

THE IMPACT OF EARNINGS MANIPULATION ON
PROFITABILITY OF SELECTED DEPOSIT MONEY BANKS IN
NIGERIA

BY

GEORGE, THANKGOD IZIBEALUA

ND/ACCTS/22/

A PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF NATIONAL DIPLOMA IN
ACCOUNTANCY IN THE DEPARTMENT OF ACCOUNTANCY
SCHOOL OF MANAGEMENT SCIENCES
BAYELSA STATE POLYTECHNIC, ALEIBIRI

SEPTEMBER, 2024

DECLARATION

I declare that this project is based on a study conducted by me, Thankgod George, in the Department of Accountancy, Bayelsa State Polytechnic, Aleibiri under the supervision of Mr. Anderson Obalakumo. This project report has not been submitted elsewhere for the award of a degree. The ideas and views of the research project are products of research undertaken by me. Where the ideas and views of other authors/researchers have been expressed, they have been duly acknowledged.

Name: Thankgod George Sign:..... Date:.....

CERTIFICATION

The project, the impact of earnings manipulation on profitability of selected deposit money banks in Nigeria, meets the regulations governing the award of National Diploma in Accounting, Department of Accountancy, School of Management Sciences, Bayelsa State Polytechnic, Aleibiri.

Mr. Anderson Obalakumo
<i>Project Supervisor</i>	Signature	Date

Dr. Laimé Isaac Odogu
<i>Head of Department</i>	Signature	Date

Dr. James Binatari Poyeri
<i>Dean, School of Management Sciences</i>	Signature	Date

DEDICATION

This project is dedicated to God Almighty for His faithfulness and goodness to me all through my studies.

BAYELSA STATE POLYTECHNIC, ALEIBIRI

ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to God Almighty for keeping me alive to see the end of this programme.

My special thanks go to all my lecturers at Bayelsa State Polytechnic, especially my project supervisor, Mr. Anderson Obalakumo, for all his effort in making me a better student, especially in respect of this work, Dean of our school, Dr. James Poyeri, our amiable HOD, Dr. Laim Isaac Odogu, Dr. Sunday Zibaghafa, Mr. Sulaiman Disu, Mr. Timinipre Okpobo and other lecturers, for the knowledge they have imparted in me throughout my programme.

BAYELSA STATE POLYTECHNIC, ALIBORI

ABSTRACT

This study examined the impact of earnings manipulation on profitability of selected deposit money banks in Nigeria. Specifically, this study examined the impact of loans loss provision, size of total assets and firm age on return on assets of selected quoted deposit money banks in Nigeria, using cross sectional data from 2019 to 2023. The research design that this study adopted is ex-post facto research design. The population of this study comprised five (5) quoted deposit money banks in Nigeria with international authorization, hence it served as the sample of the study. Therefore, the deposit money banks under study are: Access bank Plc, Fidelity Bank, Sterling Bank, United bank for Africa Plc and Zenith Bank. Data were collected from the annual reports and accounts while the study employed multiple regressions using pooled OLS regression, particularly Stata 11.1. findings from this study showed that there is a negative relationship between earnings management and financial performance of selected deposit money banks in Nigeria. Thus, it was recommended that the Financial Reporting Council of Nigeria (FRCN) should be empowered to draft a well-structured framework of accounting regulation, accept, review and investigate financial statements of all DMBs quoted on the NSE to ensure compliance with GAAP, IFRS, CAMA and other financial reporting Act.

TABLE OF CONTENTS

Title page	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgements	v
Abstract	vi
Table of contents	vii
List of Tables	ix

CHAPTER ONE: INTRODUCTION

1.1	Background to the study	1
1.2	Statement of the problem	2
1.3	Objectives of the study	5
1.4	Research Questions	5
1.5	Statement of Hypotheses	6
1.6	Significance of the study	6
1.7	Scope of the study	7
1.8	Definition of Terms	7

CHAPTER TWO: LITERATURE REVIEW

2.1	Conceptual Review	9
2.2	Theoretical Framework	24
2.3	Empirical Review	26

CHAPTER THREE: METHODOLOGY

3.1	Research Design	30
3.2	Characteristics of Study Population	30
3.3	Sampling Design and Procedures	31
3.4	Data Collection Instrument	31
3.5	Operational Measure of Variables	31
3.6	Method of Data Analysis	32

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1	Data Presentation	33
4.2	Test of Research Hypotheses	36
4.3	Discussion of Findings	36

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1	Summary of Findings	38
5.2	Conclusion	38
5.3	Recommendations	39

References		40
-------------------	--	----

LIST OF TABLES

Chapter 4: Data Presentation and Analysis

Table 1	Descriptive Statistics	33
Table 2	Correlation Matrix	33
Table 3	Pooled Regression Result	34

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

One of the objectives of any particular company is profit maximization, and the financial reports of an organization are shown by an information management to assess the quality of a firm's performance and demonstrate its responsibility to investors, employees, customers, society and government (Tabassum, Kaleem & Nazir, 2019). Financial report serves to present information to help investors, creditors, and other potential users in a similar decision rationally. The statements are very important because of the demonstration of quality of management performance in a period of time. One importance of financial statements is its use to measure management performance. Therefore, management would try to make a financial report in such a way that the performance of the company looks good in the financial statements. Due to the important role of financial statements in demonstrating the performance of a company, management would try to always show to investors or the owners of the company that their business is returning adequate profits, even if it means cooking up figures that in actual fact are fictitious in order to avoid the confidentiality of the actual condition of the financial statement. One way that is often applied to mislead the owner of the company or investors is conducting earnings manipulation, because the manipulation of earnings manipulation is safe and legal, and does not violate generally accepted accounting principles (Haryudanto & Yuyetta, 2017).

Relatedly, financial accounting reports are produced to show the true and fair state of financial statements of an entity in order to help stakeholders in making appropriate decisions, however,

current accounting practices allow a degree of choice of different policies and professional judgments in determining the methods of measurement, basis for recognition, and even the definition of the accounting entity (Ibobo & Ogbodo, 2023). This choice of accounting practice can involve a deliberate non-disclosure of information and manipulation of accounting figures, thereby making the business appear to be more profitable or less profitable and financially stronger than it is supposed to be (Okafor, Ezeagba, & Onyali, 2018). Managers of organizations tend to use earnings management to manipulate accounting information presented in the financial statements to show a good picture of the organization, either to attract or mislead stakeholders (Olaniyi & Abubakar, 2018). Earnings, also called bottom line or net income, is an important item in the financial statements and is regarded as a performance measure for any business. Earning figures are used in many aspects by external and internal users as a signal for performance. Managers therefore tend to manipulate these earnings in other to show a good picture of the organization. This attempt or act is referred to as earnings manipulation (Ibobo & Ogbodo, 2023)

Following these scenarios, earnings manipulation also called creative accounting, aggressive accounting, according to Ignacio (2019) is the manipulation of financial numbers, usually within the letter of the rules of law and standard accounting practices, but deviating from the spirit of those rules and certainly not providing the true and fair view that accounts are supposed to. This (earnings manipulation) is becoming an area of interest to many researchers, after the case of Enron, WorldCom, and other similar accounting scandals in Nigeria particularly in deposit money banks.

According to Saidu, Ocheni and Muktar (2017), in 2013, the House of Representatives Committee on Finance accused deposit money banks in the country of sundry sharp practices,

including tax evasion, non-remittance of government revenue and outright falsification of their accounts. In a report released on the 25th of August 2013, the committee said that it had uncovered a lot of discrepancies in the data submitted to it by the banks including the outright refusal to present documentary evidence of revenue remittances, blank violations of existing laws, self-exemption from existing rules, false declaration and manipulation of financial information (Ijeoma, 2016). Preliminary findings showed that the published audited accounts of some banks were at variance with the figures the banks submitted to the committee during investigation. It was then revealed that many banks blatantly engage in the creative accounting technique of inflating their operating costs to reduce exposure to taxes. In other words, over the years, the Nigerian government lost billions of naira in fraudulent and under hand dealings corruptly designed by some banks to evade taxes. The effect of this large scale corruption on the nation's economy is unquantifiable. Furthermore, Ahmad (2016) asserted that some banks also created exemption rules for themselves in total disregard for the provisions of extant tax laws, particular violations of the stamp duty, withholding tax and value added tax (VAT) laws. There are also many cases of late remittances or outright failure to remit money collected on behalf of government.

Over the years, financial and accounting information has continued to mark its importance in the business world. It allows actors (investors, governments, employees and other stakeholders) to assess the quality of management and make economic and political decisions. Among the disclosures revealed, the accounting result is one of the indicators monitored by financial analysts and investors that can reflect a company's performance, financial stability and market share (Abbadi, 2016). Although accounting information is standardized, managers have the flexibility in valuation and accounting options to maximize their personal interest. This practice, called earnings manipulation (EM), is defined by Gunny (2020) as "a deliberate intervention of

the leader in the process of external financial reporting in order to achieve personal gains". In the same context, Ozkeya (2018) propose another definition: "the change in economic performance published by business specialists either to mislead certain stakeholders or to influence contractual issues".

Earnings manipulation has been the subject of several investigations in the financial literature and as a result, definitions of this topic have increased over the years (Abbadi, 2016). Basically, this concept implies that managers can use their accounting discretion to change the perception of stakeholders about the company's financial situation and achieve well-defined results thresholds (Gunny, 2020). Earnings manipulation is an action performed by the management by raising or lowering reported profits from the unit in charge which has no relation to the increase or decrease in profitability in the long term (Haryudanto & Yuyetta, 2017). Thus, to achieve their objectives, managers can opt for two categories of earnings manipulation: the first category, called "accruals-based earnings manipulation", appears to be associated with generally accepted accounting principles (GAAP) and reflects discretion of opportunistic managers while respecting these accounting principles. The second category is the real earnings manipulation which is based on manipulation through commercial decisions such as sales, research and development (Martono, 2016). In both cases, the earnings manipulation is not regarded as a fraud. It is rather a technique in favour of managers and at the expense of the general interest. In other words, referring to this manipulation does not reliably reflect the financial position of the company (Sanusi, 2015).

Earnings manipulation takes advantage of loopholes in accounting policies to falsify books of account either to mislead shareholders on the actual financial performance of an organization or to influence contractual agreements which may rely on the financial numbers. The practice allows companies to produce accounts that flatter their financial performance while still

conforming to the Generally Accepted Accounting Principles [GAAP] (Ijeoma, 2016). It is a major problem that has increased both in its severity and frequency; it undermines the integrity of financial reports, contributes to significant economic losses, and erodes investors' confidence regarding the usefulness and reliability of financial statements (Bhasin, 2016). It is in view of this that this study intends to empirically examine the impact of earnings manipulation on the financial performance of deposit money banks in Nigeria.

1.2 Statement of the Problem

According to Kabir (2019), earnings manipulation, a practice that is used to misrepresent financial information by accountants, has been in existence for decades but has more recently gained ground due to the scandals that have faced the corporate world. Such scandals involved the misappropriation of shareholders' investments, doctoring of financial statements, colluding with auditors to issue unqualified reports. Similarly, the dwindling performance of the accounting profession both locally and globally only serves as proof that accounting regulations are not fulfilling its intended aim. Proof of this failure can be seen from the various accounting scandals that have been witnessed in the recent past in the global arena. These scandals, which saw the collapse of industry giants such as Enron, WorldCom, have undermined the integrity of financial reporting, which then raised questions as to the reliability of financial statements and the information that is availed to users. The recent rise in the practice of earnings manipulation has led to uncertainty among shareholders as to the reliability of financial statements and consequently the true performance of firms (Kabir, 2019).

Various research has been done in this area on a global scale (for instance, Salim (2021); Tabassum et al.(2019); Bhasin (2016)). However, to the best of the knowledge of the researcher, not many studies have been conducted in Nigeria in relation to earnings manipulation and profitability of deposit money banks. The lack of sufficient studies has created a gap that this

study sought to fill by asking the question, what is the effect of earnings manipulation on financial performance of listed deposit money banks in Nigeria?

1.3 Objectives of the Study

The main objective of the study is to examine the impact of earnings manipulation on profitability of deposit money banks in Nigeria. Specifically, this study intends to:

- i. examine the effect of loans loss provision on return on assets of selected quoted deposit money banks in Nigeria.
- ii. ascertain the relationship between size of total assets on return on assets of selected quoted deposit money banks in Nigeria.
- iii. investigate the impact of firm age on return on assets of selected quoted deposit money banks in Nigeria.

1.4 Research Questions

- i. What is the effect of loans loss provision on return on assets of selected quoted deposit money banks in Nigeria?
- ii. What is the relationship between size of total assets on return on assets of selected quoted deposit money banks in Nigeria?
- iii. What is the impact of firm age on return on assets of selected quoted deposit money banks in Nigeria?

1.5 Statement of Research Hypotheses

H₀ 1: Loans loss provision does not have any effect on return on assets of selected quoted deposit money banks in Nigeria.

Ha 1: Loans loss provision has effect on return on assets of selected quoted deposit money banks in Nigeria.

Ho 2: Size of total assets has no relationship with return on assets of selected quoted deposit money banks in Nigeria.

Ha 2: Size of total assets has a relationship with return on assets of selected quoted deposit money banks in Nigeria.

Ho 3: There is no impact of firm age on return on assets of selected quoted deposit money banks in Nigeria.

Ha 3: There is impact of firm age on return on assets of selected quoted deposit money banks in Nigeria.

1.6 Significance of the Study

This study highlights the impact of earnings manipulation on financial performance of selected quoted deposit money banks in Nigeria.

The finding of the study is significant to the professional accountancy bodies in Nigeria, which include the Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN), the Nigerian Exchange Group (NEG) and Securities Exchange Commission (SEC) and shareholders of these deposit money banks. It is believed that this study will provide useful information that will enable these agencies to formulate policies that may be used to streamline the accounting profession and promote corporate governance in Nigeria. The findings will equally enable the NEG and SEC to keep track of the market and how the various companies are competing. Further, the study will provide investors with more information on earnings manipulation which they can use to make well informed investment decisions.

Finally, the study is useful to researchers and other research scholars' who may use the study to induce further research in areas of earnings manipulation. This study also contributes to the existing body of knowledge and fills in the gap on earnings manipulation by business firms.

1.7 Scope of the Study

The scope of this study is considered from three different angles. **The content scope** is earnings manipulation and financial performance. **The geographic scope** is selected quoted deposit money banks in Nigeria and the **time scope** is a period of five (5) years from 2019 – 2023.

1.8 Definition of Terms

Earnings manipulation: This can be defined as the manipulation of financial numbers, usually within the letter of the rules of law and standard accounting practices, but deviating from the spirit of those rules and certainly not providing the true and fair view that accounts are supposed to.

Income Smoothing: Income smoothing is the process of deflating the reported profits of a business in good period and deferring them to loss making periods in an effort to portray a “stable income stream” over the years.

Window Dressing and Secret Reserves: These involve the adjustment of financial statements of a company to achieve the maximum effect on the financial position at a particular date.

Off Balance Sheet Financing: This is a situation where total debts of a company increases but the increased borrowing is not reflected in the financial statements of the company.

Financial Performance: It can be regarded as a subjective measure of how well a firm uses its assets from primary mode of business to generate revenue.

Return on Assets (ROA): The return on assets shows the percentage of how profitable a company's assets are in generating revenue.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Earnings Manipulation

Ibobo and Ogbodo (2023) submitted that earnings manipulation is altering a company's earnings to make financial statements appear better than the real reports. Earnings manipulation (EM) was described by Okafor et al. (2018) as a fraudulent practice by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. They also viewed earnings management as the process of taking deliberate steps within the constraints of generally accepted accounting principles to bring about desired level of reported earnings. Earnings manipulation is the deliberate altering of financial information to either mislead investors on the underlying economic status of a firm or to gain some contractual benefits that depend largely on accounting numbers (Saidu *et al*, 2017). Going further, they opined that accruals are the most important earnings manipulation instruments that are used by managers to either increase or decrease

reported income. This is because they are considered to be “components of earnings that are not reflected in current cash flows, and a great deal of managerial discretion goes into their construction” (Saidu *et al*,2017). According to Ignacio (2019), earnings manipulation, also known as creative accounting, is accounting practices that deviate from standard accounting practices. These practices are characterized by excessive compilation and the use of novel ways of manipulating income, assets or liabilities. Earnings manipulation has led to a number of recent accounting scandals, and many proposals for accounting reform that centered on an updated analysis of capital and factors of production that would correctly reflect how value is added (Osisioma & Enahoro, 2016). Earnings manipulation, as a matter of approach, is not objectionable *per se*. However, when unethical elements make intrusion, the resultant accounting details becomes anything but true and fair. Creativity in such context is like referring to a half glass of water as half-full instead of describing it as half-empty. While both statements are factually correct, they paint different pictures and thus convey different images. Accountants can use their knowledge of accounting rules to manipulate figures reported in the financial statements of corporate enterprises. This process is referred to as cosmetic accounting. In the United Kingdom, it is often referred to as “creative accounting”, while in the United States of America, it is called “earnings manipulation” (Abubakar et al.,2020).

Also as suggested by Omurgonulsen and Ugur (2019), earnings manipulation refers to accounting practices that seem to follow the letter of the applicable accounting standards but deviate from the spirit of those standards. They noted that the motivation to indulge in these practices is anticipation of rewards which may include higher share prices, improved credit rating resulting in lower borrowing costs and higher incentive compensation for executive management. Some of the earnings manipulation schemes perpetrated by companies include improper revenue and expense recognition, faulty accounting in connection with business

combinations, and wrongful use of off- balance-sheet arrangements. According to Chang, Shen & Fang (2018), these fraudulent schemes can be devastating to users like shareholders, lenders, employees, board of directors and other stakeholders. Kabir (2019) defined earnings manipulation as the actions of a manager by presenting a report raising the current period's profit from the business unit it is responsible for, without incurring any increase (decrease) of the unit's economic profitability in the long run. Meanwhile, according to Sanusi (2015), earnings manipulation is an effort of corporate managers to intervene information in the financial statements with the aim of fooling stakeholders who want to affect the performance and condition of the company. Alluding to this point, Sanusi (2015) posited that profit management, a technique of earnings manipulation, occurs when managers use consideration in financial reporting and transaction preparation to alter financial statements, in order to manipulate the amount of earnings to some stakeholders about the firm's economic performance or to influence the outcome of the agreement depending on the accounting figures reported.

According to Saidu *et al* (2017), the incentives for earnings manipulation have been documented in the literature in a wide variety of contexts. Ijeoma (2016) linked it to attempt to enhance shareholders' value and to maximize executive compensation through income smoothing and earnings manipulation respectively. Ujah and Brusa (2017) noted that the incentives to “window dress financial statements” encompass the motivation to increase managers' compensation and job security, to avoid the violation of debt covenants, and to decrease regulatory costs or increase regulatory benefit. Most recently, Chang *et al.* (2018) noted three incentives to manage earnings. Firstly, because of capital market motivation, which includes initial public offerings, seasoned equity offerings, management buoyant plans and plans for mergers to meet earnings forecast, to smooth earnings, etc. Secondly, contracts motivation such as management compensation, debt agreement or job security also constitute the incentive for earnings manipulation. Thirdly, laws

and regulations such as import regulation, industrial regulation, antitrust laws, e.t.c., also can serve as an incentive. Ezeanin (2018) noted that managers use discretionary accruals as a motivation for options (the incentive for bonus income by attaining some level of performance) and affecting stock prices to enhance managers' wealth through restricted stock compensation. Other incentives for managers' opportunistic behaviour that are established in literature include bonus plans, meeting analysts' expectations or raising funds on more favourable terms (Chang et al., 2018).

Real Earning Management

One of the most widely talked about form of earnings manipulation is real earning management. This has been defined as management actions that deviate from normal business practices conducted with the primary objective to achieve profit targets conducted in three ways: manipulation of cash flow operations, decrease of expense of discretionary and excess production (Okeoma, 2016). Mulford (2018) proved that managers prefer real earnings manipulation rather than accrual earnings manipulation, since real earnings manipulation activities are difficult to distinguish from optimal business decisions and are harder to select, even though the costs used in those activities are economically significant for the company. Real activity such as discretionary cost reduction is preferred by managers rather than accrual manipulations as a way of managing earnings. According to Sanusi (2015), real earnings manipulation is measured using abnormal cash flow operations and abnormal production cost greater than other companies and abnormal discretionary expenses is smaller.

According to Ibobo and Ogbdo (2023), Real Earnings Management (REM), which is also referred to as Cash Flow Earnings Management (CFEM), is a manipulation performed by company management through the company's operational activities that have direct effect on the company's cash flow. Real earnings management is a practice carried out by managers that

deviates from the normal operation of the firm with the primary objective of meeting short-term earnings goals. These departures do not necessarily contribute to firm value even though they enable managers to meet reporting goals. According to Abraham et al. (2021), it is the process of changing a company's operating activities to increase current period profits. Real Earnings Management is undertaken by making changes to the structure of operation, investment and financial transactions. Examples of Real Earnings Management are manipulation of Research and Development expenses, overproduction, manipulation in advertising expenses and sales manipulation (Olaniyi & Abubakar, 2018).

Accruals Earnings Management (AEM)

Olotu et al. (2020) opined that generally, accrual is defined as the difference between net income and actual cash flow from operating activities. Accruals are the most important earnings management instruments that are used by managers to fluctuate reported income. This is because they are components of earnings that are not reflected in current cash flows, and a great deal of managerial discretion goes into their construction. Accruals earnings management means to manipulate the earnings through the utilization of accounting principles provided by generally accepted accounting principles. This method of earnings management is accomplished through changing the choice of accounting methods used. It is applied by changing accounting estimates such as estimates for doubtful debts and changes in the method of depreciation. Examples of accruals earnings management are provisions for bad debt expenses and timing asset write-offs (Olaniyi & Abubakar, 2018).

2.1.2 Methods and Techniques of Earnings manipulation

Earnings manipulation exists in numerous ways due to the volume of estimates that require judgment and experience in drawing up a set of periodic financial statements.

- i. **Income Smoothing:** According to Isenmila and Elijah (2018), income smoothing is the process of deflating the reported profits of a business in good period and deferring them to loss making periods in an effort to portray a “stable income steam” over the years. This is possible because of the flexibility of matching concept, and investors prefer it as it purports a stable, strong and growing business. Also, that manager receives better in case of profit sharing scheme between managers and owners. Income smoothing can be separated into “real” and “artificial” smoothing, (Ujah & Brusa, 2017). In real smoothing, particular experience can be deferred to the following period e.g. advertising, while artificial smoothing is by way of shift in income through different policies from one period to the other e.g. depreciation method.
- ii. **Window Dressing and Secret Reserves:** According to Olatunji and Fakile (2017), Window Dressing and Secret Reserves involve the adjustment of financial statements of a company to achieve the maximum effect on the financial position at a particular date. This adjustment could be on any item on the statement of financial position and statement of comprehensive income. Example, a company may decide to inflate its sales by selling to its related company. This provision usually cushions the impact of such item on the profit when it actually takes effect. For example, provision for bad debt (Uwuigbe, Fagbemi & Anusiem, 2018).
- iii. **Off Balance Sheet Financing:** This is a situation where total debts of a company increases but the increased borrowing is not reflected in the financial statements of the company, (Kang & Kim, 2015). That implies better gearing of the company than it actually is to enable it acquire more loan or funds. In such cases, the subsidiary with low gearing may be used to borrow for the parent with high gearing and the intercompany debts are eliminated at consolidation.

iv. **Pooling Versus Purchases Methods:** Pooling is the accounting for a merger of two companies where there is no goodwill created which increases future income because no amortization of goodwill is needed. More so, all pre and post-acquisition reserves and earnings are distributed to the shareholders. These features make pooling of interest a useful tool for earnings manipulation in all forms of takeovers. The purchase method is unpopular because goodwill may be created and its amortization would decrease profit in future years. Moreover, only its post-acquisition profits are distributed to shareholders (Uwuigbe et al., 2018).

According to Saidu *et al* (2017), many techniques of earnings manipulation are used by banks. These techniques include the cookie jar reserve to show boom earnings in the future period. Big Bath techniques are used in the belief that if a manager has to report bad news i.e. a loss from substantial restructuring, it is better to report it all at once and get it out of the way. Sometimes a subsidiary may underperform and the earnings of this type of security are managed by throw out a problem child method. Companies that change generally accepted accounting practices (GAAPs) have to take care that stock market does not view the change as lowering the quality of earnings. Timely disposition of long term productive assets (Sale/leaseback and asset exchange technique) can result in the recording of unrealized gains or losses. Under the amortization, depreciation and depletion method, management manages earnings by selecting the write off method & period and estimating salvage value (Ijeoma, 2016). Companies do not have to report any gain or loss for repurchase of their own shares on the income statement because no income is recognized on the transaction (Shrink the ship). Other techniques according to Ahmad (2016) include cookie jar reserve, big bath, big bet on the future, flushing the investment portfolio and many others.

2.1.3 Earnings manipulation Practices

Despite the efforts to normalize and regulate accounting internationally, the accounting information succeeds in fulfilling its duties only partially. The most eloquent proof is represented by the numerous financial scandals in the global market (Uwuigbe et al., 2018). Some of these financial scandals include; Enron Corporation which through its auditors Arthur Andersen produced financial information that did not present a true and fair view of the company. They hid their debt by using Special Purpose Entities to increase capital and improve their ratings (Uwuigbe et al, 2018). Arthur Andersen was one of the largest accounting firms that was recognized as being trustworthy and reliable until they were involved in financial scandals that led to their fall. Its fall was brought about by the fall of most of their clientele as it was accused of presenting unqualified reports instead of qualified reports (Okike, 2019). Another company involved in this practice was Tyco International, which was involved in misappropriation of its assets and which led to losses for the investors and an immense drop in the share prices. Although the share prices did drop, the company was fortunate enough not to suffer the threat of bankruptcy (Okike, 2019).

Earnings manipulation is not only prevalent on a global scale, but it is also present in Asia and other emerging markets. In India, Satyam Computers Services Limited under reported its liabilities, overstated assets, included fictitious loans and cash balances and also overstated income in order to meet analyst expectations (Bhasin, 2016). It is a vice that is not only prevalent in companies but it is also prevalent in the government (Ozkeya, 2018). In 1999, the Turkish government took a stabilization programme with the International Monetary Fund (IMF) to regularize its public debt. Despite the program working out, a huge liquidity problem hit the market making the government unable to meet their direct liabilities and this led to bail

outs by the IMF. The study showed that the accurate/ real public sector debt was actually greater than the announced public sector debt (Ozkeya, 2018).

Within the African continent, in Nigeria for example, there was an outcry for more to be done to regulate the markets as accountants and auditors are pushing more and more beyond the acceptable limits in the accounting profession(Ijeoma, 2016). Further, the continent also experienced its own version of the Enron scandal through the Cadbury PLC saga where the top management of the company was engaged in doctoring of accounts in a bid to cover up certain inadequacies and other unscrupulous deals (Okeoma, 2016). In Kenya, there have been falls and closures of certain entities suspected of engaging in this vice; for instance, Uchumi Supermarket, Mumias Sugar Company and banks such as Dubai Bank, Imperial Bank and most recently Chase bank which was put under receivership. The increasing cases of earnings manipulation practices have led to companies issuing profit warnings. According to the NSE, these profit alerts have been blamed on factors including weak local currency, accounting fraud and increased competition (Ndung'u, 2017).

2. 1.4 Concept of Financial Performance

According to Abubakar *et al* (2020), performance is the degree of achievement of the mission at work place. Mostly, researchers use the term “performance” to express the range of measurements of transactional efficiency and input & output efficiency. Also Ndung'u (2017) indicated that profitability ratios designate a company's overall efficiency and performance. It measures the company use of its assets and control of its expenses to generate an acceptable rate of return. As stated byEzeanin (2018), profitability ratios help to evaluate the performance of a company, so that investors can decide whether to invest in that company. Nevertheless, Martono

(2016) indicated that firm performance based on finance and accounting literature is measured by return on asset and ratio of sales to assets. In their contribution, Isemla and Elijah (2018) opined that performance of an organization can be measured either by financial or non-financial or both.

According to Saidu *et al* (2017), definition of financial performance itself is one of the factors that show the effectiveness and efficiency in an organization in achieving its goals, effectiveness if management has the ability to choose a goal that can or something appropriate tool to achieve the goals set. The financial statements are the source of information used to measure how far the performance of the company. To assess the performance of company's financial ratios such as debt equity ratio (DER), return on equity (ROE), return on assets (ROA), net profit margin (NPM) and so forth can be used. In this study, the ratio used to measure company performance is return on assets (ROA). ROA is one of the profitability ratios that measure the ability of companies to earn profits in relation to total assets This ratio is used to see the ability of companies to manage each asset value they have to generate net profit after tax. The higher the ROA of a company, the better the company's ability to manage its assets. The ratio of ROA in this study is measured by the ratio between net income after tax to total assets of the company (Martono, 2016). The formulas looking for ROA are as follows:

$$ROA = \frac{\text{Net Profit After Tax}}{\text{Total assets}} \times 100\%$$

2.1.5 Measurement of Financial Performance

In the corporate world, financial performance is what is used to determine the health of an organization. Financial Performance is measured in various ways such as shareholders' wealth maximization, profitability and components of financial statements such as sales, total assets

and equity. Profitability is the main reason people venture into business. Rarely does one find people in business just for the fun of it. According to Oxford dictionary, profitable refers to that which makes or is likely to make money. A business that is highly profitable has the ability to reward its owners with a huge return on their investment. Achieving acceptable financial performance is a must, otherwise the organization's financial standing can alarm creditors and shareholders, impair its ability to fund needed initiatives and perhaps even put its very survival at risk (Okeoma, 2016). Profit is the ultimate goal of any company. All the strategies designed and activities performed thereof are meant to realize this grand objective. Profitability is usually measured through the use of profitability ratios which measure the profitability of a firm in relative terms such as return on assets, return on equity and profit margin. Investors tend to invest in companies which have been profitable in previous years (Ijeoma, 2016).

Shareholders wealth maximization is also an important aspect in a company. Every company wants to achieve this goal as it is one of the very reasons for a company's existence. Under shareholders' wealth maximization, there are two aspects to be considered, that is: Economic Value Added and Market Value Added. Under economic value added, these are the benefits that are enjoyed by a company during its operations. In market value added, there is market share. Market share is important because it enables one to know the strength of the organization whether they are leaders or minor players and also if the organization is still holding, gaining or losing share of its target market. Market ratios measure how the firm is performing in terms of the dividends, share earnings and price earnings (Kang & Kim, 2015). Companies are usually in competition to ensure that they enjoy a large share of the market as this improves their profitability. They offer very attractive deals that would appeal to potential customers and also existing customers to take advantage of them (Ndung'u, 2017).

2.1.6 Revenue Management and Financial Performance

Earnings manipulation involves taking advantage of loopholes in accounting policies to falsify books of account. Revenue is an important factor that influences the financial performance of a firm. Firms that make great revenues usually show better performance than firms that make minimal revenues as the margins are much greater. Reported revenue provides a preliminary indication of the success of a firm and it directly affects the earnings reported and the firm's earning power (Mulford, 2018). Revenue management is mostly engaged in by companies that have been making a string of losses and expect future losses to continue. However, that is not to mean that only companies that are making losses engage in revenue management. It is undertaken by firms that value revenues as a measure of market capitalization. Revenue Management can be in the form of recognizing fictitious revenue and timing of actual transactions (Okike, 2019).

Accountants and finance managers may time transactions in order to influence outcomes in the financial statements. This offers management an opportunity to increase revenues when the operating profit is not satisfactory and to create the desired impression in the accounts (Sanusi, 2015). It involves the recording of revenue in the improper period. Recognizing revenue early, before it is earned, will immediately increase the organization's income using legitimate sales, rather than creating phony sales. By increasing income, a firm can portray better performance in terms of increased margins which then translates to higher profitability. In 2002, Xerox Corporation was taken to court for having used a variety of accounting actions and opportunities to exceed Wall Street expectations (Sanusi, 2015).

Artificial transactions are those transactions that do not exist in entirety. They are often entered into both to influence balance sheet amounts and to shift profits between accounting periods (Kabir, 2019). This is achieved by entering into two or more related transactions with an

obliging third party, normally a bank. For example, supposing an arrangement is made to sell an asset to a bank then lease that asset back for the rest of its useful life. The sale price under such a 'sale and leaseback' can be pitched above or below the current value of the asset, because the difference can be compensated for by increased or reduced rentals (Sanusi, 2015). They can also refer to creating fake customers and sales and/or using legitimate customers by creating false invoices or increasing quantities and prices (Uwuigbe et al., 2018). A company that was discovered for recording fictitious revenue was Mercury Finance Company. It announced that it had uncovered phony bookkeeping entries including fictitious revenues that resulted in overstatement of its earnings (Mulford, 2018).

Various researchers have studied the area of revenue management in order to identify whether there is a relationship between revenue management and financial performance. Uwuigbe et al. (2018) studied revenue manipulation and restatements among loss making firms. In his study, revenue manipulation is through accounts receivable in form of unearned revenue and/or premature recognition of genuine transactions. They concluded that the main incentive for revenue management is to achieve high market capitalization and create positive expectations of future growth through sales. Olatunji and Fakile (2017) studied earnings manipulation through accruals accounting choices that is timing of expenses and revenue recognition; and accounting method changes. Ezeanin (2018) demonstrated that managers tend to shift earnings between good and bad years in order to even them out. Ujah and Brusa (2017) provided survey data confirming that income-increasing earnings manipulation involving revenue recognition are common occurrences.

2.1.7 Expense Management

Earnings manipulation can also take the form of expense management. If a firm's value is capitalized using earnings, then managers have the incentive to manipulate earnings through expense rather than revenue. This is especially true when managers do not anticipate any future losses and expect the market to value the firm using earnings (Sanusi, 2015). Expenses are usually an income statement item and therefore, when expenses are manipulated, they have an impact on the financial statements and essentially the financial performance of a firm. This form of management may include: making inadequate provision, capitalizing rather than expensing expenditure. The firm may also depreciate or amortize assets slowly thus manipulating the expenses (Salim, 2021).

Through aggressive capitalization and extended amortization, companies minimize expenses by aggressively capitalizing expenditures that should have been expensed. It also involves recording of current period expenses or losses as assets thus postponing expense recognition and boosting current period earnings. These deferred expenses are then amortized to be expensed over future periods (Mulford, 2018). An example of amounts that should be expensed includes the costs for purchasing equipment which are capitalized into the equipment account and depreciated over the useful life of the equipment. By doing so, nearterm earnings are increased thus showing increased earning power (Mulford, 2018). When a firm reports its expenses as assets, the value of the total assets is increased which therefore shows a more positive financial position of the firm and essentially the financial performance of the firm. Extended amortization involves depreciating capitalized assets for an extended period than is

the norm. It has the effect of boosting a firm's pre-tax income as seen in the case of American Software Incorporation (Mulford, 2018).

Another form of expense management is the reduction in discretionary expenditures. Discretionary expenditures include expenses such as Research and Development [R&D], selling, general and administrative expenses, advertising expenses among others. Under normal circumstances, these expenses are usually expensed in the period in which they are incurred. Managers usually reduce expenses to increase earnings especially when these expenses do not generate immediate revenue and income (Tabassum *et al*, 2019).

2.1.8 Assets and Liabilities Management and Financial Performance

Revenue management and expenses management focus on managing the income statement but managers may go as far as managing assets and liabilities which are balance sheet items in order to portray a more stable financial position and higher earning power. Under this management, assets are overvalued and liabilities understated (Mulford, 2018). One aspect of asset valuation is through inventory management. Inventory is an appealing item in the financial statements for managers to use to engage in earnings manipulation. This is because its records are complex and inventory items are normally transferred to manufacturing processes (Salim, 2021). By overvaluing inventory, the cost of goods sold is reduced which then overstates net income. Inventory can be managed by using different methods of measuring inventory costs such as Last In, First Out [LIFO] and First In First Out [FIFO]. When the inventory costs changes, each inventory cost methods will have an impact on the earnings in the income statement and consequently, inventory and shareholder's equity in the balance sheet (Mulford, 2018).

Apart from inventory management, a manager may also take to improperly value fixed assets. There are various ways in which assets can be improperly valued that is; booking fictitious fixed assets, misrepresenting the asset value, improper capitalization, or the misclassification of assets (Salim, 2021). Through improper capitalization, non-asset items are included in the non-current assets total. This may include costs of acquiring an asset which should be expensed and not capitalized. When these assets are valued at amounts higher than can be realized through operations or sale, expenses or losses are postponed, thereby resulting to inflated earnings (Salim, 2021). Liabilities normally represent a firm's current obligations to outsiders and are normally reported at the present value of the resources to be provided for their settlement (Mulford, 2018). A company that has high figures for liabilities is not usually looked upon as a favorable company to invest in, as it shows that the company relies heavily on debt financing. Therefore, managers tend to conceal their liabilities in order to show better financial position. When liabilities are concealed, a firm's equity, assets and/or net earnings are inflated. Liabilities can be managed through accrued payable expenses and accounts payable (Salim, 2021). When accounts payables are understated, inventory purchases often are understated as well. An understatement of inventory purchases combined with an accurate beginning inventory valuation will result in an understatement of the cost of goods available for sale. Subtracting a properly valued ending inventory from an understated cost of goods available for sale will result in an understatement of cost of goods sold. Thus, an understatement of accounts payable can be linked to an understatement of cost of goods sold and, correspondingly, an overstatement of net income (Mulford, 2018).

2.1.9 Accounting Regulations and Financial Performance

The process of preparing financial statements is guided by various policies/standards that are set in place by the International Accounting Standards Board [IASB]. These policies are usually adopted by the accounting bodies worldwide. The goal of IASB is to issue high quality accounting standards, so that mandatory adoption of the accounting standards would improve quality of financial reporting across European countries (Ahmad, 2016). Accounting regulations are usually based on two perspectives: Rule Based and Principle based. Principle based perspective allow managers to use their judgment when disclosing financial information (Abbadi, 2016); through this perspective, the issue of earnings manipulation arise. This is so because the accounting regulations allow for flexibility in terms of the policy a firm may choose during financial reporting. As a result of such flexibility, companies in similar circumstances may report dissimilar results (Mulford, 2018). While flexibilities in the accounting policy may not cease to exist since economic conditions vary, firms may tend to apply a particular policy aggressively instead of taking advantage of the flexibilities (Mulford, 2018). The purpose of this aggressive application of accounting principles is to alter their financial results and financial position in order to create a potentially misleading impression of their firms' business performance. The ultimate objective is to achieve some of the game's rewards that may accrue to them (Mulford, 2018).

It has been shown that there is a significant relationship between reduction of earnings manipulation and the extent to which IFRS/IAS regulates issues that are not covered by the domestic government or local accounting bodies (Isenmila & Elijah, 2018). There is also reason to believe that accounting standards are used to improve the quality of earnings information. That the recent changes in accounting standards, auditing and corporate governance have risen from the need to enhance transparency in financial reporting (Martono, 2016). However,

accounting standards are not the only factors that reduce earnings manipulation and improve reporting quality; institutional factors are also required. Studies have shown that management incentives and national institutional factors play a very important role in shaping financial reporting characteristics instead of relying on accounting standards alone (Mulford, 2018).

2.2 Theoretical Framework

2.2.1 Signaling Theory

This theory came to being in the 1970s based on the contributions of Arrow and Spencer (1973). This theory is based on the signals that a firm sends to its users. It tends to imply that the most profitable companies provide more and better financial information to its users in order to acquire more capital. Through financial reports, firms are able to send signals to different stakeholders about the financial health, performance and its future prospects. Stakeholders use the information presented in the financial reports to make decisions regarding the returns on their investment. Since financial reporting carries such an enormous weight with regards to the investment decisions of the shareholders, managers may then make use of this situation to manipulate the information in the reports in order to get the investors to act in a preferred manner (Ndung'u, 2017).

It is simply put that when a firm reports lower profitability and performance, it sends negative signals to prospective investors and if they report higher profitability and performance, they send positive signals that attract prospective investors; managers therefore may find it necessary to engage in earnings manipulation due to the signaling effect that financial reports have on the financial performance of a firm (Ndung'u, 2017).

2.2.2 Agency Theory

The agency theory was first developed by Berle and Means (1932), Alchian and Densetz (1972) and later by Jensen and Meckling (1976). This is a theory that has been used over time to explain the relationship between principals who are owners of the company and the agents who are the managers tasked with responsibility of managing the principals' interests and making beneficial decisions. Agents are involved in the day to day running of the firm based on the contract between them and the principals; therefore, they are engaged in more groundwork than the shareholders who find out how the firm is doing during meetings. Due to the operational nature of the agents, they usually possess more relevant information with regards to the company than the principals who rely on the information they get from the agents. Since managers act on behalf of the principals, his performance will be based on the performance of the firm and the shareholders will use this information to appraise the managers and as such, managers will only reveal such information that will not be detrimental to their appraisal. This may lead to information asymmetry where the managers reveal only that information which may not be used against them (Salim, 2016). While both the shareholders and the managers are utility maximizers, it is also reasonable to believe that the manager may not always act in the best interest of the Shareholders which brings about the agency problem (Ndung'u, 2017)

It has been noted that there is a positive relationship between information asymmetry and earnings manipulation (Ndung'u, 2017) and that this problem can be mitigated by establishing appropriate incentives for the agents and incurring the costs designed to limit the irregular activities of the age (Salim, 2021).

2.2.3 Institutional Theory

This is a theory that attempts to explain the rationale between an organization and its environment. It looks at how a firm interacts with its environment, which comprises of the social, political, technological, cultural and religious factors. This theory has evolved over time from the old institutional economics to the new institutional sociology. According to Salim (2016), it is a theory that explains the mechanisms for a firm's perceived accounting practice and the society's sociocultural practices in order to obtain legitimacy.

According to this theory, firms may change their institutional practices due to pressure from the stakeholders; desire to imitate or enhance institutional practices of other organizations in the industry and/or pressure from group norms. In relation to earnings manipulation, a firm may engage in this practice due to informal or formal pressure and may create change in their accounting policies in order to model themselves to other organizations in the industry (Salim, 2021). The Institutional theory is partly linked to the prospect theory which states that a firm's decision makers derive value from gains and losses rather than absolute levels of wealth. Therefore, managers feel the need to engage in earnings manipulation in a bid to increase the value of a firm. By increasing the value of a firm, managers are able to portray to stakeholders that the firm is financially healthy and can meet its obligations as and when they fall due (Martono, 2016).

2.3 Empirical Framework

Empirically, studies have been conducted on earnings manipulation and financial performance of different sectors which are well documented in literature.

In Nigeria, Ijeoma (2016) carried out a study to examine the effect of Earnings manipulation in the Nigerian banking industry. Primary source of data collection was employed in this study and statistical tools used to analyze the data were the Kruskal-Wallis test and the multiple bar chart analysis. The result of this study revealed that the major reason for Earnings manipulation practices in the Nigerian banking industry was to inflate the operating costs to reduce exposure to taxes and to maintain or boost the share price by reducing the apparent levels of borrowing, making the company appear subject to less risk and of a good profit trend.

Osisoma and Enahoro (2016) carried out a scholarly work on the relationship between earnings management and financial performance in the Nigerian insurance industry. Primary source of data collection was employed in this study and statistical tools used to analyze the data were the multiple regression analysis with the aid of SSPS 12. The result of this study revealed that the major reason for earnings management practices in the Nigerian insurance industry was to inflate the operating costs to reduce exposure to taxes and to maintain or boost the share price by reducing the apparent levels of borrowing, making the company appear subject to less risk and of a good profit trend. The study therefore suggested that the practice of earnings management should be strictly regulated by the insurance industry.

The scholarly study of Olatunji and Fakile (2017) interrogated the impact of earnings management on the financial performance of listed deposit money banks in Nigeria. Data was extracted from the annual report and accounts of 5 sampled banks for the period 2012-2016. Loan loss provision was used as a proxy for earnings manipulation while return on assets (ROA) was used as proxy for banks performance. The study employed linear regression of pooled ordinary least square for data analysis. Findings from the study revealed that earnings manipulation exist in the Nigerian Money Deposit Banks. However, the study could not establish any statistical significant impact of earnings manipulation on ROA. It was therefore,

recommended that even though the relationship between the variables are not significant, proper and adequate measures should be put in place for the evaluation, examination and scrutinization of financial statement of DMBs.

Ndung'u (2017) examined the effect of earnings manipulation practices on financial performance of firms in Nairobi. The specific objectives of the study were to determine the effect of revenue management, expense management and assets and liability management on financial performance of non-financial firms listed with NSE in Nairobi. Using descriptive and inferential research designs, the study sampled 164 senior managers drawn from accounts departments in 41 non-financial firms listed with NSE in Nairobi using stratified sampling procedures with 80 responding to questionnaires. Data analysis was done by use of SPSS version 21.0. Both descriptive and inferential analyses were done. The study found that revenue management enhanced financial performance of firms and that the firms undertook various revenue management practices among them revenue timing, revenue projections, shifting of earnings and revenue recognition to enhance financial performance. The study recommended that firms need to come up with appropriate rules and guidelines on earnings manipulation practices. It further recommends that ICPAK to develop policies supporting appropriate earnings manipulation practices by firms so as to promote financial performance.

Saidu et al (2017) examined the impact of earnings manipulation on the financial performance of listed deposit money banks in Nigeria. Data was extracted from the annual report and accounts of 5 sampled banks for the period 2011-2015. Loan loss provision was used as a proxy for earnings manipulation while return on assets (ROA) was used as proxy for banks performance. The study employed linear regression of pooled ordinary least square for data analysis. Findings from the study revealed that earnings manipulation exist in the Nigerian Money Deposit Banks. However, the study could not establish any statistical significant impact of earnings manipulation on ROA.

It was therefore, recommended that even though the relationship between the variables are not significant, proper and adequate measures should be put in place for the evaluation, examination and scrutinization of financial statement of DMBs.

Ezeanin (2018) investigated the impact of earnings manipulation practices on financial performance of non-financial companies in Nigeria. The specific objectives of the study were to determine the effect of revenue management, expense management and assets and liability management on financial performance of non-financial firms listed with NSE in Nigeria. Using descriptive and inferential research designs, the study sampled 164 senior managers drawn from accounts departments in 41 non-financial firms listed with NSE in Nigeria using stratified sampling procedures with 80 responding to questionnaires. Data analysis was done by use of SPSS version 21.0. Both descriptive and inferential analyses were done. The study found that revenue management enhanced financial performance of firms and that the firms undertook various revenue management practices among them revenue timing, revenue projections, shifting of earnings and revenue recognition to enhance financial performance. The study recommended that firms need to come up with appropriate rules and guidelines on earnings manipulation practices.

Uwuigbe et al. (2018) investigate the practice of earnings manipulation, its nature, techniques, and prevention. The findings of the study showed that the current GAAP in Nigeria created a gap that can permit the practice of earnings manipulation, and also revealed that the new International Financial Reporting Standard will go a long way to reduce the practice, since it covers more areas than the former practice.

A study by Isenmila and Elijah (2018) examine the relationship between earnings manipulation and auditor reporting for firms listed on the Athens Stock Exchange (ASE) for the post-IFRS period 2013–2017. According to the findings of the study, auditors, either Big 4 or non-Big 4,

had weak incentives to prevent earnings manipulation, and the audit opinion qualification was not issued in response to management's opportunistic behaviour.

Furthermore, Okike (2019) cited evidences of earnings manipulation in the banking sector. The researcher highlight practical ways insiders perpetuated earnings manipulation in order to present a false picture of firm performance, which is good. The findings of the studies highlighted an important link between investor protection and the quality of accounting earnings reported to market participants, and complement both financial research that treat the quality of corporate reporting as exogenous.

Khuong, Nguyen, and Phung (2019) examined the Relationship between Real Earnings Management and Firm Performance of Energy Firms in Vietnam. The study was based on a sample of 29 Energy Company listed on Vietnam's stock market for the period 2010-2016. Return on asset and return on equity were used as the proxy for firm performance. The study adopted Descriptive statistics, Correlation and regression analysis in accordance with panel data, namely fixed effects model and random effects model for analysis. The results revealed that real activity earnings management positively impacts on firm performance. This implies that increasing current sales activities will have a positive impact on current earnings. However, this may be pernicious to the company in the future. There is a positive association between firm size, cash from operating activities, growth opportunities and firm performance while firm leverage and tangible asset have a negative association. Research results are significant for regulators and investors in emerging markets.

Abubakar, Abdu and Abdulmaroop (2020) empirically examined the impact of loan loss provision on earnings of deposit money banks in Nigeria using econometric analysis method on annual data of eight financial institutions over the period of 20013-2018. The results from the study state a positive relationship between provision for loan loss and earnings manipulation in

Nigerian DMBs. Similarly, Abubakar, Abdu & Abdulmaroop (2020) determined the effect of earnings manipulation on the wealth of shareholders. Secondary source of data was used and analyses through correlation. The findings indicate that earnings manipulation has negative relationship with shareholders' wealth.

Olaoye and Akinleye (2020) examined the relationship between accrual-based earnings, real-based earnings management and firm's value of listed manufacturing companies in Nigeria. The study was based on a sample of ten (10) purposively selected listed manufacturing firms on the Nigeria stock exchange for the period of ten (10) years (2008-2017). Data collated were analyzed using descriptive statistics, and panel least square regression technique such as pooled, fixed and random effect with various diagnostic evaluation techniques. The study measured accrual-based earnings management by abnormal discretionary accrual earnings (ADA) and real-based earning management measured by abnormal cash flow of operational activities (ACF) While return on equity (ROE) was used as a proxy of firm value. The result revealed that accrual-based earnings management measured by abnormal discretionary accrual earnings (ADA) was positively related with the firm's value captured by the return on equity (ROE) of the companies. On the other hand, the real-based earnings management measured by abnormal cash flow operation activities (ACF) was discovered to be negatively related with the firm's value captured by return on equity. Hence, they concluded that the practice of earnings management constructively benefits the manipulator of accounts.

Abdullahi, Norfadzilah, Umar, and Lateef (2020) explored the financial determinants of Earnings Management and the profitability of listed companies in Nigeria. The study employed a panel data approach on 84 listed companies on the NSE with 756 firm-year observations for the period 2010-2018 financial years. The data was analyzed with the use of Descriptive Statistics and multiple regressions to examine the model. The study reveals that earnings ability

shows a significant and positively related to the profitability, which was measured using ROA. This result from this study indicates that the more the earnings ability of a company, the profitability of the listed companies in Nigeria will increase. Financial structure ability shows a significant negative association with the ROA. This further indicates that any increase in financial structure ability, profitability of listed companies in Nigeria will also increase in the same value. Furthermore, the statistical results offer evidence that non-financial factor is positively and significantly associated with the ROA. This implies that a percentage increase in non-financial factor will result in the increase of profitability of listed companies in Nigeria. The result also indicates that companies that engaged in financial determinants of Earnings Management are also seen to be more profitable.

Salim (2021) evaluated the impact of earnings on the return on equity of manufacturing companies in Nigeria from 2011-2020. Secondary source of data was used. Operational risk was used as earnings manipulation proxy. The findings show that earnings manipulation does not significantly affect the return on equity of manufacturing companies.

Phyllice, Robert, and Ondiek (2021) examined the influence of Earnings management on financial performance of Agricultural Firms listed in Nairobi Securities Exchange, Kenya. The study Adopted descriptive survey research design. The sample size comprises of all the 6 companies listed in Nairobi Securities Exchange as at July 2014 to July 2019. Data collected was analyzed using descriptive statistics, correlation and multiple regression. The study found out that earnings management has a positive significant effect on financial performance. Earnings management has a positive relationship with the Return on Investment (ROI) of the firms under study. The study recommended that agricultural firms listed at the NSE should put more emphasis on Earnings management so as to improve the financial performance of agricultural firms listed on NSE and also that Performance reviews on the senior management should also focus on earnings management for improved financial performance.

Abraham, Zhang, Joseph, Agyemang and Ofori (2021) examined accrual earnings management, real earnings management and firm performance of listed firms on the Ghana Stock Exchange. The study was based on a sample of 14 non-financial firms listed on the Ghana Stock Exchange from 2008 to 2019. Descriptive statistics and Panel analysis was adopted for the study. The study proxied firm performance by return on assets (ROA) and return on equity (ROE) as dependent variables. While respectively, discretionary accruals and abnormal cash flow from operations were used as independent variables supported by firm size, leverage, and liquidity as control variables. Findings of the study revealed that firms use both accrual earnings and real earnings methods to manage earnings. Results further indicate that firms employ the efficient concept of earnings management to facilitate positive firm performance. The study found evidence of a positive relationship between EM and firm performance. They recommended that authorities and facilitators should implement rules requiring transparent financial information to mitigate misleading results and reduce managers' discretion. Prospective investors must also perform an in-depth review of financial records prior to investing.

The scholarly work of Ibobo and Ogbodo (2023) ascertained the effect of earnings management on financial performance of listed manufacturing firms in Nigeria from 2012-2021. Specifically, the study examined the effect of discretionary accruals on returns on assets, returns on equity, earnings per share and net profit margin. Panel data were used in this study, which were obtained from the annual reports and accounts of twenty-one (21) sampled manufacturing firms for the periods 2012-2021. Ex-Post Facto research design was employed. Descriptive statistics of the dataset from the sampled firms were used to describe using the mean, standard deviation, minimum and maximum values of the data for the study variables. Inferential statistics using Pearson correlation coefficient and Panel Least Square (PLS) regression analysis were applied to test the hypotheses of the study. The results revealed that discretionary accrual has a positive and

significant effect on returns on assets, returns on equity, earnings per share and net profit margin. In conclusion, the study submitted that earnings management has a significant effect on financial performance of listed manufacturing firms in Nigeria at 5% level of significance. The study recommended amongst others that firms' management, investors and stakeholders should come up with appropriate rules and guidelines to facilitate good revenue and expense management for the benefit of spurring the firms' financial performance.

BAYELSA STATE POLYTECHNIC, ALEIBIRI

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The research design that this study adopts is ex-post facto research design. The reason for this choice of research design is that historical data relating to both the independent variables and dependent variables are being used in this study; historical in the sense that relevant data are obtained from already prepared and published sources. Similarly, the choice of this design is based on the nature of the study in which the researcher examines the impact of earnings manipulation on financial performance. This research design is suitable for this research because it is not possible to directly manipulate or control any of the independent variables because the data to be used are already existing. In addition, the ex-post facto design helps the researcher to find out, describe and explain existing phenomena and draw conclusion based on the data being collected from already existing sources.

3.2 Characteristics of the Study Population

The population of this study comprises only the selected deposit money banks that have the relevant data relating to the indicators of earnings manipulation and financial performance used herein. On this note, only five (5) quoted deposit money banks in Nigeria with international authorization meet this requirement.

3.3 Sampling Design and Procedure

Owing to the fact that only five (5) quoted deposit money banks are selected as the population size of this study, this same size represents the sample size, as this is considered adequate for this study. Therefore, the deposit money banks under study are: Access bank Plc, Fidelity Bank, Sterling Bank, United bank for Africa Plc and Zenith Bank.

3.4 Data Collection Instrument

Data were collected from the annual reports and accounts of the banks covering a five-year period 2019-2023. Secondary data relating to the annual reports of the selected deposit money banks listed in the Nigerian Exchange Group as at 2024 served as the sole data collection instrument. In addition to this, secondary data from data sources- The Nigerian Stock Exchange Factbook, Cash Craft Website and Capital Asset Limited Website were obtained.

3.5 Operational Measure of Variables

Dependent Variable

In this study, financial performance is employed as the dependent variable of the model. There are various measures of performance each of which revolves around profitability. Previous studies used measures of profitability such as return on asset, return on equity, firm margin etc. This study adopted return on assets as a proxy for financial performance.

Independent Variables

Earnings manipulation is measured by three variables in this work: loans loss provision, size of total assets and firm age.

3.6 Method of Data Analysis

The analysis carried out to determine the impact of earnings manipulation on financial performance of selected quoted deposit money banks in Nigeria with international authorization. Considering the nature of the data which is time series, the study therefore employs multiple regressions using pooled OLS regression. This is in accordance with the work of Saidu *et al* (2017). A simple model was employed to determine the impact of earnings manipulation on Performance of DMBs.

3.7 Model Specification

The quality of earnings manipulation could be estimated as a function of the firm's agency characteristics, which have been defined in this study as loans loss provision.

This is expressed as $EM = f(LLP)$.

The panel data regressions that are used to estimate the relationship are as follows:

$ROA = \alpha_0 + \alpha_1 DAC + \alpha_2 SIZE + \alpha_3 AGE + e$ as adopted from the work of Saidu *et al* (2017) but was modified in this study because of the fact that the sector under consideration is deposit money banks which differ from the sector studied by other researchers. The modified model is therefore as follows:

$ROA = \alpha_0 + \alpha_1 LLP_{it} + \alpha_2 SIZE_{it} + \alpha_3 AGE_{it} + e_{it}$ Where:

ROA = return on asset

SIZE = natural logarithm of total assets

AGE = the number of years since the listing of the firm to the observation date

LLP = loan loss provision α_1 = Parameters to be estimated (is the average amount the dependent variable increases when the independent increases by one unit).

e = an error terms assumed to satisfy the standard regression assumption.

BAYELSA STATE POLYTECHNIC, ALEIBIRI

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Data Presentation

Table 4.1 Descriptive Statistics of the Data

Variables	Observations	Mean	Standard deviation	Minimum	Maximum
ROA	25	1.6108	.9949453	-.99	3.93
SIZE	25	21.0996	.5684151	20.04	22.05
AGE	25	26	13.10216	6	45
LLP	25	0.01528	0.0222589	0.001	0.11

Source: Computed by the Researcher Using Stata 11.1

Table 4.1 shows that ROA has a mean of 1.6108 with standard deviation of 0.9949453, minimum and maximum values of -0.99 and 3.93 respectively. It is also evidence from the table 4.1 that SIZE of the banks has a mean of 21.0996 with 0.5684151 as standard deviation and 20.04 and 22.05 as minimum and maximum values respectively. Table 4.1 also revealed that the mean AGE of the DMBs is 26 years with 13.10216 as standard deviation and 6 years and 45 years as minimum and maximum respectively. Lastly, the table 4.1 shows that, averagely, LLP for DMBs in Nigeria is 0.01528 with the standard deviation of 0.0222589, minimum and maximum values of 0.001 and 0.11 respectively. From the table it can be seen that ROA has the lowest mean of 1.6108.

Table 4.2: Correlation Matrix of the Variables

	ROA	LLP	SIZE	AGE
ROA	1.0000			
LLP	-0.3424	1.0000		
SIZE	0.4229	-0.4458	1.0000	
AGE	0.0345	-0.2973	0.1578	1.0000

Source: Computed by the Researcher Using Stata 11.1

Correlation matrix shows the relationship between explanatory variables and explained variable and also the relationship among the individual variables themselves. The correlation matrix is also an alternative test for multicollinearity. Gujarati (2004) notes that correlation above 0.8 between variables, is a concern as it indicates excessive correlation. From the correlation table, the results reveal only a mild correlation among the independent variable which indicates that the model performs well.

It can be seen from table 4.2 above that ROA has a positive relationship with SIZE and AGE. The relationship between ROA with SIZE and AGE are ($r=0.4229$) and (0.0345) respectively. From the table, it can also be deduced that LLP has a negative relationship with both SIZE and AGE while the relationship between SIZE and age is positive.

ROA and the explanatory variables

To be able to measure the relationship that exists between ROA with LLP, SIZE and AGE, the study used pooled OLS regression. However, in order to ensure that proper, adequate, reliable and effective regression result is used in this research to determine the impact of earnings manipulation on ROA, both fixed effect regression result and random effect regression result were subjected to hausman test. From the hausman test, it was found that the appropriate and consistent regression result to be used in this research is random effect regression result. This is because the hausman test shows that the variables are more correlated under random effect, at such random effect regression result is shown in table 4.3.

Table 4.3: Pooled Regression Result

ROA and Explanatory Variables (LLP, SIZE and AGE) ($ROA = \alpha_0 + \alpha_1 LLP + \alpha_2 SIZE + \alpha_3 AGE + e$)

	[95% Conf. Interval]						Coef.	Std. Err.	z
roa									
llp	-3.721977	8.104265	-0.46	0.646	-19.60605	12.16209	size	1.019422	
	.3636987	2.80	0.005	.3065856	1.732258		age	-.0323075	.0153016
	-.0622981	-.0023168	cons	-19.22788	7.71518	-2.49	0.013	-34.34935	-4.106406

R-square: = 0.4711
Wald chi2 (3) = 13.27
Prob> chi2 = 0.0041

From Table 4.3 above, the overall aggregate influence of the explanatory variables included in the model are able to explain ROA up to 0.4711 (47%) which is indicated by R-square (overall), while the remaining 53% are controlled by other factors that are not included in the model. The P-value of 0.0041 and significant at 5% which is statistically significant shows that the model is well fitted and therefore provides substantial evidence that ROA is negatively related with earnings manipulation in DMBs in Nigeria.

Table 4.3 further reveals that there is a negative relationship between LLP and ROA having coefficient of -3.721977 with a z-value of -0.46. This implies that an increase in ROA leads to 3.721977 decrease in earnings manipulation. The result indicates that banks plan to maintain almost the same percentage of ROA during the sample period. SIZE and ROA exhibit a positive interaction having coefficient of 1.019422 and z-value of 2.80 which signifies that an increase in the SIZE results to an increase in ROA by 1.019422. The result further reveals a negative relationship between ROA and AGE having a coefficient of 0.0323075 and a z-value of -2.11 implying that a rise in bank AGE results in a fall of ROA by 0.0323075.

SIZE positively relates with ROA. This opposes the view that because large banks have more resources than their smaller counterparts they are more likely to avoid the use of ROA to manipulate reported earnings. On the contrary, because of the pressure exerted on large banks by

their stakeholders, banks have incentive to manage earnings to please their complex Stakeholders.

From the results, the negative association between earnings manipulation (LLP) and ROA suggests that banks decrease ROA to manage (smooth) earnings. This result is in line with the Saidu *et al* (2017) and Abubakar, Abdu & Abdulmarooph (2020). It is therefore concluded in this study that bank managers intend to use earnings manipulation to manipulate their reported performance when they have low ROA.

4.2 Test of Hypotheses

Based on the above regression results obtained from Table 4.3, the hypotheses of this study were be tested.

Table 4.3 regression result was used to test the first hypothesis which states that “earnings manipulation does not have significant impact on the return on assets of DMBs in Nigeria”.

The result shows that the individual P value of LLP =0.646 (64.6%) at 5% significant level indicates that LLP (earnings manipulation) does not have significant impact on ROA. This is supported with the overall R square of 0.4711(47.11%) which shown that there are 53% other variables which affect the ROA of DMBs. Based on this result; the first hypothesis which stated that “earnings manipulation does not have significant impact on ROA” is therefore accepted.

4.3 Discussion of Findings

Table 4.3 above showed the overall aggregate influence of the explanatory variables included in the model are able to explain ROA up to 0.4711 (47%) which is indicated by R-square (overall), while the remaining 53% are controlled by other factors that are not included in the model. The

P-value of 0.0041 and significant at 5% which is statistically significant shows that the model is well fitted and therefore provides substantial evidence that there is no relationship between earnings manipulation, proxied by loans loss provision, size of total assets and firm age and financial performance, measured by return on assets (ROA) of deposit money banks in Nigeria.

Table 4.3 further reveals that there is a negative relationship between LLP and ROA having coefficient of -3.721977 with a z-value of -0.46. This implies that an increase in ROA leads to 3.721977 decrease in earnings manipulation. The result indicated that banks plan to maintain almost the same percentage of ROA during the sample period. SIZE and ROA exhibit a positive interaction having coefficient of 1.019422 and z-value of 2.80 which signified that an increase in the SIZE would result to an increase in ROA by 1.019422. The result further revealed a negative relationship between ROA and AGE having a coefficient of 0.0323075 and a z-value of -2.11 implying that a rise in bank AGE results in a fall of ROA by 0.0323075.

SIZE positively relates with ROA. This opposes the view that because large banks have more resources than their smaller counterparts they are more likely to avoid the use of ROA to manipulate reported earnings. On the contrary, because of the pressure exerted on large banks by their stakeholders, banks have incentive to manage earnings to please their complex stakeholders.

From the results, the negative association between earnings manipulation (LLP) and ROA suggests that banks decrease ROA to manage (smooth) earnings. This result is in line with the Saidu *et al* (2017) and Abubakar, Abdu & Abdulmarooph (2020). It is therefore concluded in this study that bank managers intend to use earnings manipulation to manipulate their reported performance when they have low ROA.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This study set out to examine the impact of earnings manipulation on financial performance of selected deposit money banks in Nigeria. In conducting this study, the researcher used selected five deposit money banks with international authorization as the sample size. Using loans loss provision, size of total assets and firm age as measures of earnings manipulation, on one hand, and return on assets as an indicator of financial performance, on the other hand, the following results were obtained:

- i. There is a positive relationship between size of total assets and return on assets of selected deposit money banks in Nigeria.
- ii. There is a negative relationship between firm age and return on assets of selected deposit money banks in Nigeria.

- iii. There is a negative relationship between loans loss provision and return on assets of selected deposit money banks in Nigeria.
- iv. On the overall, there is a negative relationship between earnings manipulation and financial performance of selected deposit money banks in Nigeria, on the basis of this study.

5.2 Conclusion

The study examined the impact of earnings manipulation on the financial performance of listed deposit money banks in Nigeria. Earnings manipulation is an activity where managers use their discretion to mislead stakeholders about the economic performance of the company or to influence contractual outcomes. Earnings manipulation practices include: recognizing premature or fictitious revenue, aggressive capitalization and extended amortization policies, misreported assets and liabilities, getting creative with income statement and problems with cash flow reporting. From the above findings which show the impact of earnings manipulation (measured by loans loss provision, size of total assets and firm age) on key performance indicator (ROA), it can therefore be concluded that earnings manipulation has impact on the performance of DMBs in Nigeria, though the impacts is not significant. The overall findings showed that there is existence of earnings manipulation among deposit money banks in Nigeria. It is however pertinent to note here that the existence of earnings manipulation in DMBs in Nigeria does not have significant impact on their performance as inferred from the findings of this research.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made:

- i. Appropriate and proper measure should put in place for adequate evaluation, examination and scrutinization of deposit money banks' financial statements.
- ii. Adequate procedures for early detection of earnings manipulation practices should be put in place before earnings manipulation practices will have a great and notable negative impact on the performance of banks.
- iii. The Financial Reporting Council of Nigeria (FRCN) should be empowered to draft a well-structured framework of accounting regulation, accept, review and investigate financial statements of all DMBs quoted on the NSE to ensure compliance with GAAP, IFRS, CAMA and other financial reporting Act.

REFERENCES

- Abbadi, C. (2016). Creative accounting: Nature, incidence and ethical issues. *Journal of Economic Literature Classification* 41(11).
- Abdullahi, B., Norfadzilah, R., Umar, A., & Lateef, S. (2020). The financial determinants of earnings management and the profitability of listed companies in Nigeria. *Journal of Critical Reviews*, 7(9), 31-36.
- Abraham, L. A., Zhang, W., Joseph, A. G., Agyemang, K. S., & Ofori, C. (2021). Accrual earnings management, real earnings management and firm performance: a panel data analysis. *International Journal of Economics, Business and Management Studies (EBMS)*, 8(5), 37-47.
- Abubakar, A., Abdu, Y.M. & Abdulmarooph, O.A. (2020). Loan loss provision and earnings manipulation in Nigerian deposit money banks. *Mediterranean Journal of Social Science* 5(17).

- Ahmad, A.O. (2016). A study of the relationship between the qualitative characteristics of accounting earnings and stock return. *Kingston University Library*.
- Bhasin, L.W. (2016). Quality of earnings and earnings manipulation. *Journal of AICPA* 12(7).
- Chang, R.D, Shen, W.H. & Fang, C.J. (2018). Discretionary loan loss provisions and earnings management for the banking industry. *International Business & Economics Research Journal* 7(3).
- Ezeanin, O. (2018). An evaluation of earnings manipulation on the shareholders' wealth of DMBs. *Journal of Accounting and Finance* 3(5).
- Gunny, K.A. (2020). The relation between earnings manipulation using real activities manipulation and future performance: Evidence from meeting earnings benchmarks. *Contemporary Accounting Research* 27(3).
- Haryudanto, D., & Yuyetta, E.N. A. (2017). Effect of earnings manipulation on the level of corporate social responsibility and corporate value. *Journal of Accounting and Finance* 3(5).
- Ibobo, K. C., & Ogbodo, C. O. (2023). Earnings manipulation and financial performance of manufacturing firms listed on the Nigerian Exchange Group. *Journal of Global accounting*, 9(1), 190-213.
- Ignacio, M.N. (2019). Earnings manipulation and banks' dividend policy. *Accounting Global Journal* 3(5).
- Ijeoma, N. (2016). The contribution of creative accounting on economic development. *International Journal of Scientific & Engineering Research* 4 (9).
- Isenmila, P.A., & Elijah, A. (2018). Earnings manipulation and ownership structure: Evidence from Nigeria. *Research Journal of Finance and Accounting* 3(7).

- Kabir, M.H. (2019). Earnings manipulation during initial public offering in Japan. *Journal of Business Administration* 28(7).
- Kang, S., & Kim, Y. (2015). Does earnings manipulation amplify the association between corporate governance and firm performance in international business? *Economics Research Journal* 10(2).
- Khuong, N. V., Nguyen, T. T., & phung, A. T (2019). The relationship between real earnings management and firm performance: The case of energy firms in Vietnam, *International Journal of Energy Economics and Policy*, 9(2), 307-314.
- Martono, S.S. (2016). Effects of earnings manipulation on dividend policy: Evidence from Tehran Stock Exchange. *World of Science Journal* 1(14).
- Mulford, H. (2018). The effectiveness of corporate governance and external audit on earnings management practice practices. *Journal of Professional Accountant* 10(5).
- Ndung'u, M.W. (2017). Earnings manipulation and financial performance of listed non-financial firms in Kenya. *Being a research project submitted to the school of business in partial fulfillment of the requirement of the award of degree of Master of Business Administration (Finance and Accounting Option) of Kenyatta University.*
- Okafor, T., Ezeagba, C., & Innocent, O. (2018). Effect of earnings management on performance of corporate organizations in Nigeria. *International Journal of Business Management and Economic Review*, 1(3), 2581- 4664.
- Okeoma, O.M. (2016). The unethical practices of accountants and auditors and the compromising stance of professional bodies in the corporate world: Evidence from corporate Nigeria. *Accounting Forum* 31(3).

- Okike, S.O. (2019). A survey of the perception of ethical behaviour of future Nigerian accounting professionals. *The Nigerian Accountant* 43(3).
- Olaniyi, T, A., & Abubakar, F, L. (2018). Real earnings management and future financial performance of quoted consumer goods companies in Nigeria *Amity Business Review*, 19(2), 121-132.
- Olaoye, C., & Akinleye, M. (2020). Accrual earnings management, real earnings management and firm's value of quoted manufacturing companies in Nigeria. *EuroEconomic*, 3(39), 119-140.
- Olatunji, O.R.,& Fakile, A.S. (2017). The effects of board size on financial performance: A study of selected banks in Nigeria. *International Journal of Economics and Finance*4(2).
- Olotu, A, E., Salawu, R, O., Adegbe, F, F., & Akinwunmi, A, J. (2019). Earnings management and performance of Nigerian quoted manufacturing companies: The balanced scorecard approach. *International Journal of Advanced Studies in Business Strategies and Management* | IJASBSM, 7(1) 72-98.
- Omurgonulsen, M.,& Ugur, O. (2019). Critical thinking about creative accounting in the face of a recent scandal in the Turkish banking sector. *Critical Perspectives on Accounting*20(3).
- Osioma, B.C.,& Enahoro, J.A. (2016). Creative accounting and option of total quality accounting in Nigeria. *Journal of Global Accounting* 2(1).
- Ozkeya, H.O. (2018). Creative accounting and firms' market value in Nigeria. *Arabian Journal of Business and Management Review* 2(3).
- Phyllice, J., Robert, E., & Ondiek, B. (2021). Influence of earnings management on financial performance of agricultural firms listed in Nairobi securities exchange. *IOSR Journal of Economics and Finance (IOSR-JEF)*, 12(1), 33-39.

- Saidu, H., Ocheni, I.O., & Muktar, J. (2017). The impact of earnings manipulation on financial performance of listed deposit money banks in Nigeria. *Journal of Accounting and Financial Management* 3(2).
- Sanusi, E.A. (2015). Creative accounting and bank performance: Evidence from Nigerian banking industry. *Journal of Accounting and Finance* 7(8).
- Tabassum, U.H., Kaleem, F., & Nazir, A. (2019). Corporate governance, earnings manipulation and financial manipulation. *Journal of Business Ethics* 3(4).
- Ujah, N., & Brusa, J. (2017). Earnings manipulation, financial leverage, and cash flow volatility: Do economic conditions matter? *Working paper*. Available from <http://ssrn.com/abstract=1929550> or <http://dx.doi.org/10.2139/ssrn.1929550>.
- Uwugbe, O.R., Fagbemi, T.O., & Anusiem, U.F. (2018). The effects of audit committee and ownership structure on income smoothing in Nigeria. *Research Journal of Finance and Accounting*, 3(4).