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Research Paper

Effect Of Firms Attributes On Earnings Management Of Listed Deposit Money Banks In Nigeria.

Oladele, Jami'u Olanrewaju
Department of Accounting
Umaru Ali Shinkafi Polytechnic, Sokoto
oladelejamiuolanrewaju@gmail.com

Moshud, Nurudeen Mohammed
Department of Accounting
Abdu Gusau Polytechnic, Talata Mafara, Zamfara
Moshud2010@gmail.com

Hassan Wakala
Department of Accounting
Umaru Ali Shinkafi Polytechnic, Sokoto
Hassanwakala09@mail.com

ABSTRACT
This study assesses the effects of firms' attributes on earnings management of listed Deposit Money Banks in Nigeria. To achieve the objectives of this study, all the listed money deposit banks in the Nigerian stock exchange for the period 2015-2019 were used for the study. The study adopted the use of both descriptive statistics and correlation matrix using the robust fixed regression for the listed sampled firms. The hypotheses were tested and findings of the study revealed that board meetings and audit committee type have no significant positive effect on earnings management with P- value of 0.701 and 0.264 respectively. Thus, the study concluded that the variables utilized in the study do not necessarily influence a firm's tendency to engage in the manipulation earnings and exaggerate earnings. The study therefore recommends that regulatory agencies such as SEC should ensure that banks comply with stipulated rules for better monitoring and governance.
KEYWORDS;*Board meetings, Audit committee size and Earnings management.*

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I. INTRODUCTION

Earnings management is seen as an attempt by management to induce, influence or manipulate reported earnings by using specific accounting method or changing methods, recognizing one-time non-current items, deferring or escalating expenses or revenue transactions or using other methods designed to influence short term earnings (Rahman& Muniruzzaman 2013).

The practice of Earnings management is a conscious attempt to arrive at a preferred level of earnings using different means (Bello, 2011). Earnings management can take many forms and include various deceitful actions as a result of managers' use of opinion in financial reporting. Earnings management, however, involves the preparation of financial reports in accordance to what correlates with the effort of the managers, such as to improve the worth of the company and that of the accountants. The flexibility of the accounting regulations makes it easy for managers to manage earnings and this arises the doubt to the quality of financial reports (Okoye & Alao, 2008).

Financial accounting reports are produced to confirm the true and fair position of dealings of business entities so that stakeholders and other users of such information can take conversant decision. However, current accounting practices allow a degree of choice of policies and professional judgment in determining the methods of measurement, criteria for detection, and even the definition of the accounting entity has given rise to deliberate non-disclosure of information and manipulation of accounting figures, thereby making the business to be more profitable (or less profitable for tax purposes) and financially stronger than it's supposed to be.

Global corporate scandals that took its toll with the collapse of prestigious companies like Enron and Worldcom (2001), reiterated the need for an investigation into the quality of financial reports and increased the clamoring for a better governance mechanism globally. Bowen, Rajgopal and Venkatachanlam, (2003) observed that accountants and financial managers have systematic deficiencies in complying with accounting standards and governance systems to produce financial information as such cook their accounts to suit either their needs or the need of their shareholders as the case may be management of listed money deposit in Nigeria. The shutting down of banks in Nigeria and the deterioration of some Banks asset portfolios, coupled with fraudulent acts of presenting fictitious financial statements and lack of adherence to Accounting regulations and largely due to distorted credit management, were some of the main structural sources of Banks crises in Nigeria (Sanusi, 2010, Kashif, 2008, and Seabright, 2002). This act has led to either the merger or acquisition of banks like Oceanic bank plc, Wema bank plc, Fin bank, Spring bank, Afribank, Intercontinental bank, and Bank PHB in Nigeria (Adeyemi & Fagbemi, 2011, Ajibolade, 2008 Ogbonna & Ebimobowei, 2011). This calls the attention of research to dwell into firm attribute and earnings management.The broad objective of this research is to study the effects of firms' attributes on earnings management of listed deposit money banks in Nigeria.

Research Hypotheses

The study developed the following hypotheses in null form in order to answer the research questions:

$H_0$1: There is no significant relationship between Board Meetings and Earning Management of listed Deposit Money Banks in Nigeria.

$H_0$2: Audit Committee Size has no significant effect on Earning Management of listed Deposit Money Banks in Nigeria.

II. LITERATURE REVIEW

Concept of Earnings Management

Despite all the mechanisms adopted in the last decade in Nigeria, which aim at increasing the level of transparency and confidence in the substance of financial reporting, the capability of companies to influence financial reports through the earnings management practice still exists, especially since these management practices are legal and within the plasticity allowed by the accounting standards which differ from illegal practices and that are classified as cases of fraud (Metawee, 2013).

Hall (2013) defines earnings management as the use of accounting discretion, deliberate accounting misstatement, or use of genuine transactions to modify the numbers reported in the financial statements to control outcomes that depend on reported accounting numbers. He went on to explain that improper revenue recognition to meet targeted goals is an example of using deliberate misstatement. Also, frequently changing methods used in calculating depreciation to maintain ratios used in debt contracts is an example of using accounting discretion to influence an outcome that depends on reported numbers.

However, Akers, Giacomino and Bellovary, (2007) and Uwuigbe, Fagbemi and Anusiem, (2012) described Earnings Management as efforts of management to manipulate reported earnings by using certain accounting methods or changing methods, recognizing non-recurring items, deferring or speeding up expenses or revenue, or using other techniques designed to control short-term earnings; Cornett, Marcus & Tehranian (2008),on the other hand described it as an anticipatory step to avoid an in default situation in a loan agreement, reduce the regulatory cost, and increase the regulatory benefit.

Techniques of Earning Management

Managers can manipulate earnings because they have flexibility in making accounting or operating choices. The most successful and widely used earnings management techniques have been highlighted by (Shih 2013)

i. Cookie Jar Reserve Technique

The cookie-jar technique deals with estimations of future events (Levit 1998). In Generally Accepted Accounting Principles (GAAP), management has to estimate and record obligations that will be paid in the future as a result of events or transactions in the current fiscal year based on accrual basis. But there is always indecision adjoining the assessment process because future is not always certain.

ii. Big Bath Techniques

Big bath technique is the technique used by management to manage earnings when the firm is going through a restructuring. Although in exceptional incident, sometimes corporations may streamline debt, write-down assets or modify and even close down an operating segment. In these instances, expenses are generally inevitable. If the management record estimated charge (a loss) against earnings for the cost of implementing the change then it will negatively affect the cost of the share price but the share price may go up rapidly if the charge for restructuring and related operational changes is viewed as positively (Healy & Wahlen 2005).

iii. Big Bet on the Future Technique

When an acquisition occurs, the corporation acquiring the other is said to have made a big bet on the future, Rahman et al (2006), In Generally Accepted Accounting Principles (GAAP) regulations, an acquisition must be reported as a purchase. This leaves two doors open for earnings management. In the first instance, a company can write off lifelong costs against existing earnings in the acquirement year, and shielding future earnings from these charges.

iv. Flushing the Investment Portfolio

To achieve strategic alliance and invest their excess funds, a company buys the shares of another company. When a firm invests in another and its investment is less than 20% of the total ownership, it is a Passive investment. It can be classified as trading securities which appears in the operating income or it's classified as available-for-sale securities which are not reported in operating income until it is sold. Firms manage earnings by timing of sales, they sell securities that gained or lost value to increase or decrease earnings or they even reclassify the security portfolio from trading securities to available for sale securities in order to move a gain or a loss from or to the income statement.

v. Throw Out a Problem Child

To increase the earnings of future period, the company can sell the subsidiary which is not performing well i.e. "the problem child" subsidiary may be "thrown out". Earnings can be managed through sell the subsidiary, exchange the stock in an equity method subsidiary and spin off the subsidiary. A gain or loss is reported in the current period statement when a subsidiary is sold. The existing shareholders become the owner of the problem child by distributing or exchanging the shares of a subsidiary with the current shareholders.

iv. Write off of Long Term Operating Assets

The cost of long term operating assets used or consumed is recorded as an amortization (intangible assets- goodwill, patents, copyrights, and trademark), depreciation (tangible assets- buildings, machinery, equipment) and depletion expense (natural resources-timber, coal, oil, natural gas) over the periods expected to be benefited. Management has the discretionary power when selecting the write off method; write off period; estimating salvage value. It is not necessary to record depreciation or amortization expense if the long-term operating asset changed to non-operating asset.

v. Sale/leaseback

A company can enhance the earnings of the financial statement by selling a long-term asset that has unrealized gain or losses. By recording a gain or loss a company can manage its earnings. According to IAS 17, losses occurring in a sale/leaseback transactions are recognized on the seller's book immediately and gain are amortized over the period if it is capital lease or proportion of the payment is operating lease.

vi. Early Retirement of Debt

Management can manage the earnings by selecting the fiscal period of early retirement of debt. A gain or loss is occurred when the company makes the early payment of cash which is different from the book value of long-term debt such as bonds. This gain or loss is recorded as an extraordinary item at the bottom of the income statement which boost the earnings of that period.

Measurement of Earnings Management

Discretionary Accruals

Kaplan, (1985) posits that normal portion of accruals otherwise known as non-discretionary accruals is unlikely to reflect earnings management. Consequently, the key concern in earnings management would be abnormal accruals otherwise known as discretionary accruals. This arose after deducting estimated normal accruals from total accruals. Several models were tested by, Jones Model (1991).

Jones (1991) conducted a study that tested whether firms use downward earnings management during import relief investigations. Total accrual estimate was used. In the model there were two assumptions, it's assumed that managers manage earnings by using their discretion and the second assumption was that accruals which are free from the manager's discretion are constant. Its also added that variables included in the model like PPE, Revenue and lagged Total assets are not control by management. Models such as Healy (1985), McNichols (1988) & Kaplan (1985) are the studies Jones build upon. In estimating discretionary accruals using Jones model, firstly total accruals is calculated by using this formula:

TA = (ΔNon-cash current assets - ΔCurrent liabilities excl. current portion of long term debt – Depreciation and Amortization) / Lagged total assets

This formula is used in detecting the firm's specific parameters

$TA_t / A_{t-1} = \beta_1 [1/A_{t-1}] + \beta_2 [\Delta REV_t/A_{t-1}] + \beta_3 [PPE_t/A_{t-1}] + \varepsilon_t$

i. The Modified Jones Model (1995)

After Jones model, Dechow et al (1995) modified the original Jones model by subtracting receivables from revenue because they saw that total revenue in the original Jones model made the model weak. Therefore they modified the original Jones model to improve it. This modification was applied to decrease the measurement error of discretionary accruals when firms apply discretion over sales Dechow et al (1995). The original Jones model was modified into this

$NDA_{(t-1)} = \{\beta_1 (1/A_{t-1}) + \beta_2 (\Delta \text{ in } Rev_{it} - \Delta \text{ in } Rec_{it})/A_{t-1}\} + \beta_3 (PPE_{it}/A_{t-1}) + \epsilon_{it}$

This indicates that the Modified-Jones model groups all changes of credit sales as earnings manipulation by management and the underlying assumption is that managements are able to manage earnings that is credit sale revenues through management discretion than sales revenues based on cash sales (Gelderen 2013).

Review of Empirical Studies

Bala and Kumai, (2015) in their study of Board characteristics and earnings management of listed food and beverages firms in Nigeria covers the period of 6 years (2009-2014). The dependent variable was generated using two steps regression through modified Jones model. Multiple regression results from the analysis revealed an inverse relationship between board size, board meetings and board financial expertise, and earnings management of listed food and beverages firms in Nigeria, while board composition and women directorship are positively significantly related to earnings management of listed food and beverages firms in Nigeria.

Olowokure, Tanko, and Nyor, (2016) studied Firm Structural Characteristics and Financial Reporting Quality of Listed Deposit Money Banks in Nigeria. 13 listed deposit money banks in Nigeria for over a period of 10 years (2005-2014) were used, panel data regression analysis was used in testing the hypotheses. The findings revealed that age, size and level of leverage on financial reporting quality did not show any evidence of significant relationship between firm age, size, leverage and financial reporting quality.

Odudu, James and James, (2016) investigated the influence of Board Characteristics on the Financial Performance of listed deposit money banks in Nigeria for the period of 2005-2014. 15 out of the 17 listed deposit money banks as at 2014 were used for the study. The study seeks to examine whether board characteristics (proxy by executive director, independent director, grey director, women director and foreign director) has any influence on the Performance of listed Deposit Money Banks in Nigeria. multiple regression was used to analyze the data and their findings show that foreign director is significantly and positively correlated or influenced the Performance of deposit money bank, while the grey director have negative significant effect on the Performance of deposit money banks in Nigeria. Other variables such as executive director, independent non-executive director and women director have no significant impact on banks performance in Nigeria.

Atu, Atu, Enegbe and Atu, (2016) Studied the determinants of earnings management in Nigeria quoted companies. The study adopted a cross-sectional research design with an extensive reliance on secondary data from the financial statement of quoted company's annual report. The study sampled 30 companies for period of eight years (2007-2014). Corporate governance, firm size, audit firm type and financial performance were used as explanatory variable while earnings management using discretionary accruals measure as dependent variable. The finding indicates the existence of negative significant relationship between board size, audit firm type and earnings management In addition, they study also found the existence of a non-significant relationship between firm size, ROA and earnings management, this conform to the findings of Okolie, (2014).

Theoretical framework

Stakeholder Theory

Freeman and Reed (1983) described stakeholders as those groups of people or institutions who have interest in the action of the firm. From the definition of Freeman et al (1983) stakeholders includes a wide range of individuals and institutions that have contractual relationships in connection with the firm's specific assets, Loy (2015). Freeman (1994) looks at the stakeholder theory in two perspectives. The first one talks about the purpose of the firm that is, is the firm able to deliver and achieve the main reason why it is in business? Are managers working hard enough? Are they working towards the achievement of firms specific goals or they are just working to achieve individual interest instead of the firm's interest?

2.4.2 Agency Theory

Agency theory predicts that, both the principal and the agent will aim to maximize their own utility and therefore agents do not always act in the best interest of the principal, Gelderen (2013). We assume that instead of managers to fulfill the expectations of the shareholders they rather fulfill their own expectations. The separation of control and ownership and the conflicts of interest lie at the bases of the agency theory, Salah (2010). According to Holthausen (1995) managers manipulate earnings downwards when their bonus is at uppermost. To Roman (2009), Earnings management occurs when an organizations management has the chance to take decisions that alter reported income and exploit those chances. The main aim of the shareholder would be to receive the maximum returns on investment.

2.4.3Positive Accounting Theory

Positive Accounting Theory (PAT) was developed by Watts and Zimmerman (1986). This theory is interested in explaining and predicting actual accounting practices. A Positive Accounting Theory tries to predict and describe economic accounting behaviour. Normative Theory is the opposite of PAT and it is the judgments about in which way companies should or should not act. The Positive Accounting Theory focuses on the choices of accounting methods and the implications of these choices. Three hypotheses have mostly been formulated and tested by Positive Accounting Researchers. These are the Bonus plan hypotheses, Debt/Equity hypotheses and the Political cost hypotheses. According to Watts and Zimmerman (1990) Bonus plan is used because it can be observed.

III. METHODOLOGY

Research design

The data is panel in nature and as such is cross-sectional because the information required for the study was already available for the period to be covered (2015-2019) Both descriptive and inferential statistics was used to analyse data using STATA software. was used in estimating the regression results where the dependent variable is denoted by earnings management and was measured by Discretionary Accrual while Independent variables which are board meetings and audit committee size are proxies to firms' characteristics. Audit firm type and women directors were also introduced as control variables.The population of the study comprises of all the 15(fifteen) Deposits Money Banks listed on the Nigerian Stock Exchange (NSE) as at December 2018.

Sources and Methods of Data Collection

The study utilized information of the listed money deposit banks in Nigeria stock exchange for the period of 5 years (2015-2019). Secondary data was used and were drawn from the published annual report and financial statement of the firms on NSE Fact Book, NSE Website and official Website of the Banks for the period of the study. This will enable the researcher gather the relevant information needed to achieve the predetermined objective.

Modified Jones Model

After Jones model, Dechow et al (1995) modified the original Jones model by subtracting receivables from revenue because they saw that total revenue in the original Jones model made the model weak. Therefore, they modified the original Jones model to improve it. This modification was applied to decrease the measurement error of discretionary accruals when firms apply discretion over sales Dechow et al (1995). The original Jones model was modified into this

$NDA_{(t-1)} = \{\beta_1 (1/A_{t-1}) + \beta_2 (\Delta \text{ in } Rev_{it} - \Delta \text{ in } Rec_{it})/A_{t-1}\} + \beta_3 (PPE_{it}/A_{t-1}) + \epsilon_{it}$

Where:

NDA = Non Discretionary accrual
A = Total Assets
A_{t-1} = Total Assets at the beginning of the year
Δ in Rev_{it} = Change in revenue from year t – 1 to t
Δ in Rec_{it} = Change in receivable from year t – 1 to t
PPE_{it} = Plants, property & Equipments at the end of the year
$\beta_1, \beta_2, \beta_3$ = Firms' specific parameters
ϵ = Firms specific discretionary portion of accruals

Independent variables

In order to measure firms' attribute, board meetings, and audit committee size was employed as explanatory variables. The reason for this is that these variables are discovered to be utilized by various studies as in the work of Chechet and Olayiwola (2014), Hassan and Bello (2013) and Uwuigbe, et al. (2015).

Board meetings

One vital measure of the effectiveness of a board is how frequently the board members meet to discuss the diverse issues facing a firm. Diligent boards improve the level of oversight, resulting in improved financial reporting quality.

Audit committee size

Most of the regulations including that of Nigeria require the provision of equal number of shareholders and directors to run the audit committee. As highlighted earlier, section 359(6) of the Companies and Allied Matters

Act (CAMA) requires every public company to have an audit committee which shall have a maximum of six members of equal representation by three shareholders and three directors. Audit committee size is measured as the total number of audit committee members as used in the works of Kuang (2002), Bala (2011) and Uwuigbe, Fagbemi, and Anusiem (2012).

Control Variables

Gender diversity (women director)

Gender diversity reduces conflicts of interest between managers and shareholders. Indeed, diversity ensures the independence of the board can provide the firm with new ideas and perspectives based on innovation and creativity and also helps make the most effective decisions (Huse and Solberg, 2006).

Audit firm Type

There has been number of studies as to the quality of audit, some studies revealed that big audit firms has higher audit quality than the non big audit firms while other studies results on the contrary. Audit firm type is measured as the variable that takes the value of 1 if the firm is audited by the big 4 audit firms, and zero if otherwise as in consistent with the work of Okoli (2014).

Techniques of Data Analysis

Descriptive statistics was used to compute the mean, standard deviation, minimum and maximum value of both the dependent variable and the independent variable of the study. Inferential statistics used to compute both correlation and regression. These employed in determining the relationship between dependent and independent variables. STATA was used to analyze and interpret the collected data where appropriate.

The regression equation is as follows:

$Y=\alpha+\beta_1 X_{it}$ ……………………………………………………………………………..……(1)

$DAC_{it} = \alpha + \beta_2\ BRDMEET_{it}$ ……………………………….……………………………………..(2)

$DAC_{it} = \alpha + \beta_3 ACSIZ_{it}$ ……………………………………..………………………..……....(3)

$DAC_{it} = \alpha_t + \beta_2\ BRDMEET_{it} + \beta_3\ ACSIZ_{it}$ ……………………………………..…….……….(4)

$DAC_{it} = \alpha + \beta_2\ BRDMEET_{it} + \beta_3\ ACSIZ_{it} + \beta_4 WMND_{it} + \beta_5\ AUFTYP_{it} + \epsilon_{it}$….………………..(5)

Where;

α - is constant, β_1……… β_5 = Regression coefficient , ϵ - is the error term

DAC_{it} = Discretionary Accruals calculated from the five models

$BRDMEET_{it}$ = the number of board meetings held annually by the board of directors.

$ACSIZ_{it}$ = Audit committee size of firm i in time t

$WMND_{it}$ = Women director the number of women directors to total board members

$AUFTYP_{it}$ = Audit firm type measures as the value of 1 if the firm is audited by the big 4 audit firms, and zero if otherwise.

IV. DATA PRESENTATION AND ANALYSIS

Descriptive Statistics

This section depicts the summary of data. It includes the mean, standard deviation, minimum and maximum. The average value of the data is known as mean, standard deviation is the average variation in the data. Summary also shows the smallest value (minimum) of the data as well as the largest value (maximum).

Descriptive Statistics of variables

Variable	Mean	Std. Dev.	Min	Max
DA	5.886998	5.349727	-2.15926	12.47892
ACSize	5.853333	.8333153	3	8
BRDMEET	5.123288	1.393888	3	9
GENDER	.1749243	.0925949	0	.4285714
AUFTYP	.9333333	.2511236	0	1

SOURCE: Extracted from STATA output

The Discretionary Accruals (DA) has been measured by using Modified Jones Model. The mean value of DA for the selected firms is positive 5.886998 and Standard deviation captured is 5.349727 which indicates that the deviation in the practice of earnings management between the banks is quite very small, although it also suggests the existence of earnings management. The maximum value for DA is 12.47892 and minimum value is negative -2.15926.

Audit Committee size (ACSize) has been measured as the total number of audit committee members. The mean value of ACSize for the selected firms is 5.853333 standard deviation captured 0.8333153, which signifies that on the average it can be said there are approximately six members in the audit committee of listed deposit money banks in Nigeria. Thus, it can be said that on the average there is a compliance with the stipulated rules. However maximum value is and the minimum value is 3, this shows that some banks have violated the maximum requirement of six members as provided in CAMA 1999 as well as the SEC code of corporate governance (2011).

Board meeting (BRDMEET) has the mean value of 5.123288, whereas the standard deviation value captured 1.39388. The minimum and maximum are 3 and 9 respectively. The average mean of board meetings held which is 5 indicates that meetings up to four or more times can guarantee better monitoring of earnings management in deposit money banks in Nigeria. This may be due to the fact that the more often the directors meet, the more focused they become or they divert their attentions in doing others things distinct and different from the overall objectives of firm.

Gender from the table above shows a mean value of 0.1749243which means that on average 17% of the board of directors are female, while the standard deviation value is 0.0925949. The minimum and maximum are 0 and 0.4285714 respectively.

Audit firm type (AUFTYP) has been measured by Big 4 audit firms with the expression of dummy variable. The mean value of AUFTYP for the selected firms is 0.9333333 which means the average is 93% of the total number of banks employ the services of the Big Four Audit firms and the standard deviation captured was 0.2511236, whereas, the minimum and maximum are 0 and 1 respectively.

Correlation Matrix

	DA	ACSize	BRDMEET	GENDER	AUFTYP
DA	1.0000				
ACSize	-0.1061	1.0000			
BRDMEET	0.0486	-0.1846	1.0000		
GENDER	-0.0976	-0.0495	-0.1377	1.0000	
AUFTYP	0.0910	-0.0487	-0.1717	0.0094	1.0000

Source: Extracted from STATA Output

The correlation matrix is used to determine the degree of relationship between variables of the study. These associations among the variables of the study are presented in Table 2 above. It gives the existence of relationship among the variables which can be either positive or negative. Value closer to 1 depicts that the variables are highly related/effecting each other indicating multicollonearity, none of the variable has a value closer to 1 as such multicollinearity doesn't exist.The correlation matrix shows that DA has positive relationship with Brdmeet, and Auftyp which is 0.0486 and 0.0910 respectively which means that increase in Brdmeet, and Auftyp lead to possible increase in earnings management by the firms and vice versa. Moreover, there is negative relationship between DA with ACSize and Gender which means that decrease in ACSize lead to decrease in earnings management and vice versa.

Summary of the Regression Results (Robust Fixed Effect)

Variables.	Coefficient	P-Values
C	4.045756	0.754
ACSize	-0.5842833	0.264
BRDMEET	0.2271214	0.701
GENDER	-1.723617	0.841
AUFTYP	1.9498	0.556
R -squared	0.0303	
Adjusted R-squared	-0.0420	
Wald chi2	2.10	
P > chi2	0.8357	

Source: STATA Output

Table 4.3 above presents the summary of regression result i.e Robust fixed effect. It reveals the coefficient of the dependent and independent variables with their p-values. The r-squared statistic result shows a value of 0.0303 and an adjusted r-squared of -0.0420. From the result therein it can be seen that none of the independent variables were significant because the p-values are less than 5% and 10%

Testing of hypotheses

Hypothesis 1

H_{01}: Board meeting has no effect on Earning Management of listed Money Deposits Banks in Nigeria.

The dependent variable is earnings management and the independent variable is board meeting.

Board meetings and DA

VARIABLES	COEFFICIENT	P-VALUE
BRDMEET	0.2271214	0.701

Source: STATA OUTPUT 2021

From the results above, it is evident that Board meeting has a positive coefficient 0.2271214 with a p-value of 0.701. This shows that board meeting has a positive but an insignificant relationship with earnings management of money deposit banks in Nigeria. The relationship was neither significant at 5% nor at 10%. The implication of this is that the number of board meetings held by money deposit banks in Nigeria is unlikely to have any effect in the reduction or control over earnings management. This also serves as the justification for not rejecting the null hypothesis earlier stated which presumed that board meeting has no effect on earnings management of listed money deposit banks in Nigeria.

Hypothesis 2

H_{03} : Audit committee size does not have any effect on Earning Management of listed Money Deposits Banks in Nigeria

Audit Committee Size and DA

Variables	Coefficient	P-value
ACSIZE	-0.5842833	0.264

Source; STATA OUTPUT 2021

Audit committee size has a negative coefficient and an insignificant relationship with earnings management. The relationship was neither significant at 5% nor at 10%. The coefficient is -0.5842833 and a p-value of 0.264. This implies that the composition of audit committee in Nigeria money deposit banks does not have any effect on the reduction of earnings management. This serves as justification for not rejecting the null hypothesis earlier formulated which presumed that audit committee size has no effect on earnings management of listed money deposit banks in Nigeria. The results of this study is also in line with that of Xie et al. (2003) who found no significant relationship between audit committee size and earnings management and in contrast with that of Bala (2011), Rahman and Ali (2006), who documented that audit committee size is positively and significantly related to earnings management.

It can also be seen from Table 4.4 that the control variables gender and audit firm type were not also significant at 5% or at 10%. This reveal that the number of female contain on the board of directors, does not help in reducing the possibility of earnings management in listed money deposit banks in Nigeria. The coefficient is -1.723617 and the p-value is 0.841. This concurs to the findings of Bala and Kumai (2015) and Odudu, et al (2015) who found an insignificant relationship between them. This also applies to the audit firm type engaged by the listed money deposit banks in Nigeria, which also reveal insignificant relationship. The engagement of the Big 4 audit firm is not a guarantee that earnings management will not be perpetrated in this listed deposits banks. There is even a possibility that firms who employ the services of the Big 4 audit firms might not be capable of reducing earnings management. The coefficient is 0 .9498 and the p-value is 0.556.

V. CONCLUSION AND RECOMMENDATIONS

Conclusion

From the study shows unraveled that an insignificant positive relationship exists between board meetings and earnings management of money deposit banks in Nigeria. The relationship was neither significant at 5% nor at 10%. This implies that board meetings are unlikely to have any effect in the reduction or control over earnings management.

The presence positive insignificant relationship between audit committee size and earnings management of listed money deposit banks in Nigeria could be used to conclude that the big 4 or not big 4 audit firm has no impact in the effective monitoring management activities and maintenance the financial reporting process.

It can therefore be said conclusively that firms Attribute (Board meetings, Audit committee size, Gender diversity and Audit firm type) and have combined predictive power of -4.20% in impacting on earnings management of money deposit banks in Nigeria.

5.2 Recommendations

In line with the findings and conclusions of this study, the following recommendations were made:

Banks and other Financial Institutions Act (BOFIA) and the codes of Corporate Governance issued by the Central Bank of Nigeria as well as the Securities and Exchange Commission should review the penalties stipulated for erring banks as the current ones are not comparable to what the banks tends to gain by undisclosed information.

The composition of audit committee members should be clearly spelt out to enable them perform their functions effectively, a fine or penalty may also be levied on any company that contravenes such law.Although, the relationship between board meetings and earnings management may be insignificant, they still share a relationship therefore it is recommended that firms comply with the stipulated number of meetings of not less than six times in a year according to SEC code of corporate governance for better monitoring.

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