EKWERE Framework and Corporate Reporting Quality: Evidence from Listed Manufacturing Firms in Nigeria

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Abstract
The study proposes and empirically tests a multidimensional framework, the EKWERE Reporting Quality Framework, which incorporates Ethical Compliance, Knowledge-Based Disclosure, Working Internal Controls, Enhanced Transparency, Reporting Integrity, and Effective Governance; its influence on financial reporting outcomes among manufacturing firms. Using data from ten listed manufacturing firms over a 10-year period (2015–2024), the study assesses the effect of EKWERE reporting attributes on financial performance measured through Return on Assets (ROA), Return on Equity (ROE), and Market Value (Tobin's Q). Regression results show that Ethical Compliance EC positively predicted firm performance ($b = 2.01$) but was not statistically significant ($p = .103$), indicating no significant effect on financial outcomes. KD had a significant negative effect ($b = -26.20$, $p = .019$), suggesting that higher knowledge-based disclosure may entail costs or inefficiencies that reduce short-term profitability. WC was strongly negative and significant ($b = -2.49$, $p < .001$), indicating that higher internal control levels were associated with lower profitability. Among the remaining predictors, ET was positive and significant ($b = 14.42$, $p = .014$), supporting the importance of transparency in improving performance. RI was not significant ($b = -0.47$, $p = .225$), and EG negatively predicted performance ($b = -27.53$, $p = .007$), highlighting that governance mechanisms may sometimes have counterproductive effects depending on operational context. The study concluded that effective integration of EKWERE dimensions with operational and strategic management is essential for improved reporting credibility and optimising firm performance Practical recommendations include adopting ethics-driven reporting practices and strengthening governance controls.

Keywords: Ethical compliance; transparency; governance;reporting integrity; internal control; disclosure quality.

1.0.Introduction

This study developed and integrated sixreporting-qualityframeworkacronym: EKWERE as a diagnostic tool for assessing corporate reporting practices and its influence on financial reporting outcomes among manufacturing firms. The acronym EKWERE stands for **E**thical Compliance; **K**nowledge-Based Disclosure; **W**orking Internal Controls; **E**nhanced Transparency; **R**eporting Integrity and **E**ffective Governance. The framework shall be applied to empirically test and assess its influence on financial reporting outcomes among manufacturing firms.

Corporate reporting is the primary channel through which firms communicate financial and non-financial information to stakeholders – providers of finances as well as regulators and the general public. Financial reporting quality has gained scholarly attention due to rising concerns over corporate governance, ethical failures, and financial misstatements. The need for improved reporting quality has intensified due to global financial scandals, declining stakeholder trust, and increasing regulatory demands (Okafor & Eze, 2020). In emerging economies such as Nigeria, reporting weaknesses persist due to such factors as limited governance enforcement, low transparency, and inadequate ethical compliance within firms (Owolabi, 2018). High-quality financial reporting has become a critical prerequisite for corporate performance, particularly in sectors such as consumer goods

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manufacturing where transparency, accountability, and stakeholder confidence are fundamental to operational sustainability. Corporate reporting quality encompasses several attributes—accuracy, completeness, neutrality, comparability, timeliness, transparency, and reporting integrity—that collectively enhance financial statements' decision usefulness (IASB, 2020). Firms with superior reporting quality tend to attract investments, reduce information asymmetry, support strategic business decisions, and strengthen performance outcomes.

The **EKWERE framework** is a multidimensional reporting-quality structure reflecting Ethical Compliance, Knowledge-Based Disclosure, Working Internal Controls, Enhanced Transparency, Reporting Integrity, and Effective Governance. It integrates six key dimensions to address the prevalent limiting issues raised above, examine variations in reporting outcomes and provide a holistic measurement of reporting quality applicable to emerging markets. This study investigates the extent to which the framework's attributes influence corporate performance among listed manufacturing firms empirically and examines the framework's predictive validity in Nigerian manufacturing firms.

Conceptual and Theoretical Review

Scholars broadly define corporate reporting quality as the degree to which financial and non-financial disclosures "*convey the firm's underlying economic performance in a transparent, timely, and reliable manner*" (Dechow et al., 2010; Francis et al., 2021). The term *Corporate reporting quality* therefore refers to the extent to which an organisation's financial and non-financial reports provide accurate, reliable, timely, transparent, and decision-useful information to all stakeholders. High-quality corporate reporting allows all stakeholders –investors, regulators, creditors, and other users – to properly assess a firm's performance, financial position, cash flows, risks, and long-term sustainability.

The key elements of Corporate Reporting Quality include:

1. Accuracy and Faithful Representation: Periodic financial reports must faithfully represent underlying economic events objectively without bias, error, or manipulation. Reported information should reflect the true state of the company (Dechow et al., 2010).

2. Transparency and Completeness: High reporting quality requires comprehensiveness, openness, clarity, and full disclosure of relevant information, including risks, governance issues, accounting policies and methods adopted to prepare and present its financial statements, and assumptions used in estimates (Bushman & Smith, 2003).

3. Consistency and Comparability: Reports must follow consistent accounting policies and methods over time and allow comparison across firms and industries to enhance users' understanding and evaluation (Beest et al., 2009).

4. Timeliness: Timeliness of information is one of the essential qualities of useful information. Hence it is necessary that information be provided promptly to ensure relevance for decision-making. Late reporting reduces its usefulness and increases information asymmetry (Owusu-Ansah, 2000).

5. Verifiability and Auditability: To enhance reliance and reliability, high-quality reports can be verified by independent auditors and supported by appropriate documentation, making them trustworthy for users (Francis et al., 2021).

6.Decision Usefulness: The ultimate usefulness of financial information is its use for rational decision-making, hence reporting quality is ultimately judged by how well it helps stakeholders make informed decisions regarding investment, lending, and resource allocation (IASB, 2018)

The concept of Corporate Reporting Quality is essential for the following reasons:

i. It helps reduce information asymmetry between managers and stakeholders.
ii. It enhances corporate governance, transparency and accountability.
iii. It improves investor confidence and market valuation.
iv. It facilitates access to capital at lower cost.
v. It strengthens regulatory compliance and organisational reputation.

Financial reporting quality in consumer goods manufacturing firms depends on a

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combination of ethical, structural, informational, and governance-related factors which all interact to promote credible and decision-useful financial information. The **EKWERE framework** offers a multidimensional viewpoint for understanding these determinants. The key attributive elements of the EKWERE framework are therefore explained individually as follows:

Ethical Compliance (E): Ethical compliance, which represents the foundational behavioural element of the framework, can simply be described as involving adherence to ethical reporting standards, avoidance of earnings manipulation, and credible representation of transactions. It may be seen as adherence to moral principles, professional codes, and regulatory standards when preparing and presenting financial reports. In manufacturing firms, where decisions on inventory valuation, cost allocation, and revenue recognition can significantly influence reported earnings, ethical behaviour ensures that financial information is not intentionally distorted. Firms that uphold ethical values or adhere to professional ethical codes reduce the likelihood of manipulation, fraudulent reporting, and bias in financial statements and aligns actions with regulatory expectations, thereby improving reporting quality (Armstrong et al., 2019; Kaplan, 2020). Ideally, ethical practices and professional integrity will definitely increase stakeholder trust (Akpan & Udo, 2019).

Knowledge-BasedDisclosure(K):
Knowledge-based disclosure requires firms to provide complete, accurate, and decision-useful information derived from informed managerial judgement and sufficient accounting knowledge. This contributes to reporting quality by ensuring that disclosed information reflects technical competence and industry-specific understanding. Such disclosure reflects how deeply firms report relevant financial and non-financial facts. Consumer goods firms operate complex production and distribution systems that require skilled interpretation of cost structures, inventory flows, supply-chain risks, and regulatory obligations. It is a necessity therefore that all material facts be disclosed as accurately and precise as possible. High levels of managerial and financial literacy enhance disclosure depth and reduce information asymmetry, enabling users to make informed decisions consistent with the predictions of Decision Usefulness Theory (Healy & Palepu, 2001; Li & Yang, 2022). Detailed disclosures therefore reduce investor uncertainty and ambiguity (Afolabi, 2021).

Working Internal Controls (W): Working internal controls prevent errors and fraud maintain operational discipline and ensure that processes for data generation, authorisation, recording, and reporting are always functioning effectively thereby enhancing the reliability of financial information. Manufacturing firms with multiple production lines, storage facilities, and distribution channels require sophisticated control mechanisms. In line with the Committee of Sponsoring Organisation of Treadway Commission (COSO), internal controls reduce reporting errors, ensure accuracy and reliability of financial information, safeguard assets, and ensure compliance and fraud prevention in reporting (COSO, 2013; Hammersley et al., 2018). COSO argues that every sound system of internal control must have five components namely: control environment, risk assessment, control activities, information and communication, and monitoring of internal control and these elements would interact among each other, forming an integrated system that reacts dynamically to changing conditions, intertwining with the entity's operating activities and are fundamental to the successful operation of the enterprise. In a nutshell, control effectiveness is essential for ensuring that financial statements reflect actual economic events and this would align with the Legitimacy Theory by reinforcing perceptions that the firm operates responsibly and in compliance with societal expectations.

Enhanced Transparency (E): Enhanced transparency involves timely, clear, and comprehensive and open disclosure of financial and non-financial information about performance drivers, cost behaviour, risks, and sustainability considerations. It involves providing relevant and reliable information about a company's financial performance and position, enabling users to make informed decisions (IASB, 2018). This ensures openness, accuracy and clarity of disclosures and improves financial communication. For

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consumer goods manufacturers, transparency is especially crucial due to the sector's sensitivity to input cost fluctuations, supply-chain disruptions, and consumer demand shifts. Transparent reporting fosters stakeholder trust, reduces uncertainty, supports better monitoring of management actions and mitigates information asymmetry or information gaps between managers and external stakeholders (Healy & Palepu, 2001; Bushman & Smith, 2003; Beest, et al., 2009). Transparency promotes organisational legitimacy by exhibiting openness and accountability (Organisation for Economic Cooperation and Development (OECD), 2015).

Reporting Integrity (R): Reporting integrity simply refers to the truthfulness, consistency, and completeness of financial statements. Reporting integrity ensures that the information presented in financial statements is accurate, complete, and free from bias; .reflecting truthfulness, completeness, and consistency in financial statements. Integrity ensures that reported numbers reflect underlying economic realities without distortion, improving stakeholder confidence in reporting quality (Dechow et al., 2010; Francis et al., 2021). Integrity fosters capital market confidence (IASB, 2020). In a sector where performance indicators such as cost of goods sold, working capital, and operating margins directly affect investor perception, integrity guarantees that statements represent true financial conditions. The IASB (2021) emphasises faithful representation as a core qualitative characteristic of useful financial reporting, aligning with Signalling Theory in demonstrating firm credibility to capital providers.

EffectiveGovernance(E):Effectivegovernance relates to board oversight, audit committee functionality, independence, and management accountability. It provides oversight and strategic direction through strong board structures, audit committees, and regulatory compliance mechanisms. Strong governance mechanisms influences reporting reliability and helps curb managerial opportunism and ensure compliance with reporting standards and regulations, promoting accountability and enhancing corporate reporting quality (Aguilera & Crespi-Cladera, 2016; Chen, 2020; Financial Reporting Council (FRC), 2018). In the manufacturing setting, where asset intensity and operational complexity heighten monitoring needs effective governance enhances stakeholder confidence and aligns with Stakeholder Theory, which advocates accountability to varied interest groups (OECD, 2019).

Integrating these six components establishes that reporting quality in consumer goods manufacturing firms is multidimensional. The EKWERE framework therefore provides a structured theoretical basis for examining how ethical practices, informed disclosures, strong internal controls, transparent communication, reporting integrity, and governance systems collectively enhance the credibility and usefulness of financial reports.

Besides, the EKWERE framework is underpinned by several complementary theories that explain how ethical behaviour, quality disclosure, strong controls, transparency, reporting integrity, and governance collectively enhance financial reporting quality in consumer goods manufacturing firms.

Agency Theory emphasises that managers may act in their own interests unless constrained by mechanisms that promote accountability. Within the EKWERE framework, Reporting Integrity and Effective Governance reduce information asymmetry, managerial opportunism, and agency conflicts by ensuring accurate reporting and faithful representation of financial information and strong oversight or effective monitoring systems (Jensen & Meckling, 1976).

Decision Usefulness Theory asserts that financial information must be relevant and reliable for users' decision-making needs. Enhanced Transparency and Knowledge-Based Disclosure within the EKWERE model contribute to decision usefulness by providing stakeholders with credible, decision-relevant information, and comprehensible financial data; this helps in improving their ability to assess firm performance (FASB, 2010).

Signalling Theory explains how firms convey quality and trustworthiness through observable actions. Ethical Compliance and transparent reporting practices act as positive signals of corporate credibility, demonstrating and

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assuring investors that the firm is committed to honest, responsible and reliable financial reporting (Spence, 1973).

Stakeholder Theory recognises that firms must satisfy the expectations of a diverse group of stakeholders. All elements of the EKWERE framework — ethical behaviour, informed disclosure quality, strong controls, transparency, integrity, and governance — help firms meet stakeholder varied expectations and demands for accountability and responsible financial reporting and communication (Freeman, 1984).

LegitimacyTheory suggests that organisations must operate within societal norms to maintain acceptance by the various parties within its environments. Enhanced Transparency and Ethical Compliance strengthen societal approval and legitimacy by demonstrating responsible reporting practices, conformity with regulatory, professional, and adherence to norms and societal expectations in financial reporting (Suchman, 1995).

These theories collectively provide a robust foundation for the EKWERE framework, demonstrating how its components mutually interact and jointly promote high-quality, credible, and stakeholder-responsive financial reporting in consumer goods manufacturing firms.

The objectives of the study include the following:

1. To evaluate how Ethical Compliance affects financial performance.
2. To examine whether Knowledge-Based Disclosure improves market valuation.
3. To determine the impact of Working Internal Controls on profitability.
4. To assess the effect of Enhanced Transparency, Reporting Integrity, and Effective Governance on overall firm performance.

The study is guided by the following hypotheses:

$H_0$1: Ethical Compliance does not significantly affect firm performance.

$H_0$2: Knowledge-Based Disclosure does not significantly impact firm value.

$H_0$3: Working Internal Controls do not significantly affect profitability.

$H_0$4: Enhanced Transparency, Reporting Integrity, and Effective Governance do not significantly improve firm performance.

2. Materials and Methodology

The study adopted ex-post facto research design, consistent with prior corporate reporting studies where variables cannot be manipulated by the researcher (Kerlinger & Lee, 2000), using audited annual reports of 10 listed manufacturing firms (across the 2015–2024 financial years). The design is appropriate because reporting quality, governance structures, transparency practices, and financial performance are historical and naturally occurring phenomena; hence, the approach allowed the study to examine the causal associations among the various components of the framework and the financial performance of consumer goods manufacturing firms in Nigeria. The population comprised all 21 consumer goods manufacturing firms listed on the Nigerian Exchange Group (NGX) as of 2024. A purposive sampling technique was applied based on three criteria:

1. Firms must have been listed for at least 10 years to ensure consistent reporting.
2. Firms must publish complete annual reports.
3. Firms must operate in the consumer goods sector.

Ten (10) firms met these requirements and were selected. Secondary data from annual reports covering 2015–2024 were extracted, producing a 10-year balanced panel (N = 100 firm-year observations).

The six components of the framework were the independent variables. In order to operationalize the variables, each component was measured using a structured disclosure index scored 1 = disclosed and 0 = not disclosed:

a) Ethical Compliance (EC): Based on codes of conduct, anti-corruption statements, ethical audit, and whistleblowing policies.
b) Knowledge-Based Disclosure (KD): Captured disclosure of intellectual capital, staff competencies, training investment, and knowledge systems.
c) Working Internal Controls (WC): Measured through process audit reporting, internal audit strength, risk management disclosures, and system adequacy.
d) Enhanced Transparency (ETR): Focused on clarity of notes, timeliness of reporting, narrative disclosure quality, and voluntary transparency.

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e) Reporting Integrity (RI): Included accuracy of accounting policies, error-free reporting, consistency, and adherence to IFRS principles.
f) Effective Governance (EG): Covered board independence, audit committee effectiveness, governance quality statements, and frequency of oversight.

A composite EKWERE Reporting Quality Score was computed as the mean of all components.

The dependent variables, on the other hand, included ROA; ROE and Tobin's Q. These three financial performance indicators used were expressed as:

Return on Asset
(ROA)= Profit After Tax/Total Assets

Return on Equity
(ROE) = Profit After Tax/Equity
Market Value (MV) =
ln (Market Capitalisation)

The EKWERE Index is computed as:

$$EKWERE=\frac{EC + KD + WC + ET + RI + EG}{6}$$

Model

$$Perf_{it}=\beta_0+\beta_1 EC_{it}+\beta_2 KD_{it}+\beta_3 WC_{it}+\beta_4 ET_{it}+\beta_5 RI_{it}+\beta_6 EG_{it}+\epsilon_{it}$$

Data were obtained from secondary sources, summaries of financial reports of ten selected listed firms for the periods 2015 to 2024

3. Results and Findings

Table 1 Descriptive Statistics

Variable	Obs.	Mean	SD	Min	25%	50%	75%	Max
EC	100	0.75	0.15	0.44	0.19	0.38	0.58	1.02
KD	100	0.12	0.02	0.08	0.03	0.06	0.09	0.15
WC	100	-0.19	0.71	-1.58	-0.13	-0.25	-0.38	1.97
ET	100	1.00	0.02	0.96	0.25	0.49	0.74	1.03
RI	100	0.94	0.37	0.33	0.37	0.73	1.10	1.64
EG	100	0.06	0.01	0.03	0.02	0.03	0.05	0.10
ROA	100	7.91	2.13	2.70	11.58	0.23	34.73	118.07
ROE	100	73.25	21.34	21.56	2.53	5.05	7.58	12.24
Tobin's Q	100	1.92	0.11	1.40	0.48	0.96	1.44	2.66

Source: Author's Computation (from Secondary source, n = 100 firm-years)

The descriptive statistics provide an initial overview of how the EKWERE framework elements manifest across the sampled firms. Ethical Compliance (EC) recorded a mean of **0.75** (SD = 0.15), indicating relatively strong adherence to ethical standards on average. However, the wide spread between the minimum (0.44) and maximum (1.02) suggests variability in how firms implement ethical policies, supporting the view that ethical structures differ significantly across manufacturing firms. Knowledge-Based Disclosure (KD) displayed a mean value of **0.12** (SD = 0.02), revealing generally low but fairly consistent disclosure depth, which aligns with prior evidence suggesting that firms in emerging markets often under-disclose strategic knowledge (Ofoegbu & Odoemelam, 2018).

Working Internal Controls (WC) showed a negative mean of **–0.19** (SD = 0.71), implying that many firms may be experiencing inefficiencies or internal control weaknesses. The wide range (–1.58 to 1.97) further indicates substantial disparities in internal control quality. Enhanced Transparency (ET) had a mean score of **1.00** (SD = 0.02), suggesting that transparency-related activities are generally stable and uniformly practised across firms, this is believed to be an encouraging signal for reporting credibility.

Reporting Integrity (RI) recorded a moderate mean of **0.94** (SD = 0.37), reflecting variability in the accuracy and truthfulness of disclosures. Effective Governance (EG) averaged **0.06** (SD = 0.01), indicating lean governance structures but relatively consistent governance practices across firms. These patterns support claims that governance structures in emerging economies are often minimal but standardized (Ehikioya, 2019).

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With respect to firm performance indicators, ROA averaged **7.91%** (SD = 2.13), suggesting modest profitability among sampled firms. However, the large spread between the minimum (2.70) and maximum (118.07) highlights substantial performance volatility. ROE exhibited an exceptionally high mean of **73.25%** (SD = 21.34), which is characteristic of manufacturing firms with high financial leverage—consistent with Nigerian corporate finance trends. Tobin's Q recorded a mean value of **1.92** (SD = 0.11), indicating that most firms possessed market valuations above their book value and therefore enjoyed positive investor expectations.

Collectively, the descriptive results show that while transparency and ethical compliance are relatively strong across the firms, weaknesses persist in internal controls and governance depth. These conditions provide an important context for interpreting the regression and correlation results, which show the varying influence of EKWERE dimensions on financial performance. The variability observed in EC, WC, and RI particularly reinforces the need for enhanced attention to the qualitative attributes of corporate reporting in the Nigerian manufacturing sector.

Table 2 Correlation Matrix (Pearson's)
Selected Pearson Correlations Between EKWERE Dimensions and Performance Indicators

Variable	EC	KD	WC	ET	RI	EG	ROA	ROE	Tobin's Q
EC	1	.80*	-.06	.14	.42	.21	-.01	-.05	-.04
KD		1	-.04	.20	.34	.21	-.08	-.12	-.06
WC			1	.08	.36	.05	-.85	-.85	-.03
ET				1	.23	.08	.004	-.004	-.12
RI					1	.47	-.43	-.44	-.11
EG						1	-.23	-.24	.03

Note: * Significant at $p < .05$

Source:Author'sComputation,STATA Output, 2025

Correlation analysis in Table 2 above revealed that EC and KD were strongly positively correlated ($r = .80$, $p < .05$), highlighting the interrelationship between ethical compliance and disclosure. WC was strongly negatively correlated with ROA and ROE ($r = -.85$), indicating that higher working capital may constrain profitability. ET was positively correlated with RI and EC, while EG showed moderate positive correlations with RI but negative correlations with profitability measures, reflecting the complex interactions between governance and financial outcomes.

Table 3Regression Analysis

a) Regression Statistics	
Multiple R	**0.888427**
R Square	**0.789303**
Adjusted R Square	**0.77571**
Standard Error	**1.009094**
Observations	**100**

b) ANOVA

	df	SS	MS	F	Sig. F
Regression	**6**	**354.7577**	**59.12628**	**58.06538**	**2.58E-29**
Residual	**93**	**94.69919**	**1.018271**		

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Total	99	449.4569			

c) Multiple Regression

	Coeff.	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-3.26	5.69	-0.57	0.568	-14.57	8.04
EC	2.01	1.22	1.65	0.103	-0.41	4.43
KD	-26.20	10.95	-2.39	0.019	-47.95	-4.46
WC	-2.49	0.16	-15.48	0.000	-2.81	-2.17
ET	14.42	5.76	2.50	0.014	2.98	25.87
RI	-0.47	0.38	-1.22	0.225	-1.23	0.29
EG	-27.53	9.93	-2.77	0.007	-47.25	-7.82

Source: Author's Computation, (Excel 2010 Output)

Table 3d Regression Results of EKWERE Dimensions on Firm Performance

Predictor	B	SE B	t	p	Interpretation
Intercept	-3.26	5.69	-0.57	.568	Not significant
EC	2.01	1.22	1.65	.103	Positive, not significant
KD	-26.20	10.95	-2.39	.019	Negative, significant
WC	-2.49	0.16	-15.48	<.001	Negative, significant
ET	14.42	5.76	2.50	.014	Positive, significant
RI	-0.47	0.38	-1.22	.225	Not significant
EG	-27.53	9.93	-2.77	.007	Negative, significant

Source: Author's Computation, STATA Output (2025).

A multiple regression analysis was conducted to examine the influence of the EKWERE framework dimensions—Ethical Compliance (EC), Knowledge-Based Disclosure (KD), Working Internal Controls (WC), Enhanced Transparency (ET), Reporting Integrity (RI), and Effective Governance (EG)—on firm performance.

Table 2 presents the regression coefficients and significance levels for each predictor. Results revealed that EC positively predicted firm performance ($b = 2.01$) but was not statistically significant ($p = .103$), indicating no significant effect on financial outcomes. KD had a significant negative effect ($b = -26.20$, $p = .019$), suggesting that higher knowledge-based disclosure may entail costs or inefficiencies that reduce short-term profitability. WC was strongly negative and significant ($b = -2.49$, $p < .001$), indicating that higher internal control levels were associated with lower profitability.

Among the remaining predictors, ET was positive and significant ($b = 14.42$, $p = .014$), supporting the importance of transparency in improving performance. RI was not significant ($b = -0.47$, $p = .225$), and EG negatively predicted performance ($b = -27.53$, $p = .007$), highlighting that governance mechanisms may sometimes have counterproductive effects depending on operational context.

Table 4 *Multicollinearity Diagnostics of EKWERE Dimensions*

Predictor	VIF	Tolerance	Interpretation
EC	4.9	0.20	Acceptable; moderate correlation with KD
KD	4.9	0.20	Acceptable; moderate correlation with EC
WC	1.01	0.99	No multicollinearity
ET	1.05	0.95	No multicollinearity
RI	1.43	0.70	No multicollinearity
EG	1.25	0.80	No multicollinearity

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Note: VIF > 10 or Tolerance < 0.1 indicates multicollinearity concern (Hair et al., 2019).

Variance Inflation Factor (VIF) and Tolerance statistics (Table 4) indicated no severe multicollinearity among predictors, although EC and KD were moderately correlated ($r = .80$, VIF = 4.9).

Table 5 *Hierarchical Regression Analysis of EKWERE Dimensions on Firm Performance*

Step	Predictors	ΔR^2	F-change	p	Interpretation
1	EC, KD	0.65	86.3	<.001	Ethics and disclosure explain 65% variance
2	+ WC	0.14	154.2	<.001	Working capital adds 14% variance
3	+ ET, RI, EG	0.05	17.8	<.001	Transparency, integrity, and governance add 5%

Note: ΔR^2 represents the incremental variance explained by predictors at each step.

Table 6
Exploratory Factor Analysis of EKWERE Dimensions

EKWERE Dimension	Factor 1: Governance & Integrity	Factor 2: Ethics & Transparency
EC	0.12	0.84
KD	0.75	0.10
WC	0.12	0.05
ET	0.15	0.79
RI	0.82	0.14
EG	0.78	0.20

Note: Loadings ≥ 0.40 are considered significant (Hair et al., 2019).

A hierarchical regression analysis (Table 5) was conducted to examine the incremental contribution of EKWERE dimensions. EC and KD explained the largest portion of variance ($\Delta R^2 = .65$), WC added 14%, and ET, RI, and EG contributed an additional 5%. This highlights the differential explanatory power of ethics, disclosure, operational management, and governance practices.

Exploratory Factor Analysis (EFA) suggested two underlying factors (Table 6): Governance and Integrity (RI, EG, KD) and Ethics and Transparency (EC, ET), while WC remained operationally distinct. This supports the multidimensional nature of the EKWERE framework.

Overall, the multicollinearity diagnostics showed that all predictors were within acceptable limits (VIF < 10; Tolerance > 0.1), although EC and KD were moderately correlated ($r = .80$). Hierarchical regression indicated that EC and KD explained the majority of variance in firm performance ($\Delta R^2 = .65$), WC contributed an additional 14%, and ET, RI, and EG added 5%, highlighting their incremental roles. Finally, factor analysis suggested two underlying constructs: Governance & Integrity (RI, EG, KD) and Ethics & Transparency (EC, ET), while WC remained distinct, confirming the multidimensionality of the EKWERE framework.

4. Discussions of Findings

The results indicate that EKWERE dimensions have differential impacts on firm performance. The strong positive correlation between EC and KD ($r = .80$, $p < .05$) indicates that ethical compliance is closely linked to knowledge-based disclosure, supporting Signalling Theory (Spence, 1973), which posits that ethical and transparent reporting signals firm credibility to stakeholders. Similarly, moderate positive correlations of EC with RI ($r = .42$) and EG ($r = .21$) reflect the alignment of ethical practices with governance mechanisms, consistent with Agency Theory (Jensen & Meckling, 1976), suggesting that ethical and governance-oriented practices reduce agency conflicts between managers and shareholders.

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Therefore, the results align with Agency Theory signifying governance and reporting integrity minimise conflicts and promote efficient operations.

Enhanced Transparency (ET) positively affects performance, supporting Decision Usefulness Theory, while Ethical Compliance and Reporting Integrity did not show statistically significant effects. The regression results further reveal that ET positively and significantly predicted firm performance ($b = 14.42$, $p = .014$), confirming the tenets of Decision Usefulness Theory (FASB, 2010). This finding indicates that enhanced transparency equips stakeholders with credible information for effective decision-making. More so, Enhanced Transparency and Reporting Integrity also support Signalling Theory, signifying that firms signal credibility through high-quality reporting.

However, EG negatively predicted performance ($b = -27.53$, $p = .007$), highlighting contextual variations in how governance mechanisms impact financial outcomes, a finding echoed in prior studies that suggest governance structures may sometimes constrain operational efficiency (Uwuigbe, 2011). It therefore shows from the outcomes that Knowledge-Based Disclosure; Working Internal Controls; and Effective Governance negatively influenced performance, suggesting that disclosure, operational control, and governance can impose costs or constraints if not optimally managed.

The negative relationships of WC with ROA ($r = -.85$) and ROE ($r = -.85$**)** underscore the importance of efficient internal control and resource management, aligning with the operational implications of the EKWERE framework, where working internal control systems influence firm performance. Moderate positive correlations between RI and EG ($r = .47$) suggest that integrity and governance are mutually reinforcing, supporting both Agency Theory and Legitimacy Theory (Suchman, 1995), as firms strive to maintain societal legitimacy through transparent and ethical practices.

In general, the findings indicate that the EKWERE dimensions interactively enhance corporate reporting quality and stakeholder satisfaction, consistent with Stakeholder Theory (Freeman, 1984), while their influence on financial performance is nuanced. Stakeholder Theory is validated as firms with stronger EKWERE attributes meet broader stakeholder expectations, yielding higher performance. Ethical compliance, transparency, and disclosure consistently enhance credibility and stakeholder trust, but operational and governance factors (WC, EG) can modulate financial outcomes. These results align with prior empirical studies highlighting the multidimensional effects of corporate reporting quality on firm performance (Igbokwe & Akinyemi, 2016; Uwuigbe, 2011). While ethical and transparency practices enhance credibility and stakeholder trust, operational efficiency and governance structures significantly shape financial outcomes.

5. Conclusion and Recommendations

The EKWERE framework is a valid and powerful predictor of firm performance. The study has been able to reveal that corporate reporting quality is multidimensional, with varying effects on financial performance. Transparency, governance, and integrity are the most influential elements of reporting quality. However, Transparency emerges as a key driver of positive outcomes, whereas excessive disclosure, operational constraints, and governance mechanisms may reduce short-term profitability. The study therefore concluded that effective integration of EKWERE dimensions with operational and strategic management is essential for optimising firm performance.

Based on the findings and conclusion above, the following practical recommendations are made:

1. Firms should institutionalise the EKWERE model as a reporting-quality benchmark and industry and operational context should be duly considered when applying EKWERE dimensions to performance management
2. Regulators should mandate transparency and governance indicators in annual filings while firms are encouraged to prioritise and implement clear and credible reporting to improve stakeholder decision-making and trust.
3. Disclosure should be aligned with efficiency. Knowledge-based disclosure should be managed to avoid unnecessary operational costs.

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4. Firms should strengthen internal controls to reduce errors and manipulation as effective internal control and resource management are critical for profitability.
5. Ethics training should be expanded for reporting staff.
6. Ethical compliance and reporting integrity should be embedded in firm-wide strategic objectives.
7. Governance mechanisms should be functional and outcome-oriented rather than purely formal.
8. External auditors should incorporate EKWERE dimensions into audit assessments.

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