

Fair Value Accounting and Earnings Quality of Listed Nigerian Manufacturing Companies: The Moderating role of Board Diversity

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Received: May 4, 2026

Accepted: June 2, 2026

Online Published: July 13, 2026

doi:10.11114/bms.v12i1.9055

URL: <https://doi.org/10.11114/bms.v12i1.9055>

Abstract

This study examined the moderating role of female board directorship on the relationship between fair value accounting and earnings quality of Nigerian manufacturing companies. The study's population is 33 listed non-oil manufacturing companies, out of which 18 were randomly selected based on data availability for 7 years (2017–2023). Secondary data was obtained from the published annual reports of the selected 18 manufacturing companies. Data was analysed using Panel-corrected Standard error (PCSE) estimation technique to correct heteroskedasticity and autocorrelation in the panel dataset. The results show that fair value accounting has no statistically significant effect on earnings quality. Also, the female board directorship negatively and insignificantly affects reported earnings. Besides, the female board directorship does not significantly moderate the nexus between fair value accounting and earnings quality. The study concludes that female board representation does not influence the quality of reported earnings. Manufacturing companies in Nigeria do not need female board membership to strengthen financial reporting in relation to fair value measurement and earnings quality. The study recommends that board diversity should be encouraged and attention should be paid by the female board members to other governance mechanisms rather than fair value measurement.

Keywords: Fair value accounting, earnings quality, female board directorship, firm size, leverage, Nigerian manufacturing firms

JEL: G39, M40, M41

1. Introduction

The effect of fair value accounting in boosting or impairing earnings quality is a highly debated academic discussion by both academic scholars and regulators (IASB, 2018; Thesing & Velte, 2021). This is because though fair value accounting supports relevance, it is associated with a potential for volatility, especially for Level 3 inputs which are based on management discretion (Ye et al., 2018). The use of management discretion in fair value accounting gives room to flexibility that could lead to increased risk of earnings management and concealment of poor financial results, which consequently influence earnings quality. However, to curb these principal-agent conflicts, corporate stakeholders are increasingly demanding transparent and accurate financial reporting as an assurance of earnings quality (Georgiou et al., 2021; Matsane et al., 2022).

From corporate governance perspective, having women as board members can enhance the process of oversight in making decisions by management, especially the decisions that are based on accounting estimates such as fair value accounting. Prior empirical studies have found that, beyond fair value accounting, board gender diversity helps to enhance the quality of earnings due to the greater monitoring, decision-making, risk management, and financial control associated with board diversity (Ramadan, 2021; Banerjee et al., 2024; Ardhaoui et al., 2024; Majumder et al., 2024). Moreover, female board directorship (FBD), especially within the Nigerian context, has the potential of strengthening accountability systems and transparency in governance (Soyemi et al., 2024). However, empirical studies on how female board membership moderate the relationship between fair value accounting and earnings quality within the Nigeria manufacturing sector is scarce.

The manufacturing sector is very important in Nigeria as a pillar of the economy. It contributed to the GDP in the range

of 14% and 19% over the last 5 years, resulting in employment generation opportunities (Musa et al., 2023). The sector has recently witnessed the appointment of female gender into the corporate board with a view to strengthening the corporate governance framework and transparent reporting. Although manufacturing firms generally exhibit lower fair value exposure than financial institutions, they are considered appropriate for this study. This is because they employ fair value accounting standards in valuations of their investment in other entities' equities, bonds, forward contracts to hedge FX on imported raw materials, trade receivables, trade payables, non-current assets, investment properties, and biological assets or agricultural produce among others. Therefore, the study provides empirical evidence on the moderating effect of female board directorship on the relationship between fair value accounting and earnings quality from the manufacturing companies perspectives.

A vast body of literature on fair value measurement and earnings quality reveals three results. First, mixed results which indicate that earnings quality could either be negatively or positively influenced by fair value measurement. Second, a conclusive assertion that low-level fair value measurement negatively influenced earning quality, and third, corporate governance mechanisms enhance earnings quality (Gull *et al.*, 2017; Garc á Lara et al., 2017; Shauki & Oktavini, 2022; Ardhaoui et al., 2024; Ardillah, 2024; Ololade & Ojo, 2025). However, none of these prior empirical studies attempt to examine the moderating effect of female board directorship on the relationship between fair value accounting and earnings quality within the context of emerging markets, like Nigeria. Hence, this study investigates whether female board directorship moderate the relationship between fair value accounting and earnings quality within the manufacturing sector. The considerations for the female board directorship involvement in financial reporting decisions presents a new insight into corporate governance in the light of its impact on fair value accounting.

This study is advantageous to the investors, financial consultants, academic researchers, regulators, the business community and the public as it helps in contributing to the ongoing academic discussions on corporate governance, fair value accounting, and earnings quality. The rest of this paper is organised as follows: Section 2 discusses the relevant literature and the hypotheses development. Section 3 presents the data and methodology. Section 4 reports and discusses the empirical results. Section 5 concludes.

2. Literature Review

Several studies have examined the impact of fair value measurement on company performance in the manufacturing firms in Nigeria. Egbon–Aghaleghian and Oziegbe (2022) investigated the impact of fair value measurement on firm performance and found a significant distinction between historical cost accounting and fair value measurement (the latter having a stronger effect on performance measures). They concluded that, although fair value accounting could increase the usefulness of financial data, it can also lead to uncertainty in estimates that affects accrual quality. Additionally, Gospel and Akpeekon (2019) analysed the correlation between fair value accounting and financial performance in Nigerian manufacturing companies. They found that fair value accounting improves the profit before tax and return on assets significantly, but it also points to managerial opportunism in fair value estimates, leading to earnings management practices that undercut accrual quality.

Moreover, studies that provide empirical evidence about female board directorship as a moderating variable between financial reporting practices and firm value has increased in recent years. Wan Ismail et al. (2023) studied a worldwide sample consisting of 37 countries and found a positive association between board gender diversity and analysts' forecast accuracy, particularly in nations with lower levels of auditing and reporting quality. The research by Yami et al. (2023) reported a negative and significant relationship between board gender diversity and earnings management, implying that increasing the number of female board members, specifically independent women, can lower earnings manipulation, which is more prevalent in firms with a higher board gender diversity and less CEO entrenchment. Ehada et al. (2023) studied Nigerian non-financial listed firms and found that female board participation significantly moderated the positive relationship between environmental disclosure and firm profitability. The results by Alves (2023) stated that in the European Union, the number of female board members has a negative relationship with earnings management. It has been revealed that firms with three or more women on the board have a lower extent of earnings management, supporting the so-called "critical mass" theory of women's participation on the board.

More recent studies of Attia et al. (2024) found that higher board gender diversity leads to a significant decrease in both accrual and real earnings manipulation, thus, enhancing the quality of financial reporting in Egyptian companies. Also, Ardillah (2024) stated that board gender diversity enhances earnings quality; however, female executive leadership in the form of finance directors, commissioners, and presidents has a negative impact on earnings quality. The study of Aryani et al. (2024) supported the positive influence of women directors on earnings management, especially if they have a finance-related educational background and are board members for a long term in Indonesian banks. Hence, this study attempts to examine the moderating effect of female board directorship on the relationship between fair value accounting and earnings quality with a view to extending knowledge on the role of female board directorship.

This study was anchored on Agency theory propounded by Mitnick in 1973 and Alice Eagly's Gender Role Theory, which was first published in 1987. The theory provides a schematic framework for understanding how social expectations shape gender-specific behaviour and roles. The theory argues further that women are socialised into communal roles that would stress the characteristics of nurturing ethical behaviour while men were supposed to assume agentic roles which are characterised by independence and dominance (Eagly, 1987). The assertion implies that such socialisation influences behaviour, skill, and workplace dynamics with consequential impact mainly on corporate governance and financial aspects. Women and men are socialized differently; thus, the females tend to be more sensitive to ethical problems and are more risk-averse when making financial decisions (Francis et al., 2015). According to the theory, women directors bring some unique elements to the boardroom, including ethical leadership, risk aversion, and improved monitoring, which can help in offsetting the fair value accounting risks. In other words, female board directorship (FBD) could influence corporate governance and financial reporting and might moderate the relationship between fair value accounting and earnings quality.

Furthermore, the role of women as financial gatekeepers has been linked to increased earnings quality because they engage in conservative financial reporting behavior (Zalata et al., 2021). Consistent with this, several studies have also found that women directors are more likely to dissent against aggressive accounting decisions and practices, and they encourage more transparent financial reporting (García Lara et al., 2017; Bennouri et al., 2018; Mnif & Cherif, 2021; Buzynna & Samberg, 2019; Mnif, & Cherif 2021; Alves, 2023; Ardhaoui et al., 2024). This concurs with the claim that women are socialized to feel more accountable for the ethical dimensions of their decisions and to be more conscientious and painstaking in their work. A women director with these attributes will be more attentive in assessing fair value estimates and management's actions to reduce uncertainty thus strengthening financial reporting oversight and reducing fair value measurement risk and opportunistic earnings management risk. Meanwhile, there is a vast literature on the effect of fair value accounting and earnings quality (Lin 2022; Etim et al. 2023; Akpan et al. 2024; Mubaideen et al. 2024; Black et al. 2025), empirical studies on the moderating effect of female board directorship on the nexus are few, most especially in the emerging markets like Nigeria. Hence, the underlisted hypotheses are proposed for empirical enquiry.

H₁: Female board directorship significantly improves earnings quality of Nigerian listed manufacturing firms

H₂: Female board directorship significantly moderates the relationship between fair value accounting and earnings quality

3. Methodology

3.1 Sample and Data Collection

The population of this study comprises 33 manufacturing companies in the non-oil sector of the Nigerian economy that are listed on the Nigerian Exchange Group (NGX) as of August 2025. The companies are classified into two major sectors: 20 in consumer goods and 13 in industrial goods sectors. The heterogeneous nature of this population allows it to adequately represent the manufacturing companies in Nigeria and thereby permits a robust evaluation of female board directorship and fair value accounting practices across the sub-sectors of the non-oil manufacturing industry. We purposively selected 18 non-oil manufacturing companies listed on the Nigerian Exchange Group (NGX), of which 14 are consumer goods and 4 are industrial goods manufacturing companies respectively. Firms with incomplete annual reports, missing fair value disclosures, or incomplete board composition information during 2017–2023 were excluded. The non-probability sampling method allows for inclusion of companies with available dataset including disclosures relating to the representation of women in the boardrooms. Secondary data is extracted from audited financial statements of the selected companies.

3.2 Variable Definitions and Measurements

3.2.1 Dependent Variable: Earnings Quality

Earnings quality has been defined in several ways in the accounting literature and has various measurement approaches, yet no standard measure is generally acceptable. Earnings quality measurement considers accruals quality, which is a critical component of earnings quality, and refers to the credibility of reported earnings. Francis et al. (2004) and Thesing and Velte (2021) classify earnings quality measures into two broad categories: First is Market-Based measures which are value relevance, conservatism and timeliness metrics that track the association between accounting income and market performance, including stock returns and price. Second is Accounting-based measures which are metrics that consider accrual quality, predictability, smoothness, and persistence. These measures are based on accounting data such as cash flow, accruals, and actual income. Earnings quality is commonly proxied through multiple dimensions, including residuals from accrual quality model (Dechow et al., 2010; Abdullah, 2023). We therefore measured earnings quality (EQ) as residuals from accrual quality model in line with (Dechow et al. 2010).

3.2.2 Independent Variables

Fair Value accounting Impact (FVI). This is measured in line with Pompili and Tutino (2019), where FVI is a measure of the extent to which assets and liabilities are reported at fair value, potentially influencing earnings volatility and transparency. While FVI does not directly measure managerial discretion, it captures the observable impact of fair value accounting on reported earnings and provides an empirical proxy for firms' exposure to fair value accounting. FVI captures the current impact of fair value accounting on net income (loss), which is one of the most used measures for measuring earnings. Net income is more prone to be affected by fair value accounting than other comprehensive income (Pompili & Tutino, 2019). On this note, we measured FVI (Fair value accounting impact) as the effect of fair value accounting on income. $FVI = \text{Absolute value of fair value gains and losses through net income} \div (\text{Absolute value of net income without value of fair value gains and losses through net income} + \text{Absolute value of fair value gains and losses})$. FVI is the change in the fair value recognised through net income each period. The variable is measured as the annual change in fair value of trading instruments divided by fair value hierarchy (Level 1, 2, and 3). FVI measures a firm's exposure to fair value accounting and captures the variability of earnings that arises from changes in fair value remeasurements. As such, it is an accurate and real-time measure of effects of fair value accounting on financial reporting and earnings quality.

Female Board Directorship. Female Board Directorship (FBD) captures the proportion of women on corporate boards. In literature, Female Board Directorship is proxied by the ratio of female directors to the total number of directors (Mnif & Cherif, 2021). $FBD = \text{Number of female directors} \div \text{the total number of directors}$. FBD is expected to moderate the relationship between fair value accounting and earnings quality by strengthening oversight and governance. The study employs interaction term $FVI * FBD$, allowing for an in-depth analysis of the moderating role of female board directorship on fair value accounting practices.

3.2.3 Control Variables

Firm size (SIZE) and leverage (LEV) were used as control variables to enhance the robustness of empirical analyses. Leverage (LEV), the ratio of total liabilities to total assets, it recognises the financial risk and encompasses the performance outcomes of firms. High leveraged firms apparently faced earnings volatility, which misrepresents earnings quality and other financial indicators (Graña-Alvarez et al., 2024). Size (SIZE), the natural logarithm of total assets, is included to control the scale effect since larger firms typically have greater resources, visibility, and stricter regulatory oversight (Diantimala et al., 2021). Also, EPS in line with Rahman and Liu (2021) was included as performance measure, where EPS = basic EPS as reported in the published financial statement. By including these, the study reduces possible confounding effects, thus enhancing validity through analysis of the assumed relationships among independent-dependable variables.

3.3 Model Specification and Estimation Procedure

The model is specified as follows:

$$EQ_i = \gamma_0 + \gamma_1 FVI_{i,t} + \gamma_2 FBD_{i,t} + \gamma_3 (FVI_{i,t} * FBD_{i,t}) + \gamma_4 SIZE_{i,t} + \gamma_5 LEV_{i,t} + \gamma_6 EPS_{i,t} + \varepsilon_i$$

Panel-corrected Standard error (PCSE) technique was employed to obtain the co-efficient of various measures and other statistical values needed to drive the findings of the study. Given the nature of the proposed dataset, which consists of firm-year observations over time, the analysis was conducted using a panel regression model.

4. Results

Descriptive statistics and correlation results are presented in Table 1 and Table 2 respectively. The analysis showed that, on average, female board directorship was 0.238 (close to the median of 0.231), with maximum and minimum values of 0.667 and 0.000, respectively. This seemed to indicate low female participation in managerial positions in the selected firms. Also, the mean values for earnings quality and fair value accounting were 8.2810 and -0.057, respectively, which showed that earnings quality was weak whereas the firms on average reported slightly negative fair values.

From the analysis of standard deviation, it was revealed that earnings quality proved to be highly volatile, second only to extreme variations in the interaction term ($FVI * FBD$), while female board directorship ranked the lowest in volatility among the variables. Skewness pointed toward positive skewness for almost all variables except for the interaction term, which was indicated to be left skewed. Therefore, the distributions were inclined toward the right. In almost all variables, kurtosis analysis indicated that they were leptokurtic meaning that they had extreme outliers, while female board directorship with leverage leans toward a normal distribution with kurtosis values closer to three. The Jarque-Bera statistics confirmed that almost all variables were significantly non-normally distributed except for female board directorship and leverage, both of which conformed to the normal distribution.

Table 1. Descriptive Statistics

Statistic	$EQ_{i,t}$	$FVI_{i,t}$	$FBD_{i,t}$	$FVI_{i,t} * FBD_{i,t}$	$SIZE_{i,t}$	$LEV_{i,t}$	$EPS_{i,t}$
Mean	8.28E-10	-0.057150	0.237638	-0.013012	2.887245	0.589007	469.5961
Median	3582637.	0.000000	0.230769	0.000000	2.925563	0.582570	115.0000
Maximum	5.28E+08	5.871403	0.666667	0.782854	3.034456	1.134133	6177.000
Minimum	-5.11E+08	-4.042171	0.000000	-0.932809	2.655047	0.248799	-574.0000
Std. Dev.	81262668	0.769348	0.148981	0.135323	0.109653	0.173389	1195.526
Skewness	0.317122	1.508685	0.247995	-1.658322	-0.596974	0.339981	3.385340
Kurtosis	28.55023	39.20879	2.948169	31.06781	2.009077	2.992996	14.09495
Jarque-Bera	3429.388	6930.949	1.305631	4193.710	12.63906	2.427579	886.9353
Probability	0.000000	0.000000	0.520578	0.000000	0.001801	0.297069	0.000000
Sum	5.22E-08	-7.200905	29.94244	-1.639491	363.7928	74.21493	59169.11
Sum Sq. Dev.	8.25E+17	73.98710	2.774418	2.289046	1.502964	3.757987	1.79E+08
Observations	126	126	126	126	126	126	126

Note. EQ = Earnings Quality; FVI = Fair Value Accounting; FBD = Female Board Directorship; SIZE = Firm Size; LEV = Leverage.

Author's computation (2026)

Table 2 presents a correlation matrix with weak associations among the variables. Fair value accounting and its interaction with female board directorship displayed weak positive relations with earnings quality, while female board directorship was seen to be negatively correlated with earnings quality. The results also implied that female board directorship and firm size appeared positively correlated, suggesting that larger firms were more inclined to have women included in their boards. The overall correlation coefficients were small and support a nonexistence of multicollinearity among the variables.

Table 2. Correlation matrix

	$EQ_{i,t}$	$FVI_{i,t}$	$FBD_{i,t}$	$FVI_{i,t} * FBD_{i,t}$	$SIZE_{i,t}$	$LEV_{i,t}$	$EPS_{i,t}$
$EQ_{i,t}$	1						
$FVI_{i,t}$	0.0136	1					
$FBD_{i,t}$	-0.0971	0.0050	1				
$FVI_{i,t} * FBD_{i,t}$	0.0506	0.8341	-0.0788	1			
$SIZE_{i,t}$	-0.0822	0.0160	0.2310	-0.078	1		
$LEV_{i,t}$	0.0067	-0.14028	-0.1798	-0.1516	0.1458	1	
$EPS_{i,t}$	-0.0541	0.01685	-0.03521	0.02461	0.0333	0.2569	1

Note. EQ = Earnings Quality; FVI = Fair Value Accounting; FBD = Female Board Directorship; SIZE = Firm Size; LEV = Leverage.

Author's computation (2026)

Stationarity properties of the variables were examined by applying Levin, Lin and Chu (LLC) and Phillips-Perron (PP) tests of unit root for the panel. The results are summarized in Table 3. According to the LLC results, all variables such as earnings quality (EQ), fair value accounting (FVI), female board directorship (FBD), firm size (SIZE), and leverage (LEV) are found to be significant at levels which confirmed their stationarity property without differencing. The same stationarity property is indicated for most variables by the PP test including EQ, FVI, and FBD, while SIZE and LEV have been found to be stationary at first differencing. These results deduce that most variables are integrated into order zero, $I(0)$, while SIZE and LEV are integrated in order of one, $I(1)$. Thus, the dataset comprises variables of mixed $I(0)$ and $I(1)$. Therefore, these are appropriate for subsequent estimation techniques which can adhere to such properties as Panel-Corrected Standard Errors (PCSE) approach for robust estimation.

Table 3. Panel Unit Root Test Results (LLC and PP) of Variables

Variable	LLC (Levels)	LLC (First Difference)	PP (Levels)	PP (First Difference)
$EQ_{i,t}$	-15.2954***	-13.4596***	72.8023***	131.540***
$FVI_{i,t}$	-133.992***	-63.8238***	110.000***	-7.65229***
$FBD_{i,t}$	-2.77242***	-3.34939***	47.3149**	-6.84005***
$SIZE_{i,t}$	-5.59379***	-10.9490***	11.3986	53.5318**
$LEV_{i,t}$	-2.59061***	-6.48534***	31.4708	85.5484***
$EPS_{i,t}$	-3.84432***	-7.6546***	59.9425***	111.37***

Note: *, **, and *** indicate significance at 1%, 5%, and 10%.

Author's computation (2026)

Table 4. Panel-Corrected Standard Error (PSCE) Results of Variables

	1		2	
	Fixed Effect	Random Effect	Fixed Effect	Random Effect
FVI _{i,t}	1649180 (6635378)	1995582 (5497957)	-28649664 (12917172)	-13823898 (10910026)
FBD _{i,t}	-88817484 (78514746)	-44096768 (41116934)	-89741210 (60985858)	-30757680 (37124881)
SIZE _{i,t}	-3.92E+08 (2.46E+08)	-47968872 (56439682)	-3.70E+08 (3.48E+08)	-36228814 (50641183)
LEV _{i,t}	93405719 (1.18E+08)	9232242 (43928056)	1.20E+08 (1.08E+08)	15661961 (43162104)
EPS _{i,t}	-28522.60 (19794.07)	-4086.765 (6310.303)	-25094.22 (17225.80)	-3747.778 (6266.491)
FVI _{i,t} * FBD _{i,t}			2.01E+08 (1.14E+08)	1.04E+08 (95937974)
Husman prob.		0.3749		0.2986

Note. Dependent variable: Earnings Quality (EQ). Standard errors are in parentheses. ***p < .01, **p < .05, *p < .10.

Author's computation (2026).

The study proceeded to analyse effect of female board directorship on earnings quality as well as the moderating effect of female board directorship on the relationship between fair value accounting and earnings quality using panel regression with Panel-Corrected Standard Errors technique. The purpose of the method is to correct panel data for heteroskedasticity across the companies and autocorrelation, thereby yielding a more reliable set of standard errors than conventional OLS estimates. This makes hypothesis testing through the PCSE method more reliable.

Table 4 presents the PCSE results. Column 1 shows the baseline estimates without interaction effects. Here, fair value accounting (FVI) was statistically insignificant (coefficient = 1995582, $p > 0.10$), suggesting that FVI on its own does not significantly explain variations in earnings quality. Female board directorship (FBD) displayed a negative and statistically insignificant effect on earnings quality (coefficient = -44096768, $p > 0.10$), indicating that there is limited evidence to support that greater female representation on the board either enhances or limits earnings quality among the sampled firms. In the same vein, the control variables, Firm size, leverage and EPS, were not statistically significant.

Column 2 introduced the interaction term between FVI and FBD. The interaction term (coefficient = 1.04E+08, $p > 0.10$) was positive and statistically insignificant, implying that female board directorship does not significantly moderate the relationship between fair value accounting and earnings quality among Nigerian manufacturing firms studied. Similarly, the control variables, including leverage, and earnings per share, did not exhibit statistically significant relationships with earnings quality.

Based on these findings, we reject the alternate hypothesis 1 (H_1), which states that female board directorship significantly improves earnings quality of Nigerian listed manufacturing firms, and hypothesis 2 (H_2), that female board directorship significantly moderates the relationship between fair value accounting and earnings quality, cannot be accepted. This result suggests that while female board participation has some positive association with earnings quality, it does not significantly alter the effect of fair value accounting on earnings quality in the sampled firms.

5. Discussion

From the analysis, FVI has positive effect on earnings quality, albeit not significant. This means that, for the Nigerian manufacturing companies considered in this study, changes in FVI had no meaningful effect on the quality of earnings reported. The finding suggests that the sampled firms' use of fair value accounting does not statistically enhance or diminish earnings quality. This is, however, contrary to the findings of Takacs et al. (2020) which opine that fair value accounting is a source of volatility and diminished earnings quality. However, it fits with the findings of Mnif and Cherif (2021) and Zalata et al. (2021), where an improvement in reporting quality by female board members occurs only in cases where they possess sufficient financial knowledge and real decision-making power.

The interaction effect of fair value accounting and female board directorship was indeed positive and statistically insignificant; in other words, female board participation does not significantly alter the nexus between fair value accounting and earnings quality in Nigeria's manufacturing sector. Hence, the moderating effect of FBD was not supported in this case. This is contrary to the results of Ehada et al., (2023) where gender diversity was found to strengthen governance structures and improve monitoring of complex accounting estimates like fair values.

Firm size, however, has a positive and statistically significant association with earnings quality, confirming that larger firms are better positioned to generate stable and transparent earnings. Andriani et al. (2021) affirm this view, stating that larger firms adopt stronger governance and reporting practices. Leverage showed no significant effect, meaning that

debt obligations did not have any systematic influence on earnings quality in the sampled companies.

Finally, this finding shows that female board representation in its current form within Nigerian manufacturing companies negatively and insignificantly affects earnings quality. Also, female board representation does not moderate the relationship between fair value accounting and earnings quality. Instead, the evidence calls for a deeper concentration on the quality of female board appointments, particularly financial expertise, rather than on mere numerical representation (Afolabi et al., 2023). Effectively, this weakens the theoretical basis gender role theories, which posit that board gender diversity enhances monitoring effectiveness across the board. Alternatively, it highlights that the value of gender diversity is contingent upon the competence and empowerment of female directors within the boardroom.

6. Conclusion

This study concludes that fair value accounting does not have a statistically significant effect on the earnings quality of listed Nigerian manufacturing companies. Although fair value accounting may introduce measurement complexity and potential volatility, the evidence from the sampled firms indicates that its application neither significantly improves nor impairs reported earnings quality. Similarly, female board directorship does not significantly enhance earnings quality and does not significantly moderate the relationship between fair value accounting and earnings quality. The findings suggest that female board representation, in its present form within the sampled manufacturing firms, may not provide sufficient monitoring influence over fair value-related reporting decisions. This may be attributed to symbolic representation, limited financial or audit expertise, or inadequate decision-making power among female directors. Therefore, the value of board gender diversity appears to depend not merely on numerical representation but on the competence, expertise, and effective empowerment of female directors within the boardroom. The study further concludes that firm size is more relevant in explaining earnings quality, as larger firms are better positioned to maintain stronger governance structures and more transparent reporting practices, while leverage does not exert a significant influence on earnings quality.

It is recommended that regulators should continue to carry out their oversight function on monitoring compliance with adopted accounting standards to prevent irregularities in financial reporting of both financial and non-financial performances.

Suggestion for Further Studies

The presence of financially qualified female board directors and female chief executive officer could be considered in future studies. Also, further studies should explore competence, expertise, and empowerment of female gender on the board rather than on numerical representation.

Acknowledgments

We appreciate the valuable contributions of the reviewers, editorial team members, and editor whose contributions enhance the quality of our manuscript.

Author contributions

Dr B. M. Ololade and Mr. M. O Ojo were responsible for the conceptualization of the research ideas, design and methodology. Besides, Mr. M. O. Ojo was responsible for data collections and analysis while Dr. B. M. Ololade revised the manuscript and ensured that it reaches the standard required for publication. The authors read and approved the final manuscript.

Funding

This work was not supported by any funding.

Competing interests

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Informed consent

Obtained.

Ethics approval

The Publication Ethics Committee of the Redfame Publishing.

The journal's policies adhere to the Core Practices established by the Committee on Publication Ethics (COPE).

Provenance and peer review

Not commissioned; externally double-blind peer reviewed.

Data availability statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

Data sharing statement

No additional data are available.

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