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RESEARCH ARTICLE

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HUMAN CAPITAL DIVERSITY AND ACCURATE PICTURE OF ACCOUNTING INFORMATION OF LISTED MANUFACTURING COMPANIES IN NIGERIA.

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ABSTRACT

Accurate picture of accounting information has been confronted with the major problem of creative accounting and it is prevalent in the quoted manufacturing companies in Nigeria. On the other hand, most financial statements do not reflect many factors that affect financial condition and the components of human capital diversity. The study investigated the effect of human capital diversity on faithful representation of accounting information.

The study employed survey research design. The population of the study was 670 employees of manufacturing companies on the Nigerian Exchange Group (NEG). Stratified and convenience sampling techniques were used and a total of 670 were distributed out of which 600 copies were properly filled and returned representing 89.55% success rate. The Cronbach Alpha reliability coefficient ranged between 0.710 and 0.972. The data were analyzed using descriptive and

inferential (multiple regression) statistics. The study found that human capital diversity has significant effect on faithful representation of accounting information Adjusted R^2 = 0.250; ($F_{4, 449)}$ = 64.8, p < 0.05). The study concluded that human capital diversity has significant effect on the faithful representation of accounting information of listed manufacturing organizations in Nigeria. This study recommended that the policy maker should encourage and create a conducive atmosphere for human assets to showcase their political influence, religious influence, social influence, and intellectual influence for organization to attain its objectives of profit maximization.
Keywords: Accounting Information, Financial Reporting Quality, Human Capital Diversity, Manufacturing Companies, and Non-financial information.

1. Introduction

Financial statements should always provide faithful information to assist users in decision making. The statement should possess the qualitative characteristics of accounting information which will help the stakeholders to make necessary decisions at all times (Farouk, Magaji & Eega, 2019). Faithful representation suggests that accounting information is free from error, manipulation and faithfully represent what is intended (Soyemi & Olawale, 2019). Misstatements of accounting information have given rise to high profile scandals that resulted to liquidation of businesses and various degrees of accounting scandals (Soyemi & Olawale, 2019).

According to Nyor (2013), in Nigeria, financial reporting issues were prevalent in different sectors of the economy to the extent that it led to various degrees of negative trends ranging from dismissal of executive officers to liquidation of companies. In the year 2012, it was reported that 45 banks were involved in unethical practices which led to their liquidation between 1994 and 2012 (Egbo, 2012). Among the companies affected are Savannah Bank; Cadbury Nigeria Plc, Oceanic bank plc and African Petroleum in Nigeria, the corruption in Cadbury led to loss of confidence of the public and investors which affected the reputation of the company.

According to Egbo (2012), about 800 companies shut down between 2009 and 2011, due to the harsh operating business environment (Nigerian Chambers of Commerce, 2017). Most of these companies do not reflect the components of human capital diversities in the financial statement and as such making it difficult to actually determine the influence and contribution of human asset in the provision of quality reports.

According to Mahmoud (2017), the report is based on tangible assets while there is no provision for human asset that put the report together. The human assets in most cases are influenced by political, religious and social assets in the organization. In the case of Microsoft incorporated, the success of the organization was connected to the brain power and human capability. The company's report only take into consideration the record of tangible assets (building, furniture and fittings and software gadgets). Any report that does not recognize and treat the human asset the way it should cannot be said to be true or fair (Murthy & Abeysekera, 2014).

Poor financial reporting may lead to missed business profitable opportunities and it can occur due to inefficiency of the management, low productivity, low profitability, lack of competition, high debt profit, increase of legal issues against the company and high cost of capital (Nworgu, 2018). Poor financial reporting has negative effects on the economy because it may raise significant problems in public management of economic resources (Alkali & Asma, 2015). According to Sabarudin and Akhmad (2020), business entity's achievement or failure depends on the human assets and they are influenced by factors such as politics, religion, intellectual and social. The treatment of human asset is not adequately appreciated due to the non recognition in the financial statements although acceptance of fair value measurement for both tangible and intangible assets by both standards (IFRS and US GAAP) suggests a need for the recognition of HRA in future external financial reporting (Bullen & Eyler, 2013).

Accounting information in Nigeria seems to be weak compared to many developed countries and this has hampered growth of efficient businesses (Mustapha & Erald, 2017). This is attributed to lack of accounting information on company performance which is either unavailable or, if provided, lacks reliability (Soyemi & Olawale, 2019). Analysts following the Nigerian economy are of the opinion that regulatory scrutiny of the Nigerian authority is weaker than that of developed economies. According to Atkins (2018), the Nigerian setting in terms of advancement, compliance, accounting standards, institutional structure, and corporate governance is different from those in the developed countries.

The financial reporting is questionable because the focus is mainly on the financial and operational performance of the business without recourse to the human capital diversity such as the political, religious, social and intellectual assets that determines the quality of reporting. The non-inclusion of the value created by Human Capital Diversity has made the financial statement not to give the true position of the account. The remarkable growth in industries and technologies is a result of the contribution of the human assets (Siriyama & Norah, 2017). Human resource is adjudged to be the catalyst for the transformation of the global economies. However, the influence of the Human Capital Diversity is yet to be fully appreciated and applied in the corporate financial reports of corporate entities (Nyor, 2013).

The faithful representation of financial statement indicates the intellectual influence of the human capital on the report and signifies the financial and economic reality of the position of the business. The accounting information provided by the human asset in the financial reports should represent faithfully what the business owns (Assets in its possession) and what the business owes (liabilities to founders and third parties) while the income statement should show or reveal if the business is good in its overall management and reflects the three characteristics of faithful representation which are completeness, neutrality and free from error (Soyemi & Olawale, 2019).

The major issue that stimulated the motivation for this study is the contribution of the human asset in the provision of quality report when adequately encourage but not being recognized in the financial statement. The contribution of human asset through various influences can improve the quality of reporting (Nwaisu & Aliyu, 2018) and opportunistic behaviours leading to the flexibilities within the accounting standards for preparers of accounting information to choose accounting methods, policies and estimates of their choice to reflect future anticipation of manufacturing companies. However, they sometimes use this flexibility to distort financial information for self-serving purposes. Therefore, the study examined human capital diversity and financial reporting quality of quoted manufacturing companies in Nigeria.

Human Capital Diversity is actually about the people of the organization, because people exercise political control, religious control, social control and intellectual control in different aspects of lives: family, community, interest groups, observance of religious beliefs, physical fitness pursuits, other outside interests, and work (Appelian, 2009). Many theories explicitly connect investment in Human Capital improvement in the organization to education, training and development in economic development, productivity growth and innovation (Becker, Huselid, & Ulrich, 2001). An organizations Human Capital asset is the collective sum of the attributes, life experience, knowledge; inventiveness, energy, and enthusiasm that its people choose to invest in work.

There are many arguments for fostering diversity in business, including the availability of talent, the enhancement of interpersonal innovation, risk avoidance, and appealing to a global customer base. The business case for diversity is driven by the view that diversity brings substantial potential benefits, such as better decision making, improved problem solving, and greater creativity and innovation, which lead to enhanced product development and more successful marketing to different types of customers (Mahboub, 2018). Rachmad (2019) opined that some factors such as innovation, localization and adaptability play major influence in human capital diversity.

Human Capital Diversity simultaneously represents the single greatest potential intangible asset and the single greatest potential liability that an organization will acquire as it goes about its business (Apelian, 2009). While there are other intangible assets, Human Capital Diversity is the only intangible assets that can be influenced, but never completely controlled, invested in wisely, or wasted thoughtlessly, and still have tremendous value.

Previous studies considered human capital and financial reporting quality but there are limited studies that focused on the diversities of human capital such as the political, religious, social and intellectual influences and financial reporting quality. This study combined four proxies of human capital diversity and faithful representation of accounting information in quoted manufacturing companies in Nigeria.

The main objective of this research was to evaluate the effect of Human Capital Diversity on the Faithful representation of accounting information in quoted manufacturing companies in Nigeria.

Based on the research objective, the research question was formulated;

How does Human Capital Diversity affect the faithful representation of accounting information in quoted manufacturing companies in Nigeria?

2. Review of Literature

2.1 Theoretical Review

The value within the organization is achieved by the shareholders or managements who provided means of employment for the human assets and as such profitability should be credited to the entity and not the human assets. Atlas (2020) opined that the value theory is strengthened by the entity who works towards improving the value of the organization within the company to reflect profitability and outside the organization to achieve success among its competitors. This theory considered the human assets as one of the intangible assets reported in terms of knowledge and skills of their employees that is fundamental to creating value and attaining a sustainable competitive advantage over rival firms.

According to the theory, Human capital theory contends that education or training raises the productivity of workers by imparting useful knowledge and skills, thus raising workers' future income through increase in their lifetime earnings. The theory postulates that expenditure on education or training and development is costly, and should be considered as investment since it is undertaken with a view to increasing personal incomes. Human capital valuation approach is used to explain or support occupational wage differential. However, it is viewed that education or training and development will not only increase employee personal income, it will also serve as a means of achieving corporate competitive advantage which reflects ultimately in organizational performance (Givoly & Hayn, 2000).

2.2 Empirical Review

Accounting information is useful when the stakeholders rely on it to take an informed and economic decision which implies that such information faithfully represents the financial position and performance of the entity at all times (Soyemi & Olawale, 2019).

Accounting information is faithfully represented when it represents the position and performance of the entity. It is information that show report is not short of adequate, comprehensive and understandable qualities for stakeholders in making economic decisions. The financial statements must reflect economic reality of all financial and non financial events during the accounting period which is useful for decision making of the stakeholders (Ogbonnaya, 2020).

A faithful representation of accounting information exemplifies information that is free from errors either material or immaterial. In other words, it must be free from human manipulations and international mistakes that may lead to the wrong making decision process on the part of the stakeholders (Soyemi & Olawale, 2019). Ogachi, Chuma and Onsiro, 2018, Kundeliene (2019) stated that reports of an entity need to be quality driven.

According to Ogbonnaya (2020), the effective corporate governance system has positive correlation with financial statements where faithfully presented to meet the standard require for audit and assurance services. When financial statements are well prepared and presented, there will be unbiased audit report (Alrshah, 2015). The faithful representation of financial statements is a core value that is needed in today's challenging financial crisis in all sectors of the economy. Faithful representation remove any ambiguity and manipulation of accounting records which will encourage the stakeholders in making investments decision.

In the same line of thought, Olowokure, Tanko and Nyor (2016) posited that the basis of effective decision-making process in financial terms is related to faithful representation of accounting information which is influenced by human capital diversity. Financial reports should contain neutral and freedom from errors and mistakes because accounting information is imperative for informed decision making which is prepared and presented by the human asset (Soyemi & Olawale, 2019).

Cheung, Evans and Wright (2010) demonstrated that faithful representation of accounting information is based on freedom from material mistakes and errors which enhances quality decision making to prevent loss of money on the part of the investors and loss of reputation on the part managers of business.

In a study carried out by Nyor (2016) titled “regulation of financial reporting for accountability in public companies in Nigeria, sought to correlate the non-compliance with the financial standards and governance code in 20 selected public quoted companies on the Nigeria Exchange Group (NGX) in the Delta State. The population of the study was made up of 20 public companies quoted on NSE. The instrument for data collection was questionnaire. Data collected was analyzed using percentages and chi - square.

The study revealed that there is a general problem of accurate financial reporting of accounts of some public companies which resulted in misleading of the prospective investors and the general public at large. The authors recommend that stipulated penalties go to deviants as to enforce a credible reporting system.

In another study carried out by Shipper and Vincent (2018) titled “The role of behavioral accounting for effective service delivery in corporate accounts of public companies” sought to ascertain the effect of corruption on corporate accounts and behavioral accounting as a measure to achieving public objective. It was found that behavioral accounting recognized the extent to which internal and external influences in the course of operating the system of accounting changed corporate objectives of the organization. In a study conducted by Jarostia (2016) titled “Human Capital Diversity quality, Earning and the financial, non-earning performance, using time series regression analysis.

It was concluded that the performance of Human Capital Diversity was based on the value and influenced they received within and outside the organization. Eniola and Akinselure (2016), in a study of an empirical analysis of the relationship between Board of Director’s contributions is part of the value and influence of the Human Capital Diversity within and outside the organization.

In the same vein, Gyorgy (2012) concluded that earning of an organization was basically dependent on the quality of management. The efficiency and influence (political, religious and social) of this group of Human Capital Diversity determined the quality of reports in the organization. Mustapha (2017) in the study of the “use of managerial accounting as a tool for decision making” revealed the quality of Human Capital Diversity in the sense that they perform dual functions as influenced politically, religiously and socially within and outside the organization.

3. METHODOLOGY

The study adopted survey research design. The choice of survey design was informed by the fact that survey design is appropriate for the study, and it can be administered using many models including: online, e-mail, social media, paper, mobile and telephone surveys which will allow respondents to provide valid answers. Survey research design was also considered appropriate for this study because of its clarity in the area of qualitative research and data collection (Nyakaro, 2016; Ogunnaike, Oyewunmi & Famuwagun, 2016; Suryani, Gama & Parwita, 2019; Tarus, 2016).

The study adopted primary data to accomplish its objective. Questionnaire was used to collect data from respondents. The questionnaire centered on the statements that measure human capital diversity and faithful representation of accounting information from different stake holders and helped in collating the opinions of respondents in a logical and orderly manner.

The model specified in this study was in line with the specific objectives achieved. The study measured the effect of human capital diversity and accurate picture of accounting information of listed manufacturing companies in Nigeria. It was done by considering the effect of all explanatory variables on each of dependent variables and were for quantitative measures

Y = Faithful Representation of Accounting Information\= FRAI (dependent variable)

X = Human Capital Diversity = HCD (independent variable)

Y= f(x)

Y= f(x_1)

Where,

Where;

x_1 = Political Influence (POI)

x_2 = Religious Influence (REI)

x_3 = Social Influence (SOI)

x_4 = Intellectual Influence (ITI)

Functional Relationship

FAR = f (POI, REI, SOI, ITI) Equation

Functional Models

FAR= $\square_0 + \square_1$POI + $\square_2$ REI + $\square_3$SOI + $\square_4$ITI + ε ………………. Model

4. DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.1 DESCRIPTIVE STATISTICS

The target respondents in the study are the employees of quoted manufacturing companies in Nigeria. The number of copies of questionnaire that were administered to the selected quoted manufacturing companies was six hundred and seventy (670). A total of 600 copies of questionnaire were properly filled and returned. This represented an overall successful response rate of 89.55% as shown on Table 4.1. The remaining 70 questionnaires were not returned and not useful for the purpose of this study. Bryman and Bell (2015) ascribed that a response rate of ≥50% is adequate for a descriptive study and inferential analysis. Therefore 89.23% is adequate for the study.

Table 1

Category	**Frequency**	**Percentage (%)**
Number of Questionnaires Distributed	670	100%
Number Retrieved and Fit for Analysis	600	89.55
Numbers Not Retrieved	70	10.45

Source: Author's Computation (2021)

Table 2

Respondents Characteristics	**Frequency**	**Cumulative Frequency**	**Percentage (%)**	**Cumulative Percentage (%)**
Gender				
Male	284	284	47.3	47.3
Female	316	600	52.7	100
Age:				
25 - 35 Years	300	300	50	50
36-45 Years	119	419	19.8	69.8
46-55 Years	85	504	14.2	84
56-65 Years	64	568	10.7	94.7

65 Years and above	32	600	5.3	100
Educational Qualification:				
HND/BSc	365	365	60.83	60.83
Master's Degree	157	522	26.17	87
PhD	68	590	11.33	98.33
Others	10	600	1.67	100
Years of Experience				
2-5 Years	300	300	50	50
6-10 Years	170	470	28.33	78.33
11-15 Years	66	536	11	89.33
16-20 Years	40	576	6.67	96
20 Years and above	24	600	4	100

Source: Author's Computation (2022)

Table 4.2 showed that 284 respondents representing 47.3% were males while 316 respondents representing 52.7% were females. In addition, the results showed that 300 respondents constituted the ages of 25 and 35 years; 119 respondents between the ages of 36 and 45 years, the age group 46 to 55 years was composed of 85 respondents; the age group 56 to 65 years consisted of 64 respondents while respondents of 65 years and above was made up of 32 respondents.

Furthermore, there is evidence that 365 respondents representing 60.83% possess HND/B. Sc. Academic qualifications; 157 respondents representing 26.17% had Master's Degree. In the same vein, 68 respondents representing 11.33% possess Doctor of Philosophy Degree (PhD) while 10 respondents representing 1.67% did not indicate their education level.

The table also indicated that 300 respondents representing 50% had between 2 and 5 years related working experience; 170 respondents representing 28.33% had between 6 years and 10 years related working experience; 66 respondents representing 11% had between 11 years and 15 years working experience; 40 respondents representing 6.67% had between 16 years and 20 years working experience while 24 respondents representing 4% had working experience of 20 years and above.

Table 3 Human Capital Diversity and Faithful Representation of Financial Information

Dependent Variable: far

Variable	**Coefficient**	**SE**	**T- Test**
POI	.260	.064	5.467
REI	0.242	.043	4.388
SOI	0.285	.053	4.681
ITI	-.0234	.064	4.648
F-Statistics	64.8		
Adjusted R Square	0.39		

Notes: The dependent variable is Faithful representation information (FAR), the independent variables are Political Influence (POI), Religious Influence (REI), Social Influence (SOI) and Intellectual Influence (ITI). ** and *** indicates statistical significance at 5 and 1 per cent respectively.

$FAR = \square_0 + \square_1 POI + \square_2 REI + \square_3 SOI + \square_4 ITI + \varepsilon$ ………………. Equation 1

$FAR = \square_0 + 0.260POI + 0.242REI + 0.285SOI + 0.234ITI + \varepsilon$ ………………. Equation 2

The regression estimate of the model above shows that political influence, religious influence, social influence and intellectual influence have positive effect on financial reporting. This is indicated by the signs of the coefficients, which are 0.260, 0.242, 0.285 and 0.234 for POI, REI, SOI and ITI. The coefficients with positive effect are consistent with a-priori expectations.

Table 3 also showed that Human capital diversity (POI, REI, SOI & ITI) have a positive effect on faithful representation of accounting information, with a coefficient of 0.260, 0.242, 0.285, and 0.234 respectively. This positive effect is not statistically significant as the p-value shows 0.000 which is less than 0.05.

The Adjusted R-square of the model is 39%, this suggest that variations in faithful representation financial reporting quality of the sampled population can be attributed to all our independent variables put together (human capital diversity), while the remaining 61% variations in faithful representation financial reporting quality are caused by other factors not included in this model.

However, the F-test showed a probability value of 0.00 which indicates that the effect of all explanatory variables on faithful representation financial reporting quality is statistically significant because the probability value (0.00) is less than 5%, the level of significance adopted for this study. Therefore, the model is statistically significant. Thus, the null hypothesis that human capital diversity has no significant effect on faithful representation financial reporting quality is rejected.

The variance inflation factor (VIF) which shows the collinearity of the model for each exogenous variables shows that the variables have no multi-collinearity problem, this is because the VIF for all the variables are below a statistical value of 10.

Decision: At a level of significance 0.05, the F-statistics is 64.8 while the p-value of the F-statistics is 0.00 which is less than 0.05 level of significance adopted since $p=0.000< 0.05$, Therefore the study rejected the null hypothesis and accepted the alternative hypothesis which implies that Human Capital Diversity has significant effect on faithful representation of information in quoted manufacturing companies in Nigeria.

4.2.1 Discussion of findings on Human Capital Diversity and Faithful representation of Financial Information

The hypothesis of the study assessed the effects of human capital diversity on faithful representation of accounting information among Nigerian listed firms. The regression estimate of the model shows that political influence, religious influence, social influence and intellectual influence have a positive effect on faithful representation of financial information. This is indicated by the signs of the coefficients, which are 0.260, 0.242, 0.285 and 0.234 for POI, REI, SOI and ITI. The coefficients with positive effect are consistent with a-priori expectations.

These findings conform to that of Zhou, Simnett and Green (2016), which found that integrated reporting enhances information quality and companies' reporting environment. They also found that the level of alignment of integrated reports is negatively associated with the analysts' earnings forecast error, demonstrating that information contained in the integrated report is helpful for analysis in formulating their prediction for earnings, probably because the integrated report contains information on corporate strategy, business model and future-oriented information. In addition, the result is in-line with the empirical findings of Apiti, Ugwoke and Chiekezie (2017) that there exists a significant relationship between Intellectual Capital and firm's financial performance and that proper management of IC has significant impact on firms' financial performance and financial reporting quality (FRQ) of Nigerian listed firms.

The findings of this study can be beneficial to different participants in the organization (the board, management, shareholders, and other stakeholders), corporate leaders and accountants, policymakers (SEC, FRCN, ICAN, ANAN and government agencies), and researchers as the study provides empirical evidence on the impact of human capital diversity on faithful representation of accounting information of quoted manufacturing companies in Nigeria. The implications are as stated below:

The findings of this study are relevant to regulatory bodies (like FRCN, SEC and CBN) as well as professional bodies (like ICAN and ANAN). The result of the study shows that the extent of quality of the current corporate disclosures in Nigeria is slightly above 100% as shown in Table 2, and this could be improved with inclusion of human asset in financial reporting in Nigeria. Accounting information is another concern that regulators must look at to promote stakeholder interest, as manufacturing companies do not strive to report for the sake of it but to encourage high quality reporting through the diversity of human capital which significantly and positively influenced the decision of the stakeholders

Also, the finding serves as a basis and helps to appreciate the need for the inclusion and appreciation of the human assets through disclosures and regulations because there is evidence that the diversity of the human assets positively influenced the quality of reporting. The low Adjusted R^2 of 0.36 for human capital diversity on accounting information implies that all hands must be on deck by all (regulators, practitioners, and academics) to capture more variables that could ensure quality reporting. The policy makers and managements of quoted manufacturing companies should ensure that suitable atmosphere is provided for human capital to operate through its diversity in order to improve the quality of reporting. Thus specifically, the study presents credible evidence to researchers to investigate more on human capital diversity on faithful representation of accounting information in Nigeria.

The empirical evidence of the study suggested that the measures of human capital diversity (political, religious, social and intellectual influences) have significant influence on the faithful representation of accounting information of quoted manufacturing companies in Nigeria. This implies that the board of the Manufacturing Association of Nigeria (MAN) should identify with the importance of human capital diversity and adopt it as primary objective of the organization’s leadership that can contribute significantly to the sustainability of the business.

The result also supports the fact that there is a significant difference between the values created by human asset through diversity on financial report and report prepared without proper treatment of the human asset. The implication of the findings to the management of these firms is that the treatment of human assets by the management could ensure effective and efficient management of human resources at their disposal to maximize stakeholders’ wealth.

Empirically, the findings presented in Table 1 shows that human capital diversity have significant relationship with the faithful representation of accounting information. The implication of the findings is that improvement in human capital diversity has enhanced the quality financial report available to the other interested stakeholders and that has enabled a more efficient and productive allocation of capital. Thus because of human capital diversity and faithful representation of accounting information, the protection of the stakeholders interests is guaranteed.

Adjusted R^2 figures depict that there are more factors that could drive quality of financial reporting apart from variables used in the study. Thus, this study will have relevance to stakeholders and shareholders to be aware of the importance of the diversity of human capital.

The relevance of the findings to the corporate leaders and accountants is to assess their level of treatment of human capital. Through this study, corporate leaders would see the state of current treatment and application of human asset that could not effectively enhance the quality of reporting. Corporate leaders must embrace human resource management, while accountants could see that more is required of them beyond numbers. Thus, this study would enable corporate leaders and accountants to understand the depth of application and treatment of human assets and explore how human capital diversity will improve the quality of reporting.

5. Conclusion and Recommendations

The necessity for producing quality financial report has received great attention all over the world. Providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment decisions, credit and similar resource allocation with a view to enhancing overall market efficiency. It is on this premise that this study examined the effects of human capital diversity on financial reporting quality among quoted manufacturing companies in Nigeria.

From the findings of the study, it was concluded that human capital diversity through political and social influence significantly affects the faithful representation of accounting information in Nigeria. Also, the study also concludes that human capital diversity measures have significant influence on the financial reporting quality in Nigeria.

The study examined the stakeholders' perception on effects of integrated reporting on faithful representation of accounting information among quoted manufacturing companies in Nigeria. From the results of the findings, the following recommendations were made:

Faithful representation of accounting information should be taken as key factors that permit economic and financial decisions to be taken effectively and professional accountants should attach much attention to these qualities while preparing financial statements as required by International Financial Reporting Standards (IFRS). Faithful representations are true fundamental qualities in financial reporting system and accurate financial statements and quality-based reports constitute the tools that financial analysts use in financial information interpretation. Qualitative financial statements should show financial elements and even the relationships between them so that a clear comparison can be done for informed decision making.

Accounting reporting quality emphasizes that management of companies, especially those that are quoted on capital markets should provide faithful information willingly and have to provide more qualitative accounting information accompanied by complete disclosures in order to evaluate and examine the future cash flows activities of the business in order to attract investors and procure more financial resources because financial reporting quality has a direct or indirect powerful effects and influence of cost and procurement of capital.

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