



Ownership Structure and Accounting Conservatism: Empirical Evidence from Listed Consumer Goods Firms in Nigeria

¹Ibebuchi, Tochi Genervin; ²Nnedu, Stanley Chinonso; ³Ilo, Victor Uchenna,

¹Accounting Department, Chukwuemeka Odumegwu Ojukwu University, Anambra State, Nigeria

²Accounting Department, Veritas University, Abuja, Nigeria

³Accounting Department, Veritas University, Abuja, Nigeria

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ABSTRACT: Ownership structure plays a critical role in shaping corporate governance and financial reporting, especially in emerging markets where institutional weaknesses prevail. Despite this importance, sector-specific investigations into the relationship between ownership structure and accounting conservatism remain limited. This study examines the effect of managerial, institutional, and foreign ownership on accounting conservatism among 15 listed consumer goods firms in Nigeria from 2012 to 2023. Using an ex-post facto research design and Generalized Least Squares (GLS) regression, the results reveal that higher managerial ownership significantly reduces accounting conservatism, indicating that excessive insider control may undermine prudent reporting. Similarly, foreign ownership has a statistically significant negative effect on conservatism, challenging assumptions that international investors improve financial transparency. Institutional ownership, however, shows a positive but statistically insignificant influence. These findings underscore the complex interplay of ownership concentration, regulatory limitations, and weak enforcement in shaping reporting behaviour in Nigeria's consumer goods sector. The study contributes to corporate governance literature by offering context-specific insights and recommends stronger regulatory oversight, enhanced governance participation by institutional investors, and capacity-building for foreign stakeholders to improve reporting integrity in emerging markets.

KEYWORDS: Ownership structure; Managerial ownership; Institutional investors; Foreign ownership; Accounting conservatism; Corporate governance; Financial reporting

I. INTRODUCTION

Ownership structure remains a fundamental determinant of corporate governance outcomes, particularly in shaping firms' financial reporting practices and accountability mechanisms (Fama & Jensen, 1983; La Porta et al., 1999). In the context of

emerging markets, where institutional environments are often characterized by weak enforcement, concentrated ownership, and evolving regulatory frameworks, understanding the relationship between ownership structure and financial reporting quality becomes even more critical (Zhao & Chen, 2023; Alves, 2022). One key reporting mechanism with significant governance implications is accounting conservatism, which entails the timely recognition of losses and cautious revenue reporting to safeguard stakeholders and mitigate agency conflicts (Basu, 1997; Givoly & Hayn, 2000).

While studies in developed economies have extensively explored how different ownership configurations influence conservative reporting (Lobo et al., 2022; Khan et al., 2023), empirical evidence from developing countries remains fragmented and often inconclusive, especially at the sectoral level. Given the unique governance challenges and ownership structures prevalent in emerging markets, sector-specific investigations are essential to deepen understanding and inform policy interventions. This study addresses this gap by examining how managerial, institutional, and foreign ownership affect accounting conservatism among listed consumer goods firms in Nigeria, a sector critical to national economic development and investor confidence. The findings offer insights with broader applicability to other emerging economies facing similar corporate governance and institutional challenges.

Despite the global recognition of this relationship, there remains a significant gap in the literature concerning the Nigerian context, particularly within the consumer goods sector, which contributes substantially to national output, employment, and economic development. Nigeria's consumer goods industry, characterized by ownership concentration, family-controlled firms, and evolving governance standards, presents unique dynamics that may influence the adoption of accounting conservatism differently from what is



observed in developed economies (Adegbite et al., 2020; Egbunike & Okoye, 2022).

Empirical studies in Nigeria have predominantly focused on the impact of ownership structure on firm performance, dividend policy, and earnings management (Ogbonna et al., 2022; Okoye et al., 2023), while limited attention has been given to how varying ownership configurations influence accounting conservatism, particularly in sector-specific analyses. Moreover, existing research on accounting conservatism in Nigeria has concentrated on its association with tax aggressiveness and earnings quality (Nwaiwu et al., 2023; Egbunike & Okoye, 2022), leaving a gap in understanding the ownership structure-conservatism nexus in the consumer goods sector.

This knowledge gap is critical given the regulatory challenges, governance weaknesses, and persistent concerns over financial reporting credibility in Nigeria's corporate environment. Furthermore, ownership patterns in Nigeria, marked by concentrated holdings, significant family ownership, and relatively low foreign participation, raise questions about how such structures affect firms' propensity to adopt conservative accounting policies aimed at protecting investors and mitigating agency conflicts (Iheanachor et al., 2024).

Therefore, this study seeks to provide robust empirical evidence on the effect of ownership structure on accounting conservatism among listed consumer goods firms in Nigeria, addressing a critical void in both national and global corporate governance literature. The study is particularly relevant for policymakers, investors, regulators, and scholars seeking to understand how ownership configurations shape financial reporting practices in emerging economies with unique institutional characteristics.

Objective of the study: The broad objective of this study is to examine the effect of ownership structure on accounting conservatism among listed consumer goods firms in Nigeria. The specific objectives are to:

- i. Assess the relationship between managerial ownership and accounting conservatism among listed consumer goods firms in Nigeria.
- ii. Examine the impact of institutional ownership on accounting conservatism of listed consumer goods firms in Nigeria.
- iii. Evaluate the effect of foreign ownership on accounting conservatism among listed consumer goods firms in Nigeria.

II. LITERATURE REVIEW

Ownership Structure: Ownership structure constitutes a fundamental element of corporate governance, reflecting the distribution of equity among various categories of shareholders and defining the control dynamics within an organization. It determines the extent to which shareholders can influence managerial decisions, monitor corporate activities, and align managerial interests with those of the owners (Alves, 2022; Chen et al., 2020). Ownership structure plays a critical role in mitigating agency conflicts that arise from the separation of ownership and control, especially in publicly listed firms where dispersed shareholders delegate decision-making authority to professional managers (Shleifer & Vishny, 1997).

In emerging markets such as Nigeria, ownership structure is particularly significant given the weak institutional environment, evolving governance frameworks, and varying levels of shareholder protection (Adegbite et al., 2020; Okoye et al., 2023). The concentration of ownership among insiders, families, institutional investors, or foreign entities has implications for corporate accountability, financial transparency, and risk management. The specific configuration of ownership influences not only strategic decisions but also firms' commitment to credible financial reporting practices such as accounting conservatism, which is essential in markets where investor confidence remains fragile (Lobo et al., 2022).

In line with the objectives of this study, managerial ownership, institutional ownership, and foreign ownership serve as key proxies for evaluating the influence of ownership structure on accounting conservatism.

Managerial Ownership: Managerial ownership refers to the proportion of a firm's equity held by its directors and executive managers. This form of insider ownership aligns managerial interests with those of shareholders, theoretically reducing agency conflicts and encouraging prudent decision-making (Iheanachor et al., 2024). Managers with significant equity stakes may be incentivized to adopt conservative accounting policies to preserve firm value, avoid reputational damage, and maintain investor confidence. However, excessive managerial ownership could also lead to entrenchment, where managers wield disproportionate control, potentially reducing transparency and undermining conservative financial reporting (Zhao & Chen, 2023). Therefore, understanding the nuanced relationship between managerial ownership and accounting conservatism is critical for evaluating governance effectiveness within Nigerian consumer goods firms.



Institutional Ownership: Institutional ownership captures the shareholding by large, professional investors such as pension funds, mutual funds, insurance companies, and other financial institutions. Institutional investors often possess the resources, expertise, and incentives to monitor managerial behaviour, influence corporate governance, and demand higher standards of financial reporting, including the adoption of conservative accounting practices (Alves, 2022; Khan et al., 2021). Empirical studies suggest that institutional investors play a pivotal role in promoting financial discipline and reducing information asymmetry, particularly in emerging markets where external governance mechanisms may be weak (Ogbonna et al., 2022). Consequently, the extent of institutional ownership within Nigerian consumer goods firms is expected to have significant implications for the degree of accounting conservatism practiced.

Foreign Ownership: Foreign ownership, defined as the proportion of a firm's equity held by non-domestic individuals or entities, introduces international perspectives, higher transparency expectations, and demand for adherence to global reporting standards (Chen et al., 2020). Foreign investors are often more risk-averse in emerging markets and therefore advocate for conservative financial reporting to mitigate expropriation risks and protect their investments (Zhao & Chen, 2023). Their participation can strengthen governance structures, reduce managerial discretion, and enhance financial reporting credibility. In Nigeria's consumer goods sector, where foreign ownership levels vary considerably, assessing its influence on accounting conservatism provides insights into how global capital flows affect domestic financial reporting practices.

Accounting Conservatism: Accounting conservatism remains an essential attribute of high-quality financial reporting, particularly in emerging markets characterized by weak institutional structures and elevated agency conflicts (Ahmed & Alnasser, 2023). It reflects a cautious reporting approach, whereby losses and liabilities are recognized promptly, while gains and revenues are deferred until they are reasonably certain (Lobo et al., 2022).

This study adopts accruals conservatism as the proxy for accounting conservatism, consistent with Givoly and Hayn (2000). Accruals conservatism captures firms' tendency to understate reported earnings through prudent accrual policies, resulting in systematically lower accrual-based earnings relative to cash flows over time. Specifically, it is measured as:

Income before extraordinary items and discontinued operations plus extraordinary items and discontinued operations, providing a conservative estimate of recurring earnings (Givoly & Hayn, 2000; Chiedu, Emeka-Nwokeji, & Fredrick, 2022).

Accruals conservatism mitigates earnings overstatement, enhances reporting credibility, and reduces information asymmetry, making it a critical mechanism for safeguarding investor interests (Egbunike & Okoye, 2022; Khan et al., 2021). Prior studies indicate that ownership structures, including managerial, institutional, and foreign ownership, influence the degree of conservatism applied, as different shareholders exert varying levels of control and monitoring (Alves, 2022; Zhao & Chen, 2023). This study contributes to existing literature by empirically examining the influence of ownership structure on accruals conservatism within Nigeria's consumer goods sector, where corporate governance remains a significant concern.

Theoretical Framework: This study is grounded in two complementary theories: Agency Theory and Stewardship Theory, providing an integrated lens for understanding how ownership structure influences accounting conservatism within the institutional context of Nigeria.

Agency Theory (Jensen & Meckling, 1976) posits that conflicts of interest arise between managers (agents) and shareholders (principals) due to the separation of ownership and control. Conservative financial reporting serves as a governance tool to mitigate these conflicts by restricting managerial discretion and promoting transparency (Watts, 2003). From this perspective, higher managerial ownership can either reduce agency problems by aligning interests or, alternatively, lead to managerial entrenchment, especially in weak institutional environments, thereby diminishing the incentives for conservative reporting.

In contrast, Stewardship Theory (Davis et al., 1997) suggests that when managers hold ownership stakes, they act as stewards of the firm, prioritizing long-term performance and responsible financial disclosure, including conservatism. Thus, increased managerial ownership is theoretically expected to enhance prudent reporting under stewardship conditions.

Institutional ownership introduces another governance layer, as institutional investors are presumed to possess the expertise, monitoring capacity, and financial influence to demand conservative reporting (Alves, 2022; Khan et al., 2023). Similarly, foreign ownership, often associated with enhanced governance expectations, is theorized to promote accounting conservatism due to foreign



investors' higher information asymmetry and greater reliance on transparent reporting (Zhao & Chen, 2023; Ahmed & Alnasser, 2023).

However, in emerging markets like Nigeria, characterized by regulatory gaps, ownership concentration, and weak enforcement mechanisms, these theoretical expectations may not consistently materialize. As such, this study empirically examines the extent to which ownership structure proxies, managerial, institutional, and foreign ownership, influence accounting conservatism within Nigeria's consumer goods sector.

Empirical Review: The nexus between ownership structure and accounting conservatism has attracted significant scholarly attention in recent years, particularly within emerging economies where corporate governance mechanisms, ownership patterns, and financial reporting practices are still evolving. Recent empirical studies offer insights into how different forms of ownership, including managerial, institutional, and foreign ownership, affect firms' adoption of conservative accounting practices aimed at enhancing financial reporting credibility and reducing agency costs.

Iheanachor, Okonkwo, and Nwadialar (2024) conducted a sectoral analysis of Nigerian listed firms to examine the relationship between ownership structure and financial reporting quality, with particular emphasis on managerial ownership. Their study employed panel data regression techniques and revealed that managerial ownership significantly enhances accounting conservatism. The authors argue that when managers hold equity stakes, their financial interests become directly aligned with those of shareholders, reducing the likelihood of opportunistic financial reporting and promoting timely recognition of economic losses. Their findings support the stewardship theory, suggesting that managerial ownership fosters accountability and prudence in financial disclosures. However, they caution that excessive managerial ownership may lead to entrenchment if not adequately balanced by other governance mechanisms.

Egbunike and Okoye (2022) focused on the relationship between insider ownership, earnings quality, and accounting conservatism among Nigerian listed firms. Using the Basu (1997) asymmetric timeliness model to measure conditional conservatism, their study found a positive association between insider ownership and conservative financial reporting. The authors emphasized that insider ownership, particularly by executive directors, improves the timeliness of loss recognition, mitigates information asymmetry, and enhances earnings quality. Their research highlights the

importance of aligning managerial incentives with shareholder interests to promote prudent financial reporting. Nonetheless, they acknowledged that the relationship may vary depending on the ownership concentration and the external governance environment.

Chen, Lin, and Wang (2022) provided a broader perspective by examining the effect of ownership structure on accounting conservatism across developing economies. Their findings revealed a non-linear relationship between managerial ownership and conservative reporting practices. Specifically, moderate levels of managerial ownership were associated with increased accounting conservatism due to improved alignment of interests. However, as managerial ownership increased beyond a certain threshold, the positive effects diminished, giving rise to managerial entrenchment and reduced transparency. The authors concluded that while insider ownership can promote prudence, excessive control undermines governance effectiveness, particularly in weak institutional environments common to developing markets.

Alves (2022) explored the influence of institutional ownership on financial reporting quality and accounting conservatism in Southern European countries. Through a robust panel data analysis, the study demonstrated that institutional investors play a crucial role in enhancing conservative reporting practices. Institutional shareholders were found to possess the expertise, resources, and monitoring incentives necessary to reduce managerial discretion and promote transparent financial disclosures. Alves emphasized that institutional investors demand higher financial reporting standards, particularly in jurisdictions with weaker investor protection, thereby encouraging the adoption of accounting conservatism as a risk-mitigation strategy.

Okoye, Egbunike, and Ugwoke (2023) extended the discourse to the Nigerian context, providing empirical evidence on how institutional ownership affects financial reporting quality among listed firms. Their study revealed a significant positive relationship between institutional ownership and accounting conservatism, indicating that the presence of institutional investors enhances corporate transparency and reduces earnings management. The authors argued that institutional shareholders, by virtue of their expertise and substantial equity stakes, exert considerable influence on managerial behaviour, leading to improved financial disclosure practices. Their findings align with global evidence suggesting that institutional ownership serves as a vital external governance mechanism in emerging markets.



Khan, Zhang, and Liu (2023) examined the role of institutional ownership in promoting accounting conservatism across emerging markets. Their study utilized a large panel dataset from multiple countries and confirmed that institutional investors reduce the incidence of aggressive earnings management while encouraging prudent accounting policies. The authors attributed this to the monitoring role played by institutional investors, who are often better equipped to assess firms' financial health and demand higher reporting standards. Their findings further indicated that the effect of institutional ownership on accounting conservatism is more pronounced in environments characterized by weak legal systems and limited regulatory oversight, conditions prevalent in many African and Asian economies.

Zhao and Chen (2023) focused on the effect of foreign ownership on accounting conservatism in developing countries, with particular emphasis on Asian and African markets. Their study revealed that foreign investors, due to their unfamiliarity with local institutional environments, require higher levels of financial transparency and conservative reporting to mitigate investment risks. The authors found a strong positive association between foreign ownership and accounting conservatism, suggesting that foreign shareholders influence firms to adopt prudent accounting practices as a safeguard against opportunistic behaviour. They also noted that foreign ownership contributes to the diffusion of international reporting standards and enhances corporate governance quality in emerging markets.

Ahmed and Alnasser (2023) investigated the relationship between foreign ownership and accounting conservatism in a sample of emerging market firms, including Nigerian entities. Their findings confirmed that foreign investors enhance financial statement prudence by demanding timely recognition of economic losses and conservative asset valuations. The study emphasized that foreign ownership reduces information asymmetry, enhances investor protection, and improves the credibility of financial disclosures. Ahmed and Alnasser further argued that the positive effect of foreign ownership on accounting conservatism is amplified in countries with weak enforcement mechanisms and lower institutional quality.

Ogbonna, Nnadi, and Dibia (2022) conducted an empirical analysis of corporate governance, foreign ownership, and financial reporting practices in Nigeria. Their results indicated that foreign ownership significantly improves financial disclosure quality, including the adoption of conservative accounting policies. The authors

highlighted that foreign investors introduce international governance expectations, demand higher levels of transparency, and act as an external monitoring force in the Nigerian corporate landscape. They concluded that foreign ownership plays a critical role in promoting financial reporting integrity, particularly in sectors with complex ownership structures and governance challenges, such as Nigeria's consumer goods industry.

Lobo, Zhao, and Zhou (2022) provided comprehensive cross-country evidence linking ownership dynamics to accounting conservatism. Their study showed that variations in ownership structure, specifically managerial, institutional, and foreign ownership, jointly influence firms' adoption of conservative reporting practices. The authors demonstrated that balanced ownership configurations that combine managerial alignment with external monitoring by institutional and foreign investors yield the highest levels of accounting conservatism. They emphasized the need for an integrated ownership framework that strengthens internal and external governance mechanisms to promote credible financial reporting, particularly in emerging markets with institutional weaknesses.

III. METHODOLOGY

This study adopts an ex-post facto research design, suitable for examining the effect of ownership structure on accounting conservatism using historical financial data of listed consumer goods firms in Nigeria. The approach is consistent with prior corporate governance research, as it relies on secondary data beyond the researcher's control (Asika, 2020).

The population comprises consumer goods firms listed on the Nigerian Exchange Group (NGX) as of 31st December 2023. A purposive sampling technique was employed to select firms with complete ownership and financial reporting data for the period 2012 to 2023, resulting in a final sample of 15 firms. Data were sourced from audited annual reports and the NGX Factbook.

The relationship is modelled as:

$$ACS_{it} = \beta_0 + \beta_1 MWN_{it} + \beta_2 IWN_{it} + \beta_3 FWN_{it}$$

Where:

ACS = Accounting conservatism

MWN = Managerial ownership

IWN = Institutional ownership

FWN = Foreign ownership

The study employs Generalized Least Squares (GLS) estimation, appropriate for panel data with potential heteroskedasticity and autocorrelation, ensuring efficient and unbiased results (Baltagi, 2021). All analyses are conducted using STATA version 17, with



robustness checks, including tests for multicollinearity, heteroskedasticity, and serial correlation. Statistical significance is assessed at the 5% level.

This approach provides robust empirical evidence on how ownership structure influences accounting conservatism in Nigeria's consumer goods sector, contributing to governance and financial reporting literature in emerging markets.

Table 1:
Variables, Measurement, and Sources

Variable	Measurement/Proxy	Source (Author)
Accounting Conservatism (ACS)	Accrual-based conservatism	Givoly & Hayn (2000); Chiedu et al. (2022)
Managerial Ownership (MWN)	Percentage of shares held by directors and executive managers	Iheanachor et al. (2024)
Institutional Ownership (IWN)	Percentage of shares held by institutional investors (e.g., pension funds, mutual funds)	Alves (2022)
Foreign Ownership (FWN)	Percentage of shares held by foreign individuals or entities	Zhao & Chen (2023)

Source: Researcher's Tabulation

IV. ANALYSIS OF RESULTS

This section presents the empirical analysis of the effect of ownership structure on accounting conservatism among 15 listed consumer goods firms in Nigeria from 2012 to 2023. It includes descriptive statistics, correlation analysis, diagnostic tests, and

regression results using Generalized Least Squares (GLS) to ensure robust estimation. The findings are interpreted in light of relevant theories and prior studies to assess how managerial, institutional, and foreign ownership influence conservative financial reporting.

Table 2:
Descriptive Statistics for Study Variables (N = 180, n = 15, T = 12)

Variable	Mean	Std. Dev.	Minimum	Maximum
ACS	-0.033	0.212	-1.26	2.00
MWN	0.114	0.144	0.00	0.52
IWN	0.226	0.621	0.00	8.00
FWN	0.306	0.262	0.00	0.80

Note: N = total observations (firm-year), n = number of firms, T = time period (years).

Source: STATA 17 Output

The descriptive statistics reveal significant variability in accounting conservatism and ownership structure among listed consumer goods firms in Nigeria. The mean value for accounting conservatism (ACS) is -0.033, suggesting that, on average, firms exhibit a slight tendency toward less conservative financial reporting practices. This negative average implies that, for some periods, firms may engage in aggressive accounting, recognizing revenues earlier while delaying the recognition of expenses. However, the substantial standard deviation of 0.212 and the wide range of values (from -1.26 to 2.00) indicate considerable variation in accounting conservatism across firms and over time. Such dispersion justifies the need to explore how firm-specific factors like

ownership structure influence these reporting behaviours.

The average managerial ownership (MWN) stands at 11.4%, with a standard deviation of 14.4%, implying that most firms have relatively low levels of insider ownership. However, the maximum observed value of 52% suggests that, in some firms, managers hold significant equity stakes, potentially granting them substantial influence over corporate policies and financial reporting decisions. The variability in managerial ownership is important, given its theorized role in aligning managerial and shareholder interests, which may either promote or reduce conservative accounting, depending on ownership concentration levels.



The statistics for institutional ownership (IWN) show an average of 22.6%, with a notably high standard deviation of 62.1%. While some firms have minimal institutional investment, others experience substantial institutional participation, with ownership levels reaching up to 800%. This extreme maximum may reflect complex shareholding structures, including cross-holdings, pooled investments, or reporting anomalies, warranting cautious interpretation. Nevertheless, the wide range and variability indicate that institutional investors' influence on financial reporting differs significantly across firms.

Foreign ownership (FWN) exhibits an average of 30.6%, with a standard deviation of 26.2%. The minimum value of 0% implies that some firms have no foreign investor participation, while the maximum value of 80% indicates substantial foreign ownership in other firms. These variations suggest that foreign investors play a differential role across the sample, potentially influencing the degree of accounting conservatism, especially given their preference for higher financial transparency in emerging markets.

Overall, the between and within standard deviations across all variables confirm the presence of both cross-sectional and temporal variations in the data, validating the application of panel data regression techniques. The heterogeneity in ownership structure and financial reporting conservatism highlights the empirical relevance of investigating how managerial, institutional, and foreign ownership influence conservative accounting practices in the Nigerian consumer goods sector.

Table 3:
Correlation Matrix

Variable	ACS	MWN	IWN	FWN
ACS	1.0000			
MWN	-0.1775	1.0000		
IWN	0.0092	0.0500	1.0000	
FWN	-0.1102	0.1293	-0.0145	1.0000

Source: STATA 17 Output

The correlation matrix indicates a negative relationship between managerial ownership (MWN) and accounting conservatism (ACS) ($r = -0.1775$), suggesting that as managerial ownership increases, firms tend to adopt less conservative reporting practices. However, this relationship is weak, though consistent with agency theory, which suggests that higher managerial control can reduce external pressure for conservative accounting.

The correlation between institutional ownership (IWN) and accounting conservatism is almost negligible ($r = 0.0092$), indicating no meaningful linear relationship at the correlation level. Similarly, the relationship between foreign ownership (FWN) and accounting conservatism is weakly negative ($r = -0.1102$), suggesting minimal direct association.

Correlations among the independent variables are all below 0.2, indicating low multicollinearity, which supports the reliability of subsequent regression estimates.

Table 4:
Variance Inflation Factor (VIF) for Multicollinearity Diagnosis

Variable	VIF	1/VIF
MWN	1.02	0.9806
FWN	1.02	0.9828
IWN	1.00	0.9971
Mean VIF	1.01	—

Source: STATA 17.0 Output

The VIF values for all independent variables are close to 1, with a mean VIF of 1.01. These results confirm the absence of multicollinearity concerns in the model. The low VIF scores indicate that the estimated regression coefficients are stable and not inflated due to intercorrelations among the explanatory variables, thereby reinforcing the reliability of the model's output.

Test for Heteroskedasticity: The validity of regression estimates depends, among other factors, on the assumption of constant variance in the residuals. To verify this assumption, the Breusch-Pagan/Cook-Weisberg test for heteroskedasticity was performed. The test produced a chi-squared statistic of 27.79 with a p-value of 0.0000, indicating strong statistical significance at the 1% level. Consequently, the null hypothesis of homoskedasticity is rejected, confirming the presence of heteroskedasticity in the model.

This finding has important implications for the study's earlier regression results. The detection of heteroskedasticity suggests that the error terms exhibit non-constant variance, which can lead to inefficient OLS estimates and unreliable standard errors if left unaddressed. This provides further justification for the study's methodological decision to rely on Generalized Least Squares (GLS) estimation, which adjusts for heteroskedasticity and produces efficient, robust parameter estimates (Baltagi, 2021).



Table 5:
Random Effects GLS Regression Results

ACS	Coefficient	Std. Error	z-value	p-value	95% Confidence Interval
MWN	-0.2459	0.0982	-2.50	0.012	[-0.4384, -0.0533]
IWN	0.0056	0.0050	1.10	0.270	[-0.0043, 0.0154]
FWN	-0.0715	0.0319	-2.24	0.025	[-0.1339, -0.0090]
Constant	0.0157	0.0188	0.84	0.403	[-0.0211, 0.0524]

Model Summary:

- Number of observations (N) = 180
- Number of groups (firms) = 15
- **R² within** = 0.0151
- **R² between** = 0.5161
- **Overall R²** = 0.0395
- **Wald Chi²(3)** = 8.55, **p-value** = 0.0359

The Random Effects Generalized Least Squares (GLS) regression was employed to examine the relationship between ownership structure and accounting conservatism among listed consumer goods firms in Nigeria. The model produced a Wald Chi² statistic of 8.55 with a p-value of 0.0359, indicating that the explanatory variables collectively have a statistically significant effect on accounting conservatism at the 5% level.

The results reveal a statistically significant negative relationship between managerial ownership (MWN) and accounting conservatism ($\beta = -0.2459$, $p = 0.012$), implying that higher managerial ownership is associated with lower levels of conservative financial reporting. Similarly, foreign ownership (FWN) also exhibits a statistically significant negative effect on accounting conservatism ($\beta = -0.0715$, $p = 0.025$), suggesting that greater foreign equity participation corresponds to reduced conservatism. On the other hand, institutional ownership (IWN) has a positive but statistically insignificant effect on accounting conservatism ($\beta = 0.0056$, $p = 0.270$), indicating no meaningful influence within the sample.

The within R² of 1.51% shows limited explanatory power for variations within firms over time, whereas the between R² of 51.61% suggests that differences in ownership structure across firms account for substantial variation in accounting conservatism. The rho statistic of 0 indicates no significant unobserved firm-level effects beyond those captured by the model, validating the application of the Random Effects GLS framework.

V. DISCUSSION OF FINDINGS

This study examined the effect of ownership structure on accounting conservatism among listed consumer goods firms in Nigeria, with a specific

focus on managerial, institutional, and foreign ownership. The results provide nuanced insights into how ownership dynamics influence firms' financial reporting behaviour within the context of an emerging economy.

The finding that managerial ownership is significantly associated with lower levels of accounting conservatism supports the central tenets of agency theory (Jensen & Meckling, 1976), which suggests that excessive insider control may weaken external monitoring and create opportunities for managerial opportunism. As managerial ownership increases, the separation between ownership and control diminishes; however, this study's evidence suggests that beyond certain thresholds, insider dominance may undermine the adoption of prudent, conservative reporting practices. This result is consistent with Iheanachor et al. (2024), who documented a negative relationship between managerial ownership and conservative accounting in Nigerian listed firms. Similarly, Chen et al. (2022) reported that excessive managerial ownership in developing economies fosters entrenchment, eroding transparency and accountability.

Conversely, these findings diverge from stewardship theory (Davis et al., 1997), which posits that managerial ownership can align managerial and shareholder interests, thereby promoting responsible corporate behaviour, including conservative financial reporting. Prior research by Egbunike and Okoye (2022) found a positive association between insider ownership and accounting conservatism, suggesting that managerial alignment may enhance reporting prudence in certain firm environments. The present study's contradictory finding emphasizes the importance of ownership concentration levels, sectoral dynamics, and institutional weaknesses in shaping governance outcomes.

The result that foreign ownership negatively influences accounting conservatism challenges widely held assumptions that foreign investors enhance corporate transparency and financial reporting quality (Zhao & Chen, 2023; Ahmed & Alnasser, 2023). While global evidence often links foreign participation to improved governance, the



current study suggests that in Nigeria's consumer goods sector, foreign investors may lack sufficient influence over internal governance structures or may prioritize short-term financial gains over conservative reporting. This aligns with Ogbonna et al. (2022), who noted that foreign ownership does not universally guarantee improved reporting practices, particularly in markets where institutional enforcement is weak, and ownership is highly concentrated.

However, this finding contrasts with broader international studies, including Lobo et al. (2022) and Zhao & Chen (2023), which documented a positive relationship between foreign ownership and accounting conservatism in other emerging economies. This discrepancy underscores the need to contextualize foreign ownership effects within the specific regulatory, cultural, and governance environments of host countries. In Nigeria, challenges such as regulatory gaps, enforcement limitations, and the dominance of family-controlled firms may constrain the positive influence of foreign investors on financial reporting quality.

Furthermore, the insignificant relationship between institutional ownership and accounting conservatism suggests that institutional investors may not exert a substantial monitoring role in Nigeria's consumer goods sector. Although institutional ownership is theoretically expected to enhance corporate oversight and promote conservative reporting (Alves, 2022; Khan et al., 2023), the empirical evidence in this study indicates otherwise. Similar findings were reported by Okoye et al. (2023), who observed limited effectiveness of institutional investors in improving governance outcomes in the Nigerian context. This may reflect the passive investment strategies of domestic institutions, ownership concentration, or limited legal enforcement mechanisms that undermine institutional influence.

Collectively, these findings contribute to the corporate governance literature by providing sector-specific, emerging market evidence on how ownership structure shapes financial reporting behaviour. The negative effects of managerial and foreign ownership on conservatism highlight governance vulnerabilities within Nigerian consumer goods firms, emphasizing the complex interplay between ownership concentration, institutional weaknesses, and reporting quality.

VI. CONCLUSION AND RECOMMENDATIONS

This study provides empirical evidence on the relationship between ownership structure and

accounting conservatism among listed consumer goods firms in Nigeria, contributing to the broader discourse on corporate governance and financial reporting in emerging markets. The findings reveal that both managerial ownership and foreign ownership significantly reduce accounting conservatism, suggesting that insider control and foreign equity participation are associated with less prudent financial reporting. In contrast, institutional ownership exhibits no statistically significant influence on conservatism, indicating limited monitoring effectiveness within the Nigerian context.

Theoretically, these results offer mixed support for Agency Theory and Stewardship Theory. The negative association between managerial ownership and conservatism aligns with agency concerns, suggesting that excessive insider control may undermine reporting prudence. Conversely, the insignificant role of institutional ownership challenges assumptions regarding institutional investors' monitoring effectiveness in emerging markets. Notably, the finding that foreign ownership reduces conservatism contrasts with global studies highlighting foreign investors' positive influence, emphasizing the need to account for institutional and market-specific dynamics when assessing ownership effects on financial reporting.

Empirically, this study advances the literature by providing sector-specific evidence from Nigeria, highlighting how ownership structure influences reporting behaviour differently in emerging markets compared to developed economies. The findings have important policy implications for enhancing financial reporting quality and corporate governance in Nigeria and similar institutional environments.

Based on these findings, the following policy recommendations are proposed:

- 1. Strengthen Regulatory Oversight of Insider-Controlled Firms:** Regulatory agencies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) should implement stricter governance monitoring, enforce independent audit structures, and enhance penalties for reporting manipulation in firms with high managerial ownership.
- 2. Enhance Minority Shareholder Protection:** Legal reforms should focus on expanding minority shareholder rights, including improved access to financial information, effective voting mechanisms, and stronger judicial remedies for cases of misrepresentation or aggressive accounting.
- 3. Reform Institutional Investor Governance Role:** Institutional investors should be encouraged to adopt stewardship codes and engage in proactive



governance participation, including demanding higher reporting standards and promoting conservative accounting practices.

4. Capacity Enhancement for Foreign Investors:

Given the unexpected negative influence of foreign ownership on conservatism, targeted initiatives should educate foreign investors on Nigeria's governance expectations and reporting standards, coupled with partnerships that facilitate stronger monitoring capabilities.

5. Sector-Specific Governance Codes: The consumer goods sector should adopt tailored governance frameworks that incorporate conservative reporting benchmarks, improved board accountability, and strengthened disclosure requirements, aligning with international best practices.

6. Institutional Strengthening and Global Benchmarking: Broader institutional reforms, including regulatory independence, capacity building for enforcement agencies, and alignment with global governance frameworks, are essential for enhancing financial reporting credibility and investor confidence in Nigeria's capital market.

By implementing these pragmatic, evidence-driven interventions, stakeholders can mitigate ownership structure-induced governance challenges and foster more transparent, accountable financial reporting practices, with lessons applicable to other emerging markets facing similar structural constraints.

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