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Original Research Article

Corporate Governance and Accounting Conservatism in Nigeria: An Empirical Investigation

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Abstract: This study investigated the effect of Corporate Governance (represented by Asymmetric Timeliness Measure and Market To Book Ratio) on accounting conservatism (represented by Gender Composition of the Board, Composition of Audit Committee and Risk Management Committee) of quoted firms in Nigeria. Ex-post facto research design was used. The population of this study comprised 17 food and beverage firms listed on the Nigerian Exchange Group (NGX) as at December 31st, 2021 from which 14 were selected by Purposive sampling technique. The study period was 10 years (2012 to 2021). Data were obtained from the published audited financial statements. The study used descriptive and inferential statistics for data analysis. Findings from the study revealed that Corporate Governance jointly had no significant effect on Asymmetric Timeliness Measure (ATM), $AdjR^2 = 0.035$; $F_{(6, 133)} = 1.84$, P-Value= 0.09 and Market To Book Ratio (MTB), $AdjR^2= 0.109$; $F = 11.70$, P-Value= 0.07. This study concluded that Corporate Governance had no significant impact on Accounting Conservatism of quoted firms in Nigeria. It was recommended that policy makers should pay close attention to corporate governance policies and measures such as the Gender Composition of the Board, Composition of Audit Committee and Risk Management Committee in order to enhance accounting conservatism and bring about accounting conservatism and by extension improve the quality of financial statements.

Keywords: Accounting Conservatism, Asymmetric Timeliness Measure, Composition of Audit Committee, Corporate Governance, Gender Composition, Market To Book Ratio, Risk Management Committee.

1. INTRODUCTION

1.1 Background to the Study

Contemporary debate on Corporate Governance and Accounting Conservatism has been a long discourse with mixed results and reactions from accounting and finance scholars. A company's primary goal is to increase its revenue as well as that of its shareholders. The performance of any company contributes to the firm's value as well as the growth of the industry and the overall economy (Efuntade & Akintola, 2020). The financial performance of an organization is crucial to all stakeholders, including the government. It helps an economy's long-term growth and progress. In addition to acting as a catalyst, it provides several dynamic benefits required for economic change in the global economy (Ogbodo, 2018). To meet these expectations, managers must constantly focus on improving the firm's financial performance. According to Al-Shahrani and Zhengge (2016), a company's willingness to match people and capital to strategic challenges in order to achieve corporate success through ethical and legal means, contributes to long-term competitive advantage.

Accounting conservatism has become an essential component of financial reporting, which has been linked for a long time by accounting concept and implementation (Ugwunta & Ugwuanyi, 2019). Accounting conservatism is one of the aspects of accounting conventions that underpin current financial reporting. Accounting conventions are the underlying assumptions that underpin the preparation of accounts, and they are used to make financial statements transparent and substantive. The conservative principle includes the adage "anticipate no profits, but anticipate all losses." Income anticipation necessitates the identification of profits prior to making verifiable legal claims (Ame, Saad, & Oyedokun, 2019).

Conservatism has been identified in accounting and financial reporting as an unsettled and prevalent component (Chen, Chen & Su, 2017). Conservatism is important because it provides management with a lot of assurance when assessing a company's financial performance as long as they follow accounting rules. The main reason for conservatism is that the benefit should not be predicted, but that all expenses should be carefully calculated (Watts, 2003). As a result, conservatism will gain valuable insight that has yet to be quantified (Felix & Umanhonien, 2015).

Accounting figures are mostly used by organizations and individuals who want to meet their financial goals by using qualitative and measurable data. Perfect investment decisions for any corporate entity require clear and comparative financial data. As a result, one of the critical factors in attracting investors to participate in economic processes and decisions is the availability of planning facts useful in making investment decisions. For businesses, financial reports are the most valuable source of financial data. This is why it is critical to understand the fundamentals of financial statement preparation. Accounting principles, which are the fundamental building blocks for filing financial accounts, should have structured features, be compatible with financial statements, and finally make the financial statements equivalent. As a result, accounting theories and inclinations tend to strike a balance between the positivity of managers and the protection of stakeholders' interests. The advantages of accounting conservatism are many for businesses or firms that use it, and this is no longer an argument because previous scientific research has shown that accounting conservatism improves a firm's financial performance (Lawal & Shehu, 2017).

Accountants and other experts use the term conservatism to describe a useful accounting principle. Regardless of the frequent critics such as reducing the current taxable income and by extension, tax liability, it has maintained its position among the other accounting conventions. Conservatism has a stronger influence on investment performance when it comes to its effects on financial decisions (Chen *et al.*, 2017). Evidence shows that conservatism has been applied in developed countries like America, England, and other European countries, as well as in developing countries such as Nigeria. As a result, in terms of the qualitative component that financial managers and analysts consider, the presentation, process, and method of computing the data are all very important. The measure is determined to compute the degree of conservatism by calculating accounting knowledge efficiency and examining the relationship between the principle and company results using quantitative models.

Corporate governance is defined as the systematic collection of mechanisms, processes, and relationships used by various parties to control and operate a corporation and its entity's activities (Herdjiono, & Sari, 2017). Corporate governance is a set of rules, procedures, and practices that govern how the board of directors of a company handles and regulates its operations. It includes principles of transparency, accountability, and security (Pamungkas, Ghozali, Achmad, Khaddafi, & Hidayah, 2018). In modern corporations, a group of shareholders, who ultimately own the authority, assigns responsibility and power to a group of managers to make decisions in their best interests. Managers direct the organization and allocate the firm's resources (financial, human, and physical) to maximize value for the owners.

Corporate governance is a dynamic process that has seen significant growth in recent decades around the world (Abdallah, & Ismail, 2017). The role of the board in disciplining firm management is hotly debated in corporate governance literature, particularly the distribution of powers between the Board Chair and the Chief Executive Officer (CEO). Firms with one individual serving as both board Chair and CEO are referred to as having CEO duality (Duru, Iyengar, & Zampelli, 2016). A well-governed firm is expected to perform better, and the rational decisions of the board of directors contribute significantly to governance. As a result, it is highly likely that the structure of the board of directors has an impact on firm performance (Alabdullah, Ahmed, & Muneerali, 2019).

1.2 Statement of the Problem

Firms' financial performance is fluctuating and declining, and urgent quality accounting is required. Accounting conservatism is one of the measures and proxies used to assess financial reporting quality. Accounting conservatism simply implies that economic losses should be incorporated into accounting earnings more quickly than economic profits (Ball & Shivakumar, 2005). Garcia-Lara, Garca-Osma (2010) and Ahmed and Duellmand (2011), for example, obtained empirical evidence of a positive relationship between accounting conservatism and future profitability as a result of changes in investment efficiency. Accounting conservatism which underpins financial reporting quality has become a reason for management to support higher performing projects that improve future performance because they are more efficient economic or financial projects. Also, Ahmed and Duellmand (2011) assert that firms that are conservative benefit from increased potential profitability as a result of investing in more profitable ventures.

Financial scandals involving companies like Xerox, Tyco, HIH insurance, Enron, Arthur Andersen, and WorldCom that shocked the world also brought to the fore the impact of managers' estimates (and by extension, accounting conservatism) on the quality of financial reporting. Oceanic Bank, Societe Generale Bank, Savannah Bank, and Cadbury Plc are a few instances of corporate scandals and failures in Nigeria as financial reports prepared by managers failed to disclose these scandals. Chief Executive Officers (CEOs) and Managers of these bankrupt companies were found to have been engaged in earnings management through transaction structuring and aggressive estimate-making that had a negative impact on earnings and financial reporting (Nwaobia, 2022).

Inability to manage financial risks threatens the continuity of companies, resulting in a halt in the conduct of their business due to their inability to pay their obligations on them, and thus exit from the market. Most studies have concentrated on developing and researching tools to predict financial failure before it occurs, in order to find appropriate solutions and avoid losses. Conservatism is the distinction between profit recognition and loss recognition. In the extreme, all losses should be expected and no gains should be anticipated (Saeed, Khadije & Mohammad, 2013; Lawal & Shehu, 2016). Losses should be recognized when it is assumed that they will occur, even if there is no legal claim for them. In practice, this means that auditors require more confirmation to recognize good information as gains rather than bad information as losses. Many accounting standards and concepts reflect this interpretation of conservatism.

Oni (2022), opine that at the root of corporate fraud is creative accounting which is a practice that follows normal accounting principles, required laws and associated regulations, but subtly presented in a clear deviation from what the normal standards intend to achieve. At the centre of every corporate fraud are the board, management, auditors and other parties that have some roles to play in a company's financial report. When an investment decision is based on fundamental analysis, which includes a careful examination of a company's financial statements among other factors, creative accounting is a significant risk. In order to entice unwary investors, lending institutions, investment advisers, and other users of financial statements, many businesses around the world present a false trajectory of strong earnings and robust dividend payout (Oni, 2022).

Companies use earnings management to disguise fluctuations in earnings and give the impression of steady profits. Earnings management is a significant ethical concern because it has the potential to distort reported earnings and deceive users of financial information. To recognize and stop this practice, individual practitioners, their organizations, and professional associations are expected to take action (Adegbie 2022). Such actions include sound corporate governance initiatives

1.3 Research Objective

1. To investigate the effect of corporate governance on Asymmetric Timeliness Measure of quoted firms in Nigeria;
2. To examine the effect of corporate governance on The Market-to-Book ratio of quoted firms in Nigeria.

1.4 Research Questions

1. To what extent can corporate governance have effect on the Asymmetric Timeliness Measure of quoted firms in Nigeria?
2. To what extent can corporate governance have effect on The Market-to-Book ratio of quoted firms in Nigeria?

1.5 Research Hypothesis

H_{O1}: Corporate Governance does not have significant effect on the Asymmetric Timeliness Measure of quoted firms in Nigeria.

H_{O2}: Corporate Governance does not have significant effect on the Market-to-Book ratio of quoted firms in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Accounting Conservatism

According to Watts and Zimmerman (1986), conservatism is the principle that requires accountants to report the highest alternative value for liabilities and the lowest alternative value for assets. Additionally, costs should be recorded sooner rather than later, and revenue should be recorded later rather than earlier. According to this definition, financial reporting is inclusive and includes conservatism as a characteristic.

Accounting conservatism includes writing down intangible assets like goodwill and patents as well as liquidating inventories at the lowest of cost or net realizable value. Financial reporting is conservative because of economic factors. The relationship between reported income and income taxes, an increase in litigation costs due to the likelihood that managers and auditors will be sued for overstating earnings and net assets rather than understating them, and the need to manage management compensation and debt contracts effectively are a few of the explanations given by Watts (2003) for this.

Felix and Umanhonien (2015) assert that conservative reporting requirements and the accounting practices management selected to make financial reporting transparent are the reasons for conservatism. Also, prudence is occasionally seen as an advantage to offset some management optimism that leads to exaggerated financial statements. In the context of asymmetric information, Basu (2017) looked into the widespread effect of conservatism. His findings indicate that managers own very important private knowledge about their firms. Furthermore, Basu *et al.*, (2017) opine that if manager's remuneration is reliant on reported earnings and future profits are unknown, they may suppress any information that is judged detrimental to their interests.

The goal of accounting conservatism, according to Haixin and Kyunbeom (2022), is to make sure that costs are recognized as soon as possible and that revenues are only recognized after all necessary conditions have been satisfied. Conservative accounting information can be one of the corporate governance structures that complement the information asymmetry that exists between corporate managers and shareholders, according to Haixin & Kyunbeom (2022).

2.1.1.1 Asymmetric Timeliness Measure (ATM)

According to Wenshin (2022), the difference between an earnings' response to good news (as measured by a positive stock return) and its response to bad news (as measured by a negative stock return) has been referred to as evidence of asymmetric timeliness in the earnings' response to both good and bad news, and the difference has been called a measure of asymmetric timeliness. This asymmetric timeliness metric has been used extensively to evaluate accounting conservatism and its economic ramifications (Wenshin, 2022). Although a "decision usefulness" perspective is frequently used as the primary goal of accounting standards, Jackson, Shan and Taylor (2020) contend that ATM is likely to remain prevalent in recent years for a number of reasons. The elimination of the pooling method for acquisitions and the requirement to apply impairment testing to recognized goodwill, both of which continue to give rise to the asymmetric verification, are significant changes in accounting standards from the standpoint of standard setting.

2.1.1.2 Market to Book (MTB) Ratio

According to Jason (2022), the market-to-book ratio is a ratio used to assess a company's value by contrasting its market value and book value. He continued by saying that the market value of a company is determined by the price at which its stock is traded, whereas the book value is the accounting value of the business as shown on the balance sheet. MTB provides an estimate of the price paid by investors for each Naira of book value on the balance sheet. This ratio, also referred to as a price-to-book value, aims to establish a connection between the book values expressed in the balance sheet and the stock's actual market price. It is, mathematically speaking, the market value to book value ratio. MTB indicates how much investors are paying for each Naira of book value on the balance sheet, according to Corporate Finance Institute (CFI, 2022). This ratio, also referred to as a price-to-book value, seeks to establish a connection between the book values represented on the balance sheet and the stock's current market price (CFI, 2022). It is, mathematically speaking, the ratio of market value to book value.

According to Ball and Shivakumar (2006), using MTB (or Book To Market - BTM) as a metrix to quantify the levels of accounting conservatism is based on the theory that a conservative accounting scheme appears to depress a company's net book value when compared to its "real" economic value. As a result, higher MTB (but lower BTM) indicates higher accounting conservatism, and vice versa. The benefit of MTB (or BTM) is that it is company-specific. The AT and Asymmetric Accrual To Cash flow (AACF) measures, on the other hand, are typically incapable of performing firm-specific calculations. Another advantage is that the MTB measure is based on Feltham and Ohlson's (1995) empirical model, which is one of the most robust valuation methods in the accounting literature.

2.1.2. Corporate Governance

Corporate governance, according to Mahrani and Soewarno (2018), is a set of rules and incentives that control how a company's management is directed and compensated. According to Ogbamosa (2018), corporate governance aims to manage directors' conduct, their accountability to shareholders, how other stakeholders' interests are taken into account, and how to encourage investment to go where it can be most productive by raising Nigerian standards for corporate governance to those of best international practices in comparable jurisdictions. Getting there is the main driving force behind corporate governance.

Corporate governance, according to Abdallah and Ismail (2017), represents an organization's integrity and exemplifies its values in how it conducts business. Each board member's behaviour, whether positive or negative, is seen as representing the organization, so it is a clear reflection of their character. They maintain further that in order for efficient corporate governance to take place, all stakeholders who have a stake in the success or failure of any business organization must have their needs met. The owners, or shareholders, are the most significant stakeholders since they give the Board of Directors (BOD) the governance authority. The method through which a corporation is led and managed by its board of directors is referred to as corporate governance.

According to Riwayatiak and Marnonahb (2016), corporate governance is concerned with how all parties involved in the company cooperate to make sure that managers and other insiders abide by rules that protect the stakeholders' interests. Corporate governance refers to the procedures and means by which the owners, managers, and shareholders of a company divide their rights and obligations (Singh, Tabassum, Darwish & Batsakis, 2018). The complex interactions between a company and its stakeholders as well as between a company and society are referred to as corporate governance (Rashid, 2018).

2.1.2.1 Gender Composition on the Board (GCB)

Gender composition refers to the male-female ratio of the board of directors. Gender differences in risk attitudes, social preferences, and competitive environment preferences have important implications for understanding differences in economic and social outcomes (Bagues, Sylos-Labini, & Zinovyeva, 2017). Despite the fact that important decisions in modern economies are frequently made by groups or teams, studies on gender differences are most commonly conducted at the individual level. In the real world, committees and boards, business partners, and even industrial and academic research groups are just a few examples of group decision-making. Surprisingly, the recent financial crisis has focused media attention on board gender composition and its impact on firm performance (Kirsch, 2018).

Due to the fact that women make up more than half of the world's population, having a gender policy should, ceteris paribus, support the most efficient use of human resources in an economy. Social movements have been successful in recent decades in achieving gender equality in a number of areas. Even though many nations have been working to reduce inequality in recent years, a number of industries and occupations still exhibit significant inequality. This holds true for boards of directors as well, despite the fact that gender diversity and board diversity in general would enable businesses to take into account various viewpoints and make better decisions (Cortellese, 2022).

2.1.2.2 Composition of Audit Committee (CAC)

An audit committee that meets on a regular basis is said to be effective. Previous research has used the number of committee meetings held each year as a proxy for committee diligence (Alqatamin, 2018). The frequency of committee meetings allows the audit committee more time to oversee the financial reporting process, which has a negative impact on timeliness. According to Emeh and Appah (2013), the frequency of audit committee meetings is inversely related to the likelihood of restatement. According to Oussii and Taktak (2018), the frequency of audit committee meetings is associated with higher management earnings forecasts. Tanyi and Smith (2015) also provide evidence to support frequent audit committee meetings and the likelihood of timely audit report production.

A company's audit committee is a division of the board of directors charged with supervising the financial reporting and disclosure process, according to Corporate Finance Institute (CFI, 2022). If the audit committee is to be effective, it must be familiar with the organization's policies and internal controls. The audit committee must collaborate with the management team, independent auditor, and internal auditors to monitor the selection of accounting policies and principles and to ensure compliance with laws and regulations (CFI, 2022).

2.1.2.3 Risk Management Committee (RMC)

According to Subramaniam (2009), the RMC's general responsibilities and authority include assessing the organization's financial reporting with the context of an efficient internal control system, risk management operations and strategy, as well as making sure that the organization complies with all applicable laws and regulations. According to Onileowo, Kwarbai and Ogundajo (2021), a strong RMC could improve the performance of the company. This committee's responsibility with regard to financial reporting is to monitor the reporting process and make sure that all pertinent and important information is disclosed (Edogbanya & Kamardin, 2015).

According to Kashyap (2008), the risk management committees in some of the companies impacted by the Indonesian financial scandal were found to have neglected to keep an eye on the companies' risk. Because of this, businesses have separate risk management committees made up of directors with the necessary expertise to keep track of the risks facing their organizations and make sure the safeguards put in place to mitigate those risks are appropriate for the situation at hand. According to several studies, RMCs have been identified as important factors that affect a corporation's success, and the characteristics of the RMC are likely to have a significant impact on a corporate performance and financial reporting quality (Bensaid, Ishak & Mustapa, 2021). The Sarbanes-Oxley Act, which was passed in the United States of America in 2002, and several related laws that were passed in Nigeria, such as the Financial Reporting Council of Nigeria Act 2011 and the Securities and Exchange Commission Rules and Codes 2021, strengthened the importance of audit committee duties. These have greatly improved the audit committees' function in organizational governance.

2.2 Theoretical Framework
2.2.1 Stakeholders Theory

The interconnected relationships between a company's customers, suppliers, employees, investors, communities, and other stakeholders are emphasized by the stakeholder theory, a perspective on capitalism. The idea is that a business should produce value for all parties involved, not just shareholders. In 1984, Freeman created the Stakeholder Theory, which covers morality and values in corporate management. It also addresses commercial ethics. His critically acclaimed book Strategic Management: A Stakeholder Approach analyzes and models the stakeholder groups in an organization and discusses and suggests approaches for management to take into account those groups' interests.

Supporters of stakeholder theory contend that it may be divided into a number of stakeholder theories, each of which has a normative core and is connected to how businesses should be run and how managers should behave, according to Freeman (1994). In order to show how enterprises engage with their stakeholder groups, we use the descriptive technique. Then, we use the instrumental approach to assess the association between stakeholder group orientations and performance. Furthermore, the theory recommends attitudes, structures, and practices through its normative and managerial approaches (Donaldson & Preston, 1995).

Most critics, including Teppo (2004), believe that stakeholder theory is void and provides an unrealistic view of how organizations work. The main argument is that stakeholder theory does not pass the test of scientific rigour and thus cannot be considered a science. What is the function of stakeholder theory if it does not belong to the field of science? Is it a purely normative discourse motivated by ethical concerns? Is it a framework that assists managers in dealing with an increasingly complex environment?

Stakeholder theory is important because it proposes that businesses should consider stakeholders' interests in order to maximize company wealth and the overall advantages of all stakeholders, regardless of the criticisms made at it (Donaldson & Preston 1995; Freeman 1994). Researchers in governance, marketing, and strategy support a focus on important stakeholder groups. The consumer has been one of the marketing concept's most significant stakeholders because they were one of the first ones to be discovered (Freeman, 1994).

2.2.2 Signaling Theory

According to Ross' (1977), managers use accounting figures to communicate their objectives to investors who use decision-making accounting statistics. Signaling theory connotes that managers who anticipate significant potential growth would signal those expectations through released financial statements. Even managers of companies with poor financials would signal good news in order to maintain a high position among stakeholders. The signalling theory explains why the corporation wants to provide third parties access to financial statement data (Rheny & Denies, 2017). According to Yuliasari and Najmudin (2022), signalling theory refers to a strategy used by management of a firm to let investors know how they view the company's prospects.

Managers of businesses with negative news may want to publish such news in order to protect their reputation and stay ahead of the competition for risk capital. The rational implication of the signalling principle is that all management is encouraged to announce potential earnings forecasts, and if customers trust the signal, share prices will rise and the business will benefit. The signalling principle is also one of the key theories employed by companies to both defend and discourage customers and the general public from preparing unqualified financial statements (Ebirien, Namapele & Chukwu, 2019).

Signalling theory and this research are related in that it offers a signal of the manager's confidence in the company's future prospects, which can be evaluated by the degree to which the manager applies conservative principles in the preparation of financial statements so that the asset or profit presented in the financial statements is not too large (overstated) and the investors do not expect too much.

2.3 Empirical Review

The impact of corporate governance mechanisms (board size, board independence, separation of the chairman and CEO roles, and type of external auditor) on accounting conservatism in Egypt was examined by Nasr and Ntim (2018). Their research showed that board independence is positively correlated with accounting conservatism, board size and auditor type are negatively correlated with accounting conservatism, and there is no significant correlation between accounting conservatism and separating the roles of chairperson and CEO. Based a sample of 30 firms and financial statements of 2013 to 2020, Al-Abedi *et al.,* (2022) opine that there is no relationship between corporate governance on accounting conservatism in Iraq.

The effect of accounting conservatism on Egyptian corporate performance indicators was examined by Hanaa - El-Habashy (2019). Between 2009 and 2014, balance information from 40 of the most active non-financial companies was gathered to test the study's hypothesis. ROA was one of the variables used to represent accounting performance in this study, which used panel data. The study's conclusion indicates that accounting conservatism significantly improves organizational performance indicators. This exemplifies the positive effect that business profitability has on shareholders, leading to a solid financial position for the business.

The association between accounting conservatism and bank performance in Nigeria is studied by Aminu and Hassan (2017). Data from ten banks over a five-year period were examined using panel regression (2012-2016). The bank's performance was evaluated using return on assets (ROA). The results showed a significant correlation between Nigerian bank performance and accounting conservatism. Bank performance in Nigeria is favourably correlated with conditional accounting conservatism, but bank performance is adversely correlated with unconditional accounting. They concluded that in order to lessen information asymmetry, management of Nigerian banks should employ conditional conservatism in financial reporting.

Ugwunta and Ugwuanyi (2019) looked into the performance of Nigerian consumer goods companies and accounting conservatism, examining the role accruals. The information was derived from the annual financial reports of companies in the consumer products sector that are listed on the Nigerian Stock Exchange. Panel least squares were employed to assess the hypotheses under the assumption of fixed findings. Contrary to the ostensibly detrimental correlation, the study's findings show that accounting conservatism has a beneficial but little impact on company efficiency. As a result, companies in Nigeria's consumer products industry do not follow accounting conservatism, which results in inadequate financial reporting.

In a study of Forty Thousand, Five Hundred and Seventy-One (40,571) publicly listed firms in the United States, Ramalingegowda and Yu (2018) explore the connection between traditional accounting conservatism and changes in corporate capital structure (1972-2011). Leverage, ROA, a market-to-book ratio, gross assets, depletion to total assets, capital assets to total assets, R&D investments to total assets, and a marginal tax rate were the independent variables employed. They found that businesses that disclose their financials more conservatively, especially those that depend on outside funding, altered their capital structures more swiftly. Low-leverage businesses benefit from conservatism during times of transformation. It also shows how conservatism in accounting makes it simpler for low-leverage businesses to alter their financial structure.

3.0 METHODOLOGY

This study adopted the ex-post facto design in which secondary data was collected from financial statements of the firms listed on the Nigeria Exchange Group. Period covered was 2012 to 2021 (10 years). The population of this study consisted of all 17 food and beverage manufacturing firms listed on the Nigerian Exchange Group (NGX) as at December 31st, 2021. They are Cadbury Nigeria Plc, Champion Breweries Plc, Dangote Sugar Refinery Plc, Flour Mills Nigeria Plc, Golden Guinea Breweries Plc, Guinness Nigeria Plc, Honeywell Nigeria Plc, International Breweries Plc, McNichols Plc, Multi-trex Integrated Foods Plc, Nascon Allied Industries Plc, Nestle Nigeria Plc, Nigerian Breweries Plc, PZ Cussons Nigeria Plc, Unilever Plc, Union Dicon Salt Plc and Northern Nigeria Flour Mills Plc. Fourteen (14) of them were selected by purposive sampling techniques on the basis that these firms have consistently been trading on the Nigeria Exchange Group and have not been de-listed from 2012 to 2021 (10years). Based on information on the website of the Nigerian Exchange Group, three firms were left out (ie. Golden Guinea Breweries Plc, Multi-trex Integrated Foods Plc and Union Dicon Salt Plc) because they had deficiencies regarding continuous listing standards.

Model Specification

Using a balanced panel, the Eviews was used to perform the analysis' descriptive statistics, correlation, Fixed/Random effects, and regression. Asymmetric Timeliness Measure and Market to Book ratio were used to represent the dependent variable (accounting conservatism), while Gender Composition of the Board, Composition of the Audit Committee, and Composition of the Risk Management Committee were used to represent the independent variable (corporate governance).

Y=f (X)

Y = Dependent variable (Accounting Conservatism)

X = Independent variable (Corporate Governance)

$Y = y_1$

$X = x_1, x_2, x_3$

Where,

x_1 = Gender Composition of the Board (GCB)

x_2 = Composition of Audit Committee (CAC)

x_3 = Risk Management Committee (RMC)

y_1 = Asymmetric Timeliness Measure (ATM)
y_2 = The Market-to-Book ratio (MTB)
ATM = f (GCB, CAC, RMC) -------------- eqn i
MTB = f (GCB, CAC, RMC) -------------- eqn ii

$ATM_{it} = \beta_0 + \beta_1 GCB_{it} + \beta_2 CAC_{it} + \beta_3 RMC_{it} + ui_{t...}$……………………….....…………Model 1
$MTB_{it} = \beta_0 + \beta_1 GCB_{it} + \beta_2 CAC_{it} + \beta_3 RMC_{it} + ui_{t...}$……………………….....…………...Model 2
β_0 = intercept
U = stochastic variable
i = Cross-sectional
t = Time series

Table 3.1: Summary of Variable Measurement

Variables	Abbreviation	Measurement/Formula	Justification
Gender Composition of the Board	GCB	Proportion or percentage of women on the Board	Aigbedo (2020), Kyere & Ausloos (2020).
Composition of Audit Committee	CAC	Proxy as 1 if it exist and 0 if otherwise	Dinh & Pham (2020), (Rosikah, Dwi, Muthalib, Azis, & Miswar, 2018)
Risk Management Committee	RMC	Proxy as 1 if performing just a function and 0 if otherwise	Ramzan, Amin & Abbas, (2020), Thomas, Riyadi, Abidin, & Iqbal, (2020).
Asymmetric Timeliness Measure	ATM	=α0+α1DRit+β0Rit+β1RitDRit+εit EPSit: Earnings per share for firm i year t Pit: Opening stock market price for firm i year t Rit: Stock markets return for firm i year t DRit: Dummy variable that is equal to 1 if the stock market return for firm in year t is negative and equal to 0 if the stock market return for firm i in year t is non- negative.	Basu (1997), Pae (2007)
Market-to-Book ratio	MTB	Market capitalization Total book Value	El-Habashy (2019), Li, H., Henry, D. and Wu, X.(2020)

Source: Researcher's Study (2023)

4.0 RESULTS AND DISCUSSION OF FINDINGS

Descriptive Analysis

This study used annual data for fourteen quoted food and beverage firms listed on the Nigerian Exchange Group (NGX) for ten years (2012–2021). Table 4.1 provided descriptive statistics for the dependent variables measured by ATM and NAM as well as the explanatory variables represented by GCB, CAC, and RMC.

Table 4.1: Descriptive Statistics

	MEAN	STD-DEV	MIN	MAX
GCB	16.65	10.61	0	50
CAC	56.87	18.88	33.33	100
RMC	3.05	2.62	0	7
ATM	4.80	73.80	-307.79	136.6
MTB	5.58	10.15	-3.3	75.57

Source: Researcher's Computation (2023)

GCB: The mean was 16.65 while the standard deviation was 10.61 which is not too far from the mean implying that the gender composition on the board was properly constituted which is evident from the minimum and maximum values of 0 and 50 respectively.

CAC: The composition of the audit committee had a mean of 56.87 which shows that the committee is properly functioning and is efficient. The standard deviation of 18.88 also indicates not too far from the mean. The minimum and maximum values were 33.3 and 100 respectively.

RMC: The mean of 3.05 indicates clearly that most of the sampled companies had a risk committee put in place which was very active. The standard deviation of 2.62 which is not too far from the means also suggest that during the sampled period the RMC was effective. This is supported by the minimum value of 0.000 and maximum value of 7.000.

Asymmetric Timeliness Measure (ATM): has a minimum and maximum value of -307.79 and 136.6 respectively, suggesting that there is a gap between the minimum and maximum values. This is further confirmed with the mean and standard deviation with the values of 4.80 and 173.80. The value of standard deviation which is higher than the mean value which means there is a wide variation indicating the variables is volatile.

Market-to-Book ratio (MTB): has a minimum and maximum value of -3.3 and 75.57 respectively, suggesting that there is a gap between the minimum and maximum values. This is further confirmed with the mean and standard deviation with the values of 5.58 and 10.15 respectively. The value of standard deviation is higher than the mean value which means there is a wide variation.

Table 4.2: Correlation Matrix

	GCB	CAC	RMC	VIF
GCB	1.0000			1.39
CAC	0.2020	1.0000		1.16
RMC	0.2035	0.0702	1.000	1.79

Source: Researcher's Computation (2023)

The study looked into the possibility of Multicollinearity among the explanatory variables, using the variance inflation factor (VIF) for each of the explanatory variables, in an effort to make sure that the estimated parameters are not biased and inefficient. For all of the variables, i.e., the gender composition of the board, the composition of the audit committee, and the composition of the risk management committee, the results of the VIF are less than 10, i.e., 1.39, 1.16, and 1.79, respectively.

4.3 Regression Analysis
4.3.1 Hypothesis One

Research Objective One: To investigate the effect of corporate governance on the Asymmetric Timeliness Measure of quoted firms in Nigeria.

Research Question One: To what extent is the effect of corporate governance on the Asymmetric Timeliness Measure of quoted firms in Nigeria?

Research Hypothesis One (Ho_1): Corporate governance has no significant effect on the Asymmetric Timeliness Measure of quoted firms in Nigeria

Table 4.3: Estimation Results for Model One

Estimation Techniques	**Linear Regression with Praia-Winsten AR(1)**			
Dependent Variable: ATM	**Coeff.**	**Std. Err**	**T-Stat**	**Prob**
Constant	5.850	57.201	0.10	0.919
GCB	0.680	0.677	1.00	0.318
CAC	-0.464	0.347	-1.34	0.184
RMC	0.482	2.759	0.17	0.862
Adjusted R^2	0.035			
F-Stat	$F_{(6,133)}$ = 1.84 (0.09)			
Hausman Test	$Chi^2_{(6)}$ = 11.2 (0.08)			
BPLM Test	$Chi^2_{(1)}$ = 0.00(1.000)			
Heteroskedasticity Test	$Chi^2_{(1)}$ = 3.63 (0.06)			
Serial Correlation Test	$F_{(1,13)}$ = 1.323 (0.02)			

Source: Researcher's Computation (2023) @Chosen Significant level of 5%

Post Estimations test Interpretation

In order to determine the most appropriate method of estimating the regression for model one among pooled OLS, fixed effects and random effects results as presented in Table 4.3, the Hausman test was carried out; and based on the result of the test with the *p-value* of 0.08, that is, the p-value (0.08) > 0.05 which is greater than the 5 percent level of significance chosen for the study reveals that random effect model is the most appropriate estimator and its its null hypothesis states that there is presence of unsystematic difference in the model coefficients; thus, the study failed to reject the null hypothesis.

Although, the Hausman test result revealed the appropriateness of random effects; however, the confirmation of the result of the Hausman test was carried out using 'Breusch-Pagan Langrangian multiplier (LM) test for random effect' as this test helps to decide the appropriate model between the random effects and Pooled OLS regression. The results of the LM test with *p-value* of 1.000, which is greater than the significance level of 5 percent; rejects the appropriateness of random effects in estimating the model One. Hence, the Pooled OLS regression model was used to determine the impact of corporate governance on the Asymmetric Timeliness Measure of quoted firms in Nigeria.

The model was tested for heteroskedasticity, and serial correlation to examine the robustness of the model. Heteroskedasticity test helps to examine whether the variations in the residuals of the model are constant over time or not and the null hypothesis states that the standard errors of the model are constant over time. This test was carried out using Breusch-Pagan/Cook-Weisberg test. The result of the heteroskedasticity with *p-value* of 0.06 which is greater than the 5 percent level of significance selected for the study is an indication of the absence of heteroskedasticity that is the residuals of the model are constant over time, thus the model is homoscedastic.

Also, serial correlation test was carried out to determine the existence of autocorrelation among the residuals and the coefficients of the model. According to Baltagi, (2021), autocorrelation problem causes the standard errors of the coefficients to be smaller than their actual value and the coefficient of determination (R-squared) to be higher than normal. The null hypothesis of the test states that there is no serial correlation (no first order of autocorrelation). The test was carried out using Wooldridge test and the result with *p-value* of 0.02 which is less than the significance level of 5 percent is an indication that serial correlation problem does exist in the model.

Conclusively, Pooled Ordinary Least Square Regression with Prais-Winsten AR was used to estimate the impact of impact corporate governance on the asymmetric timeliness measure of quoted firms in Nigeria.

Regression Equation Results

$ATM_{it} = \beta_0 + \beta_1 GCB_{it} + \beta_2 CAC_{it} + \beta_3 RMC_{it} + \mu_{it}$……………………Model 1

$ATM_{it} = 5.850 + 0.680GCB_{it} - 0.464CAC_{it} + 0.482RMC_{it} + \mu_{it}$

Model One examined the effect of corporate governance on the Asymmetric Timeliness Measure of quoted firms in Nigeria. The regression estimates results revealed that Gender Composition of the Board (GCB) has a positive and non-significant impact on Asymmetric Timeliness Measure of quoted firms in Nigeria (ATM). ($\beta = 0.680$, $p = 0.318$). This implies that a percent increase in GCB will lead to 68.0 percent increase in ATM. This is similar to Risk Management Committee (RMC), as it has a positive and non-significant impact on Asymmetric Timeliness Measure of quoted firms in Nigeria. (ATM) ($\beta = 0.482$, $p = 0.862$). This implies that a percent increase in RMC will lead to 48.2 percent increase in ATM.

The results further revealed that composition of audit committee (CAC) has a negative and non-significant effect on Asymmetric Timeliness Measure of quoted firms in Nigeria (ATM) ($\beta = -0.464$, $p = 0.184$). This implies that a percent increase in CAC will lead to 46.4 percent decrease in ATM.

The Adjusted R-square of the model was 3.5%. This depict that 3.5 percent variations in Asymmetric Timeliness Measure of quoted firms in Nigeria can be attributed to all the independent variables put together, while the remaining 96.5% variations in Asymmetric Timeliness Measure of quoted firms in Nigeria are caused by other factors not included in this model.

Based on the F-test statistics of 1.84 with p value of 0.09 which is greater than the 5% chosen significant level of the study, this study thus decided that the null hypothesis for model one which states that corporate governance has no significant effect on the Asymmetric Timeliness Measure of quoted firms in Nigeria should not be rejected while the alternate that corporate governance has significant relationship on the asymmetric timeliness measure of quoted firms in Nigeria be rejected.

Discussion of Findings

The findings of Model One that examined the effect of corporate governance and Accounting Conservatism measured with Asymmetric Timeliness Measure depicted the expected result for corporate governance which has an insignificant effect on Asymmetric Timeliness Measure. This implies that manufacturing firms with high corporate governance practice had reduced accounting conservatism during the study period. This supported the report of El-Habashy (2019) which showed an insignificant effect of corporate governance proxies on Accounting Conservatism (ATM).This also aligned with the underpinning theory (agency theory). Vishnani and Misra (2016), in a study of CG and Accounting Conservatism also assert that CG has negative and insignificant effect on ATM.

However, Aminu and Hassan (2017) conducted a similar study but found a significant effect of gender composition, composition of and risk management committee on Asymmetric Timeliness Measure. Ugwunta and

Ugwanyi (2019) also conducted a research on corporate governance and Accounting Conservatism using Asymmetric Timeliness Measure (ATM) and the result showed that corporate governance had a significant effect on ATM. Similarly, Ade-Imam (2020) found a positive impact of CG on ATM. This infers that corporate governance mechanisms increase ATM of the sampled firms during the period of their study.

The difference in findings could be adduced to the environment in which businesses operate. It could be as a result of the differences in legal framework and perhaps even cultural factors and also the level of responses to regulations put in place for corporate governance to be effective. The period and time of study can as well also have influenced the results gotten.

Hypothesis Two

Research Objective Two: To examine the effect of corporate governance on The Market-to-Book ratio of quoted firms in Nigeria

Research Question Two: To what extent can corporate governance have effect on The Market-to-Book ratio of quoted firms in Nigeria?

Research Hypothesis Two (Ho_2): Corporate Governance does not have a significant impact on The Market-to-Book ratio of quoted firms in Nigeria

Table 4.4: Estimation Results for Model Two

Estimation Techniques	**Random Effects GLS Regression**			
Dependent Variable: MTB	**Coeff.**	**Std. Err**	**T-Stat**	**Prob**
Constant	15.109	5.183	2.92	0.004
GCB	-0.102	0.080	-1.29	0.197
CAC	0.040	0.047	0.86	0.390
RMC	-0.252	0.482	-0.52	0.601
R^2	0.109			
Wald Test	$Chi^2_{(6)} = 11.70\ (0.07)$			
Hausman Test	$Chi^2_{(6)} = 0.93(0.99)$			
BPLM Test	$Chi^2_{(1)} = 64.40(0.000)$			
Heteroskedasticity Test	$Chi^2_{(1)} = 45.16\ (0.00)$			
Serial Correlation Test	$F_{(1,13)} = 1.015\ (0.33)$			
Cross-Sect Dep. Test	-0.49(0.62)			

Source: Researcher's Computation (2023) @Chosen Significant level of 5%

Regression Equation Results

$MTB_{it} = \beta_0 + \beta_1 GCB_{it} + \beta_2 CAC_{it} + \beta_3 RMC_{it} + \mu_{it}$ ....Model 2

$MTB_{it} = 15.109 - 0.102GCB_{it} + 0.040CAC_{it} - 0.252RMC_{it} + \mu_{it}$

Model Two in Table 4.4 examined the effect of corporate governance on the Market to Book Ratio of quoted firms in Nigeria. The regression estimates results revealed that Gender Composition of the Board (GCB) has a negative and non-significant effect on Market to Book Ratio of quoted firms in Nigeria (MTB) (β = -0.102, *p = 0.197).* This implies that a percent increase in GCB will lead to 10.2 percent decrease in MTB. This is similar to Risk Management Committee (RMC), as it has a negative and non-significant impact on Market to Book Ratio of quoted firms in Nigeria (MTB) (β = -0.252, *p = 0.601).* This implies that a percent increase in RMC will lead to 25.2 percent decrease in MTB. The result further revealed that Composition of Audit Committee (CAC) has a positive and non-significant effect on impact on Market to Book Ratio of quoted firms in Nigeria (MTB) (β = 0.040, *p = 0.390).* This implies that a percent increase in Composition of Audit Committee (CAC) will lead to 4 percent increase in MTB.

The Adjusted R-square of the model showed 0.109%. This depict that 10.9 percent variations in Market to Book Ratio of quoted firms in Nigeria can be attributed to all the independent variables put together, while the remaining 89.1% variations in Market to Book Ratio of quoted firms in Nigeria are caused by other factors not included in this model.

Based on the F-test statistics of 11.70 with p value of 0.07 which is greater than the 5% chosen significant level of the study, this study thus decided that the null hypothesis for model two which states that corporate governance has no significant impact on the Market to Book Ratio of quoted companies in Nigeria should not be rejected while the alternate that states that corporate governance has significant effect on the Market to Book Ratio of quoted companies in Nigeria be rejected.

Discussion of Findings

The findings of Model Two which examined the effect of corporate governance on Accounting Conservatism proxied with Market to Book Ratio depicted the expected result that corporate governance has an insignificant effect on Market to Book Ratio. This implies that manufacturing firms with high corporate governance practice had reduced accounting conservatism during the study period. This supported the report of Dita and Heri (2017) which concluded there was an insignificant effect of corporate governance proxies on Accounting Conservatism (MTB). This also aligned with the underpinning theory (stakeholders' theory) and supported the report of the study of El-Habashy (2019) who conducted a similar study but found an insignificant effect between Gender Composition, risk management committee and audit committee on Market to Book Ratio.

Mohammed and Ahmed (2017) conducted a similar research on Corporate governance and Accounting Conservatism using Market to Book Ratio (MTB) and the result showed that corporate governance had a significant impact on MTB. This implies that Corporate Governance can significantly improve the Accounting Conservatism of manufacturing firms listed in Nigeria. Corporate Governance (CG) has negative but insignificant influence on MTB which is in line with the study of Madah and Abdul-Wahab (2018). This infers that corporate governance mechanisms do not increase MTB of the sampled companies during the period of study which however negate the study of Affianti and Supriyati's (2017) that found a positive impact of CG on MTB. The finding of this study is adduced to the environment in which businesses operates. The reason for the difference in findings could be as a result of the differences in legal framework, cultural factors and also the extent of responses to regulations put in place for corporate governance to be effective. The period and time of study can as well also have influenced the results gotten.

CONCLUSION

The study concluded that all independent variables (GCB, CAC, and RMC) have no significant effect on Asymmetric Timeliness Measure and Market To Book Ratio of quoted firms in Nigeria.

RECOMMENDATION

The study recommended that the policy makers should pay close attention to their corporate governance policies and measures such as the Gender Composition of the Board, Composition of Audit Committee and Risk Management Committee and enhance Accounting Conservatism. This will assist the investors in taking informed decisions as to whether to invest or not.

Regulatory Agencies must ensure that all entities have a standard corporate governance practice and processes as well as adhering to global best practices on codes of corporate governance which when adhered to, can assist in lowering their Negative Accrual measure being recorded.

Contribution to Knowledge

This research has contributed to literature in the following ways:

- This study has laid credence to the theoretical framework that has been adopted as it relates to the study and its variables which is stakeholders' theory, agency and signaling theory.
- The various concepts discussed in this study will enhance the understanding of the conceptual framework of corporate governance measures and its applications on firms and various accounting conservatism measures.
- The research will assist policy makers of the business in making sure that policy on corporate governance exists. The study will further assist management of various entities especially manufacturing firms in the implementation of effective corporate governance mechanisms with a view to enhancing financial performance through promotion of best codes of corporate governance.
- This research will help investors and shareholders to make better judgments by advising them on crucial characteristics to consider while conducting investment proposals in the manufacturing firms.
- This research will help academics understand how corporate governance affects accounting conservatism and add to their horizon of knowledge. The results will be utilized as a source of literature in the library and will add to the body of knowledge in this field.
- The study helped in establishing the relationship that exists between the two variables of study to have significant impact on the accounting profession.
- This study will serve as a reference material for future discourse on the relationship between corporate governance and accounting conservatism of quoted manufacturing firms in Nigeria.

Future Research

Further studies could consider other sectors like the healthcare, the non-financial service sector, construction and Micro Small and Medium Scale Enterprise (MSME) sectors of the economy. Comparative study can also be conducted as well. In terms of coverage or unit of analysis and period, 14 firms were sampled, while 10-year period covering 2012-2021 were considered. The study suggests more number of years. Also, other variables in terms of corporate governance and accounting conservatism not covered in this study can be studied by other researchers.

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