
Financial Accounting Reporting and the Corporate Performance of Business Organization

Eyenubo Samuel Akpovwre

Department of Accounting, Faculty of Management Sciences, University of Delta Agbor.
samuel.eyenubo@unidel.edu.ng

Ogboi Emeke

Department of Accounting, Faculty of Management Sciences, University of Delta Agbor.
emeke.ogboi@unidel.edu.ng

ABSTRACT

This study explored the effect of financial accounting reporting on the corporate performance of business organization. As financial operations are becoming more complex and the demand to transparency and accountability is rising, high-quality financial reporting has become very essential to criminal decision-making and better organizational performance. The research was based on descriptive survey design and data was gathered with the help of structured questionnaires which were administered to a sample of stakeholders of the business organizations in Nigeria. The population of respondents sampled was 115 by the use of stratified and purposive sampling techniques. To determine perceptions pertaining to different dimensions, descriptive statistics were also used in the analysis, with mean value and the standard deviation. At the end of analysis, it was discovered that financial reporting quality is strongly related to the profitability level of business organizations. Timely and proper financial reports improve accountability, help in monitoring utilization of funds and strategic planning and investment decision-making. In addition, financial reporting standards compliance was identified to enhance operation efficiency over its ability to improve budgeting, forecasting, and control systems. The research makes recommendations like enhancement of internal controls, continuous training of individuals who do the accounting work and ensuring investment in contemporary financial systems to increase the quality of reporting. The study will add value to the available information through the provision of operational and financial implications of quality reporting in Nigeria business environment. Future studies of this type should be expanded by comparing findings between the public and private institutions and somehow involve the use of longitudinal data in the attempt to evaluate causal relationships across the timescale.

Keywords: Financial Accounting Reporting; Corporate Performance; Financial Reporting; Business Organizations; Financial Statements; Profitability.

1.0 Background to the study

Accounting reporting is part of the foundation of corporate governance and performance evaluation. It entails a systematic report of the financial transactions of an organization in a way that the investors, creditors, regulators, and other internal management have an informed decision (Kieso, Weygandt, & Warfield, 2020). When such reports are made under procedures that are agreed across the globe such as the International Financial Reporting Standards (IFRS), and Generally Accepted Accounting Principles (GAAP), then they increase transparency, comparability, and accountability (Abd-Elnaby, Abd-Elkareem, & Adel, 2021).

High quality in a financial report is normally defined by the following characteristics, relevance, faithful representation, verifiability, timeliness, and understandability (IFRS Foundation, 2023). As demonstrated by Abd-Elnaby *et al.*, (2021), in such emerging economies as Egypt, companies that enhanced the quality of their financial reporting along with increased profitability and investor confidence. This indicates a concrete connection of the quality of financial reporting and the outcome at the firm level, including profitability, efficiency in operations, and survival.

In the Nigerian scenario, such a relationship has gained prominence especially in the wake of increased financial instability, regulatory changes and increasing pressure of accountability on the companies. Ahannaya (2022) indicates that the performance metrics of Nigerian corporations that are more committed to the standards of reporting are better, such as an increase in return on assets (ROA), return on equity (ROE), and market capitalization. These results are associated with improved internal control systems, increase in investor confidence and allocation of more resources in a more strategic manner.

The introduction of the IFRS to Nigerian business organization particularly those listed at Nigerian Exchange (NGX) has augmented the curiosity behind the interpretation of the impact of financial reporting practices on performance. According to Umoren and Enang (2020), the researchers positively correlated financial performance in banking with the adoption of IFRS citing that it enhances the quality of earnings and the minimization of information asymmetry. By the same token, Nwaogwugwugwu (2024) observed that a post-IFRS investor activity and returns on stocks increased, which implies the market-level confirmation of improved reporting standards.

Alongside the usual financial reporting, the corporate reporting has been extended to cover non-financial information as sustainability, environmental, social, and governance (ESG) data. According to Abubakar *et al.* (2022), sustainability reporting provides a better overview of the performance of a firm and its exposure to risk especially to a highly unstable economy. Diekolola and Bodunde (2023) further stated that integrated reporting that includes both financial and non-financial measures has the capability to enhance strategic decision-making and alignment with stakeholders particularly in capital intensive are such as oil and gas, telecommunications, and banking.

The changes that digital technologies brought to the corporate reporting cannot be overestimated. Akinfemide *et al.*, (2024) noted that the introduction of online financial disclosure websites has changed the landscape of financial reporting as it enables real-time availability of financial reports, increased participation of stakeholders and the reduced cost of announcement. In keeping with this, it has been argued by Burcă and others (2024) that disclosure of sustainability on the internet can enhance the social legitimacy of a firm and the performance of a company in the market due to

alignment of corporate activities in conformity to some established expectations of investors, pertaining to transparency and ethics.

Nevertheless, the reporting environment in Nigeria is still faced with a number of challenges even though these remain to have been addressed by these developments. Cohen, Malloy, and Nguyen (2020) discovered the lack of uniformity in the quality of narratives, however, particularly in management discussion and analysis (MDA) section of annual reports. Such shortfalls are usually supplemented by the lack of uniformity in the adherence to reporting standards, the insufficient audit independence, and the systematic lack of transparency within selected industries. Raimo et al. (2021) cautioned that a lack of congruency in financial narration may alter the mindset of investors and cause the allocation of capital in the wrong direction and inefficient corporate governance.

In addition, these challenges are enhanced by the macro-economic volatility in Nigeria marked by exchange rate fluctuations, inflation, regulatory unpredictability, political uncertainty, amongst others. It means that in this kind of environment, trustworthy and transparent financial reporting, as a regulation issue, is turned into a strategic issue of survival and growth.

This is against this complicated background whereby the current research aims at examining the impact of the financial accounting reporting on the performance of corporate entities in Nigerian business organizations within the approximated duration of 2020 and 2025. This period of time is especially topical, since it embodies the period of so-called regulatory reforms (with amendments to the Companies and Allied Matters Act, among others), the post-COVID situation, even more active digitization of accounting systems, and an increased focus on stakeholder capitalism.

It is through this point of interaction between reporting and performance that the study hopes to come up with evidence-based information that can help in policy and practice in the long run leading to improved corporate governance, more effective risk management and stakeholder trust in the business environment of Nigeria.

That thus informs the paper since there seems to be a discrepancy between the reforms of financial reporting and the observed positive changes in organization performance. It attempts to question, whether the transformation of the financial accounting reporting practices in the period between 2020 and 2025 has made some significant impact on the corporate performance of the Nigerian business organizations. In a more specific way, the research effort will deal with the measure of the correspondence of financial disclosures in their form and content with measures of performance (profitability, investor valuation, and operational efficiency, etc.).

Until these questions are addressed, however, there might be a paradox to Nigeria: implementation of global reporting frameworks followed by no economic and institutional dividend to be reaped. The bane of this is the evidence of the importance of the need to reevaluate the functional value of financial reporting not only as a tool of compliance, but as a strategic instrument of management that helps improve the performance of an organization within the volatile unpredictable competitive environment.

2.0 LITERATURE REVIEW

2.1 The Nature and Financial Reporting

Financial reporting plays a pivotal role in the decision making process of all stakeholders which are; investors, creditors, regulators and the management. Uwuigbe, Uwuigbe and Daramola (2024) recount that financial reports are an essential instrument of communicating financial strength and performance of an organization, guiding economic decision-making among users. Financial reporting aims at ascertaining the relevance, reliability and timeliness of information regarding the financial position of an entity so that the information is useful to varied users in making informed economic decisions (Ibanichuka & James, 2022). It allows the stakeholders to evaluate the previous performance and possibilities of future value creation, and therefore it serves as a building block in the wealth maximization and resources allocation (Ibanichuka, *et. al.*, 2022).

Financial reports usually have specific contents like the assets, the liability, equity, income, expenses and cash flows of an organization. The information aids investors to assess the financial position and operational performance of the firm against its cash-generating capacity which are critical in making investment as well as credit decisions and regulatory practices (Okafor, 2020). Ezeagba, John-Akamelu, and Umeoduagu (2021) state that a fundamental prepared financial report reveals effects of transactions, events, and conditions that drive financial position and performance of the entity, something that allows users to trace the changes in it over time.

Financial reporting qualitative characteristic is critical towards its effectiveness. These features are relevance, faithful representation, comparability, verifiability, timeliness and understandability (Uwuigbe *et al.*, 2021). Relevance means that financial information ought to be in a position to create a difference in the decisions that would be made by the users including capital providers. This is usually determined on how it is easily predictive of earnings reported and whether it opens or corrects the previous expectations (Uwalomwa *et al.*, 2023). The concept of faithful representation on the other hand demands that economic substance of transactions is reflected in their financial information. In this way, it is supposed that the information should be complete, neutral, and not under the material error (Okoye, 2020).

Understandability is the degree at which the financial information can be understood by the users who reasonably know about the business and economic activities. According to Uwuigbe, Uwuigbe and Daramola, (2024) financial reporting transparency increases the capability of users to make sense of the released data. Another crucial attribute, comparability, allows users to determine similarities and differences expanded between the financial reports of multiple entities or the same entity across periods and, thus, enhance the consistency of decisions (Uwalomwa *et al.*, 2021).

Moreover, verifiability strengthens financial reporting reliability because when various knowledgeable and independent observers, they will be in agreement over the assertion that an entity depiction is credibly represented. The aspect of timeliness means that information should be presented over a period that does not render it to be obsolete concerning its effectiveness in decision-making (Ibanichuka & James, 2022). Financial reporting is delayed, which makes reporting less relevant especially in the quick-moving capital markets.

These qualitative attributes provide the measurement techniques field where the researchers have conducted research work to assess the quality of financial reporting. An example of that is the definition of relevance by predictive and confirmatory value and of faithful representation by

accuracy, neutrality, and completeness. On the same note, the user interpretation tests and readability indexes are employed to analyze the understandability (Okafor, 2020).

All in all quality reporting in finance leads to better transparency, accountability and investor-confidence. Not only a regulatory requirement but also a tool that can facilitate effective operations of corporate governance and market efficiency (Ibanichuka, James & Faboyede, 2022; Okafor, 2020).

2.1.1 Concept of Corporate Performance

Corporate Performance can be described as the capacity in an organization to yield returns consistently. The term is the merger of profit the incomes that are created due to operating activities and ability the potential of a firm to create the incomes regularly. Overall, profitability can be regarded as an indicator of the firm doing well in turning the invested capital into income (Abd-Elnaby, *et. al.*, 2021). Ahannaya (2022) expounds that profitability is actually a measure of the financial success of the business that reveals how effectively it uses the available resources to create value. Gandolph (2022) goes further to explain that profitability involves both absolute income and efficiency which means the relation between the earning power of the firm with the money it invests.

Empirical research indicates that a sustained level of profit is regularly considered to be an indicator of the performance that generates investment opportunities, as well as an outlook indicator of the competency in operations (Diekolola & Bodunde, 2023). The fact that a profit-making operation is supposed to deliver returns equaling or greater than the capital market opportunities emphasize the opportunity cost of interpreting profitability (Nwaogwugwu, 2024). The companies that fail to live up to these expectations may lose the trust of investors, being deprived of new capital and their long-term sustainability (Raimo *et al.*, 2021).

Although an impressive profit number is not necessarily a bad sign on its own, it is not always an indicator of productive business and organizational well-being (Burcă *et al.*, 2024). Profitability is not absolute, it should be viewed in concentric relation to the strategy objectives, amount of risks, and capital structure. To stakeholders, such as the management, investors, and regulators, profitability fulfils different functions: it is an indicator of operating efficiency, an indicator of returns on investment, and a measure of resilience to the financial situation (Eshiet *et al.*, 2023).

After all it is the blood of the corporate entity that would be profitability in the end. It ensures that the firms are able to pay capital providers, sustain growth, and exist competently. Business need to maintain a level profitability in the sense that they can outlive capital bases, cannot maintain operations, and a business can become out of strategic relevance without constant profitability rate (Akinfemide *et al.*, 2024). Profitability is therefore a consequence as well as a catalyst of the economy behind the existence of business and stakeholder belief.

2.1.2 Measurement of Corporate Performance

There exist various ways of measuring financial performance most especially in the corporate world. The most used among them are Return on Assets (ROA), Return on Equity (ROE) and Return on Sales (ROS). ROA means the use of the assets of an organization to bring out earnings in a certain way. ROE indicates the return that shareholders are likely to enjoy in case they engage in investment, and ROS evaluates how profitable a business organization can be in comparison to how much it sells (Okonkwo *et al.*, 2021). The popularity of these financial ratios is associated with their easy

calculation and the fact that they are standardized with regard to measurement around the whole world (Adeniran & Aregbeyen, 2020).

In the traditional sense, performance of firms has been measured using financial indicators. Such profitability indicators as ROA, ROE, operating profit margin, and net income will be critical (Adegbe & Olufemi, 2021). The other important factor of financial performance is liquidity which is related with the capability of the firm towards addressing its short-term financial obligations without any operational interference. It can be measured both by structural liquidity using balance sheet indicators and operational liquidity which presupposes the study of cash flow processes (Afolabi *et al.*, 2020).

The solvency ratios instead measure the degree of leverage in a capital structure of an enterprise. They show how well a firm can pay its overall debts in the case of liquidating all assets and demonstrate how well the business can withstand financial pressure of major proportions (Ejeh *et al.*, 2020). Generally, Profitability determines the ability of a company in utilizing its resources namely; labour, management, and capital resources well in order that it can achieve earnings. It addresses the connections between earnings and costs, and the connection between incomes and capital investments (Onodje, 2021).

The repayment capacity determines the capability of a firm to pay existing and more debt with operational and other revenue. It is an important parameter that determines the ability of the firm to grow or reinvest after fulfilling all the cash requirements (Olowolaju *et al.*, 2021). Nevertheless, although a company can have short-term solid cash flow, the latter does not imply long-term financial viability. This demonstrates why it is necessary to assess the financial efficiency i.e., the ability of a business to utilize inputs (labor and capital) to produce outputs. Physical and financial efficiency indicators allow identifying bottlenecks in operations and performance improvement opportunities (Ogundana *et al.*, 2020).

2.2 Theoretical framework.

2.2.1 Stewardship Theory

According to many scholars the popular agency theory is known to have evolved from Economics while the Stewardship theory can also be said to have developed from psychology and sociology. The Stewardship theory can also be said to be a product of the seminar work done by Donaldson and Davis (1989), this seminar work emphasized that the senior executive should act as steward of the organization and that everything is done in the best interest of the principal. This explanation of stewardship theory put forward by Donaldson and Davis (1989) established that most managers tend to act in the best interest of their firm, by emphasizing the collective goal of the organization instead of their self-serving option. Their finding further suggests that most stewards are motivated only by making the right decision which is usually in the best interest of the organization, because of the strong assumption that stewards will also benefit from the right decision taken in the long run.

Similarly, Davis, Schoorman and Donaldson (1997) define stewardship theory as the process where stewards protect and maximize shareholders wealth through improved firm's performance, because by doing so, the stewards recognized, that his utility function is maximized. This stewardship theory refers more to the manager and chief executive as the main individual responsible for the stewardship function in the organization. In another, definition, Block (1996) reported that the

stewardship role is depicted with service to the firm over self- interest; he further established that organization and individual role can be easily achieved by honoring the stewardship relationship and treating followers like owners and partners.

2.2.2 Stakeholder's Theory

According to Fredman (2004) stakeholder theory emphasizes that some individual or group are very important for the survival of the organization. This explanation is seen as organization-oriented explanation, but in an earlier research freeman reported that stakeholder theory refers to any group or individual who can affect or who is likely to be affected by the achievement of the organization objective. Friedman and Miles (2009) supported these explanation of Freeman (1984) because according to him, his definition of the stakeholders theory was more balance and covers a wider area than those of Stanford Research Institute (SRI) (1963) who defined the theory as simply as those people who, without their support and ideas the organization would not exist. He further stated that freeman definition was wider because it included individuals outside the firm and other groups that may consider themselves to be stakeholders of the organization without the firm acknowledging them to be so. The stakeholder in most organizations usually includes shareholders, employees, customers, lenders, suppliers, local charities, various interest group and government.

Craig (2010) reported that stakeholders theory emphasizes that all stakeholders have right to be provided with relevant information about how the organization and this information could involve information about influence of pollution from the organization to the environment, information about community sponsorship, information on provision of employment, information on safety initiative provided by the organization etc. He also emphasized that this information should be provided to the stakeholders even though they do not affect the survival of the organization.

2.2.3 Asymmetric Theory

The asymmetric information theory accepts that no less than one party to a transaction has significant information while others don't. Asymmetric information talks about a deviation from impeccable information. Akerlof (1970) opined that imbalances in access to information can easily influence the capital market for the trading of merchandise and business. It says that in some financial transactions, disparities in access to information annoy the ordinary market for the trading of merchandise and business. This theory gives a hypothetical clarification of the weight to unveil on the executives of the banks who are better put in the corporate structure to know the banks better and along these lines discharge the information they have to the financial specialists that will utilize same for basic leadership.

Ball (2009) take note of that reviewed financial related articulations and intentional exposures are corresponding systems for directors to impart information. Gigler and Hemmer (1998) watch that reporting autonomously inspected financial results play a 'corroborative part', enabling shareholders to assess the education and honesty of past optional Disclosures. Thus, this enables directors to solidly reveal value applicable information, regardless of the possibility that the information is not specifically unquestionable.

2.3 Empirical study.

In recent works, the financial reporting has been shown to be a very important decision making force among the investors, analysts, and the corporate leaders. As an example, according to Abd-Elnaby, Abd-Elkareem, and Adel (2021), within the framework of the study, it is revealed that

audited financial statements occupy a central position when creating trust and making strategic decisions. Their questionnaire of the financial professionals and senior management showed the stake holders to use standardized, externally verified financial disclosures prior to investment decision making. Investors are likely to see these audited reports as reliable information resource that has a considerable impact on their disposition in business (Abd-Elnaby *et al.*, 2021).

More studies in Nigeria support this view. Ahannaya (2022) examined the roles that published financial statements play in terms of the investment decisions given between the stakeholders (of the banks in Nigeria). Through regression and correlation results, the research established that variables like balance sheets statistics, income statements, explanatory statements and financial statements form a significant contribution to investment behaviour. More importantly, the risk of stakeholders trusting in financial information that was both certified and comprehensive was more extreme (Ahannaya, 2022).

There is an authority of consensus in the fact that corporate entities are required to make transparent and factual disclosures in order to inform the decision making of investors. According to Gandolph (2022), value perceptions and expectations in terms of future performance are directly associated with the quality of financial reporting. The same sentiments were reiterated by Umoren and Enang (2020) who argued that sound financial statements are invaluable in terms of performance assessment and prediction. They suggest that financial information is of much importance to shareholders and potential investors to estimate returns and gauge the healthiness of organizations.

Additionally, according to Eshiet, Adanma, Akpan, and Asuquo (2023), financial statements have to be presented in a controlled manner, considering the organizational factors and goals of stakeholders. When reporting is effective then it should be aligned to the strategic objectives, and should allow users to view data through the filter of reality of operations as well as economic and social situation in the country.

In the case of reliable and well-designed financial statements, the confidence of the stakeholder will go a long way in improving their quality of decisions. The authors of one study obtain the support of their opinion in the fact that audited financial documents should always be carefully studied before making one decision about investment (Abd-Elnaby *et al.*, 2021). Akinfemide *et al.* (2024) affirm that an effective reporting practice enhances not only trust among the investors, but also transparency and performance of its operations and even the performance of the organization itself.

Financial reports have close relationship to decision-making process in the provision of suitable financial information to make good decisions. Quality reporting of high quality goes beyond a compliance requirement and can be an enabler to prudent investment, accountability and corporate governance in Nigeria (Umoren & Enang, 2020; Gandolph, 2022).

3.0 Research Method

3.1 Sampling and Sampling Techniques

To ensure that the sample is representative of the population, the Yamane's formula was used to determine the appropriate sample size. Given a total population (N) of 175 and a 5% margin of error ($e = 0.05$), the sample size (n) was calculated as follows:

The sample size for this study was determined using the Taro Yamane (1967) formula, which is appropriate when the population is finite and known. The formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- n = sample size
- N = population size (170)
- e = margin of error (0.05)

Substituting the values:

$$\begin{aligned} n &= \frac{175}{1 + 170(0.05)^2} \\ n &= \frac{175}{1 + 170(0.0025)} \\ n &= \frac{175}{1.425} \approx 120 \end{aligned}$$

Thus, the sample size is 120 respondents.

3.2 Sampling procedure

The approach of a stratified random sampling was implemented to take care of a sufficient representation of both the bank employees and customers. The 2 stratas of the population that is the staff and the clients were selected and from each stratum, respondents were randomly selected with proportional probabilities. Such stratification will guarantee that the information will show the perceptions of both the internal stakeholders of GTBank (employees) as well as external stakeholders of GTBank (customers).

3.2 Instruments & Data collection Technique

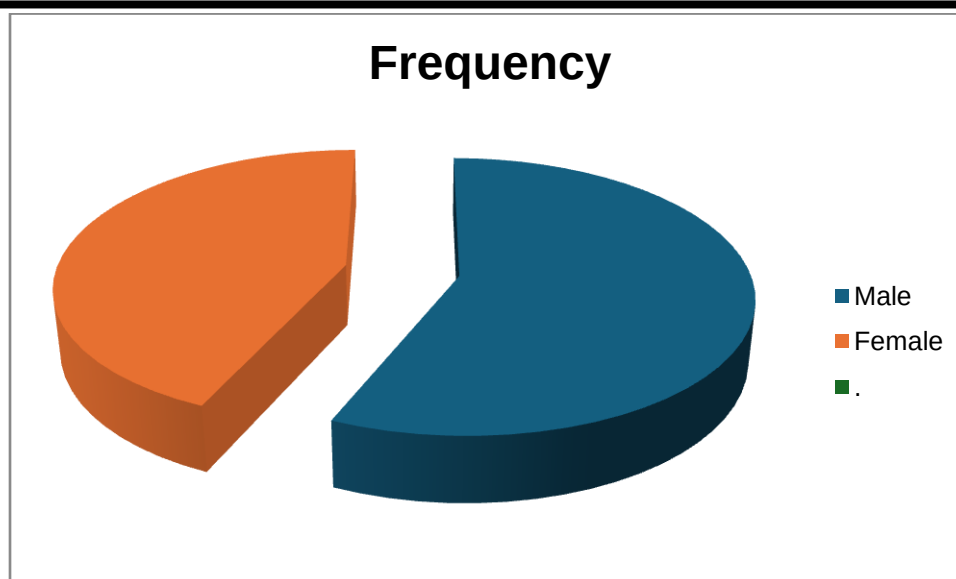
The primary data collection tool will be a self-administered questionnaire that will be structured. The questionnaire will be segmented into three sections comprising demographic, perceptions regarding the financial reporting practice, and opinion regarding the impact that the financial reporting practice has on the performance of the GTBank. The questions would be both, close-ended Likert-scaled and some open-ended to obtain more detailed answers. Before its distribution, clarity and validity of the questionnaire were tested.

The face-to-face method was used to distribute the data and collect it so that the high response rate was achieved, and the clarification of needed information was possible

4.0 DEMOGRAPHIC DISTRIBUTION OF RESONDENT

Table 1: Sex of Respondents

Sex	Frequency	Percentage (%)
Male	65	56.5%
Female	50	43.5%
Total	115	100.0%

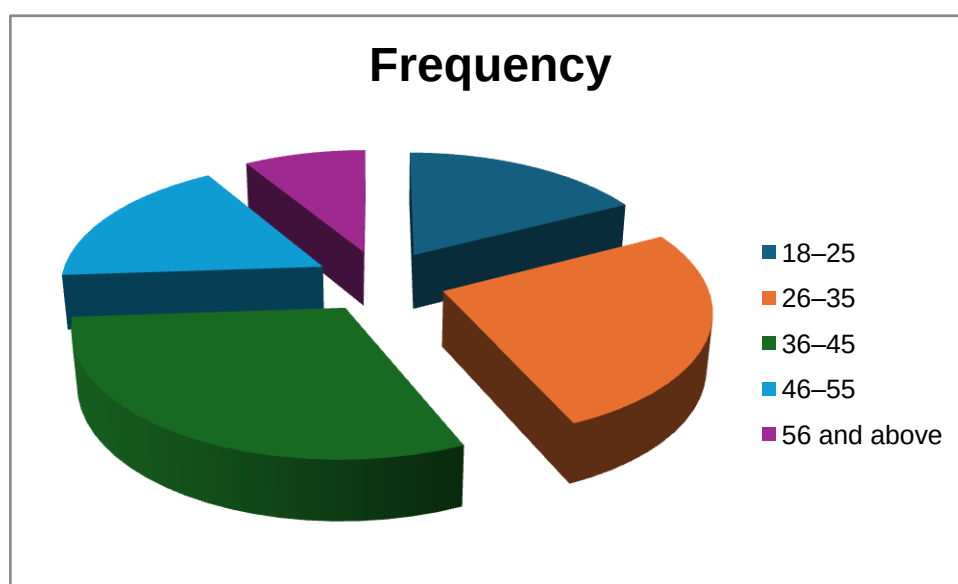


Source: Author's Compilation of Questionnaire, 2025

The demographic distribution of respondents reflects a relatively balanced representation across gender, age, education, and occupation. In terms of sex, male respondents constituted the majority at 56.5%, while females made up 43.5%, indicating a moderate male dominance in the sample.

Table 2: Age of Respondents

Age Group	Frequency	Percentage (%)
18–25	20	17.4%
26–35	30	26.1%
36–45	35	30.4%
46–55	20	17.4%
56 and above	10	8.7%
Total	115	100.0%

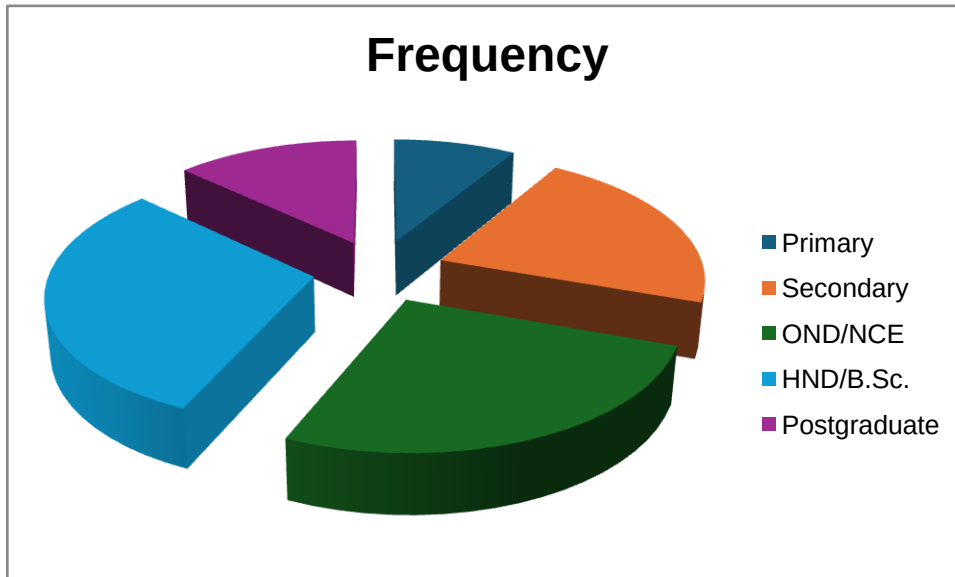


Source: Author's Compilation of Questionnaire, 2025

The age distribution reveals that the majority of respondents fall within the 36–45 age group (30.4%), followed by 26–35 (26.1%) and 18–25 and 46–55 age brackets, both at 17.4%, while only 8.7% were aged 56 and above. This suggests a concentration of respondents within the economically active and working-age population.

Table 3: Educational Qualification of Respondents

Educational Level	Frequency	Percentage (%)
Primary	10	8.7%
Secondary	25	21.7%
OND/NCE	30	26.1%
HND/B.Sc.	35	30.4%
Postgraduate	15	13.0%
Total	115	100.0%

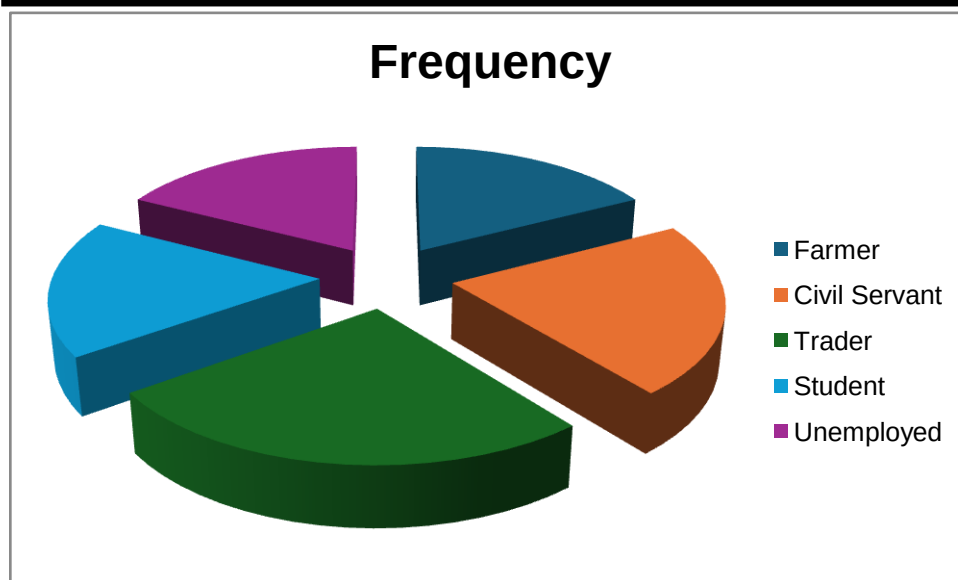


Source: Author's Compilation of Questionnaire, 2025

The educational qualifications of respondents show a fairly educated sample, with the highest number holding HND/B.Sc. degrees (30.4%), followed closely by OND/NCE holders (26.1%). Secondary school graduates accounted for 21.7%, while 13.0% had postgraduate qualifications, and 8.7% had only primary education. This distribution suggests that the majority of respondents possess at least some form of tertiary education, which may influence their understanding and perception of financial or institutional systems.

Table 4: Occupation of Respondents

Occupation	Frequency	Percentage (%)
Farmer	20	17.4%
Civil Servant	25	21.7%
Trader	30	26.1%
Student	20	17.4%
Unemployed	20	17.4%
Total	115	100.0%



Source: Author's Compilation of Questionnaire, 2025

Regarding occupation, the distribution is relatively even across categories, with traders forming the largest group at 26.1%, followed by civil servants at 21.7%. Farmers, students, and the unemployed each represented 17.4% of the total sample

Table 5: Result of the regression test on the Relationship between the quality of financial accounting reporting and the profitability of Nigerian business organizations

Model 1	R =0.830	R ² =0.936	Adj.R ² =0.687	Std. Error estimation =0.307	Durbin-Watson= 1.679
Regression Residual Total	Sum of Square	Df	Mean Square	F	Sig.
	6089.246	1	6089.246	328.315	.000 ^b
	2744.947	114	18.547		
	8834.193	115			
Constant quality of financial accounting reporting	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	-11.417	2.936		-3.888	.000
	.887	.016	.830	18.119	.000

Source: Author's Data Analysis, 2025

The table above shows that quality of financial accounting reporting has significant influence on profitability of Nigerian business organizations at ($\beta = 0.887$, $R^2 = 0.936$, $P = .000$). Furthermore, result reveals that quality of financial accounting reporting has 94% decisive influence on profitability of Nigerian business organizations. The P value of 0.000 is less than significant level of

0.05. The result shows that there is a significant positive relationship between financial accounting reporting and profitability of Nigerian business organizations

Table 6: Result of the regression test on the significant influence of Financial reports on investors' decision-making in Nigerian business organizations

Model 2	R =0.831	R ² =0.952	Adj.R ² =0.688	Std. Error estimation =0.308	Durbin-Watson= 1.688
Regression Residual Total	Sum of Square	Df	Mean Square	F	Sig.
	6089.247	1	6089.247	328.316	.000 ^b
	2744.948	114	18.547		
	8834.194	115			
Constant Financial repo	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
	-11.418	2.943		-3.999	.000
	.896	.017	.830	18.120	.000

Source: Author's Data Analysis, 2025

The table above shows that financial reports have significant influence on investors' decision-making in Nigerian business organizations at ($\beta = 0.896$, $R^2 = 0.952$, $P = .000$). Furthermore, result reveals that financial reports have 95% decisive influence on investors' decision-making in Nigerian business organizations. The P value of 0.000 is less than significant level of 0.05. The result shows that financial reports have significant influence on investors' decision-making in Nigerian business organizations.

Table 7: Result of the regression test on the significant influence of Compliance with financial reporting standards on operational efficiency of Nigerian firms

Model 3	R =.809 ^a	R ² =.917	Adj.R ² =.652	Std. Error estimation =3.873	Durbin-Watson =1.790
Regression Residual Total	Sum of Square	Df	Mean Square	F	Sig.
	4195.645	1	4195.645	279.749	.000 ^b
	2219.689	114	14.998		
	6415.333	115			
Constant Compliance with financial reporting standards	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
	-6.981	2.641	.809	-2.644	.009
	.768	.014		16.726	.000

Source: Author's Data Analysis, 2025

The table above shows that Compliance with financial reporting standards has significant influence on operational efficiency of Nigerian firms at ($\beta = 0.768$, $R^2 = 0.917$, $P = .000$). Furthermore, result reveals that Compliance with financial reporting standards has 92% decisive influence on operational efficiency of Nigerian firms. The P value of 0.000 is less than significant level of 0.05. The result shows that Compliance with financial reporting standards significantly affects the operational efficiency of Nigerian firms.

5.0 Contribution to Knowledge

On the basis of empirical findings, the paper arrived at a conclusion that financial reporting is a powerful lever that could be used to improve the overall performance of business organizations in Nigeria. Quality, transparent, and standards-based reporting would promote profitability due to enhanced management responsibility and the financial discipline. Transparency and existence of credibility of the financial disclosures also go a long way in making of the investment decisions and the operational efficiency goes hand in hand with acquiring the reporting practices to best suit the current regulatory frameworks and strategic frameworks.

The positive associations notwithstanding, the study has revealed the existence of underlying institutional weaknesses, like obsolete reporting systems, the lack of internal controls, and ethical breaches detracting from the maximum enjoyment of benefits of financial reporting. The remedy to all these structural problems is the key to unleashing the revolutionary power of accounting information in the economic growth of Nigeria.

5.1 Contribution to Knowledge

This study makes several key contributions:

1. It provides empirical validation of the significant relationship between financial reporting and critical organizational outcomes profitability, investment decisions, and operational efficiency in the Nigerian context.
2. It adds to the limited body of literature focusing on the practical implications of financial reporting compliance among Nigerian firms, particularly in emerging economies.
3. It introduces an integrated model that connects financial reporting practices to strategic outcomes, offering a practical tool for business decision-makers and policy advocates.
4. It highlights systemic bottlenecks in the Nigerian financial reporting ecosystem, providing a diagnostic lens for institutional reform and academic discourse.

5.2 Implications for Further Research

Based on the results and limitations of the current research, the future research should go in the following directions:

1. The researchers could also examine how financial reporting contributes to firm performance in particular industries, e.g. the banking industry, manufacturing industry or the telecommunication industry, in order to understand industry specificities.
2. Future studies may compare the accounting treatment of the Nigerian firms and those in other African or developing nations to make more generalizations.

REFERENCE

- Abd-Elnaby, H., Abd-Elkareem, K., & Adel, H. (2021). The impact of financial reporting quality on firms' financial performance: Egypt. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 11(1), 529–545. <https://www.hrmars.com/index.php/IJARAFMS/article/view/7510>
- Abubakar, M. Y., Abdullahi Kaura, A., & Tanko, I. T. (2022). Sustainability reporting and firm financial performance in Nigeria: A review. *UMYU Journal of Accounting & Finance Research*. [https://doi.org/10.61143/umyu-jafr.4\(1\)2022.010](https://doi.org/10.61143/umyu-jafr.4(1)2022.010)
- Ahannaya, C. G. (2022). Financial reporting and organizational performance in Nigeria. *Innovation*, 3(1), 26–32. <https://doi.org/10.11648/j.innov.20220301.15>
- Akinfemide, H. M., Mustafa, M. O. A., Lasisi, T. K., & Akano, M. O. (2024). Effect of internet corporate reporting on financial performance of listed manufacturing firms in Nigeria. *International Journal of Research & Scientific Innovation*, 301–321. <https://dx.doi.org/10.47772/IJRISS.2024.801023>
- Burcă, V., Bogdan, O., Bunget, O.-C., & Dumitrescu, A.-C. (2024). Corporate financial performance vs. sustainability performance: Earnings management and process improvement. *Sustainability*, 16(17), 7744. <https://doi.org/10.3390/su16177744>
- Cohen, L., Malloy, C., & Nguyen, Q. (2020). Narrative consistency in financial reporting reflects future stock performance.
- Diekolola, B. O., & Bodunde, T. D. (2023). Integrated reporting and financial performance of selected manufacturing firms in Nigeria: Moderating effect of corporate governance. *Global Journal of Accounting*. <https://gja.unilag.edu.ng/article/view/2638>
- Eshiet, U., Adanma, N. J., Akpan, E. U., & Asuquo, O. S. (2023). Corporate governance attributes and financial reporting quality in Nigeria. *GPH-International Journal of Business Management*, 6(7), 104–130. <https://doi.org/10.5281/zenodo.8130949>
- Gandolph, C. C. (2022). Financial reporting and organizational performance in Nigeria: Empirical evidence. *Innovation*, 3(1), 26–32. <https://doi.org/10.11648/j.innov.20220301.15>
- Nwaogwugwu, C. C. V. (2024). Influence of IFRS adoption on profitability and market valuation of listed banks in Nigeria. *Greener Journal of Economics and Accountancy*, 11(1), 8–16.
- Raimo, N., Caragnano, A., Zito, M., Vitolla, F., & Mariani, M. (2021). ESG disclosure and cost of debt financing: Corporate financial performance implications. *Corporate Social Responsibility and Environmental Management*, 28(4), 1412–1421. <https://doi.org/10.1002/csr.2155>
- Umoren, A. O., & Enang, R. E. (2020). IFRS adoption and value relevance of financial statements of Nigerian listed banks. *International Journal of Finance and Accounting*, 4(1), 1–7.