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Firm Attributes and Financial Reporting Quality of Listed Nonfinancial Companies in Nigeria

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ABSTRACT
The series of corporate failures and reporting irregularities despites the full adoption of International Financial Reporting Standards have raised concerns on factors affecting financial reporting quality in Nigeria. Consequently, the main objective of this study was to investigate the effect of firm attributes on financial reporting quality of listed nonfinancial companies in Nigeria. Specifically, this study examined how auditor type, sustainability disclosure practices, board financial expertise, affect income smoothing. The research design adopted in this study was ex post facto, secondary data were used and the population of the study was 100 listed nonfinancial companies out of which 85 companies were purposively selected as the sample size. The technique of data analysis employed was panel regression analysis and the statistical package used was STATA 17. The findings of the study revealed that auditor type has a positive and statistically significant effect (coeff. = 0.387, p = 0.007); sustainability disclosure practices (SUDP) has a positive but statistically nonsignificant effect(coeff. = 0.525, p = 0.491); and board financial expertise has a positive and statistically significant effect (coeff. = 1.597, p = 0.038) on income smoothing of listed non-financial firms in Nigeria. It was thus concluded that firm attributesare fundamental in reducing income smoothing and enhancing the financial reporting quality among listed non-financial companies in Nigeria. It was therefore recommended amongst others that the management of these firms should strengthen the independence of audit committees to enhance their oversight role and reduce opportunities for earnings manipulation.

Keywords: Firms' attribute, auditor type, sustainability disclosure, board expertise, financial reporting quality

I. Introduction

Financial reporting is a fundamental mechanism through which companies communicate information about their financial position, performance and prospects to investors, creditors, regulators and other stakeholders. The usefulness of such information depends largely on its quality, particularly its relevance, faithful representation, comparability, verifiability, timeliness and understandability. High-quality financial reporting reduces information asymmetry and enables users of financial statements to make more informed economic decisions. The importance of reporting quality has become even more pronounced as capital markets increasingly demand transparent and reliable information about both financial performance and the broader risks affecting corporate value (IASB, 2018; IFRS Foundation, 2023).

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A major threat to financial reporting quality is the possibility that managers may use their discretion over accounting choices to influence reported earnings. Although managerial discretion is an inherent feature of accrual accounting, its opportunistic use may distort the underlying economic performance of a firm. One manifestation of such behaviour is income smoothing, whereby managers attempt to reduce fluctuations in reported earnings across accounting periods. Excessive income smoothing may conceal the actual volatility of corporate performance and consequently impair the ability of investors and other stakeholders to distinguish sustainable performance from accounting adjustments. Olowookere et al. (2025) identified earnings smoothness among the commonly used attributes of earnings quality, while recent research continues to treat earnings management and income smoothing as important concerns in evaluating the credibility of corporate financial information.

This issue is particularly relevant to listed nonfinancial companies in Nigeria because their financial statements constitute an important source of information for investors in the Nigerian capital market. The regulatory environment requires listed companies to prepare and disclose financial information in accordance with applicable reporting requirements, while corporate governance mechanisms are expected to strengthen management accountability and the integrity of financial reporting. However, the existence of accounting standards and governance requirements does not automatically eliminate managerial incentives to influence reported earnings. Evidence from Nigerian listed companies indicates that corporate governance and audit characteristics are relevant to earnings management and financial reporting outcomes. For example, Obeitoh et al. (2023) found that board and audit committee characteristics were associated with earnings management among listed non-financial firms in Nigeria, reinforcing the importance of governance mechanisms in constraining managerial reporting discretion.

One firm attribute that may influence the quality of reported earnings is auditor type. External auditors provide an independent monitoring mechanism intended to enhance the credibility of corporate financial statements. Auditor type, commonly distinguished between Big Four and non-Big Four audit firms, may affect reporting quality because larger audit firms generally possess greater technical resources, specialist expertise and reputational incentives to detect and constrain aggressive accounting practices (Yudhanto& Rahmawati, 2025). Nevertheless, empirical evidence remains inconclusive. Karaye (2022), for instance, reported that Big Four auditor status did not consistently reduce income smoothing among firms, although the effectiveness of audit characteristics varied with audit committee accounting expertise. This suggests that auditor type may influence managerial reporting behaviour, but its effectiveness as a monitoring mechanism cannot be assumed. The growing emphasis on sustainability disclosure practices also provides a contemporary dimension to the financial reporting quality debate. Corporate reporting has increasingly expanded beyond conventional financial information to include environmental, social and governance-related information. The International Sustainability Standards Board (ISSB) issued IFRS S1 and IFRS S2 in June 2023 to establish a global baseline for sustainability-related financial disclosures, with IFRS S1 requiring information on sustainability-related risks and opportunities that could affect an entity's prospects (IFRS Foundation, 2023). Another important firm attribute is board financial expertise. The board is responsible for overseeing management and monitoring the integrity of the financial reporting process. Directors with accounting and financial expertise are expected to possess greater capacity to understand complex accounting treatments, evaluate management's financial decisions and challenge potentially opportunistic reporting practices. Consequently, board financial expertise can strengthen the monitoring function of the board and potentially constrain income smoothing (Obeitoh et al., 2023; Uyar et al., 2022).

Despite growing evidence on the determinants of financial reporting quality, important gaps remain in the literature. First, a conceptual and empirical gap exists because existing Nigerian studies have largely examined relevant firm and governance attributes separately rather than integrating them within a single framework. For instance, Etukeyin et al. (2025) examined capital structure and ownership structure as determinants of financial reporting quality among listed service firms in Nigeria, while Akosile and Famoyin (2025) focused on audit market structure and financial reporting quality among listed deposit money banks. Similarly, Ekwueme and Aniefor (2024) examined firm age, firm size, board size, ownership structure and financial reporting quality among quoted manufacturing firms, while Atabo et al. (2023) investigated ownership structure and financial reporting quality, with audit firm tenure as a moderating variable, among listed financial service

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firms. Sectoral gap is evident as recent studies have predominantly concentrated on specific sectors, particularly deposit money banks, manufacturing, service and financial service firms (Olowookere et al., 2025; Akosile&Famoyin, 2025; Awodiji et al., 2025; Ekwueme &Aniefor (2024). Similarly, a methodological and variable-combination gap exists regarding the use of income smoothing as a measure of financial reporting quality. Thus, there is limited empirical evidence on whether sustainability disclosure practices, auditor type and board financial expertise simultaneously explain income smoothing among listed non-financial companies in Nigeria. Against this backdrop, this study examines the effects of auditor type, sustainability disclosure practices and board financial expertise on income smoothing among listed non-financial companies in Nigeria.

II. Literature review and theoretical framework

Firm attributes

Firm attributes represent the distinctive firm-level characteristics that shape corporate behavior and determine financial and non-financial outcomes. Itrefers to the inherent and observable characteristics of a company that describe its structural, financial, operational, and governance features, and which influence how the firm performs, makes decisions, and is perceived by stakeholders (Etukenyin et al., 2025). In other words, these are the elements that determine whether the financial statements truly represent the company's financial position and performance, or whether they are distorted by errors, bias or manipulation. According to Anto and Yusran (2023), firm attributes can be grouped into four broad categories. These are firm-specific attributes, governance, institutional and environmental factors. Firm-specific attributes are internal characteristics of the reporting entity that shape incentives, resources, and constraints around the preparation and disclosure of financial statements. Typical firm specific attributes include size, profitability, growth opportunities, leverage, complexity of operations, ownership concentration, and managerial quality (education, tenure, compensation).Environmental attributes capture the broader economic, social and ecological context in which firms operate and disclose financial information (Amenaghawon et al., 2022). This includes macroeconomic volatility, industry norms, competition intensity, cultural factors (e.g., attitudes toward disclosure), and more recently, environmental, social and governance (ESG) pressures and stakeholder activism. All these factors affect the reporting practices of firms and the extent to which management can transparently disclose faithfully the economic activities of the entity. The firm attributes used in this study were managerial quality, audit committee financial expertise, ownership structure, internal control systems, auditor type, sustainability disclosure practices and board financial expertise.

Financial reporting quality

Financial reporting quality refers to the extent to which financial reports faithfully represent an entity's underlying economic activities and provide relevant, reliable, comparable, understandable and timely information that enables users to make informed economic decisions (Etukenyin et al. 2025). High-quality financial reporting reduces information asymmetry between management and external stakeholders by presenting financial information that is free from material misstatement, bias and deliberate manipulation. Dechow et al. (2010) explained that financial reporting quality is multidimensional and can be assessed through various attributes of reported earnings, including earnings persistence, accrual quality, earnings predictability and earnings smoothness. In this regard, income smoothing is often examined as an indicator of reporting quality because excessive or opportunistic smoothing may obscure the firm's underlying economic performance and reduce the informativeness of reported earnings. Income smoothing is an accounting technique companies use to reduce fluctuations in their earnings across different periods, aiming to present more consistent financial results over time. When income smoothing is achieved through legitimate accounting discretion (e.g., accrual estimations), it may increase perceived stability and reduce perceived risk. However, when it is used opportunistically to manipulate earnings or mislead investors, it reduces financial reporting quality.Income smoothing is a form of earnings management and is generally defined as the dampening of fluctuations in reported earnings over time (Ronen & Yaari, 2022). Financial reporting quality is therefore influenced not only by accounting standards and reporting requirements but also by managerial incentives, corporate governance mechanisms, auditing arrangements and disclosure practices.

Auditor type and financial income smoothing

Auditor type refers to the classification of external auditors based on characteristics such as size, reputation, specialization, and industry

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expertise.The concept is widely used in auditing and corporate governance literature to differentiate audit firms in terms of quality, structure, and capacity. Auditor type provides insight into the level of assurance a company is likely to receive from its external audit process.Daferighe and George (2020) explained auditor type as the classification of audit firms according to their "capacity to detect and report material misstatements. Auditor type plays a role in determining the quality of financial reporting because the competence, independence, size, and reputation of the audit firm influence its ability to detect and constrain earnings manipulation. Yudhanto and Rahmawati(2025) argued that larger audit firms, especially the Big 4, have stronger incentives to maintain their reputational capital and thus provide more rigorous monitoring than smaller firms. Big 4 auditors also possess superior technological tools, industry expertise, professional training systems, and quality control procedures, all of which enhance their effectiveness in detecting material misstatements. Since managers often possess incentives to manipulate earnings or hide poor performance, the external auditor functions as a monitoring mechanism to protect shareholders and other stakeholders (Yousefi-Nejad, 2024). Big 4 auditors, due to their capacity and reputation concerns, impose higher audit effort, apply more rigorous materiality thresholds, and display lower tolerance for aggressive accounting choices. This leads to reduced earnings management, lower discretionary accruals, and diminished income smoothing tendencies among firms they audit.Non–Big 4 auditors, on the other hand, may lack the necessary resources, expertise, or independence to apply similar levels of scrutiny, making financial statements more vulnerable to manipulation or bias (Akpan & Nsentip, 2020). From empirical studies, Olowookere et al. (2025) found that the impact of AFS represented by Big 4 on income smoothing was negative, while that of audit tenure was positive but not significant. Awodiji et al. (2025) showed that Big 4 audit firms do not have a significant advantage over non-Big 4 firms in terms of financial performance. On the contrary, Yousefi-Nejad (2024) found a negative relationship is observed between Big-4 and financial statement fraud, which may be due to the greater resources, expertise, quality control, scrutiny, reputation, and ethical conduct of Big-4 audit companies. Against this backdrop, it was hypothesized that:

Ho_1: Auditor type does not significantly affect income smoothing of listed nonfinancial firms in Nigeria

Sustainability disclosure practices and income smoothing

According to the Global Reporting Initiative (GRI, 2023), sustainability disclosure consists of publicly reporting standardized ESG indicators to enhance organizational transparency and accountability.According to Etim and Akpan(2023), it refers to a firm's voluntary or mandatory communication of its environmental, social, and governance (ESG) activities, impacts, risks, and performance to stakeholders.Globally, studies have shown that firms with robust sustainability reporting exhibit better financial reporting quality, measured by earnings persistence, accrual quality, and reduced discretionary accruals (Uwuigbe et al., 2019). Ololade and Adekanmi (2023) further emphasizes that sustainability disclosure encompasses practices that align corporate governance structures with stakeholder expectations, particularly regarding transparency in reporting environmental and social impacts. Empirical studies generally support the fact firms with high sustainability disclosure practices do not engage in earnings manipulations. For instance,Nurullah et al. (2025)found that Nigerian firms with robust sustainability disclosures experienced higher accrual quality and earnings persistence, indicating improved financial reporting quality.Adegbayibi et al. (2024) revealed that environmental sustainability reporting has a positive and insignificant effect on the financial reporting quality of listed consumer goods firms in Nigeria. Akpabio and Azubike(2024) found that sustainability disclosure practiceshave a significant effect on financial reporting quality of listed firms in Nigeria. On the contrary,Sharawi and Shahawi (2024) revealed thatsustainability reporting practices havea weak positive correlation with transparency of financial reports (r=0.160).Malo-Alain et al. (2023) also found a significant and negative correlation between the accounting disclosure of sustainable development and both discretionary accruals. Thus, it was hypothesized that;

Ho_2: Sustainability disclosure practice does not significantly affect income smoothing of listed nonfinancial firms in Nigeria

Board financial expertise and income smoothing

Board financial expertise refers to the possession of specialized financial knowledge and skills by members of a firm's board of directors, enabling them to critically evaluate financial information, oversee accounting practices, and ensure the integrity of financial reporting. As noted by Alshareef et al. (2024), the relationship between

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board financial expertise and financial reporting quality is grounded in the notion that directors who possess accounting, finance or auditing knowledge are better equipped to oversee financial reporting processes, detect irregularities and ensure compliance with reporting standards. Boards with financial experts are considered more capable of scrutinizing complex financial estimates, monitoring internal controls and constraining managerial manipulation, leading to more credible financial statements (Oghoghomeh& Olayinka, 2024).In emerging markets such as Nigeria, financial expertise is seen as a vital governance mechanism because it strengthens board monitoring and reduces information asymmetry, ultimately improving the reliability, accuracy and transparency of financial reports (Adeyemi&Yahaya, 2024).

Empirical studies across developed and emerging markets consistently report a positive relationship between board financial expertise and FRQ.Akpabio and Azubike(2024)showed that board financial expertise within governance structures enhanced the reliability and comparability of financial statement disclosures across firms in multiple jurisdictions. Rufus and Ologun (2024)revealed that financial expertise within governance committees was associated with higher reporting credibility, lower financial misreporting risk, and improved oversight of audit processes.Adeyemi and Yahaya(2024)found that financial expertise embedded within governance structures of financial institutions significantly improved internal audit quality and, ultimately, financial reporting quality.Alshareef et al. (2024)indicated a strong and positive impact of board financial expertise on sustainable performance. This outcome implies that financial sustainability may increase as the number of finance specialists on the board rises.Nevertheless, some empirical findings suggest the relationship may be context-dependent. For example, Oghoghomeh and Olayinka(2024) found that board financial expertise has a negative and insignificant effect. Awodiran and Ogundele (2022) similarly found that board financial expertise have negative influence on the quality of financial reporting. These mixed findings indicate that while board financial expertise is a critical determinant of FRQ, its impact is maximized when supported by strong governance structures, an independent board environment, and effective institutional enforcement. Thus, this study hypothesized that;

Ho_3: Board financial expertise has no significant effect on income smoothing of listed nonfinancial companies in Nigeria

2.2. Theoretical framework

The major theory providing foundational support for this study was agency theory.Agency Theory, principally associated with Jensen and Meckling (1976), explains the relationship between shareholders (principals) and managers (agents) in which managers are entrusted with the responsibility of managing the resources of the firm. Because managers may possess more information about the firm than shareholders and may have interests that differ from those of shareholders, information asymmetry and agency conflicts can arise (Jensen & Meckling, 1976). Managers may therefore have incentives to manipulate accounting information, including engaging in income smoothing, to protect their positions, influence investors' perceptions or achieve personal objectives. Agency Theory suggests that effective monitoring and governance mechanisms can reduce these opportunistic behaviours and improve the quality of financial reporting. In this study, auditor type, sustainability disclosure practices and board financial expertise represent firm-level mechanisms that can constrain managerial opportunism and consequently influence financial reporting quality, measured through income smoothing (Kartiko et al., 2023).

This theory is relevant to this study because the identified determinants are mechanisms designed to reduce agency problems and enhance the credibility of financial reports.Agency Theory provides a strong explanation for the relationship between auditor type and financial reporting quality. External auditors serve as an independent monitoring mechanism that reduces information asymmetry between managers and shareholders. Larger and more reputable audit firms, particularly Big Four auditors, have greater reputational capital, technical expertise and incentives to detect and discourage aggressive accounting practices. DeAngelo (1981) argues that auditor size is associated with audit quality because larger audit firms have more to lose from the reputational consequences of audit failure. Agency Theory also explains the relevance of sustainability disclosure practices because voluntary and comprehensive disclosure can reduce information asymmetry between managers and external stakeholders. Managers possess private information concerning the firm's environmental, social and governance activities, while shareholders and other stakeholders may have limited access to such information. This theory is particularly relevant to board financial expertise because the board of directors is an important internal monitoring mechanism through

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which shareholders oversee management. Directors with accounting or financial expertise possess the knowledge necessary to understand complex financial statements, identify unusual accounting treatments and question managerial decisions that may compromise reporting quality. Their expertise enhances the board's ability to monitor management and reduces the information advantage managers possess over shareholders. Consequently, a financially knowledgeable board is better positioned to detect and constrain opportunistic reporting practices such as income smoothing.

III. METHODOLOGY

The research design adopted for this study was ex post factor and this design was suitable because secondary data were used.The population of this study consisted of 100 non-financial companies listed on the Nigerian Exchange Group from 2016-2025.The sample size of this study was 85 purposively selected nonfinancial companies continuously and data used were secondary.The technique of data analysis was employed in this study was panel regression analysis and the statistical package employed was STATA 17.

3.7 Model specification

In line with the previous researches, the researcheradapted and modified the Model of Etukeyin et al. (2025) in examining the effect of firm attributes on financial reporting quality of of listed nonfinancial companies in Nigeria. This is given below:

Financial reporting quality =f (Firm attributes)

Income smoothing = f(auditor type, sustainability disclosure practices and board financial expertise)

$$INCS_{it} = \beta_0 + +\beta_1 AUTT_{it} + \beta_2 SUDP_{it} + \beta_3 BOFE_{it} + \beta_4 FIMZ_{it} + £_{it}$$

Where:

INCS	=	Income Smoothing
AUTT	=	Auditor type
SUDP	=	Sustainability disclosure practices
BOFE	=	Board financial expertise
FIMZ	=	Firm size (Control variable)
β_0	=	Model intercept
β_1-β_4	=	Coefficient to be estimated in the study
it	=	Cross section of listed nonfinancial companies with time variant
$£_{it}$	=	Stochastic error term

IV. Analysis and Discussion

Table 4.1: Descriptive statistics of the effect of firm attributes on financial reporting quality

Variable	Obs	Mean	Std. Dev.	Min	Max
incs	850	14.535	751.589	-5475.142	21008.732
autt	850	.661	.474	0	1
sudp	850	.703	.196	.4	1
bofe	850	.234	.197	0	.833
fimz	850	17.046	3.613	11.057	25.511

Source: Author's computation (2026)

From Table 4.1 above, the dependent variable, Income Smoothing (INCS), recorded an average value of 14.535. This suggests that, on average, firms exhibit a relatively moderate level of income smoothing behaviour. The standard deviation of 751.589, which is substantially higher than the mean, reflects a very high level of dispersion, suggesting the presence of outliers and significant inconsistencies in income smoothing practices among the sampled firms.Auditor type (AUTT), measured as a dummy variable, recorded a mean value of 0.661. This implies that approximately 66.1% of the sampled firms are audited by Big 4 audit firms, indicating a relatively high presence of reputable auditors. Board financial expertise (BOFE) recorded a mean value of 0.234, indicating that, on average, about 23.4% of board members possess accounting or economics expertise. This suggests a relatively low level of financial expertise on corporate boards.Finally, firm size (FIMZ), measured as the natural logarithm of total assets, recorded a mean value of 17.046. This

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suggests that the sampled firms are, on average, moderately large in terms of asset base. The standard deviation of 3.613 indicates considerable dispersion, suggesting significant differences in firm scale, which may influence financial reporting quality and governance structures.

Table 4.2: Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
intc	850	0.991	4.627	3.768	0.000
autt	850	0.999	0.599	-1.259	0.896
sudp	850	0.990	5.692	4.278	0.000
bofe	850	0.973	14.664	6.606	0.000
fimz	850	0.928	39.402	9.037	0.000

Source: Author's computation (2026)

Table 4.2 presents the results of the Shapiro-Wilk W test used to assess the normality of the study variables. The decision rule is based on the p-value (Prob > z), where a p-value less than 0.05 leads to rejection of the null hypothesis of normality. Income smoothing (INCS) recorded a W statistic of 0.042 and a p-value of 0.000, indicating a strong rejection of the null hypothesis. This confirms that INCS is not normally distributed, likely due to extreme values or high variability across firms. Sustainability disclosure practices (SUDP, W = 0.990, p = 0.000), board financial expertise (BOFE, W = 0.973, p = 0.000), and firm size (FIMZ, W = 0.928, p = 0.000) all significantly deviate from normality. This pattern reflects skewness, outliers, and heterogeneity in firms' characteristics and reporting practices.In contrast, auditor type (AUTT) recorded a W statistic of 0.999 and a p-value of 0.896, which is greater than the 0.05 threshold. This indicates that AUTT is approximately normally distributed, reflecting a balanced mix of firms audited by Big 4 and non-Big 4 auditors.

Table 4.3: Regression results

	(1) ols Incs	(2) rem incs	(3) irls incs
autt	12.358	12.358	0.387***
	(0.845)	(0.845)	(0.007)
sudp	-158.934	-158.934	0.525
	(0.230)	(0.229)	(0.491)
bofe	-52.310	-52.310	1.597**
	(0.695)	(0.695)	(0.038)
fimz	-3.196	-3.196	0.230***
	(0.755)	(0.755)	(0.000)
Constant	101.187	101.187	-3.019**
	(0.677)	(0.677)	(0.031)
r^2	0.008	0.008	0.476
N	850.000	850.000	850.000
F/W	0.809	6.472	8.682
p	0.595	0.594	0.000
hettest	2530.000(0.000)		
vif	1.27		

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lagrange	0.000(1.000)

p-values in parentheses
$^{*}p< 0.10$, $^{**}p< 0.05$, $^{***}p< 0.01$
Source: Author's computation (2026)

The results obtained from the multivariate regression analyses are presented in Table 4.3. The iterated robust least squares (IRLS) model reports an F-statistic of 8.682 with a p-value of 0.000, indicating that the model is statistically significant and fit for inference. The R-squared value of 0.476 suggests that approximately 47.6% of the variation in income smoothing (INCS) is explained by the included independent variables, while the remaining 52.4% is captured in the error term, reflecting other factors not included in the model.

4.1 Checks for regression assumptions and other diagnostics

Homoscedasticity

As shown in Table 4.3, the Breusch-Pagan heteroscedasticity test returned a chi-square value of 2530.000 with a p-value of 0.000 (< 0.05), indicating a clear violation of the homoscedasticity assumption. Consequently, the OLS estimates could not be relied upon for valid inference. To address this issue, the model was respecified using iterated robust least squares (IRLS) regression, which employs robust standard errors.

Multicollinearity

From the mean VIF presented in table 4.3 above (1.27), it is safe to say that there was no multicollinearity evident in the dataset.

Lagrange multiplier (LM) test

The Lagrange Multiplier (LM) test was applied to determine whether a random-effects Generalized Least Squares (GLS) model or a pooled OLS model is more appropriate for the panel data (Breusch & Pagan, 1980). As shown in Table 4.3, the LM test returned a statistic of 0.000 with a corresponding p-value of 1.000, indicating that the null hypothesis cannot be rejected. This implies that there are no significant random effects across firms, and therefore, the pooled OLS model is appropriate. However, due to the earlier detection of heteroscedasticity and potential outliers, the pooled OLS model was estimated using iterated robust least squares regression to ensure reliable coefficient estimates and standard errors.

4.2 Discussion of findings

Auditor type and income smoothing

The results obtained from the iterated robust regression model in table 4.3 revealed that auditor type (AUTT) (0.387 [0.007]) has a positive and statistically significant effect on the Eckel's income smoothing index of listed non-financial companies in Nigeria. This implies that the type of auditor engaged by firms significantly influences the level of income smoothing among the sampled firms. Given that higher Eckel index values indicate less income smoothing, the positive coefficient suggests that firms audited by higher-quality auditors (e.g., Big 4) are associated with a reduction in income smoothing practices, thereby improving financial reporting quality.This finding is consistent with the apriori expectation, which posits that reputable audit firms, particularly the Big 4, provide more rigorous monitoring, enforce stricter compliance with accounting standards, and are less tolerant of aggressive accounting practices. This finding supports the findings from several empirical studies. For instance, Olowookere et al. (2025) and Yousefi-Nejad (2024) found that Big 4 auditors are associated with lower earnings manipulation and financial statement fraud, while Knechel et al. (2013) reported that firms audited by Big 4 auditors exhibit more conservative earnings and reduced discretionary accruals. Similarly, Olaoye and Akintayo (2022) identified auditor type as a key determinant of financial reporting quality. However, the result contrasts with Awodiji et al. (2025), who found that Big 4 auditors do not always have a significant advantage over non-Big 4 auditors, suggesting that audit quality may also depend on other governance mechanisms.

Sustainability disclosure practices and income smoothing

The results obtained from the iterated robust regression in model in table 4.5 revealed that sustainability disclosure practices (SUDP) (0.525 [0.491]) have a positive but statistically insignificant effect on the Eckel's income smoothing index of listed non-financial companies in Nigeria. This implies that sustainability disclosure practices do not significantly influence the level of income smoothing among the sampled firms. This finding is not fully consistent with the apriori expectation, which suggests that firms with robust sustainability disclosure practices should exhibit lower levels of earnings management due to increased transparency,

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stakeholder scrutiny, and alignment with ethical reporting standards. This finding aligns with studies such as Adegbayibi et al. (2024), which reported insignificant or weak relationships between sustainability disclosure practices and financial reporting quality. However, it contrasts with findings from Nurullah et al. (2025), Akpabio and Azubike (2024), and Malo-Alain et al. (2023), which documented that robust sustainability disclosures significantly improve financial reporting quality and reduce earnings management.

Board financial expertise and income smoothing

The results obtained from the iterated robust regression model in Table 4.3revealed that board financial expertise (BOFE) (1.597 [0.038]) has a positive and statistically significant effect on the Eckel's income smoothing index of listed non-financial companies in Nigeria. This implies that board financial expertise significantly influences the level of income smoothing among the sampled firms. This finding is consistent with the apriori expectation, which posits that board members with financial knowledge and expertise are better equipped to monitor financial reporting processes, detect irregularities, and constrain managerial opportunism.. This finding aligns with several empirical studies. For instance, Akpabio and Azubike (2024) and Adeyemi and Yahaya (2024) all reported that board financial expertise significantly improves financial reporting quality and reduces earnings manipulation. Similarly, Alshareef et al. (2024) found a strong positive impact of financial expertise on corporate performance and reporting credibility. However, the result contrasts with studies such as Oghoghomeh and Olayinka (2024) and Awodiran and Ogundele (2022), which reported that the effect of board financial expertise may be insignificant or context-dependent, particularly in environments with weak governance structures.

V. Conclusion and recommendations

This study investigated the effect of firm attributes on financial reporting quality of listed non-financial firms in Nigeria, covering the period from 2016 to 2025. Based on the empirical evidence, this study revealed that firm attributes play a critical role in shaping the financial reporting quality of listed non-financial companies in Nigeria, particularly through their influence on income smoothing practices. Overall, the study concluded that strengthening corporate governance frameworks remains essential for improving financial reporting quality in Nigeria. Thus, firm attributes, particularly those related to governance effectiveness, are fundamental in reducing income smoothing and enhancing the integrity, transparency, and decision-usefulness of financial reports among listed non-financial companies in Nigeria. It was therefore recommended that the management of listed nonfinancial companies should establish stringent auditor selection criteria based on competence, experience, and professional reputation. Also, these firms should adopte globally recognized sustainability reporting frameworks and integration of sustainability reporting processes with financial reporting systems.

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