Purpose

This study explores the influence of board structure and director compensation on the financial reporting quality of nonfinancial firms listed in Sub-Saharan Africa.

Design/methodology/approach

Data from 110 firms listed on 10 securities exchanges from 2017 to 2023 were utilized. The Beneish M-Score serves as a proxy for earnings manipulation, employing a limited-dependent-variable estimation methodology with a multi-country panel dataset. Following the model specification tests, a random effect model was fitted. A pooled OLS model was employed for a robustness check.

Findings

The study finds that larger boards and higher directors' compensation are associated with a lower likelihood of earnings manipulation, indicating improved monitoring efficacy. Additionally, larger firms are less likely to engage in earnings manipulation, underscoring the need to enhance monitoring of smaller firms.

Originality/value

This study bridges the gap in the literature by providing cross-country evidence of financial reporting quality in Sub-Saharan Africa, an underexplored emerging market context. It contributes to the corporate governance literature by providing empirical evidence on the influence of board structure and directors' compensation on financial reporting quality across countries.

Keywords: Financial reporting fraud, Earnings manipulation, Sub-Saharan Africa, Corporate governance, Listed firms, Beneish M-score model