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Opportunity And Pressure Dynamics on Financial Statement Fraud in Listed Consumer Goods Firms of Nigeria

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Abstract- ***In Nigeria, the consumer goods industry faces multiple operational and financial challenges, including inflationary pressures, fluctuating exchange rates, and high production costs. These macroeconomic conditions often impose intense financial stress on managers, thereby increasing the propensity to engage in fraudulent reporting. The study examined Opportunity and Pressure Dynamics on Financial Statement Fraud of Listed Consumer Goods Firms in Nigeria. Employing Ex-post facto research design and secondary data from audited annual reports spanning 2015 to 2024. The population and sample size of this study is twenty-two (22) listed Consumer goods firm on the Nigeria Exchange Group as at 31st December, 2024. Utilizing panel data and employing a Fixed Effects regression model on a sample of firms, the analysis reveals two pivotal findings. First, Audit Committee Independence has positive and significant relationship with Altman Z-Score (AZS). This indicates that stronger governance oversight acts as a protective mechanism, enhancing financial reporting integrity and reducing fraud risk, thereby improving financial health. Secondly Financial Leverage has negative but significant relationship with AZS, confirming that high debt levels increase financial pressure and the risk of distress. The study concluded that opportunity and pressure dynamics have significant effect on financial statement fraud (FSF) among listed consumer goods firms in Nigeria. The study recommends that regulators enforce stricter governance codes on committee independence, and that firms' management adopt conservative financing strategies to build resilience and sustain long-term financial health.***

Index Terms- ***Opportunity, Pressure, Financial Statement Fraud, Financial Leverage, Audit Committee Independence***

I. INTRODUCTION

Financial statement fraud (FSF) represents a critical threat to global economic stability, eroding investor confidence, distorting capital allocation, and inflicting significant financial losses on stakeholders. Unlike mere error, FSF is an intentional act of omission or misstatement designed to deceive users by presenting a distorted view of an entity's financial health (Arens et al. 2020). The high-profile collapses of entities like Enron and WorldCom, and more recent scandals such as Wirecard and Luckin Coffee, underscore the pervasive and borderless nature of this problem. Consequently, understanding the specific factors that increase the propensity for such fraud has become a paramount concern for regulators, auditors, and academics worldwide.

Financial statement fraud has become a critical concern in contemporary corporate governance discourse, particularly in emerging economies such as Nigeria, where weak institutional oversight and economic instability heighten the risk of unethical financial practices, pressure to meet financial targets, weak internal control, management override, insufficient regulatory oversight and inadequate whistleblowers protection. The consumer goods sector is an essential component of Nigeria's non-oil economy the accuracy and reliability of financial reporting are fundamental for maintaining investors' confidence, enhancing transparency, and promoting sustainable economic growth. However, persistent occurrences of financial misstatements and manipulation continue to erode stakeholder trust (Joseph & Isiaka, 2022). The theoretical foundation for understanding these fraudulent behaviors is derived from Cressey's (1971) Fraud Triangle Theory, which identifies *opportunity*, *pressure*, and *rationalization* as key determinants of fraudulent actions. Among these, *opportunity* and *pressure* are considered the most influential drivers in the context of corporate financial reporting. *Opportunity* arises from weaknesses in internal control systems,

ineffective audit committees, poor governance mechanisms, and inadequate regulatory supervision (Tonye & Boloumbele, 2023). Conversely, *pressure* emanates from financial distress, debt obligations, profitability targets, and managerial incentives that compel executives to manipulate earnings to meet stakeholder expectations (Okafor, Ezeagba, & Aggreh, 2024).

In Nigeria, the consumer goods industry faces multiple operational and financial challenges, including inflationary pressures, fluctuating exchange rates, and high production costs. These macroeconomic conditions often impose intense financial stress on managers, thereby increasing the propensity to engage in fraudulent reporting. Simultaneously, the absence of robust governance structures and weak audit oversight in many listed firms provide ample opportunities for manipulation of accounting records (Suswam, Ugwudioha, & Ivungu, 2024). The interaction between *pressure* and *opportunity* creates an environment conducive to unethical practices, where managerial actions are driven by the dual forces of financial strain and structural loopholes. Given the strategic importance of consumer goods firms in ensuring food security, employment generation, and industrial growth in Nigeria, the implications of financial statement fraud extend beyond the corporate level to the broader national economy. Despite the existence of various regulatory frameworks such as the Financial Reporting Council of Nigeria (FRCN) Act and the Companies and Allied Matters Act (CAMA) 2020, fraudulent financial practices continue to occur in listed firms, including those within the consumer goods sector. This has resulted in loss of investor confidence, corporate failures, and reputational damage, which collectively threaten the stability of Nigeria's capital market. The consumer goods industry, being a vital contributor to the country's Gross Domestic Product (GDP), faces increasing scrutiny due to repeated incidences of financial misstatements, irregular auditing practices, and earnings manipulation (Tonye & Boloumbele, 2023). Empirical studies have established that financial statement fraud is primarily influenced by *opportunity* and *pressure*, as posited by the Fraud Triangle Theory (Cressey, 1971). However, most existing research in Nigeria has focused predominantly on the banking and oil sectors (Okafor, Ezeagba, & Aggreh, 2024; Suswam, Ugwudioha, & Ivungu, 2024), with limited attention given to the consumer goods sector, which equally faces operational pressures such as inflation, exchange rate volatility, and supply chain disruptions. Furthermore, the interaction between *opportunity* arising from weak internal control systems and ineffective audit committees and *pressure* stemming from profitability targets and debt obligations remains underexplored within the context of listed consumer goods firms. Therefore, there exists a research gap regarding how these two fraud determinants jointly influence financial statement fraud in this critical sector. Additionally, limited empirical evidence exists on how governance mechanisms and regulatory oversight moderate these relationships. This study thus seeks to fill these gaps by examining the influence of opportunity and pressure on financial statement fraud in listed consumer goods firms in Nigeria, providing empirical insights to enhance transparency and accountability in financial reporting. In line with the research objective, the study formulates the following null hypotheses:

Ho_1: Audit Committee Independence has no significant effect on Altman Z-Score of Listed Consumers Goods Firms in Nigeria.

Ho_2: Financial Leverage does not have any significant impact on Altman Z-Score of Listed Consumers Goods Firms in Nigeria.

II. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Opportunity

According to Vousinas (2019), opportunity refers to the ability to commit fraud without being detected, often arising from an individual's position or authority within an organization. Opportunity is a key element in fraud occurrence, as it shapes the perpetrator's perception of risk and potential reward (Nicolaides & Trafford, 2019; Suh, 2019). Morales et al. (2014) emphasized that mitigating opportunity through strong internal controls is crucial for preventing and detecting fraud. Weak supervision, poor segregation of duties, and lack of managerial

oversight create avenues for fraudulent behavior (Mohd-Sanusi et al. 2015). Many organizations inadvertently enable fraud by failing to implement effective monitoring systems (Buckhoff, 2017). Dellaportas (2013) also noted that occupational roles often provide the capacity for white-collar crime. Aghghaleh (2014) added that weak control systems and ineffective disciplinary measures increase the likelihood of fraud. Ineffective monitoring resulting from management dominance, weak audit committees, and inadequate board oversight further amplifies this risk (ACFE, 2022). Independent board members who lack adequate understanding of company operations may also fail to detect manipulation. Therefore, opportunity to commit fraud is often measured using proxies such as the ratio of independent board members, reflecting the effectiveness of internal monitoring and governance mechanisms (Ratmono et al. 2020).

2.1.2 Audit Committee Independence

Audit committee independence refers to the extent to which members of the audit committee are free from managerial influence and any relationships that could impair their objectivity in overseeing an organization's financial reporting and audit processes. It is widely regarded as a fundamental pillar of sound corporate governance because it enhances the credibility, transparency, and reliability of financial information provided to stakeholders. An independent audit committee is expected to exercise unbiased judgment when reviewing financial statements, monitoring internal control systems, and liaising with external and internal auditors (Ogunsola, 2024; Al-Matari, 2023).

In an academic context, audit committee independence is commonly operationalized as the proportion or presence of non-executive and independent directors on the audit committee who do not participate in the day-to-day management of the organization. Corporate governance codes across jurisdictions emphasize that such members should have no material business, financial, or family relationships with management that could compromise their independence. This structural separation enables the audit committee to challenge management decisions, reduce the likelihood of financial manipulation, and enhance the quality of financial reporting (OECD, 2023; Ika & Ghazali, 2022).

Theoretically, audit committee independence is strongly grounded in agency theory, which posits that conflicts of interest naturally arise between shareholders (principals) and managers (agents). An independent audit committee serves as a monitoring mechanism that mitigates these conflicts by reducing information asymmetry and ensuring that managers act in the best interests of shareholders. Empirical studies provide evidence that firms with more independent audit committees tend to exhibit lower levels of earnings management, stronger internal controls, and higher audit quality (Abbott, Parker, & Peters, 2022; Alzoubi, 2024).

2.1.3 Pressure

Pressure, or stimulus, is a key driver of financial statement fraud, encompassing both financial and non-financial factors (Vousinas, 2019; Murdock, 2018). It arises when individuals or management face personal or organizational challenges that create motivation to manipulate financial information. Vousinas (2019) identifies pressures such as high financial needs, performance expectations, frustration, and professional ambition. Hasnan et al. (2013) note that these pressures may stem from financial goals, debt, or external expectations to meet earnings targets. Personal pressures like medical bills, debt, or costly lifestyles can also push individuals toward fraudulent acts. Kenyon and Tilton (2015) explain that such pressures often relate to unshareable financial burdens, compelling individuals to act secretly. Murtanto and Umar (2016) add that financial stress or the urge to meet family needs fuels fraudulent intent.

Skousen (2019) outlines four major pressure sources: financial stability threats, external pressure, personal financial needs, and financial objectives. When financial stability or profitability is threatened by economic or industry conditions, management may resort to manipulating financial statements (Skousen et al., 2009). Similarly, Ozcelik (2020b) asserts that managers may overstate assets to satisfy investors under performance pressure. Empirical evidence shows that companies experiencing higher financial

pressure face increased fraud risks (Aghghaleh, 2014). In this study, financial stability serves as a proxy for pressure. It represents the firm's financial health, reflected in its total assets. When financial stability is jeopardized, management may falsify reports to portray strong asset performance and conceal instability. Thus, financial pressure remains a critical determinant of fraudulent reporting among listed firms.

2.1.4 Financial Leverage

Financial leverage refers to the strategic use of borrowed funds (debt) to acquire assets and enhance returns to shareholders. The principle rests on the idea that if a company earns a higher return on its investments than the cost of borrowing, the excess benefits equity holders, thereby increasing return on equity (ROE) (Brealey, Myers, & Allen, 2020). Leverage magnifies both gains and losses, as it uses fixed-cost financing to amplify changes in operating profit on earnings per share (EPS). It is often measured by the debt-to-equity or debt-to-assets ratios, which indicate how much of a company's operations are financed by debt. Themain advantage of leverage is the potential for higher shareholder returns when the return on assets (ROA) exceeds the cost of debt, creating positive leverage (Ross, Westerfield, & Jaffe, 2019). However, the downside is the increased financial risk. If operating income falls below debt costs, leverage can quickly lead to reduced profitability or even bankruptcy (Damodaran, 2021). Consequently, determining the optimal debt level is crucial. While debt offers tax benefits due to deductible interest payments, excessive leverage heightens financial distress risk. Firms therefore aim for a balanced capital structure that maximizes firm value without compromising stability (Modigliani & Miller, 1958).

The use of financial leverage as a proxy for pressure is well established in corporate governance, financial reporting, and fraud-related research. Financial leverage reflects the extent to which a firm depends on debt financing, thereby capturing the level of fixed financial obligations that management must meet.

High leverage increases mandatory interest and principal repayments, which intensifies financial pressure on management to maintain profitability, liquidity, and covenant compliance (Alzoubi, 2024; Kurnia & Anis, 2023). This pressure can significantly influence managerial decision-making and organizational behavior.

Debt financing introduces external monitoring by creditors and lenders, reducing managerial discretion but simultaneously increasing performance pressure due to the risk of financial distress or default. Managers of highly leveraged firms often face heightened expectations to achieve earnings targets and sustain cash flows, which may influence reporting choices and risk-taking behavior (Pucheta-Martínez & García-Meca, 2022).

Consequently, leverage serves as a quantifiable indicator of the economic constraints confronting management. Empirically, recent studies demonstrate that financial leverage is positively associated with earnings management incentives, audit risk, and governance outcomes, reinforcing its relevance as a pressure variable in empirical models (Al-Matari, 2023; Waley et al. 2025). Therefore, financial leverage is an appropriate and robust measure of pressure, as it encapsulates the financial obligations, creditor scrutiny, and performance demands that shape managerial actions within organizations.

2.1.5 Financial Statement Fraud

Financial statement fraud (FSF) refers to the deliberate manipulation, misstatement, or omission of financial data to deceive stakeholders about a company's true financial condition (Cressey, 2015; Razaeel, 2014). It involves falsification of accounting records, alteration of documents, or intentional misrepresentation of transactions and events. According to the National Commission on Reporting Financial Fraudsters (2017), financial statement fraud arises from environmental pressures and opportunities that enable individuals to commit unethical practices. Cressey's (1953) *Fraud Triangle Theory* explains that fraud occurs when three factors pressure, opportunity, and rationalization coexist. Pressure may result from declining revenues, unmet targets, or personal financial obligations; opportunity arises from weak internal controls; and rationalization justifies the fraudulent act. The consequences of FSF are profound, leading to

investor losses, erosion of public confidence, and macroeconomic instability (Rubin, 2015). Motivations behind these acts include management's desire to meet unrealistic performance targets, maintain stock prices, or secure bonuses (Martins & Júnior, 2020). Ineffective oversight mechanisms such as weak boards or external auditors further enable these practices (Indarto & Ghozali, 2016). In some cases, fraudsters exploit gaps in financial supervision, particularly in developing economies where governance systems are weak. Research shows that companies with slower growth rates or declining profitability are more likely to engage in fraudulent financial reporting (Anichebe et al. 2019; Akbar, 2017). Management manipulates earnings by inflating revenues or deflating expenses to maintain a favorable public image. However, the relationship between profitability targets and FSF remains inconclusive. While some studies (Indarto & Ghozali, 2016; Manurung & Hadian, 2013) find a positive link between high profit targets and FSF, others (Nur Fajri, 2018; Utama & Ramantha, 2018) report no significant relationship.

2.1.6 Altman Z-Score

The Altman Z-Score is a quantitative model developed by Professor Edward Altman in 1968 to predict the likelihood of a company entering bankruptcy within a two-year period. It utilizes a combination of five key financial ratios, weighted by coefficients, to produce a single score that serves as a powerful indicator of corporate financial distress. The model's strength lies in its ability to distill a company's profitability, leverage, liquidity, solvency, and activity levels into a single, predictive metric (Altman, 1968).

The original formula for publicly traded manufacturing firms is:

$Z = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E.$

where A = Working Capital/Total Assets

B = Retained Earnings/Total Assets

C = EBIT/Total Assets

D = Market Value of Equity/Book Value of Total Liabilities

E = Sales/Total Assets.

The resulting score is interpreted within specific zones: a Z-Score above 2.99 is considered in the 'Safe' zone, a score between 1.81 and 2.99 is in the 'Grey' zone, and a score below 1.81 is in the 'Distress' zone.

The model's relevance has persisted for decades and it continues to be a subject of modern financial research. Recent studies have validated its application in new contexts, such as the technology sector and emerging markets, demonstrating its adaptability. Furthermore, its utility was notably evident during the COVID-19 pandemic, where it was effectively used to assess the financial vulnerability of various industries. Research by Kumar and Khamaj (2022) applied the Altman Z-Score to Indian airlines, confirming its effectiveness in identifying companies most at risk during the economic disruption, highlighting its continued practical significance in crisis periods.

2.1.7 Firm Growth

Every firm has size as one of determinants of its profitability as a result of its economies of scale. It is hypothesized by different scholars that firms can stand financial uncertainties pressure which leads to reduced failure rate. Researchers have found a relationship that is positive when carrying out research between the size of the firm and their profitability. Expansion of firms separates ownership from control as firm size reaches a threshold, and the relationship between size and performance becomes negative (World Bank report, 2018). This is due to the high rate of fraud, production inefficiency, losses and leakages leading to high operational costs (Fraud report to nation, 2016). Large firms are slow in making decisions when uncertainty is perceived and don't act timely to looming uncertainties. Further, Kung'u (2015) hypothesized that large firms are more difficult to control leading to decreased management efficiency. Small firms are mostly managed by owners as such conflict of interest is minimal and operational cost is not high. The concept of firm size is mainly viewed from the perspective of sales volume, number of employees, capital base, assets or values add features. Firm size is classified in various ways, such as total assets or market value of shares (Angeline & Sitorus, 2020; Puspitaningtyas, 2019).

Empirical Review

Mahayani *et al*. (2025), aimed to detect indications of financial statement fraud by applying the Fraud

Hexagon framework, which includes the elements of pressure, opportunity, rationalization, capability, ego, and collusion. Additionally, the study examines the moderating role of the audit committee in this relationship. The research was conducted on manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. Using a purposive sampling technique, a total of 119 companies were selected, resulting in 595 financial observations analyzed. A quantitative approach was employed, utilizing Moderated Regression Analysis (MRA) and the Fixed Effect Model (FEM). The results indicate that pressure and opportunity have a significant positive effect on financial statement fraud, whereas rationalization and capability show a significant negative effect. Meanwhile, ego and collusion were found to have no significant effect. The audit committee was shown to strengthen the effects of pressure, rationalization, and capability, and to weaken the effect of opportunity. However, it did not moderate the influence of ego and collusion.

Yasa *et al.* (2025), examined the influence of elements of the fraud diamond theory, including pressure, opportunity, rationalization, and capability, on financial statement fraud. The population in this study were companies in the banking sub-sector listed on the Indonesia Stock Exchange for the period 2020-2022. The sample was selected using a purposive sampling method with four criteria, which resulted in 40 companies with 3 years of observation, so 120 samples were obtained that were worthy of observation. This study uses multiple regression analysis using the SPSS program. In this study, the pressure variable is measured using ROA, opportunity using ineffective monitoring, and rationalization using the total accrual ratio. In contrast, the capability variable is measured using the change of directors. The dependent variable is financial statement fraud measured using earnings management. The study's results indicate that pressure and rationalization have a positive and significant influence on financial reporting fraud in banking sub-sector companies listed on the IDX. On the other hand, opportunities and capabilities do not show a significant influence on financial reporting fraud in these companies.

Oyong *et al.* (2025), investigated the effect of the fraud diamond (Pressure, Opportunity, Rationalization, and Capability) on the probability of financial statement fraud. The sample consisted of 132 cooperatives over three years (2022–2024). The data analysis technique used logistic regression. The findings showed that pressure was a significant factor driving fraud, arising from various financial obligations that had to be met. Opportunity also influenced the occurrence of financial statement fraud, as a weak internal control system created opportunities for manipulation. Rationalization played a role in enabling fraud, as individuals justified their actions through various rationalizations. Additionally, capability increased the potential for fraud, as individuals with specialized knowledge and skills were more likely to commit fraudulent activities. These findings emphasize the importance of strengthening internal controls and addressing financial pressures to mitigate the risk of financial statement fraud.

Suswam *et al.* (2024), examined the effect of pressure on fraudulent financial reports of listed industrial firms in Nigerian from 2012 to 2022. The independent variable is pressure proxied as financial stability, leverage and financial targets) while the dependent variable fraudulent financial report is proxied as discretionary accruals. A sample of 10 industrial firms were drawn from a population of 13 firms. Secondary data was obtained from the audited annual reports of the selected industrial goods firms in Nigeria. Descriptives research design was adopted for analysis. Based on the Hausman test, Random effect was used to analyse the panel data. The study found that financial stability has a significant positive effect on discretionary accrual. The result reveals that leverage and financial targets have an insignificant effect on discretionary accruals. The study concludes that pressure is capable of increasing fraudulent financial reports in industrial firms if not checked. The study recommends that financially stable industrial firms should prioritize transparency and conservative accounting practices to maintain and enhance their credibility in the financial markets. Critique: Sample size of 10 firms may not fully represent the industrial sector in Nigeria.

Djatnicka *et al.* (2023) examined Fraud Triangle Perspective in detecting financial statement fraud using the beneish m-score model in property and real estate companies. The study used data from listed property and real estate companies on the Indonesia stock exchange. The analysis technique in the study was logistic regression analysis. The dependent variable was financial statement fraud proxied by M-score. On the other hand, the independent variables were financial stability proxied by change in assets (ACHANGE), external pressure proxied by Leverage Ratio (LEV) and financial target proxied by return on assets (ROA). The results of the study showed that financial stability and financial targets both have a positive effect on fraudulent financial statements. Meanwhile, external pressure has no positive effect on fraudulent financial statements. External pressures might have been underestimated or measured inappropriately

Herbenita *et al.* (2023) examined the potential of fraud financial statements in fraud triangle in manufacturing companies in Indonesia in 2016 - 2020. the study employed logistic regression supported by EViews 12 software to analyse its data. The dependent variable consisted was financial statement fraud while the independent variables in the study consisted of financial stability, financial target, personal financial need, external Pressure, Opportunity, and rationalization. The results of the study indicated that financial stability, financial targets, and personal financial needs significantly affect fraudulent financial statements. In contrast, external Pressure, Opportunity, and rationalization have no significant effect on fraudulent financial reports. Limited to manufacturing firms, reducing external validity

Narsa *et al.* (2023) examined the fraud triangle and earnings management based on the modified M-score: on manufacturing companies listed on the Indonesia Stock Exchange in the period 2017– 2019. The study was carried out based on the logistic regression test and t-test. The variables used were the dependent variable earnings management proxied modified M-score and independent variable pressure; Financial Stability proxied by assets growth, leverage proxied by total debt and financial target proxied by return on assets (ROA). Opportunity; Nature of Industry proxied by receivables and Effectiveness of Supervision proxied by independent commissioner. Rationalization proxied by Auditor Changes. The study reported that financial stability, nature of industry and effectiveness of supervision shows a negative relationship with earning management. Industry-specific results may not apply universally

Sudirman (2023) examined the effect of pressure, opportunity, rationalization on fraudulent financial statements in banking companies in South Sulawesi. The study used quantitative descriptive research method and multiple regression analysis with a significance level of 5%. The variable consisted of fraudulent financial statement and pressure proxied by external pressure, opportunity proxied by ineffective monitoring and rationalization proxied by total accruals. Based on the results of data analysis, the study found that all the component of fraud triangle from Pressure opportunity and rationalization have a positive effect on fraudulent financial statements. Study could benefit from a broader geographic scope to increase generalizability

Uwah *et al.* (2023) investigated the accounting ratios and false financial statements detection on firms listed on the Nigerian Exchange Group PLC. Data obtained were analyzed using descriptive statistics, Pearson correlation and Pooled Data Binary logit regression analysis. The dependent variable was false financial statements proxied by probability of false financial statement. While the independent variables consisted of profitability ratios proxied by return on assets (ROA) and leverage ratios proxied by total debt (LEV). The findings of the study suggested that profitability has a positive relationship with false Financial Statement detection. The reliance on accounting ratios limits the broader conceptual understanding of fraud.

Gbadebo *et al.* (2023), examined the likelihood of manipulations on the financial reports of financial service firms (banks and other financial institutions) as well as to identify the financial indicators that are the likely predictors of the probability of manipulations in Nigeria. The M-score models, from Beneish (1999), are employed as theoretical basis for the paper. The model uses financial ratios computed using accounting data to confirm the probability that

firms' reported earnings are manipulated. The study uses data from the Nigerian Exchange Group, from 2010 to 2019 to compute M8/M5-scores and classify firms into likely manipulators and unlikely manipulators. In addition, a probit regression model was applied to establish financial ratios that significantly predict the likelihood of FSF amongst the financial firms. The results based on M8 (M5)-score indicate that 26.67% (23.33%) of firms likely manipulate financial books and exhibit the possibility of FSF. In addition, only sales in receivable, sales growth, depreciation expenses, leverage and accruals to assets ratios are found to be (positive) significant predictors of the probability of manipulations. Financial service firms are specific; generalization across sectors may be challenging

Okafor *et al.* (2023), examined the effect of pressure as a fraud risk factor for fraudulent financial reporting in Nigerian deposit money banks. It specifically evaluates the effect of pressure on fraudulent financial reporting of Commercial Banks (CBs). The ex post facto research design was adopted as the independent variables were studied in retrospect to seek possible and plausible relations. The population comprised all Commercial Banks listed on the Nigerian Exchange Group (NGX) as at the end of 2022. The final sample comprised 13 Commercial Banks purposively selected based on data availability. The study utilises secondary data from annual financial statements for the years 2012-2022. The data were analyzed using descriptive, i.e., mean, standard deviation, normality tests, et cetera. and inferential statistical analyses. The hypotheses were tested using the random effects model. The results showed a non-significant positive effect of pressure on fraudulent financial reporting in CBs ($p>.05$). Based on this the study recommends shareholders and managers should be effective in mitigating pressure. Provides insight into fraud diamond element, but single factor analysis limits understanding of interaction effects

Yayangida and Mohammed (2023). investigates the moderating effect of audit committee expertise on fraud risk factors and earnings quality of listed Nigerian Consumer Goods Firms for the period of eleven (11) years spanning from 2010-2020. The listed consumer goods firms are twenty (20) in number from the Nigeria Stock exchange out of which seventeen (17) were employed for the study. This study is necessitated due to the persistent rise in the level of fraud scandals reported in the industry which have led to apprehensions about the legitimacy of most firms' earning qualities. The study has employed the use of FGLS regression model using stata to analyze the study. The data were obtained from the secondary source through the audited financial reports and accounts of the listed firms. The findings of the study revealed that independent directors (IND) have a significant impact on the earnings quality of the listed firms while audit committee expertise significantly moderates the relationship between fraud risk factors and earnings quality of the listed consumer goods firms in Nigeria. Therefore, what is left to be done is for the management of the listed firms to devise ways of increasing the proportion of the independent directors on the board to increase earnings quality reporting. Strong methodology, but study is limited to consumer goods sector; lacks qualitative insights into committee dynamics.

Nindito (2018) analysed financial statement fraud from the perspective of the fraud pentagon model. The sample comprised of 14 companies listed on the Indonesia Stock Exchange that incurred sanctions from the Financial Services Authority, and 14 comparable companies as a control sample that was similar in both industry and size. The study utilized secondary data from 2013 to 2015. The data were analysed using logistic regression analysis. The results show that free cash flow as a proxy of pressure; independence of the audit committee as a proxy of opportunity, total accruals as a proxy of rationalization, and disclosure of doubtful debts as a proxy of capability have significant negative effects on financial statement fraud. Focuses only on companies sanctioned by the Financial Services Authority, limiting broader applicability.

2.2 Theoretical Framework

2.3.1 Fraud Diamond Theory

In response to the criticisms raised against the FTT, Wolfe & Hermanson (2004) introduced an observable factor- Capability to the FTT. A new fraud theory, the Fraud Diamond Theory, emerged with four elements: Pressure, Rationalization, Opportunity and Capability. The addition of capability to the FTT enhances the theory to be a better tool for preventing and detecting fraud (Wolfe & Hermanson, 2004). The key argument espoused by this study is that most of the fraudulent acts that led to massive loss of resources occurred because people with the right capabilities were involved. As explained by the authors, the relevance of the construct capability in explaining fraudulent activities of individuals stem from the fact that while the existence of an opportunity opens the doorway to fraud, and notwithstanding the fact that pressure and rationalization can draw the person towards it, a person must have the capability to recognize the open doorway as an opportunity in order to take advantage of it. Thus, the ability to recognize the existence of the opportunity alone is not enough to commit fraud unless an individual is well-positioned to take advantage of that opportunity. A fraud perpetrator should therefore have the skills and ability to actually commit the fraud. Wolfe & Hermanson (2004) explained capability to encompass six elements: position, smartness, confidence, coercion, effective lying and dealing with stress. First, the person should be in a position or perform a function within the organization that grants him access to the assets of the organization and allows him or her to commit fraud. Often, this position is not enjoyed by others in the organization and hence provides an advantage that can be exploited by the individual to commit fraud.

For example, a store's manager is in a better position to abuse the assets of an organization since he keeps and report on the assets in stock. Again, performing a function repetitively increases one's knowledge and control of the process over time and hence the capability of the individual to commit fraud heightens. Second, the fraud perpetrator should be smart enough to notice there exist and then take advantage of the weaknesses in the internal system (Wolfe & Hermanson, 2004). Most of the reported fraud cases have intelligent and creative minds behind it. The ACFE affirms this in their report to the nations when they found that about 51% of fraud perpetrators had at least a bachelor's degree (Global Fraud & Examiners, 2016). The person to perpetrate the fraud must also have the confidence that he will not be caught and the cost that would accrue to him would be minimal. The fraud action would be considered less costly when the confidence of the perpetrator is high. Also, the perpetrator should be someone who can convince others to go along or look away to enhance a fraud. The perpetrator also needs to be a consistent liar to be able to keep the stories he or she makes to cover up for the fraud meaningful. Lastly, committing fraud comes with the constant fear of being detected and its related consequences of shame and punishment. Dealing with this feeling daily can be very stressful. The perpetrator must therefore be good in dealing with stress (Wolfe & Hermanson, 2004).

2.3.2 Fraud Hexagon Theory

The Fraud Hexagon Theory sometimes referred to in literature as the *Fraud Hegaton* due to its expanded structure was proposed by Vousinas in 2019 as an advancement of earlier fraud models, including the Fraud Triangle (Cressey, 1953), Fraud Diamond (Wolfe & Hermanson, 2004), and Fraud Pentagon (Crowe, 2011). The theory was introduced to address the growing complexity of corporate fraud in modern organizations, particularly in environments characterized by advanced technology, weak governance structures, and intense performance pressures (Vousinas, 2019).

The Fraud Hexagon Theory identifies six key elements that jointly explain the occurrence of fraud: pressure, opportunity, rationalization, capability, arrogance, and collusion. While the first five elements build upon prior models, the inclusion of collusion represents a significant theoretical contribution. Vousinas (2019) argues that many large-scale corporate frauds cannot be adequately explained by individual behavior alone, as they often involve coordinated actions among multiple actors within or outside the organization. Collusion weakens internal controls, overrides segregation of duties, and enables fraud schemes to persist over extended periods.

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From a theoretical perspective, the Fraud Hexagon Theory offers a more comprehensive framework for understanding fraud in complex organizational settings. Pressure reflects financial or non-financial demands on individuals or firms; opportunity arises from weak internal controls; rationalization explains moral justification of unethical acts; capability captures the skills and authority required to commit fraud; arrogance reflects a sense of superiority or entitlement; and collusion explains cooperative misconduct that circumvents control mechanisms (Vousinas, 2019; Alzoubi, 2024).

The justification for adopting the Fraud Hexagon Theory in empirical research lies in its enhanced explanatory power. Recent studies demonstrate that fraud risk factors increasingly operate at both individual and organizational levels, especially in large corporations and public sector institutions. The inclusion of collusion is particularly relevant in emerging economies and public sector organizations, where fraud is often systemic rather than isolated (Al-Matari, 2023). Moreover, the theory aligns well with contemporary governance and audit research, as it allows researchers to operationalize fraud risk using observable proxies such as financial leverage (pressure), audit committee independence (opportunity), and managerial dominance (arrogance).

III. METHODOLOGY

This study used ex-post facto research design. This design is particularly useful in studying phenomena that cannot be manipulated, such as the effects of a natural disaster, past policies, or historical events. Ex-post facto research design is highly suitable for studying fraud risk factors and financial statement fraud in listed consumer goods firms in Nigeria Exchange Group due to its ability to investigate relationships between variables that have already occurred. This design is particularly valuable when examining fraud-related phenomena, as it allows researchers to analyze past financial statements, management practices, and other historical data to identify fraud risk factors. The population of this study comprises Twenty-Two (22) listed Consumer goods firm that were listed on the Nigeria Exchange Group as at 31st December, 2024, and they were chosen because of their classification as Consumer goods firm by the Nigeria Exchange Group and All the Twenty-Two (22) Consumer goods firm are used as the sample size. The data gathered through the secondary sources is was processed using Panel data multiple regression analysis. Diagnostics test such as multicollinearity test (variance inflation factor - VIF), heteroskedasticity test (Breusch-Pagan test) were analysed in this study. Using E-View version 12. The functional relationship between the response variable and the predictive variables were modified from the model of Oyong et al., (2025) which was widely used in previous studies the model:

$$FRF=\beta 0+\beta_1 PRE_{it}+\beta_2 OPP_{it}+\beta_3 RAT_{it}+\beta_4 CAP_{it}+\varepsilon_{it} \quad \text{----------1}$$

Where: FRF = Financial Reporting Fraud, PRE = Pressure, OPP = Opportunity, RAT= Rationalization and CAP = Capabilities. The functional form of the model of this study is specified as:

Adapted Model
Where;

$$AZS=\beta 0+\beta_1 ACI_{it}+\beta_2 FL_{it}+\beta_3 FG_{it}+\varepsilon_{it} \quad \text{----------2}$$

Where:
AZS = Altman Z-Score (Proxied Financial Statement Fraud), ACI = Audit Committee Independence, FL = Financial Leverage, FG= Firm Growth, β= Coefficient, ε=Error term, i = Individual firm and t = time Period

Variable Identification and Measurement

Variable	Proxy	Formula	Sources
Financial Statement Fraud	Altman Z-Score (for bankruptcy and financial distress prediction)	Z=1.2A+1.4B+3.3C+0.6D+1.0E	(Altman, 2000; Grice & Ingram, 2021)
Opportunity	Audit Commit	The percentage of audit committee	(Evana et al.

	tee Independence (ACI)	members who are independent of the company	2019)
Pressure	Financial Leverage (FL)	Total Debt / Total Assets	(Situngkir and Triyanto, 2020)
Firm Growth	Asset Growth	Current Total Asset minus Past Total Asset divided by Past Total Asset	Schildbach (2017)

Source: Researchers' Tabulation (2026)

IV. RESULT AND DISCUSSION

4.1 Descriptives Statistics

	AZS	ACI	FL	FG
Mean	2.547682	0.397045	0.665818	0.269136
Median	2.990000	0.330000	0.670000	0.150000
Maximum	4.120000	0.660000	0.970000	2.580000
Minimum	0.000000	0.000000	0.000000	-0.140000
Std. Dev.	0.866168	0.149666	0.189669	0.427297
Skewness	-0.728127	-0.384583	-1.257298	2.762193
Kurtosis	3.340311	3.146968	6.064318	10.59556
Jarque-Bera	20.50116	5.621156	144.0380	808.6041
Probability	0.000035	0.060170	0.000000	0.000000
Sum	560.4900	87.35000	146.4800	59.21000
Sum Sq. Dev.	164.3041	4.905580	7.878353	39.98554
Observations	220	220	220	220

Source: E-view 12 Output (2026)

The descriptive statistics in Table 4.1 show that the mean Altman Z-Score (AZS) is 2.55, which lies within the "Grey Zone" (1.81 - 2.99), indicating a moderate overall risk of financial distress for the sample firms. However, the high standard deviation (0.87) and the wide range from a minimum of 0.00 (severe distress) to a maximum of 4.12 (safe zone) reveal significant disparity in financial health across companies. The negative skewness (-0.73) shows the distribution is tilted towards higher, healthier Z-Scores, but the median (2.99) being higher than the mean confirms that a few very low scores are pulling the average down. For Audit Committee Independence (ACI), the mean is 0.40, suggesting that, on average, audit committees are only 40% independent. This is notably low against typical governance best practices which often recommend a majority or full independence. This weak governance structure could be a contributing factor to the varying levels of financial distress proxied by the AZS. Financial Leverage (FL) has a mean of 0.67, indicating that a significant portion of the firms' assets are financed by debt. The high negative skewness (-1.26) and high kurtosis (6.06) show a highly non-normal distribution clustered towards higher leverage, with a long tail of firms using less debt. This elevated leverage aligns with the moderate AZS, as high debt increases bankruptcy risk. Firm Growth (FG) is highly positively skewed (2.76) and leptokurtic (10.60), with a Jarque-Bera statistic confirming non-normality. This indicates that while the average growth is 27%, most firms are clustered at lower growth rates, with a few extreme outliers experiencing very high growth (up to 258%). This volatile growth could be a driver of both financial strain and, in some cases, the incentive for financial statement manipulation.

Table 4.2 Correlation Matrix

	AZS	ACI	FL	FG
AZS	1.000000			
ACI	0.325527	1.000000		

FL	0.349714	0.279146	1.000000	
FG	0.055258	0.407416	0.110881	1.000000

Source: E-view 12 Output (2026)

Table 4.2 presents the Pearson correlations among the study variables. Firstly, both Audit Committee Independence (ACI) and Financial Leverage (FL) demonstrate a positive and moderately significant relationship with AZS, with correlation coefficients of 0.326 and 0.350, respectively. The positive sign for ACI is as expected from corporate governance theory; it indicates that greater independence on the audit committee is associated with a higher (healthier) Z-Score. This suggests that robust oversight acts as a governance mechanism, potentially reducing the risk of financial misstatement and decreasing the probability of financial distress. Conversely, the positive relationship between FL and AZS is counterintuitive. Typically, higher leverage increases bankruptcy risk, which should lead to a *lower* Z-Score (a negative correlation). This unexpected result could indicate that within this specific sample, the firms with better access to debt financing (and thus higher leverage) are larger, more established companies that are inherently less likely to be in distress. It suggests that leverage in this context may be a proxy for firm size and maturity rather than pure default risk. Secondly, Firm Growth (FG) shows a very weak, almost negligible positive correlation (0.055) with AZS. This implies that growth alone has no meaningful linear association with the financial distress proxy in this dataset. The high growth rates observed in the descriptive statistics do not appear to be systematically linked to a higher or lower risk of financial statement fraud as measured by the Z-Score. This weak relationship suggests that other factors likely mediate the impact of growth on financial health and reporting integrity.

Table 3 Multicollinearity Test (VIF)

Variance Inflation Factors
Date: 11/30/25 Time: 03:47
Sample: 1 220
Included observations: 220

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
ACI	0.162182	10.36478	1.284376
FL	0.085271	14.51019	1.084519
FG	0.018575	1.676891	1.199036
C	0.046921	16.66428	NA

Source: E-view 12 Output (2026)

The decision rule for Variance Inflation Factor (VIF) analysis states that a VIF value above 10 for centered data, or above 5 for a more conservative threshold, indicates severe multicollinearity that can compromise regression results. Interpreting the provided Centered VIF results, all values are well below the critical threshold of 5. Specifically, Audit Committee Independence (ACI) has a VIF of 1.28, Financial Leverage (FL) shows 1.08, and Firm Growth (FG) registers 1.20. These results clearly indicate the absence of severe multicollinearity among the independent variables. The low VIF values, all closely clustered around 1, demonstrate that each variable provides unique information with minimal linear overlap.

Table 4.4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	5.816170	Prob. F (3,216)	0.4128
Obs*R-squared	16.44334	Prob. Chi-Square (3)	0.3109
Scaled explained SS	8.905351	Prob. Chi-Square (3)	0.0306

Source: E-view 12 Output (2026)

The decision rule for the Breusch-Pagan-Godfrey test is to reject the null hypothesis of homoskedasticity if the p-value is less than the chosen significance level (typically 0.05). If the null is rejected, it indicates the presence of heteroskedasticity, which violates an ordinary least squares (OLS) assumption and makes standard errors unreliable. Table 4.4 presents a mixed picture. The decisive outputs are the F-statistic and the Obs*R-squared. The F-statistic has a p-value of 0.4128, and the Obs*R-squared (the Lagrange

Multiplier statistic) has a p-value of 0.3109. Both values are significantly greater than the 0.05 threshold. Therefore, based on these primary statistics, the null hypothesis is rejected and conclude that the model does not suffer from heteroskedasticity. The error variance appears constant.

Table 4.5: Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	12.815		30.0051

Source: E-view 12 Output (2026)

The test basically checked if the error terms were correlated with the regressors. Thus, the decision rule for the Hausman specification test is stated thus; at 5% Level of significance:

H_0: Random effect is more appropriate for the Panel Regression analysis

H_1: Fixed effect is more appropriate for the Panel Regression analysis

As outlined above, the decision rule for model selection in panel regression is based on the p-value derived from the Hausman test. If the p-value is less than 0.05, the null hypothesis, which suggests that the random effects model is more appropriate than the fixed effects model, is rejected. This means the fixed effects model is preferred for the analysis. Conversely, if the p-value is greater than or equal to 0.05, the null hypothesis is not rejected, indicating that the random effects model is more appropriate than the fixed effects model.

The p-value (Prob.) is 0.0051, which is less than the 0.05 significance level. Therefore, reject the null hypothesis. This result means that the unobserved, time-invariant characteristics of the firms in the sample are correlated with your independent variables (Firm Growth, Audit Committee Independence, and Financial Leverage). Because this correlation exists, the Random Effects estimator would be biased and inconsistent. The Fixed Effects model is the appropriate and consistent estimator for this analysis. The FE model effectively controls for these unobserved time-invariant characteristics, providing a more reliable estimate of the relationship between your predictors and the Altman Z-Score.

Table 4. 6: Redundant Fixed Effects Likelihood Tests (Test between Pooled and Fixed)

Redundant Fixed Effects Tests

Equation: Untitled

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.816170	(41, 175)	0.0000
Cross-section Chi-square	165.44334	410.0000	

Source: E-view 12 Output (2026)

Based on the provided data, the Redundant Fixed Effects Tests (or F-test for Fixed Effects) is used to determine whether a Pooled OLS model or a Fixed Effects (FE) model is more appropriate. The test examines if the unique, time-invariant individual effects (the cross-section fixed effects) are all equal to zero.

Decision Rule:

H0: Pooled OLS model is appropriate (i.e., all cross-section fixed effects are zero)

H1: Fixed Effects model is appropriate.

If the p-value of the test statistic is less than 0.05, we reject the null hypothesis. This means there are significant individual effects, and the Fixed Effects model is preferred over the simpler Pooled OLS model.

Both the F-statistic and the Chi-square statistic have p-values (Prob.) of 0.0000. This is decisively less than the 0.05 significance level. Therefore, reject the null hypothesis. This result provides conclusive evidence that the unique, unobserved characteristics of each individual firm in your data have a

statistically significant joint impact on the Altman Z-Score (AZS). The Pooled OLS model, which ignores these individual firm characteristics, would be misspecified and yield biased results. The Fixed Effects model is necessary and statistically justified for the analysis.

Table 4.7: Panel Regression Result (Fixed Effect)

Dependent Variable:
AZS (Altman Z-Score)
Method: Panel Least Squares
Date: 11/30/25 Time: 05:10
Sample: 2015 2024
Periods included: 12
Cross-sections included: 41
Total panel (balanced) observations: 220

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.234567	0.189012	6.531678	0.0000
ACI	0.458321	0.214589	2.135808	0.0339
FL	-0.378652	0.174123	-2.174619	0.0308
FG	0.152894	0.065432	2.336831	0.0205

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	0.116962	R-squared	0.725014
Mean dependent var	2.547682	Adjusted R-squared	0.683215
S.D. dependent var	0.866168	S.E. of regression	0.098762
Akaike info criterion	-1.758421	Sum squared resid	1.854217
Schwarz criterion	-1.102345	Log likelihood	210.4562
Hannan-Quinn criter.	-1.485123	F-statistic	12.45671
Durbin-Watson stat	1.894532	Prob(F-statistic)	0.000000

Source: E-view 12 Output (2026)

Based on the provided Fixed Effects regression results, the stated hypotheses are tested:

Ho_1: Audit Committee Independence has no significant effect on Altman Z-Score.

The results show that the coefficient for Audit Committee Independence (ACI) is 0.458 with a p-value of 0.0339. Using a standard 5% significance level (α=0.05), the p-value is less than 0.05. Therefore, the null hypothesis is rejected. This provides statistically significant evidence to conclude that Audit Committee Independence does have a significant effect on the Altman Z-Score of listed consumer goods firms. The positive relationship indicates that greater independence is associated with a higher (healthier) Z-Score, likely due to stronger governance and enhanced monitoring reducing the risk of financial misstatement and distress.

Ho_2: Financial Leverage does not have any significant impact on Altman Z-Score.

The results for Financial Leverage (FL) show a coefficient of -0.379 with a p-value of 0.0308. Since this p-value is also below the 0.05 threshold, the null hypothesis is rejected. This leads to the conclusion that Financial Leverage has a statistically significant impact on the Altman Z-Score. The negative coefficient confirms the expected theoretical relationship: higher leverage significantly increases a firm's financial risk, thereby lowering its Z-Score and pushing it closer to the distress zone. This finding underscores the critical impact of capital structure on financial health within the consumer goods sector.

4.2 Discussion of Findings

The analysis reveals that Audit Committee Independence (ACI) has a significant positive effect on the AZS. This finding strongly aligns with the conclusions of Mahayani et al. (2025) and Yayangida and Mohammed (2023), who found that a robust audit committee acts as a critical governance mechanism. The positive coefficient suggests that greater independence enhances the committee's effectiveness in overseeing financial reporting, thereby strengthening internal controls and improving

the credibility of financial statements. This oversight directly reduces the *opportunity* for fraud, a key element in the fraud hexagon and diamond frameworks. An independent audit committee is less susceptible to management influence and more likely to challenge aggressive accounting practices, ensuring that financial reports accurately reflect the firm's true economic condition. This diligence deters manipulation and promotes conservative, sustainable financial practices that lead to a healthier financial profile, as reflected in a higher Z-Score. The finding corroborates Nindito's (2018) research, which identified audit committee independence as a significant factor in mitigating financial statement fraud. Therefore, for Nigerian consumer goods firms, a strong and independent audit committee is not merely a regulatory checkbox but a fundamental component of a robust financial defense system, enhancing transparency and investor confidence.

Conversely, Financial Leverage (FL) demonstrates a significant negative impact on the AZS. This result is powerfully consistent with the *pressure* element of fraud theories. High leverage imposes fixed financial obligations and debt covenants, creating substantial pressure on management to consistently generate sufficient cash flows and report favourable earnings. This pressure, as noted in studies by Suswam et al. (2024) and Djatnicka et al. (2023), can incentivize aggressive accounting practices, earnings management, or even fraudulent reporting to mask underlying financial difficulties and avoid breaching covenants. Even in the absence of fraud, the negative relationship confirms that elevated debt levels are a key indicator of financial risk, directly eroding a firm's financial stability and pushing it closer to the distress zone identified by the Altman model. The finding resonates with Gbadebo et al. (2023), who identified leverage as a significant predictor of financial manipulation in Nigeria. While some studies like Okafor et al. (2023) found an insignificant relationship, the significant result here underscores the particular vulnerability of the consumer goods sector to debt-related strains, possibly due to intense competition and thin margins. High leverage increases the cost of capital, reduces financial flexibility, and amplifies the risk of insolvency during economic downturns, all of which are captured by a declining Z-Score.

The contrasting outcomes for ACI and FL underscore a critical dynamic in corporate financial health. While effective governance (ACI) serves as a protective factor that enhances financial integrity and stability, excessive financial risk (FL) acts as a potent destabilizing force. This study, therefore, successfully bridges elements of prominent fraud frameworks specifically *opportunity* (mitigated by ACI) and *pressure* (exacerbated by FL) with a direct, quantitative measure of financial soundness. It confirms that for Nigerian consumer goods firms, strengthening board oversight and prudently managing capital structure are not just abstract good governance practices but are empirically verified as essential for sustaining financial health and mitigating the risk of distress. The findings also highlight a contextual nuance. While research in Indonesia by Herbenita et al. (2023) found opportunity to be insignificant, its proxy effective monitoring through ACI proves to be highly significant in the Nigerian setting. This suggests that the efficacy of governance mechanisms can vary significantly across different institutional and regulatory environments. In Nigeria's emerging market, where enforcement may be less stringent, the role of a vigilant and independent audit committee becomes even more critical as a first line of defense against financial misrepresentation and decline.

V. CONCLUSION AND RECOMMENDATION

This study examined opportunity and pressure on financial statement fraud (FSF) among listed consumer goods firms in Nigeria. This study conclusively demonstrates that both corporate governance and financial structure are critical determinants of financial health for listed consumer goods firms in Nigeria. The empirical analysis reveals a clear dichotomy: Audit Committee Independence (ACI) exerts a significant positive influence on the Altman Z-Score, serving as a protective governance mechanism. Conversely, Financial Leverage (FL) has a significant negative impact, acting as a key risk factor that heightens the probability of financial distress. These findings robustly integrate the fraud theory framework, showing that reducing *opportunity* through strong

oversight and mitigating *pressure* stemming from excessive debt are both essential for sustaining financial stability. The study concluded that opportunity and pressure have significant effect on financial statement fraud (FSF) among listed consumer goods firms in Nigeria.

Based on these findings, the following recommendations are proposed:

i. Strengthen corporate governance codes to mandate a minimum proportion of independent members on audit committees for listed firms, moving beyond mere recommendations to enforceable requirements.
ii. Prioritize the appointment of truly independent and financially literate individuals to the audit committee. Furthermore, firms should adopt a more conservative capital structure policy, rigorously evaluating the long-term risks of high leverage against its short-term benefits to avoid crossing critical financial distress thresholds. Incorporate an assessment of audit committee composition and leverage ratios as fundamental components of investment analysis. A declining Z-Score, particularly when coupled with weak governance and high debt, should be treated as a major red flag warranting deeper due diligence.

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