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EFFECT OF BOARD CHARACTERISTICS ON FINANCIAL DISCLOSURES OF LISTED INDUSTRIAL GOODS FIRMS IN NIGERIA

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Abstract

The issue of financial disclosures in annual report has been a persistent problem over the years, with high-profile sandals occurring both in the past and in more recent times. Certain characteristics of the board of directors that can improve their monitoring function are suggested in the literature as corporate governance mechanisms. Thus, this study examined the effect of board characteristics on the financial disclosures of listed industrial goods firms in Nigeria. The study adopted an ex-post facto research design. The population of the study comprised all the 13 quoted industrial goods firms on the Nigeria Exchange Group Limited as of 31st December 2022 on which filters were employed to arrive at an adjusted population of 10 firms. Panel data were extracted from the annual financial statements of the firms for the period 2014 – 2022 to examine the effect of board financial expertise, independent directors, board gender diversity and board foreign directors on the financial disclosures of the firms. The panel data were analysed using dynamic panel regression or the Generalized Method of Moment. The findings of the study shows that board financial expertise, independent directors and board foreign directors have a positive significant effect on financial disclosures of listed industrial goods firms in Nigeria. While board gender diversity has a positive insignificant effect on financial disclosures of listed industrial goods firms in Nigeria. In line with the findings and conclusions, the study recommends among others that the listed industrial goods firms in Nigeria should prioritize the appointment of independent directors to improve financial disclosures in their annual reports. To achieve this, firms should aim to have a board composition that includes a significant proportion of independent directors.

Keywords: board expertise, independent directors, board gender diversity, foreign directors financial disclosures.

Introduction

The communicative burden placed on organizations concerning corporate disclosures has increased significantly in the last two decades. This has been driven by a series of corporate scandals such as Enron and WorldCom in 2000, Cadbury Nigeria Plc in 2006, the Luckin Coffee and Wirecard scandals in 2020, and the Danske Bank scandal in the same year. Many of these scandals have been linked to financial disclosures that were either misleading or inaccurate, resulting in a loss of trust from investors in the stock market and raising doubts about the value of financial reporting.

The recurring theme that resonate within these scandal is the lack of effective corporate governance mechanism that is capable of restraining the excesses of managers (Hassan & Ahmed, 2012). This drew the attention of corporate governance reform globally (Beshi & Kaur 2020). Consequently, the Sarbanes Oxley Act was introduced in 2002 by the United States to tackle the situation. Also Nigeria implemented a similar code of best governance practices in 2003, which was updated in 2011 and 2018 to insitutionlaize corporate goverance practice. Nigeria's code of Corporate governance (2018) considers the role of the board of directors to be a significant mechanism for governance that protects investors in the capital market. Moreover, an effective board of directors is at the heart of corporate governance structures in healthy companies, and it plays a critical role in efficient capital markets. Alfraih, (2016). claim that one of the most important functions of the board is to ensure the accuracy of financial reporting. It has therefore received a great deal of attention in empirical research (Hasan, et al 2022; Bako, 2018).

However, a recent debate among scholars has focused on the relationship between corporate governance mechanisms and financial information disclosure, by investigating if good features of corporate governance may foster financial reporting disclosure. However, most of these studies (Hasan, et al 2013; Raithatha & Bapat, 2014, Hau & Danh 2017; Alqahtani, 2019; Boateng, et al 2022) focused in developed and Asian economies. Despite these considerations, to the best of our knowledge, few scholars have analyzed the dynamic effect of this topic in the Nigeria setting. Hence, this study aims to address this theoretical gap in the accounting literature as it concentrated on the effect between board financial expertise, presence of independent directors, board gender diversity and board foreign directors as proxies of board characteristics on financial reporting disclosure of listed industrial goods firms in Nigeria.

Literature Review

Board Financial Expertise

Board financial expertise refers to the knowledge and skills of board members related to financial matters such as accounting, finance, and auditing. This expertise can be beneficial in various aspects of financial reporting, including understanding complex financial transactions, assessing the adequacy of financial controls, and identifying and mitigating financial risks. Linck et al (2008) found that firms with more financial experts on their boards have higher financial reporting disclosure and lower incidences of financial restatements. According to Fama and Jensen (1983), the board of directors, with expertise and knowledge, such as accounting, finance, information technology, and others would reduce the agency costs as well as agency problems. Using data on listed firms in the Bangladeshi financial sector, from 2012 to 2016. Masud, et al (2019) investigated the relationship between the presence of external experts on a board and corporate disclosure, as well as the moderating effect of political connections. The results of a multiple regression analysis indicate that accounting experts have a positive significant influence on corporate disclosure. Also, Alshirah, et al (2020) examined the level of corporate disclosure practices and the effect of four board of directors' characteristics (board size, board meetings, CEO duality, and board expertise) on these practices in the Jordanian context. Using 376 annual reports of the sampled firms over four years from 2014 to 2017 were used. The regression results show board financial expertise has a positive significant effect on corporate disclosure.

Agubata, et al (2021) investigated the effect of corporate governance on the financial disclosure of banks listed on the Nigerian Exchange limited from 2010 to 2019. Descriptive statistics, correlation analysis, and regression analysis of ordinary least squares were employed for data analysis. The result there from indicated that board expertise are the major driver of financial disclosure in the banks sampled. Thus, based on the above findings, this study presents the following hypothesis:

Ho1: Board financial expertise has no significant effect on financial disclosures of listed industrial Goods firms in Nigeria.

Board Independence Director

The presence of independent directors can also affect financial reporting disclosure by bringing a fresh perspective, objectivity, and independence to the board's decision-making process. Independent directors are not affiliated with the company or its management, and they do not have a financial interest in the company (Fama & Jensen, 1983). This independence allows them to provide an objective and impartial view of the company's performance and prospects.

Previous studies have documented contradictory results regarding the effect of independent directors on financial reporting disclosure Alhazaimeh, et al (2014) investigated the relationship between corporate governance and ownership structure on voluntary disclosure, with a particular focus on variables affecting in voluntary disclosure of listed companies in the Amman Stock Exchange. Using a dynamic panel system GMM estimation for the period 2002-2011, this study of 72 Jordanians finds that the listed companies. The study found that independent director has positive significant corporate disclosure.

Furthermore, Bosi, et al (2020) determined the extent of qualitative characteristics of IFR across Malaysian listed companies by examining the relationship between board characteristics and corporate disclosure, moderated by the effectiveness of the Internal Audit Function. The data were analysed using Partial Least Squares Structural Equation Modelling. The results prove that board size, independence of directors, and female directors significantly improve corporate disclosure. Likewise, Alyousef and Alsughayer (2021) studied the relationship between corporate governance and corporate disclosure: The Role of Boards of Directors and Audit Committees. The study considers the content analysis of 22 Saudi listed companies from 2015 to 2019. The researchers use ordinary least squares (OLS) regression. The results indicate a statistically significant relationship between the number of non-executive directors and board size and the level of corporate disclosure. The present study hypothesizes that

Ho2: Board independent director has no significant effect on the financial disclosures of listed industrial Goods firms in Nigeria.

Board Gender Diversity

Board gender diversity refers to the representation of women on a company's board of directors. Board gender diversity is an important issue in corporate governance, as it can bring a diverse range of perspectives and experiences to board decision-making processes. Srinidhi et al (2011). Adams and Ferreira (2009) indicated that organizations with gender-diverse boards have innovative and high-quality decision-making processes. Alfraih (2016) investigated the relationship between the characteristics of the board of directors and mandatory disclosure compliance in 2010. Using 134 non-financial firms. The regression results show that gender diversity has a positive significant effect on corporate disclosure. Similarly, Kim (2022) examined the effect of a female director on corporate voluntary disclosure for the period of 2014 to 2020. Using a sample of 9406 firm-year observations and regression analysis shows that the higher the proportion of female executives, the higher the frequency of voluntary disclosure. Furthermore, Reguera-Alvarado and Bravo-Urquiza, (2020) studied the effect of board gender on corporate disclosure. The partial least squares (PLS) technique is used, and a sample of the manufacturing firms listed in Standard and Poor’s 500 for 2009 is studied. Concerning board diversity, two specific characteristics are considered, namely, gender diversity and ethnic diversity. Content analysis techniques are used to measure risk disclosures. The results show that there is a positive association between board gender diversity and corporate disclosure

On the contrary, Hashmi, et al (2022) examined whether effective audit committees, gender-diverse boards, and corruption controls affect the level of voluntary disclosures The study uses data for listed commercial banks operating in six Asian countries, i.e., China, India, Pakistan, Malaysia, Hong Kong, and Singapore, for the period 2016 to 2020. The regression shows that board gender diversity has a negative significant effect on corporate financial disclosure.
Ho3: Board gender diversity has no significant effect on financial disclosures of listed industrial Goods firms in Nigeria.

Board Foreign Directors
Adding directors from other countries can help a company implement better corporate governance standards. This is due to the fact that having a diverse board, including members from different cultures and countries, can help businesses better deal with the challenges of competing in a globalized economy (Kang, et al., 2018).

Foreign directors can a contribute to improving corporate governance practices in a company. this is because the presence of foreign directors on a board can bring a diverse perspective and expertise that can help companies navigate the challenges of operating in a globalized economy, including understanding international regulations, cultural differences, and geopolitical risks (Kang, et al. 2018). That means board foreign directors can bring a wealth of experience in corporate governance practices from their home country, which can help improve the board's oversight of the company. According to a study by Suwina, et al. (2017), the presence of foreign directors on the board can lead to higher levels of financial reporting disclosure. Also, Adegbite, et al. (2012) investigated the impact of foreign directors on the voluntary disclosure of financial information by Nigerian banks. The study found that the presence of foreign directors on the board of Nigerian banks had a positive and significant effect on the level of voluntary financial disclosure.

Similarly, a study by Izedonmi and Ohalehi (2018) examined the impact of foreign directors on financial reporting quality in Nigerian banks. The study found that the appointment of foreign directors to the board of Nigerian banks had a positive impact on financial reporting disclosure.
However, some studies have reported mixed or negative results. For example, a study by Barako et al. (2006) investigated the impact of foreign directors on the financial reporting d of Malaysian companies. The study found that the appointment of foreign directors had no significant effect on financial reporting quality. Abidin and Touzi (2017) found no significant relationship between the proportion of foreign directors on the board and financial reporting disclosure. We, thus develop the following null hypothesis based on the mixed result:
Ho4: Board foreign directors has no significant effect on financial reporting disclosures of listed industrial Goods firms in Nigeria.

Theoretical Framework
Agency theory
Agency theory is the main theoretical basis for this study. Propounded by Jensen and Meckling (1976). Agency theory suggests that there may be a misalignment of interests between the owners

of a company (the principals) and its managers (the agents), with managers acting in their self-interest rather than in the best interests of the company and its shareholders. Financial reporting disclosure can help to address this potential misalignment by providing a more complete picture of the company's performance (Jensen & Meckling 1976). In an agency theory framework, information disclosure promoted by corporate governance structures in firms is considered essential to overcome agency problems. Some potential drivers of financial reporting disclosure can be found in varying corporate governance mechanisms. Effective corporate governance mechanisms are likely to have a positive effect on financial reporting disclosure (Raithatha & Bapat, 2014).

Methodology

The study adopted an ex-post facto research design. The study's population consists of all 13 industrial goods firms quoted on the Nigerian Exchange Group Limited (NGX) as at 31st December, 2022. To obtain the sample, attention was focused on firms that were quoted on the NGX for the period of this study (2014 to 2022) and whose data for the study period is available. Thus, 10 firms were selected to make 90 firm-year observations.The study used secondary source of data collection. The data was collected from the annual reports and accounts of the sampled companies. The study also employed the dynamic panel regression or Generalized Method of Moment has a technique as a technique of data analysis. The research instruments used in this study involve diagnostic tests for GMM validity which are tests of the non- existence of serial correlation of the error terms using the first and second order serial correlation, test for exogeneity of instruments that ensures the consistency of estimates using the Sargan tests

Consistent with previous literature (Raithatha & Bapat 2014), the study developed the following model to investigate the effect of board characteristics on financial reporting disclosure. Hence, the model is stated as follows:

$FDit = \alpha 0 + \gamma FD_{it-1} + \beta_1 BFEX_{it} + \beta_2 IND_{it} + \beta_3 BGD_{it} + \beta_4 BFD_{it} + \beta_5 PROF_{it} + \beta_6 LEV_{it} + \mu_{it} + \varepsilon_{it}$

Where:

FD= Financial Disclosures

$\beta 0$= Intercept

$\gamma FDit - 1$ indicates one lag of the dependent variable FD (previous year financial disclosures),

$\beta 1$to $\beta 5$ = coefficient of slop or regression coefficient

BEXP= Board Financial Expertise

IND= Independent Directors

BDG= Board Gender Diversity

BFD= Board Foreign Directors

PROF= Profitability

LEV= Financial Leverage

ε = error term

it = i cross-sectional t time

Variables Measurement

A disclosure index consisting of 62 items was constructed to measure the extent of financial disclosure in annual reports. The checklist was based on prior research and specifically on Alam, (2007); Hasan, et al 2012; Raithatha and Bapat 2014, Asmar,et al (2018) . The scoring procedure applied was dichotomous in which an item scored 1 if it was disclosed and 0 otherwise. Below is a mathematical representation of the financial disclosure score (FD score):

$\mathrm{FD}_{it} = \sum^{di} 71/n_{\mathrm{j}}$

Where $d\,i$ can be 0, 1, depends on the extent of the disclosed items, then these scores was added together for each firm, the maximum score disclosures for the company is $n\,j$ < 98. In order to get the company's total percentage score, the score total was divided by the maximum scores.

Table 1: Variable Measurement

Variable	Measurement	Sources
Dependent Variable		Construct validity
Financial disclosures	The checklist is made up of 62 items. A score of one is allocated if an item on the checklist is available and 0 if not. The total score obtained is divided by the maximum score obtainable.	Raithatha, and Bapat, (2014) Hasan, et al 2012;
Independent Variables		
Board Financial Expertise	Board expertise in the board were measured by the percentage of total members of the board with accounting and finance knowledge	Al-Shaer and Zaman (2018); Masud, et al (2019
Independent Directors	Dummy variable that equals 1 if independent directors are present on the board and 0 otherwise	Benkraiem, (2009). Sener (2014)
Board Gender Diversity	The percentage of female directors of the total number of directors on the board of a company	Ben-Amar and McIlkenny (2015); Halil (2016); Kiliç & Kuzey, 2018
Board Foreign Directors	Proportion of board directors to total number of directors on the board	Manurung, & Hardika (2015) Onaolapo,et al. 2021
Control Variable		
Financial leverage	total debt divided by the total equity.	Vitolla et al. 2020; Roman et al. 2019).
Profitability	Net income divided by the total asset	(Ali & Iman, 2011); Dada. & Adeniji,(2022)

Result and Discussions

In this section results are presented and discussed in the light of the research findings. First, a set of descriptive statistics are presented, then followed by the dynamic panel regression results.

Table 2 : Descriptive Statistics

Variable	Mean	Std. dev.	Min	Max
FD	.716092	.1723789	.2068966	.9655172

BEXP	.1355376	.083374	0	.5
IND	.5888889	.4947919	0	1
BGD	.1892788	.165332	0	.5555556
BFD	.1690264	.2448109	0	.6363636
ROA	.095767	.636319	-1.799162	5.395347
FL	.3781942	4.739789	-42.65586	5.580234

Source: Stata Output, 2022

Table 2 provides descriptive statistics of data used in this study. The mean FD value for these companies is 0.716092, indicating that they provide a relatively high level of financial disclosures on average. However, the standard deviation of 0.1723789 suggests that there is variation in the level of financial disclosures across companies, with some providing more and others less disclosure. The minimum FD value of .2068966 indicates that some companies provide a low level of financial disclosures, while the maximum value of 0.9655172 suggests that some companies provide a very high level of financial reporting disclosure.

The descriptive statistics provided in table 2 show that the mean value of board financial expertise is 0.1690264, which suggests that, on average, there is some level of financial expertise on the boards of listed industrial goods firms in Nigeria. However, the standard deviation of 0.2448109 suggests that there is considerable variation in the level of financial expertise across the different firms , with some companies having higher levels of expertise and others having lower levels. The mean value of 0.5888889 indicates that, on average, nearly 59% of the directors in these firms are independent, meaning they are not affiliated with the company in any other capacity beyond serving on the board. This suggests that the firms have a reasonable level of independent oversight, which can help to ensure that board decisions are made in the best interests of the company and its stakeholders. The standard deviation of .4947919 indicates that there is a fair amount of variation in the level of independent directorship across the firms. The minimum value of 0 and the maximum value of 1 indicate that all firms in the sample have at least some independent directors, with some firms having all of their directors classified as independent.

The mean value of .1892788 indicates that, on average, women make up roughly 19% of the board members across the sample. The standard deviation of .1625447 tells us that there is a fair amount of variation in gender diversity across the sample. From the table, it can be seen that the proportion of women on the boards range from a minimum of 0.0000 to a maximum of .05555556 and a mean of 0.1541458. The minimum value of 0.0000 means that there are some companies in the sample where there are no women on the board, while the maximum value of 0.5555556 suggests that there are some companies where more than half of the board members are women.

The mean value of foreign directors of 0.1690264 with a standard deviation of 0.2448109 indicates that, on average, the firms in the dataset have approximately 17% of their board of directors made up of foreign individuals. The standard deviation of 0.2448109 suggests that there is variability in the proportion of foreign directors across the firms in the dataset, with some firms having a much higher or lower proportion of foreign directors than the average. The fact that the proportion of foreign directors has a minimum value of 0 and a maximum value of 0.6363636 indicates that there is a wide range of values in the dataset. Specifically, some firms have no foreign directors on their board, while others have a proportion of foreign directors that is over 60% of the board.

The mean score of 0.095767 indicates that, on average, the firms in the sample are earning a return on their assets of approximately 10%. The standard deviation of 0.636319 suggests that there is relatively little variation in PROF across the sample, with most firms clustered around the mean. The minimum value of -1.799162 indicates that at least one firm in the sample has a negative ROA, meaning they are losing money on their assets. The maximum value of 5.395347 indicates that at least one firm in the sample is earning a relatively high return on their assets.

Finally, the average financial leverage score in this dataset is .3781942, with a standard deviation of 0.8729826. Additionally, the dataset includes the minimum and maximum values of financial leverage, which are 4.739789 and -42.65586, respectively.

Table 3 Correlation Matrix

Variable	FD	BEXP	IND	BGD	BFD	ROA	FL
FD	1.0000						
BEXP	0.1893	1.0000					
IND	0.3547	-0.0209	1.0000				
BGD	0.4640	-0.1565	0.2027	1.0000			
BFD	0.0101	-0.1893	0.3547	0.4640	1.0000		
ROA	-0.0107	0.0378	-0.038	0.1787	0.0107	1.0000	
FL	0.0371	0.0622	0.1474	0.1410	0.0371	0.0333	1.0000

Source: Stata Output, 2022

The correlation coefficients for board financial expertise, (0.1893) independent directors (0.1558) board gender diversity (0.3547), board foreign directors (0.0101) and financial leverage (0.0371) are all positive, indicating that these variables move in the same direction. As one variable increases, the other variable also tends to increase. On the other hand, the correlation coefficient (-0.0107) for profitability and financial disclosures is negative, indicating that these variables move in opposite directions.

Table 4: GMM Diagnostic Serial correlations/ Sargan test

Arellano-Bond test for AR(1) in first differences: z = -2.72 Pr > z = 0.003	Sargan test of overid. restrictions: chi2(12) = 0.34 Prob > chi2 = 0.851
Arellano-Bond test for AR(2) in first differences: z = 2.09 Pr > z = 0.310	

Source: Stata Output, 2022

Table 4: indicates that the test for AR(1) in first differences yielded a z-value of -2.72 and a p-value of 0.003. Since the p-value is less than the conventional threshold of 0.05, this suggests that there is evidence of autocorrelation in the first differences of the data that is consistent with an AR(1) process. In the second case, the test for AR(2) in first differences yielded a z-value of 2.09 and a p-value of 0.310. Since the p-value is greater than the conventional threshold of 0.05, we cannot reject the null hypothesis of no serial correlation in the first differences at the 5% level of significance. This suggests that there is no evidence of autocorrelation in the first differences of the data that is consistent with an AR(2) process. this suggests that our current model specification is adequately capturing the dynamics of the panel data. In this case, we may not need to add any additional variables to our model to account for the serial correlation in the data. The Sargan test also yielded a chi2(12) value of 0.34 and a p-value of 0.851. This suggests that the instruments used in the IV regression are not correlated with the error term and are therefore valid for the purposes of the regression analysis.

Table 5 Summary GMM Result

	Coeff	std. err	z	P>|z|
FDL1.	.2623072	.1172275	2.24	0.025
BEXP	.5652019	.1310551	4.31	0.000
IND	.3259683	.1218765	2.67	0.007
BGD	.0264253	.1559853	0.17	0.865
BFD	.3616606	.1313611	2.75	0.006
ROA	-.0157342	.0246177	-0.64	0.523
FL	.0581917	.0236542	2.46	0.014
_cons	.9305077	.247848	3.75	0.000
Wald chi2(9) = 123.58				0.0032

Source: Stata Output, 2022

The result shows that Wald chi2 is 123.58 significant at 5% level. This implies that the board characteristic variables investigated in the study have a significant combined impact on financial reporting disclosure of listed industrial goods firms in Nigeria during the period under review (2013-2021). It also suggests the fitness of the model. According to the results ρ value of lagged dependent variable (financial disclosures) is significant. The fact that the ρ value of the lagged dependent variable is significant suggests that there is a strong relationship between financial reporting disclosure in the current period and financial reporting disclosure in the previous period. The coefficient of board financial expertise is given as .5652019 with a probability value of 0.000, indicating that the relationship between board financial expertise and financial reporting disclosure is statistically significant. The positive coefficient of board financial expertise suggests that a board with more financial expertise is associated with higher financial disclosures. This finding is consistent with the agency theory that financial expertise on the board is essential for effective monitoring of financial reporting processes, as it enables board members to identify and address financial reporting issues promptly. Furthermore, the finding supports the view of. Masud, et al (2019) that the presence of board members with financial expertise enhances the credibility of financial statements and reinforces investor confidence in the firm.

The coefficient for the presence of independent directors is 0.3259683, and the significant probability value of 0.007 suggests that this coefficient is statistically significant at the 5% level of significance. This means that there is evidence to support the hypothesis that the presence of independent directors has a positive effect on the outcome variable of interest in the model. Specifically, the coefficient of 0.3259683 indicates that, on average, a one-unit increase in the presence of independent directors is associated with a 0.3259683 unit increase in the outcome variable, holding all other variables in the model constant. Therefore, the presence of independent directors appears to be an important factor in determining the outcome variable in the model. The findings support agency. Also agreed with the findings of disclosure Alhazaimeh, et al (2014), Alyousef and Alsughayer (2021) who found positive significant effect of independent director on financial reporting disclosure.

The regression results further reveal that board gender diversity (BGD) has positive and insignificant impact financial disclosure of listed industrial goods firms in Nigeria. This can also be observed from the statistical coefficient of 0.0264253 with probability value of 0.865 . This finding implies that the presence of female directors on the board may not have a significant impact on the financial reporting disclosure of listed industrial goods firms in Nigeria. However, it is worth noting that this result does not necessarily mean that gender diversity on boards is unimportant. There may be other benefits associated with having a more diverse board, such as better decision-making and increased innovation. The findings not line with agency theory and the findings of Kim (2022) who found a positive significant effect on female directors on financial disclosure.

Furthermore, the coefficient for board foreign directors is 0.3616606, and the significant probability value of 0.006 suggests that this coefficient is statistically significant at the 5% level of significance. This means that there is evidence to support the hypothesis that the presence of foreign directors on the board has a positive effect on financial disclosures. Therefore, having foreign directors on the board appears to be an important factor in determining the financial disclosures. The findings is line with agency theory and the findings of Suwina, et al. (2017), Adegbite, et al. (2012) who found that the presence of foreign directors had a positive and significant effect on the level of voluntary financial disclosure. But contradicted the findings of Barako, et al Abidin and Touzi (2017) who found no significant relationship between the proportion of foreign directors on the board and financial disclosures.

The control variable-Profitability has a significant negative impact on financial disclosures of listed industrial goods firms in Nigeria. Evidence from the beta value of -.0157342 and the probability value of 0.523 suggest the negative impact. This is inconsistent with the findings of Ali et al., (2017); Chen et al., 2019). Financial leverage, which was also used as a control variable, has a positive significant effect on the financial reporting disclosure of industrial goods firms listed in Nigeria. The coefficient value of .0581917 and a probability value of 0.014. This finding not consistent with the results of a previous study conducted by Aier et al. (2018) who found that financial leverage decreases corporate disclosure.

Conclusion and Recommendations

This study aimed to investigate the effect of board characteristics on financial disclosures in annual reports of listed industrial goods firms in Nigeria. The study revealed that board expertise has a positive significant effect on financial disclosures in annual reports of listed industrial goods firms in Nigeria. therefore, it can be concluded that having board members with financial expertise is beneficial for enhancing the transparency and accuracy of financial reporting practices.

The study also revealed that board independent directors have a positive significant effect on financial disclosures of listed industrial goods firms in Nigeria. Moreover, the study's findings imply that having independent directors on the board can help reduce conflicts of interest and increase accountability within the organization. Independent directors can provide objective and unbiased opinions and oversight, which can help improve the quality and accuracy of financial reporting and reduce the likelihood of fraudulent activities. Based on the finding, the concludes that companies with a higher proportion of independent directors on their board are more likely to provide more detailed and transparent financial information to stakeholders, which can help improve corporate governance, increase investor confidence, and enhance the overall reputation of the firm.

The study further shows that board gender diversity has positive insignificant effect on financial disclosure for listed industrial goods firms in Nigeria, it can be concluded that companies with a higher proportion of women on their board are not necessarily more likely to provide more detailed and transparent financial information to stakeholders.

Furthermore, the study concludes that board foreign directors has positive significant effect on financial disclosures for listed industrial goods firms in Nigeria. The study's findings imply that having foreign directors on the board can help improve the firm's international reputation and increase investor confidence, which can lead to improved access to capital markets and accurate financial disclosure.

In line with the findings and conclusions of this study, the following recommendations are offered:

i. The management of listed industrial goods firms in Nigeria should focus on enhancing board expertise to improve financial reporting disclosure in their annual reports.To achieve this, firms should prioritize the recruitment and retention of board members with relevant skills, expertise, and experience in financial reporting, auditing, and other relevant areas. The study's findings suggest that having board members with expertise in these areas can significantly improve the quality and transparency of financial reporting in the firm.
ii. It is also recommended that listed industrial goods firms in Nigeria should prioritize the appointment of independent directors to improve financial reporting disclosure in their annual reports. To achieve this, firms should aim to have a board composition that includes a significant proportion of independent directors.
iii. The study further recommends the listed industrial goods firms should strive to ensure that the selection of directors is based on merit and qualifications, rather than gender or other demographic factors. This will help to ensure that the board is composed of individuals with the necessary skills and experience to effectively oversee the financial reporting process and make informed decisions
iv. The listed industrial goods firms in Nigeria should actively seek to appoint foreign directors to their boards, especially those with relevant industry experience. This can help bring in diverse perspectives, experiences, and knowledge from other countries and markets, which can help enhance the board's oversight of financial reporting.

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