



Cloud Computing and Financial Reporting Quality: The Moderating Effect of Corporate Governance

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ABSTRACT

The rapid advancement of cloud computing has transformed financial reporting practices, offering opportunities for enhanced data accessibility, accuracy, and efficiency. However, its adoption also introduced challenges relating to cybersecurity, regulatory compliance, and financial data integrity. Thus, the study examined the interplay between cloud computing and financial reporting quality, with corporate governance as a moderating factor in Nigerian consumer goods companies. The research employed a descriptive survey design, and collected primary data from 394 staff across 21 listed consumer goods firms. Using regression analysis, the study evaluated how cloud computing (applications, platforms, and infrastructures) influence financial reporting quality and how governance structures (board quality, audit committee effectiveness, and control environment) moderate these effects. The result revealed that cloud computing had substantial impact on the quality of financial reporting ($\text{Adj.R}^2 = 0.30$, $F(2, 391) = 169.73$, $p < 0.05$) of consumer goods firms in Nigeria. Also, corporate governance moderated the effect of cloud computing on financial reporting quality ($\Delta R^2 = 0.14$, $\Delta F(2, 391) = 48.51$, $p < 0.05$) of consumer goods firms. This implies that corporate governance significantly enhances financial reporting quality in a cloud computing environment by mitigating risks associated with data security and compliance. Additionally, strong corporate governance structures improve transparency, stakeholder confidence, and regulatory adherence. The study recommends a strengthened corporate governance structures, including independent audit committees and technology-competent boards, to maximize the benefits of cloud computing while ensuring financial reporting quality.

Keywords: Cloud computing, Financial reporting quality, Corporate governance, Regulatory compliance, Audit committee, Board quality, Data security.

INTRODUCTION

The financial reporting environment in Nigeria has undergone substantial transformations due to evolving regulatory frameworks and rapid technological advancements (Goodwill et al.,

2022[28]; Mbawuni, 2019[41]). While regulatory requirements continue to align with international standards, technology has introduced new methodologies that reshape conventional reporting practices. Cloud computing presents both opportunities and challenges, particularly regarding data integrity, cybersecurity, and compliance with regulations (Ogundajo et al., 2023[46]).

Financial reporting quality is fundamental to economic growth and investment decision-making in Nigeria. Studies indicate that financial reporting quality has a significant impact on market price per share (Owoeye et al., 2022[50]), and strong internal audit functions enhance reporting relevance and faithful representation of financial information (Omimakinde & Adejuwon, 2023[47]). Studies also reveal that compliance with corporate governance regulations, effective risk management, and rigorous internal auditing further improve the calibre of financial reporting (Nwaobia et al., 2022[44]).

The benefit of financial reporting quality extends to various stakeholders in the economy. For shareholders, high-quality financial reporting enhances transparency and trust, enabling informed investment decisions (Al-Qadasi et al., 2022[12]). Improved reporting reduces corruption and fosters an ethical business environment (Rashid et al., 2018[54]). Institutional investors prefer firms with robust financial reporting systems (Aghae et al., 2022[4]). Investors benefit from quality financial reporting through informed portfolio diversification and risk mitigation (Owoeye et al., 2022[50]). High-quality reports reduce information asymmetry, attract institutional investors, and positively influence market price per share (Zhou et al., 2022[67]).

Companies also gain from high-quality financial reporting as it enhances accountability, transparency, and stakeholder trust, leading to more efficient investment decisions (Sahi et al., 2022[55]). Factors such as net income, return on assets, and leverage contribute to financial report relevance (Foltean, 2022[26]). Accurate disclosures increase investor confidence and support corporate sustainability.

Despite its importance, financial reporting scandal remains a global challenge and a concern in Nigeria. Scandals involving Lehman Brothers, Enron, WorldCom, Americans SA (Brazil), Saytam (India) and Kraft Heinz Company, highlight the consequences of poor reporting practices (Dodd, 2023[21]). In Nigeria, financial fraud cases such as those involving Cadbury Nigeria Plc and Afribank Plc underscore persistent misstatement challenges (Falope et al., 2024[24]).

Financial misstatements in Nigerian consumer goods companies often result from inadequate disclosure, financial distress, and earnings management practices (Ajekwe & Ibiamke, 2019[6]). Poor board composition and lack of accounting conservatism further disturb the calibre of financial reporting (Shika et al., 2022[57]). Although regulatory measures such as the Nigerian Code of Corporate Governance (2018) and International Financial Reporting Standards (IFRS) have been implemented, challenges such as non-compliance and weak enforcement persist (Nnorom, 2021[43]).

Cloud computing has become a force for transformation in financial reporting, improving data accessibility, security, and processing efficiency (Ali, 2020[10]). Cloud-based systems enable

real-time data integration, collaboration, and enhanced security, addressing some of the challenges associated with conventional reporting methods. Organizations leveraging cloud computing can process large datasets, facilitate data-driven decision-making, and improve transparency (Zhang, 2021[67]).

However, cloud computing also raises concerns regarding cybersecurity, data privacy, and regulatory compliance. Organizations must ensure that cloud-based systems adhere to established financial reporting standards while mitigating risks related to unauthorized data access and cyber threats. As cloud technology evolve, examining its effect on financial reporting quality remains crucial, particularly for consumer goods companies in Nigeria.

Corporate governance is critical in ensuring the reliability and honesty of financial information in the era of cloud computing. Dependable corporate governance mechanism, with functional audit committees and independent board oversight, mitigate risks associated with digital financial reporting (Yahaya, 2023[63]). Companies with sound corporate governance frameworks can better leverage cloud computing while maintaining regulatory compliance.

The proficiency of audit committees in financial matters significantly improves the quality of financial reporting by mitigating earnings management and ensuring adherence to accounting standards (Shika et al., 2022[57]). Compliance with the directives and standards established by regulatory entities like the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) fosters transparency and accountability in corporate financial disclosures.

While there is an expanding body of literature concerning the quality of financial reporting, there remains a notable gap in research regarding the influence of cloud computing on this quality within consumer goods companies in Nigeria. Previous studies have not adequately examined the moderating role of corporate governance in the interplay between cloud computing and financial reporting quality in these firms.

This study attempts to bridge this gap by examining the extent to which cloud computing enhances the calibre of financial reporting of consumer goods companies while assessing corporate governance's moderating role in mitigating associated risks and enhancing quality financial information. Providing empirical evidence, the research offers insights for academics, policymakers, and corporate entities on the intersection of technology, financial reporting, and corporate governance.

Despite the strategic role of consumer goods companies in Nigeria's economy, concerns persist regarding the accuracy, transparency, and reliability of their financial reporting. Poor financial reporting quality misleads stakeholders, hinders informed decision-making, and poses risks to investors, regulators, and market integrity.

Inadequate financial reporting also impacts economic growth, as consumer goods firms contribute significantly to GDP and employment. Industrial sector in Nigeria contributed 32.58% (2023), 30.78% (2022), 31.4% (2021) of Nigeria GDP (O'Neill, 2025[45]). Financial misstatements and inaccurate financial reports, has the potency to erode investor confidence,

which may slow economic expansion and deter foreign investments. Given Nigeria's efforts to enhance its economy, ensuring reliable financial reporting in this critical sector is paramount. A major challenge in financial reporting is the issue of faithful representation, where financial statements fail to accurately reflect a company's financial position. Misrepresentation distorts stakeholders' perceptions of financial health and increases regulatory concerns. The 2018 IFRS revised conceptual framework emphasizes faithful representation and relevance of financial information as fundamental qualitative features of suitable financial reports, over the enhancing features of comparability, verifiability, timeliness, and understandability (IFRS, 2018[35]). Relevance financial information bacons on capability to help users make a difference in their decision, while faithful representation reflect honest representation of substance it purports to represent. This fundamental quality of financial reports has remain a challenge in financial reporting. Studies have shown that the absence of faithful reporting misguides stakeholders on financial risks and values (Abdel-Khalik, 2019[1]). While existing research has addressed faithful representation in financial reporting, few studies have explored its application in consumer goods firms and the role of cloud computing in mitigating reporting issues.

Additionally, there is paucity of literature that comprehensively analyse the intersection between cloud computing and calibre of financial reporting, particularly in Nigerian consumer goods firms (Kabwe, 2023[37]; Akai et al., 2023[7]; Aini et al., 2019 [5]; Omotilewa et al., 2021[48]; Rahman & Ziru, 2022[52]; Shakatrech et al., 2023[56]; Zhang, 2021[66]). Furthermore, existing studies have not looked at the moderating impact of corporate governance on the calibre financial reporting.

This study seeks to fill this gap by examining how cloud computing influences financial reporting quality in Nigerian consumer goods companies while assessing the role of corporate governance in moderating this relationship. Addressing this research gap is essential to developing strategies that align technological advancements with corporate governance practices, ensuring transparency, accountability, and financial stability in Nigeria's consumer goods sector.

This study seeks to investigate the influence of cloud computing on the quality of financial reporting within publicly listed consumer goods firms in Nigeria. This study examines the moderating effect of corporate governance on the interplay between cloud computing and the calibre of financial reporting within consumer goods firms in Nigeria.

LITERATURE REVIEW

Conceptual Review

Financial reporting serves as a comprehensive mechanism for disseminating pertinent information regarding the operational endeavours of a firm to its esteemed investors. Financial reporting is of great significance both for the reporting entity and its external stakeholders (Hasan, Abdullah, & Hossain, 2014[31]). The aforementioned statement elucidates that it furnishes pertinent data to aid in the evaluation of potential cash inflows. This information is indispensable for present and prospective investors, creditors, and other users, as it enables them to assess the magnitude, temporal occurrence, and level of uncertainty associated with these anticipated cash receipts (FASB: 1978[25]). Given that external stakeholders to inform

their economic decision-making processes utilize disclosures, it is anticipated that these disclosures ought to possess certain qualitative attributes. Researchers worldwide, especially in advanced nations, have conducted extensive investigations to develop a robust framework for financial reporting. Thus, significant emphasis has been placed on the qualitative attributes of the disclosed information within financial statements.

Ibidunni and Okere (2019) [34] conducted scholarly research that elucidates financial reporting quality as the extent faithful representation depict the genuine financial position of an entity. These reports aim to provide stakeholders with relevant information about the entities being reported on, aiding them to make informed economic decisions. In the quest for this goal, it is important to acknowledge that dependable financial reports have a significant and positive influence on financiers when considering economic decisions that can improve the efficiency of capital markets (Elbannan, 2011[22]). Amanamah and Owusu (2016) [14] contended that the compulsory release of fiscal assets and liabilities does not constitute an unequivocal imperative. Instead, scholars advocate employing a discerning approach to reporting, considering the specific contractual agreements at hand. The appropriateness of applying the assessment of fair value to financial instruments hinges upon the unique circumstances surrounding each distinct contractual agreement. However, a reporting entity must choose one of two reporting options on the statement of financial position to differentiate between instruments reported at fair value and those employing a different measurement approach. Amanamah and Owusu (2016) [14] suggest enhancing the aforementioned statement by delineating fair value and non-fair value carrying amounts as separate line items. However, this study considers the qualitative attributes of financial reporting, levelling on the basic features of relevance and faithful representation of financial information.

Cloud computing pertains to the dynamic provision of computing resources in response to user demand, facilitated through the utilization of internet-based services. It encompasses the provision of computational services, including storage and infrastructure, via the internet, thereby enabling users to conveniently access and utilize these resources as needed. Cloud computing presents a myriad of advantageous prospects, encompassing accelerated innovation, malleable resource allocation, and the attainment of economies of scale. Cloud computing encompasses various service models, namely: infrastructure as a service, platform as a service, and software as a service (Altemimi & Alasadi, 2022[13]). Cloud computing is a revolutionary paradigm within the realm of computing that encompasses the provision of diverse services, like storage, processing capabilities, and applications, through the vast expanse of the internet (Yang et al., 2016[65]). Instead of depending on localized servers or individual devices for computational tasks, cloud computing leverages a network of distant servers hosted on the internet to store, govern, and execute data processing operations. This particular model facilitates the users' ability to avail computing resources in a prompt manner, wherein they are solely charged for the resources they utilize, thereby obviating the necessity for substantial physical infrastructure.

The end user in cloud computing does not need to know the specific whereabouts of the service or the intricacies of the operating system on which it is executed (Ranger, 2022[53]). Considering this notion, the term "cloud" metaphorically originated from antiquated network designs for telecommunications and later the internet often appeared as a nebulous entity,

symbolizing its lack of geographical significance as a conglomeration of various elements. However, it is important to acknowledge that this assertion, although valid, oversimplifies the matter. It is imperative to recognize that a considerable number of clients place significant importance on the geographical placement of their services and data.

Cloud Application:

Cloud-based application solutions provide a myriad of advantages, including effectively optimizing financial procedures, augmenting cooperative efforts, and cultivating well-informed decision-making. Cloud-based applications have undeniably transformed the operational landscape of businesses, fundamentally changing how they manage and process data. Of particular significance is their profound influence on the realm of financial reporting. A cloud application, colloquially referred to as software as a service, is a sophisticated software programme that leverages cloud-based resources and infrastructure to disseminate the application to end-users via the internet. Within the context of financial reporting, it is vital to mention the pivotal role that cloud applications assume in augmenting operational efficacy, precision, and ease of access (Frankenfield, 2023[27]). Cloud applications enable users to avail themselves of a vendor's software through the cloud, operating on a subscription model (Patil & Basu-Mallick, 2022[51]).

Cloud Platform:

Krakowiak and Bajor (2019) [38] demonstrate that cloud platforms, serving as the foundational framework for cloud computing services, are indispensable constituents of this epochal digital transformation. Cloud platforms have brought about a model change in the context of information technology, bestowing upon businesses the ability to enhance their operational efficacy, expedite the pace of innovation, and seamlessly acclimatize to the perpetually evolving digital milieu. As the trajectory of cloud computing progresses, it is evident that cloud platforms will persist as the vanguard of digital transformation, endowing enterprises with the ability to realize their strategic objectives and foster enduring expansion. Once more, it is worth noting that Platform as a Service (PaaS) represents the subsequent stratum in the hierarchy (Hentschel et al., 2019) [32].

Cloud Infrastructure:

Cloud infrastructure, colloquially referred to as "Infrastructure as a service (IaaS)," pertains to the elemental constituents of computing that are available for lease: tangible or intangible servers, storage, and networking (Ranger, 2022[53]). The cloud infrastructure forms the fundamental framework that underlies the digital age. It is the intangible and imperceptible influence that underlies the overwhelming majority of contemporary online services that we presently employ, encompassing our individual electronic correspondences as well as the intricate software programmes that facilitate commercial operations. Cloud infrastructure encompasses an assemblage of both tangible and intangible elements, comprising hardware and software components, which facilitate the prompt provision of computational resources. These resources encompass an array of entities such as servers, storage units, networking infrastructure, virtualization software, services, and tools for efficient administration (Aggarwal et al., 2022[3]). These various components synergistically collaborate to engender a virtual environment that is accessible and utilizable by users via the internet.

Corporate Governance

Corporate governance (CG) is the comprehensive framework that endeavours to safeguard the interests of various stakeholders while simultaneously overseeing and regulating the intricate web of rules, relationships, systems, and processes that constitute the inner workings of a corporation (Gull et al., 2013[29]; Hsu & Yang, 2022[33]). It enhances efficacy, worth, and investor assurance within the realm of the capital market. Effective corporate governance enhances the principles of accountability, transparency, optimal resource utilization, and the allure of potential investors. Furthermore, it serves as a catalyst for augmenting employee contentment, fortifies the dependability of fiscal documentation, and bestows esteemed benefits on one's reputation. According to Arinze (2013[17]), the phenomenon of globalization is accompanied by a multitude of advantageous outcomes, such as the mitigation of transaction costs, capital costs, and susceptibility to financial crises. Furthermore, it serves as a catalyst for the augmentation of shareholder prosperity and the fortification of the worldwide economic landscape.

Corporate governance refers to the intricate system of regulations, protocols, and mechanisms that oversee the strategic guidance and authoritative oversight of an organisation. Corporate governance encompasses the intricate endeavour of effectively overseeing and harmonising the multifaceted concerns of diverse stakeholders within an organisation. These stakeholders encompass shareholders, high-ranking executives, clientele, suppliers, financiers, governmental entities, and the broader community. Corporate governance is a multifaceted managerial framework that encompasses a wide array of elements, including strategic initiatives, internal regulatory mechanisms, performance evaluation, and transparent communication, all of which are indispensable in attaining an organisation's goals.

However, there are several aspect of corporate governance, but this study consider three dimensions of corporate governance which are: board quality, audit committee quality and control environment.

Board Quality:

The notion of board quality, is a pivotal principle within the context of corporate governance, referring to the proficiency exhibited by the board of directors in discharging their duties and obligations. It comprehensively encompasses the intricate composition, intricate structure, and intricate processes of the esteemed board, in addition to the distinctive individual characteristics and exceptional skills possessed by its esteemed members. The acquisition of a superior board of directors plays an essential function in safeguarding a company's enduring viability, financial prosperity, and ethical comportment.

The quality of the board plays a pivotal role in ascertaining the triumph and efficacy of any given organisation. The board encompasses various constituent elements, such as its composition, dimensions, meeting frequency, committee structure, director attendance, and performance evaluations (Yan et al., 2021[64]; Adebisi, 2017[2]). Sun (2019) [59] made a comprehensive review which thoroughly examines each of the aforementioned elements in order to assess their inherent significance and discernible impact on the overall quality of the board. Alabdullah and Ahmed (2020) [9] argue that boards with more members may not work as effectively due to the increased complexity of dealing with difficult situations and assuming

primarily symbolic roles. Smaller boards, by virtue of their reduced scale, may encounter certain limitations in terms of accessing erudite counsel and embracing a comprehensive array of viewpoints.

Audit Committee Quality:

The audit committee assumes a key function in safeguarding the veracity and dependability of a corporation's financial disclosures. It functions as a pivotal intermediary connecting the board of directors, management, and the external auditor, rendering vigilant supervision and impartial discernment regarding financial affairs. Audit committee quality holds an important position in the context of robust corporate governance, serving as a fundamental pillar that fosters trust and in-stills confidence within the investor community, stakeholders, and the wider market.

In the context of corporate governance, the audit committee assumes a critical position, serving as a central component that holds significant influence in protecting the welfare of shareholders and upholding the credibility of financial disclosures. The notion of "Audit Committee Quality" is a complex and intricate construct that necessitates a meticulous analysis of diverse facets, encompassing composition, independence, expertise, responsibilities, and communication.

An audit committee's effectiveness relies on its assigned duties and supervisory capacities. The diligent scrutiny of financial records, internal controls, and audit processes by a committee of exceptional calibre ensures adherence to accounting standards and regulatory mandates, as expounded upon by Dashtbayaz et al. (2020) [20]. Furthermore, it proactively collaborates with external auditors, cultivating an atmosphere that is conducive to substantive dialogue and productive interrogations. The audit committee of quality surpasses the realm of mere compliance, diligently endeavouring to identify opportunities for augmenting the comprehensive quality and transparency of financial reporting.

Control Environment:

The control environment, comprising a myriad of policies, processes, and organisational structures, serves as the fundamental framework for the implementation of internal controls throughout the entirety of the business. Whittington and Pany (2004) [62] describe the control environment as the cognitive framework that shapes the attitudes and awareness of an organisation's management and workforce towards internal control mechanisms. According to Arens et al., (2006) [16], it is widely regarded as the most crucial component among the other four elements of internal control due to its ability to establish a sense of structure and rigour.

According to Millichamp (2002) [42], the control environment encompasses the cognitive processes, behavioural patterns, and knowledge possessed by leaders and management with regards to internal controls, as well as their recognition of the significance of these controls for the organization. The administration of a business substantially influences the level of safety and comfort experienced by its employees. This encompasses the business's operational ideology and aesthetic, unwavering dedication to integrity and expertise, hierarchical arrangement, authority and accountability, and personnel management protocols. Given the paramount influence wielded by the board of directors and executive management, it becomes

imperative that these entities align themselves harmoniously with the established standards and objectives of the organization.

The control environment encompasses a comprehensive array of standards, procedures, and frameworks that establish the bedrock for a proficient internal control system. It encapsulates the dispositions, cognizance, and endeavours of the board of directors, management, and personnel pertaining to the significance of governance and ethical conduct in attaining organizational goals. The control environment fundamentally establishes the foundation for an organization's perception and handling of risk, cultivation of accountability, and commitment to ethical principles.

Theoretical Underpinning

This research is based on the diffusion of innovation theory (DOI). The theory was founded by E.M. Rogers in 1962. The term first emerged in the realm of communication to denote the slow accumulation of momentum by an idea or product before it spreads over a certain demographic or social system (Wayne, 2022[61]). Individuals ultimately adopt a novel idea, behaviour, or item within a societal framework due to its widespread distribution. Adoption refers to the process of embracing a new product, behaviour, or action distinct from what one has previously done. Adoption is contingent upon an individual's capacity to see an idea, conduct, or product as innovative or original. This enables the potential for widespread distribution.

"Innovation adoption" refers to the phenomenon in which some people are more inclined to embrace an invention compared to others, rather than the acceptance occurring simultaneously throughout a social system. According to Wayne (2022) [61], research has shown a distinction between those who embrace innovations at an early stage and those who adopt them at a later stage. When promoting an innovation to a certain demographic, it is crucial to understand the factors within that group that may facilitate or impede its acceptance. This theory has received some criticism including (Lyytinen & Damsgaard, 2001) [40]. Their premise pivoted on the following points: the focus on top-down procedures, the decontextualisation of innovation adoption choices, the obfuscation of the power dynamics between innovators and adopters, and the contemptuous attitude towards people who declined to adopt are all aspects of the idea.

Despite the criticism, the Diffusion of Innovation theory (DOI) has received and widely application and it is still applied in international development and policy implementation. The theory's advocates are risk-takers and early adopters of novel concepts. Additionally, early adopters who are eager to test new technologies and determine their value to society.

The Diffusion of Innovation theory (DOI) fits into the current research being a relatively new innovation. Its adoption is expected to capture large demography with time. Although there are recorded advantages by the adopters of cloud computing, Dang (2019) [19] asserts that cloud computing enhances financial reporting via the provision of up-to-date financial data, minimizing inaccuracies, and enhancing decision-making processes. Nevertheless, the use of cloud computing might result in supplementary expenditures, including subscription charges and training costs, which have the potential to adversely impact the financial outcomes.

Empirical Review

Shiyanbola et al., (2020) [58] explored the impact of quoted financial and non-financial firms' calibre of financial information on a composite measure of corporate governance components. The research used an ex post facto design. For the period 2003–2017, thirty quoted financial firms and thirty quoted non-financial firms were selected using the technique of purposive sampling from 161 quoted firms on the Nigerian Exchange Group (NXG). The inferential statistics were evaluated through the use of multiple regressions. The results indicated a joint substantial interplay between corporate governance (CG) and financial reporting quality (FRQ) of quoted financial and non-financial firms in Nigeria (adjusted $R^2 = 0.41$, $F(6, 444) = 13.20$, $p < 0.05$; adjusted $R^2 = 0.49$, $F(6, 444) = 15.51$, $p < 0.05$).

Adebiyi (2017) [49] studied the intersection between board composition and FRQ using 15 deposit money institutions in Nigeria and ordinary least squares (OLS) regression from 2005 to 2016. The study used discretionary accruals as a proxy for FRQ and found an affirmative correlation between board size and both independence and discretionary accruals; board meetings showed an inverse relationship with discretionary accruals. It is advisable that banks maintain moderately sized boards and conduct regular meetings to successfully implement their surveillance and oversight duties.

Onuorah and Imene (2016) [49] examined the intersection between corporate governance and the calibre of financial information in a sample of Nigerian firms spanning the service, manufacturing, and banking sectors from 2006 to 2015. The results of their research indicated a correlation between FRQ and various aspects of corporate governance, including audit committee size, external audit quality, board experience, and board structure size and independence. The adequacy of external audits, board size, and experience all contribute positively to the FRQ. Nevertheless, the presence of independent directors on corporate boards and the size of audit committees have an adverse implication on the integrity of financial information.

In Pakistan and the United Kingdom, Hasan et al., (2022) [30] explored the implication of corporate governance on the calibre. Analysing FRQ for a sample of 1,550 observations from 78 firms in Pakistani and 77 firms in the UK, from 2009 to 2018, using three accrual-based models. Board size has a negative effect on FRQ, whereas foreign ownership has a positive effect on Pakistani and British firms, according to the analysis. Furthermore, the findings indicated that audit committee independence and board meeting frequency have an adverse effect on the FRQ of Pakistani firms, whereas board independence positively influences the FRQ. The researchers did not make any such observations regarding companies in the United Kingdom.

In Nigeria, Akeju and Babatunde (2017) [8] conducted an examination in Nigeria regarding the correlation between the quality of financial reporting and the principles of corporate governance. This study employed a sample of 40 listed firms in Nigeria over the period from 2006 to 2015. The research explored the relationship between the FRQ and various corporate governance mechanisms, such as audit committees, the independence of the board, the size of the board, and the expansion of the board. The results were significant at the 0.05 level, warranting attention. The F statistic of 3.641 indicates that the results sufficiently captured the

variability inherent in the model. The findings of the study indicate that corporate governance significantly improves the FRQ in Nigeria.

Kabwe (2023) [37] explored the correlation between the attributes of (CG) and the integrity of financial reporting, with a specific focus on developing countries. The acquisition of data spanned from 2012 to 2018 listed firms in Zambia. The research employed a Hausman test to determine which model to implement. A technique for analysing the data was panel regression analysis. An affirmative intersection between board size and financial reporting quality was significant, according to the findings. The quality of financial reporting, audit panel liberty, gender diversity of board, and experience all had a favourable but insignificant link. Board independence and the quality of financial reporting exhibited a weakly negative correlation that was statistically insignificant. On its own, the corporate governance system is insufficient to ensure that reporting entities provide accurate financial information.

Sunday, Henry and Isaac (2021) [60] conducted an investigation into the FRQ and corporate governance mechanisms of publicly traded commercial banks in Nigeria. The study gathered data from a sample of nine (9) listed commercial institutions spanning the years 2008 to 2018. The data analysis involved panel least squares regression. The results suggested that both audit panel and board size had a significant negative effect on the FRQ of quoted banks in Nigeria. However, board independence had a significant positive effect on the financial reporting quality of listed commercial banks in Nigeria. The correlation between female directorship and the integrity of reporting in Nigerian banks is not statistically significant. As a result, the study suggests that regulators impose harsher penalties on companies that engage in earnings averaging, which has the potential to undermine corporate governance principles and the basis for banks in Nigeria. This would not only discourage similar practices but also reinforce the principles of rationality.

Drawing from the extant literature reviewed, this study hypothesized that:

- H₀₁: Corporate governance does not significantly moderate the effect of cloud computing on the financial reporting quality of consumer goods companies in Nigeria.

METHODOLOGY

The study employed descriptive survey design. The study's population comprised twenty-four thousand, eight hundred and ninety two staff (24892) from twenty-one (21) consumer goods companies that were quoted on the Nigerian Exchange Group as of December 2023. This record was obtained from their financial statement and corporate websites of the respective firms. The sample size for the study consist of 394 staff of 21 consumer goods firms listed on the Nigerian Exchange group. The Taro Yamane's sample size determination formula was utilized to obtain the sample size for the study.

Instrument for Data Collection

The study utilized primary data for the purpose of data collection. An instrument titled the Cloud Computing and Financial Reporting Quality Questionnaire (CCFRQQ) was drafted to obtain data from respondents. All the items in the instrument were measured on a 4-point rating scale.

Validity/Reliability of the Instrument

To determine the face validity of the instrument, copies were given to three experts, including the supervisor, in the Department of Accounting in Babcock University, Ogun State, Nigeria. Their suggestions and recommendations were adopted in upgrading the instrument to ensure its validity. The consistency of the questionnaire was ascertained by Cronbach's alpha scale. Copies of the instrument were administered to 40 staff of non-manufacturing firms in Abia State within one week. The scores were then computed to determine reliability by utilizing Cronbach's alpha scale. The instrument yielded an overall coefficient of 0.976, which suggests the instrument was dependable.

Method of Data Analysis

The simple percentage was used to analyse the demographic data of the respondents. Mean and standard deviation were used for the descriptive analysis, while regression analysis was used to test the hypothesis at the 0.05 level of statistical significance.

Model Specification

The study sought to uncover the impact of cloud computing on financial reporting quality. Cloud applications (CA), cloud platforms (CP), and cloud infrastructure (CI) stand as proxies for the independent variable "cloud computing." The dependent variable is financial reporting quality, (FRQ), and the moderating variable is corporate governance (CG).

The model is given as

- $Y = f(X)$
- $Y = \text{FRQ}$
- $\text{FRQ} = \beta_0 + \beta_1 \text{CC}_i + \varepsilon \dots \text{Model A}$
- $\text{FRQ} = \beta_0 + \beta_1 \text{CC}_i + \beta_2 \text{CG}_i + \beta_3 \text{CC_CG} + \varepsilon \dots \text{Model B}$

Where

- β_0 = Intercept of the regression line.
- β_1 = Coefficient.
- e_i = Error term.
- CC = Cloud Computing
- CG = Corporate Governance

A-priori Expectation

The study expects a positive and significant relationship between the independent variable, moderating variable, and the dependent variable. Therefore, a-priori expectation is given as $\beta_1 - \beta_3 > 0$.

ANALYSIS, RESULT AND DISCUSSIONS

Descriptive Analysis

Table 1: Respondents' Responses to Questions on Board Quality

SN	Items		SA	A	D	SD	Total
1	A diverse and independent board of directors is more likely to enhance the	N%	83.0	16.5	0.5		100
		Mean					3.83
		SD					0.39370

	quality of financial reporting under cloud computing.						
2	Board members with expertise in cloud computing can provide valuable oversight and guidance on financial reporting matters.	N%	63.5	36.0	0.5		100
		Mean					3.63
		SD					0.49398
3	Regular board training on cloud computing and cybersecurity risks can improve the board's ability to monitor and govern financial reporting processes.	N%	92.1	7.1	0.8		100
		Mean					3.91
		SD					0.30711
4	The adoption of cloud computing can increase the complexity of financial reporting, requiring a more robust board oversight.	N%	66.5	33.5			100
		Mean					3.65
		SD					0.47260
5	Cloud computing can provide boards with more real-time and accessible financial data, improving their ability to make informed decisions.	N%	73.7	26.3			100
		Mean					3.74
		SD					0.44069

Source: Author's Computation, 2024; (Grand Mean = 3.75, Std. Dev. = 0.420)

Table 1 above displays the moderating impact of board quality on the interplay between the cloud computing model (application, platform and infrastructure) and the financial reporting of the sampled firms in Nigeria. 83%, 63.5%, 92.0%, 66.5%, 73.7% of respondent's responses to item 1 to 5 respectively were within the range of 3.50 – 4.0 indicating Strongly agree, while 16.5%, 36.0%, 7.1%, 33.5%, 26.3% were within the range of 2.5 – 3.49, indicating Agree. Only 0.5%, and 0.8%, responses to items 3 and 4 were within the range of 1.5-2.49 indicating Disagree, while none indicated strongly disagree. The five items used to answer research question in table 1 above have item means scores of (3.83, 3.63, 3.91, 3.65 & 3.74), which are all above the criterion mean score of 2.50. From the table 99.58% of respondents agreed that a diverse and independent board of directors are prone to enhance FRQ under cloud computing, only 0.5% disagreed. 99.5% of respondents also agreed that Board members with expertise in cloud computing can provide oversight and guidance on financial reporting matters, only 0.5% disagreed. 99.2% respondents agreed that regular board training on cloud computing and cybersecurity risks can improve the board's ability to monitor and govern financial reporting processes, only 0.8% disagreed. 100% of the respondents agreed that the adoption of cloud computing can increase the complexity of financial reporting, requiring a more robust board oversight. Lastly, 100% of the respondents agreed that cloud computing can provide boards with more real-time and accessible financial data, improving their ability to make informed decision. This implies that a diverse and independent board of directors, board members with expertise in cloud computing, and regular board training on cloud computing and cyber security risks improves the calibre of financial information under cloud computing.

The standard deviation of 0.42 suggests that the participants' answers are relatively consistent and closely clustered around the average response. This low variability suggests a high level of agreement among respondents regarding the items measured. Finally, the grand mean score of 3.75 further suggests that respondents strongly agree that the presence of sound board quality

in a cloud computing environment influences consumer goods companies financial reporting in Nigeria.

Table 2: Respondents' Responses to Questions on Audit Committee Quality

SN	Items		SA	A	D	SD	Total
1	Independent audits serve an essential function in affirming the precision and comprehensiveness of financial data.	N%	84.7	15.3			100
		Mean					3.85
		SD					0.36089
2	Open communication and collaboration among the audit panel, internal audit, and external auditors are crucial for effective oversight of cloud-based financial reporting.	N%	78.7	21.3			100
		Mean					3.79
		SD					0.41009
3	A competent and independent audit committee with expertise in cloud computing can enhance the quality of financial reporting under cloud computing.	N%	71.8	27.7	0.5		100
		Mean					3.71
		SD					0.46424
4	The audit committee should actively review and approve significant cloud computing contracts and service-level agreements.	N%	73.4	25.9	0.8		100
		Mean					3.79
		SD					0.46341
5	The audit committee should establish clear procedures for evaluating and monitoring the performance of cloud service providers.	N%	79.4	20.6			100
		Mean					3.79
		SD					0.40464

Source: Author's Computation, (Grand Mean = 3.77, Std. Dev. = 0.421)

The Table 2 above displays the moderating impact of the calibre of audit committee on the intersection between cloud computing (application, platform and infrastructure) and financial reporting of consumer goods companies in Nigeria. 84.7%, 78.7%, 71.8%, 73.4%, 79.4% of respondent's responses to item 1 to 5 respectively were within the range of 3.50 – 4.0 indicating Strongly agree, while 15.3%, 21.3%, 27.7%, 25.9%, 20.6% were within the range of 2.5 – 3.49, indicating Agree. Only 0.5% and 0.8 responses to items 3 and 4 were within the range of 1.5 - 2.49 indicating Disagree, while none indicated strongly disagree. The five items used to answer research question in table 2 above have item means scores of (3.85, 3.79, 3.71, 3.73 & 3.79), which are all above the criterion mean score of 2.50. The data indicates that all respondents concurred on the essential function of independent audits in ensuring the precision and comprehensiveness of financial information. 100% of respondents also agreed that open communication and collaboration between the audit panel, internal audit, and external auditors are crucial for effective oversight of cloud-based financial reporting. 99.5% of respondents agreed that a competent and independent audit committee with expertise in cloud computing can enhance the quality of financial reporting under cloud computing, only 0.55 disagreed. 99.2% of the respondents agreed that audit committee should actively review and approve significant cloud computing contracts and service-level agreements, only 0.8% did not agree. Lastly, 100% of the respondents agreed that audit committee should establish clear procedures for evaluating and monitoring the performance of cloud service providers. This implies that the presence of an independent audit committee in verifying the accuracy and completeness of financial information; open communication and collaboration between the audit committee, internal audit, and external auditors; an independent audit committee with expertise in cloud computing; actively reviewing and approving significant cloud computing contracts and

service-level agreements; and establishing clear procedures for evaluating and monitoring the performance of cloud service providers enhances the quality of financial reporting under cloud computing.

Finally, the grand mean score of 3.77 further suggests that respondents strongly agree that audit quality in a cloud computing environment influences the financial reporting of consumer goods companies in Nigeria.

Table 3: Respondents' Responses to Questions on Control Environment

SN	Items		SA	A	D	SD	Total
1	Internal controls are essential for ensuring the verifiability of financial data within a company.	N%	89.3	10.7			100
		Mean					3.89
		SD					0.30900
2	A strong and effective control environment is essential for ensuring the integrity and reliability of financial reporting under cloud computing.	N%	74.4	25.1	0.5		100
		Mean					3.74
		SD					0.45139
3	Cloud computing introduces new risks to financial reporting that require specific control measures to mitigate.	N%	69.0	30.5	0.5		100
		Mean					3.68
		SD					0.47581
4	Management should clearly define roles and responsibilities for cloud-based financial reporting processes.	N%	71.1	28.9			100
		Mean					3.71
		SD					0.45403
5	Regular monitoring and reconciliation of financial data in the cloud environment are essential for detecting and preventing errors or fraud.	N%	68.0	32.0			100
		Mean					3.68
		SD					0.46699

Source: Author's Computation, 2024; (Grand Mean = 3.74, Std. Dev. = 0.432)

Table 3 above displays the moderating impact of the control environment on the interplay between the cloud computing (application, platform and infrastructure) and of consumer goods firms financial reporting in Nigeria. 89.3%, 74.4%, 69.0%, 71.1%, 68.0% of respondent's responses to item 1 to 5 respectively, were within the range of 3.50 – 4.0 indicating Strongly agree, while 10.7%, 25.1%, 30.5%, 28.9%, 32.0% were within the range of 2.5 – 3.49, indicating Agree. Only 0.5% and 0.5 responses to items 2 and 3 were within the range of 1.5-2.49 indicating Disagree, while none indicated strongly disagree. The five items used to answer the research question in table 3 above have item means scores of (3.89, 3.74, 3.68, 3.71 & 3.68), which are all above the criterion mean score of 2.50. From the table 100% of respondents agreed that internal controls are essential for ensuring the verifiability of financial data within a company. 99.5% of respondents also agreed that a strong and effective control environment is essential for ensuring the dependability of financial reporting under cloud computing, only 0.5% disagreed. 99.5% of respondents agreed that cloud computing introduces new risks to financial reporting that require specific control measures to mitigate, only 0.5% disagreed. 100% of the participants agreed that management should clearly define roles and responsibilities for cloud-based financial reporting processes. Lastly, 100% of the respondents agreed that regular monitoring and reconciliation of financial data in the cloud environment are essential for detecting and preventing errors or fraud. This implies that internal controls are essential for ensuring the verifiability of financial data within a company; guaranteeing the integrity and reliability of financial reporting under cloud computing; reconciling financial data

in the cloud environment helps in improving the calibre of financial reporting under cloud computing.

The standard deviation of 0.432 suggests that the participants' answers are relatively consistent and closely clustered around the average response. This low variability suggests a high level of agreement among respondents regarding the items measured. Finally, the grand mean score of 3.74 further suggests that respondents strongly agree that the control environment in a cloud computing environment influences consumer goods companies financial reporting in Nigeria.

Hypothesis (H₀₁): Corporate governance does not significantly moderate the effect of cloud computing on the financial reporting quality of consumer goods companies in Nigeria.

Model I and II

Table 4: Regression Estimate for Model I and II

VARIABLES		B	STD. ERROR	T-STAT	SIG.	F-STAT	SIG	R	AD.R ²
M1	(Constant)	1.784	0.152	11.739	0.000	169.726	0.000	0.550	0.300
	CC	0.522	0.040	13.026	0.000				
M2	(Constant)	-8.831	1.653	-5.342	0.000	102.626	0.000	0.664	0.437
	CC	3.061	0.474	6.455	0.000				
	CG	3.226	0.464	6.947	0.000				
	CC*CG	-0.780	0.131	-5.943	0.000				
		MODEL I		MODEL II					
	Δ R ²	0.302		0.139					
	Δ F-STAT	169.726		48.506					
	Δ SIG. F	0.000		0.000					
	Dependent Variable: Financial Reporting Quality (FRQ)								

Source: Researcher's Work (2024) @Chosen Significant level of 5%

- $FRQ = \beta_0 + \beta_1 CC_i + \varepsilon$...Model I
- $FRQ = 1.784 + 0.522 CC$
- $FRQ = \beta_0 + \beta_1 CC_i + \beta_2 CG_i + \beta_3 CC_CG + \varepsilon$...Model II
- $FRQ = -8.83 + 3.061CC + 3.2226 CG - 0.780 CC_CG$

Interpretation

The regression estimates on Table 4 showed a moderating impact of corporate governance (board quality, audit committee quality, and control environment) in the relationship between cloud computing and calibre of financial reporting of consumer goods firms in Nigeria.

From the above Table, the sign of the coefficient before the moderating (M1) showed a positive effect of corporate governance on cloud computing (CC) of 0.522 and its p-value = 0.000 less than 0.05 alpha level adopted. This indicated that proxies of corporate governance positively moderate the effect of cloud computing on the calibre of financial reporting of consumer goods firms in Nigeria.

The t-statistic value of 13.026 indicated that the individual coefficients is significant at 0.000 which is < 0.05 alpha level adopted for the study. The F-stat value of 129.726 indicated that the overall or joint effect of the model is significant at 0.000 which is less than 0.05 adopted for the study. The standard error of 0.040 revealed that corporate governance proxies are likely to yield similar effect on cloud computing in repeated studies. According to the study, the proportion of variance in the dependent variable that can be accounted for by the variation in the independent variable was $R^2 = 0.055$. The low value of 0.055 indicate that corporate governance explains less of the variability in cloud computing intersection with the calibre of financial reporting of consumer goods companies in Nigeria. The adjusted $R^2 = 0.300$, revealed that 30% of the changes in cloud computing is captured by the model will the 70% of variance is not explained by the model.

The table also introduced the moderating impact of corporate governance on the interplay between cloud computing and financial reporting quality of consumer goods companies in Nigeria (M2). Cloud computing (cloud application, cloud platform, cloud infrastructure) yielded a positive coefficient of 3.061 at a significance level of 0.000 which is < 0.05 alpha level adopted for the study. Likewise, corporate governance (board members, audit committee quality, control environment) yielded a positive coefficient value of 3.226 at a significance level of 0.000 which is < 0.05 alpha level adopted. The standard error for cloud computing and corporate governance were 0.474 and 0.464 respectively. The smallness of the figures shows they are close to the actual, meaning that a repeated studies is likely to yield similar outcome. The t-statistics for both cloud computing and corporate governance were 6.455 and 6.947 respectively at 0.000 significance level which is < 0.05 adopted for the work. This large numbers away from zero attest to a strong evidence that the value of both variables are significance against the null hypothesis claim. On the other hand, the analysis showed a negative coefficient of -0.780 on CC*CG, also a standard error of 0.131, and t-statistic of -5.943. Despite the negative, the analysis showed significance of 0.000 which is < 0.05 adopted for the study. The f-statistic for the moderation yelled 102.626 at 0.000 significant level < 0.05 adopted for the study. The R^2 for the moderation yielded 0.664, indicating the proportion of effect on financial reporting quality accounted for by the independent variable (moderator). Furthermore, the Adjusted R^2 value of 0.437 indicated that 43.7% of the variation in the dependent variable (FRQ) is attributed to all the independent variables add together. Whereas 56.3% of the variation in the independent variable is not captured by the model.

The study revealed that cloud computing and financial reporting quality without the moderating effect of (CG) yielded a change of 0.302 (Model 1). The value remarkably increase by the introduction of the moderating impact of (CG) by 0.139 (Model 2), attracting an increase of 13.9%. The F-statistic received a change of 48.506 within the significance value of 0.000 < 0.05 adopted for the study.

The F-test yielded a value of 102.626 with a significance level of 0.000b, demonstrating that the explanatory variable holds statistical significance, as the probability value is below the 0.05 alpha threshold established for this study. Consequently, the model demonstrates statistical significance. Consequently, the null hypothesis asserting that corporate governance does not significantly influence the relationship between cloud computing and the quality of financial reporting of consumer goods companies in Nigeria is dismissed.

Discussion of Finding

The grand mean score of 3.75, 3.77, and 3.74 collectively suggested that respondents strongly agree that board quality, audit committee quality, and control environment collectively moderate the effect of cloud computing on the quality of financial reporting. The T-test and F-test significance value of $0.000 < 0.05$ implies that this impact was statistically significant. The adjusted R^2 moved from 30% to 43.7% at the introduction of moderating effect of cloud computing. This suggests that the concerns relate to utilization of cloud computing can significantly be moderated with a sound corporate governance practices. In this case, the research discovered that (CG) practices such as board quality, audit committee quality, and control environment significantly moderate the effect of cloud computing in terms of cloud application, cloud platforms and cloud infrastructures collectively. However, the study also raised concern on the negative coefficient of cloud computing and the corporate governance (CC*CG). This suggest that the moderating effect can swing, calling for caution in implementation of high-quality moderation. The main proxies to corporate governance as applied in the research were board quality, audit committee quality, and control environment. It follows that a weak or compromising board members, audit committee without integrity, and control environment without setting the “tone-at-the-top”, may rather weaken the relationship between cloud computing and financial reporting quality. Bawuah (2023)[18] findings revealed that corporate governance as a moderator, using the proxies including board size, induced negative association between total leverage and financial performance. Lucy (2021)[39] findings revealed that firms with stronger corporate governance (Moderator) are prone to have higher corporate sustainability performance (CSP) leading to addition on firm value. The study also reported a robust result after utilising distinct regression methods and additional test. Thus, the negative CC*CG elicited further study and investigation.

The above result conforms to the work by Shiyambola et al. (2020)[58] who explored the impact of quoted financial and non-financial firms' calibre of financial reporting on a composite measure of corporate governance. They found that corporate governance significantly influences the quality of financial reporting of financial and non-financial firms in Nigeria. In a similar study, Eyenubo et al. (2017)[23]; Al-Khonain and Al-Adeem (2020)[11]; Appah and Tekerebo (2024)[15] found a significant positive correlation between audit committee size, members of audit committees, boards of directors, and internal audit departments and financial reporting quality.

In view of these supporting empirical evidence, the study concluded that, (CG) practices like board quality, audit committee quality and control environment collectively moderate the effect of cloud computing on the calibre of financial disclosure of consumer goods firms in Nigeria.

Conclusion and Recommendations

Conclusion:

The study found out that corporate governance significantly moderate the effect of cloud computing on the financial reporting quality of consumer goods companies in Nigeria.

The study settled that the moderating effect of corporate governance is beneficial to the financial reporting quality in a cloud computing environment. Thus, strong corporate

governance structures ensure the ethical and effective use of cloud technologies, promoting accountability, and aligning cloud adoption with organizational goals.

The integration of corporate governance frameworks with cloud computing systems provides a mechanism for addressing potential risks, such as data breaches and misuse of financial information. This underscores the need for organizations to prioritize corporate governance in their digital transformation strategies, as it enhances the dependability of financial reports generated through cloud platforms.

Recommendation:

The research suggests that enhancing corporate governance frameworks is essential to mitigate the impact of cloud computing on the financial reporting quality of publicly listed consumer goods firms in Nigeria. This would include establishing clear policies and oversight mechanisms to ensure ethical usage and accountability in cloud computing adoption. Boards of directors should actively monitor the implementation and performance of cloud computing systems, ensuring alignment with organizational objectives and compliance with regulatory standards.

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