International Journal of Academic and Applied Research (IJAAR)
ISSN: 2643-9603
Vol. 8 Issue 11 November - 2024, Pages: 81-91

Corporate Governance Mechanisms And Accounting Disclosure Of Quoted Pharmaceutical Companies In Nigeria

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ABSTRACT: *The study investigated the relationship between corporate governance mechanisms and accounting disclosures of quoted pharmaceutical companies in Nigeria between the periods of 2013 to 2022, and to determine whether there is a significant relationship among the measures of corporate governance mechanisms and accounting disclosure. The study adopted both quantitative and ex-post-facto research designs, while the purposive sampling technique was used to choose seven (7) quoted pharmaceutical companies that merit the requirements of the study. The method of data collection was secondary data collection, and the econometric approach of Ordinary Least Square (OLS) analysis technique was used to test the level of relationship between the independent and dependent variables and the level of significance in relationships between the variables. The result of the analyses showed that some corporate governance mechanisms such as Board Independence (BIND), Board Sizes (BSZ) and Board Diversity (BDVER) have negative relationships with the Accounting Disclosure (ACD). From the findings, the study concluded that there is no evidence to show that the presence of board independence, board size and board diversity have any effect on the accounting disclosure levels of quoted pharmaceutical firms in Nigeria. The study therefore recommended that publicly quoted pharmaceutical companies, through regulatory authorities, should increase the number of Independent Directors in the Board, Board size and Board diversity in order to increase its positive effects on accounting disclosure.*

Keywords: Board Independence, Board Sizes, Board Diversity, Accounting Disclosure, Corporate Governance Mechanisms

Introduction

More transparency was not enough to avert financial disasters in the last 20 years, as shown by several scandals. In response to these events, policymakers and practitioners worked to strengthen corporate board accountability and transparency in order to win back the trust of investors. Global financial scandals in the Americas, Asia, Europe, and Africa caused a precipitous decline in investor confidence due to a lack of accountability, transparency, and proper corporate governance. The need of improved financial and non-financial reporting as well as corporate governance in protecting investors and financial markets has been emphasised by regulatory authorities and international financial organisations. In light of these crises, the International Accounting Standards Board (IASB) established 370 indices to encourage consistent financial reporting throughout the world and to improve corporate governance, openness, and disclosures. These frameworks have been the basis for disclosure rules and legislation pertaining to corporate governance by several countries. Despite widespread adoption of these standards, actual research such as that of Ho and Wong (2001) shows that accountability and transparency are still challenges.

One strategic tool for accountability, transparency, and openness in business is good corporate governance. Boards of directors are directed and controlled by it to ensure sustainable growth and shareholder interests. Openness and accountability are hallmarks of well-governanced companies with high disclosure rates. The comparative study by Aguguom and Ajayi (2020) found that compliance is hard due to the discretionary character of accounting disclosure, which makes it unpredictable. Accounting transparency is high in industrialised nations but low in undeveloped ones due to differences in legislative frameworks as well as cultural, religious, and economic factors. The Financial Regulatory Council of Nigeria ensures compliance with accounting disclosure requirements set by Nigerian laws and regulatory agencies.

Despite efforts, many developing nations do not have voluntary disclosure. Businesses may improve their stakeholder engagement and investment prospects by being transparent about their strategies, financial performance, social responsibilities, and environmental policies. Accounting disclosure issues and weak corporate governance were brought to light in Nigeria's banking sector during the 2008/2009 financial crisis. Ingenious accounting practices deceive investors, and the very auditors tasked with preventing them colluded with management to cover up fraud, claims Ijeoma (2014). Enofe et al. (2016) discovered unethical practices in auditing and accounting as the practice of financial statement window dressing gained popularity.

Inadequate corporate transparency, accountability, and openness were the causes of the global financial crisis, according to Alqahtani (2019). Authorities in the market believe that transparency and good corporate governance are crucial to the functioning of capital markets and the safety of investors. Trust and investment are both enhanced by adequate disclosure, according to Figge and Hahn (2016). To achieve their long-term objectives, businesses might benefit from better corporate governance that promotes transparency, equity, and accountability. By reducing information asymmetry and financial misstatements, external auditors assist ensure that financial reports adhere to regulatory and legal requirements. Hasan et al. (2013) found that good corporate governance lessens the likelihood of a financial crisis, increases protections for private property, and facilitates easier access to capital markets. By reducing conflicts and information asymmetries, good corporate governance assists boards and management in aligning operations with shareholder interests. Tapang et al. (2020) found that financial disclosures are positively correlated with corporate governance practices.

International organisations such as the FRCN, SEC, World Bank, and IASB have established standards for financial transparency and corporate governance in Nigeria. In the wake of the financial crisis of 2008–2009, these rules provide baseline requirements for publicly traded companies. Limited enforcement of corporate governance is a problem, as pointed out by Okpara (2011), due to low levels of voluntary disclosure, discretionary financial disclosures, and insufficient institutions.

Good corporate governance is essential in developing countries with tightly held businesses and lax enforcement of shareholder rights. To comply with SEC regulations, boards must optimise shareholder value and disclose material information. In addition to vetting the efficacy of internal control measures, boards also supervise management and compile financial reports. By conducting separate audits of financial statements and internal controls, external auditors remove any potential for imbalance of information. Companies are increasingly turning to global capital markets for funding as a result of technology advancements and the promising global market. To entice investors, more and more Nigerian companies are turning to the stock market for funding, which necessitates both mandatory and voluntary disclosures. Companies who want to raise capital on international stock markets follow the rules when it comes to disclosure, according to Meek et al. (1995).

A number of pharmaceutical companies selectively employ corporate governance systems, according to Lindhorst and Dreidame (2020), who contend that there is no universally applicable model of governance. Corporate governance infractions led to the delisting of many pharmaceutical firms by the SEC. Accounting disclosures, accountability, and openness in the pharmaceutical industry are the focus of this research.

Statement of Problem

According to the study's background, publicly listed companies in developing nations, and the pharmaceutical business in Nigeria specifically, often fail to meet the transparency standards set by key stakeholders in their annual reports. Due to this error, the reports fail to comply with the criteria set by international accounting authorities. Large companies in developing nations frequently mislead both investors and the public by publishing misleading or missing data, according to previous research. National stock markets' growth and efficiency have been significantly impacted by this method. Stakeholders that base their investment decisions on published annual reports have an issue with these companies' failure to sufficiently disclose important information.

The number of accounting disclosures varies amongst businesses due to diverse purposes and causes, although developed markets tend to be more open than emerging ones. However, due to weak institutional frameworks, fraud, and corruption, developing countries such as Nigeria make it difficult for corporations to be completely transparent. Due to accounting and financial misappropriation scandals that took down major American and Nigerian corporations, such as Cadbury and Savannah Bank, more transparency and accountability in financial reporting is required. These scandals have stained the reputation of the financial markets, leading to a significant demand for more comprehensive company disclosures. To combat these issues and encourage greater transparency and accountability in Nigeria's corporate activities, the country's legislature enacted a corporate governance code in 2008. But even when these programs end, the problem of missing information in financial statements remains. Academics in Nigeria's financial analysis sector have avoided going into detail about how strategic management affects company openness. Although efforts have been made to improve corporate governance in Nigeria, the absence of law to compel compliance with these norms has resulted in their status as voluntary standards.

Listed pharmaceutical firms in Nigeria have conflicting corporate governance practices and compliance levels, according to prior study. The board of directors and the auditors, whether internal or external, are typically to blame when there are inadequate accounting disclosures. These flaws can end up costing shareholders a lot of money and jeopardising their interests. Some companies also exaggerate their assets, hide their bad debt, manipulate stock prices, and falsify reports by taking advantage of accounting loopholes. Because corporate governance is lax, off-balance-sheet financing and false earnings have thrived. The fact that pharmaceutical companies don't want investors to know how they plan to make money provides the impression that they're not taking any risks, which is really worrying. This misleading information can cause investors to lose a significant amount of money if the risks do not materialise as predicted. Such incomplete disclosures constitute corruption as they knowingly conceal material facts from investors.

Accounting disclosure problems in Nigeria's pharmaceutical sector have their roots in the sector's disjointed approach to corporate governance. This research aims to fill that gap by exploring several approaches to corporate governance in the hopes of enhancing the accounting disclosure compliance of listed pharmaceutical companies in Nigeria.

Aim and Objectives of the Study

This research intends to learn more about how three groups of corporate governance measures relate to the level of accounting disclosures made by publicly traded Nigerian pharmaceutical businesses. Specifically, we want to:

i. Determine whether board independence has any significant effect on the accounting disclosure of quoted pharmaceutical companies in Nigeria.
ii. Examine whether board size has any significant effect on the accounting disclosure of quoted pharmaceutical companies in Nigeria.
iii. Evaluate whether board diversity has any significant effect on the accounting disclosure of quoted pharmaceutical companies in Nigeria.

Research Questions

i. Does board independence have any significant effect on the accounting disclosure of quoted pharmaceutical companies?
ii. Does board size have any significant effect on the accounting disclosure of quoted pharmaceutical companies?
iii. Does board diversity have any significant effect on the accounting disclosure of quoted pharmaceutical companies?

Research Hypotheses

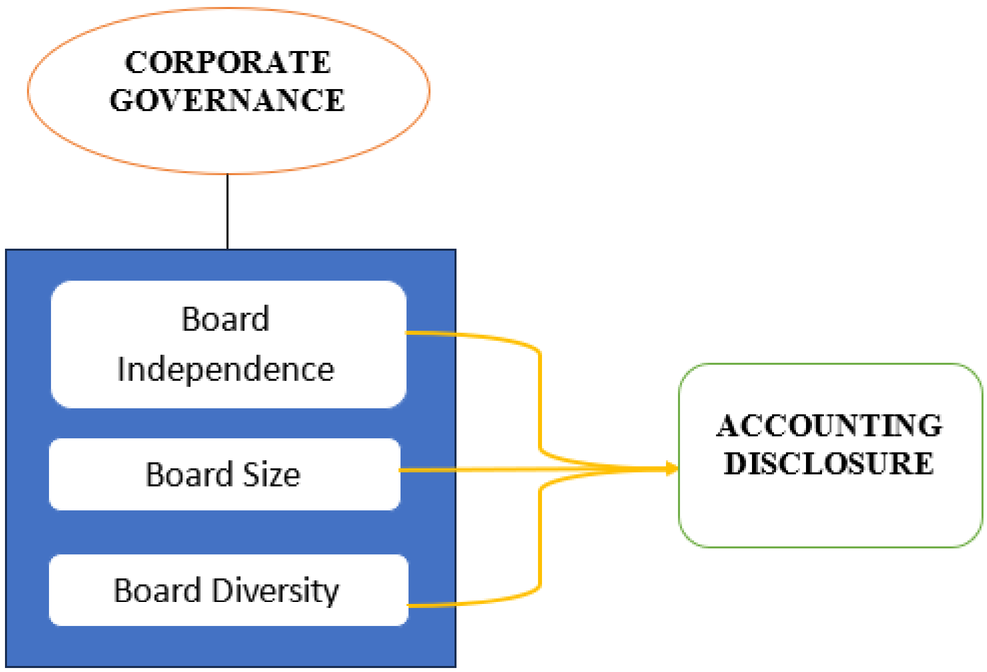
Based on the research questions mentioned earlier, we developed and evaluated the following hypotheses to support the variables being studied.

HO_1: Board independence does not have any significant effect on the accounting disclosure of quoted pharmaceutical companies.

HO_2: Board size does not have any significant effect on the accounting disclosure of quoted pharmaceutical companies.

HO_3: Board diversity does not have any significant effect on the accounting disclosure of quoted pharmaceutical companies.

Conceptual Framework



Literature Review

Corporate Governance Mechanism

Institutions, businesses, and academics categorise people's perspectives as either narrow or wide as part of a clinical evaluation of corporate governance's meaning and effects. Sullivan (2000) and Du-Plessis et al. (2018) acknowledged the shared, limited viewpoint. When conflicts arise between shareholders and upper management, many companies turn to CG for mediation services. Maximising shareholder profit is the primary goal of corporations, according to CG's agency theory (Muller 2017). Norwani et al. (2011) held the view that corporate governance controls the actions of corporations. In order to fulfil shareholder expectations and accomplish organisational goals, the board of directors and management are governed by the responsibilities and obligations outlined by business ethics (Okereke, 2018). Since the company and its shareholders gain from financial and operational success, these are CG's primary objectives.

Many different types of economic and commercial entities participate in corporate governance as an institutional process (Letza et al., 2024). These entities include shareholders, managers, workers, creditors, suppliers, customers, communities, governments, and the general public. As part of good corporate governance, stakeholders' (including investors') interests are considered. Stakeholders are central to both discourses, which is why the stakeholders' thesis supports corporate governance. The most prevalent CGs listed by these bodies are the OECD of Asia, the UK Financial Reporting Council, the London Stock Exchange, the Accountancy Profession, and the Cadbury Report (Alqahtani, 2019). A company's strategy, policy, planning, feedback, and execution are all part of good corporate governance, which also includes shareholders, regulators, management, and the board of directors.

Board Independence

In both for-profit and non-profit companies, the boards of directors are vital. In publicly traded companies, the powers and responsibilities of the board are outlined by the corporate governance regulations of the nation. Regarding CG principles, it is the duty of the board to strike a balance between insiders' and outsiders' interests while ensuring the continued success of the organisation. As to Iswaissi and Falahati (2017), the role of the board is to mediate between the company's management and stakeholders, ensuring that their interests are aligned in the pursuit of outstanding performance. According to Principle No. 1 of the Nigerian Corporate Governance Code 2018, a successful firm has an effective board that provides strategic and entrepreneurial leadership, fosters an ethical culture, and is accountable for corporate citizenship. The board acts as an intermediary between the company and its stakeholders; it oversees and regulates management to ensure that they maximise profits for the benefit of shareholders and other stakeholders. Both the executive and non-executive directors vote on the board's effectiveness. The pool of INED shareholders is used to pick the non-executive directors.

Board Size

Although the Nigerian CG code allows for a board to choose any number of directors from one and fifteen, the actual number might be more or fewer depending on the needs of the business (15). At least one-third of the board members must be independent, and no one may hold both the chairman and chief executive officer posts, according to the guideline. In accordance with the UK's combined code (2006), "the board ought not to be too large as to be unmanageable; it should be of appropriate size that the balance of skills and experience is adequate for the requirements of the company and that changes to the board's composition can be handled without undue disruption." This guideline warns against the use of overly massive boards, regardless of if most industrial CG rules are in accordance with national standards. Given this, it's clear that the board of directors can legally decide on the number of directors. There was no consensus among experts regarding the ideal number of board members to achieve the company's objectives, protect minority shareholders, and satisfy stakeholders. A smaller board may be better able to monitor company operations, recruit and keep dedicated members, and boost the company's worth in the long run, according to some.

Board Diversity

Board diversity is recommended by the corporate governance code as a means to promote gender equity and family ownership in the governance of large firms. Many researchers have attempted to deduce the benefits to organisations of having boards that are diverse in terms of gender, level of education, work experience, and nationality. Diversity on boards is a proxy for how actively stakeholders are involved and how well a company does financially (Ning et al., 2022). Corporations need diverse boards to be viable. Due to the fact that most boards consist of elites with similar socioeconomic status, educational background, and business practices, diversity is essential for boards of directors to generate value and accommodate the worldwide trend towards harmonisation (Westphal & Miltan, 2000). Multinational corporations find diversity to be a delicate topic since globalisation has shown the world's multiplicity. If major companies want to succeed in the face of racial and gender bias, they need to prioritise board diversity.

Accounting Disclosures

Accounting must communicate relevant, useable, comparable, and trustworthy material information so that customers may make informed decisions. Everyone involved in the process is responsible for this. Complete accounting transparency is critical because it allows interest partners and investors to access all pertinent financial data, which is necessary for them to make informed investment choices. Additionally, it provides a channel for workers to hold senior management accountable for any and all missteps made by the company while they were in power.

In accordance with all national requirements, accounting transparency is an essential component of corporate governance. The NCG code states that stakeholders can be better informed about the company's activities and make knowledgeable decisions through open and frequent communication and engagement (2018). To restate, the information that a company makes public in its annual reports may be used as a yardstick to determine how strictly it adheres to its corporate governance procedures.

Theoretical Framework

Agency Theory

For businesses, agency theory is the guiding principle that establishes and defines the principal-agent relationship. According to agency theory (Meckling & Jensen, 1976), the link between shareholders and executive directors (managers) may be understood, as can the connection with bondholders, debenture holders, and creditors. The idea states that principals (owners and capital suppliers) and agents (managers) have a trusted and mutually productive relationship (Eisenhardt, 1989). Agency theory provides a thorough explanation for the mutually beneficial relationship between principals and agents.

Theory of Voluntary Disclosure

Rover et al. (2012) and Cunhna and Ribeiro (2008) found that companies are more inclined to voluntarily disclose information when they receive positive news. This helps them improve their reputation, corporate image, and avoid information asymmetry, which can cause significant selection problems. An explanation of the cause-and-effect relationship between customer response and company openness may be found in this idea. Sharing relevant factual information is the key differentiator between category association and judgement (Salotti & Yamamoto, 2005). Disclosure made at the discretion of the company or its managers is regarded true voluntary disclosure since it is purposeful and seeks to gain the approval of stakeholders. This kind of information is known as endogenous disclosure.

Empirical Review

Wobo and Ekeh (2024) investigated the relationship between audit committee independence and voluntary disclosure in deposit money institutions in Nigeria. The disclosures that were voluntarily made were evaluated based on financial, non-financial, and strategic information. The data utilised for this research came from the Nigerian Exchange Group Fact Book, which covers the years 2010–2021. It comprises records and financial statements from several listed deposit money banks. This investigation made use of Ordinary Least Squares (OLS), a multivariate regression model embedded in E-View 10. The disclosure of financial information did not correlate with the presence of an independent audit committee, while disclosures of strategic and non-financial information did. The study found that the audit committee's independence was significantly affected by all three forms of voluntary disclosure.

Amah and Ekwe (2021) examined the impact of corporate governance on the accuracy and transparency of financial reporting from 2006 to 2019 for publicly traded pharmaceutical companies in Nigeria. The hypothesis was tested by analysing secondary source data using Housman's multiple regression test and Dechow and Dicher's (2002) model. Several variables contribute to better financial reporting. These include gender diversity, autonomy, ownership structure, board composition, meeting frequency, number of audit committee members, and risk management committee meetings. Having too many board meetings, though, lowers the standard of financial reporting.

Notable findings from the research of the financial performance of listed pharmaceutical enterprises in Nigeria were reported by Tapang et al. (2020). The research shows that listed pharmaceutical companies in Nigeria are having financial problems, and that this is partly due to the boards' makeup and the large percentage of independent non-executive directors. It is suggested in the article that a system be put in place to monitor and control adherence to the CG code so that everyone follows the guidelines. To analyse the data from secondary sources, we utilised content and panel regression.

Methodology

The researchers in this study used secondary data and an ex-post facto research strategy. This study relied heavily on secondary data sources, namely annual reports submitted by companies in Nigeria between 2013 and 2022, as mandated by the Nigerian Corporate Governance Code. All data from 2013 through 2022 are accounted for in this analysis.

Model Specification

Two concepts, "independent" and "dependent," are at work in this investigation. Board independence, board size, and board diversity are proxies for state corporate governance, which is the independent variable in this study. Accounting disclosures are the study's dependent variable. Consequently, the following equation expressed the model:

Model Specification

Board independence (BIND), board size (BSZ), and board diversity (BDVER) were used to quantify corporate governance, which is the independent variable. In this model, (X) represents the independent variable and (Y) represents the dependent variable, accounting disclosure (ACD).

$Y = f(ACD)$

$X = f(BIND, BSZ, BDVER)$

$Y = \beta_0 + \beta_1 X_1 + ... + \varepsilon$ (1)

$ACD = \beta_0 + \beta_1 BIND_2 + ... + \varepsilon$ (2)

$ACD = \beta_0 + \beta_2 BSZ_3 + ... + \varepsilon$ (3)

$ACD = \beta_0 + \beta_3 BDVER_3 + ... + \varepsilon$ (4)

Where:

Y = Accounting Disclosure (ACD)

X_1 = Corporate Governance (Board Independence (BIND), Board Size (BSZ) and Board Diversity (BDVER))

β_0 = Constant term

β_1 = Beta coefficients

ε = Error term

Data Analysis

The findings from the study's analyses are detailed in this section. Here you may find the outcomes of several statistical tests conducted on the data, including correlation and pooled OLS analyses. These tests were conducted using E-view 10.0 version to test hypotheses, and descriptive statistics and correlation tests were employed to explore the data's features. We utilised the p-value from the regression to make our judgement. The p-values were calculated at a significance level of 5% (0.05), with the null hypothesis being accepted if they were more than or equal to 5% (i.e., accept H0 if p-value > 0.05). Otherwise, the null hypothesis will be rejected.

Table 1 Descriptive Statistics

	ACD	BDERV.	BIND	BSZ
Mean	0.719143	0.187429	0.628714	9.185714
Median	0.755000	0.210000	0.600000	9.000000
Maximum	0.900000	0.440000	0.890000	14.00000
Minimum	0.450000	0.000000	0.000000	0.000000
Std. Dev.	0.130448	0.132530	0.173388	2.052166
Skewness	-0.338487	-0.202259	-0.417719	-1.083254
Kurtosis	1.702195	1.739361	3.765675	7.392283
Jarque-Bera	6.249220	5.112461	3.745626	69.95889
Probability	0.043954	0.077597	0.153691	0.000000
Sum	50.34000	13.12000	44.01000	643.0000
Sum Sq. Dev.	1.174149	1.211937	2.074384	290.5857
Observations	70	70	70	70

The table presents descriptive statistics for four variables (ACD, BDERV, BIND, BS) based on 70 observations.

ACD: The average (mean) is 0.719, with a standard deviation of 0.13, indicating low variability. Its skewness is -0.34, showing slight left skew, and kurtosis is 1.70, indicating a flatter distribution than normal. The Jarque-Bera probability suggests a significant deviation from normality at a 5% level. **BDERV**: The mean is 0.187 with a higher variation (std. dev. 0.13). The skewness (-0.20) and kurtosis (1.74) suggest it is also left-skewed and has a flat distribution. The Jarque-Bera test indicates it may not deviate significantly from normality. **BIND**: Mean is 0.629, with moderate variation (std. dev. 0.17), slightly left-skewed (-0.42), and kurtosis near normal (3.77). It doesn't significantly deviate from normality. **BSZ**: Higher mean (9.19) and variability (std. dev. 2.05), with significant left skew (-1.08) and high kurtosis (7.39). The Jarque-Bera test indicates non-normality.

Test of Hypotheses

HO_1: Board independence does not have any significant effect on the accounting disclosure of quoted pharmaceutical companies.

Table 2

Dependent Variable: Accounting Disclosure
Method: Least Squares

Date: 01/29/24 Time: 13:36
Sample: 2013 2022
Included observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.516495	0.056130	9.201715	0.0000
BIND	0.058602	0.065166	0.899270	0.3719
R-squared	0.785286	Mean dependent var		0.719143
Adjusted R-squared	0.764837	S.D. dependent var		0.130448
S.E. of regression	0.063259	Akaike info criterion		-2.588525
Sum squared resid	0.252106	Schwarz criterion		-2.363675
Log likelihood	97.59837	Hannan-Quinn criter.		-2.499212
F-statistic	38.40234	Durbin-Watson stat		1.295437
Prob (F-statistic)	0.000000			

The table presents the results of a least squares regression analysis, examining the relationship between board independence (BIND) and accounting disclosure, with 70 observations from 2013 to 2022. The coefficient for the constant (C) is 0.516, significant at a 1% level (p = 0.000), indicating that even without considering board independence, accounting disclosure has a positive baseline value. The coefficient for board independence (BIND) is 0.0586, but it is not statistically significant (p = 0.3719), suggesting no strong relationship between board independence and accounting disclosure. The R-squared value is 0.785, implying that 78.5% of the variation in accounting disclosure is explained by the model. The F-statistic is significant (p = 0.000), indicating that the overall model is statistically significant. However, the Durbin-Watson statistic of 1.295 suggests possible autocorrelation in the residuals. Thus, while the model is strong, board independence alone does not significantly predict accounting disclosure.

HO_2: Board size does not have any significant effect on the accounting disclosure of quoted pharmaceutical companies.

Table 3

Dependent Variable: Accounting Disclosure
Method: Least Squares
Date: 01/29/24 Time: 13:36
Sample: 2013 2022
Included observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.516495	0.056130	9.201715	0.0000
BSZ	0.000210	0.004200	0.049893	0.9604
R-squared	0.785286	Mean dependent var		0.719143
Adjusted R-squared	0.764837	S.D. dependent var		0.130448
S.E. of regression	0.063259	Akaike info criterion		-2.588525
Sum squared resid	0.252106	Schwarz criterion		-2.363675
Log likelihood	97.59837	Hannan-Quinn criter.		-2.499212
F-statistic	38.40234	Durbin-Watson stat		1.295437
Prob (F-statistic)	0.000000			

The table presents the results of a Least Squares regression analysis, where the dependent variable is accounting disclosure and the independent variable is board size (BSZ). The coefficient for BSZ is 0.000210, but its t-statistic (0.049893) and p-value (0.9604) suggest that it is not statistically significant. This means that board size does not have a meaningful impact on accounting disclosure in this model. The constant (C) has a coefficient of 0.516495 and is statistically significant (p = 0.0000), indicating that accounting disclosure is influenced by factors other than board size. The R-squared value is 0.785, implying that 78.5% of the variance in accounting disclosure is explained by the model, though the adjusted R-squared (0.765) slightly lowers this estimate. The F-statistic (38.40, p = 0.0000) confirms that the model is statistically significant overall. The Durbin-Watson statistic of 1.295 suggests potential mild autocorrelation.

HO$_3$: Board diversity does not have any significant effect on the accounting disclosure of quoted pharmaceutical companies.

Table 4

Dependent Variable: Accounting Disclosure
Method: Least Squares
Date: 01/29/24 Time: 13:36
Sample: 2013 2022
Included observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.516495	0.056130	9.201715	0.0000
BDERV.	0.083736	0.071098	1.177751	0.2433

R-squared	0.785286	Mean dependent var	0.719143
Adjusted R-squared	0.764837	S.D. dependent var	0.130448
S.E. of regression	0.063259	Akaike info criterion	-2.588525
Sum squared resid	0.252106	Schwarz criterion	-2.363675
Log likelihood	97.59837	Hannan-Quinn criter.	-2.499212
F-statistic	38.40234	Durbin-Watson stat	1.295437
Prob (F-statistic)	0.000000		

The table presents the results of a least squares regression analysis on the relationship between accounting disclosure (dependent variable) and board effectiveness (BDERV). The coefficient for BDERV is 0.083736, suggesting a positive but statistically insignificant relationship (p = 0.2433) between board effectiveness and accounting disclosure. This indicates that BDERV does not significantly impact accounting disclosure in this sample. The model explains approximately 78.5% of the variance in accounting disclosure (R-squared = 0.785), with an adjusted R-squared of 0.765, suggesting a strong fit. The F-statistic (38.40234) is significant (p = 0.0000), meaning the model as a whole is statistically significant. The Durbin-Watson statistic (1.295437) indicates some concern for autocorrelation, but it is not severe. Overall, while the model is robust, board effectiveness does not appear to have a significant individual effect on accounting disclosure.

Discussion of Findings

Based on the results of the first hypothesis, the accounting disclosure of listed pharmaceutical firms in Nigeria will rise by a factor of 0.058602% from 2013 to 2022 for every unit increase in board independence. This is shown by a coefficient of 0.058602. It may be inferred from this that the accounting disclosure of listed pharmaceutical businesses in Nigeria from 2013 to 2022 is directly related to the change in Board independence. Accordingly, as the likelihood of 0.3719 is larger than 0.05, we accept the null hypothesis that Board independence does not significantly affect the accounting disclosure of listed pharmaceutical businesses in Nigeria. this finding is at variance with the findings of Carlos, Sabri & Amal (2013); Amah & Ekwe (2021), and Alqathani (2019) which revealed a positive relationship between financial disclosures and board independence.

The results on the coefficient of 0.000210 from Hypothesis Two indicated that, between 2013 and 2022, accounting transparency of listed pharmaceutical firms in Nigeria will rise by a factor of 0.000210% for every unit increase in Board size. This indicates that from 2013 to 2022, there is a clear correlation between the accounting disclosure of listed pharmaceutical businesses in Nigeria and the change in Board size. Given that the probability of 0.9604 is larger than 0.05, we may accept the null hypothesis that says there is no significant influence of board size on the accounting disclosure of listed pharmaceutical businesses in Nigeria. This current study finding is in congruence with the discovery of Xiang et al. (2014); Yermack (1996); and Shammimul, Syed & Robert (2013), in their various studies they revealed the loose relationship between board size and accounting disclosures.

The results on the coefficient of 0.083736 from Hypothesis Three indicated that, between 2013 and 2022, the accounting transparency of listed pharmaceutical firms in Nigeria will rise by a factor of 0.083736% for every unit increase in Board Diversity. This data reveals a correlation between the accounting disclosure of listed Nigerian pharmaceutical businesses from 2013 to 2022 and changes in Board Diversity. We may conclude that there is no significant effect of Board Diversity on the accounting disclosure of listed pharmaceutical businesses in Nigeria ($p = 0.2433$) and hence accept the null hypothesis. This finding is totally at variance with the findings of scholars like Agyei-Mensah (2019); Alfraih & Alfraih (2016); Amah & Ekwe (2021); and Alqahtani (2019) whose works reveal a positive and significant relationship between board diversity and accounting disclosures of quoted firms in their respective studied areas.

Conclusion

While there is a positive correlation between accounting disclosure and board independence, size, and diversity, this effect is not statistically significant. This concludes the analysis of the three hypotheses concerning board characteristics and accounting disclosure in quoted pharmaceutical companies in Nigeria from 2013 to 2022. The acceptance of the null hypothesis shows that these board traits do not significantly impact accounting transparency, however the coefficients imply that improving them may have advantages. Board Diversity (0.2433), Board Size (0.9604), and Board Independence (0.3719) all have related probability that are more than the 0.05 significance level. Thus, more research into additional elements that can improve pharmaceutical industry accountability and openness in Nigeria is required in light of the results.

Recommendations

i. Due to the weak but favourable correlation between board independence and accounting disclosure among Nigerian pharmaceutical businesses, the regulatory body should mandate that the companies' boards have more independent directors.
ii. In order to maximise the beneficial impact on the accounting disclosure of pharmaceutical businesses in Nigeria, shareholders should think about expanding the number of board members each year. Accounting disclosure of pharmaceutical corporations is positively correlated with board size, however, this correlation is small and statistically inconsequential.
iii. To reap the benefits of increased accounting transparency, corporations should work to diversify their boards in terms of gender, age, history, and qualifications.

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