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HUMAN CAPITAL DIVERSITY AND UNDERSTANDABILITY OF ACCOUNTING INFORMATION OF QUOTED MANUFACTURING COMPANIES IN NIGERIA

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ABSTRACT

Understandability of accounting information has been a major issue when it comes to investment decision by stakeholders. This problem may be summarized in the degree knowledge of information is understood and easily put into use to gain a high level of advantage by using the information for economic decisions which the financial report must provide to show the true position of the company through the aids of human capital diversities. However, most stakeholders do not consider this factor before committing their funds into such ventures which human capital diversity can help to achieve. The study investigated the effect of human capital diversity on faithful representation 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 techniques 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 ranged between 0.710 and 0.972. The data were analysed using descriptive and inferential (multiple regression) l statistics. The study found that human capital diversity has significant effect on faithful representation of accounting information Adjusted R^2 = 0.250; ($F_{4, 449)}$ = 69.6, $p < 0.05$). The study concluded that human capital diversity has significant effect on the understandability of accounting information of quoted manufacturing companies in Nigeria. The study recommended that all stakeholders should understand the entity and its operational activities before investing and also allow human assets to showcase their political influence, religious influence, social influence, and intellectual influence for organization to prepare and present information in a clear and easy language for stakeholders.

Keywords: Accounting Information, Human Capital Diversity, Manufacturing Companies, and Non-financial information, Understandability.

1. Introduction

Financial statements should always provide information easily understood by the stakeholders for informed and economic decision. The statement should possess all the relevant information that will help the stakeholders to make necessary decisions at all times (Farouk, Magaji & Eega, 2019). Understandability states that information provided in the financial statements must be easily understandable by the end users of those financial statements (Soyemi & Olawale, 2019). This means that information must be clearly presented, with additional information supplied in the supporting footnotes as needed to assist in clarification (Soyemi & Olawale, 2019).

Understandability is the principle that the financial information provided by a company should be such that its significance is capable of being perceived by user and also influence the decisions of the stakeholders. Understandability assumes that users of financial statements have reasonable background knowledge of the business and economic activities. It requires that information presented in financial reports to be concise, complete and clear in presentation (Ogbonnaya, 2020)

According to Mahmoud (2017), the financial statement should exhibits certain degree of quality through provision of easily understandable information for stakeholders prepared by human asset which in most cases are influenced by political, religious and social assets in the organization. The company's report should take into cognizance the availability of accounting information in a simple language for the stakeholders to understand the financial report. This means the concept of true or fair can only be determined when the report is understood by the users which must be paramount to organization's at all times, especially when the stakeholders are making informed economic decisions (Murthy & Abeysekera, 2014).

Poor understandability of accounting information will lead to wrong business decisions and eventually loss of profitable opportunities. Such poor understanding can occur due to inefficiency of the management, low productivity of the human assets, increase of legal issues against the company and inability to organize seminars and conferences for both internal and external stakeholders (Nworgu, 2018). Poor understanding has negative effects on the economy because it may raise significance problems in public management of economic resources. According to Sabarudin and Akhmad (2020), business entity's success or failure depends on the investments of the human assets which solely depends on their understanding of the information provided by the organization which are influenced by politics, religion and social factors. This means that organization must treat human assets well by giving them enough recognition in order to attain its objectives of profit maximization and cost minimization (Bullen & Eyler, 2013).

The problem of financial statement could be attributed to inadequate understanding of the information provided by reporting entity which may result to financial loss on the part of some stakeholders which is prevalent in the manufacturing companies quoted in Nigeria (Dilek, Ozglir, Rutkay & Ceren, 2019). Also, financial statements do not reflect thorough analysis for investors to make judgements unless the information is given to financial analysts which is extra cost to the investors. It is necessary for the diversity of the human assets be brought to achieve the purpose of preparing easily understandable financial statements in a simple, clear and concise form for the stakeholders that will help the management to solve some problems (Nyor, 2016)

Understandability of accounting information in Nigeria seems to be strong compared to many developed countries and this has affected 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 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 which will help the degree of understanding of the stakeholders. The non-emphasis on the understandability has made the financial statement not to give the true position of the account. However, the influence of the Human Capital Diversity is yet to be fully appreciated and applied in the corporate financial reports of corporate entities which is needed for preparation of quality report that is easy to understand by the users.

The understandability of financial statement indicates the intellectual influence of the human capital which signifies the financial and economic reality of the position of the business. The financial information provided by the human asset in the financial reports should be clear and simple for stakeholders to determine what to do with what the business in terms of investments or continued maintenance of the business through ownership of shares (Soyemi & Olawale, 2019).

The major issue that stimulated the motivation for this study is the tendency for providing a comprehensive information for stakeholders to make decisions on the organization leading to the flexibilities within the accounting standards for preparers of accounting information to choose accounting methods, policies and estimates of their choice to help prepare easy and clear report at all times (Farouk, Magaji & Eega, 2019). Company's characteristics have been identified to have substantial role in explaining quality of financial reporting to users in an unambiguous language (Nwaiwu & Aliyu, 2018). Therefore, the study examined human capital diversity and understandability of accounting information of quoted manufacturing companies in Nigeria.

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

Based on the research objective, the research question was formulated in the study;.
How does Human Capital Diversity affect the understandability of accounting information in quoted manufacturing companies in Nigeria?

The hypothesis formulated was tested.
H_0^1: There is no significant effect of Human Capital Diversity on the understandability of accounting information in quoted manufacturing companies in Nigeria

2.Review Of Literature

2.1 Conceptual Review

Financial Reporting

The necessity for producing quality financial report has received great attention across the world. The provision and presentation of high quality financial reporting information is paramount because it will positively influence capital providers and other stakeholders in making economic and investment decisions (Ogbonnaya, 2020) Financial reporting involved recording financial information according to relevant accounting standards. According to Abubakar (2015), financial reporting quality included the exposure of related financial information to the different Stakeholders about an organization over a predefined timeframe. These Stakeholders included – investors, lenders, suppliers, and government organizations.

Quality Characteristics of Accounting Information

For any accounting information to be useful and beneficial to users it has to be presented faithfully to represent the expectations of the stake holders for decision making (Babai, Niazy, Talebi & Jamal, 2016). Financial accounting is the product and output that helps to measure the relationship between management and other stakeholders of an entity and an useful for multiple objectives depending on the users and financial accounting information (De-Meyere, Bauwhede & Van-Cauwenberge, 2018). Nworgu (2018) posited that financial information must be faithfully represented to reflects the performance and position of the entity which the stake holders will base their decisions.

Understandability of Financial Information

An essential quality of the information provided in financial statements is that it is readily understandable by users (Ijeoma, 2017). For this purpose, users are assumed to have a reasonable knowledge of business and economic activities and accounting, and a willingness to study the information with reasonable diligence. However, information about complex matters that should be included in the financial statements because of its relevance to the economic decision making needs of users should not be excluded merely on the grounds that it may be too difficult for certain users to understand (Syeda,2019).

The understandability of financial information means that the users are able to read, interprets and makes decisions from the financial reports prepared and presented to them (Akeju & Babatunde, 2017). Hence, accountants need to prepare and present financial report in a recognized language and provide comprehensive information about business activities of their entity which must be in compliance with the local GAAPs (Shahwan, 2008; Geoffrey, Holmes & Sugden, 2009).

The accountants should take into cognizance the user's interest which is crucial without compromising the fundamental qualities of the financial report and the current accounting issues require the accountants to provide detail and full disclosure related to the financial information in a understandable way (Nobes & Stadler, 2015). Stoian, Morariu, Mitea and Crecana (2009) posited that because of many conceptual frameworks that are established, the accountants are expected to provide relevant, comprehensive and understandable financial reports with more information to the users who may even not be able to understand the reporting frameworks like IFRS and local legal frameworks so that any user-group may understand them by themselves and make good decisions.

The understandability of financial reports becomes pertinent if information is well classified, clearly presented and consistency in presentation (Siriyama & Norah, 2017). Allen Ramanna (2013), Jurij Renkas, Goncharenko and Lukianents (2016) showed that financial information is effective and useful when users of financial statements can comprehend and use the information to make informed and economic decisions (IASB, 2008).

Accountants preparing and presenting financial statements should use the languages that are familiar to users who even may not have accounting background. Hence, the languages should be understandable, clearly readable and help them to make decisions. This means that accounting jargons should be totally eradicated from the financial reports and if in any case being used their meanings should be attached to the report to enhance understandability of the users (FASB, 2010).

Financial information understandability is fundamental to the provision of financial reports by the accountant and this should be emphasized to enhance the quality of the financial report (Cheung, Evans & Wright, 2010). The understandability of financial information is with a view to improving the quality and acceptability of the firm's reports and is done through provision of reliable, relevant and adequate information by the accountant (Dowen, 2014)'

2.2 Theoretical Review

Goal Setting Theory

This theory as proposed by Locke (1965), suggests that individual's goals established by employee himself, plays an important role in motivating him for superior performance. This is premised on the fact that each employee has personal aspiration and expectations from the work and he would strive hard to achieve that goal so as to be able to fulfil obligations to his immediate dependents.

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.

Stakeholder Theory

The proponent of the theory, R. Edward Freeman (1984) emphasized stakeholder survival in the organization. According to Watson (2012), the stakeholder theory emphasizes that some individual or group is very important for the survival of the organization and organization objective.

The main focus of the firm is to generate more profit even more than they expected value, the pursuit of this goal makes it difficult to do fair businesses and there is intention even to engage in fraudulent activities, where managers present unfair report and try to show a wrong picture of their finances and as a result reporting becomes inconsistent and lack transparency where only managers know the real profit earned than even employees do not know (Gyorgy, 2016).

2.3 Empirical Review

The provision of reliable financial report depends on the intellectual influence of the human asset in the entity. Reliability of financial information comes from the financial reports that are easy to read and understand and must help the users to make quality decision. The accountant (human capital) needs to prepare financial information in a recognized language and supply a more explanations or details about business activities of their entity in a clear way for the users to make quality decision (Ogbonnaya, 2020)

The preparers (human assets) of financial statements of a company should be mindful that the information is towards the users whose interest is crucial than preparers and these reports should be in a clear manner without compromising the fundamental qualities and the current accounting issues require the accountants to detail and provide full disclosure related to the financial information in a understandable way (Nobes & Stadler, 2015).

The diversity of human capital becomes increasingly important because they have to prepare and present the annual report in a way for the users to understand and the understandability of financial statements becomes evident when the information is well classified and presented with consistency in a clear language for users to make quality decision (Siriyama & Nora 2017).

Accounting professionals (human assets) who are in charge of preparing and presenting financial statements should use political, religious, social and intellectual influences to obtain quality financial report. The accountant should use the terms that are familiar to users who even may not have accounting background; therefore the sentences should be understandable, clearly readable with clear content.

This means that the jargons should be avoided and if used glossaries should be attached to the reports to enhance reports understandability (FASB, 2010). Financial information understandability is an important function of provision of financial reports that a firm should emphasize on. This is achieved through training and development of the human asset. It is imperative for the entity to use financial and non-financial means to improve the quality of its human asset as this in long run be to the benefit of such entity (Ogbonnaya, 2020).

The understandability of financial information is enhancing quality that all users of the firm's reports and is done when it is more classified and sufficient through the diversity of the human assets (Dowen, 2014).

3. METHODOLOGY

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

The model specified in this study were in line with the specific objectives achieved. The study measured the effect of human capital diversity and faithful representation 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 = Understandability of Accounting Information= UAI(dependent variable)

X = Human Capital Diversity = HCD (independent variable)

$Y= f(x)$

$Y= f(x_1)$

Where,

Where;

x_1 = Political Influence (POI)

x_2 = Religious Influence (REI)

x_3 = Social Influence (SOI)

x_4 = Intellectual Influence (ITI)

Functional Relationship

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

Functional Models

$UAI = \beta_0 + \beta_1 POI + \beta_2 REI + \beta_3 SOI + \beta_4 ITI + \varepsilon$ ………………. 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 was six hundred and seventy (670). A total of 600 copies of questionnaire were properly filled and returned. This represented an overall successful response rate of 89.55% as shown on Table 4.1. The remaining 70 questionnaires were not returned and not useful for the purpose of this study. Bryman and Bell (2015) ascribed that a response rate of ≥50% is adequate for a descriptive study and inferential analysis. Therefore 89.23% is adequate for the study.

Table 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)

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

Research Objective : Access the effect of Human Capital Diversity on understandability of information in manufacturing companies quoted in Nigeria

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

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

Table 4.2.1: Human Capital Diversity and Understandability of Financial Information

DEPENDENT VARIABLE: UND

VARIABLE	Coefficient	SE	T- Test	Prob	Tolerance	VIF
POI	.424	.048	8.865	.000	.628	1.858
REI	.243	.033	4.405	.000	.459	1.488
SOI	.234	.047	4.944	.000	.358	1.425
ITI	.260	.026	4.284	.000	.792	1.490
F-STATISTICS	69.6			0.00		
ADJUSTED R SQUARE	0.61					

Notes: The dependent variable is Understandability of information (UND), 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.

Interpretation

$UND = \beta_0 + \beta_1 POI + \beta_2 REI + \beta_3 SOI + \beta_4 ITI + \varepsilon$ ………………. Model 5

$UND = \beta_0 + 0.424POI + 0.243REI + 0.234SOI + 0.260ITI + \varepsilon$ ………………. Model 5

The regression estimate of the model above shows that political influence, religious influence, social influence and intellectual influencehave positive effect on financial reporting. This is indicated by the signs of the coefficients, which are 0.424 0.243, 0.243 and 0.260 for POI, REI, SOI and ITI. The coefficients with positive effect are consistent with a-priori expectations.

From Table 4.2.1, the sign of the coefficient of the independent variables shows that political influence has a positive effect on understandability of financial reporting quality, with a coefficient of 0.424, this positive effect is 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.

Table 4.2/1 also shows that religious influence has a positive effect on comparability of financial reporting quality, with a coefficient of 0.243; this positive effect is statistically significant as the t-statistic significance level shows 0.000 which is less than 0.05. Finally intellectual influence has a positive effect on comparability of financial reporting quality also, with a coefficient of 0.260; this positive effect is 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. Social influence has a positive effect on understandability of financial reporting quality also, with a coefficient of 0.234; this positive effect is significant as the t-statistic significance level shows 0.00 which is less than 0.05.

The Adjusted R-square of the model is 61%, this suggest that variations in understandability of financial reporting quality of the sampled population can be attributed to all our independent variables put together (human capital diversity), while the remaining 39% variations in understandability of 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 understandability of 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 comparability of financial reporting qualityis 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 69.6 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 understandability of information in quoted manufacturing companies in Nigeria.

4.3 Discussion of Findings

The study evaluates stakeholders' perception on effects of human capital diversity on understandability of accounting information among companies listed on Nigerian Stock Exchange. The hypothesis was examined and the results were summarized below

Human Capital Diversity and Understandability of Financial Information

The hypothesis of the study was on the effect of human capital diversity on understandability of financial information among Nigerian listed firms. The regression estimate of the model shows that political influence, religious influence and social influencehas a positive effect on understandability of financial information while intellectual influencehas a negative effect on timeliness of financial information. This is indicated by the signs of the coefficients, which are0.417, 0.225, 0.134 and 0.241 for POI, REI, SOI and ITI. The coefficients with positive effect are consistent with a-priori expectations. The result conforms to the findings reported by Luypaert, Van-Caneghem and Van-Uytbergen (2016) that company's size and external audit services requirement positively affects the timeliness quality of reporting of small and medium enterprises in Belgium. The result also corroborates with the findings of Owusu-Ansah (2000) which reveals that audit reporting lead time is significantly associated with the timeliness with which sample companies listed on the Zimbabwe Stock Exchange release their preliminary annual earnings announcement.

4.4 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 faithful representation of accounting information of quoted manufacturing companies in Nigeria. The implications are as stated below:

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

Also, the finding serves as a basis and helps to appreciate the need for the inclusion and appreciation of the human assets through disclosures and regulations because there is evidence that the diversity of the human assets positively influenced the quality of reporting. The low Adjusted R^2 of 0.36 for human capital diversity on quality of financial report 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 faithful representation of accounting information in Nigeria.

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

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

Empirically, the findings presented in Table 4.1.1 shows that human capital diversity have significant relationship with the faithful representation of accounting information. The implication of the findings is that improvement in human capital diversity has enhanced the quality financial report available to the other interested stakeholders and that has enabled a more efficient and productive allocation of capital. Thus because of human capital diversity and faithful representation of accounting information the protection of the stakeholders interests is guaranteed.

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

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

5. Conclusion and Recommendations

The necessity for producing quality financial report has 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 financial reporting quality among quoted manufacturing companies in Nigeria.

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

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

1. Understandability of accounting information should be taken as key factors that permit economic and financial decisions to be taken effectively and professional accountants should attach much attention to these qualities while preparing financial statements as required by International Financial Reporting Standards (IFRS). Faithful 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 faithful information willingly and have to provide more qualitative accounting information accompanied by complete disclosures in order to evaluate and examine the future cash flows activities of the business in order to attract investors and procure more financial resources because financial reporting quality has a direct or indirect powerful effects and influence of cost and procurement of capital.

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.

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