Board Characteristics and Financial Reporting Quality: An Empirical Analysis of Public Limited Companies in Cameroon

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ABSTRACT

This study investigates the effect of board characteristics on the Financial Reporting Quality of Public Limited Companies in Cameroon. Primary data was collected from 60 Public Limited Companies and analysed using Pearson correlation and binary logistic regression. The findings reveal that Chief Executive Officer Duality significantly affects Financial Reporting Quality both negatively and positively depending on how the Chief Executive Officer navigates the dual roles of being a member of the board and where he is involved in making decisions that affect the evaluation of his own performance. Furthermore, the findings disclose that board size, board independence, and female representation in the board significantly influence the Financial Reporting Quality of Public Limited Companies in Cameroon. The study therefore recommends that: Public Limited Companies should maintain large board sizes of at least 16 members who possess the necessary expertise and financial knowledge to enhance Financial Reporting Quality; women who possess the necessary knowledge and skills to boost board deliberations and decision-making should be represented in the board to bring unique experiences and problem solving approaches; and that a Chief Executive Officers who at the same time is a member of the board be made to operate in a robust governance structure with clear roles and responsibility and be subject to regular checks and balances by the board of directors.

Keywords: Financial Reporting Quality, Board Size, Board Independence, Board Gender Diversity, Board Meetings, and CEO Duality.

INTRODUCTION

The relationship between board characteristics and financial reporting quality has attracted significant attention in corporate governance research. Public Limited Companies (PLCs) which have distinct ownership structures and regulatory frameworks require strong governance to ensure financial transparency and accountability (Carter et al., 2010). Board characteristics play crucial roles in influencing decision-making processes and financial reporting integrity (Nguyen et al., 2021). According to Rimamshung, Hassan, & Adamu, (2023), a well-structured board of directors (BoD) enhances the quality of financial reporting by ensuring proper oversight of management activities. However, some PLCs have failed due to weak board structures, leading to financial scandals and poor reporting quality (Aifuwa & Embele, 2019).

Financial reporting is essential for investors, regulators, and other stakeholders, as it provides information about a company's financial health and performance (Fombad, 2021). Management teams in PLCs are responsible for preparing financial statements that influence investment decisions (Mustapha et al., 2018). Fodio et al. (2013) underscored that investor confidence in an economy is largely determined by the transparency in financial reporting, which is directly influenced by corporate governance mechanisms such as the board of directors. The downfall of major corporations like Enron in 2001 and WorldCom in 2002 exposed significant weaknesses in financial reporting and governance practices. Enron's downfall was linked to board inefficiency, fraudulent accounting practices, and a failure of the audit process (Klein, 2002; Beasley, 1996). Similarly, the financial crisis involving GETBACK S.A. in Poland in 2018 highlighted the consequences of poor financial oversight and weak corporate governance (Chalisa et al., 2020).

In Africa, financial scandals have also raised concerns about corporate governance and financial reporting quality. The Nigerian banking crises of 2008-2010 led to the collapse of several banks including Oceanic Bank and Intercontinental Bank. The crises were attributed to board inefficiencies and fraudulent financial statements (Francis, 2020). The crisis revealed conflicts of interest among board members and weaknesses in the financial reporting system. In Cameroon, financial scandals involving major corporations such as BICEC, SONARA, and CAMAIR-CO have demonstrated governance failures and the inability of BoDs to ensure financial transparency (Fombad, 2021). The BICEC scandal in 2016 where approximately 50 billion FCFA was misappropriated exposed flaws in financial reporting and auditing processes. Similarly, SONARA experienced financial mismanagement in 2019 resulted in significant economic losses, further highlighting the importance of BoD effectiveness in ensuring accurate financial reporting (Tangri, 2020).

PLCs are crucial to the economic growth of a country. They contribute to employment, tax revenues, and corporate sector output. In Cameroon, PLCs account for approximately 45% of the corporate sector output in Cameroon particularly in telecommunications, energy, and finance (National Institute of Statistics, 2020). However, the prevalence of financial reporting deficiencies has raised concerns about the reliability of corporate financial reports. According to Foka & Djoutsa (2019) about 39.2% of PLCs in Cameroon have had to correct their financial statements at the request of auditors, while 36.7% have undergone tax adjustments due to reporting errors. Djongoue (2007) found that financial reports in Cameroon are often certified without reservations by chartered accountants despite known irregularities. This is an indication of weak financial oversight. The United Nations (2018) estimated that 49% of fraud cases in Sub-Saharan Africa are due to poor financial reporting quality, reinforcing the need for stronger corporate governance mechanisms.

Despite existing tax regulations and governance structures, many companies continue to manipulate financial statements to reduce tax liabilities or present a more attractive financial position to investors (Fossung & Magang, 2019). Studies by Ngantchou (2008) showed that approximately 53% of companies in Cameroon engage in financial statement manipulation. Furthermore, Djoutsa et al. (2015) establish that 79% of limited companies in Cameroon presented non-compliant financial statements. Weak enforcement of governance regulations has contributed to poor financial reporting practices, eroding investor confidence in the corporate sector of the country.

The relationship between board characteristics and financial reporting quality remains unresolved in academic literature. Research is divided on the impact of board size on financial reporting quality, with some studies suggesting that larger boards bring more expertise and improve oversight (Yasser et al., 2011; Peter & James, 2022; De Villiers, Naiker, & van Staden, 2011), while others argue that they lead to inefficiencies and weaker governance (Mohamed, 2017; Zhang et al., 2018). Similarly, while some scholars argue that board independence enhances financial transparency (Vitolla et al., 2020); others find no significant impact (Rimamshung et al., 2023). The role of gender diversity in financial reporting quality is also contested with some researchers positing that it has a positive impact (Peter & James, 2022) while other studies report insignificant effects (Fardaowsa & Caroline, 2024). The effectiveness of board meetings in improving financial reporting remain unclear as some studies support their positive influence (Brick & Chidambara, 2010), while others argue that many meetings lead to inefficiencies (Jensen, 1993). Similarly, some studies suggest that CEO duality improves decision-making (Al Daoud, Ismail, &Lode, 2015). On the other hand, others argue that it weakens financial oversight (Endrikat et al., 2020).

Motivated by the inconsistent results and on-going financial scandals in Cameroon's PLCs, this study investigates the impact of board characteristics on financial reporting quality. It therefore contributes to the on-going discussion on board characteristics and financial reporting quality, while also offering insights to enhance financial transparency and boost investor confidence in Cameroon's PLCs.

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LITERATURE REVIEW

Conceptual Literature

Two concepts were reviewed namely: Board characteristics and Financial Reporting Quality (FRQ)

Board characteristics

Board characteristics encompass the attributes and features of a company's board of directors that impact its effectiveness and influence on organizational performance. These characteristics include: The number of directors on the board (Board size), the mix of independent and diverse directors, including factors like expertise, experience, and demographics (Board composition), and the organization and design of the board, including committee structure and roles (Board structure). In this study we used the Board Size, Board Independence, Board Gender Diversity, Board Meetings, and CEO Duality. These measurable aspects of the board play a crucial role in overseeing management and aligning with stakeholder interests, ultimately affecting the company's overall performance and governance. According to Yussoff et al, (2018) Effective board characteristics increase the ability of capital providers to oversee managerial actions, either directly through voting on key issues or indirectly through board oversight, thereby safeguarding shareholders' investment. In the same vein Fariha, Hossain and Ghosh (2021) postulate that a sound corporate governance system is ensured by a dynamic composition and formation of the board of directors.

Financial Reporting Quality (FRQ)

In every economy Financial Reporting Quality (FRQ) is pivotal in enhancing transparency, accountability, and investor confidence. High-quality financial reporting reduces information asymmetry, facilitates efficient capital allocation, and strengthens corporate governance mechanisms (Barth, Landsman, & Lang, 2008). FRQ is characterized by relevance, faithful representation, timeliness, and verifiability (Dechow & Schrand, 2010). The professional accounting bodies have instituted robust financial reporting frameworks such as the adoption of International Financial Reporting Standards (IFRS), which have been shown to improve the comparability and credibility of financial information (Christensen, Lee & Walker, 2015).

In Africa, FRQ faces unique challenges, including weak regulatory enforcement, limited professional expertise, and political interference (Ahmed, Uwuigbe, & Olusanmi, 2022). Many African countries have adopted IFRS to enhance transparency, but implementation gaps persist due to inadequate infrastructure and corruption (Okafor & Hassan, 2023). For example, in Nigeria, the banking crises involving Ocean Bank and the International Bank revealed significant lapses in compliance with IFRS, raising concerns about the credibility of financial statements in the region (Francis, 2022). Additionally, the lack of robust auditing frameworks in many African nations increases the risk of earnings manipulation and fraudulent reporting which further erodes investor trust.

In the context of Cameroon, FRQ remains a significant concern due to weak enforcement of accounting standards, limited regulatory oversight, and deficiencies in the competence and independence of financial reporting personnel. This has led to significant financial reporting quality issues, amplified by institutional weaknesses and a lack of stringent enforcement mechanisms (Fombad, 2021). The adoption of the revised Organisation for the Harmonization of Business Law in Africa (OHADA) accounting system which aligns with IFRS principles has marked a step forward in harmonizing financial practices across the region (Ngole & Kemegni, 2017). Despite adopting IFRS many Cameroonian firms fail to fully comply due to limited technical capacity, insufficient oversight by regulatory bodies, corruption, and poor governance structures (Mbu & Ndzana, 2020).

Recent news and reports reveal that Trading and Exploitation (Tradex) company, the National Hydrocarbons Corporation (SNH) and the National Refining Company Limited (SONARA) were embroiled in major fraud scandals where their officials received substantial bribes from the Swiss-based trader, Glencore. Tradex is a crude oil and petroleum products Trading and Export Company created in 1999. It featured amongst top fifteen Cameroonian companies by turnover in 2021. Yet recently, it got implicated in the Glencore case and the

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Trad'Card fraud. The Trad'Card scandal for instance resulted to a staggering CFA 2 billion loss for Tradex, stemming from a fraudulent fuel purchase card scheme. Worthy of note is that these scandals often involve complex financial dealings not always disclosed to the public. This could be a pointer to the manipulative accounting practices that that plaque some of these PLCs and the weak auditing that severely undermine FRQ, leading to significant losses.

Tchankam and Zeghal (2001) noted that the institutional environment in Cameroon continues to hinder the reliability and relevance of financial statements, undermining the role of FRQ in supporting informed decision-making. Even though some progress has been made in aligning with international standards, significant reforms and capacity-building efforts are still required to improve FRQ. Also, Djongoue (2007) later indicated that the African environment and precisely Cameroon is characterized by the absence of financial reporting quality. Even with the poor quality financial reports, statutory auditors still certify them without an unqualified opinion in a majority of cases.

Theoretical Literature review

This study builds essentially on 3 theories namely the agency theory, stewardship theory, and the resource dependence theory.

Agency theory

The agency theory introduced by Jensen and Meckling (1976) presents the relationship between principals (shareholders) and agents (managers). It posits that managers may act in their own interests rather than maximizing shareholder value, thus leading to agency costs. To mitigate this boards of directors serve as a governance mechanism to monitor management decisions and implications and ensure transparency in financial reporting. Board characteristics such as size, independence, and diversity influence the effectiveness of monitoring and control by the BoDs. However, the agency theory has its own limitations including its presumption that managers are primarily motivated by self-interest, neglecting other factors such as selflessness or organisational commitment.

Stewardship theory

On the other hand, Stewardship theory developed by Donaldson and Davis (1991) offers an alternative perspective to the agency theory. It assumes that managers act as stewards who prioritize organizational goals over personal interests. Unlike the agency theory which emphasizes control mechanisms, the stewardship theory highlights trust, collaboration, and intrinsic motivation as key drivers of effective corporate governance. It argues that when managers and shareholders share aligned goals, the need for excessive board monitoring decreases. This theory supports the idea that a unified leadership structure such as CEO duality may improve decision-making efficiency and enhances financial reporting quality. However, its assumption that managers act in the company's best interest may not be applicable in all circumstances.

Resource dependence theory

Lastly, the Resource dependence theory, introduced by Pfeffer and Salancik (1978) posits that organizations rely on external resources to function effectively. Boards of directors play a crucial role in securing these resources by providing access to valuable networks, expertise, and financial opportunities. A well-structured board with diverse and independent members can enrich financial reporting quality by ensuring that firms comply with regulatory requirements and adopt best practices. This theory suggests that larger boards may be beneficial, as they bring a wider range of knowledge and connections. However, excessive board size may lead to inefficiencies in decision-making. Grounded on resource dependency theory, Muttakin and Ullah (2012) posited that larger boards bring diversified knowledge and skills to the company, which contribute to its operational excellence.

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Empirical Literature

The relationship between board characteristics and FRQ has been a subject of extensive empirical research with varying findings. While some scholars argue that board characteristics such as board size, board independence, gender diversity, board meetings, and CEO duality significantly influence the FRQ (Fardowsa 2024; Thakolwiroj et al., 2021; Ehubo, 2021). Others suggest that their impact is negligible in certain cases (De Villiers et al. 2011; Shyamanthi, 2018; Kosgei et al 2014; Ashibuogwu, 2022, and Peter & James, 2022).

Board size

Empirical studies have presented conflicting views on the impact of board size on financial reporting quality. Some researchers argue that a larger board provides a wider range of expertise, which enhances financial transparency. (De Villiers et al. 2011; Shyamanthi, (2018); Kosgei & Abdi, 2014; Ashibuogwu, 2022; and Peter and James, 2022) posit that firms with larger boards tend to have better financial reporting quality, as more directors bring diverse perspectives and improve oversight. This finding aligns with resource dependence theory which suggests that a larger board enhances access to external resources and improves corporate governance. However, other studies such as Amri & Guedrib (2022), Nguyen & Tran (2021), Thakolwiroj & Juthamon (2021), Fardowsa & Caroline (2024), and Wokwen et al. (2023) found that board size had an insignificant effect on financial reporting quality, suggesting that an increase in board members does not necessarily translate into better financial oversight.

Board independence

The effect of board independence on the FRQ has also been widely debated. Many scholars argue that an independent board of directors enhances transparency by providing unbiased oversight and mitigating management's influence over financial statements. Vitolla et al. (2020), Peter and James (2022), De Villiers et al. (2011), Ehugbo (2021), Waithaka, Gakure, & Wanjau, (2013) found that firms with a higher proportion of independent directors had stronger financial reporting quality, as these directors are less likely to engage in earnings manipulation. This view is supported by agency theory, which suggests that independent boards act as a check on management, reducing agency costs and improving corporate accountability. However, some empirical studies question the effectiveness of board independence. They see no significant relationship between board independence and financial reporting quality given that independent directors may lack sufficient knowledge of company operations to provide meaningful oversight (Rimamshung, Hassan, & Adamu 2023; Aifuwa & Embele 2019; Shyamanthi 2018; Fardowsa & Caroline 2024). The debate highlights the need for further research to determine under what conditions board independence truly enhances financial reporting quality.

Gender diversity

Gender diversity too has sparked significant discussions in empirical research concerning its effect on FRQ. Some scholars argue that gender diversity improves corporate governance by bringing diverse perspectives and promoting ethical decision-making. Studies by Peter and James (2022) and Chijoke et al. (2020) found that firms with a higher proportion of female board members exhibit better financial reporting quality, as women tend to be more risk-averse and emphasize transparency. In addition Wokwen et al. (2023), Ehugbo (2021), Ashibuogwu (2022) and Abu et al. (2016) found a positive correlation between gender diversity and financial disclosure practices.

However, other researchers question the extent to which gender diversity influences financial reporting quality. Fardowsa & Caroline (2024), Zhang et al (2018), Aifuwa & Embele (2019) reported a negative or insignificant effect, arguing that simply having more women on the board does not automatically improve governance if the women lack decision-making power. Shyamanthi (2018) and Nguyen & Tran (2021) also found that gender diversity had no significant impact, emphasizing that financial expertise and industry knowledge are more critical in ensuring financial transparency than gender composition. These mixed findings indicate that while gender diversity may enhance corporate governance, its impact on financial reporting quality is nuanced and dependent on various contextual factors including organisational culture and leadership dynamics.

Board meetings

Board meetings have been a contentious variable in empirical research, with varying findings and interpretations. Frequent board meetings are argued to improve FRQ through strengthened oversight and more effective financial decision making. Brick and Chidambaran (2010), De Villiers et al. (2011), Wokwen et al. (2023), Shyamanthi (2018) and Chou et al. (2013) posit that companies with more board meetings demonstrated better financial transparency and reduced financial irregularities. This view is supported by the idea that regular interactions allow directors to stay informed and take corrective actions when necessary. The results of Thakolwiroj & Juthamon (2021) suggest that the frequency of board meetings is not a determining factor in enhancing FRQ.

Chief Executive Officer (CEO) Duality

The relationship between CEO duality and FRQ remains contentious, with varying perspectives and findings. Studies including that of Endrikat et al. (2020) and Pardo & Garcia (2010), found an insignificant effect, arguing that CEO duality weakens board oversight and heightens the likelihood of inaccurate financial reporting. These findings align with the agency theory, which suggests that separating the roles of CEO and board chair enhances accountability. However, other studies have provided contrasting results. Al Daoud, Ismail, & Lode (2015) reported that firms with CEO duality publish timely financial statements suggesting that centralized leadership improves decision-making efficiency. Thakolwiroj & Juthamon (2021) and Bokpin & Arko (2009) also found no significant effect of CEO duality on financial reporting quality, arguing that the effect depends on factors such as board composition and corporate culture.

Hypotheses

H_1: Board size has a significant effect on the FRQ of PLCs in Cameroon.

H_2: Board independence has a significance effect on the FRQ of PLCs in Cameroon.

H_3: Board gender diversity has a significant effect on the FRQ of PLCs in Cameroon.

H_4: Board meetings have a significant effect on the FRQ of PLCs in Cameroon.

H_5: CEO duality has a significant effect on the FRQ of PLCs in Cameroon.

METHODOLOGY

The population of this study comprises PLCs operating in Cameroon. Eighty eight PLCs which operate in the Littoral, Centre and North-West regions of Cameroon were contacted. These PLCs are in the primary, secondary, tertiary and mix sector of activities. Among the administered questionnaires, 60 PLCs effectively answered the questionnaire of the study giving a response rate of 68.182%.

The dependent variable is FRQ and the five independent variables are the board size (BoD size), board independence (BoD indep), board gender diversity (BoD Gend-Div), board meeting (BoD Mee) and Chief Executive Officer Duality (CEO dual). In addition, two control variables were used: chair of board gender (COB-Gend) and chair of board experience (COB-Exp). To analyse the effect of board characteristics on financial reporting quality, the following models were constructed:

Main model

$$FRQ = \beta_0 + \beta_1 BOD\text{-}siz + \beta_2 BOD\text{-}Indep + B_3 BOD\ Gend\text{-}Div + \beta_4 BOD\text{-}Mee + \beta_5 CEO\text{-}Dual + \beta_6 COB\text{-}gend + \beta_7 COB\text{-}Exp + \varepsilon \quad \text{………..} \quad (1)$$

In this research, the dependent variable which is FRQ is measured using two indicators: correction by tax authorities and respect of datelines of publication (Kueda et al. 2020; Foka et al. 2023). This then led to the development of 2 model specifications.

Model 1

$FRQ_{Corr\ tax\ auth} = \beta_0 + \beta_1 BOD\text{-}siz + \beta_2 BOD\text{-}Indep + \beta_3 BOD\ Gend\text{-}Div + \beta_4 BOD\text{-}Mee + \beta_5 CEO\text{-}Dual + \beta_6 COB\text{-}gend + \beta_7 COB\text{-}Exp + \varepsilon$ **……..** (2)

Model 2

$FRQ_{Resp\ deadline\ pub} = \beta_0 + \beta_1 BOD\text{-}siz + \beta_2 BOD\text{-}Indep + \beta_3 BOD\ Gend\text{-}Div + \beta_4 BOD\text{-}Mee + \beta_5 CEO\text{-}Dual + \beta_6 COB\text{-}gend + \beta_7 COB\text{-}Exp + \varepsilon$ **…….** (3)

The two indicators used in measuring the FRQ (corrections made by tax authorities on the financial statements and respect of deadlines of publication of financial statements within the past 3 years) were binary and was coded with 1 if yes and 0 if no. The studies of Ngantchou (2008), Djoutsa et al. (2015), Fossung & Magang (2019); Kueda et al. (2020; 2023) constitute the basis for this process. Board size, being a nominal variable, was measured by "the number of board members" based on Endrikat et al (2020) and De Villiers et al. (2011). Board independence was coded as a binary variable, with 1 indicating the presence of only non-executive directors on the board and 0 indicating otherwise (Vitolla et al. 2019). Board gender diversity being another binary variable takes the value 1 if the BoDs have females within its members and 0 indicating otherwise (Vitolla et al. 2019; Zhang et al. 2018). Board meeting is another binary variable was measured taking into account the number of board meetings held in a year (Shyamanthi, 2018). The CEO duality is also binary and was measured with the value 1 if the CEO also serves as the chairman of the board and 0 if otherwise (Thakolwiroj et al. 2021). The control variables are binary. Board chair gender took the value 1 if the board chair is a female and 0 if not. Board chair expertise a binary variable as well, took the value 1 if the board chair of has some experience in the field of accounting, finance or even auditing and 0 if otherwise.

The Pearson correlation test and binary logistic regression were used for the estimations. In fact, several studies focusing on the quality of financial reporting have always used this approach (Fossung and Magang, 2019; Kueda et al. 2020, 2023; Foka et al. 2023) because the dependent variable is binary (values 1 and 0).

Presentation of Results

The statistics reveal the following insights:

Demographics:

- Gender Distribution: 43.3% female and 56.7% male respondents.

- Marital Status: 60% married, 38.3% single, and 1.7% widowed.

Occupation and Experience:

- Occupation: 40% Accountants/Chief Accounting Officers, 25% General Managers, and 35% other occupations.

- Work Experience: 40% have worked with their PLC for over 11 years, 30% for 6-10 years, and 30% for 0-5 years.

Education:

- PhD Holders: 40%

- BSc Degree: 30%

- Master's Degree: 21.7%

- Other Qualifications: 8.3% (3.3% 'O'/'A' levels and 5% other)

PLC Characteristics:

- Years of Operation: 38.3% over 16 years, 28.3% between 5-10 years, 21.7% between 11-15 years, and 11.7% under 5 years.

- Indebtedness: 48.3% moderately indebted, 45% low indebtedness, and 6.7% highly indebted.

- Employee Count: 33.3% have 101-300 employees, 31.7% have 21-100 employees, 21.7% have 301-600 employees, and 13.3% have over 601 employees.

- Sector: 50% operate in the tertiary sector, 26.7% in secondary, 11.7% in primary, and 11.7% in mixed sectors.

- Profit Trend: 78.3% reported increased profit, 10% decreased profit, and 11.7% constant profit.

Board Characteristics:

- Board Size: 45% have 11-15 members, 20% have under 5 members, 23.3% have 5-10 members, and 11.7% have over 16 members.

- Non-Executive Directors: 73.3% of PLCs have non-executive directors.

- Female Representation: 86.7% of PLCs have female board members.

- Board Meetings: 40% hold 3 meetings yearly, 20% hold 4 meetings/year, 16.7% hold 2 meetings/year.

- CEO/Chair Duality: 76.7% of PLCs have the CEO acting as board chair.

Financial Reporting Quality:

- Corrections from Tax Authorities: 81.7% of PLCs receive corrections.

- Respect for Publication Deadlines: 83.3% of PLCs respect deadlines.

- Probability of Poor Financial Reporting: 82% (measured by corrections) and 17% (measured by deadline respect), with an average probability of 49.5%.

Table 1: Results of Pearson Correlation test

Variables	1	2	3	4	5	6	7	8	9
1	1	0.371^{**}	0.087	0.123	0.189	0.088	0.265^{*}	0.180	0.047
2		1	0.060	0.104	0.194	0.193	-0.058	0.147	0.042
3			1	-0.091	0.045	0.064	-0.345^{**}	0.228	0.117
4				1	0.207	0.020	0.113	-0.188	-0.042
5					1	0.121	-0.100	0.152	0.110
6						1	0.049	0.244	-0.045

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7							1	-0.261*	-0.011

1= Respect of deadline for publication; 2 = Correct by tax authorities; 3 = Board size; 4 = Board Independence; 5 = Board gender diversity; 6 = Board meeting; 7 = CEO duality; 8 = Board chair experience; 9 = Board chair gender.

Source: Authors, using SPSS 25

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis reveals significant positive and negative correlations between variables at both 5% and 1% significance levels. Despite these correlations, we found no multicollinearity issues among the variables, as the correlation coefficients were relatively low (below 0.8). The binary logistic regression results, which examined the impact of board characteristics on FRQ, are presented in two models: Model 1 uses corrections made by tax authorities as a proxy for FRQ, while Model 2 uses adherence to publication deadlines as an alternative indicator of financial reporting quality.

Table 2: Result of binary logistic regression

	Model 1			**Model 2**		
	B	**Wald**	**Sig.**	**B**	**Wald**	**Sig.**
Board size		3.425	0.331		7.194	0.066
Less than 5 Members	-19.147	0.000	0.999	-19.246	0.000	0.999
5-10 Members	-22.159	0.000	0.998	-25.819	0.000	0.998
11-15 Members	-20.471	0.000	0.999	-20.783	0.000	0.999
Board Independence (yes)	-3.641	3.637	0.057	-4.000	4.134	0.042
Board Gender Diversity (yes)	1.254	0.605	0.437	-2.951	2.262	0.133
Board meetings		4.085	0.395		5.305	0.257
One meeting	-0.162	0.000	1.000	21.311	0.000	0.999
Two meetings	-22.711	0.000	0.999	1.589	0.361	0.548

Three meetings	-20.927	0.000	0.999	1.638	0.804	0.370
Four meetings	-17.231	0.000	0.999	5.046	4.658	0.031
CEO Duality (yes)	3.409	2.954	0.086	-4.542	4.298	0.038
Board chair Gender (Female)	0.354	0.051	0.821	0.512	0.092	0.762
Board chair experience		1.172	0.760		3.990	0.263
Less than 5 years	-1.390	0.534	0.465	-2.297	1.472	0.225
5-10 years	-1.861	1.043	0.307	-4.172	3.979	0.046
11-15 years	-0.523	0.045	0.832	-3.452	1.363	0.243
Constant	60.066	0.000	0.998	25.947	0.000	0.998
	Chi square = 26.029(0.074), -2 Log likelihood =31.140, P = 0.000, Cox & Snell R Square = 0.352, Nagelkerke R Square = 0.573,			Chi-square = 43.324(0.000), -2 Log likelihood = 28.204, P = 0.001, Cox & Snell R Square = 0.514, Nagelkerke R Square = 0.738		

Source: Authors, adapted from SPSS 25

From the regression analysis findings (table 2) the Chi-square statistic confirms the models' specification, significant at 10% (0.074) for Model 1 (corrections by tax authorities) and 1% (0.000) for Model 2 (respect for publication deadlines). The Nagelkerke R Square indicates that the study variables explain 57.3% and 73.8% of the probability of quality financial reporting in Models 1 and 2, respectively. Both models are significant at 1% (0.000 and 0.001, respectively).

Board Size is insignificant in Model 1; significant at 10% in Model 2, leading to hypothesis rejection in Model 1 and acceptance in Model 2. Board Independence is negative and significant at 10% (Model 1) and 5% (Model 2), supporting the hypothesis that non-executive directors influence FRQ negatively. Board Gender Diversity is insignificant in both models, leading to hypothesis rejection. Board Meetings are generally insignificant, except for boards that hold 4 meetings per year. This shows a positive and significant effect in Model 2.

CEO Duality is significant at 10% (Model 1) and 5% (Model 2), supporting the hypothesis. Board Chair Gender and Experience is insignificant in both models, with specific experience ranges (less than 5 years, 5-10 years, and 11-15 years) also showing no effect in Model 1. However, 5-10 years of experience has a negative and significant effect in Model 2.

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DISCUSSION OF RESULTS

Board size and FRQ

According to the results, board size does have an insignificant effect on FRQ in the first model while it has a significant effect on FRQ in the second model. According to agency theory, a larger board should improve monitoring and reduce opportunistic behaviours by management. This result contradicts the results of Thakolwiroj & Juthamon (2021) and Wokwen et al. (2023) in Thailand and Cameroon respectively which revealed that board size has an insignificant effect on FRQ. However, it contradicts De Villiers et al. (2011) and Kosgei & Abdi (2014) in the United States and Kenya respectively, which reported a positive impact, arguing that board size explains governance and expertise. We therefore uphold H_1: Board size has a significant effect on the FRQ of PLCs in Cameroon.

Board independence and FRQ

Board independence has a negative and significant effect on FRQ in the 2 models. Since non-executive directors have the ability to control and to enforce strict financial reporting policies and principles, this result showed that their presence in the board of the sampled companies led to poor financial reporting. Moreover, this result opposes the agency theory which argues that independent directors improve transparency by reducing management's control over financial reports. This finding disagrees with the findings of Fardowsa (2024), shyamanthi (2018) and Rimamshung et al. (2023) in Kenya, Sri Lankan and Nigeria respectively, which show an insignificant effect of board independence on the FRQ. This result also contradicts De Villiers et al. (2011) and Ehugbo (2021) in the United State and Nigeria respectively who found that board independence has a positive and significant effect on the FRQ. Furthermore, Waithaka et al. (2013) reveals a negative and significant result of board independence on financial reporting quality. We therefore accept H_2: Board independence has a significance effect on the FRQ of PLCs in Cameroon.

Board gender diversity and FRQ

Board gender diversity has no significant effect on FRQ. This is because female may bring diversity and not necessarily skills, since financial reporting require know-how. Resource dependency theory suggests that gender diversity can provide varied skills and insights that improve governance. The study results aligns with Fardowsa & Caroline (2024), Nguyen & Tran (2021) and Rimamshung et al. (2023) in Kenya, Vietnam, and Nigeria respectively which found that board gender diversity has an insignificant effect on FRQ. However, the research findings contradict Peter & James (2022), Ashibuogwu (2022), and Ehugbo (2021) in East Africa, Edo State Nigeria, and Nigeria respectively and found that board gender diversity had a significant effect. The third hypothesis is rejected. That is Board gender diversity has no significant effect on the FRQ of PLCs in Cameroon.

Board meetings and FRQ

The other independent variable, Board meetings do not have a significant effect on FRQ in the 2 models. This may be because members during meeting sick but to maximise their utility function rather than emphasizing on the governance of the company in general and FRQ in particular. This result opposes the stewardship theory which postulates that frequent board meetings lead to better oversight and stronger governance. The result is consistent with that of Thakolwiroj & Juthamon (2021) in Thailand, which also reports an insignificant effect of board meetings on FRQ. However, it contradicts the studies of De Villiers et al. (2011), Peter & James (2022), Shyamanthi (2018) and Wokwen et al. (2023) in the United State, East Africa, Sri Lankan and Cameroon respectively, who found that board meetings significantly affect FRQ. We therefore reject H_4: Board meetings have a significant effect on the FRQ of PLCs in Cameroon.

CEO duality and FRQ

Finally, CEO duality has a significant effect on financial reporting quality in the 2 models. However, this significant effect is positive in model 1 but negative in model 2. In fact, this result indicates that the centralization of power in the hands of a single individual creates a variety of outcomes which are both positive and negative. The result of the second model therefore supports the agency theory which argues that CEO duality weakens board independence and reduces accountability. Therefore, the result of model 2 agrees with Thakolwiroj & Juthamon (2021) in Thailand, who found a negative and insignificant effect of CEO duality on the FRQ. We accept H_5: CEO duality has a significant effect on the FRQ of PLCs in Cameroon.

CONCLUSION AND RECOMMENDATIONS

Our review of the theoretical and empirical literature reveals the diverse effects of board characteristics on FRQ. However, the objective of this study was to examine the effect of board characteristics on FRQ within PLCs in Cameroon. To achieve this objective, primary data was collected through a structured questionnaire issued to 60 PLCs operating in the Littoral, Centre and North West regions of Cameroon. These regions were chosen because they host the majority of PLC according to the National Institute of Statistics (2020). With the use of Pearson correlation test and a binary logistic regression, the result showed firstly the probability of having FRQ when it is measured by corrections stated by tax authorities (18%) and secondly when using respect of deadline for publications (83%). Board size has a significant effect on FRQ only in the second model, while board independence and CEO duality have a significant effect on FRQ in both models. This implies CEO duality significantly affects FRQ both negatively and positively depending on how the CEO navigates the dual roles. The CEO being a member of the board affects FRQ positively because he has a deeper understanding of the operations and strategic direction of the PLC and this usually facilitates sound decision making. On the other hand, there could be a conflict of interest and lack of independent oversight particularly where the CEO is involved in making decisions that affect the evaluation of his performance. Lastly, board diversity and board meetings disclose an insignificant effect in both models.

The study upholds Agency theory by empirically demonstrating how board mechanisms can serve as control tools to mitigate managerial opportunism and enhance transparency in financial reporting in a developing economy, Cameroon. This is interesting given that most corporate governance studies are concentrated in developed countries. This study fills a geographic and institutional gap by applying governance and financial reporting theories in the context of PLCs in Cameroon, thus increasing the literature in a less-explored area. By emphasizing the role of board effectiveness in ensuring credible financial reporting, the study supports the Stakeholder theory which posits that firms must be accountable not only to shareholders but also to a broader group including clients, regulators, and the public. Since the study includes variables such as gender diversity, and CEO duality, it contributes empirical insights into how these board features affect reporting quality, supporting or challenging existing theoretical assumptions. This study also has some managerial contributions as it provides insights into how specific board characteristics such as board size, board independence, board gender diversity and CEO duality affect FRQ within PLC in Cameroon. This can serve as a guide to board composition and recruitment policies for better FRQ in a company. The findings highlight the need for board members to possess relevant financial knowledge and ethical standing. Management of PLCs can use this information to design training programmes aimed at strengthening board effectiveness and regulatory compliance. By focusing on three key regions (Littoral, Centre, and Northwest), the study paves way for regional comparisons.

It is recommended that:

- PLCs maintain large board size of at least 16 members but should make sure that members possess the necessary expertise and financial knowledge to enhance FRQ.

- Female representation in the board is a plus to better FRQ since women usually bring unique experiences and problem-solving approaches; but the women must possess the necessary knowledge and skills to boost board deliberations and decision-making.

- PLCs ensure that a CEO who at the same time is a member of the board, operates in a robust governance structure with clear roles and responsibility and be subject to regular checks and balances by the board.

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