

EFFECTS OF INFORMATION AND COMMUNICATION TECHNOLOGY QUALITY ON FINANCIAL REPORTING QUALITY OF SELECTED TERTIARY INSTITUTIONS IN OYO STATE

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Abstract

The world has moved from manual recording with Information Communication Technology (ICT) being impactful in all works of life, financial reporting, and its quality (FRQ) being inclusive. So far there is restricted review zeroing in on ICT and FRQ in tertiary foundations in emerging nations, most particularly in Nigeria. The main objective of this study is to examine the relationship between ICT and FRQ of chosen Tertiary Institutions in Oyo state. The span of this study is from 2010 to 2018 with four (4) of the Tertiary Institutions in the study area purposively selected as the sampled population. Inferential statistical tools, such as correlation was employed using primary data. The study found that there is a significant relationship between ICT and FRQ of selected Tertiary Institutions in Oyo State given the correlation coefficient between ICT variables; ICT maintenance cost, cost of IT training, and purchasing cost of IT equipment were found to be positive, and significantly related to financial report quality at 0.7733; 0.5957; 0.7552 respectively, showing a direct relationship between the variables while the level of allowed error was 0.05 level of significance. The study based on its findings concluded that there is a strong significant relationship between ICT and FRQ of selected tertiary institutions in Oyo state. It was recommended that the Tertiary institutions in Oyo state should continue to deploy ICT as a strategic tool for improved financial reporting quality. Also, for financial reporting to be relevant, timely, and understandable, tertiary institutions should invest more in IT devices, training of staff, and proper maintenance of IT equipment.

Keywords: Bookkeeping, Computer, Financial reporting, Information and communication technology, Quality and Tertiary institutions

1.0 Introduction

Background to the study

The world has moved from manual recording to Information Communication Technology being impactful. The improvement in ICT stands out enough to be a noticed player in bookkeeping, trade, and research to the viable and proficient method of cycle, investigation, and reporting financial information in any foundation being that manual recording strategies were lumbering, slow, and inclined to human interpretation mistakes, as found underway (Olatunji, 2011). Amongst the numerous business functions impacted by ICT is financial reporting.

Spremic and Jacovic, (2012) in their investigations accepted that financial reports or proclamations are the dashboards of business associations. In like manner, it interprets an association's exercises into a bunch of mathematical objectives that give information about the company's concerns and prospects for execution. Very much organized financial articulations are an instrument in the possession of the board to simply decide, use scant assets, present plainly

and definitively the association's likely arrangements, measure the association's exhibition, and so on.

While many investigations have been led on ICT and its consequences for establishment's activities by Haadi Rasheed, (2019), Taiwo, J.N. (2016) and so on, there is restricted review zeroing in on ICT and FRQ in Tertiary Institutions in emerging nations, most particularly in Nigeria (Adewoye, 2019;2020). Subsequently, the requirement for the study to endeavor to answer for these difficulties in financial reporting quality of tertiary organizations. Hence this study assesses the effect of ICT on Financial Reporting Quality (FRQ) of chosen Tertiary Institutions in Oyo State.

2.0 Literature Review

Brief Overview of Financial Reporting

The reason for bookkeeping and financial reporting is to give valuable information on financial reports. Financial reporting is a unified system of data on the property and financial position of the company and the results of its activities (Osadchy, et al., 2017). Also, its presentation is paramount in terms of acceptability hence arising issues in terms of its quality. Therefore, financial reporting quality relates to the accuracy with which reported financials of an entity to reflect its operating performance and how useful they are in forecasting future cash flows (Nyor 2013). Activities that involves the presentation of good and true figures of financial activities is referred to as financial reporting quality.

Financial Reporting Defined by Usage

Stergios and Michalis, (2012) perceived usage of financial reporting from two broad aspects. Firstly, that the quality of financial reporting is ascertained on the level of how useful its financial information is to its users. Secondly, it focuses on the perception of shareholder/investor security. Therefore, financial reporting is the process of communicating economic measurement, obligation and accounting information about the resources and performance of reporting entity to those having reasonable rights to such information so as to facilitate informed judgments and decision making. It deals with the presentation of financial and other relevant statements to show the extent to which the objectives of the investors have been achieved. Thus, informing both the private and public institutions of the need to resolve business functions amongst which are bookkeeping and financial reporting in view of up to date factors which led the world at large to the inevitability of ICT usage in business financial reporting.

Connecting Financial Report Quality with ICT

Garg (2013) as cited in Ekwelem, (2019). perceived that ICT is one of the most magnificent gifts that have changed our live greatly. ICT refers to a broad collection of automated technologies in play to aid communication, electronic capturing, processing, and transmission of information. These technologies include products and services such as desktop computers, laptops, hand-held devices, wired or wireless connectivity, business productivity software, data storage & security, network security, other related protocols, and so on, (Ashrafi and Murtaza, 2008). The preparation of a high quality financial report relies entirely on information. The usages of ICT

have a great role in producing quality information and financial reports (Abu Sina, Shahnur Azad , Sultana Akter and Yasir Arafat 2021). There are several dimensions to the quality of the report like as relevance, understandability, reliability and comparability, technology helps to enhance the quality of financial reports of today's business using IT like computer ,hardware and software in order to make a decision effectively from strategic to operational level. (Abu Sina, Shahnur Azad , Sultana Akter and Yasir Arafat 2021).

Hypotheses Development

ICT as a tool for FRQ has been studied by numerous researchers, Abu Sina, Shahnur Azad , Sultana Akter and Yasir Arafat(2021); Adewoye, (2019;2020); Haadi Rasheed, (2019); Taiwo, J.N. (2016) and so on, most of these studies were limited to ICT and FRQ in financial institutions. The above formed the intent of this study thereby giving rise to the below-stated hypotheses stated in a null form;

Ho₁: There is no significant relationship between ICT and the financial reporting quality of selected tertiary institutions in Oyo state.

3.0 Methodology

The study area is Tertiary Institutions in Oyo State of Nigeria while the study population consists of all nineteen Tertiary Institutions which include 5 Universities, 10 Polytechnics and 4 Colleges of Education. Purposive sampling was used to select four (4) of the Tertiary Institution for this study (1 university, Ajayi Crowther; 1 polytechnic; School of Surveying and 2 Colleges of Education; Emmanuel Alayande and FCE Special. While random sampling technique was adopted for the selection of Institution staff in the Bursary unit. Primary data was used for this study. In achieving this one hundred and sixty (160) Questionnaire was administered and distributed to the staff of selected institutions across the entire Busary units of the Institutions, this was done in such a way that all the four (4) selected sampled institutions were represented with each selected institution having twenty five (40) questionnaire each. Correlation analysis was used to analyse the objective; relationship between ICT and financial reporting system in Tertiary Institutions.

4.0 Results and Discussions

Pearson correlation was used to examine if there is any correlation or degree of association between information communication technology and financial reporting quality of selected Tertiary Institutions in Oyo state. From the result presented in table 4.0, Book value was used as proxy for FRQ in line with the extant literatures, as postulated by Ohlson, 1995 that one way of measuring the quality of published accounting information is by applying value relevance methodology and one of the financial value relevance indexes is book value. Following the results presented in table 4.0, the correlation coefficient between ICT variables; ICT maintenance cost, cost of IT training, and purchasing cost of IT equipment were found to be positive and significantly related to financial report quality at (0.7733; 0.5957; 0.7552) respectively, showing a direct relationship between the variables. This result is in line with the result of Taiwo, (2016) Eijah, (2011) and (Abu. Sina, Shahnur Azad (2021). And thus indicates that an increase in ICT

maintenance, Cost of IT training, and purchasing cost of IT equipment will increase financial reporting quality of selected Institutions respectively.

Collectively the results ($r = 0.7733; 0.5957; 0.7552, P < 0.05$) generated indicates that there is a significant relationship between ICT and financial report quality. Thus, we reject the null hypothesis stated that there is no significant relationship between ICT and financial reporting quality of selected tertiary institutions in Oyo state. The results revealed strong relationship between ICT and financial reporting quality in selected tertiary institutions with implication that increase in ICT deployment through ICT maintenance, Cost of IT training, and Purchasing cost of IT equipment increases financial reporting quality of selected institutions. More so, ICT practice positively influence the relevance of published financial information of selected tertiary institutions in Oyo State. These results aligned with past studies of Adewoye, (2019) and Shanker, (2016) which posited that the collective determination of investing on IT is to enhance organization's competitive advantages ,quality of financial reporting and, thus, its performance.

Table 4.0. Relationship between ICT and Financial Reporting Quality [Pearson Correlation Matrix (Book value as measure for FRQ)]

	(BVP)	ICTMC	COITTR	POITE
BVPS	1.0000			
ICTMC	0.7733*	1.0000		
COITTR	0.5957*	0.7423*	1.0000	
POITE	0.7552*	0.6818*	0.5238*	1.0000

Source: *Author's conceptualization, (2020).*

5.0 Conclusion and Recommendations

Revealed from the findings of this study, the study concluded that effective ICT practices have significant effect on financial reporting quality of selected tertiary institutions in Oyo state and supported by the following assumptions: that there is a significant correlation between ICT and financial reporting qualities of selected Tertiary Institutions because the correlation between ICT variables was found to be positive and significantly related to financial report quality corroborating with the works of Adewoye, (2019) and Shanker, (2016) which posited that the collective determination of investing on IT is to enhance organization's competitive advantages ,quality of financial reporting and, thus, its performance.

Arising from the above findings and conclusion, the following recommendations were made: Tertiary institutions in Oyo state should continue to deploy ICT as a strategic tool for improved financial reporting quality. Also, for financial reporting to be relevant, timely and understandable, tertiary institutions should invest more on IT devices, training of staff and proper maintenance of IT equipment.

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