



NEXUS BETWEEN CORPORATE HEDGING STRATEGIES AND FINANCIAL REPORTING QUALITY OF LISTED NON-FINANCIAL FIRMS IN NIGERIA

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Abstract: The study investigates the impact of corporate hedging strategies and financial reporting quality of non-financial firms listed on the Nigeria Exchange Group. The study covers ten years, from 2015 to 2024. The population of the study is 103 listed non-financial firms in Nigeria, while 43 firms form the sample size. Ex-post facto and correlational research design was adopted. Financial reporting quality was the dependent variable proxy by real earnings management and corporate hedging strategies as the independent variable proxy by risk committee meeting, risk appetite and risk culture. The findings of the study indicate that risk committee meeting and risk culture significantly improve financial reporting quality. However, the study found that the risk appetite weakened the quality of earnings. The study concluded that risk committee meeting and risk culture improving the quality of reported earnings. The study therefore, recommends that audit committee should hold meetings not less than three times in a year and shareholders and directors of listed non-financial firms in Nigeria should ensure a well-effected risk culture as it mitigate real earnings management. The results will contribute to corporate governance policies and risk management debates in an emerging economy such as Nigeria and have policy implications on regulators and shareholders in refining the effectiveness of the risk management policies.

Keywords: *Corporate hedging strategies, financial reporting quality, Risk committee Meeting, Risk culture.*



1. Introduction

Accounting earnings is one of the essential variables of financial report that investors, lenders, financial expertise, shareholders and regulators rely upon for efficient decision making. Hence this necessitated the need for timely, reliable, understandable, verifiable accounting earnings that can predict a firm future performance. Financial reporting quality offers valuable information and excite assurance on the credibility of report regarding error and prejudice not ambiguous or misleading to the users (Farouk et al., 2019). Shareholders, regulators are demanding greater corporate transparency owing to the fact that all business decisions are anchored on financial reporting. The demand for financial reporting quality demand has hitting with the adverse effect of erroneous financial report to corporations and its mishap to shareholders since the wake of the accounting scandal in reputable corporation across the globe.

This financial reporting scandal is still prevalent with the cases of Parmalat and Tesco 2014, Toshiba 2015, Gupta 2017, KPMG company audit failures in 2018, Samsung accounting crisis in 2018, Kraft Heinz 2021, Granite construction 2022, Americanas SA 2023 and Sam Bankman fried in 2024 (Americanas, 2023; Bloomberg, 2024; Espinoza, 2023, Financial Reporting Council, 2019). This has been attributed to weak corporate governance mechanisms in ensuring quality reporting. Managers employ discriminating judgment in the choice of accounting policies, thereby altering the financial report to either pursue personal gain that depends on the information reporting or to mislead users (Holland & Ramsay, 2003). Real earnings management is a new earnings manipulation's tool where managers often alter standard operating procedures in an effort to mislead stakeholders into thinking that a particular financial reporting target has been met during routine business operations. (Roychoywdhury, 2006).

The extent of the earnings management within reports differs from company to company based on governance and internal control mechanisms instituted. Researchers have postulate that the complexity of financial dealings, volatility in exchange rate and the dynamic high-tech nature of risk management are a serious concern to all organization as business practice can be overtaken by the convolution of reality (Emblemsvag, 2020; Olayinka et al., 2020). As such, risk management has become a critical and urgent issue in the modern day industrial and non-industrial sectors (Luthfiyanti & Dahlia, 2020; Yang Liu, 2019). Nigeria as a nation was not spared from the financial scandals with cases of Oando Plc 2017, Sky bank 2018 and Diamond



bank 2019, Nigeria National Petroleum Corporation 2018, and most recently Oando Plc 2021 financial crises. Therefore, the history corporate governance and financial scandals involved both the financial and non-financial industries.

Risk management and financial reporting quality has attracted academic attention in prior studies which including: Bsoul et al. (2025); Madu & Shehu (2021); Olayinka et al. (2019) whose study considered enterprise risk management (ERM) on earnings quality, while, Abubakar et al. (2022); Efenyumi & Okoye (2022); Muiyiwa et al. (2025); Sani et al. (2018) considered board risk management committee and earnings quality. This present study covered the corporate risk management which encompass the ERM and risk committee. Abba et al. (2025) and Madu & Shehu (2023) evaluated the consequences of risk governance on earnings quality, these two aforementioned though study risk governance which encompass some attribute of risk management, made use of Roychowdhury, (2006) model to measure real earnings management, this measurement did not consider the competitive strategy of the firm in an industry. Therefore, the current study measures real earnings management using cohort-Adjusted measure by Srivastava (2019). Sequel to the prevailing problem and the existing gap the major question raised is what is the impact of corporate hedging strategies on financial reporting quality of listed non-financial firms in Nigeria.

Objective of the study

In consistent with the major question raised, the specific objectives of the study are to:

- i. Investigate the impact of risk committee meeting on financial reporting quality of listed non-financial firms in Nigeria.
- ii. Examine the impact of risk appetite on financial reporting quality of listed non-financial firms in Nigeria.
- iii. Determine the impact of risk culture on financial reporting quality of listed non-financial firms in Nigeria.

Hypothesis of the Study

In conformity with the objective of the study, the following hypotheses have been formulated in null form.

H0₁. Risk committee meeting has no significant impact on financial reporting quality of listed non-financial firms in Nigeria.

H0₂. Risk appetite has no significant impact on financial reporting quality of listed non-financial firms in Nigeria.



H0₃. Risk culture has no significant impact on financial reporting quality of listed non-financial firms in Nigeria.

2. Review of Empirical Studies and Theoretical Framework

Empirical literature of the between corporate hedging strategies constructs and financial reporting quality as well as relevant theories are reviewed in this section.

Risk Committee Meeting and Financial Reporting Quality

Muyiwa et al. (2024) investigated the impact of risk management committee and earnings quality. The study covers the period of 12 years 2012 to 2023. 12 insurance firms form the sample size. Risk committee was proxy by size, gender diversity, meeting and independence, while earnings quality was measured by accrual base model. Findings from the study shows that risk committee risk committee meeting has positive significant effect on earnings quality. this study though conducted in Nigeria was only limited to accrual base earnings management, a similar study considering real earnings manipulation could produce a different result.

Similarly, Efenyumi and Okoye (2022) explored the impact of risk management committee characteristics on the earnings quality of Nigeria companies that are listed. The study was adopted Ex-post facto and gathered data from seventy (70) non-financial firms for 10 years 2012 to 2021. The study's results indicated that risk committee diligence did not have a significant effect on the earnings quality of listed non-financial firms in Nigeria. While this study covered a substantial timeframe, it is also worth noting that introducing the other aspect of risk management in relation to financial reporting quality in an emerging economic like Nigerian could potentially yield different findings.

In a relevant study, Elhaj et al. (2022) examined the effectiveness of risk management committee (RMC) attributes and real earnings management with evidence from Malaysia. The sample of the study constitute 146 non-financial firms listed on Bursa Malaysia; data was collected for the 3 years 2016 to 2018. The study recorded a negative significant effect between RMC diligence, and real earnings management. This study is germane, it considered risk committee diligence on real earnings management with a large sample size of 146 non-financial sector firms. However, the period of three (3) years is limited to make a robust conclusion on the finding of the study, therefore, this current study used a large timeframe of ten years in other to generate a more robust findings that can be generalized.



Risk Appetite and Financial Reporting Quality

Hillebrink (2023) investigated the role of age and gender diversity on risk appetite in corporate boardrooms, the study considered 227 firms listed on the S&P Europe. The study covers the span of 18 years from 2005 to 2022. The finding of the study indicates that gender diversity reduces risk Appetite, while age on the other hand increase risk appetite. This study though, covers a substantial number of years 2005 to 2022 and a large sample of 227 covering four countries, it concentrated on risk appetite in relation to gender diversity and age. This current study examines the relationship of risk appetite on financial reporting quality in an emerging economy like Nigeria.

In a different study, Madu and Shehu (2023), investigated the if risk governance improves financial reporting quality using real earnings management model of Roychowdhury, (2006). The study adopted Ex-post facto research design the cover the period of 10 years from 2010-2019. 74 listed non-financial firms in Nigeria constitute the study population. The findings from the study shows that risk appetite significantly influence the quality of the financial report. This study is relevant, as it considered the non-financial firms in Nigeria with a long period of ten years. However, the current study further made used of cohort- Adjusted measure by Srivastava (2019) to ascertain a more valuable and overwhelming result.

Fang and An (2017) examined the effects of entrepreneurial passion and risk appetite on entrepreneurial performance. The study focusses on young entrepreneurs in China, the study used primary data and a total of one hundred and fifty-seven (157) valid copies of questioner were retrieved from the respondent which constitute 79% of the total questionnaire. The findings from the study reveal that risk appetite have impressive effects on financial performance also a significant effect on market performance of the firms studied. This study, is germane, it examined the influence of risk appetite on performance, however, the study concentrated in China, while, this current study seeks to examine the impact of risk appetite on financial reporting quality in Nigeria with secondary data.

Risk Culture and Financial Reporting Quality

The study conducted by Madu and Shehu (2023) on the probability of risk governance to improve financial reporting quality. The study adopted Ex-post facto research design the cover the period of 10 years from 2010- 2019. The findings from the study shows that risk culture



significantly decrease the quality of reported earnings. This study relevant, the study is conducted in Nigeria though financial reporting quality was measured using Roychowdhury, (2006) model. however, this current study used a more recent model to determine the interactive effect of risk culture on financial reporting quality in the Nigeria non-financial firms.

Similarly, Yamen et al. (2021) provided empirical evidence on culture, institutional quality and earnings management. The study sample constitutes 38 countries for the period of 5 years 2015 to 2019. The findings of the study reveal that culture has a significance influence on accruals earnings management, however the association of culture and real earnings management was found to be insignificant. This is an appropriate study; as it considered the impact of culture not just on accruals earnings management but also on real earnings management. Nonetheless, the work concentrated on culture generally, an examination of the impact of risk culture specifically on financial reporting quality could reveal a different result.

In another study, Putra et al. (2018) investigate the impact of culture and corruption motivated by agency cost and earnings management with specific concentration on south East Asian states. Constitute 148 firms which were down from 30 biggest market capitalization companies for the spans four (4) years, from 2012 to 2015. The study established that risk culture in countries with low agency cost has positive relationship with earnings management compare to countries with high agency cost. The findings also reveal that risk culture in large firms negatively influence earnings management. This study is relevant; however, a small study period of four years was used. The present study seeks to investigate the impact of risk culture on financial reporting quality with a long period of ten years.

The paradigm of agency theory was first proposed in 1932 and has since evolved. by Jensen and Meckling (1976). Agency theory discuss issues of principal and agent and its implications in organisational development. Jensen and Meckling (1976) opined that managers of shareholder's wealth cannot be expected to administer services with the same interest and anxious vigilance as owners of the business will do, in some situations, the extent of risk the managers are willing to take and that of the shareholders is not in tandem, as a result of agency problem. Risk appetite (RKAP) indicates the extend of risk a company is willing to take to achieve the organizational objective (Hillebrink, 2023). Risk appetite has been found to influence earnings quality (Madu & Shehu, 2023). Risk committee is one of corporate



governance mechanisms saddle with the responsibility of risk oversight function in an organization. Risk committee meeting is perceived to be capable of mitigating managers manipulating accounting activities as explain by agency theory in association with the manager's discretionary decision in an agency relationship. Elhaj et al. (2022), Efenyumi and Okoye (2022) and Olayinka et al. (2019) suggested that risk committee meeting enable effectively reduction in agency cost and improving transparency in the financial reports. Therefore, financial reporting quality in this study is a function of risk committee meeting and risk appetite. This relationship can be presented as follows:

$$FRQ = F(RCM, RKAP) \dots\dots\dots (i)$$

The organizational culture theory propounded by Schein (2010). Organizational culture theory is analyzed from three perspective: basic underlying assumptions which are embedded on beliefs, values and organizational attitude to the values and belief of an organization statement. Owing to the observable indicators of organizational culture in risk management, risk culture has been considered significant to organizational risk management: Zhivitskaya and Power (2016) and Demortain (2016). Risk culture has been found to minimized earnings management and enhance earnings quality (Yamen et al., 2021: Putra et al., 2018) Hence, this study hypothesized that earnings quality is a function of risk culture. This can be represented as a follow:

$$FRQ = F(RKCL) \dots\dots\dots (ii)$$

Two theoretical explanations have been reviewed to establish the relationship between financial reporting quality and corporate hedging strategies. Agency and organizational culture theory. Since financial reporting quality is hypothesized to be the function of risk management in equation one and two above, this can be represented economically as follows:

$$FRQ_{it} = \beta_{0it} + \beta_1 RCM_{it} + \beta_2 RKAP_{it} + \beta_3 RKCI_{it} + \varepsilon_{it} \dots\dots\dots iii$$

3. Methodology

This study adopted ex-post facto and correlational research design, this is owed to the fact that the study is conducted within the scope of quantitative research approach with a philosophical paradigm of positivism, which opine that reality is observed through the eyes of the researcher.



This reflects the aim of the current study, the nexus between corporate hedging strategies and financial reporting quality. The population for this study encompasses 103 non-financial firms that are listed and actively trading on the Nigerian Exchange Group as at December 31, 2024. The study sample size was derived from the population of the study. In order to attain a feasible sample size, availability of data is paramount. Purposive sampling technique was employed using a two-point filter; one, for a firm to be included it must have been listed before 31 December 2014. And two, any firm without complete data for the variables of the study was excluded. Hence, (17) firms were listed after 31 December 2014, while a total of forty-four (45) firms were excluded as a result of insufficient data. Finally, a total of forty-three (43) firms was used as the sample size, this constitutes 40.96%. Secondary data was collected from the annual report and accounts of the sampled firms for the period 10 years from 2015 to 2024. Generalized model of regression technique was employed to analyze the data collected.

Variable measurement

The variables of the study are classified in three: dependent variable, independent variable and control variable.

Risk culture index:

1. Having a stand-alone risk committee
2. Having one or more members of risk committee in audit committee
3. Chief risk officer/head of risk management being a senior manager
4. Risk management/financial experience of chief risk officer/head of risk management
5. Disclosure of organizational risk framework or policy in the annual report
6. Presence of risk management in goal/mission statement of the firm
7. Presence of whistle blower policy in the organization
8. Assurance on the effectiveness of organization risk management procedure by internal or external audit function.
9. Compliance with at least two applicable laws and regulation related to risk management

Table 1. Variable Measurement

Variable Name	Code	Variable Measurement	Sources
Dependant Variable Financial Reporting quality	FRQ	Represented as real earnings management (REM), measured by the residuals of cohort-adjusted measure (2019). abnormal cash flow model	Srivastava, 2019)
Independent Variable Risk Committee Meeting	RCM	The number of risk Committee meetings held in a year	Efenyumi & Okoye (2022)
Risk appetite	RKAP	Debt -to-equity ratio	Hillebrink (2023)



Risk culture	RKCL	Measured using risk culture index	Fritz-Morgenthal et al (2015) NCCG (2018), Madu and Shehu (2023)
Control Variable			
Firm size	FS	Measured as natural log of total asset	Efenyumi & Okoye (2022)
Leverage	LEV	Total Liabilities divided by total assets	Bsoul et al (2025)
Audit firm Size	AFS	If the firm is audited by a big4 audit firm 1 if otherwise 0	Ibrahim (2017)

Researchers Design (2025)

Model specification the amended model by Srivastava, (2019) is presented and specified as thus; $CFO_{it}/TAt-1 = \alpha_0 + \alpha_1 TAt-1 + \alpha_2 SL_{it}/TAt-1 + \alpha_3 \Delta SL_{it}/TAt-1 + \alpha_4 \Delta SL_{it-1}/TAt-1 + \alpha_5 \text{LogMarketValue}_{it} + \alpha_6 \text{LagROA}_{it} + \alpha_7 M/B_{it} + \alpha_8 SL_{it+1}/TAt-1 + \alpha_9 CFO_{it-1}/TAt-1 + \mu_{it}$ ---
- iv

Where:

CFO = Current year cash flow from operations $\alpha^*(1/At-1)$ = Scaled intercept, TAt-1 = Total assets of the previous year, α_0 = Intercept, α_1 , - α_9 , = Parameters for estimating normal cash flow, SL_t = Sales at present year, ΔSL_t = Change in sales, Market value = Market value of equity, ROA = Return on assets, M/B = Market-to-book ratio, CFO-1 = Lagged value of operating cashflow, μ_t = Residuals

$$FRQ_{it} = \beta_0 + \beta_1 RCM_{it} + \beta_2 RKAP_{it} + \beta_3 RKCI_{it} + \beta_4 FS_{it} + \beta_5 LEV_{it} + \beta_6 AFS_{it} + \varepsilon_i \dots \dots \dots v$$

Where: β_0 = Intercept, β_1 - β_6 = parameters, i = firm i in time t, RCM= Risk committee meeting, RKAP= Risk Appetite, RKCI = Risk Culture, FS = Firm size, LEV = Leverage, AFS= Audit firm size, $\varepsilon = e$

4. Results and Discussion

In section the result of the data collected for the study is presented, analysed and discussed. This section also provides conclusion and recommendations based on the findings of the study. The descriptive statistic, correlation matrices and regression result are presented below:



Table. 2 Descriptive statistics

Variable	OBS	Mean	std. dev	Min	Max
FRQ	430	0.1501544	0.1422518	0.0006955	0.8830233
RCM	430	3.018605	1.420669	0.000	7.0000
RKAP	430	1.789214	2.803197	-17.21712	25.18325
RKCL	430	0.4977674	0.1982056	0.000000	0.88
FS	430	17.41656	1.851756	14.36926	23.40533
LEV	430	0.5983427	0.2815393	0.0394277	2.0299
AFS	430	0.672093	0.4699976	0.00000	1.0000

Source: Authors' computation from annual reports of the companies using STATA

Table 2, shows the summary of the data collected for the study, financial reporting quality shows a mean value of 0.1501544, minimum 0.0006955 and maximum of 0.8830233. These imply that the average real earnings manipulation of non-financial firms in Nigeria during the period is 15%. The mean of Risk Committee meeting (RCM) shows a mean value of 3.018605 which implies that on an average risk committee meeting held in non-financial firms in Nigeria 3 times per annum. Risk Appetite (KRAP) has a mean of 1.789214 and a standard deviation of 2.803197 and indicating a slight disparity from the mean. However, Risk Culture (RKCL) has an average value of 0.4977674 and the standard deviation of 0.1982056 indicate a wide variation of risk culture practice among the listed firms. firm size and leverage and audit firm size has mean of 17.41656, 0.5983427 and 0.672093 respectively.

Table 3: Correlation Matrix of the Variables

	FRQ	RCM	RKAP	RKCL	FS	LEV	AFS
FRQ	1.0000						
RCM	-0.1768***	1.0000					
	0.0002						
RKAP	0.1491***	-0.0499	1.0000				
	0.0019	0.3015					
RKCL	-0.1633***	0.1098**	0.0401	1.0000			
	0.0007	0.0227	0.4065				
FS	0.1750***	0.0143	0.3475***	0.0591	1.0000		
	0.0003	0.7810	0.0000	0.2213			
LEV	-0.1482***	0.0328	-0.0063	-0.0461	-0.0626	1.0000	
	0.0021	0.4978	0.8962	0.3399	0.1951		
AFS	0.1143**	0.0196	0.0740	0.2278***	0.1753**	-0.1062	1.0000
	0.0177	0.6848	0.1257	0.0000	0.0277		

Note: ** = 5% sig, and *** 1% sig

Source: Author's computation from annual report of the companies using stata.

Table 3. displayed how the dependent variable relates with the independent variables and the relationship among the independent variable. The sign of the correlation coefficient indicates



the direction of the relationship either negative or positive. The correlation coefficients in table 3 shows that there is no excessive correlation among the variables. As evident in the correlation marix in table 3 above since the highest coefficient is 0.3475 between FS and RKAP. This evident is supported by Gujarati and Porter (2009) that any correlation coefficient that is less than 0.70 are considered safe to be included in the same regression model.

Table. 4 Summary of Regression Results

FRQ	Coef.	Std. Err.	Z	P>z
RCM	-0.0156185	0.0056082	-2.78	0.005
RKAP	0.0000718	0.0000326	2.20	0.028
RKCL	-0.1609422	0.0424212	-3.79	0.000
FS	0.0091608	0.0041792	2.19	0.028
LEV	-0.002028	0.0007722	-2.63	0.009
AFS	0.0596225	0.0191388	3.12	0.002
CON	-0.0776753	0.0765809	1.01	
Statistic	coefficient		p- value	
R-Square			0.1234	
F.Stat	58.49		0.0000	
Observation	430			
VIF Mean	1.09			
Hetttest	534.55		0.0000	

Source: Authors' computation of outcome of the data collected

Table 4, shows the panel corrected standard error regression results of the study, which was necessitated from the outcome of the robustness tests conducted. To check for the presence of multicollinearity among the variables of the study, the Variance Inflation Factor (VIF) test was Conducted the highest is 1.17 and the mean VIF is 1.09 which does not exceed the stipulated limit of 10, hence, absence of multicollinearity as suggested by Hair et al. (2014) and Shrestha (2020). Heteroskedasticity in the study was found to be significant, indicating the presence of heteroskedasticity. Hausman specification test selected random effect as the most suitable model for the study, with a p-value of 0.5622. In a bit to further verify if there is a significant difference between the random effect and the ordinary least square regression (OLS), lagrangian multiplier test was conducted and found a significance difference between the OLS and the random effect as such the random is selected and interpreted. The result from table 4 shows that the model is fitted as evidence by the wald χ^2 statistic of 58.49 and a p-value of 0.0000. The R-Squared is 0.1234 which indicate that the independent variable is able to explain the dependent variable to the tone of 12.34%.



Table 4, results show that RCM has a negative significant impact on real earnings management with a coefficient of -0.0156185 and p.value of 0.005. This result is in deviance with hypotheses Ho1 which state that risk committee meeting has no significant impact on financial reporting quality. hence the null hypothesis 1 is rejected. This finding implied that the more risk committee meeting the lower the real earnings management practice by managers thereby enhancing financial reporting quality. The findings align with the findings of Elhaj et al. (2022) who found a negative significant effect between risk committee diligence and earnings quality, however, the findings contravene that of Muiyiwa et al. (2024) who found a positive impact and Efenyumi and Okoye (2022) who recorded an insignificant impact between risk committee meeting and earnings quality. This finding agrees with the pustulate agency theory.

RKAP as has a coefficient of 0.0000718 and a P.value of 0.028 which was significant at 5%. This result signifies a positive significant effect; this result is nonconformity with hypotheses Ho2 which state that risk appetite has no significant impact on financial reporting quality of listed non-financial firms in Nigeria. hence the null hypothesis 2 is rejected. This finding implied that the more the RKAP the more real earnings management practice by managers. This finding contradicts the findings of Madu and Shehu (2023) who found that risk appetite mitigates real earning manipulate. This validate the assumption of agency theory that managers make decision that might not be to the interest of shareholders such as taking excessive risk as a result of information asymmetric.

RKCL show a coefficient of -0.1609422 and a P. value of 0.000 which is significant at 1%, Signifying that risk culture has a negative significant impact on real earnings management. This result is in contrast with Ho3 which state that risk culture has no significant impact on the financial reporting quality of listed non-financial firms in Nigeria. Thus, the null hypothesis 3 is rejected. This finding implies that an increase in risk culture will result to a decrease in real earnings manipulation. This finding concurs with the findings documented by Madu and Shehu (2023) that risk culture significantly enhances financial reporting quality. The finding also disagrees with that of Yamen et al. (2021) who found an insignificant association between risk culture and real earnings management and Putra et al. (2018) who established that risk culture in countries with low agency cost has positive relationship with earnings management compare to those with high agency cost.



5. Conclusion

This study examines the nexus between corporate hedging strategies and financial reporting quality of listed non-financial firms in Nigeria for ten (10) years 2015 to 2024. In line with the above findings, the study concludes that:

- i. Risk committee meeting has significantly reduced managers ability to engage in real earning manipulation, thereby improved the financial reporting quality of listed non-financial firms in Nigeria.
- ii. Risk appetite significantly encourage managers to participate in real earnings management, hence reducing financial reporting quality of listed non-financial firms in Nigeria.
- iii. Risk culture has significantly mitigated managers motivation to manipulate earnings, and a well-structured risk culture can deter real earnings management practice thereby enhancing the quality of the reported earnings in non-financial firms in Nigeria.

Recommendations

Based the on conclusions of the study the following recommendations are made:

- i. Risk committee should continually hold meeting as much as it is required so as to improve financial reporting quality, as doing so reduces managers motivation to manipulate earnings. The risk committee meetings should not be less than three times in a year, as this can effectively constrain real earnings management.
- ii. Board of directors of listed non-financial firms should moderate the extend of risk managers are willing to take in pursuant of Shareholders wealth. In other not to give room for managers to carry out real earnings activities, hence reducing financial reporting quality.
- iii. The study recommended that a well-articulated and structured risk culture should be maintain by non-financial firms' shareholder and directors as it minimizes earnings management, thus enhancing the quality of reported earnings.



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