

Human Capital Diversity and Relevance of Accounting Information of Quoted Manufacturing Companies in Nigeria

Siyanbola, Trimisiu Tunji Adegbie, Folajimi Festus
and Akinlade, Olayinka Odunayo
Babcock University, Illshan- Remo, Nigeria
siyanbolat@babcock.edu.ng, adegbief@babcock.edu.ng, akinladeolayinka2020@gmail.com

Abstract
Relevance of accounting information has been beset with the major problem of unethical practices such as aggressive earnings management, non-compliance with company's corporate governance, and unhealthy focus on making the financial statements look attractive which seems prevalent in the quoted manufacturing companies in Nigeria. These incidentally affect the companies reporting and also have a major impact on various human capital diversity. On the other hand, most financial reports do not indicate cogent factors that affect financial condition and the components of human capital diversity. The study investigated the effect of human capital diversity on relevance of accounting information of quoted manufacturing companies in Nigeria.The study employed survey research design. The population of the study was two thousand nine hundred and seventy employees of quoted manufacturing companies on the Nigerian Stock Exchange (NSE). Stratified and purposive sampling technique were used and a total of six hundred and seventy (670) were distributed out of which 600 copies were properly filled and returned representing 89.55% success rate. The Cronbach Alpha reliability coefficient range between 0.710 and 0.972. The data were analysed using descriptive and inferential (multiple regression)statistics.The study found that human capital diversity has significant effect on the relevance of accounting information Adjusted $R^2 = 0.250$; $(F_{4, 449}) = 59.5, p < 0.05)$. The study concluded that human capital diversity has significant effect on the relevance of accounting information of manufacturing companies in Nigeria. The study recommended that governments and its agencies should provide good environment for human assets to showcase their diversity through political influence, religious influence, social influence, and intellectual influence to enhance quality provision of relevant of accounting information.
Keywords: Financial Information, Financial Reporting Quality, Human Capital Diversity, Manufacturing Companies, and Non-financial information
DOI: 10.7176/RJFA/13-10-01
Publication date: May 31st 2022

1.Introduction

Relevancy of accounting information is paramount to the stakeholders in decision making. The statement should contain relevant information that will assist in making informed and economic decision when the need arises (Farouk, Magaji & Eega, 2019). Reliability suggests that accounting information contain all the necessary ingredients useful to both internal and external users (Soyemi & Olawale, 2019). The quality of financial reporting is enhanced when sufficient, reliable and necessary information are provided in the financial statements (Ogbonnaya, 2020).

The quality of information disclosed in corporate annual reports has received a great deal of attention in the last decades, mostly in developed countries. The relationship between the human capital diversity and relevance of accounting information of quoted manufacturing companies in Nigeria has not been extensively examined in the so many literatures (Syeda, 2019). In Nigeria, financial report remains weak compared to many developed countries. This has hampered growth of efficient equity markets.

The stakeholders have complained severally that information on company's performance is either unavailable or, if provided, lacks credibility and reliability (Soyemi & Olawale, 2019). Analysts believes that the information provided is not sufficient for thorough analysis of the performance of the company and therefore makes at difficult to ascertain the actual position of the organization and this may be as a result of non compliance. Also, the Nigerian settings in terms of advancement and compliance, accounting standards, institutional structure, and corporate governance are expected to be different from those in the developed countries (Atkins, 2018).

Accounting information in Nigeria seems to be weak compared to many developed countries and this has hampered growth of efficient equity markets (Mustapha & Erald, 2017). A common complaint among investors in Nigeria is that financial information on company performance is either unavailable or, if provided, lacks reliability (Soyemi & Olawale, 2019). Analysts following the Nigerian market are far fewer than in the developed markets (Siriyama & Norah, 2017). The regulatory scrutiny of the Nigerian market thus is argued to be lower than that of developed markets. Also, the Nigerian setting in terms of advancement and compliance, accounting standards, institutional structure, and corporate governance is different from those in the developed countries (Atkins, 2018).

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

Relevant information provided by the human capital can enhance the quality of financial report available to the stakeholders who can make a whole wide range of difference in evaluating the position and performance of the business. This difference may ultimately dove-tailed to predictive or confirmatory values, or both. Predictive value enables the stakeholders to predict or anticipate future outcomes while Confirmatory value helps stakeholders to evaluate the predictions or confirms the transactions and balances in the financial statement. The diversity of the human capital (intellectual influence) plays a major role in improving the quality of reporting that is made available and relevant to the stakeholders (Ogbonnaya, 2020)

Relevant Financial Information has the capacity to influence the decision making process of the stakeholders which is prepared by the human asset in the organisation. This simply means that financial information must have the attributes of predicting value and confirming value of specific items in the financial statement. The diversity of the human capital make it possible for quality information to be put together through the application of modern technologies in the organization and this is in consonance with expectation of the stakeholders (Ogbonnaya, 2020). In this case, decision makers especially investors, lenders and creditors base their decision on financial information prepared and presented by company management through the diversity of the human asset in order to ascertain the current position of both financial and non-financial information in the annual report.

Financial information relevance authenticate the accounting information provided by management through the diversity of human asset for the stakeholders which is related to previous and current events or situation that can be used as forecast of future performance of business (Bambang, Kot, Adiati & Nur, 2018; Garcia & Cuadrado,2011; Olayinka , Olojede & Olaoye,2017). Accounting information is relevant through human capital diversity if it provides useful information to different stakeholders. This kind of information is measured by the fair values presented in the financial statements that provide the current status of each and every asset, liability and value of capital employed which is devoid of negative earnings management. The relevance of accounting information has been considered as major influence of assessing the value of shares that are measured by market prices which provide direct statistical evidence about the value of the firm especially when it is influenced by human asset within the entity (Soyemi & Olawale, 2019).

The relevance of accounting information refers to financial reports ability to provide adequate and reliable information to the stakeholders. Such information must possess the attributes of effectively communicating financial and Non-financial information to the stakeholders that rely on it for making decision regarding the business. Relevance of financial information is a key factor in decision making of the stakeholders and financial reporting (Eke, 2018). The relevance of accounting information is important for effective decision making and helps in measuring earnings, and net income from qualitative characteristics to quantitative information in the financial reports (Olayinka, Olojede & Olaoye,2017). Ogbonnaya (2020) as cited in Omokhudu and Ibadin (2015) posited that the relevance of accounting information is a measurement of the value of shares of the quoted companies which must provide evidence for effective measurements of the diversity of the human asset. When financial information is not relevant it becomes difficult for capital markets participants to make informed decision on types of investments to be done which is a reflection of lack of influence on the part of the human asset in charge of management of the organisation. Mbobo and Ekpo (2016) posited that relevance of accounting information enhances financial reporting quality of the reporting entity which is a direct function of the impact of the human asset in the organisation.

Eke (2018) demonstrated that the relevance of financial information is determined through provision of quality information. Such should possess useful and material information for investments and financing decision based on relevant statements. Relevant financial information helps in evaluating, correcting and even making confirmation of past and current economic events and this must follow all the protocol required by financial reporting framework. This is manifested in the quality of information prepared and presented to reflect all the operational activities of the business as this is influenced by human capital attributes such as political, religion, social and intellectual factors.

Therefore, the study examined human capital diversity and financial reporting quality of quoted manufacturing companies in Nigeria.

The main objective of this research was to evaluate the effect of Human Capital Diversity on the Relevance of Accounting Information in quoted manufacturing companies in Nigeria.

Based on the research objective, the research question was formulated in this study, as;

To what extent does the Human Capital Diversity affect the relevance of accounting information in quoted manufacturing companies in Nigeria?

The hypothesis formulated and tested as stated below:

H_0: Human Capital Diversity does not have significant effect on the relevance of information in quoted manufacturing companies in Nigeria

2.Review Of Literature

2.1 Conceptual Review

Financial Reporting

According to Ogbonnaya (2020), as cited in Mehdi and Mohammed-Ali (2009), financial reporting is considered as the final result of Accounting. It comprises of various important statement which include - financial related explanations from Statement of financial position, Statement of comprehensive income, Statement of cash flow, Statement of changes in equity, notes to financial related explanations, Quarterly and Annual reports (if there should be an occurrence of quoted organizations),Prospectus (if there should be an occurrence of organizations going for Initial Public Offers) and Management Discussion and Analysis (if there should be an occurrence of open organizations).

Relevance

Relevance of information in the financial report has its capacity and capability of influencing the decision making process of the stakeholders (De-meyere, Banwhede & Van-canwenberg, 2018). This simply mean that information on the financial report must have the tenacity of influencing decision towards predicting value, and confirmation of the value of a specific item. This is to say that financial information has such capacity if the results can be reliably predicted based on current and past situations of the entity (Power, 2010). Financial information is relevant if it can confirm the accuracy of the information in the financial report and it is useful to the management for decision making which concerns past and current events or situation that can be used to predict the future longevity of the entity (Bambang, Kot, Adiati & Nur, 2018; Garcia & Cuadrado, 2011; Olayinka, Olojede & Olaoye, 2017).

A relevant annual report should comprise of financial and operational information that are in tandem with major components of the financial statements (El-Bodun, Aga & Abu, 2017). Both financial and operational should be able to provide business opportunities, risks and other useful business strategies (Tasios & Bekiaris, 2012). Agostino, Drago and Silipo (2011), Barth, Beaver and Landsman (2001) suggested that there should be a comparison that will provide predictive value for reliability on the financial statement of an entity. Useful accounting information should be able to provide relevant information to different stakeholders to assist them in decision making (Eke, 2018). Accounting information is measured by fair values presented in the financial reports to reflect the current status of each and every asset, liabilities, value of capital employed and lack of management manipulation of figures presented in financial statements (John, 2018). The relevance of financial information has been considered as important factor in measuring the value of shares measures by market prices, easy to value and that there is statistical evidence about the values of the firm (Lara, Osma & Penalva, 2014).

The relevance of financial information indicates capability of communicating financial and operational information to the stakeholders who make decision regarding their relationships with the reporting entity (Arunasalam, 2016). It is a significant issue in the financial report because the setting of IAS/IFRS is premised of relevancy and it is mostly considered by International Accounting Standards Board and Financial Accounting Standard Board as the basis for measuring the value of a firm (Kadous, Koonce & Thayer, 2012). Oshodin and Chijoke (2014) demonstrated that the relevance of financial information is measured by earnings per share (EPS) and is mostly considered by investors during their investment decision and the study found that information from manufacturing companies is relevant to the development of the entity.

2.2 Theoretical underpinning

Signaling Theory

This theory indicates that companies with better performance usually have intentions of providing voluntary disclosures and this crates significant differences between good managers and bad ones. This theory enhances quality of information disclosure and makes it fundamental in provision of company's organizational performance and quality of relationship with other stakeholders (Unegbu, 2014).

Resource Based Theory

According to Schuler and Macmillan (1984), human resource management greatly influences an organization's human and resources to gain competitive advantage. To a greater extent, employees' performance would depend on the resources available to them; hence they are supported to perform by the company by making available the required resources. This is the reason why only employer who can provide modern technologies that can boast of newly improved products.

2.3 Empirical Review

Relevant Financial Information has the capacity to influence the decision making process of the stakeholders which is prepared by the human asset in the organisation. This simply means that financial information must have the attributes of predicting value and confirming value of specific items in the financial statement.

The diversity of the human capital make it possible for quality information to be put together through the application of modern technologies in the organization and this is in consonance with expectation of the stakeholders (Ogbonnaya, 2020). In this case, decision makers especially investors, lenders and creditors base their decision on financial information prepared and presented by company management through the diversity of the human asset in order to ascertain the current position of both financial and non-financial information in the annual report.

Financial information relevance authenticate the accounting information provided by management through the diversity of human asset for the stakeholders which is related to previous and current events or situation that can be used as forecast of future performance of business (Bambang, Kot, Adiati & Nur, 2018; Garcia & Cuadrado,2011; Olayinka , Olojede & Olaoye,2017).

Accounting information is relevant through human capital diversity if it provides useful information to different stakeholders. This kind of information is measured by the fair values presented in the financial statements that provide the current status of each and every asset, liability and value of capital employed which is devoid of negative earnings management.

The relevance of accounting information has been considered as major influence of assessing the value of shares that are measured by market prices which provide direct statistical evidence about the value of the firm especially when it is influenced by human asset within the entity (Soyemi & Olawale, 2019).

The relevance of accounting information refers to financial reports ability to provide adequate and reliable information to the stakeholders. Such information must possess the attributes of effectively communicating financial and Non-financial information to the stakeholders that rely on it for making decision regarding the business. Relevance of financial information is a key factor in decision making of the stakeholders and financial reporting (Eke, 2018).

The relevance of financial information indicates capability of communicating financial and operational information to the stakeholders who make decision regarding their relationships with the reporting entity (Arunasalam, 2016). It is a significant issue in the financial report because the setting of IAS/IFRS is premised of relevancy and it is mostly considered by International Accounting Standards Board and Financial Accounting Standard Board as the basis for measuring the value of a firm (Kadous, Koonce & Thayer, 2012).

Oshodin and Chijoke (2014) demonstrated that the relevance of financial information is measured by earnings per share (EPS) and is mostly considered by investors during their investment decision and the study found that information from manufacturing companies is relevant to the development of the entity. Effective decision making relies on the relevance of accounting information because it helps in measuring earnings, and net income from qualitative financial reports. The study of Oshodin and Chijoke (2014) also found that international financial reporting standards provides more relevant information that enhances fair and true investment decision in terms of capital market operations (Olayinka, Olojede & Olaoye, 2017).

Omokhudu and Ibadin (2015) posited that the relevance of accounting information is a measurement of the value of shares of the quoted companies. It provides evidence for effective measurements of shareholders value in terms of dividends. When financial information is not relevant it becomes difficult for capital market participants to make informed decision on types of investments to be done. Mbobo and Ekpo (2016) posited that relevance of accounting information enhances the reporting entity.

Cheung, Evans and Wright (2010) demonstrated that the accounting information is relevant if it possesses qualities such as usefulness and materiality and that all investments decisions in existing quoted manufacturing companies should be based on relevant financial statement. Relevant financial information helps in evaluating, correcting and even making confirmation of past and current economic events and this must follow all the protocol required by financial reporting framework. This is manifested in information disclosure which indicates all the activities that the entity has been engaged for that created business opportunities, social and environmental responsibility (Eke, 2018).

The relevance of accounting information is important for effective decision making and helps in measuring earnings, and net income from qualitative characteristics to quantitative information in the financial reports (Olayinka, Olojede & Olaoye,2017). Ogbonnaya (2020) as cited in Omokhudu and Ibadin (2015) posited that the relevance of accounting information is a measurement of the value of shares of the quoted companies which must provide evidence for effective measurements of the diversity of the human asset.

When financial information is not relevant it becomes difficult for capital markets participants to make informed decision on types of investments to be done which is a reflection of lack of influence on the part of the human asset in charge of management of the organisation. Mbobo and Ekpo (2016) posited that relevance of accounting information enhances financial reporting quality of the reporting entity which is a direct function of the impact of the human asset in the organisation.

Eke (2018) demonstrated that the relevance of financial information is determined through provision of quality information. Such should possess useful and material information for investments and financing decision based on relevant statements. Relevant financial information helps in evaluating, correcting and even making confirmation of past and current economic events and this must follow all the protocol required by financial reporting framework.

This is manifested in the quality of information prepared and presented to reflect all the operational activities of the business as this is influenced by human capital attributes such as political, religion, social and intellectual factors.

3. METHODOLOGY

The study adopted survey research design. The research design was on the administration of questionnaires on respondents. This research design was selected because the thrust of the study is the concern of human capital diversity on relevance of accounting information in quoted manufacturing companies in Nigeria

The population of the study consisted of all stakeholders made up of 520 respondents that were given questionnaires.

The sample size was 464 questionnaires retrieved from respondents and consisted of stakeholders of quoted manufacturing companies on the Nigerian Stock Exchange (NSE). Purposively, all employees from management, accounting, finance departments, academicians and professionals were sampled for the evaluation of the questionnaire's statements related to human capital diversity and relevance of accounting information of quoted manufacturing companies in Nigeria.

The study adopted primary data to accomplish its objectives. Questionnaire was used to collect data from respondents

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

Y = Relevance of Accounting Information = RAI (dependent variable)
X = Human Capital Diversity = HCD (independent variable)
$Y = f(x)$
$Y = f(x_1)$
Where,
y_1 = Relevance (REL)
Where;
x_1 = Political Influence (POI)
x_2 = Religious Influence (REI)
x_3 = Social Influence (SOI)
x_4 = Intellectual Influence (ITI)
Functional Relationship
REL = f(POI, REI, SOI, ITI) Equation
Functional Models
$REL = \beta_0 + \beta_1 POI + \beta_2 REI + \beta_3 SOI + \beta_4 ITI + \varepsilon$ ………………. Model

4. DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.1 DESCRIPTIVE STATISTICS

The target respondents in the study are the employees of quoted manufacturing companies in Nigeria. The number of copies of questionnaire that were administered to the selected quoted manufacturing companies were six hundred and seventy (670). A total of 600 copies of questionnaire were properly filled and returned. This represented an overall successful response rate of 89.55% as shown on Table 4.1. The remaining70 questionnaires were not returned and not useful for the purpose of this study. Bryman and Bell (2015) ascribed that a response rate of ≥50% is adequate for a descriptive study and inferential analysis. Therefore 89.55% is adequate for the study.

Table 4.1.1 : Response Rate of the Study

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

Source: Author's Computation (2021)

Table 4.1.2 Descriptive Statistics of Respondents

Respondents Characteristics	Frequency	Cumulative Frequency	Percentage (%)	Cumulative Percentage (%)
Gender				
Male	284	284	47.3	47.3
Female	316	600	52.7	100
Age:				
25 - 35 Years	300	300	50	50
36-45 Years	119	419	19.8	69.8
46-55 Years	85	504	14.2	84
56-65 Years	64	568	10.7	94.7
65 Years and above	32	600	5.3	100
Educational Qualification:				
HND/BSc	365	365	60.83	60.83
Master's Degree	157	522	26.17	87
PhD	68	590	11.33	98.33
Others	10	600	1.67	100
Years of Experience				
2-5 Years	300	300	50	50
6-10 Years	170	470	28.33	78.33
11-15 Years	66	536	11	89.33
16-20 Years	40	576	6.67	96
20 Years and above	24	600	4	100

Source: Author's Computation (2022)

4.1.2 Interpretation

Table 4.1.2 shows that 284 respondents representing 47.3% were males while 316 respondents representing 52.7% were females. This indicates that both males and females participated in the survey. In addition, the results show that 300 respondents representing 50% were between the ages of 25 and 35 years; 119 respondents representing 19.80% were between the ages of 36 and 45 years, the age group 46 to 55 years was composed of 85 respondents representing 14.2%; the age group 56 to 65 years consisted of 64 respondents representing10.7% while respondents of 65 years and above was made up of 32 respondents which accounted for 5.3% of the population. In summary, majority of the respondents (84%) had ages ranging between 25 years and 55 years which is in tandem with the expectation of this study that mature adults who are occupying positions of authority among the stakeholders of the Nigerian capital market would participate in the study.

Furthermore, there is evidence that 365 respondents representing 60.83% possess HND/B. Sc. Academic qualifications; 157 respondents representing 26.17% had Master's Degree. In the same vein, 68 respondents representing 11.33% possess Doctor of Philosophy Degree (PhD) while 10 respondents representing 1.67% did not indicate their education level. In summary, majority of the respondents (98.33%) had educational qualifications ranging from first degrees to doctorate degree. This high level of education on the part of the respondents would add credibility to the opinions supplied by them and this will accord with the a-priori expectation of this study that target respondents would be educated individuals occupying positions of authority and who would be capable of being entrusted to take vital investment decisions on behalf of their companies listed on the Nigerian Stock Exchange (NSE).

The table also indicates that 300 respondents representing 50% had between 2 and 5 years related working experience; 170 respondents representing 28.33% had between 6 years and 10 years related working experience; 66 respondents representing 11% had between 11 years and 15 years working experience; 40 respondents representing 6.67% had between 16 years and 20 years working experience while 24 respondents representing 4% had working experience of 20 years and above. Years of working experience by the target respondents was regarded by the researcher as a key factor in selecting those respondents who would express their views on the desirability or otherwise of the adoption of financial reporting in Nigeria among entities listed in Nigeria. Consequently, this study, as revealed on Table 4.2 showed that working experiences of majority of the respondents on whom the instruments were administered (89.33%) ranged between 2 years and 15 years. These years of cognate experience on the concept of financial and other forms of corporate reporting would add credibility to views expressed by them.

4.2 INFERENTIAL STATISTICS

4.2.1 Hypothesis One

Research Objective One: Evaluate the effect of Human Capital Diversity on relevance of information in manufacturing companies quoted in Nigeria

Research Question One: To what extent does the Human Capital Diversity affect the relevance of information in manufacturing companies quoted in Nigeria?

Research Hypothesis One: Human Capital Diversity does not have significant effect on the relevance of information in manufacturing companies quoted in Nigeria

Table 4.1.3: Human Capital Diversity and Relevance of Financial Information

DEPENDENT VARIABLE: REL

VARIABLE	Coefficient	SE	T- Test	Prob	Tolerance	VIF
POI	.369	.084	6.426	.000	.628	1.858
REI	.264	.059	2.296	.000	.459	1.488
SOI	.392	.084	4.745	.000	.358	1.425
ITI	0.249	.042	2.059	.000	.792	1.490
F-STATISTICS	59.5			0.00		
ADJUSTED R SQUARE	0.45					

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

If P-value is less than 0.05 ($p < 0.05$), null hypothesis is rejected, otherwise accepted

Interpretation

$REL = \beta_0 + \beta_1 POI + \beta_2 REI + \beta_3 SOI + \beta_4 ITI + \varepsilon$ ………………. Model 1

$REL = \beta_0 + 0.369POI + 0.264REI + 0.392SOI + 0.249ITI + \varepsilon$ ………………. Model 1

The regression estimate of the model above shows that political influence, religious influence, social influence and intellectual influence have positive effect on financial reporting. This is indicated by the signs of the coefficients, which are 0.369, 0.264, 0.392 and 0.249 for POI, REI, SOI and ITI. The coefficients with positive effect are consistent with a-priori expectations.

From Table 4.13, the sign of the coefficient of the independent variables shows that political influence has a positive effect on financial reporting quality, with a coefficient of 0.369, this positive effect is statistically significant as the t-statistic significance level shows 0.00 which is less than 0.05 the chosen level of significance for this study. Religious influence has a positive effect on financial reporting quality also, with a coefficient of 0.264, this positive effect is however significant as the t-statistic significance level shows 0.00 which is less than 0.05.

Table 4.13 also shows that the coefficient of 0.392 for social influence. It indicates a positive effect of social influence on financial reporting quality. This positive effect is also statistically significant as the t-statistic significance level shows 0.00 which is less than 0.05. Finally intellectual influence has a positive effect on financial reporting quality also, with a coefficient of 0.249, this positive effect is however statistically significant as the t-statistic significance level shows 0.000 which is less than 0.05 the chosen level of significance for this study.

The Adjusted R-square of the model is 45%, this suggest that variations in financial reporting quality of the sampled population can be attributed to the independent variables put together (human capital diversity), while the remaining 55% variations in financial reporting quality are caused by other factors not included in this model.

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

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

Decision: At a level of significance 0.05, the F-statistics is 59.5 while the p-value of the F-statistics is 0.00 which is less than 0.05 level of significance adopted. Therefore the study rejected the null hypothesis which means that Human Capital Diversity has significant effect on the relevance of information in quoted manufacturing companies in Nigeria.

4.2 Discussion of Findings

The study evaluates stakeholders' perception on effects of human capital diversity on financial reporting quality among companies listed on Nigerian Stock Exchange. Seven hypotheses were examined and their results were summarized below.

Discussion of findings on Human Capital Diversity and Relevance of Financial Information

The first hypothesis of this study was on the effect of human capital diversity on relevance of financial information among Nigerian listed firms. The regression estimate of the model shows that political influence, religious influence, social influence and intellectual influence has a positive effect on financial reporting quality while religious influence and intellectual influence has a negative effect on financial reporting quality. This is indicated by the signs of the coefficients, which are 0.369, 0.264, 0.392 and 0.249 for POI, SOI and ITI. The coefficients with positive effect are consistent with a-priori expectations. These findings corroborate with the results of Olayinka, Olojede and Olaoye (2017) that the implementation of International Financial Reporting Standard (IFRS) in Nigeria has significantly improve the level of value relevance of accounting data such as earnings, cash flow, book value and net income. Also, the result is in-line with that of Baboukardos and Rimmel (2016) that states that the adoption of International Integrated Reporting Council (IIRC) framework improves the usefulness of financial reporting for investors listed on the Johannesburg Stock Exchange (JSE). Likewise, Tlili, Othman and Hussainey (2019) also confirmed that in South Africa context, there is a significant impact of integrated reporting adoption on the value relevance of organisation capital.

4.3 Implication of Findings

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

The findings of this study are relevant to regulatory bodies (like FRCN, SEC and CBN) as well as professional bodies (like ICAN and ANAN). The result of the study shows that the extent of quality of the current corporate disclosures in Nigeria is slightly above 100% as shown in Table 4.2.1, and this could be improved with inclusion of human asset in financial reporting in Nigeria. Financial reporting quality is another concern that regulators must look at to promote stakeholder interest, as manufacturing companies do not strive to report for the sake of it but to encourage high quality reporting through the diversity of human capital which significantly and positively influenced the decision of the stakeholders

Also, the finding serves as a basis and helps to appreciate the need for the inclusion and appreciation of the human assets through disclosures and regulations because there is evidence that the diversity of the human assets positively influenced the quality of reporting. The low Adjusted R2 of 0.49 for human capital diversity on relevance of accounting information combined under study implies that all hands must be on deck by all (regulators, practitioners, and academics) to capture more variables that could ensure quality reporting. Thus specifically, the study presents credible evidence to researchers to investigate more on human capital diversity on financial reporting quality in Nigeria.

The empirical evidence of the study suggested that the measures of human capital diversity have significant influence on the relevance of accounting information of quoted manufacturing companies in Nigeria. This implies that the board of the manufacturing association of Nigeria (MAN) should identify with the importance of human capital diversity and adopt it as primary objective of the organization's leadership that can contribute significantly to the sustainability of the business.

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

Empirically, the findings presented in Table 4.2.1 shows that human capital diversity have significant relationship with the financial reporting quality. The implication of the findings is that improvement in human capital diversity has enhanced the quality financial report available to the other interested stakeholders and that has enabled a more efficient and productive allocation of capital. Thus because of human capital diversity and financial reporting quality the protection of the stakeholders interests is guaranteed.

Adjusted R2 figures depict that there are more factors that could drive quality of financial reporting apart from variables used in the study. Thus, this study will have relevance to stakeholders and shareholders to be aware of the importance of the diversity of human capital.

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

5. Conclusion and Recommendations

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

From the findings of the study, it was concluded that human capital diversity through political and social influence significantly affects the relevance of financial information in Nigeria.

The study examined the stakeholders' perception on effects of human capital diversity on relevance of accounting information among quoted manufacturing companies on Nigerian Stock Exchange. From the results of the findings, the following recommendations are made:

1. Relevance of accounting information should be taken as key factors that permit economic and financial decisions to be taken effectively and professional accountants should attach much attention to these qualities while preparing financial statements as required by International Financial Reporting Standards (IFRS). Relevance and faithful representation are true fundamental qualities in financial reporting system and accurate financial statements and quality-based reports constitute the tools that financial analysts use in financial information interpretation. Qualitative financial statements should show financial elements and even the relationships between them so that a clear comparison can be done for informed decision making.
2. Accounting reporting quality emphasizes that management of companies especially those that are quoted on capital markets should provide relevant information willingly and have to provide more qualitative financial information accompanied by complete disclosures in order to evaluate and examine the future cash flows activities of the business in order to attract investors and procure more financial resources because financial reporting quality has a direct or indirect powerful effects and influence of cost and procurement of capital.

6. Contribution to Future Research

The study serves as a reference for further study on the diversity of the human asset in the area of quality financial reporting that promotes the image of the organization. This will go a long way in encouraging investors and other users of the financial reports in making economic decision.

REFERENCES

Agostino, F.G., Drago, T.T. & Silipo, S. Z. (2011). The effect of accounting information on quality reporting in India. International Journal of Accounting & Finance, 2(8) 443-468

Arunasalam, K. (2016). Corporate reportimng. Centre for professional transformation in accounting 7 finance (cptaf) newsletter, 1-30.

Atkins, P. (2018). Theoretical Evidence of the Efficiency of intangible Assets in the quality of financial reporting. International journal of Scientific and Research Publications, 2(4), 16-27.

Bambang, S., Kot, S., Adiati, A. K. & Nur, A. L. (2018). Sustainability reporting and value relevance of financial statements. Journal of Sustainability, 1o(678), 2-14.

Barth, M., Beaver, W. & Landsman, W. (2001). The relevance of the value relevance literature for financial accounting standard setter: Another View. Journal of Accounting and Economics, 31(3), 77-104.

Bryman, K. & Bell, H. (2015). Testing of agency and stewardship theories on financial accountability in Sulawesi region, Indonesia. International Journal of Finance and Accounting, 7(1), 13-18

De-Meyere, M., & Bauwhede, H. V. & Van-Cauwenberge, P. (2018). The impact of financial reporting quality on debt maturity: the case of private firms. Accounting and Business Research, 109-122.

Devereux, M. (2011). Transparency in reporting financial data by multinational corporations. London: Oxford University Centre for Business Taxation.

Dilek, D., Özgür, B., Rutkay, A., & Ceren, D. T. (2019). Relationship Between Financial Literacy and Financial Self- Efficacy: A Research On University Students. Conference: ICOAEF'18.

Eke, Gift .O. (2018). Adoption of International Financial Reporting Standards in Nigeriaa: A Conceptual Appraisal European Journal of Accounting & Research, 2(6), 224-255.

El-Bodun, M., Aga, M. & Abu, A.A. (2017). Impact of corporate governnance and external audit on earnings management. Evidences from the financuial sector of United Arabs of Emirates (UAE). International Journal of Finance and Accounting, I6(6), 172-178
Farouk, M.A., Mogaji, I.G. & Egga, K.A. (2019). Impact of characteristics of firm on quality of Financial Reporting of Quoted Industrial Goods companies in Nigeria. Amity Journal of Corporate Governance, 4(2), 42-57.
Gacia, M.& Cuadrado, L. Y. (2011). Understanding the relation between financial reporting quality and audit quality. Auditing. A Journal of Practice & Theory, 35(4), 1-22.
Givoly, D., Hayn, C. (2000). The changing time-series properties of earnings, cash flows and accruals: Has financial reporting become more conservative?. Journal of Accounting and Economics, 29(3), 287-320.
John Onyemaechi Odo (2018). Adoption of IFRS in Nigeria Challenges and the way forward. International Journal of Academic Research in Buisness & Social Sciences, 8(8), 426 - 440
Kadous, K., Koonce, L. & Thayer, M. J. (2012). Do financial statement users judge relevance based on properties of reliability?. The Accounting Review. 87(4), 1335-1356.
Lara, G. J. M.A., Osma, B. G. A. & Penalva, F. (2014). Information consequences of accounting conservatism. European Acounting Review, 23(2), 173-198.
Mbobo, E. M & Ekpo, N. B. (2016). Operationalising the qualitative characteristics of financial reporting. International Journal of Financial Accounting, 5(4), 184-192.
Mehdi, A & Mohammed - Ali, B.C (2009). Financial Reporting Gap in Developing Countries: The case study of Iran. Iranian Journal of Accounting, 1(1), 211 – 225
Mustapha, V.C& Erald, K. (2017). The use of managerial accounting as a tool for decision making by oil & gas companies in Albania. Journal of Accounting, finance & Auditing studies, 4(12), 612-635
Nyor, T. (2013), Financial Reporting Quality of Nigeria firms: Users' perception. International Journal of Business and Social Science, 4(13), 273-279.
Ogbonnaya, K.A. (2020). Corporate governance structure and financial reporting quality of quoted manufacturing companies in Nigeriaa. International academy journal of managements annals, 3(4), 106-115
Olayinka, E. O., Olojede, P. & Olaoye, O. (2017). Value relevance of accounting data in the pre and post IFRS era: Evidence from Nigeria. International Journal of Finance and Accounting, 6(4), 95-103.
Omokhudu, R. & Ibadin, F.F. (2015) Nigeria. The use of voluantry disclodure in determing the quality of finacial statements: evidence from the Nigeria listed companies. Enterpreneurail Business and Economic Review, 5(5) 200-500
Oshodin, E. & Chijoke, M. O. (2014). The comparative study of value relevance of financial information in the Nigeria banking and petroleum sectors. Journal of Business Studies Quarterly, 6(1), 42-54.
Power, M. (2010). Fair value accounting, financial economics and the transformation of reliability. Accounting and Business Research, 40(3), 180-197.
Siriyama, H. & Norah, A. (2017). Financial Reporting Quality: A Literature Review. International Journal of Accounting & Finances, 6(12), 200-222
Soyemi, K.A & Olawale, L.S. (2019). Firm characteristics and Financial Reporting Quality: Evidence from Non-Financial firms in Nigeria. Iinternational Journal of Economics Management and AccountingI, 27(2), 445-472.
Syeda, T. (2019). The significants of Accounting numbers on strategic decision making in corporate organizations in Bangladesh. Global Journal of Management & Business Research, 10(7), 593-621
Tasios, S. & Bekiaris, M. (2012). Auditor's perceptions of financial reporting quality: The case of Greece. International journal of Accounting and Financial Reporting, 1(2), 56-82.
Unegbe, O.A. (2014). International finacial reporting standard and the quality of banks financial statement information: evidence from an emerging market Nigeria. International Journal of Accounting, finance and Business Reaserch, 10(20),100-200