



Examining the impact of corporate governance and corporate financial reporting on firm value: A study of selected banks in Nigeria

- Grace Oyeyemi Ogundajo^{1*}
 Festus Folajimi Adegbe²
 Samuel Kolawole Oyegoke³
 Folorunso Akande⁴
 Eunice Ayooluwa Ajayi-Owoeye⁵

^{1,2,2}Department of Accounting, School of Management Sciences, Babcock University, Nigeria.

¹Email: ogundajo@babcock.edu.ng

²Email: adegbeff@babcock.edu.ng

³Email: olotua@babcock.edu.ng

³College of Postgraduate Studies, Babcock University, Nigeria.

⁴Email: oyegoke0095@pg.babcock.edu.ng

⁴Department of Finance, School of Management Sciences, Babcock University, Nigeria.

⁵Email: akandef@babcock.edu.ng

Licensed:

This work is licensed under a Creative Commons Attribution 4.0 License.

Keywords:

Board independence
Corporate financial reporting
Corporate governance
Earnings persistence
Earnings predictability
Firm value
Gender diversity.

JEL Classification:

G14; G21; G34; L21.

Received: 20 January 2023

Revised: 22 March 2023

Accepted: 6 April 2023

Published: 14 April 2023

(* Corresponding Author)

Funding: This study received no specific financial support.

Competing Interests: The authors declare that they have no competing interests.

1. Introduction

Firm value, in every aspect, portrays the outcome of years of managerial competence and systematic effective investment decisions. The ultimate objective of corporate firms is to provide all available opportunities and enabling environments to ensure effective and optimal utilization of corporate resources towards maximizing firm value. Managers are aware that achieving corporate success and firm value desired by shareholders could be complex and problematic. Therefore, an adequate corporate structure that enhances the complete mechanisms to monitor and optimize productive resources is significant. Margherita and Heikkilä (2021) opined that firm value entails the true underlying reflection of its market price that willing and informed investors are expected to consider in capital market dealings. Inverters' decisions are significant since firm value could be impacted by investors' investment decisions consequent to the corporate

Abstract

Globally, managers are always under intense pressure to meet stakeholders' desired firm value expectations, creating uncertainties and apprehensiveness when making corporate strategic plans. Prior studies have laid claims that best corporate governance practices and corporate financial reporting quality are important in achieving a successful and sustainable value for banks. Consequently, this study examined the impact of corporate governance and corporate financial reporting on the value of selected banks in Nigeria. This study made use of panel data extracted from the audited annual reports and accounts of the thirteen (13) selected banks for fifteen (15) years which yielded 195 firm-year observations. Random-effects Generalized Least Square (GLS) regression estimation technique was employed for the analysis. The study discovered that corporate governance and corporate financial reporting exerted a significant positive impact on the value of selected banks in Nigeria ($Adj.R^2 = 0.48$, Wald Sat. (4, 190) = 18.3, $p < 0.05$). The study concluded that corporate governance and corporate financial reporting collectively are important determining factors of the value of selected banks in Nigeria. Enforcing strict compliance with financial reporting regulations to ensure transparency, reliability, and earnings quality would enhance analysts' and users' forecast and predictive abilities.

competitiveness of companies (Khatib & Nour, 2021; Nguyen, Pham, Le, & Bui, 2020). According to Nicola et al. (2020), firm value has the capability to maximize shareholders' wealth when the shareholders' share value increases. Sukesti, Wibowo, and Prakasiwi (2019) noted that a higher stock price dictates the like outcome of firm value.

Abdelhalim and Eldin (2019) argued that managers' apprehensiveness and lack of corporate confidence have led to undue pressure and corporate panicking. Corporate pressures are a red signal of dipping firm value, and a possible consequence of managerial incompetence and inefficiencies, which tend to motivate managers to unethical practices, unwholesome behaviours, and insider dealings (Castillo-Merino & Rodríguez-Pérez, 2021; Choongo, 2017). Fabeil, Pazim, and Langgat (2020) contended that firm value is closely associated with corporate effectiveness and good firm performance that the shareholders' desire, who are more concerned with wealth maximization and higher stock prices. Freeman, Phillips, and Sisodia (2020) reported that managers, in an effort to address the problem of firm value, should address the stakeholders' concerns and interests, such as being carried along in strategic decisions, transparency, and quality delivery. Rehman and Hashim (2021) revealed that stakeholders, more than ever desire honest and truthful business practices and legitimacy to sustain the going concern of business operations. The confidence in quality products and services earns the companies the stakeholders' confidence and legitimacy, which tend to drive corporate growth and firm value on a sustainable length.

Kartika, Moeljadi, Ratnawati, and Indrawati (2019) stated that the complexity and problem of firm value are fundamental to the existence of corporate organizations. The going concern of the companies largely depends on economic value, which can deepen corporate effectiveness and competitiveness in the industry where companies operate. The management of companies realizes the importance of addressing the various stakeholders' interest as a key to firm performance and maximizing shareholders' wealth, which are trajectory moves to ensure firm value. According to Abdullah, Ashraf, and Sarfraz (2017), firm value is linked to the effective function of corporate governance and corporate financial reporting. The presence of corporate governance best practices and their influence to ensure corporate financial reporting are significant to achieving firm value.

Corporate governance and corporate financial reporting are essentially required to improve the value of a firm. Qureshi, Kirkerud, Theresa, and Ahsan (2020), noted that corporate governance is a central and a key technique for maintaining operational efficiency within a corporation. According to Mrabure and Abhulimhen-Iyoha (2020) corporate governance creates a balance and working harmony which takes into consideration the interest of all the stakeholders, including employees, equity holders, government, customers, lenders, host communities, customers, and others who have vested interest in the successful operations of the organization. The duties and responsibilities of corporate governance are significant in sustainable firm value in all forms, although these duties and responsibilities vary based on the environment, such as economic values, legal and regulatory frameworks, ownership structures, and oversight functions (Tuan, 2020; Zhang, Dawson, & Kline, 2021).

Corporate governance is expressed as a recognized set of principles, regulations, requirements, processes, ethical codes, and organizational structures that underpin effective and strong organizational practices to ensure the effective balancing of diverse interests of stakeholders, as well as sustain the economic growth of the company (Ajeigbe & Ganda, 2023; Pandya & Van Deventer, 2021; Smith & Marx, 2022; Thanh Tiep, Quang Huan, Thi Thuy Hong, & Khoa Tran, 2021; Zollo, Laudano, Boccardi, & Ciappei, 2019). Effective tools for attaining corporate goals, identification of corporate risks, risk assessment, and formulation of control measures to mitigate risks lie within the purview of corporate governance. Corporate governance is aimed at maximizing the firm value for the benefit of the shareholders. Quality corporate governance practice will ensure vibrant and effective board meetings, quality deliberations in the decision making process, effective monitoring, and oversight based on best practices. It will also ensure exercising of restraint control over the activities of the organization aimed at improving the economic wealth and value of the owners. According to Sameer (2021), corporate governance is one of the cornerstones of sustainable corporate goals, ensuring the practice of strong risk management and achieving set objectives. All of these, in turn, would reflect the success of the firm and its value.

Corporate financial reporting is the ability of an organization to disclose its transaction activities in monetary form for the benefit of the management, and most importantly for the stakeholders (Warrad & Khaddam, 2020). It involves the disclosure of accounting information on the financial performance as well as position of the company for the benefit of the stakeholders and potential investors. The quality of corporate financial reporting has a close association with firm value since investors are interested in strong confidence in the managerial competence. Zabri, Ahmad, and Wah (2016) posit that the quality of financial reporting is significant as the public and specific users of the financial statement expect credible, reliable, and accurate accounting information in making useful decisions in relation to the company. The relevance and faithful representation of corporate financial reporting have an impact on confidence building and enhance the stock price, as well as the value of an organization (Al Amosh & Khatib, 2022).

The value of firms has suffered setbacks, and shareholders have unprecedented lost amounts of funds when evidence of bad news resulting from managerial incompetence, lack of optimal utilization of corporate resources, or poor corporate governance, impacts firm value and indeed market capitalization of the selected

banks. Evidently, some of the major challenges deepening the problem of firm value include non-performing loans, capital inadequacy, corporate asymmetric challenges, corporate fraud, and security issues affecting free banking operations (Adegbeie, Ajibade, & Ajagun, 2021; Al-Ahdal, Alsamhi, Tabash, & Farhan, 2020). Al Amosh, Khatib, Alkurdi, and Bazhair (2022) revealed that corporate unethical and corrupt practices had crippled the corporate growth of the banks. The compromising department and weak dispensing of regulatory sanctions had heightened the problem of firm value as the level of transparency at the capital market had failed to demonstrate openness, ethical competitiveness, and accountability to attract a high volume of stock trading (Al Amosh & Khatib, 2021; Al Amosh & Khatib, 2022). Bolourian, Angus, and Alinaghian (2021) documented that the lack of adequate disclosures had amplified acclaimed corporate connivance and masterminded insider trading, stock price racketing, and shares round tripping exercise, which have impeded the value of the participating companies in the market.

Corporate governance and corporate financial reporting are essential tools in the hands of the board of directors and the management to secure effective organizational management and stimulate higher firm value (Bekun, Emir, & Sarkodie, 2019). Corporate governance and corporate financial reporting are critical in every organization, in meeting the statutory and regulatory requirements for an organization. While corporate governance best practices coordinate and monitor companies' operations, it is important for corporate governance to ensure that the right mechanism and adequate framework are in place for corporate financial reporting standards and principles to comply with the preparation of financial statements, as these tend to have a momentous impact on firm value. Hence, the nexus between corporate governance and corporate financial reporting significantly impacts corporate value.

Although the Nigerian apex bank has demonstrated strong regulatory capacity to close the gaps of financial vulnerability in the banking system that affect the value of the banks, and to improve transparency and prudential guidelines, a few unscrupulous individuals in the monitoring team have undermined the fiscal and monetary measures of the apex bank. These individuals have colluded with some banks to commit fraud and financial crimes, which is detrimental to the value of the banks (Omesì & Appah, 2021).

Numerous studies have researched corporate governance in various forms in the literature, but the interconnectivity of corporate governance and corporate financial reporting in affecting firm value is rare and scanty. The absence of corporate best practices is evidenced in Nigeria, which is quite worrisome. Furthermore, the extent of corporate financial reporting, both mandatory and voluntary regulatory compliances, remains uncertain due prevalence of weak institutions. This has not been considered and has remained under-researched. This study aims to bridge this gap by providing novel insight into the growing body of literature in Nigeria, highlighting the significance of corporate governance and corporate financial reporting in building strong confidence and legitimacy that can lead to a higher firm value. Consequently, this study examines the effect of corporate governance and corporate financial reporting on the value of selected banks in Nigeria. To address this, the following research objective, question, and hypothesis are considered.

Research Objective: Examine the effect of corporate governance and corporate financial reporting on market capitalization of listed banks in Nigeria.

Research Question: How do corporate governance and corporate finance affect market capitalization of listed banks in Nigeria?

Research Hypothesis: *Corporate governance and corporate financial reporting insignificantly influence the market capitalization of listed banks in Nigeria.*

The study is divided into sections in the following order: Section two includes the literature review and theoretical, in section three, the methodology is presented, section four analyses the data and presents results and discussions, while summary, recommendations, and limitations are explained in section five.

2. Literature Review and Theoretical Framework

2.1. Conceptual Review

Firm value: The value of a company represents the economic worth of its operations and assets during a specified period. According to Afthanorhan, Awang, and Aimran (2020), the firm value could be the amount that willing buyers are willing to offer for a business in the event of a sale or during a possible takeover, merger, or acquisition. Firm value reflects effective performance, managerial competence, goodwill, and cordial relationships with the stakeholders (Chien, 2023; Purbawangsa, Solimun, Fernandes, & Mangesti Rahayu, 2020). Zhang et al. (2021) noted that corporate governance and corporate financial reporting have a significant influence on corporate sustainability and firm value. Dang, Nguyen, and Tran (2020) and Al-Fadly (2020) reported that firm value is the possible market value of the firm, as well as its the market capitalization, taking into account the share price and the desirability of its stock among investors.

Market capitalization: This often referred to as share capitalization, represents the worth of a company's common shares owned by stockholders that are publicly traded at a prevailing capital market price (Tarigan & Stacia, 2019). Shu and Chiang (2020) explained that market capitalization is equivalent to the market price per common share in summation to the number of shares outstanding at the end of the trading period. Market capitalization is considered a true measure of the value of a company trading in the capital market, as the price

of corporate stock and the prevailing market price indicate the potential value of the firm based on market dynamics. The price of a firm's shares in the capital market is influenced by several factors, including good corporate governance and users' perception of the quality of available financial information.

Corporate governance and financial reporting: Corporate Financial Reporting is important in building public confidence in the credibility of reported financial statements and the attractiveness of a firm's products and services. The growth and sustainability of an organization depend on the legitimacy of its operations and the acceptance of its products and services (Thanh Tiep et al., 2021). Corporate financial reporting is the process of reporting the financial accounting information of a corporate entity for the use of the shareholders and other stakeholders in economic decision making (Perotti & Wagenhofer, 2014). According to Al Amosh et al. (2022), corporate financial reporting is expected to be in accordance with the financial regulatory framework stipulated by the regulatory standards. Nicola et al. (2020) revealed that corporate financial reporting has a tight relationship with the acceptance and appreciation of firm value, as the reliability of the information content guides investors and other stakeholders about the quality of standards and corporate strategic policies over time. Francis, Nanda, and Olsson (2008) asserted that financial information is made known to various users for economic decision-making through the quality of earnings disclosed in the financial statements. The ability to measure the operations of a firm with certainty and reliably predict future earnings depends on the quality of the reported earnings.

Board independence: Board independence is defined as the proportion of non-executive directors who are independent in the composition of the board of directors of an organization. According to Castillo-Merino and Rodríguez-Pérez (2021), board independence is the level of freedom exercised by independent board members because of non-controlling influence over them in strategic and monitoring functions of the operations of the company. Board independence prevents interference or overbearing influence on the board, referring to non-executive directors who are not part of the operating activities of the organization (Bolourian et al., 2021; Ciftci, Tatoglu, Wood, Demirbag, & Zaim, 2019). In other words, in corporate governance, this refers to the number of members on board who do not have a material relationship with the companies and are not part of the executive team or involved in the daily business operations of the company.

Gender diversity: Gender diversity encourages equitable representation of both genders on the board composition of companies. Badulescu, Simut, Badulescu, and Badulescu (2019) revealed that equitable gender representation is healthy and capable of influencing the value of companies. A lopsided gender composition on the board is ant-diversity representation and does not allow for balance views and ideas from opposite sex perspectives. According to Ardalan (2017), in contemporary society, equality is highly advocated rather than women or men dominated boards. Gender diversity encourages different perspectives, enhances collaboration, and improves corporate staff retention (Ananzeh, Al Amosh, & Albitar, 2022). A better reflection of gender diversity improves recruitment and reputation, abhors gender victimization and exploitation, and leads to greater profitability as well as firm value. According to Arenas-Torres, Bustamante-Ubilla, and Campos-Troncoso (2021), corporate diversity breeds unity and productivity as employees from different backgrounds, including religious diversity, ethnic diversity, and professional diversity, contribute to the strength of diversity in the company.

Earnings persistence: Earnings persistence is significant to firm value, as it reflects the quality of profits and a sustained, efficient performance. Salemba, Butt, Shahzad, and Ahmad (2020) and Fabeil et al., (2020), defined earnings persistence as the extent of the first-order auto-correlation in a time series of income numbers (Fabeil et al., 2020). Edward Freeman et al. (2020) defined earnings persistence as a desirable attribute since it suggests sustainable earnings, while Fuadah and Kalsum (2021) opined that earnings persistence reflects the ability of companies to sustain earnings and profits from current periods to a conceivable future. Investors are motivated by persistent earnings as a property of earnings quality. Aguguum, Dada, and Nwaobia (2019) posit that earnings persistence reflects managerial competence and ethical practices as an incentive to potential investors. Earnings persistence has a close relationship with firm value and economic wealth maximization for the shareholders.

Earnings predictability: Earnings predictability reflects what future earnings might look like based on past and present earnings. According to Canina and Potter (2019), earnings predictability considers the ability of earnings to predict themselves. Furthermore, earnings predictability is a desirable earnings attribute that enhances the forecast ability of analysts and investors (Aguguum et al., 2019; Festus, Rufus, & Janet, 2020). Earnings predictability is also a desirable property of earnings quality as it creates the impression of sustainable earnings based on the time-series properties of persistent earnings over the years.

2.2. Theoretical Framework

This study considered stakeholders' theory, stewardship theory and signalling theory as the underpinning theories. These theories are relevant to the study considering the significance of loyalty to the depositors, and that of the stakeholders in the survival and legitimacy of corporate operations as well as the need for transparency, accountability and honest reporting for the sustainability and growth of the banks.

Stakeholders' theory: Freeman (1984) developed stakeholders' theory in response to various observed flaws inherent in agency theory (Ararat, Black, & Yurtoglu, 2017; Awang, 2012). In his critique, Freeman criticized the postulations of Jensen and Meckling (1976) giving much preference and theoretical attention to

shareholders' wealth maximization as the primary objective of corporate organization, neglecting the interest of other stakeholder groups. The stakeholder theory advocates for the protection and consideration of the stakeholders' interest in the corporation's operational activities. According to [Alabdullah \(2018\)](#), the stakeholders hold the key to the growth and survival of the companies and their interest should be put into consideration. The stakeholders in this context include employees, government, lenders, suppliers and customers, host communities, trade unions and the general public. According to [Andreou, Louca, and Panayides \(2014\)](#), the managers and the companies should recognize the importance own the stakeholder in strategic planning, honest reporting, transparency, and providing quality products and services.

Stewardship theory: Stewardship theory was developed by two scholars ([Chang, 2016](#); [Cho, Laine, Roberts, & Rodrigue, 2015](#); [Donaldson & Davis, 1991](#)). The theory postulates the nexus between corporate entity ownership and management team from a different point of view far beyond the perspective considered in agency theory. Stewardship theory emanates from traditional sociology and psychology of human behaviour and attitudinal dispositions but has found applications in various disciplines including management, finance, and accounting ([Choongo, 2017](#); [Chuvakhin & Gertmenian, 2003](#)). The theory proposes that managers are required to give an account of stewardship to the owners of entities who have entrusted them with the management of the productive resources under their care. Thus, managers are naturally motivated to provide accountability as stewards who align with the objectives and values of shareholders for the use of the entity's entrusted resources ([Chenini & Jarboui, 2018](#)).

Signaling theory: as proposed by [Spence \(1973\)](#), suggests that the reactions of the participants in the market are based on the information accessibility ([Komara, Ghozali, & Januarti, 2019](#)). The theory has been widely adopted to predict the behaviour of investors in the capital market regarding the quantity and quality of financial information disclosed by the management. The most attractive information for investors is about earnings ([Agugum et al., 2019](#); [Fuadah & Kalsum, 2021](#)). When management discloses earnings persistence, earnings smoothing, and timeliness, it triggers positive reactions from the investors, which can improve the economic worth of a firm.

In summary, objective and timely reporting of financial information by the management is an indication of considering the interests of all the users of the information in its preparation and presentation. Thus, the management uses the information as an indicator of the positive performance of the firm to the various stakeholders. Economic decisions made by the stakeholders are based on the available information, which triggers the reactions of the market and possibly enhances value.

2.3. Empirical Review

Several studies have examined the impact of corporate governance and financial reporting on performance using diverse measures for performance (such as return on assets, return on equity, Tobin's Q, market capitalization, market price, net profit margin, profit after tax) and various indicators for corporate governance (such as board gender diversity, ownership structure, chief executive officer duality, board independence, frequency of board meetings, audit committee board size, and institutional holding among others). For instance, [Abdullah and Tursoy \(2023\)](#) reported that corporate governance indicators had a negative and significant impact on the return on assets of German non-financial firms listed on the Frankfurt Stock Exchange. In contrast, return on assets was negatively but insignificantly affected by CEO duality. [Tiep Le and Nguyen \(2022\)](#) studied the effect of corporate governance on the value of small and medium enterprises (SMEs) in emerging countries. The study used secondary data sourced from a database in Vietnam and adopted covariance based structural equation modelling for the analysis. The study found that the value of SMEs is significantly affected by the corporate governance. [Ebimobowei \(2022\)](#) employed univariate, bivariate and multivariable analyses in assessing the influence of CG on the value of listed Nigerian banks. The study reported that corporate governance indicators adopted exerted a positive and significant effect on the value of the banks selected for the study. A similar study conducted in Egypt by [Marie, Kamel, and Elbendary \(2021\)](#) using multiple regression analysis revealed that firm value and stability are positively and significantly influenced by corporate governance measures for the period examined. On the contrary, [Agugum et al. \(2019\)](#) found that board independence exerted an insignificant positive influence on the market value of Nigerian companies. In Saudi Arabia, [Boshnak \(2021\)](#) discovered that CG indicators negatively influenced the value (Tobin's Q) of listed firms.

[Khanifah, Hardiningsih, Darmaryantiko, Iryantik, and Udin \(2020\)](#) concluded that corporate governance is a key determinant of the values of the Iranian, Saudi Arabian, and Malaysian quoted banks. The result of the adopted regression estimation techniques for the analysis proved that audit committee size, board structure, risk management, transparency, and openness had a positive but insignificant effect on the financial and market performance measures of the Islamic banks in the selected countries. Similarly, analysis of the relationship between CG and the value of U.S. biotech companies conducted by [Enache and Hussainey \(2020\)](#) showed that board independence and size of the board exerted a significant positive influence on Tobin's Q while CEO duality has an insignificant effect. Likewise, [Ko, Lee, and Anandarajan \(2019\)](#) affirmed that corporate governance measures positively and significantly influence the performance of listed companies dealing in electronics in Taiwan. [Ali, Ansari, and Memon \(2020\)](#) empirically studied the possible effect of corporate governance attributes on firm value. They used secondary data extracted from the financial statements of the

banks and analysed them using panel data analysis. Their findings revealed that board size, leverage, women on board, firm age, and board independence exerted positive effects on firm value. However, the analysis also showed that firm size, Chief executive officer (CEO) duality, and leverage exerted a negative influence on the value of the banks in the study. Bala, Almustapha, and Bakare (2020) studied the implication of corporate governance practices on the value of selected Nigerian banks using a multivariate regression technique. They found that the dual role of the chief executive officer had a positive but insignificant impact on the return on assets (ROA). Ochejo, Omagwa, and Muathe (2019) assessed the effect of corporate governance on the value of selected banks operating in Kenya. They used secondary data extracted from the financial statements of the banks for a period of 11 years (2008 – 2018) and selected 20 banks from a population of 44 banks. The study used multi-regression analysis and found that corporate governance had a significant effect on the value of the banks sampled in the study. Similarly, Kiptoo, Kariuki, and Ocharo (2021) proved that the financial performance of Kenyan insurance firms was positively impacted by board independence.

Ayuba (2022) examined the effect of earnings quality on the market value of Nigerian listed firms using the fixed effect multiple regression analysis. The study found that market value is positively and significantly influenced by earnings persistence and earnings predictability, while accrual quality and earnings smoothness negatively and significantly impact the market value. In addition, Aguguom et al. (2019) found that the market price of Nigerian listed firms is negatively affected by earnings smoothing. Proença, Augusto, and Murteira (2023) adopted a panel regression analysis and reported that earnings management negatively influences bank efficiency. Their study focused on the effect of earnings management on the efficiency of Eurozone banks using a sample of 70 banks under the supervision of the European Central Bank. A similar result was obtained in the study of Ab-Hamid, Asid, Sulaiman, and Bahri (2018) on the impact of earnings management on the efficiency of banks in five Association of Southeast Asian Nations (ASEAN) countries.

Fonou-Dombeu, Mbonigaba, Olarewaju, and Nomlala (2022) conducted a multilevel linear regression to examine the effect of earnings quality on stock return volatility of Johannesburg Stock Exchange (JSE)-listed companies. They found that high accrual quality and earnings persistence reduce volatility of stock return, while earnings smoothness increases stock return volatility. Also, earnings conservatism and earnings predictability insignificantly affect stock return idiosyncrasy. Consequently, due to the number of prior studies that have researched corporate governance and financial reporting in various forms in the literature, mixed results and divergent opinions have ensued. Notably, regarding corporate governance, studies by Ebimobowei (2022), Marie et al. (2021), and Khanifah et al. (2020) documented positive significant effects, while studies by Ali et al. (2020), Omesi and Appah (2021), and Boshnak (2021) reported negative effects. On the other hand, studies on financial reporting by Ayuba (2022); Aguguom et al. (2019), Proença et al. (2023), Ab-Hamid et al. (2018), and Fonou-Dombeu et al. (2022) reported mixed findings. These divergences further suggest inclusiveness and create gaps for further research. The literature reviewed showed that there is the paucity of studies addressing the problem of firm value from the perspective of corporate governance and corporate financial reporting in emerging economies like Nigeria. To bridge these gaps and extend the frontiers in knowledge, this study becomes imperative in providing novelty to the literature in this direction.

3. Methodology

Research design and data source: The study explored an *expost-facto* research design, using extracted figures from the financial statements of selected banks in Nigeria for the time frame under consideration.

Population and sample size: From a total population of 22 banks operating in Nigerian (both listed and non-listed banks), the study selected 13 listed banks as the sample size for a period of 15 years, from 2007 to 2021, as of December 2021 on the Nigerian Exchange Group (NGX). Based on the number of banks selected and the time frame, the study has 195 firm-year observations. The purposive sampling technique was adopted in the selection of the thirteen banks as sample subjects, based on the fact that only thirteen banks had been listed on the Nigerian Exchange Group prior to 2007, which was the commencement year of the time frame of this study. Also, the choice of the time frame was made due to the recapitalization of the banking system which occurred in 2005, and thus, the majority of these banks were just stabilizing towards late 2006 to early 2007. The thirteen (13) banks selected for the study were: (i) Guarantee Trust Bank, (ii) Zenith Bank Plc, (iii) First Bank Holding, (iv) First City Monument Bank, (v) United Bank for Africa, (vi) Access Bank Plc, (vii) Wema Bank, (viii) Keystone Bank Plc, (ix) Unity Bank Plc, (x) Fidelity Bank Plc, (xi) Sterling Bank Plc, and (xii) Keystone Bank, and (xiii) Union Bank Plc.

Analysis of data: In addressing the study analysis, the study adopted both descriptive and inferential analytical techniques. Pre-estimation diagnostics were carried out alongside the post-estimation diagnostic tests. The Hausman test helped in deciding between random and fixed effects, with the accepted better result used for interpretation at the 0.05 level of significance. The model was examined for the presence of econometric problems as applicable to panel studies, which judged the best estimating method adopted. Therefore, the model was tested for the presence of heteroscedasticity, serial correlation and cross-sectional dependence at the 0.05 level of significance. Heteroscedasticity was conducted using Breusch-Pagan/Cook-Weisberg test to check consistency in the residuals of the model over time. Serial correlation was checked using Wooldridge test to confirm if the coefficients and the residual of the model are uncorrelated. Likewise,

cross-sectional independence was examined using Pesaran’s Cross-sectional Dependence (CD) test to determine if the residuals of the model across firms are uncorrelated over time. The outcome of all the tests conducted determined the choice of the estimating technique adopted, which was considered the most appropriate for this study.

3.1. Dependent/Independent Variable

Dependent variable: The dependent variable of firm value was surrogated using market capitalization.

Independent variable: The independent variables of corporate governance and corporate financial reporting were measured using board independence and gender diversity as measures of corporate governance, while earnings persistence and earnings predictability were adopted to measure corporate financial reporting. Consequently, the model for the study was specified in Equation 1.

$$MKTCAP_{it} = \alpha_0 + \beta_1 BDIDP_{it} + \beta_2 GEDVT_{it} + \beta_3 EARPS_{it} + \beta_4 EPERS_{it} + \mu_{it} \tag{1}$$

Where:

MKTCAP = Market capitalization, BDIDP = Board independence, GEDVT = Gender diversity, EARPS = Earnings persistence, EPERS = Earnings predictability, i = Cross-sectional, t = Time-series, α = Constant, μ = Error terms, β₁₋₄ = Coefficients of the model.

Measurement of variables: the formula for the computations of the variables and the justifications as obtained in the literature is shown in Table 1.

Table 1. Measurement of variables.

Variables	Abbrev	Measures	Source
Dependent variable			
Market capitalization	MKTCAP	Number of equity shares in issue multiplied by the market price per share	Tiep Le and Nguyen (2022)
Independent variables			
Board independence	BDIDP	Number of the independent directors divided by the total number of directors on board	Diriba and Basumatary (2019)
Gender diversity	GENDVT	Number of women divided by the total number of directors on board	Tiep Le and Nguyen (2022)
Earnings persistence	EARPS	$NIBE_{it} = \gamma_{it} + \gamma_{it} NIBE_{i-t} + \mu_{it}$	Fuadah and Kalsum (2021)
Earnings predictability	EPERS	$EPERS = \sqrt{\sigma^2(\bar{U}_{it})}$	Aguguom et al. (2019)

Note: MKKCAP represents market capitalization; BDIDP represents board independence; GENDVT means gender diversity; EARPS represents earnings persistence; and EPERS means earnings predictability.

4. Analysis, Results and Discussions

The results of the regression analysis and the diagnostic tests conducted are displayed in Table 2.

Table 2. Regression estimates: Effect of corporate governance and corporate financial reporting on market capitalization.

Variable	Coefficients (β)	Std. errors	T-statistics	P-value
Constant	41.9	53.9	0.78	0.44
BDIDP	0.06	0.02	3.72	0.00*
GEDVT	0.36	0.95	0.38	0.71
EARPS	24.0	8.45	2.84	0.00*
EPERS	0.32	0.16	2.01	0.04*
Observations	195	195	195	195
Adj. R ²	0.48			
Wald Stat	18.3 (0.00)			
Hausman test	7.87 (0.25)			
Breusch-pagan LM test	107 (0.00)			
Heteroskedasticity test	39.5 (0.00)			
Serial correlation test	0.98 (0.34)			
Pesaran CD test	-1.36 (0.17)			

Note: *Significance level @5%. MKTCAP = Market Capitalization, BDIDP = Board independence, GEDVT = Gender diversity, EARPS = Earnings persistence, EPERS = Earnings predictability.

4.1. Interpretations

4.1.1. Pre-Estimation Results

As shown in Table 2, the study conducted a Hausman test, and the probability value of the test result of 0.25 proved that a random effects estimate was more appropriate compared to fixed effects. This was confirmed by the result of the Breusch-Pagan Lagrangian Multiplier (LM) test, which showed a probability value of 0.00 and indicated that random effects were more suitable than Ordinary Least Square (OLS) regression analysis for estimating the formulated regression equation (1).

The results of the Diagnostic tests carried out to ascertain the suitability of the model were not homoscedastic, meaning that the residuals of the model were not constant over time, as confirmed by the heteroscedasticity test with a p-value of 0.00, the null hypothesis was rejected. The model coefficients and residuals were also checked for autocorrelation problems using the Wooldridge test, which showed a probability value of 0.34 and indicated that the coefficients and the residuals of the model were uncorrelated, thus indicating no serial correlation problem in the model. Similarly, the Pesaran's CD test showed a probability value of 0.17, supporting the null hypothesis of no cross-sectional dependence problem in the model. Due to the heteroskedastic nature of the model, the regression analysis was conducted using Random-Effects Generalized Least Square Regression analysis with Robust Standard Errors, as depicted in Table 2.

Substituting for the values of the constant and slopes of the regression equation, the model of the study was restated as:

$$\text{MKTCAP}_{it} = \alpha_0 + 0.06\text{BDIDP}_{it} + 0.36\text{GEDVT}_{it} + 24.0\text{EARPS}_{it} + 0.32\text{EPERS}_{it} \quad (2)$$

As shown in Table 2, the outcome of the regression analysis conducted in testing the formulated hypothesis on how the four measures of corporate governance and corporate financial reporting (earnings per share (BDIDP), gender diversity (GEDVT), earnings persistence (EARPS), and earnings predictability (EPERS), affect market capitalization (MKTCAP). The t-test probability was used in determining the statistical significance of the effect of each determinant measure on market capitalization MKTCAP at 5% significance level. Considering the result, BDIDP had a probability value of 0.000, and EARPS had a probability of 0.004, and EPERS had a probability of 0.044. This implies that BDIDP, EARPS and EPERS significantly affect MKTCAP since their probability values were less than the chosen significance level of 5 percent.

In Contrast, the remaining determinant (GEDVT) showed no significant effects as the probability value was greater than the chosen significance level of 5 percent. GEDVT had a β_2 value of 0.361 and a probability value of 0.706.

The proportion and direction of the effect of each of the determinant measures were estimated using both the signs and absolute values of the coefficient ($\beta_1 = 0.06$, $t = 3.72$, $p\text{-value} = 0.00$; $\beta_2 = 0.36$, $t = 0.38$, $p\text{-value} = 0.71$; $\beta_3 = 24.0$; $t = 2.84$, $p\text{-value} = 0.00$; $\beta_4 = 0.32$, $t = 2.01$, $p\text{-value} = 0.044$). The results indicate that BDIDP has a positive effect on MKTCAP with coefficient value of 0.06, which implies that as BDIDP increases by 1 percent, there would be an increase in MKTCAP by 0.060 percent. Similarly, EARPS has a positive effect on MKTCAP with a parameter value of 24.0, which indicates that a 1 percent increase in EARPS will result into increase in MKTCAP by 24 percent. Furthermore, EPERS exerts a positive effect on MKTCAP with a coefficient value of 0.32, indicating that as EPERS increases by 1 percent, MKTCAP rises by 0.32 percent. In addition, GEDVT has a coefficient of 0.36, suggesting that a percentage increase in GEDVT would lead to a rise in MKTCAP by 0.36 percent.

In conclusion, the coefficients and the probabilities of the t-test revealed that only board independence (BDIDP), earnings persistence (EARPS), and earnings predictability (EPERS) positively and significantly affected market capitalization (MKTCAP), although gender diversity (GEDVT) also exerted a positive effect on MKTCAP, the effect was found insignificant.

Adjusted R-squared (AdjR^2) measures the composition of determinants of corporate governance and corporate financial reporting on market capitalizations, while the balance represents factors not considered in the model. The result of the Wald-statistics test of 18.30, with a degree of freedom of F (4, 175) representing four constructs of independent variables in 195 firm-year observations and a probability value of 0.000, implies that board independence (BDIDP), gender diversity (GEDVT), earnings persistence (EARPS), earnings predictability (EPERS), jointly had a significant effect on market capitalization (MKTCAP). The value of the coefficient of multiple determination of 0.48 means that the combined variations in BDIDP, GEDVT, EARPS, and EPERS resulted in 48% changes in MKTCAP, while the remaining 52% resulted from other factors not included in the model. At a 5% level of significance, the Wald-Test of 18.3 was statistically significant, with a p-value < 0.05 indicating that, the overall, the study rejects the null hypothesis formulated which implies that the value of Nigerian listed banks was significantly affected by corporate governance and corporate financial reporting.

Discussions: This study examined the relationship between corporate governance, corporate financial reporting, and firm value. The reported results were found to be mixed. Specifically, board independence, earnings persistence, and earnings predictability were found to have a positive significant effect on market capitalization, while gender diversity also exerted positive effect but was not statistically significant. The F-statistics showed that the combined explanatory variables of board independence, gender diversity, earnings

persistence, and earnings predictability had a positive effect on market capitalization, which is consistent with the findings of the studies by Tiep Le and Nguyen (2022), Ebimobowei (2022), Marie et al. (2021), Boshnak (2021), Khanifah et al. (2020), Ali et al. (2020), and Ochejo et al. (2019) who reported similar positive effects of corporate governance of firm's value and performance. However, the results of this study were insistent with the report of Agugom et al. (2019), which found a positive but insignificant effect of board independence on firm value. Also, the significant positive effect of earnings persistence and earnings predictability on firm value aligned with the findings of Ayuba (2022). The inconsistency of the findings of this study with the report of Agugom et al. (2019) could be due to the peculiarities of the sector under study, that's the banking system while their study focused on listed non-financial firms.

5. Conclusion and Recommendations

In examining the impact of corporate governance and corporate financial reporting on firm value, this study utilized market capitalization as a surrogate of firm value and measured corporate governance and corporate financial reporting using two variables: board independence and gender diversity for corporate governance, and earnings persistence and earnings predictability for corporate financial reporting. Through pooled panel data analysis, the study found that board independence, earnings persistence, and earnings predictability had a positive and significant effect on market capitalization. Conversely, while gender diversity, had a positive effect, it seemed statistically insignificant. However, the joint statistics of the combination of the explanatory variables revealed a positive impact on market capitalization when considered together.

The findings of this study align with the *a priori* expectations, as it is believed that good corporate governance ensures management efficiency. Likewise, quality financial reporting provides stakeholders with relevant information in taking the economic decisions, which enhances the value of the banks. The value of the information made available to the stakeholders determines the quality of the decision that is made and its impact on the worth of the firm. Theoretically, the findings supported the propositions of the stakeholders' theory and signalling theory. The significant positive impact of the corporate governance and financial reporting constructs confirmed that all the users of information were objectively considered when preparing the reports, and also that the financial reports possessed good qualitative factors to have yielded an improvement in the value of the banks. Consequently, the study concludes that corporate governance and corporate financial reporting collectively are important determining factors of the value of selected banks in Nigeria. The study has contributed to knowledge having provided additional empirical evidence of the corporate governance and corporate financial reporting on the value of selected banks in Nigeria.

In accordance with the findings of this study, it is recommended that the management of the selected banks should increase the number of women in the board of directors' position to the proportion of men on the board, judging by the insignificant effect of gender diversity recorded in the study. By implication, more women on board could bring about significant effects on the board composition. In addition, policymakers and regulatory institutions should exercise more oversight functions by insisting on strong regulatory compliance to enhance transparency, reliability, and earnings quality to improve weak earnings predictability reported in the study. This will enhance analysts' and users' forecast and predictive abilities.

6. Contribution to Knowledge and Suggestions Future Research

The study's contribution to the existing literature on corporate governance, corporate financial reporting, and firm value is significant, as it provides new insights into the relationship between these variables in the Nigerian context. However, the scope of the study is limited to selected banks in Nigeria, and future studies could expand the research to include other financial insinuations and sectors of the Nigerian economy to provide a more comprehensive understanding of the factors that contribute to the firm value maximization. By doing so, the findings can be more generalised and applied to a wider range of firms, and policymakers can make informed decisions based on the results of such studies.

References

- Ab-Hamid, M. F., Asid, R., Sulaiman, N. F. C., Sulaiman, W. F., & Bahri, E. N. A. (2018). Effect of earnings management on bank efficiency. *Asian Journal of Accounting and Governance*, 10(1), 73–82. <http://dx.doi.org/10.17576/AJAG-2018-10-07>
- Abdelhalim, K., & Eldin, A. G. (2019). Can CSR help achieve sustainable development? Applying a new assessment model to CSR cases from Egypt. *International Journal of Sociology and Social Policy*, 39(9/10), 773-795. <https://doi.org/10.1108/ijssp-06-2019-0120>
- Abdullah, H., & Tursoy, T. (2023). The effect of corporate governance on financial performance: Evidence from a shareholder-oriented system. *Iranian Journal of Management Studies*, 16(1), 79-95. <https://doi.org/10.1111/corg.12052>
- Abdullah, M. I., Ashraf, S., & Sarfraz, M. (2017). The organizational identification perspective of CSR on creative performance: The moderating role of creative self-efficacy. *Sustainability*, 9(11), 2125. <https://doi.org/10.3390/su9112125>
- Adegbie, F. F., Ajibade, A. T., & Ajagun, O. P. (2021). Disruptive technology and value-added tax in selected telecommunication company provider in Nigeria. *International Journal of Social Sciences and Humanities Reviews*, 11(1), 135-150.

- Afthanorhan, A., Awang, Z., & Aimran, N. (2020). An extensive comparison of CB-SEM and PLS-SEM for reliability and validity. *International Journal of Data and Network Science*, 4(4), 357-364. <http://dx.doi.org/10.5267/j.ijdns.2020.9.003>
- Aguguum, A., Dada, S. O., & Nwaobia, A. N. (2019). Earnings persistence and firm performance: Implications of analysts' accurate forecast ability from the emerging market of Nigeria. *International Journal and Accounting Research*, 7(1), 17. <https://doi.org/10.35248/2472-114x.19.7.197>
- Ajeigbe, K. B., & Ganda, F. (2023). The implications of the pandemic for the corporate governance, remuneration and sustainability performance of South African listed companies. *International Journal of Innovative Research and Scientific Studies*, 6(1), 174-184. <https://doi.org/10.53894/ijirss.v6i1.1174>
- Al-Ahdal, W. M., Alsamhi, M. H., Tabash, M. I., & Farhan, N. H. (2020). The impact of corporate governance on financial performance of Indian and GCC listed firms: An empirical investigation. *Research in International Business and Finance*, 51, 101083. <https://doi.org/10.1016/j.ribaf.2019.101083>
- Al-Fadly, A. (2020). Impact of COVID-19 on SMEs and employment. *Entrepreneurship and Sustainability Issues*, 8(2), 629. [https://doi.org/10.9770/jesi.2020.8.2\(38\)](https://doi.org/10.9770/jesi.2020.8.2(38))
- Al Amosh, H., & Khatib, S. F. (2021). Corporate governance and voluntary disclosure of sustainability performance: The case of Jordan. *SN Business & Economics*, 1(12), 1-22. <https://doi.org/10.1007/s43546-021-00167-1>
- Al Amosh, H., & Khatib, S. F. A. (2022). Theories of corporate disclosure: A literature review. *Corporate Governance and Sustainability Review*, 6(1), 46-59. <https://doi.org/10.22495/cgsrv6i1p5>
- Al Amosh, H., Khatib, S. F. A., Alkurdi, A., & Bazhair, A. H. (2022). Capital structure decisions and environmental, social and governance performance: Insights from Jordan. *Journal of Financial Reporting and Accounting, ahead-of-print*(ahead-of-print), 1-18. <https://doi.org/10.1108/JFRA-12-2021-0453>
- Alabdullah, T. T. Y. (2018). The relationship between ownership structure and firm financial performance: Evidence from Jordan. *Benchmarking: An International Journal*, 25(1), 319-333. <https://doi.org/10.1108/BIJ-04-2016-0051>
- Ali, W., Ansari, R. H., & Memon, M. A. B. (2020). Corporate governance and firm financial performance: A meta-analysis study. *Journal of Accounting and Finance in Emerging Economies*, 6(4), 917-940. <https://doi.org/10.26710/jafee.v6i4.1401>
- Ananzeh, H., Al Amosh, H., & Albitar, K. (2022). The effect of corporate governance quality and its mechanisms on firm philanthropic donations: Evidence from the UK. *International Journal of Accounting and Information Management*, 30(4), 477-501. <https://doi.org/10.1108/ijaim-12-2021-0248>
- Andreou, P. C., Louca, C., & Panayides, P. M. (2014). Corporate governance, financial management decisions and firm performance: Evidence from the maritime industry. *Transportation Research Part E: Logistics and Transportation Review*, 63, 59-78. <https://doi.org/10.1016/j.tre.2014.01.005>
- Ararat, M., Black, B. S., & Yurtoglu, B. B. (2017). The effect of corporate governance on firm value and profitability: Time-series evidence from Turkey. *Emerging Markets Review*, 30, 113-132. <https://doi.org/10.1016/j.ememar.2016.10.001>
- Ardalan, K. (2017). Capital structure theory: Reconsidered. *Research in International Business and Finance*, 39, 696-710. <https://doi.org/10.1016/j.ribaf.2015.11.010>
- Arenas-Torres, F., Bustamante-Ubilla, M., & Campos-Troncoso, R. (2021). Diversity of the board of directors and financial performance of the firms. *Sustainability*, 13(21), 1-11.
- Awang, Z. (2012). *A handbook on SEM structural equation modelling: SEM using aMOS graphic* (5th ed.). Kota Baru: Kelantan Mara University of Technology.
- Ayuba, A. (2022). Earnings quality and market values of listed companies in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 10(3), 76-91.
- Badulescu, D., Simut, R., Badulescu, A., & Badulescu, A.-V. (2019). The relative effects of economic growth, environmental pollution and non-communicable diseases on health expenditures in European union countries. *International Journal of Environmental Research and Public Health*, 16(24), 5115. <https://doi.org/10.3390/ijerph16245115>
- Bala, S. A., Almustapha, A. A., & Bakare, T. O. (2020). Effect of corporate governance on financial performance of deposit money banks in Nigeria. *Asian Journal of Economics, Business and Accounting*, 13(3), 1-11. <https://doi.org/10.9734/ajebe/2019/v13i330175>
- Bekun, F. V., Emir, F., & Sarkodie, S. A. (2019). Another look at the relationship between energy consumption, carbon dioxide emissions, and economic growth in South Africa. *Science of the Total Environment*, 655, 759-765. <https://doi.org/10.1016/j.scitotenv.2018.11.271>
- Bolourian, S., Angus, A., & Alinaghian, L. (2021). The impact of corporate governance on corporate social responsibility at the board-level: A critical assessment. *Journal of Cleaner Production*, 291, 125752. <https://doi.org/10.1016/j.jclepro.2020.125752>
- Boshnak, H. A. (2021). Corporate governance mechanisms and firm performance in Saudi Arabia. *International Journal of Financial Research*, 12(3), 446-465. <https://doi.org/10.5430/ijfr.v12n3p446>
- Canina, L., & Potter, G. (2019). Determinants of earnings persistence and predictability for lodging properties. *Cornell Hospitality Quarterly*, 60(1), 40-51. <https://doi.org/10.1177/1938965518791729>
- Castillo-Merino, D., & Rodríguez-Pérez, G. (2021). The effects of legal origin and corporate governance on financial firms' sustainability performance. *Sustainability*, 13(15), 8233. <https://doi.org/10.3390/su13158233>
- Chang, S. (2016). Sustainable evolution for global business: A synthetic review of the literature. *Journal of Management and Sustainability*, 6(2), 1-23. <https://doi.org/10.5539/jms.v6n1p1>
- Chenini, H., & Jarboui, A. (2018). Analysis of the impact of governance on bank performance: Case of commercial Tunisian banks. *Journal of the Knowledge Economy*, 9(3), 871-895. <https://doi.org/10.1007/s13132-016-0376-6>
- Chien, F. (2023). The role of corporate governance and environmental and social responsibilities on the achievement of sustainable development goals in Malaysian logistic companies. *Economic Research*, 36(1), 1610-1630. <https://doi.org/10.1080/1331677x.2022.2090407>

- Cho, C. H., Laine, M., Roberts, R. W., & Rodrigue, M. (2015). Organized hypocrisy, organizational façades, and sustainability reporting. *Accounting, Organizations and Society*, 40, 78-94. <https://doi.org/10.1016/j.aos.2014.12.003>
- Choongo, P. (2017). A longitudinal study of the impact of corporate social responsibility on firm performance in SMEs in Zambia. *Sustainability*, 9(8), 1300. <https://doi.org/10.3390/su9081300>
- Chuvakhin, N., & Gertmenian, L. W. (2003). Predicting bankruptcy in the WorldCom age. *Journal of Contemporary Business Practice*, 6(1), 3-8.
- Ciftci, I., Tatoglu, E., Wood, G., Demirbag, M., & Zaim, S. (2019). Corporate governance and firm performance in emerging markets: Evidence from Turkey. *International Business Review*, 28(1), 90-103. <https://doi.org/10.1016/j.ibusrev.2018.08.004>
- Dang, H. N., Nguyen, T. T. C., & Tran, D. M. (2020). The impact of earnings quality on firm value: The case of Vietnam. *The Journal of Asian Finance, Economics and Business*, 7(3), 63-72. <https://doi.org/10.13106/jafeb.2020.vol7.no3.63>
- Diriba, M., & Basumatary, D. (2019). Impact of corporate governance on firm performance: Evidence from Indian leading companies. *Hypothesis: KIIT Journal of Management*, 15(1&2), 127-140. <https://doi.org/10.23862/kiit-parikalpana/2019/v15/i1-2/190178>
- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16(1), 49-64. <https://doi.org/10.1177/031289629101600103>
- Ebimobowei, A. (2022). Corporate governance characteristics and firm value of deposit money banks in Nigeria. *British Journal of Management and Marketing Studies*, 5(2), 109-129. <https://doi.org/10.52589/bjmms-rbdlyeyj>
- Enache, L., & Hussainey, K. (2020). The substitutive relation between voluntary disclosure and corporate governance in their effects on firm performance. *Review of Quantitative Finance and Accounting*, 54(2), 413-445. <https://doi.org/10.1007/s11156-019-00794-8>
- Fabeil, N. F., Pazim, K. H., & Langgat, J. (2020). The impact of Covid-19 pandemic crisis on micro-enterprises: Entrepreneurs' perspective on business continuity and recovery strategy. *Journal of Economics and Business*, 3(2), 837-844. <https://doi.org/10.31014/aior.1992.03.02.241>
- Festus, A. F., Rufus, A. I., & Janet, T. O. (2020). Sustainability reporting: Imperative for turnover growth. *Asian Journal of Economics, Business and Accounting*, 16(1), 8-18. <https://doi.org/10.9734/ajeba/2020/v16i130227>
- Fonou-Dombou, N. C., Mbonigaba, J., Olarewaju, O. M., & Nomlala, B. C. (2022). Earnings quality measures and stock return volatility in South Africa. *Future Business Journal*, 8(1), 1-15. <https://doi.org/10.1186/s43093-022-00115-x>
- Francis, J., Nanda, D., & Olsson, P. (2008). Voluntary disclosure, earnings quality, and cost of capital. *Journal of Accounting Research*, 46(1), 53-99. <https://doi.org/10.1111/j.1475-679x.2008.00267.x>
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Massachusetts: Pitman.
- Freeman, R. E., Phillips, R., & Sisodia, R. (2020). Tensions in stakeholder theory. *Business & Society*, 59(2), 213-231. <https://doi.org/10.1177/0007650318773750>
- Fuadah, L., & Kalsum, U. (2021). The impact of corporate social responsibility on firm value: The role of tax aggressiveness in Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(3), 209-216.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kartika, H. T., Moeljadi, M., Ratnawati, K., & Indrawati, N. K. (2019). The roles of cost of capital, corporate governance, and corporate social responsibility in improving firm value: Evidence from Indonesia. *Investment Management & Financial Innovations*, 16(4), 28-36. [http://dx.doi.org/10.21511/imfi.16\(4\).2019.03](http://dx.doi.org/10.21511/imfi.16(4).2019.03)
- Khanifah, K., Hardiningsih, P., Darmaryantiko, A., Iryantik, I., & Udin, U. (2020). The effect of corporate governance disclosure on banking performance: Empirical evidence from Iran, Saudi Arabia and Malaysia. *The Journal of Asian Finance, Economics and Business*, 7(3), 41-51. <https://doi.org/10.5539/ibr.v7n11p51>
- Khatib, S. F., & Nour, A. (2021). The impact of corporate governance on firm performance during the COVID-19 pandemic: Evidence from Malaysia. *Journal of Asian Finance, Economics and Business*, 8(2), 0943-0952.
- Kiptoo, I. K., Kariuki, S. N., & Ocharo, K. N. (2021). Corporate governance and financial performance of insurance firms in Kenya. *Cogent Business & Management*, 8(1), 1938350. <https://doi.org/10.1080/23311975.2021.1938350>
- Ko, C., Lee, P., & Anandarajan, A. (2019). The impact of operational risk incidents and moderating influence of corporate governance on credit risk and firm performance. *International Journal of Accounting & Information Management*, 27(1), 96-110. <https://doi.org/10.1108/ijaim-05-2017-0070>
- Komara, A., Ghozali, I., & Januarti, I. (2019). Examining the firm value based on signaling theory. *Advances in Economics, Business and Management Research*, 123(1), 1-4. <https://doi.org/10.2991/aebmr.k.200305.001>
- Margherita, A., & Heikkilä, M. (2021). Business continuity in the COVID-19 emergency: A framework of actions undertaken by world-leading companies. *Business Horizons*, 64(5), 683-695. <https://doi.org/10.1016/j.bushor.2021.02.020>
- Marie, M., Kamel, H., & Elbendary, I. (2021). How does internal governance affect banks' financial stability? Empirical evidence from Egypt. *International Journal of Disclosure and Governance*, 18, 240-255. <https://doi.org/10.1057/s41310-021-00110-8>
- Mrabure, K. O., & Abhulimhen-Iyoha, A. (2020). Corporate governance and protection of stakeholders rights and interests. *Beijing Law Review*, 11(1), 292-308. <https://doi.org/10.4236/blr.2020.111020>
- Nguyen, T., Pham, T., Le, Q., & Bui, T. (2020). Impact of corporate social responsibility on organizational commitment through organizational trust and organizational identification. *Management Science Letters*, 10(14), 3453-3462.
- Nicola, M., Alsafi, Z., Sohrabi, C., Kerwan, A., Al-Jabir, A., Iosifidis, C., . . . Agha, R. (2020). The socio-economic implications of the coronavirus pandemic (COVID-19): A review. *International Journal of Surgery*, 78, 185-193. <https://doi.org/10.1016/j.ijssu.2020.04.054>
- Ochego, E. M., Omagwa, J., & Muathe, S. (2019). Corporate governance, financial performance and firm value. *International Journal of Finance & Banking Studies* (2147-4486), 8(4), 41-48. <https://doi.org/10.20525/ijfbs.v8i4.608>

- Omesi, I., & Appah, E. (2021). Corporate governance and tax avoidance of listed consumer and industrial goods companies in Nigeria. *IOSR Journal of Economics and Finance*, 12(2), 17-31. <https://doi.org/10.9790/5933-1202041731>
- Pandya, D., & Van Deventer, I. A. (2021). The effect of strengthened corporate governance on firm performance in the United States. *Journal of Accounting, Business and Finance Research*, 12(2), 26-31. <https://doi.org/10.20448/2002.122.26.31>
- Perotti, P., & Wagenhofer, A. (2014). Earnings quality measures and excess returns. *Journal of Business Finance & Accounting*, 41(5-6), 545-571. <https://doi.org/10.1111/jbfa.12071>
- Proença, C., Augusto, M., & Murteira, J. (2023). The effect of earnings management on bank efficiency: Evidence from ECB-supervised banks. *Finance Research Letters*, 51, 103450. <https://doi.org/10.1016/j.frl.2022.103450>
- Purbawangsa, I. B. A., Solimun, S., Fernandes, A. A. R., & Mangesti Rahayu, S. (2020). Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016). *Social Responsibility Journal*, 16(7), 983-999. <https://doi.org/10.1108/srj-08-2017-0160>
- Qureshi, M. A., Kirkerud, S., Theresa, K., & Ahsan, T. (2020). The impact of sustainability (environmental, social, and governance) disclosure and board diversity on firm value: The moderating role of industry sensitivity. *Business Strategy and the Environment*, 29(3), 1199-1214. <https://doi.org/10.1002/bse.2427>
- Rehman, A., & Hashim, F. (2021). Can forensic accounting impact sustainable corporate governance? *Corporate Governance: The International Journal of Business in Society*, 21(1), 212-227. <https://doi.org/10.1108/cg-06-2020-0269>
- Salemba, E., Butt, A. A., Shahzad, A., & Ahmad, J. (2020). Impact of CSR on firm value: The moderating role of corporate governance. *Indonesian Journal of Sustainability Accounting and Management*, 4(2), 145-163. <https://doi.org/10.28992/ijSAM.v4i2.257>
- Sameer, I. (2021). Impact of corporate social responsibility on organization's financial performance: evidence from Maldives public limited companies. *Future Business Journal*, 7(1), 1-21. <https://doi.org/10.1186/s43093-021-00075-8>
- Shu, P.-G., & Chiang, S.-J. (2020). The impact of corporate governance on corporate social performance: Cases from listed firms in Taiwan. *Pacific-Basin Finance Journal*, 61, 101332. <https://doi.org/10.1016/j.pacfin.2020.101332>
- Smith, R., & Marx, B. (2022). Corporate governance practices in large and medium-sized auditing firms in South Africa. *International Journal of Management and Sustainability*, 11(4), 202-220. <https://doi.org/10.18488/11.v11i4.3209>
- Spence, M. (1973). Job market signaling. *Quarterly Journal of Economics*, 87(3), 355-374. <https://doi.org/10.2307/1882010>
- Sukesti, F., Wibowo, E., & Prakaswi, A. (2019). *The factors that influence on firm value and company performance as Mediation Variables (Study manufacturing companies period 2015-2017)*. Paper presented at the Conference: Proceedings of the 1st International Conference on Economics, Management, Accounting and Business, ICEMAB 2018, 8-9 October 2018, Medan, North Sumatra, Indonesia.
- Tarigan, J., & Stacia, L. (2019). Corporate social responsibility policies and value creation: Does corporate governance and profitability mediate that relationship? *Investment Management & Financial Innovations*, 16(2), 270-280. [http://dx.doi.org/10.21511/imfi.16\(2\).2019.23](http://dx.doi.org/10.21511/imfi.16(2).2019.23)
- Thanh Tiep, L., Quang Huan, N., Thi Thuy Hong, T., & Khoa Tran, D. (2021). The contribution of corporate social responsibility on SMEs performance in emerging country. *Journal of Cleaner Production*, 322, 129103. <https://doi.org/10.1016/j.jclepro.2021.129103>
- Tiep Le, T., & Nguyen, V. K. (2022). The impact of corporate governance on firms' value in an emerging country: The mediating role of corporate social responsibility and organisational identification. *Cogent Business & Management*, 9(1), 2018907. <https://doi.org/10.1080/23311975.2021.2018907>
- Tuan, V. K. (2020). Analysis of challenges and opportunities for Vietnamese SMEs in the globalization. *Journal of Business Management and Economic Research*, 4(2), 169-185. <https://doi.org/10.29226/tr1001.2020.192>
- Warrad, L., & Khaddam, L. (2020). The effect of corporate governance characteristics on the performance of Jordanian banks. *Accounting*, 6(2), 117-126. <https://doi.org/10.5267/j.ac.2019.12.001>
- Zabri, S. M., Ahmad, K., & Wah, K. K. (2016). Corporate governance practices and firm performance: Evidence from top 100 public listed companies in Malaysia. *Procedia Economics and Finance*, 35, 287-296. [https://doi.org/10.1016/s2212-5671\(16\)00036-8](https://doi.org/10.1016/s2212-5671(16)00036-8)
- Zhang, M. F., Dawson, J. F., & Kline, R. B. (2021). Evaluating the use of covariance-based structural equation modelling with reflective measurement in organizational and management research: A review and recommendations for best practice. *British Journal of Management*, 32(2), 257-272. [https://doi.org/10.1016/s2212-5671\(16\)00036-8](https://doi.org/10.1016/s2212-5671(16)00036-8)
- Zollo, L., Laudano, M. C., Boccardi, A., & Ciappei, C. (2019). From governance to organizational effectiveness: The role of organizational identity and volunteers' commitment. *Journal of Management and Governance*, 23, 111-137. <https://doi.org/10.1007/s10997-018-9439-3>