__Original Research Article__

EffectofWhistleblowingMechanismonQualityofFinancialReportingin Quoted Multinational Oil and Gas Firms in Nigeria

Abstract

In the dynamic landscape of corporate governance, the role of whistleblowing mechanisms has become increasingly prominent, serving as a crucial tool in promoting transparency, accountability,andethicalconductwithinorganizations.Thisstudyaimedtoexploretheeffectof whistleblowing mechanisms on financial reporting quality in quoted multinational oil and gas firmsinNigeria.This studyutilizedaqualitativemethodtoexaminefinancialdata,incorporating qualitativeperspectivesgatheredthroughthedistributionofquestionnairesamongaccountantsand keystakeholdersofquotedmultinationaloilandgasfirmsinNigeria.Outofthe185questionnaires disseminated, 168 were appropriately completed and returned. The analysis of the collected data in this research employed both descriptive and inferential statistical methods. The study found a positive and significant correlation between well-established whistleblowing mechanisms and improved financial reporting quality. Specifically, Reporting Mechanisms (REM), Protection Mechanisms (PRM), and Investigation Mechanisms (INM) were individually analyzed, and all demonstrated a statistically significant and positive effect on financial reporting quality. The findings highlight the importance of effective reporting processes, protection measures for whistleblowers,and robust investigationproceduresin enhancingtransparency,accountability, and the reliability of financial information within multinational oil and gas firms. In conclusion, the studyaffirmsthatawell-functioningwhistleblowingsystem,comprisingreporting,protection,and investigationmechanisms,iscrucialforenhancingfinancialreportingqualityinthemultinational oil and gas firms in Nigeria. The study recommends that multinational oil and gas sector should invest in and enhance reporting mechanisms to ensure effective and reliable channels for employees to report concerns related to financial matters.

Keywords: whistleblowing mechanism, financial reporting quality, multinational oil and gas firms, Nigeria, transparency, accountability, reliability.

1. Introduction

Financialreportingplaysapivotalroleinprovidingrelevantinformationtostakeholders,enabling them to make informed decisions about investments (Akinadewo et al., 2023). However, the prevalence of financial fraud and misreporting has raised concerns about the accuracy and reliabilityoffinancialstatements(Awotomilusietal.,2023). Inthedynamiclandscapeofcorporate governance, the role of whistleblowing mechanisms has become increasingly prominent, serving as a crucial tool in promoting transparency, accountability, and ethical conduct within organizations.AsmultinationaloilandgasfirmsoperatinginNigerianavigatecomplexregulatory environments and heightened scrutiny, the integration of effective whistleblowing mechanisms becomes paramount for ensuring the integrity of financial reporting practices (Akinadewo et al., 2023; Kaplan, 2011).

Nigeria,withitsrichendowmentofnaturalresources,haswitnessedsubstantialgrowthin the oil and gas sector, attracting multinational corporations seeking to capitalize on the nation's vast energy reserves. Amidst this backdrop, concerns about corporate governance, financial transparency, and the qualityof financial reporting have gained significant attention (Dada et al., 2023). The establishment and efficacy of whistleblowing mechanisms emerge as central componentsinmitigatingtherisksassociatedwithfinancialmisconduct,fraudulentactivities,and the manipulation of financial information (Vandekerckhove&Tsahuridu, 2010; Yusoff et al., 2023). The importance of robust financial reporting cannot be overstated, given the significant economic impact of this sector. Whistleblowing mechanisms have emerged as crucial tools in detectingandpreventingfinancialirregularities(Basri,2021;Brennan &Kelly,2007;Putraetal, 2022; Ulfah et al., 2020).

Thisstudyaimstoexploretheeffectofwhistleblowingmechanismsonfinancialreporting qualityinquotedmultinationaloilandgasfirmsinNigeria.Throughthisstudy,weaimtoprovide valuable insights into the interplay between whistleblowing mechanisms and financial reporting quality, offering practical implications for multinational oil and gas firms, regulatoryauthorities, andscholarsinthefield ofcorporate governance.Asorganizationsstrivetomaintaintrustamong stakeholders and foster sustainable business practices, understanding the dynamics of whistleblowing and its impact on financial reporting quality becomes indispensable and to contribute to the existing body of knowledge by conducting a comprehensive analysis of the impactofwhistleblowingmechanismsonfinancialreportingqualitywithinthespecificcontext of multinational oil and gas firms in Nigeria. By focusing on quoted firms, the study not only addresses the intricacies of financial reporting practices but also considers the unique challenges faced by organizations operating in the multinational arena. The exploration of how whistleblowing mechanisms influence financial reporting quality in this sector is particularly timely given the global emphasis on corporate responsibility and ethical business practices.

2. LiteratureReview

This section provides an overview of the existing literature on whistleblowing mechanisms, financial reporting quality, and the oil and gas industry in Nigeria. It highlights the theoretical foundations and empirical evidence supporting the positive relationship between effective whistleblowing mechanisms and improved financial reporting quality.

2.1.1 WhistleblowingMechanisms

Awhistleblowingmechanismreferstoastructuredandformalizedsystemwithinanorganization that enables individuals, often employees, to report concerns, wrongdoing, unethical behavior, or any other misconduct occurring within the organization (Ulfah et al., 2020). Whistleblowing mechanismsareestablishedtoprovideasecureandconfidentialavenueforindividualstodisclose informationwithoutfearofretaliation(Daffaetal.,2022;Erin&Bamigboye,2020).Theprimary objectivesofwhistleblowingmechanismsaretopromotetransparency,accountability,andethical conduct within an organization (Fasua& Osifo, 2017). Whistleblowing mechanisms typically ensure the confidentiality of the whistleblower's identity, allowing individuals to report concerns withoutthefearofreprisals.Manywhistleblowingmechanismsoffertheoptionforindividualsto report anonymously, further protecting their identity and encouraging open disclosure (Imang et al., 2017).

Whistleblowing mechanisms should be easily accessible to individuals throughout the organization. This may involve providing multiple reporting channels such as hotlines, online platforms,ordedicated emailaddresses.Arobust whistleblowingmechanismincludesprovisions to protect individuals who come forward from any form of retaliation or adverse actions, reinforcing a culture of openness and trust (Dennis et al., 2013). Whistleblowing mechanisms typically involve a structured process for investigating reported concerns. This may include an internal review committee, compliance department, or external parties tasked with impartially assessing the validity of the allegations (De Maria, 2018). Whistleblowing mechanisms often includeproceduresforprovidingfeedbacktowhistleblowersabouttheoutcomeofinvestigations. Clearcommunicationhelpsbuildtrustinthesystem.Organizationsmayestablishexplicitpolicies outlininglegalprotectionsavailabletowhistleblowersunderrelevantlawsandregulations.This may include protections against termination, demotion, or other adverse employment actions. Whistleblowing mechanisms play a crucial role in fostering a culture of integrity and accountability within organizations. They serve as a vital tool for detecting and addressing misconduct early on, ultimately contributing to the overall health and ethical standards of an organization (CBN Code, 2014; Danny et al., 2011).

2.1.1.1 ReportingMechanisms

Reportingmechanisms,inthecontextofwhistleblowing,refertothechannelsorsystemsthrough whichindividualscandiscloseinformationaboutperceivedwrongdoing,misconduct,orunethical behavior within an organization. These mechanisms are established to provide a structured and secureprocessforwhistleblowerstoreporttheirconcerns(Ulfahetal.,2020).Organizationsoften set up confidential hotlines or helplines that whistleblowers can call to report concerns anonymously. This allows individuals to share information without fear of retaliation. Whistleblowerscanchoosetoreportmisconducttoexternalentities,suchasgovernmentagencies, regulatory bodies, or law enforcement authorities (Erin &Bamigboye, 2020). In some cases, whistleblowersmayopttodiscloseinformationtojournalistsormediaoutletstobringattentionto thewrongdoing.Thisisoftenconsideredalastresort.Establishingeffectivereportingmechanisms is crucial for fostering a culture of transparency, accountability, and ethical behavior within an organization.Itprovidesastructuredprocessforaddressingandresolvingconcernswhileoffering protection to those who come forward with information about misconduct (Daffa et al., 2022).

2.1.1.2 ReportingMechanisms

Protection mechanisms in the context of whistleblowing refer to measures and safeguards put in place to ensure the well-being and rights of individuals who report wrongdoing or misconduct withinanorganization.Whistleblowersoftenfacerisks,includingretaliation,harassment,orother adverse consequences, as a result of their disclosures. Protection mechanisms are designed to encouragewhistleblowerstocomeforwardwithoutfearofreprisals.Organizationscommittonon-retaliation policies, clearly stating that individuals who report wrongdoing will not face negative consequences or reprisals as a result of their disclosure (Daffa et al., 2022). Organizations communicateanti-retaliationpoliciestoemployees,ensuringthattheyareawareoftheprotections in place and feel confident in coming forward.Many jurisdictions have laws that provide legal protectionsforwhistleblowersandthesejurisdictionshaveestablishedanonymouswhistleblower programs that allow individuals to report misconduct without revealing their identity. Protection mechanisms are integral to creating a safe and supportive environment for whistleblowers, promotingethicalbehavior,andmaintainingorganizationalintegrity.Implementing comprehensivesafeguardsdemonstratesanorganization'scommitmenttoaddressingwrongdoing while fostering trust and transparency (Erin &Bamigboye, 2020).

2.1.1.3 InvestigationMechanisms

Investigation mechanisms in the context of whistleblowing refer to the processes and procedures putinplacebyorganizationstothoroughlyexamineandassesstheallegationsordisclosuresmade by whistleblowers. When a whistleblower reports wrongdoing or misconduct, it triggers an investigation to determine the validityof the claims and, if necessary, take appropriate corrective actions. Organizations should have a system in place to acknowledge and respond promptly to whistleblowerreports(Dennisetal.,2013).Thisensuresthattheinvestigationprocessbeginsina timely manner. The investigative team collects relevant documents, data, and other evidence relatedtothereportedmisconduct.Thismayinvolveinterviewswithindividualsinvolvedorwith knowledge of the situation. Analyzing data and financial records may be necessary in cases involvingfinancialmisconduct.Thisstephelps corroborateorrefutetheinformationprovidedby the whistleblower. Ensuring that the investigation process complies with applicable laws and regulations is essential (CBN Code, 2014).

Legal considerations may include data privacy, employment laws, and whistleblower protectionstatutes.Oncetheinvestigationiscomplete,adetailedreportisprepared,summarizing the findings and conclusions. This report may include recommendations for corrective actions or improvements to prevent similar issues in the future. If the investigation reveals misconduct, organizations must take appropriate corrective actions (Erin &Bamigboye, 2020). This may include disciplinary measures, policy changes, or other steps to address the identified issues. Effectiveinvestigationmechanismsareessentialfororganizationstoaddressandrectifyinstances of wrongdoing, maintain ethical standards, and build a culture of integrity. They demonstrate a commitment to accountability and help ensure that the organization learns from the reported incidents (Danny et al., 2011).

2.1.2 FinancialReportingQuality

Financial reporting quality refers to the extent to which financial information presented by a company in its financial statements accurately and faithfully reflects the economic reality of its underlying transactions and events (Falana et al., 2023). High financial reporting quality implies that the financial statements are reliable and transparent, and provide users with a true and fair viewofthecompany'sfinancialposition,performance,andcashflows(Akinadewoetal.,2023).

Financial statements should be free from material errors or omissions, providing users with dependableinformationfordecision-making.Informationpresentedinfinancialstatementsshould bepertinenttotheneedsofusers,helpingthemmakeinformedjudgmentsandassessmentsabout the company (Hong, 2023).

Financial reporting quality involves clear and understandable presentation of financial information,makingitaccessibletoadiverserangeofstakeholders,includinginvestors,creditors, analysts, and regulators (Akinadewo et al., 2023). Financial statements should enable users to compare the company's performance and financial position across different periods and against industry peers, fostering a better understanding of its relative standing (Falana et al., 2023). Consistencyinaccountingpoliciesandpresentationmethodsfromoneperiodtoanotherenhances comparability and contributes to the reliability of financial reporting. High financial reporting qualityiscriticalformaintainingthetrustofstakeholdersandensuringtheefficientfunctioningof capital markets (Kaplan, 2011). Companies with transparent and reliable financial reporting are more likely to attract investors, obtain favorable financing terms, and build a positive reputation inthebusinesscommunity.Conversely,lowfinancialreportingqualitycanleadtomisinformation, erodeinvestorconfidence,andresultinnegativeconsequencesforthecompany'sfinancialhealth and reputation (Agbogun et al., 2021; Hong, 2023).

2.1.2.1 Accountability

In the context of financial reporting quality, accountability refers to the obligation of an organization to provide accurate and transparent financial information that is consistent with applicableaccountingstandardsandregulations.Itinvolvestheacknowledgmentofresponsibility for the financial statements and the commitment to ensure that they fairly represent the financial position,performance,andcashflowsofthe entity (Agbogunetal.,2021).Accountablefinancial reportingentailsadheringtoestablishedaccountingstandardsandprinciples.AccordingtoKaplan (2011) companies are responsible for preparing their financial statements in accordance with recognized frameworks, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). Accountabilityrequiresthatfinancialstatementsprovideatruthfulandaccuraterepresentationof the company's financial position and performance. Any deviations from accuracy may lead to misinformation and undermine the trust of stakeholders. Organizations are accountable for implementingandmaintainingeffectiveinternalcontrolsoverfinancialreporting.Internalcontrols help ensure the reliability of financial information and prevent material misstatements (Awotomilusi et al., 2023).

Accountability involves providing clear and comprehensive disclosures in the financial statements and accompanying notes. Transparency ensures that users have access to relevant information necessary for understanding the financial performance and risks of the company. External audits play a crucial role in holding organizations accountable for their financial reporting. Engaging external auditors to review and validate financial statements provides an independent assessment oftheir accuracyand compliance (Akinadewo et al., 2023).Accountable financial reporting requires organizations to be responsive to the needs of stakeholders. This includes addressing inquiries, providing additional information when necessary, and fostering open communication with investors, creditors, and regulatory authorities. Accountability in financial reporting quality encompasses the responsibility of organizations to provide accurate, transparent, and reliable financial information in compliance with established standards and regulations.Itreflectsacommitmenttoethicalconduct,oversight,andacontinuousimprovement mindset to maintain the trust and confidence of stakeholders (Falana et al., 2023).

2.3TheoreticalFramework

In this research, the ethical framework and moral philosophy proposed by Kant in 1964 were employed.According to Kantian theory, individuals have a moral obligation to convey the truth and expose any misconduct as an inherent aspect of their rationality. Building on this concept, George (2006) supports the idea that employees are morally obliged to act ethically and reveal wrongdoing in a conscientious manner. Drawing from these perspectives, it is argued that accountants and those responsible for preparing financial statements possess a moral entitlement toactinthepublicinterest.Bydemonstratingadedicationtoprofessionalism,theyupholdpublic trust, aligning with their ethical duty to contribute to the greater good.

2.3EmpiricalReview

Yusoff et al. (2023) conducted a study to assess the whistleblowing intention among employees working in Halal-certified food manufacturing companies. They examined various factors influencing this intention, such as attitude, subjective norm, perceived behavioral control, perceived organizational support, religious obligation, knowledge, personal cost reporting, personal responsibility, and seriousness of wrongdoing. The studyinvolved 210 employees from thesecompaniesinSelangor, who respondedto a structured questionnaire. Thefindings revealed a high level of whistleblowing intention among the employees, and most of the factors that influencedtheirdecisiontoblowthewhistlehadpositiveandfavorablemean scores.Therelatively low mean score for personal cost reporting indicated that employees perceived minimal personal costs associated with whistleblowing.

Daffa et al. (2022) aimed to investigate the impact of leader support on whistleblowing intentions among employees in BMT (Islamic cooperatives). Their research was based on descriptive qualitative research and involved in-depth interviews. The study found that the whistleblowingsystemwasnotfullyimplementedinsomecompanies,suggestingthatemployees might not be aware of the system. In contrast, in one company, the leader was familiar with whistleblowing but did not fully understand it, resulting in the implementation being carried out differently.Thestudyemphasizedtheimportanceofleadersupportinencouragingreportingfraud, as it can positively influence employees' intentions to blow the whistle.

Putra et al. (2022) examined the mediating role of Fraud Prevention in the relationship betweenInternalAudit,RiskManagement,WhistleblowingSystems,BigDataAnalytics,andthe prevention of financial crime behavior. The study addressed the limited strategic formulation in risk management, internal audit, whistleblowing system, and big data analytics for early fraud detection and prevention of financial crime behavior in Indonesia, particularlyin various regions such as Aceh, North Sumatra, Riau, Kepulauan Riau, South Sumatra, Bangka Belitung, Jambi, WestSumatra,Bengkulu,andLampung.Theresearchwasinformedbyacomprehensiveliterature reviewof90articlesfromleadingacademicjournalspublishedbetweentheearly1990sand2021. Thestudyunderscoredtheimportanceof FraudPreventioneffortsasamediatorintherelationship between Internal Audit, Risk Management, Whistleblowing System, and Big Data Analytics, aiming to address the issue of fraud and financial crime behavior in various Indonesian regional governments.

Agbogun et al. (2021) conducted a study to examine the impact of whistleblowing on accountabilitywithinthepublicsector.Theyemployedanexpostfactodesignandcollecteddata from primarysources. A total of150 questionnaires weredistributed, and 145 wereretrieved and used for data analysis. The study established a simple regression model and found a significant relationship between whistleblowing mechanisms and accountability in public sector organizations.

Erin and Bamigboye (2020) investigated the influence of the whistleblowing framework on earnings management in Nigerian financial firms listed on the Nigerian Stock Exchange from 2013 to 2017. Thestudyutilized asampleof50 financial institutions in Nigeriaand incorporated insights from legitimacy theory. They developed a whistleblowing index to measure the effectivenessofthewhistleblowingframeworkandaccountedforotherdeterminantssuchasaudit committeesize,riskcommitteeindependence,auditcommitteeindependence,externalauditsize, board composition, firm size, and international ownership. Earnings management was assessed through discretionaryaccruals. The studyemployed content analysis and the generalized method ofmoments for data analysis. The findings indicated that Nigerian financial firms haveincreased their efforts in whistleblowing disclosure, leading to a significant reduction in earnings management practices.

Ulfah et al. (2020) analyzed factors influencing the reporting of fraud (whistleblowing) withinorganizations,focusingonthechoicebetweeninternalandexternalreportingchannels.The study aimed to explore fraud within the context of Indonesian culture and developed hypotheses based on predictors of whistleblowing intention. Data was collected from 2,214 civil servants in Indonesian regency, city, and provincial governments through surveyletters and direct messages on social media. A logistic regression model was employed to analyze the data and test the hypotheses. The findings revealed that whistleblowing, individual factors, and situational factors significantlypredictedtheselectionofreportingchannelsbycivilservantsinIndonesia.Thestudy alsofoundthatfearofretaliationhadastrongerinfluencecomparedtopublicservicemotivation, resulting in limited opportunities for alternative whistleblowing reporting channels.

Imangetal.(2017)analyzedwhistleblowingsystemsforthepreventionoffinancial reportingfraudandexaminedthemoderatingroleofethicalbehavior.Thestudyutilizeda descriptiveresearchdesign andsurveymethod,targetingstudentsfromtheFacultyofEconomics at Pekalongan University. The sample was determined using purposive sampling, and multiplelinearregressionanalysiswasemployedfordataanalysis.Thestudyconcludedthat whistleblowing systems had a positive influence on the prevention of financial reporting fraud,andtheirinfluenceontrendsinfinancialfraudthroughethicalbehaviorwasdeemedunacceptable.

Fasua and Osifo (2017) examined effective whistleblowing mechanisms and audit committeesintheNigerianbankingsector.Thestudyutilizedamultivariateregressiontechnique and logistic regression analysis to test the proposed hypotheses. The study suggested that the Nigerian banking sector with independent, well-structured, expert, and diligent audit committees is more likely to establish effective whistleblowing mechanisms. The findings revealed a strong associationbetween effectivewhistleblowingmechanismsin the Nigerianbankingsector andaudit committeeindependence,auditcommitteefinancialexpertise,andauditcommitteemeetings.The study emphasized the need to strengthen the whistleblowing mechanism within the Nigerian banking sector.

Furthermore,themajorityofexistingliteratureonwhistleblowingindevelopednationshas primarilyfocusedonfinancialinstitutions.IndevelopingcountriessuchasNigeria,onlyalimited number of studies have explored whistleblowing, particularly in financial institutions, and these studieshavebeenmetwithconsiderablecontroversy.Notably,thereisanoticeablegapinresearch as no known study has specifically examined whistleblowing, particularly within public sector organizationsinNigeria. Additionally,none of the reviewedstudies haveinvestigated the impact of whistleblowing on financial information quality in the context of oil and gas firms in Nigeria. Therefore, this study aims to fill this gap by investigating the influence of whistleblowing on the quality of financial information in listed oil and gas firms in Nigeria. The following hypotheses were formulated in order to direct the flow of this work

$H0_1$: Whistle-blowing has no significant effect on the financial reporting quality of multinational oil and gas firms in Nigeria.

2.3Conceptual Framework

Figure1showsthe interactionbetween theindependent variable (whistleblowing) anddependent variable (financial reporting quality) in oil and gas firms quoted in Nigeria.

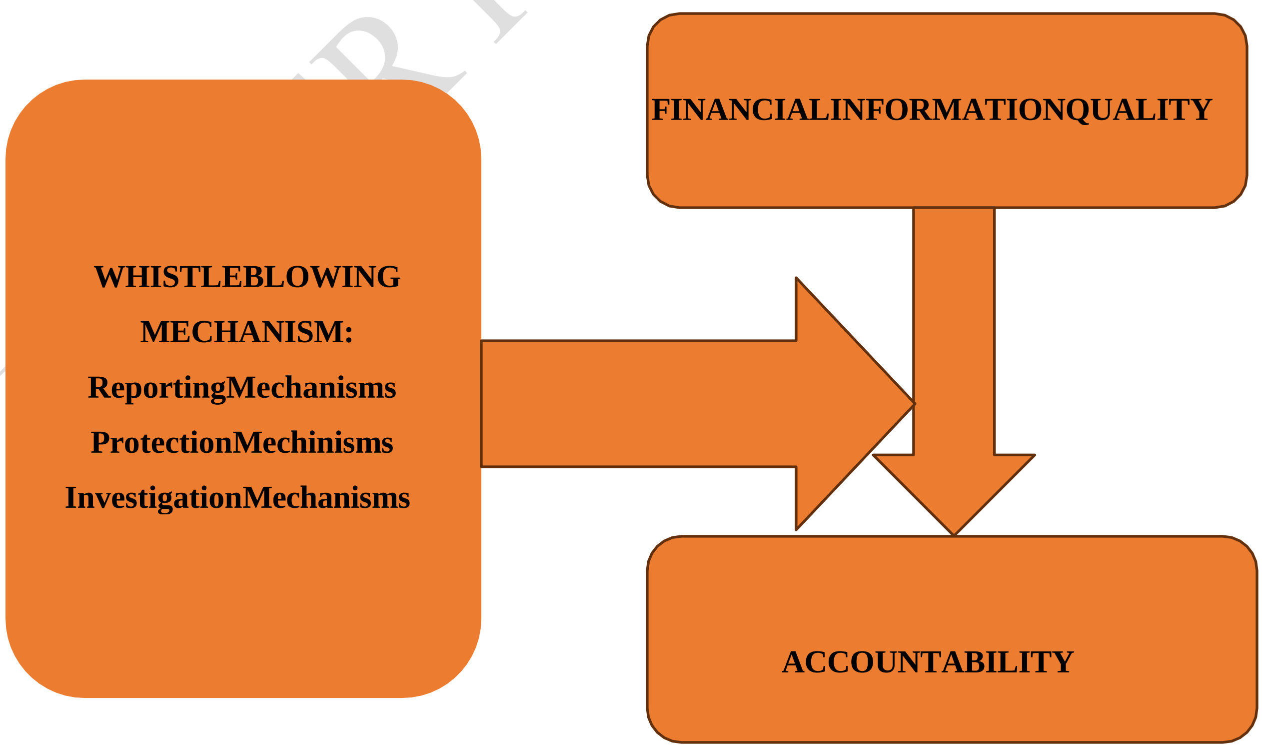

Fig 1. Interactionbetween theindependent variable (whistleblowing) anddependent variable (financial reporting quality) in oil and gas firms quoted in Nigeria.

Source:Researcher'sConcept(2023)

3. ResearchMethodology

The study utilized a qualitative method to examine financial data, incorporating qualitative perspectives gathered through the distribution of questionnaires among accountants and key stakeholders of quoted multinational oil and gas firms in Nigeria. Out of the 185 questionnaires disseminated, 168 were appropriately completed and returned. The analysis of the collected data in this research employed both descriptive and inferential statistical methods.

3.1. ReliabilityTest

AsindicatedinTable1,theCronbachAlphavaluesforthevariousdimensionsinvestigatedinthis study serve as reliable indicators of the internal consistency of the scale items. The dimension associated with Reporting Mechanisms (REM) exhibited strong internal consistency, with a Cronbach Alpha of 0.830, encompassing a set of 5 items. Similarly, the dimension related to Protection Mechanisms (PRM) demonstrated a Cronbach Alpha of 0.737 across 5 items. The dimension linked to Investigation Mechanisms (INM) achieved solid internal consistency, with a Cronbach Alpha of 0.756, based on 5 items. Additionally, the dimension concerning Financial Reporting Quality (FRQ) demonstrated robust internal consistency, with a Cronbach Alpha of 0.792, covering 5 items. These findings affirm the strong internal consistency of all scale items, with Cronbach Alpha values surpassing the 0.7 threshold.

Table1:ReliabilityTestResults

S/N	Variable	No.of Items	Cronbach's Alpha
1	ReportingMechanisms(REM)	5	0.830
2	ProtectionMechanisms(PRM)	5	0.737
3	Investigation Mechanisms (INM)	5	0.756
4	Financial Reporting Quality (FRQ)	5	0.792

Source:Author'sComputation (2023)

4. ResultsandAnalysis

Thissectionpresentsthefindingsofthestudy,highlightingtheeffectofwhistleblowing mechanisms on financial reporting quality in multinational oil and gas firms in Nigeria.

4.1. DescriptiveStatistics

Table 2 furnishes a comprehensive overview of the descriptive statistics concerningthe variables scrutinized in this study. These variables include Reporting Mechanisms (REM), Protection Mechanisms (PRM), Investigation Mechanisms (INM), and Financial Reporting Quality (SRB). The minimum and maximum values for these variables span from 1 to 5, reflecting the range of responses within this 5-point scale. The average values for these variables offer insights into the central tendency of responses. On average, respondents rated REM at 4.9286, PRM at 4.8155, INMat4.8036,andFRQat4.6964.Theseaveragesimplythat,onaverage,respondentsperceived these dimensions to be rated relatively high on the 5-point scale.

The Standard Deviation values indicate the degree of variability or dispersion in the responses. For REM, the Standard Deviation was 0.53131, for PRM it was 0.73931, for INM it was 0.79111, and for FRQ, it was 0.70718. Higher Standard Deviation values suggest greater variability in responses. Variance Statistic values reflect the extent of dispersion or variability in the dataset. For REM, the Variance Statistic was 0.282, for PRM it was 0.547, for INM it was 0.626, and for FRQ, it was 0.500. Higher variance values indicate increased variability in the dataset.

Skewness Statistic values provide insights into the symmetry of the data distribution. Negative skewness values for REM, PRM, INM, and FRQ (-7.347, -3.830, -3.894, and -3.603 respectively) suggest that the data is skewed to the left, with the tail on the left side of the distribution being longer or fatter. Kurtosis Statistic values reflect the peakedness or flatness of thedatadistribution.Higherkurtosisvaluesindicateamorepeakeddistribution.Inthiscase,REM exhibitsakurtosisvalueof52.606,PRMhasakurtosisvalueof13.102, INMhasakurtosisvalue of 13.752, and FRQ shows a kurtosis value of 15.710

Table2:DescriptiveStatistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
REM	168	1.00	5.00	4.9286	.53131	.282	-7.347	.187	52.606	.373
PRM	168	1.00	5.00	4.8155	.73931	.547	-3.830	.187	13.102	.373
INM	168	1.00	5.00	4.8036	.79111	.626	-3.894	.187	13.752	.373
FRQ	168	1.00	5.00	4.6964	.70718	.500	-3.603	.187	15.710	.373
ValidN (listwise)	168									

Source:Author'sComputation (2023)

4.2 CorrelationAnalysis

Table 3 presents the Pearson correlations matrix, illustrating the relationships among the independentvariables.Thepurposeofthiscorrelationanalysiswastoexaminetheassociations between the variables under investigation. The results in the correlation matrix indicate a weak positivecorrelationof0.210betweenReportingMechanisms(REM)and ProtectionMechanisms (PRM). Regarding the association between Investigation Mechanisms (INM) and Reporting Mechanisms (REM), there is a moderate yet positive correlation of 0.650, while the correlation between Protection Mechanisms (PRM) and Investigation Mechanisms (INM) shows a weak positive correlation of 0.470. These findings suggest that an increase in one variable corresponds to an increase in another. Importantly, it is crucial to note that the observed level of correlation does not reach a threshold that would result in significant collinearity issues, which could otherwise distort the accuracy of coefficient standard errors.

Table3:CorrelationsAnalysis

		Reporting Mechanisms (REM)	Protection Mechanisms (PRM)	Investigation Mechanisms (INM)
ReportingMechanisms (REM)	Pearson Correlation	1	.210**	.650**
	Sig.(2-tailed)		.006	.000
	N	168	168	168
ProtectionMechanisms (PRM)	Pearson Correlation	.210**	1	.470**
	Sig.(2-tailed)	.006		.000
	N	168	168	168
Investigation Mechanisms(INM)	Pearson Correlation	.650**	.470**	1
	Sig.(2-tailed)	.000	.000	
	N	168	168	168

**.Correlationissignificant atthe0.01level (2-tailed).

Source:Author'sComputation (2023)

4.2.1 MulticollinearityTest

The research performed a Variance Inflation Factor (VIF) assessment to measure the degree of multicollinearity among the study's variables. This examination aimed to reassess the level of correlation among the independent variables within the framework of a multiple regression analysis.VIFquantifiestheextenttowhichthevarianceofacoefficientestimateisinflateddueto the linear interdependence among the independent variables included in the model. The VIF results,outlinedinTable4,indicatethattheVIFvaluesforallindependentvariablesarerelatively modest. The highest VIF value is associated with the Investigation Mechanisms (INM) variable, standingat2.170,avaluewellbelowthecriticalthresholdof10.Thisobservationsuggeststhe absenceofsignificantmulticollinearitywithinthemodel,enhancingthecredibilityandstabilityof the coefficients. This finding aligns with the results of the correlation analysis.

Table4:MulticollinearityTest

Model		Collinearity Statistics Tolerance	VIF
1	ReportingMechanisms(REM)	.565	1.768
	ProtectionMechanisms(PRM)	.763	1.310
	InvestigationMechanisms (INM)	.461	2.170

a.DependentVariable:FinancialReportingQuality(FRQ)

Source:Author'sComputation (2023)

4.3 RegressionAnalysisoftheEffectofWhistleblowingMechanismsontheFinancial Reporting Quality in Quoted Multinational Oil and Gas Firms in Nigeria

The results of the regression analysis, which aimed to evaluate the impact of whistleblowingmechanismsonthefinancialreportingqualityinquotedmultinationaloilandgas firms in Nigeria, are detailed in Tables 5 and 6. Table 5 presents the coefficient of determination (R-squared), indicating that approximately 58% of the variability in Financial Reporting Quality can be collectively explained by Whistleblowing Mechanisms, after adjustments for model complexity. The F-statistics value of 74.069, accompanied by a probability value of 0.000 (statistically significant at 5%), confirms the overall significance of the model. This implies that whistleblowing mechanisms, encompassing reporting, protection, and investigation mechanisms, reliably predict financial reporting quality in these firms, while the remaining 42% accounts for factors not considered in the study.

Table 6 further details the statistical significance of each parameter associated with the impactofwhistleblowingmechanismsonfinancialreportingquality.Thenegativecoefficientof -1.368 units, with a probability value of 0.000, indicates a constant effect on financial reporting quality. Additionally, Reporting Mechanisms (REM) exhibit a statistically significant positive coefficient of 8.028, signifying that a one-unit increase in reporting mechanisms leads to a substantial 8.028-unit increase in financial reportingquality. The significance of this relationship is reinforced by a probability value of 0.000. Similarly, Protection Mechanisms (PRM) demonstrate a statistically significant positive coefficient of 3.082, suggesting that a one-unit increase in protection mechanisms leads to a 3.082-unit increase in financial reporting quality (probability value of 0.002). Lastly, Investigation Mechanisms (INM) display a statistically significantpositivecoefficientof2.584,indicatingthataone-unitincreaseininvestigation mechanismscorrespondstoa2.584-unitincreaseinfinancialreportingquality,withaprobability value of 0.011.

Table5:ModelSummary

Model	R	R Square	AdjustedR Square	Std.Errorofthe Estimate
1	.759[a]	.575	.568	.46503

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.053	3	16.018	74.069	.000[b]
	Residual	35.465	164	.216		
	Total	83.518	167			

a.DependentVariable:Financial ReportingQuality(FRQ)

b.Predictors:(Constant),InvestigationMechanisms(INM),ProtectionMechanisms (PRM), ReportingMechanisms(REM)

Source:Author'sComputation (2023)

Table6:CoefficientsCorrelationAnalysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.526	.384		-1.368	.173
	ReportingMechanisms (REM)	.723	.090	.543	8.028	.000
	ProtectionMechanisms (PRM)	.172	.056	.179	3.082	.002
	Investigation Mechanisms(INM)	.173	.067	.194	2.584	.011

a.DependentVariable:FinancialReportingQuality(FRQ)

Source:Author'sComputation (2023)

4.4 Discussionof Findings

The results of the regression analysis aimed to explore the effect of whistleblowing mechanisms on financial reporting quality in quoted multinational oil and gas firms in Nigeria. The results found that the impact of whistleblowing mechanisms, encompassing reporting mechanisms, protection mechanisms, and investigation mechanisms, had a positive and significant effect on financial reporting quality in quoted multinational oil and gas firms in Nigeria. The findings indicatethatwhenwhistleblowingmechanismsarewell-established,includingeffectivereporting channels, protective measures for whistleblowers, and robust investigation processes, there is a notable improvement in the quality of financial reporting among multinational oil and gas firms operatinginNigeria.Thiscorrelationunderscoresthe importanceofwhistleblowingmechanisms inpromotingtransparency,accountability,andthereliabilityoffinancialinformationwithinthese organizations.

Theresultsfurthershowedthestatisticalsignificanceofindividualparametersconcerning the roles of whistleblowing mechanisms in relation to financial reporting quality. The results indicatethatReportingMechanisms(REM)hadasignificantandpositiveimpactonthe financial reportingquality.Thisresult underscores theimportance ofhavingrobust andeffective reporting processes in place within an organization to enhance the reliability and integrity of financial reports. Also, the findings showed that Protection Mechanisms (PRM) had a significant and positive effect on financial reporting quality. The results of the study suggest that the specific Protection Mechanisms being assessed had a meaningful and positive impact on enhancing the quality of financial reporting. This underscores the importance of having robust protection measures to encourage individuals to report concerns without fear of retaliation, ultimately contributing to better financial reporting quality.

Lastly, Investigation Mechanisms (INM) demonstrated a statistically significant and positiveeffectonthequalityoffinancialreporting.Theresultsofthestudysuggestthatthespecific InvestigationMechanismsbeingassessedhadameaningfulandpositiveimpactonenhancingthe quality of financial reporting. This underscores the importance of having robust investigation processes to address reported concerns, contributing to better financial reporting quality.

5. ConclusionandRecommendations

The regression analysis conducted on quoted multinational oil and gas firms in Nigeria aimed to investigate the impact of whistleblowing mechanisms, including reporting, protection, and investigation mechanisms, on financial reporting quality. The study found a positive and significant correlation between well-established whistleblowing mechanisms and improved financial reporting quality. Specifically, Reporting Mechanisms (REM), Protection Mechanisms (PRM),andInvestigationMechanisms(INM)wereindividuallyanalyzed,andalldemonstrateda statisticallysignificantandpositiveeffectonfinancialreportingquality.Thefindingshighlightthe importance of effective reporting processes, protection measures for whistleblowers, and robust investigationproceduresinenhancingtransparency,accountability,andthereliabilityoffinancial information within multinational oil and gas firms. In conclusion, the study affirms that a well-functioning whistleblowing system, comprising reporting, protection, and investigation mechanisms,iscrucialforenhancingfinancialreportingqualityinthecontextofmultinationaloil and gas firms in Nigeria. The positive impact observed in each component emphasizes the need fororganizationstoestablishandmaintainrobustmechanismsthatencourageemployeestoreport concerns,provideprotectionfromretaliation,andensurethoroughinvestigations.Thesemeasures collectively contribute to a more reliable and transparent financial reporting environment.

Thefollowingrecommendationswereputforward:

i. Organizations in the multinational oil and gas sector should invest in and enhance Reporting Mechanisms (REM) to ensure effective and reliable channels for employees to report concerns related to financial matters.
ii. Implementing and strengthening Protection Mechanisms (PRM) is essential to create an environmentwhereindividualsfeelsecureinreportingwithoutfearofretaliation,thereby fostering a culture of transparency.
iii. Organizations should prioritize the development and maintenance of robust Investigation Mechanisms(INM)toaddressreportedconcernspromptlyandthoroughly,contributingto improved financial reporting quality.

ContributionstotheBodyof Knowledge

This study contributes significantly to the existing body of knowledge by empirically demonstrating the positive impact of whistleblowing mechanisms on financial reporting quality within multinational oil and gas firms. The detailed analysis of Reporting, Protection, and InvestigationMechanismsprovidesvaluableinsightsfororganizationsseekingtostrengthentheir internalprocessesandalignwithbestpracticesinpromotingtransparencyandaccountability.The findings enhance the understanding of the specific roles these mechanisms play in the context of theNigerianoilandgassector,offeringpracticalimplicationsfororganizationsaimingtoimprove their financial reporting practices.

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