Firm Attributes and Earnings Predictability of Listed Manufacturing Companies in Nigeria

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Abstract
Earnings predictability is a measure of how well the past earnings of a firm can explain its current earnings. Earnings measurement is very important in accounting since the performance of the firm can be seen by a wide range of users. The primary role of the financial statement is to disclose the financial statement information to internal and external users in a timely and reliable manner. This study was to ascertain the relationship between firm attributes and earnings predictability of quoted manufacturing companies in Nigeria. The population of the study consisted of all the listed manufacturing companies in Nigeria for the year ending 2021. Purposive sampling was used to sample 12 manufacturing firms that were continuously listed and actively trading on the floor of the Nigerian Exchange Group (NXG) Ltd. during the period 2017 to 2021 and whose financial statements are available and have been consistently submitted to NXG for the period under study. The ex post facto research design was used to establish the effect of firm attributes on earnings predictability. The firm attributes reviewed were firm size, age, leverage and liquidity, while earnings predictability was measured by operational cash flows on total assets. Panel regression data using a pooled estimate of ordinary least squares method was used for data analysis. The result revealed that firm age, firm size, firm leverage and firm liquidity all have weak effects on the dependent variable. Based on the findings, it was concluded that firm attributes have weak but positive effects on earnings predictability. It was recommended that manufacturing companies should provide quality earnings reports stating the earnings per share, operational cash flow, and total assets. This will showcase the accrual quality which could assist investors in estimating future earnings thereby making decisions to avoid security mispricing.

Keywords: Firm attributes, earnings predictability, listed manufacturing companies.

1.0 Introduction

Companies can be differentiated from each other based on certain attributes they possess. Such attributes are referred to as characteristics' – which exist at the firm's level and have the potential to influence the decisions of the managers in the firm. These attributes are generally termed firm attributes. These attributes, according to Rabiu (2021) are unique to specific companies and raise a perception in the

minds of the users of the information regarding the performance and future of the company. Hassan and Bello (2013) perceive firm attributes as those incentive variables that relatively are sticky at the company's level across time. Firm attributes can be defined as the wide variety of information disclosed in the corporate annual reports that serve as the predictors of assessing firms' performance (Lang & Lundholm, 1993).

Firm attributes can also be defined as the behavioural pattern of a company's operation which can enable them to achieve their objectives throughout their operations. Similarly, firm attributes refer to the various accounting information reported by firms in their financial statements for a particular period which can send a signal to various stakeholders about their performance (Hassan, 2012). They are seen as factors that are mostly under the direct control of management and often account for inter-firm differences in financial performance (Kazeem, 2015). They are those distinctive features peculiar to companies by which they can be identified and can be viewed from different perspectives. These attributes are reported by firms in their financial statements and send a message to various stakeholders of firms about their performance (Abdullahi, 2016).

Naser, Al-Khatib & Karbhari (2002) opine that firm attributes can be categorized into market-related (firm size, audit firm status and industry type), performance (profit margin, return on equity and liquidity), ownership (high spread ownership and low spread ownership) and structure (gearing) attributes. Shehu & Ahmad (2013) surmise that they could also be categorized into firm structure (firm size and leverage), performance (profitability, liquidity and growth) and monitoring (board composition and institutional shareholding) attributes. Kazeem (2015), however, categorizes firm attributes into financial (firm size, growth, risk, liquidity, tangibility and leverage) and non-financial (firm age, management competencies and scope of operation) attributes. Similarly, Rabiu (2019) in a study on firm attributes and share prices view firm attributes as profitability, growth, leverage, firm size, board size, board gender, audit committee composition, audit committee meeting, and managerial and institutional share ownership.

Earnings are the summary measures of a firm's performance produced under the accrual basis of accounting. Earnings are important since they are used as the summary measure of a firm's performance by a wide range of users. The primary role of financial statements is to disclose a company's financial information to internal and external users in a timely and reliable manner. Earnings are the summary measure of firms' performance produced under the accrual basis of accounting. As earnings are deemed to be significant information in financial statements, earnings quality is also considered to be significant information for financial information users, such as practitioners, standard setters, regulators, and accounting scholars (Biddle et at., 2019; Francis, LaFond et al., 2004). Dechow, Ge & Schrand (2010) define earnings quality as the relevance of the fundamental earnings reported to the decision context of users. Likewise, Vincent (2004) defines the quality of earnings as the decision usefulness of the reported earnings to the users. From an accounting perspective, earnings predictability is used as a measure to complement value relevance, and it is a measure of earnings quality which is concerned with how well past earnings can explain current earnings.

Some studies have been carried out in the non-financial sector of the Nigerian economy, but very few studies have been done in the manufacturing sector using earnings predictability as the dependable variable. This sets the gap under investigation. The call to diversify the Nigerian economy from its overdependence on oil revenue to other productive sectors is gathering momentum. It is therefore expected that the influx of investors into these productive sectors will increase, hence, the need to study their earnings predictability in the manufacturing sector.

The primary role of financial statements is to disclose a company's financial information to internal and external users in a timely and reliable manner. This is further reiterated by the International Accounting Standard Board (2001) that the objective of a financial report is to provide information about the financial position, performance and change in the financial position of an entity that is useful to a wide range of users in making economic decisions. Earnings information should be relevant in helping investors make correct asset pricing and investment decisions, thus, the emphasis on earnings

quality. However, a firm's attributes can help in providing relevant information for such a purpose. The unique attributes of firms are said to be important determinants of their performance. Given the importance of a firm's attribute to the financial performance of manufacturing firms, this study deserves adequate consideration.

The main objective of this study is to determine the relationship between firm attributes and earnings predictability of listed manufacturing firms in Nigeria. Specifically, the study seeks to determine the individual and joint relationship between age, size, leverage and liquidity on earnings predictability of listed manufacturing companies in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Firm Attributes

Companies are distinguished from one another based on different financial and nonfinancial attributes. These attributes, according to Rabiu (2021) are unique to specific companies and raise a perception in the minds of the users of the information regarding the performance and future of the company. Francis et al (2019) differently view firms' attributes as structural external to the company's strategic decision. Firm attributes specify firm factors that either negatively or positively affect the operations of a firm. Such attributes include leverage, market share, liquidity, firm age, firm size, capital and dividend similarly, Siyanbola et al (2020) view firms' attributes as those attributes that are typical to a business firm, which includes profitability, size and age. Firm attributes are identified internal structures, unique strategies and distinctive profiles of organisations, which are resource-based, that affect the performance and success of the business farm (Oluwatayo et al. 2019). Hence, firms' unique attributes are important dynamics or elements that are used to influence firms' level of profitability and growing concerns. It deals with the qualitative nature of firms' performance, but which is measured with the use of quantitative metrics. Firm attributes can also be defined as the behavioural pattern of a company's operation which can enable them to achieve their objectives throughout their operations. Similarly, firm attributes refer to the various accounting information reported by firms in their financial statements for a particular period which can send a signal to various stakeholders about their performance (Hassan, 2012).

They are seen as factors that are mostly under the direct control of management and often account for inter-firm differences in financial performance (Kazeem, 2015). They are those distinctive features peculiar to companies by which they can be identified and can be viewed from different perspectives. These attributes are reported by firms in their financial statements and send a message to various stakeholders of firms about their performance (Abdullahi, 2016).

From the above submissions, firms' specific factors or attributes are the various resource-based corporate elements that drive the operations, performances and level of a firm's efficiency. Value creation capability and consistency of returns being generated periodically, firms' attributes are specific factors that exert controlling influence on the performance of the firm both in the short, medium and long-terms of the business organizations. Hence, firms' attributes are specific internal resource-based corporate elements, factors, elements, traits, peculiarities and features that enhance a firm's smooth functioning, operations, performance and growth sustainably, thereby differentiating a firm from others across industries. They could also be categorized into firm structure (firm size and leverage), performance (profitability, liquidity and growth) and monitoring (board composition and institutional shareholding) attributes (Shehu & Ahmad, 2013). Kazeem (2015), however, categorize firm attributes into financial (firm size, growth, risk, liquidity, tangibility and leverage) and non-financial (firm age, management competencies and scope of operation) attributes.

2.1.2 Earnings Predictability

Earnings predictability addresses the ability of earnings to predict itself. Predictability is a desirable attribute of accounting earnings as it can aid in forecasting activities and as such increases the precision

of earnings forecasts. Earnings predictability is a desirable attribute because it is indicative of sustainable earnings. Earnings predictability addresses the ability of earnings to predict itself. Earnings predictability is also a desirable attribute of accounting earnings as it aids in forecasting activities, a critical aspect of valuation. Together, persistence and predictability are indicative of sustainable earnings (Barton et al., 2010).

Earnings predictability is one of the various measures of earnings quality (Francis et al., 2004; Dechow et al., 2010). This is done if the firm's earnings exhibit steady growth over the years which can also be reasonably maintained in future periods. Ng (2011:138) defines earnings predictability as "the ability of past earnings to predict future earnings, and it is reflected in the variance of the shock in the univariate earnings process". This definition shows that earnings predictability is measured as the variance of the error term in a model where the current year earnings of Firm "J" is regressed on a one-year lag of earnings for the firm.

Generally, earnings quality is an unobservable variable. As a result, different proxies have been used by academics to infer earnings quality. These proxies include persistence, accrual quality, predictability, smoothness, timeliness, informativeness, and conservatism (Francis et al., 2004). In accounting research, researchers utilize different attributes of earnings quality constructs to measure earnings quality. However, seven attributes of earnings – accrual quality, persistence, predictability, smoothness, value relevance, timeliness, and conservatism – have been defined by Francis et al. (2004). In their research, the first four attributes are normally measured by using accounting information only. That is why they characterize them as accounting-based. In addition, the proxies for the last three attributes are defined by the relations between the accounting data and market data. Hence, those attributes are described as market-based (Francis et al., 2004).

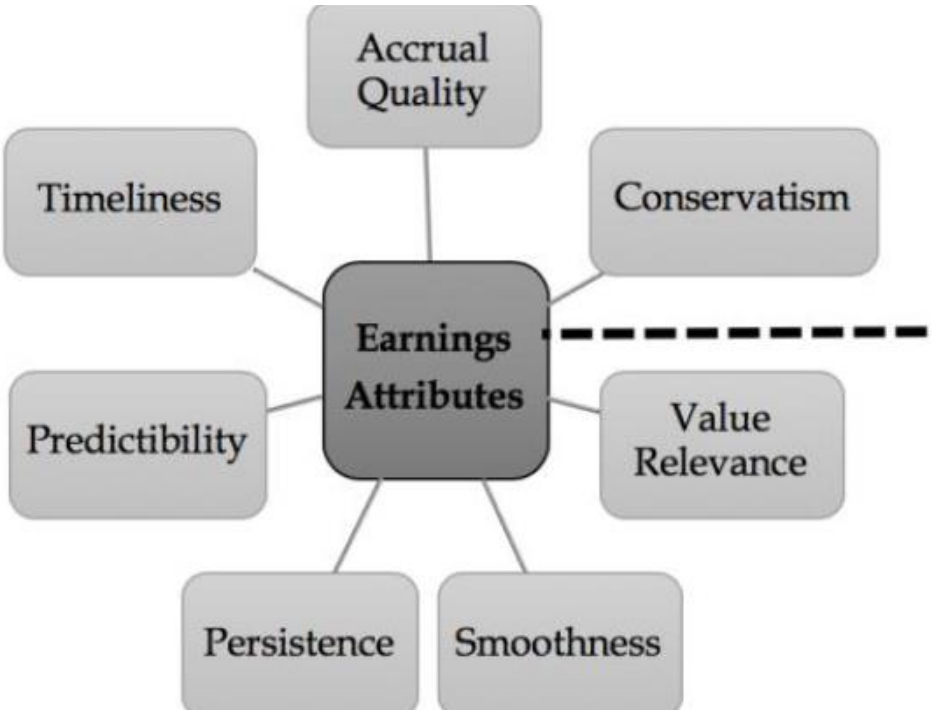

Fig. 1. Some attributes to measure the quality of earnings (Adopted from Francis *et al*, 2004).

One of these proxies, earnings predictability refers to the extent to which investors can predict the future earnings and/or future cash flows of a firm. Financial reports are designed to provide relevant information to all users of accounting information, including investors. Investors use earnings information to analyse a particular firm's current performance and estimate its prospects. Therefore, earnings numbers are viewed as high quality when they enable investors to better estimate a firm's prospects (Hussainey, 2009). Moreover, the importance of the predictive nature of accounting earnings

is manifested when taking into consideration, for instance, the use of accounting earnings in the valuation of a firm's equity, which requires investors to anticipate the firm's expected future cash flows (Velury & Jenkins, 2006).

The predictability of earnings reflects the ability of investors to estimate future cash flows. The significance of the predictive value of earnings figures appears in the use of accounting numbers in equity valuation, which requires the anticipation of expected future cash flows (Velury & Jenkins, 2006). Moreover, because the discounted present value of future cash flows is used by investors to value a particular firm, a strong future cash flows-current earnings relation can help investors assess the valuation of a firm via current earnings numbers (Ye, Zhang & Rezaee, 2010). Recently, several studies have introduced earnings predictability as a proxy for earnings quality (Atwood et al., 2010; Velury & Jenkins, 2006; Ye et al., 2010). In the studies, earnings numbers are considered high quality if they enable investors to anticipate the firm's prospects. Earnings predictability is tested using the slope coefficient from a baseline regression between future cash flows and current earnings that capture the ability of earnings numbers to predict future cash flows. The baseline earnings predictability model was presented as:

$$CFOit+1=\beta 0 + \beta 1EARNit + \varepsilon it.$$

Where:

CFOit + 1 is cash flows from operation for firm *i* in year *t* + 1 divided by the beginning of total assets.
EARNit is net income before extraordinary items for firm *i* in year *t* divided by the beginning of total assets.

A positive and significant sign for $\beta 1$ implies more predictive earnings, whereas a negative and significant sign for $\beta 1$ implies less predictive earnings.

2.2 Theoretical Review

2.2.1 Stakeholders Theory

This study adopts the stakeholders' theory propounded by Ian Mitroff in 1983 as the fundamental theory upon which this research is anchored. A stakeholder is seen as a person or group that can affect or be affected by how an entity conducts its operations. The stakeholder theory looks at the relationship between an organization and others in the environment. In other words, it looks at the interaction of internal and external factors and their influence on the conduct of corporate activities. The principal reason behind the stakeholder theory is that organizations can survive longer and perform better when they manage their stakeholder relationship effectively. The stakeholder's theory offers a model which is an instrumental framework for investigating the relationship between firm performance and the practice of management. Regarding regulatory standards, the stakeholder theory is seen as a conceptual framework for good business ethics as it addresses moral and ethical values in the management of an organization.

Stakeholder theory defines the enterprise as an entity through which numerous and diverse participants accomplish multiple but not always congruent purposes. (Donaldson & Preston, 1995). Clarkson (1994) defines stakeholders as persons, or entities who either voluntarily or involuntarily become exposed to risk from the activities of a firm. John & Senbet (1998) made a comprehensive review of corporate governance, with a particular focus on the stakeholder theory. The authors note the presence of many parties interested in the well-being of the firm and that these parties often have competing interests. Corporate firms are often bound by their obligations to their stakeholders and this usually helps them create new moral obligations. This study is investigating empirically the impact of IFRS adoption on corporate performance and stakeholder's theory is a relevant anchor for this study as it suggests that the purpose of a business is to perform very well and create more value for its stakeholders. By managing efficiently, the interest of the stakeholders, executives will also create as much value as possible for shareholders and other providers of capital. Hence this theory explains one of the motives for firms' IFRS adoption globally in their financial statements.

2.2.2 Signaling Theory

Signalling theory is a theory that discusses information provided by a company about its future performance which will be trusted by outsiders. This theory was first put forward by Spence (1973) through his research entitled Job Market Signaling. In his research, Spence revealed that a signal indicates that the sending party (the owner of the information) tries to provide pieces of relevant information that can be used by the first party. The receiving party will then adjust its behaviour according to the understanding of the signal. This theory emphasizes the importance of information issued by the company about investment decisions to be made by the investor. The information published by the company is an announcement that provides a signal for investors in making investment decisions.

This announcement contains both positive and negative information that can create a market reaction. The relationship between signal theory and the ability of accruals and operating cash flows in predicting future cash flows is being able to provide information in the form of an operating cash flow statement that can be used to predict future cash flows that can provide positive and negative signals. Likewise, accruals in the company's income statement can be used as a prediction of future cash flows that can provide positive or negative signals so that the company can predict the company's future conditions.

2.2.3 Efficient Contracting Theory

Efficient Contracting Theory was developed by Coase in 1993. In his renowned work, Coase focused on the ascertainment of Knight in the first place, establishing the science of the theory of the firm. Efficient contracting theory studies the role of financial accounting information in moderating information asymmetry between contracting parties, thereby contributing to efficient contracting and stewardship and efficient corporate governance. Also, management's effort in operating the firm is not directly observable to outsiders. In both cases, outside contracting parties look to accounting information to help protect themselves from exploitation. Efficient contracting is an important component of this alignment. Firms enter into many contracts, such as with customers, suppliers, management, other employees, and lenders. For good corporate governance, these contracts should be efficient. That is, they must attain an optimal trade-off between the benefits and costs of contracting. For example, a firm may benefit from lower borrowing costs if it incurs costs to reassure lenders, such as pledging specific assets as security or accepting a covenant to limit further borrowing, which would water down the security of existing lenders.

2.3 Empirical Review

Taiwo et al (2020) examined the impact of volatility on the earnings predictability of Nigerian quoted firms. A total number of seventy-three (73) quoted Nigerian firms constituted the population of this study and the entire 73 firms were studied. The causal relationship research design was adopted. The secondary data used were collected from the financial statements of the quoted firms for the period 1996 to 2015. The system generalized method of moment (GMM) was used to estimate the dynamic panel regression models of the study. The study found that the earnings of firms are predictable. The study also found that volatility hurts earnings predictability. It was therefore recommended more interest/investment in Nigerian firms since earnings information is available and is predictable, while managements of firms should reduce instability in reported earnings.

Redhwan & Ku Nor (2013) researched governance structure, ownership structure and earnings predictability: Malaysian evidence. This study is distinct from prior research because it examined the associations between governance structure, ownership structure, and earnings predictability. Using a sample of 330 firms for the period of 2008 through 2009, the findings revealed that the predictive ability of earnings is high when firms have small boards, an independent chairperson, and high shareholding by institutions. However, in contradiction to expectation was the significant but negative effect of board independence on earnings predictability. The results also demonstrated that investors do not perceive

independent audit committees, more active audit committees, competent audit committees, and a high shareholding of management, as good indicators of earnings numbers with a high predictive value.

Schiemann & Guenther (2013) found that employee expenses from an accounting perspective add to the prediction of future firm performance. This was borne out of the empirical study on earnings predictability, value relevance, and employee expenses. The study considered the employee as a firm resource and a source of intellectual capital; hence a driver of firm performance.

Hassan & Abubakar (2019) investigated firm characteristics and financial reporting quality: evidence from listed consumer goods companies in Nigeria for the period of ten years, from 2008-2017. An ex post facto research design was adopted. The population of the study consisted of 22 consumer goods companies listed on the floor of the Nigerian Stock Exchange. Since the population was not too large, the study utilized a census sampling technique to take all the population. The data used in this study were derived from the annual reports of consumer goods companies that are listed on the NXG. The study used panel regression concerning the use of the Hausman specification test to settle on the use of a fixed or random effect model. The fixed effect regression result discovered that leverage has a significant negative effect on the financial reporting quality of listed consumer goods companies in Nigeria, but that firm size, board size, institutional shareholding, profitability and liquidity have no significant effect on the financial reporting quality of listed consumer goods companies in Nigeria. The study concluded that firm characteristics affect the financial reporting quality of listed consumer goods companies in Nigeria. Based on these findings, the study recommended that investors should consider the size of the company they intend to invest in and that consumer goods firms should reduce their leverage levels.

Kundu & Banerjee (2021) think that all stocks experience returns premiums in the pre-announcement periods. This is because the firms that report better earnings than the previous period generates significantly higher stock returns. The market can anticipate whether the firm will announce better earnings than the prior period, and post-announcement stock prices adjust to reflect the disclosed earnings information where non-performers experience a drop in stock prices.

John et al (2017) investigated the determinants of financial reporting quality on listed Agriculture and Natural Resources firms in Nigeria. A sample of 7 firms was drawn from the population of 9 listed Agriculture and Natural Resources Firms. Data was collected through secondary sources from the annual financial reports of the firms from 2008-2015. The study adopted the correlation and Ex post facto research designs and employed the use of regression as a tool for data analysis. The results showed a positive significant relationship between leverage, liquidity, board size and financial reporting quality, measured using residuals from the modified Jones model by Dechow, et al. (2010). Earnings predictability was used in this study as a proxy of financial reporting quality.

3.0 Methodology

The research design employed in this study was the ex post facto design, to establish the effect of firm attributes on earnings predictability. The population of the study consists of all the listed manufacturing companies in Nigeria for the year ending 2021. The information available to the researcher from the NXG Fact Book of 2021, revealed a total of twenty-two (22) consumer goods companies in Nigeria. The sample size of the study consisted of the twelve (12) manufacturing firms that maintained their listing and actively trading on the floor of the Nigerian Exchange Group Ltd (NXG) during the period 2017 to 2021 and whose financial statements were available and have been consistently submitted to NXG for the period under study.

3.1 Model Specification

The data used for this study was analyzed using descriptive and inferential analysis. Tables, frequencies and percentage analysis formed part of the descriptive analysis. Simple linear regression formed part of the inferential analysis that was used in analyzing data generated for testing the formulated null hypotheses. The general equation for regression is given as $Y = f(X)$, which means Y, depends on X.

Here, the dependent variable, the long-term value of the firm is denoted by Y, and the independent variable, capital expenditure decision is denoted by X.

The equation can be written as: $Y = \alpha+\beta1x1+\beta2x2+\beta3x3+\beta4x4+\mu$

Where, α is the intercept, and β1, β2, β3, and β4 are the coefficients of variables X1, X2, X3, and X4 respectively, which show the kind of relationship existing between dependent and independent variables and μ is known as the error term.

From the functional model, Y = f (X1, X2, X3, X4) the adapted model is shown thus:

Earnings quality = f (firm attributes)

i.e. EQ = f (FAT). Therefore,

EQ = f (FAGE, FSZ, LEV, LIQ)

EPR = f (FAGE, FSZ, LEV, LIQ)

$EPR = a0+\beta1FAGit+\beta2FSGit+\beta3LEVit+\beta4LIQit+\mu it$ Equation 1

Where: i = 1,2,3…….12, and t = 1,2,3,4,5. In this model, i represents the i^{th} cross-sectional unit and t represents the t^{th} time period.

Each proxy of the independent variable, the dependent variable, and regression parameters are presented and coded thus**:**

EQ = Earnings quality
FAT = Firm's attributes
EPR = Earnings predictability
FAGE = Firm age
FSG = Firm size
LEV = Leverage
LIQ = Liquidity
a_0 = Regression intercept
$\beta_{1-}\beta_4$ = Regression parameters
μ = Stochastic term

The independent variable of this study is the firm attributes - firm age, firm size, board size, liquidity and leverage, while the dependent variable in this study is earnings quality which was measured by earnings predictability.

Table 3.1: Measurement of Variables

Variable Name	**Type**	**Description**	**Measure**	**A priori Sign**
Firm Age	Independent	*FAG*	Number of years since listing	+
Firm Size	Independent	*FSZ*	Log of Total Asset.	-
Leverage	Independent	*LEV*	Ratio of debt to equity	+
Liquidity	Independent	*LIQ*	The ratio of current asset to current liabilities	+
Earnings predictability	Dependent	*EP*	Operational cash flow/total assets	

4.0 Data Analysis and Discussion of Findings

Table 4.1: Descriptive Statistic Results for the Variables used in the Study

Statistical Description	Firm Age	Firm Size	Leverage	Liquidity	Earnings predictability
Observation	60	60	60	60	60
Mean	20.3333	7.3028	2.4942	1.0948	-.0138
Median	0.3333	7.3028	2.4942	1.0948	-.0138
Skewness	2.600	-.689	4.074	0.822	2.589
Kurtosis	5.796	-.412	19.174	1.211	13.922
Minimum	17.00	5.38	0.47	0.10	-.55
Maximum	35.00	8.56	23.17	2.45	1.14

Source: SPSS Computation (2023).

The mean values of the variables were 20.3333, 7.3028, 2.4942, 1.0948 and -.0138 respectively. Equally, the median values for the generated data set were 0.3333, 7.3028, 2.4942, 1.0948 and -.0138 respectively. Furthermore, the Skewness values obtained were 2.600, -.689, 4.074, 0.822 and 2.589 respectively which indicate fairly symmetrical data in all the independent variables in the study. The kurtosis values of 5.796, -.412, 19.174, 1.211 and 13.922 were also obtained for firm age, firm size, leverage, liquidity and earnings predictability respectively, indicating that the distributions for the variables were platykurtic. This suggests that the data series for the variables were flatter. A platykurtic data set, which is often negative, occurs as a result of the data set being thin or having fewer values. The minimum values were 17.00, 5.38, 0.47, 0.10 and -.55 respectively, while the maximum values were 35.00, 8.56, 23.17, 2.45 and 1.14 respectively.

4.1 Test of Hypotheses

H_{O1}: Firm age has no significant effect on the earnings predictability of listed manufacturing companies in Nigeria.

Table 4.3: Summary of Linear Regression Results for Firm Age on Earnings Predictability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.111[a]	.012	-.005	.21861

a. Predictors: (Constant), FAGE

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.034	1	.034	.721	.399[b]
	Residual	2.772	58	.048		
	Total	2.806	59			

a. Dependent Variable: EARNINGS PREDICTABILITY

b. Predictors: (Constant), FAGE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.091	.126		.718	.475
	FAGE	-.005	.006	-.111	-.849	.399

a. Dependent Variable: EARNINGS PREDICTABILITY

Tables A, B and C show the result of hypothesis one. Table A shows a correlation coefficient (R) with a value of 0.111. By implication, there is a weak positive relationship between firm age and earnings predictability. Relatedly, an R2 value of 0.012 showed that firm age could explain 1.2% changes observable in accrual in the studied firms. More so, Table B shows the goodness of fit result between the regressed variables. A look at the Table shows that, with an F statistics value of 0.721 and with P (0.399) >0.05, there is no excellent fit between the two variables being regressed. Equally, a look at Table C shows a β value of -.111 with a t value of -.8489 and P (0.399) > 0.05 implies that, for any unit change in firm age, earnings predictability of the studied firms will reduce by -.8489%. This shows a negative effect between the regressed variables. Thus, the null hypothesis is accepted, while the alternative hypothesis is rejected.

H_{O2}: Firm size has no significant effect on the earnings predictability of listed manufacturing companies in Nigeria.

Table 4.4: Summary of Linear Regression Results for Firm Size on Earnings Predictability
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.412[a]	.170	.155	.20042

a. Predictors: (Constant), FSG

ANOVA[a]

Model		Sum Squares	of Df	Mean Square	F	Sig.
1	Regression	.476	1	.476	11.861	.001[b]
	Residual	2.330	58	.040		
	Total	2.806	59			

a. Dependent Variable: EARNINGS PREDICTABILITY

b. Predictors: (Constant), FSG

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.738	.220		3.357	.001
	FSG	-.103	.030	-.412	-3.444	.001

a. Dependent Variable: EARNINGS PREDICTABILITY

Tables Table A, B and C show the result of hypothesis two. Looking at Table A (Model Summary), the correlation coefficient (r) which depicts the relationship that exists between the variables is 0.412, showing that there is a positive but moderate relationship between the two correlated variables. Equally, Table A has R2 which shows changes in the dependent variable that is caused by the independent variable. From the Table, R2 value of 0.170, the independent variable (firm size) used in the model can explain a 17.0% variation in earnings predictability. Furthermore, Table B shows the result of goodness of fit between the regressed variables. The F statistics value of 11.861 with a P (0.000) <0.05 evidenced the fact that the regressed variables are significant and have the goodness of fit between them. Relatedly, Table C shows the coefficients of the regressed variables. A look at the Table shows a β value of -.412 with a t value of -3.444 and P (0.001) < 0.05. Statistically, this result implies that a unit increase in firm size will reduce the firm accrual by -.3444. The null hypothesis is therefore accepted, while the alternative hypothesis is rejected. It shows a significant but negative relationship between firm size on earnings predictability.

H_{O3}: Firm leverage has no significant effect on the earnings predictability of listed manufacturing companies in Nigeria.

Table 4.5: Summary of linear regression results for firm leverage on earnings predictability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.109[a]	.012	-.005	.21864

a. Predictors: (Constant), LEV

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.033	1	.033	.701	.406[b]
	Residual	2.773	58	.048		
	Total	2.806	59			

a. Dependent Variable: EARNINGS PREDICTABILITY

b. Predictors: (Constant), LEV

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.030	.034		-.878	.384
	LEV	.007	.008	.109	.837	.406

a. Dependent Variable: EARNINGS PREDICTABILITY

Tables A, B. and C show the result of hypothesis three. Table A shows the correlation coefficient (R) with a value of 0.109. It shows that there is a weak positive relationship between firm leverage and earnings predictability. The R2 value of 0.012 showed that firm leverage could explain 1.2% changes observable in accrual. Equally Table B shows the goodness of fit result between regressed variables. A look at the table shows an F statistics value of 0.701 and a P-value of 0.406. Table C shows a b value of .109 with a t value of .837 and P (0.406) > 0.05. All the results show that firm leverage has a weak but positive effect on the earnings predictability of the studied firms.

H_{O4}: Firm liquidity has no significant effect on the earnings predictability of listed manufacturing companies in Nigeria.

Table 4.6: Summary of linear regression results for firm liquidity on earnings predictability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255[a]	.065	.049	.21270

a. Predictors: (Constant), LIQ

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.182	1	.182	4.025	.049[b]
	Residual	2.624	58	.045		
	Total	2.806	59			

a. Dependent Variable: EARNINGS PREDICTABILITY

b. Predictors: (Constant), LIQ

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.113	.069		1.638	.107
	LIQUIDITY	-.115	.058	-.255	-2.006	.049

a. Dependent Variable: EARNINGS PREDICTABILITY

Tables A, B and C show the result of hypothesis four. The value of R which represents the correlation coefficient is 0.255, shows that there is a weak but positive correlation between the studied variables. Equally, an R2 value of 0.065 shows that liquidity could explain 6.5% changes observable in earnings predictability. Also, the F statistics result of 4.025 and P-value of 0.049 showed equally that there is a goodness of fit between the sampled variables. Reviewing the variables in the model, liquidity has a β value of -.255, a t value of -2.006 and a P-value of 0.049. This shows that, when tested independently, a unit change in liquidity will decrease the firm's earnings predictability by -25.5%. This shows a significant but negative effect between the regressed variables. Thus, null the hypothesis was rejected, while the alternative hypothesis was accepted.

4.4 Discussion of Findings

n the course of this study, it has been emphasized that firm age is a significant predictor of firm development and growth (Owusu-Ansah, 1998; Alfaraih & Alanezi, 2011). This is premised on the fact that older firms that are well-established are likely to disclose more than younger companies, while new companies may encounter difficulties in making changes to comply with the requirements of the law (Abbott et al., 2000; Sejjaaka, 2003). Buttressing the above viewpoint, Sejjaaka (2003) further opined that the competition argument proposes that young companies are not likely to disclose full information about their financial results and position.

Progressively, this may prove to be detrimental if sensitive information is disclosed to established competitors because younger companies suffer a competitive disadvantage through early disclosure of proprietary information. These assertions are in tandem with the findings of this study.

The finding of hypothesis one showed an R-square value of 0.12. The implication is that firm age has a weak positive effect on the earnings predictability of the studied firms. This finding prompted the rejection of the null hypothesis in favour of the alternative hypothesis. The results indicate that firm age reveals no impact on earnings predictability.

The regression result of hypothesis two showed an R-square value of 0.170. This translates to the fact that the firm size of the studied firms has a weak and positive effect on earnings predictability. The finding is supported by Hassan and Abubakar (2019) who found that firm size and liquidity have no significant effect on the financial reporting quality of listed consumer goods companies in Nigeria.

The regression result of hypothesis three corresponds with the above preposition as well as with the finding of this study. The regression result returns an R-square value of 0.012. This shows that firm leverage has a weak but positive effect on the earnings predictability in the studied firms. This corresponds with the view of John, et al (2017) whose findings showed a positive relationship between leverage, liquidity, board size and financial reporting quality. The finding is also in tandem with Sunday & John (2020) whose findings revealed a positive influence by a segment of firm characteristics (revenue growth rate) ongoing concern status as against the inverse but significant influence by leverage and capital intensity rates on going concern status of the studied companies.

In business operations, suppliers, creditors and other short-term lenders of funds require a very sound liquidity position of a firm to have confidence in the firm's ability to satisfy their requirements (Kurfi, 2003). Findings from the result of the analysis indicate that liquidity has a weak but positive effect on the earnings predictability of the studied firms (R2 = 0.065). This finding is in tandem with Hassan and Abubakar (2019) who found that liquidity has no significant effect on the financial reporting quality of listed consumer goods companies in Nigeria. Similarly, Shehu & Musa (2014) revealed liquidity has a positive impact on earnings quality.

5.0 Conclusion

This study measured earnings predictability through the firm's attributes. The result revealed that firm age, firm size, firm leverage and firm liquidity all have weak effects on the dependent variable. Based on the findings, it was concluded that firm attributes have weak but positive effects on earnings predictability.

5.1 Recommendations

Based on the results of the empirical analysis, the following set of recommendations are made:

i. Investors should consider the firm size of the company they intend investing in, as well as the performance of the companies, as these are indicators of the financial reporting quality of such companies.
ii. Firms may increase their leverage levels, which, apart from enjoying the benefits of debt financing such as tax shield, also provides an incentive for quality earnings reporting.
iii. The duration of a firm will speak volumes about the firm as such, investors should pay maximum attention while intending to invest in it.
iv. A good liquidity position should be maintained as it has been found not only to preserve the going concern of the firm but also a strong feature for enhancing the quality of financial reporting.
v. Manufacturing companies should provide quality earnings reports stating the earnings per share, operational cash flow, and total assets. This will showcase the accrual quality which could assist investors in estimating future earnings thereby making decisions to avoid security mispricing.

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