deajeon, 2013; & Asegdew, 2016). Egbunike and Okerekeoti, (2018) revealed that the firm characteristics, firm size, and leverage were significant while Olowokure *et al.*,(2015) showed that firm size, leverage, and financial reporting quality were not significantly related.

Moreover, studies were carried out on performance variables - profitability and liquidity. Soyemi and Olawale, (2019) revealed that highly profitable companies have

high financial reporting quality; consequently, profitability should be a good pointer of poor or good financial reports. Wang, Zhu, and Hoffmire, (2015) submitted that financial reporting quality is more strongly associated with over-investment for a firm with a large free cash flow. Hamidzadeh and Zeinali, (2015) opined that liquidity affects financial reporting quality. Hossain *et al.*, (2012) showed that profitability and liquidity are insignificant with the level of internet financial reporting disclosure. Hassan and Bello, (2013) found that profitability and liquidity significantly influence the earnings quality of listed Nigerian deposit money banks after the adoption of IFRS. Given, the aforementioned problem and findings by several studies that have been undertaken on this topic; Hassan and Bello (2013) submitted a detailed report that firm characteristics impact financial reporting quality of Nigerian manufacturing firms, others are; Okunbor and Dabor (2018), Egbunike & Okerekeoti (2018). Concerning firm characteristics and quality of financial reporting quality, many studies have focused on listed manufacturing companies. Therefore, the study filled the gap of considering the impact of firm characteristics on the quality of financial reporting of Nigerian listed consumable goods companies from 2014 - 2019.

Objectives of the Study

The following fundamental objective was examined.

To ascertain the relationship between firm characteristics and financial reporting quality of Nigerian listed consumable goods companies.

Literature Review

Conceptual Review

Financial Reporting Quality

The rate by which financial reports of a company reflect its operating performance and how helpful in predicting future cash flows have an association with financial reporting quality (Nyor, 2013). Stergios and Michalis (2012) similarly observed using financial reporting quality from two broad angles. Firstly, the quality of financial reporting is determined and founded on the usefulness of the financial information to its users. Secondly, financial reporting quality is concerned with the idea of shareholder's protection. Hence, the process of communicating economic measurement, obligation, and accounting information about the resources and performance of reporting entities to those having realistic rights to such information to facilitate informed judgments and decision making is regarded as financial reporting quality.

Firm Characteristics and Financial Reporting Quality

Firm size and leverage are regarded as firm structure variables that could affect financial reporting quality. Firm size has become foremost in empirical corporate finance studies and has been broadly confirmed as the most important variable (Kioko, 2013). Ishak, Amran, and Abdul Manaf, (2018), argued that large firms are more likely to experience higher agency problems. It would be more difficult to manage the operations of large firms especially when it diversifies their line of business. Leverage

means the ratio of debt to equity in the capital structure of a firm (Omondi & Mutur, 2013). Asegdew, (2016) assessed the factors of the financial reporting quality of manufacturing companies in Addis Ababa. The study disclosed that companies' shares have a positive link with financial reporting quality while firm size had a negative and statistically significant influence on manufacturing share companies' financial reporting quality. Olowokure *et al.*, (2015) employed the ordinary least square to investigate the companies' structural characteristics and financial reporting quality of Nigerian listed deposit money banks. They discovered that leverage and financial reporting quality are insignificantly related.

Board composition and institutional shareholding are firm monitoring variables, and are presumed as a function of financial reporting quality; because of their suitability for checkmating manipulative accounting activities by management. According to Fathi (2013), the board's size is a declining function of the effectiveness of control. The addition of a new member to the board of directors boosts the board's oversight capacity. Fathi (2013) stated that the capital of big corporations increases due to a large number of institutional investors gathered from the public and investors. Agency costs can be reduced due to their property in the capital of a company. Institutional investors have the motivation to intervene actively in the management of the firm and may also have the motivation to monitor managers, because of their largest share in the company. Mahboub, (2017) assessed the factors of financial reporting quality in the Lebanese banking sector; the study revealed that financial reporting quality of the annual reports in the banking sector can be realized due to a high proportion of debts, shareholders ownership, and large board size. Adebiyi and Olowookere, (2016) found that managerial ownership enhances the quality of yearly earnings by mitigating the levels of financial reporting manipulation.

The profitability of corporate organizations has been known from literature as another key interest of management experts, investors, and researchers (Charles, Ahmed & Joshua, 2018). Therefore, profitability is an essential and dependable index of corporate growth as it gives a wide index of the capability of companies to expand their level of income (Ahmed, Naveed, & Usman, 2011). According to Katchova and Enlow (2013), liquidity ratios measure the firm's ability to pay off its short-term debt obligations. Enakirerhi, Ibanichuka, and Ofurum, (2020) found that the outcome of profitability on the quality of earnings since the acceptance of IFRS is subjected to what measure of profitability was accepted. Return on equity has a negative (positive) effect while return on assets has a positive (negative) effect on discretionary accruals (earnings quality) while examined the firms' profitability and financial reporting quality between the Prior and Subsequent IFRS acceptance in Nigeria. Soyemi and Olawale (2019) examined the firm characteristics and financial reporting quality of non-financial firms in Nigeria. The study revealed that highly profitable companies have high financial reporting. They found that, because profitability is a business outcome, a company can either gain a profit or make a loss, subject on internal,

political, and economic factors, it is natural to admit that managers would be more willing to convey good news (profit) faster than convey bad news (loss).

Theoretical Framework

This study was anchored by agency theory that was propounded by Jensen and Meckling (1976). Agency theory is considered to be a contract between shareholders and external auditors to regulate the activity of other agents (management). Shareholders delegate duties to be performed by management (agents). Duties to be cover mainly operating the organisation on behalf of shareholders to meet their goals and objectives. The most paramount basis of agency theory is that the managers are usually encouraged by their gains and work to exploit their interests rather than considering shareholders' interests and maximizing shareholder value whereas stakeholders act in a rational way to maximize their utility (Toukabri, Ben & Julani, 2014).

Methodology

Research Design

This study adopted the longitudinal (panel) research design. The current population entails 20 listed consumable good companies in the Nigeria Stock Exchange as of 31st December 2020. Purposive sampling techniques were used in selecting (13) listed consumable goods companies based on the accessibility of their financial reports. Data on financial reporting quality, firm size, leverage, board composition, institutional shareholding, profitability, and liquidity were gotten from annual reports of the listed consumable goods companies from 2014 to 2019. To establish the link between the identified independent variable and financial reporting quality; descriptive statistics and panel least square regression were employed.

Model Specification

The model specification for this study was based on the lessons learned from the review of theoretical literature as well as empirical literature on the link between firm characteristics and financial reporting quality and, also other factors of financial reporting quality. To empirically ascertain how firm characteristics influence the financial reporting quality of listed consumable companies in Nigeria, a model put forward by Soyemi and Olawale (2019) was used as specified in functional and stochastic forms.

$$Frq = f(Fs, Lev, Bc, Is, Prof, Liq) \qquad (1)$$

$$Frq_{it} = \lambda_0 + \lambda_1 Fs_{it} + \lambda_2 Lev_{it} + \lambda_3 Bc_{it} + \lambda_4 Is_{it} + \lambda_5 Prof_{it} + \lambda_6 Liq_{it} + \varepsilon_{it} \quad (2)$$

Where:

Frq	=	Financial reporting quality
Fs	=	Firm size
Lev	=	Leverage
Bc	=	Board composition
Is	=	Institutional shareholding
Prof	=	Profitability
Liq	=	Liquidity
ε	=	Error term
λ_0	=	Constant term
$\lambda_1 \ldots \lambda_6$	=	Regression Coefficients
i	=	company
t	=	time

Financial reporting quality was measured using the modified Dechow and Dichev (2002) model.

$$\Delta WCit = \lambda_0 + \lambda_1 CFO_{it} - 1 + \lambda_2 CFO_{it} + \lambda_3 CFO_{it} + 1 + \lambda_4 \Delta REV_{it} + \lambda_5 PPE_{it} + \varepsilon$$

Where; ΔWC= change in working capital, CFO= Cash Flow from Operations, ΔREV=change in revenue, PPE= property, plant and equipment.

Financial reporting quality in the second regression model specified for the study was represented by the residuals for the modified Dechow and Dichev (2002) model after inserting the sampled. Furthermore, the accrual quality was determined by the residuals; the smaller the residuals, the higher the quality of accruals, vice versa, McNichols (2002).

Table1: Measurement of variable

Dependent variable	**Variable Label**	**Measurement**	**Source**	**Expected Sign**
Financial Reporting Quality	FRQ	Discretionary Accrual (DAC)	Adebiyi and Olowookere (2016)	
Independent Variables				
Firm size	FS	Natural log of total assets	Rehman, Khan, Hussain (2019); Hassan and Bello (2013)	±
Leverage	LEV	The ratio of total debt to shareholders' equity	Olowokure, Tanko and Nyor (2015); Rehman, Khan, Hussain (2019)	±
Board Composition	BC	The ratio of independent non-executive directors to board size	Fathi (2013)	±
Institutional Shareholding	IS	Number of shares held by active institutional investors to the total number of outstanding	Affan, Rosidi, Liki, and Purwanti (2017)	±
Profitability	PROF	Return on Asset (ROA) is the ratio of net income to total asset	Enakirerhi, Ibanichuka and Ofurum (2020)	±
Liquidity	LIQ	Ratio of a current asset to current liability	Katchova and Enlow (2013); Hamidzadeh and Zeinali (2015)	±

Source: Authors' compilation (2020)

Analysis and Results

Correlation Analysis

The estimated coefficients among the variables were presented in Table 2. The result in Table 2 revealed a coefficient between the quality of financial reporting and institutional shareholding of 0.175. This implies that a positively weak relationship exists between financial reporting quality and institutional shareholding. A positively weak relationship was recorded between financial reporting quality and board composition of consumable goods companies in Nigeria as confirmed by a coefficient of 0.027. The leverage and financial reporting quality have a coefficient of 0.127 which implies that financial reporting quality has associated with the leverage of selected firms. The coefficient of 0.041 showed that firm size is positively related to financial reporting quality but weak. The relationship between financial reporting quality and return on asset, the estimated correlation coefficient of 0.076 but demonstrates a positively weak. Similarly, the coefficient of 0.137 indicates that there was a positively

weak relationship between financial reporting quality and liquidity. In the subsequent section, these relationships were further probed using the panel regression technique

Table 2: Correlations Matrix

	Variables	1	2	3	4	5	6	7
1	Financial Reporting Quality	1.000						
2	Institutional shareholding	0.175	1.000					
3	Board composition	0.270	0.074	1.000				
4	Leverage	0.127	-0.077	0.045	1.000			
5	Firm Size	0.041	0.269	0.482	0.040	1.000		
6	Profitability	0.076	0.035	-0.136	0.244	0.207	1.000	
7	Liquidity	0.137	-0.133	0.014	0.090	0.206	0.094	1.00

Source: Authors' Computation, (2020)

The estimated coefficient among the independent variables reveals a weak relationship among the variables as the highest estimated coefficient which was found in both firm size and board composition as confirmed by 0.482. The relatively low coefficient which was less than 0.9 implies no high relationship among the independent variables. Therefore, the problem of multicollinearity among the independent variables was not expected in the model of this study. The presence of multicollinearity was probed further in the subsequence section using variance inflation factor (VIF).

Panel Regression Results

The estimated panel regression results for the model of this study were presented in Table 3. The Table contains the results estimated using pooled OLS, fixed effect (FE) and random effect (RE). To arrive at the best performing model out of the three, F-test for firm effect was carried out. The outcome of the diagnostic test provided in Table 3 shows an F-test value of 1.21 and 0.2869 p-value. The outcome of the F-test obtained implies that the null hypothesis of firm effect cannot be rejected. This prevents the need for both a fixed and random-effect model since endogeneity could not arise and OLS would produce estimated results that were best and unbiased. Therefore, the interpretations of the results were based on pooled OLS results in the second column of Table 3.

Table 3: Estimated Panel Regression Results

	(1)	(2)	(3)
VARIABLES	POLS	Fixed effect	Random effect
Institutional shareholding	0.0734*** (0.00994)	0.452*** (0.00196)	0.0734*** (0.00856)
Board composition	0.0112*** (0.000305)	0.0109* (0.0706)	0.0112*** (0.000180)
Leverage	0.00415 (0.364)	0.000257 (0.961)	0.00415 (0.361)
Firm size	-0.0168** (0.0121)	-0.0165 (0.333)	-0.0168** (0.0105)
Profitability	0.0955 (0.151)	0.143 (0.165)	0.0955 (0.147)
Liquidity	0.00454** (0.0336)	0.00620*** (0.00977)	0.00454** (0.0312)
Constant	0.0516 (0.602)	-0.184 (0.518)	0.0516 (0.601)
Observations	105	105	105
R^2	0.193	0.208	
No of cross sec		13	13

p-val in parentheses
***p<0.01, **p<0.05, * p<0.1
Source: Authors' Compilation (2020)

The coefficient of 0.0734 for institutional shareholding in Table 3 revealed that institutional shareholding influences financial reporting quality positively. The corresponding p-value of 0.00994 indicated that the positive influence of institutional shareholding was significant at all conventional levels of significance. The results implied that an increase in institutional shareholding would result in improved financial reporting quality in the sector. Besides, the result was in line with the work of Hassan and Bello (2013) who reported a positive and significant influence of institutional shareholding on the financial reporting quality of manufacturing sectors in Nigeria. The estimated board composition coefficient of 0.0112 revealed that board composition influences the financial reporting quality of listed consumer goods companies positively. The positive influence of board composition on financial reporting quality is significant at 1% with the corresponding p-value of 0.000305 < 0.01. The implication of the outcome was that increase in board composition improves the financial reporting quality of consumable goods companies.

The outcome of the pooled OLS showed a coefficient of 0.00415 for leverage and this result indicates that leverage influences financial reporting quality positively. The p-value of 0.364 was insignificant at the conventional level of significance, however, indicates that the leverage influences financial reporting quality positively but

statistically insignificant. The non-significant impact of leverage found here contradicts the findings of Hassan and Bello (2013) who reported that leverage impacts financial reporting quality positively and significantly considering selected listed manufacturing firms in Nigeria. Financial reporting quality was influenced by firm size due to its coefficient of -0.0168. The associated p-value of 0.0121 showed that the negative impact was significant at a 5 percent level of significance since it was less than 0.05. This result implied that large companies report lower quality financial information. The estimated coefficient of 0.0955 for profitability indicates a positive induce of profitability on financial reporting quality. The corresponding p-value of 0.151, however, revealed that the positive impact of profitability was not significant at the conventional level of significance since it was greater than 0.10. This result agreed with the findings in previous literature which recorded that profitability impacts financial reporting quality positively; such as Rehman, Khan, and Hussain, (2019) in the Pakistan banking sector; also Soyemi and Olawale, (2019) in a sample of non-financial firms in Nigeria.

Finally, the reported coefficient of 0.00454 in Table 3 revealed that liquidity influences financial reporting quality positively considering listed consumable goods companies in Nigeria. The associated p-v of 0.0336 indicated a positive influence of liquidity was significant at a 5 % level of significance since it was less than 0.05. By implication, a rise in the company's liquidity leads to a rise in the quality of the financial report. This outcome aligned with the study of Soyemi and Olawale (2019) who disclosed that liquidity influence the financial reporting quality of selected listed Nigerian non-financial firms positively.

Table 4: Variance Inflation Factor test of Multicollinearity for the model

Variables	VIF	1/VIF
Firm Size	1.67	0.598996
Board composition	1.45	0.690818
Leverage	1.09	0.920138
Institutional shareholding	1.14	0.879042
Profitability	1.21	0.825020
Liquidity	1.11	0.902648
Mean VIF	1.28	

Source: Authors' computation (2020)

To ascertain that the assumption of no multicollinearity was violated in the model, the variance inflation factor (VIF) was calculated for all the regressors and the results are presented in Table 4. The decision rule of the VIF test was that the model was characterized with the problem of multicollinearity if any of the variables has VIF that was up to a threshold of 10. The results of the VIF in Table 4 indicate that firm size has a VIF of 1.67, board composition has a VIF of 1.45, leverage has a VIF of 1.09, institutional shareholding has a VIF of 1.14, profitability has a VIF of 1.21 and

liquidity has a VIF of 1.11. Because the regressors in question's VIF is not near to the threshold of 10, the regressors do not exhibit a high linear relationship and thus there is no multicollinearity issue in this model.

The outcome of the study shows that firm size negatively influences the quality of financial reporting of listed Nigerian consumable goods companies. The outcome contradicts the study of Hassan and Bello (2013) who reported that firm size influences financial reporting quality positively and significantly considering a selection of listed manufacturing firms in Nigeria; and Rehman *et al.* (2019) who reported that firm size influences financial reporting quality positively considering Pakistan banking sector. It, however, agrees with the findings of Ishaq *et al*. (2018), and Asegdew (2016) who reported that firm size influences financial reporting quality negatively and significantly; examining a selection of listed firms in Malaysia, and manufacturing firms in Addis Ababa respectively. The results revealed that leverage influences financial reporting quality positively but statistically insignificant considering listed consumable goods companies in Nigeria. The non-significant influences of leverage found here contradicts the findings of Hassan and Bello (2013) who reported that leverage influence financial reporting quality positively and significantly considering listed manufacturing firms in Nigeria.

Board composition positively and significantly influence the financial reporting quality of listed consumable goods companies in Nigeria. This result corroborated the study of Mahboub (2017) who found that better financial reporting quality of the annual report in the banking industry can be attained by having a higher ratio of ownership by the shareholders, to higher board composition. The result reveals that institutional shareholding positively and significantly influences the quality of financial reporting listed Nigerian consumable goods companies. The results implied that an increase in the institutional shareholding would result in improved quality of financial reports in the sector. The results obtained here aligned with the theoretical framework and a priori expectation of the study. Furthermore, the positive influence found was consistent with the findings in previous literature of Hassan and Bello (2013) who reported that institutional ownership positively and significantly influences financial reporting quality using a selection of Nigerian manufacturing companies. The result indicated that profitability influences financial reporting quality positively but statistically non -significant considering listed consumable goods companies in Nigeria. This result agreed with the findings in previous literature which recorded the positive influence of profitability on financial reporting quality such as Rehmanl *et al*. (2018) in the Pakistan banking sector and Soyemi and Olawale (2019) who revealed that highly profitable have high financial reporting, consequently profitability should be a wonderful indicator of unsatisfactory or satisfactory financial reports in a sample of non-financial firms in Nigeria. Finally, liquidity influences financial reporting quality positively and significantly considering listed consumable

goods companies in Nigeria. By implication, a rise in the firm's liquidity results in an increase in financial reporting quality. This outcome was under a priori expectation of this study. It also agreed with the previous empirical studies that, liquidity positively and significantly influences financial reporting quality in a selection of listed non-financial companies in Nigeria (Soyemi & Olawale, 2019).

Conclusions and Recommendations

This study has been able to provide empirical evidence on the influence of firm characteristics on financial reporting quality using listed consumable goods companies in Nigeria as a case study. The objective of this study is to examine the relationship between firm characteristics and the financial reporting quality of listed Nigerian consumable goods companies. The objective is achieved using pooled OLS panel regression technique based on the outcome of the F-test for firm effect. The outcome showed that firm size influences financial reporting quality negatively and significantly; whereas leveraging influences financial reporting quality positively but insignificantly considering listed consumable goods companies in Nigeria. Also, the results showed that board composition and institutional shareholding influence financial reporting quality positively and significantly considering listed consumable goods companies in Nigeria. The profitability has no significant influence on financial reporting quality; whereas liquidity positively and significantly influences the financial reporting quality of listed Nigerian consumable goods companies. Therefore, the study concluded that variables of firm size, board composition, leverage, liquidity, and profitability play remarkable functions in describing variation in company financial reporting quality. Specifically, the results which found a negative influence of firm size and a positive influence on board composition indicates the listed consumer goods companies in Nigeria have lower board members in relative terms; though the analysis revealed that consumer goods companies sampled comply with NSE regulation on the minimum of 6 (six) board members. This has important policy implications for the regulators of the consumer goods companies listed on the NSE. This study suggested that the security and exchange commission should review the current regulation on the minimum number of board members pegged at 6 for listed companies in Nigeria and new regulation should ensure varied minimum board size relative to the company size. The regulator should encourage the firms in the sector to declare their shareholding ownership ratio to attract institutional investors into the sector because of their financial reporting quality monitoring strength.

Limitation in this study focused on the consumable goods companies that are listed on the NSE and ignored companies that are not listed on the floor of the NSE. Also, companies possess numerous characteristics out of which only six were made use of in this study. Further studies can investigate the influence of other firm characteristics aside from the six used here to see their effect on financial reporting quality on the Nigerian consumable goods companies. The implication of the outcome was that increase in board composition results to improve financial reporting of listed consumer goods companies. The large company reports lower-quality financial information and

also an increase in the firm's liquidity will invariably lead to an increase in the quality of financial reporting. An increase in the institutional shareholding would result in improved quality of financial reporting in the sector

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