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BOARD POWERS AND UNETHICAL ACCOUNTING OF PUBLIC QUOTED CORPORATIONS IN NIGERIA

Usman Abbas PhD

Department of Procurement and Supply Chain Management
Faculty of Management Sciences
Kaduna State University
Kaduna-Nigeria
usmanabbas1991@kasu.edu.ng (+2348036061670)

Shehu Usman Hassan PhD

Professor of Accounting and Finance
Department of Accounting
Faculty of Management Sciences
Federal University Kashere
Gombe State-Nigeria
shehu.hassan@fukashere.edu.ng (+2348067766435)

Abstract

Numerous scandals have been committed globally due to excessive use of unethical accounting. Various research has been conducted on board activities and unethical accounting and their discoveries were assorted. None to the researchers' awareness examined such association in an entire population of the registered public non-financial corporations in Nigeria for a period of 10 years (2010-2019). Secondary data was extracted from the annual reports and accounts, companies', and directors' profile of the firms. The data was analyzed using Ordinary Least Square regression. The study found among other things that board power and its proxies except board capability have significant impact on the unethical accounting of listed firms in Nigeria. It is therefore, recommended that, the quoted firms in Nigeria should ensure the composition of all-encompassing and robust audit committees. They should also guarantee the presence of assorted gender, varied ethnic groups, directors with national honor and oversea directors on the boards. The organizations should ensure the formation of risk management committee in the entire corporations. The management should guarantee the existence of vastly skilled, experienced, and knowledgeable directors on the boards as these will aid in curbing the unethical accounting. The implication of the outcomes of this research to literature is that the discoveries of the research are to be utilized by researchers in confirming tokenism/critical mass theory, social capital theory. Also, to validate upper echelon theory, efficient contracting theory, resource dependency theory, signaling theory, human capital theory, behavioral theory of corporate boards and governance and agency theory. The discovery of the study is only applicable to listed organizations in Nigeria. The research utilized only six proxies of board power which is a limiting factor, and the result of the

study might vary if other substitutions of board power are utilized. Moreover, the research did not capture the financial sector of Nigerian economy for the reason that the unethical accounting model utilized of Collins et al (2017) has elements which are only relevant to non-financial corporations. If other models of unethical accounting that can capture the financial industry are applied, the outcome of research may had been changed.

Keyword: Board power, Unethical accounting, Ethnicity and Capability

1. Introduction

Even though creative accounting is legitimate, it is perceived as unprincipled since it spoils the integrity of organizations and capital market. It is immoral as the management's intention is to mislead numerous parties or to stimulate contractual outcomes by manipulating the corporation's books (Healy & Wahlen, 1999). The serious issue in numeral corporate collapses was the habit of creative and manipulative accounting practices to alter reported profitability and indebtedness. It has been a challenge for boards, companies, investors and regulatory bodies worldwide to addressed the issue of unethical accounting through negative earnings management which led to inefficiencies, scandals and collapsed of many giant and up-coming companies such as Xerox in 2000, Enron in 2001 (US), WorldCom in 2002 (US)- circumstances of mishandling of wealth and various other ones.

As accounting forms, a fundamental component of any business achievement or otherwise, its main role is critical in understanding such scandals which have cost stakeholders millions of money in naira, dollars and other currencies and in some scenarios, imposing sadness on millions of individuals (Julius & Marte, 2015). The board of directors in firms serves as a watch man to ensure adequate monitoring and control of management opportunistic behavior towards unethical accounting. The board discharges this responsibility through the corporate board powers vested on it which include but not limited to ensuring gender diverse board, ethnicity, reputation, inclusion of various nationalities as directors, formulation of risk management committee of members with assessment and management knowledge, skills and experience, and lastly, appointment of experienced members. These apparatuses may prevail the boards' role in detecting and curbing earnings management in listed companies in Nigeria especially with the existence of audit committee.

Also, studies tend to neglect the importance of the presence of Nigerian assorted ethnic groups on the board, the presence of same or closely related ethnic clusters on the board may greatly contribute in committing earnings manipulation in listed companies of Nigeria due to individuals attitude toward ethnicity bigotry, there are a lot of boards in the listed firms of Nigeria that have no diverse ethnic groups

especially with representation from the three major ethnic groups (Hausa/Fulani, Yoruba and Igbo) and some minor ethnic groups in Nigeria and this is a big problem as some companies that collapsed in previous decades due to management opportunistic behavior have no high diverse ethnic group representation on their boards.

Companies have been collapsing for many years because of various scandals committed by their management. Even though the boards are in existence, many CG codes had been adopted, implemented, and even improved severally. A lot of laws (such as CAMA) have been enacted amended many times, policies, guidelines, standards, and rules and regulation have been in place to ensure best corporate practice and prevent managers from committing earnings manipulation, but the management still find various loopholes and ways of managing earnings. Studies conducted on the subject matter recommended a lot to tackle the issue of unethical accounting but all still in vain. However, the researcher believes that studies have to look at the problem beyond what is obvious, beyond compliance with corporate governance code, other laws/standards and the direct relationship that exist between board power and unethical accounting. There is the need to look at the role that diverse Nigerian ethnic groups on board play on earnings management. The AC plays a very key role in curtailing unethical Accounting, the researcher assumes that once the audit committee is relieved of its responsibility of ensuring financial reporting reliability and quality, many corporate bodies will collapse due to undetected scandals because an important part of the board which help in detecting and mitigating earnings manipulation has been eliminated. However, few studies exist especially in Nigeria on the effect of board ethnicity, reputation, nationality, risk, and capability on the unethical accounting of firms and their results were diverse. Therefore, the major question to ask now is: Does board gender diversity, ethnicity, reputation, nationality, risk, capability, and audit committee influence unethical accounting of public firms in Nigeria?

To answer the question, the study examined the effect of board gender diversity, ethnicity, reputation, nationality, risk, capability, and audit committee on the unethical accounting of public firms in Nigeria. In order to achieve the objectives of the study, the null hypothesis was formulated: board gender diversity, ethnicity, reputation, nationality, risk, capability, and audit committee has no significant effect on the unethical accounting of public firms in Nigeria. The study covered 2010-2019 as years under study, that is, 10 years period.

Theoretically, this study will be of great benefit in validating tokenism/critical mass theory, social capital theory, upper echelon theory, efficient contracting theory, resource dependency theory, signaling theory, corporate boards and governance behavioral theory and human capital theory as they were used in anchoring the variables of this study which relate to board power and unethical accounting. More so, the attention of researchers could be drawn to the importance of looking at the diverse ethnic groups representation on boards as it may play a substantial role in unethical accounting. Also, the position of considering the proportion of AC members that attended meetings as that may have a significant influence in ensuring reliability of financial reporting. Therefore, this study will be advantageous to scholars when furthering on contemporary research/body of knowledge.

Practically, the study will be of great significance to the management and boards of all public quoted companies in Nigeria. Again, it will benefit regulatory entities like Securities and Exchange Commission (SEC) in sustaining and enhancing policies on board power and preventing unethical accounting especially on the role that the board authority proxies play on mitigating unethical accounting of quoted companies in Nigeria.

Methodologically, researchers will benefit from the study with new measurement of audit committee, board ethnicity and board capability where audit committee governance score, ethnicity score and capability score were used as their measures respectively. This will assist researchers in widely capturing their effect on other variables especially unethical accounting appropriately.

2. Review of Previous Studies

Saona *et al.* (2019), Alden *et al.* (2019), Fan *et al.* (2019), Triki (2018), Kyaw *et al.* (2015), and Gavious *et al.* (2012) examined the influence of BGD on managerial opportunistic behaviour. The studies found among other things that, there are benefits attached to balancing gender on board. A sensible balanced board lean towards lessens EM practices. On the other hand, Enofe *et al.* (2017) and Masliza *et al.* (2016) evaluated the effect of board ethnicity on the earnings management of firms. The studies found BE to be highly correlated with management opportunistic attitude towards craft Accounting. It signals that, the appointment of different ethnic personnel may be due to their connection rather than their technical expertise.

Diermeier (2018) found that positive firm reputation takes a lengthy duration of time to establish. By setting strong guiding principle and stressing the necessity to

protect the firm's reputation, the board of directors can assist management dodge short-sighted errors. Moreover, reputable inside directors can enhance the value of debtors' financial reporting and decrease agency danger in loan contracting (Lin *et al.*, 2016). On the other hand, board reputation possessed a positive substantial relationship with management earnings forecasts (Chan *et al.*, 2013). Board nationality was found to have an adverse and substantial connection with real incomes management. A minimum of one foreign director should be present in the board for the reason that a foreign director has different experiences and qualifications that may assist to discourage real earning management practices (Almashaqbeh *et al.*, 2019). Wicaksana *et al.* (2017) contend that, board nationality can be used as effective and efficient corporate governance supervising mechanism in declining the level of unethical accounting in firms.

Risk management committee decreases the desire of the management to alter the reported earnings in a firm. Setting up risk management committee lessens the real earnings sales via abnormal production. This is a signal that creating self-determining risk management committee will advance the excellence of reporting (Alhaji *et al.*, 2018). Neffati *et al.* (2011) contend that, the high risk rises, the further the manager would be moved to manage earnings, the manager wishes to display his skills by satisfying numerous views and charming fresh investors. Almashaqbeh *et al.* (2019) found that board capability reduces manipulative Accounting. The rise of board age assortment in the board of directors, lead to a rise in the supervising task of the board of directors, thereby lessening the practice of real earnings management. Buniamin *et al.* (2012) contend that board competency does not affect the practice of discretionary accruals.

Audit committee possesses a negative connection with cosmetic Accounting and the relationship is higher when a higher audit fee has been incurred by a company (Bala *et al.*, (2020). Saleem (2019) found that the existence of audit committee declines earnings management and enhance the financial reporting quality of firms, also, the modern financial accounting breakdowns and disasters as well as enactment stress the rigorous role played by the audit committee in governance. If the quantity of female in audit committee is high, the degree of earnings manipulation will be low and the other way round (Florencea & Kurnia, 2018). Albersmann and Hohenfels (2017) found that the involvement of financial experts in audit committees and the rise in audit committee meetings are related with lesser amount of earnings management and they seem to improve the efficacy of audit committees.

The study was based on nine theoretical accounts that aligned board power, audit committee and unethical accounting of listed firms in Nigeria. The study was anchored with critical mass, social capital, upper echelon, efficient contracting, resource dependency, signaling, human capital, behavioral theory of corporate boards and governance and agency theories.

3. Methods and Techniques

Bearing in mind the fact that this study fits post-positivist paradigm which hint at it being quantitative in nature, the variables of the study can be measured using numbers and therefore, it uses quantitative approach. This study adopts causal research design in order to evaluate the association and impact of board power on the target variable and this design is widely used in social and management sciences research especially when assessing impact of one or more variables on another. The choice of causal research design is due to the fact that it can be used to extract data from historical records, and it is among the most efficient designs used in finding the association between two or more variables and the impact of one variable on another.

The study made use of all the 113 non-financial companies in Nigeria publicly quoted on NSE as at 31st December, 2019 the study population. The 113 non-financial firms have been utilized as the study sample by espousing census technique of sampling. The choice of the listed non-financial companies in Nigeria as the population of this study is in order to have a full representation of the firms and considering the study's nature and also owing to the fact that the model of Collins et al. (2017) can only accommodate or detect unethical accounting in non-financial firms because of its variables or components. The population and sample of this study are listed based on classification by sector on the Nigerian Stock Exchange.

For this research study, only data from secondary source was utilized and it was extracted from the publicized yearly accounts and reports (financial Statements), company and directors' profile of the firms in Nigeria quoted on the NSE as at 31st/12/2019 for a period of ten (10) years (2010-2019). The secondary source of data was used because the variables of the study can be measured quantitatively, and the information needed to measure these variables are available in the annual reports and accounts, company, and directors' profile of the listed firms in Nigeria. The study used panel multiple linear regression as technique of data analysis using STATA as tool of analysis. Ordinary Least Square regression technique was used because of its efficiency in estimating the causes and effects of the relationships

among variables under study. Since the study adopted quantitative approach, therefore, a parametric tool is expected to be used. Moreover, ordinary least square regression is not just one technique but a household of methods that can be used to explore the connection between one explained variable and several explanatory variables. Ordinary least square regression is based on correlation that permits further complex examination of the interconnection amongst established variables. This is what promotes it to be frequently used for examination of many complex real-life rather than laboratory-based research objectives/hypotheses. Furthermore, it was used because, the technique can show how fit a set of variables is able to foresee a certain result. Also, they are better in providing the researcher with information about the model in total with the role of individual variables that formed the model.

The explained variable of the study which is unethical accounting proxied with DACC was measured by the absolute values of the residuals of discretionary accruals using modified Collins *et al.* (2017). Board diversity was measured by taking the percentage or proportion of females' representation on board over the entire sum of members of the board. Board ethnicity was measured using ethnicity score, that is, four proxies of ethnicity were used which are Hausa/Fulani, Yoruba, Igbo, and Minority Tribes, for each year whichever ethnic group is present on the board was given value as 1 otherwise 0, the total was then divided by the whole sum of proxies which is four. Board reputation was measured as the percentage of members of the board with national honor over the total board members. Board nationality was measured as the proportion of foreign directors serving on the board of directors over the total sum of members serving on board. Board risk was measured as the ratio of directors serving in the risk management committee within the board over the total sum of directors serving the board. Board capability was measured using capability score with five (5) proxies (tenure, experience, multiple directorship, educational qualification and skills/competency), a value of 0 was given if all the directors are serving first tenure otherwise 1, the study used a threshold that a director must serve in the board or other boards for five (5) years and above in other to have experience, therefore, only members of the board with board experience of five years and above are considered as experienced directors. For experience directors a value of 1 was given otherwise 0. The presence of director serving on 2 or more boards was given a value of 1 otherwise 0, the presence of director with educational qualification higher than first degree was given a value of 1 otherwise 0. For skills/competency, director with industry experience is scored 1 and otherwise 0.

Audit committee was measured using audit committee governance score where six proxies (Audit committee meeting attendance, frequency of meeting, gender, independence, financial expertise and size) were used. For each proxy, if the firm complied with the requirement of 2019 National Code of Corporate Governance (NCCG) issued by the Financial Reporting Council of Nigeria (FRCN) a value of 1 was given to that proxy for the year otherwise 0, a total was taken for all the six proxies and then the total was divided by six which gave the audit committee governance score for the year. Company size was measured with NLOG (natural logarithm) of total assets while sales/revenue growth was measured as present sales-previous sales/previous sales.

The ordinary least square regression model is specified in order to evaluate the effect of board powers on unethical accounting of public firms in Nigeria. The models are specified below:

$$DACC_{it} = \beta_0 + \beta_1 BD_{it} + \beta_2 BE_{it} + \beta_3 BRP_{it} + \beta_4 BN_{it} + \beta_5 BR_{it} + \beta_6 BC_{it} + \beta_7 AUC_{it} + \beta_8 FS_{it} + \beta_9 S_{it} + \mu_{it}$$

4. Results and Discussion

This section presents the outcome of regression technique run in STATA for the data collected. Ordinary least square regression was run and a test for heteroskedasticity which shows an insignificant value. By implication, the outcome signifies the absence of heteroskedasticity which indicated the appropriateness of ordinary least square regression. In the case of multicollinearity, all the VIF values are consistently less than 10 and above 1 while all the tolerance values are less than 1. The result indicates the absence of multicollinearity. Therefore, Table 4.1 shows the ordinary least square regression result obtained from the STATA.

Table 4.1: Ordinary Least Square Regression

Variable	Coeff.	T-value	P-Value	VIF	Tolerance	Model
Boardgd	-0.347	-4.95	0.000	1.14	0.877	
Boardeth	-0.212	-5.09	0.000	1.09	0.921	
Boardrep	-1.364	-19.82	0.000	1.05	0.953	
Boardnat	-0.468	-10.86	0.000	1.09	0.916	
Boardrisk	0.118	2.98	0.003	1.07	0.931	
Boardcap	-0.064	-0.43	0.665	1.04	0.965	
Auditcom	-1.362	-21.33	0.000	1.02	0.984	
Firmsize	0.002	0.79	0.428	1.15	0.867	

Sgrw	0.014	0.16	0.876	1.10	0.905	
R ²						0.998
Adjusted R ²						0.998
F- Statistics						68671
Sig. Value						0.000
Hettest	0.04		0.837			

Source: Output from STATA, 2022

4.1 Board Gender Diversity and Earnings Management

Table 4.1 up displays that board gender diversity possessed beta coefficient of -0.347 and t-digit of -4.95 that is significant at 0.000. This suggests that the variable has negatively, strongly and significantly affected the earnings management of listed companies in Nigeria. This reveals that for each female director addition on the board, their earnings management decreases by thirty-five percent approximately. The result is in agreement with the initial expectation of the study that, when a board is control by a combination of male and female directors the monitoring mechanism tendency of women helps to a greater extent in curtailing earnings management. However, the result may be as a result of the attitude of women towards compliance with organizational ethics, laid down rules & regulations and policies and with this they have great monitoring power to be able to minimize earnings manipulation. In reality, most organizations that are been headed by women do very well in terms of performance and reducing earnings management except in few cases where they committed frauds. The outcome is in line with tokenism/critical mass theory and also in line with the findings of Fang *et al.* (2019), Saona *et al.* (2019), Triki (2018) and contrary to the findings of Osayantin and Embele (2019), Nelson and Ponsian (2018) and Nahar and Nor (2016).

4.2 Board Ethnicity and Earnings Management

From Table 4.1, board ethnicity possessed strong negative influence on the EM of listed organizations in Nigeria. This can be deep-rooted from the coefficient digit of -0.212 and t-figure of -5.09 that is significant at one percent (0.000). This implies that, for each 1% intensification in the ethnic diversity of the board, their earnings management decreases by 21%. The effect was not astonishing as it was in agreement with research initial prediction that, ethnic diverse board decreases the level of earnings manipulation. In reality, when a board has members from different ethnic background that serves as monitoring mechanism because of their norms and values. Some ethnic groups see the commitment of irregularities, fraud and earnings

manipulation as a taboo. Therefore, they do there possible best to ensure that earnings management is curtail or minimize to its barest minimum in the organization they serve.

The result is also in line with social capital theory and upper echelons theory. Social capital involves advantages that separate or joint parties have due to their location in the social link structure. Therefore, the social capital theory suggests for diversity on boards assumed that an assorted board of directors is capable of bringing in diverse types of social capital from its members (Alqatan, 2019). The upper echelons theory advocates that the manager's demographic attributes are related with the manager's sole cognitive values and style which influence on the decision making of management (Hambrick & Mason, 1984; Kim & Sun, 2014; and Tianshu, 2018). When diverse ethnic groups exist in a board, it is believed that, with their different background and values they will be able to checkmate earnings manipulation. The result is in agreement with the discovery of Enofe *et al.* (2017) and contrary to the findings of Masliza *et al.* (2016) and Reggy *et al.* (2015) where the studies discovered that board ethnicity has a positive effect on unethical accounting.

4.3 Board Reputation and Earnings Management

Table 4.1 reveals that board reputation has beta coefficient figure of -1.364 and a t-digit of -19.82 that is significant at 1% (0.000). This indicates that, it has an adverse robust effect on the EM of registered quoted corporations in Nigeria. This denotes that, for each growth in board members with national reputation, the unethical accounting decreases by 136% percent approximately. The finding is in line with the priori expectation of the research study that, when members with national honor are serving on the board they serve as monitoring mechanism in curtailing earnings management. It is also in line with the efficient contracting theory which proposes that executive job markets resourcefully offer board members with implicit incentive contracts such as reputation, employment and remuneration (Fama & Jensen, 1983; and Lin *et al.*, 2016). This research study believed that directors on board with national honor have high sense of integrity. Therefore, they would not like a scenario whereby their reputation is destroyed when earnings manipulation takes place in a firm while they are serving in it. Therefore, they would do their possible best in mitigating opportunistic actions of management. The discovery is in agreement with the outcome of Diermeier (2018) that board reputation reduces earnings management.

4.5 Board Nationality and Earnings Management

From Table 4.1, board nationality has coefficient number of -0.468 with a t-digit of -10.86 that is significant at one percent (0.000). This indicates that, the variable has negatively, strongly and significantly influenced the earnings management of listed companies in Nigeria. This signifies that for each rise in overseas directors serving on the board, the EM decreases by 47% approximately. The result is in line with the work's priori expectation that when foreign director(s) is serving on the board, that helps in minimizing earnings manipulation due to their experience, knowledge, adherence to ethics and monitoring power. The finding is in line with resource dependency theory. It is understood that foreign board members have many resources to share with the firm they are serving such as skill, experience, expertise, connections and many other resources. Therefore, they could assist much in preventing unethical accounting. The finding is in line with the findings of Almashaqbeh *et al* (2019), and Musa and Aminu (2018) and contrary to the findings of Osayantin and Embele (2019), and Hooghiemstra *et al.* (2015).

4.6 Board Risk and Earnings Management

Board risk has coefficient figure of 0.118 & t-figure of 2.98 that is substantial at one percent (0.003). This suggests that it has a powerful positive effect on the EM of quoted firms in Nigeria. This denotes that, the presence of risk management committee increases earnings management by 12% approximately. However, the finding was not in line with prior expectation the study that when a risk management committee is constituted, it complements the effort of board in reducing earnings management. It is also contrary to signaling theory which advocates that the existence of RMC in a firm promises the stockholders that the board of directors is solid sufficient to device upright corporate governance that bring into line the interest of management with that of their interest (Oluyemisi *et al.*, 2017). The existence of an efficient risk management committee within the board of a firm is indicating that management's earnings manipulative activities could be checkmate and curb. The finding is in agreement to revelation of Neffati *et al.* (2011) and contrary to the outcome of (Alhaji *et al.*, 2018). However, this finding may be as a result of the fact that many companies within the listed non-financial sector of Nigeria have no risk management committee and therefore, the responsibility of the committee has been discharged by the audit committee of the firms.

4.7 Board Capability and Earnings Management

Table 4.1 revealed that, board capability has a beta coefficient number of -0.064 and a t-figure of -0.43 that is insignificant at 67% (0.665). This shows that, board capability has no impact on the EM of registered quoted corporations in Nigeria. The prior expectation of the researcher was that board capability helps to a greater extent in dealing away with earnings management. This is because directors that served two or more terms on boards, directors with more than five years' experience serving on the board, directors with qualification higher than first Degree, members serving on higher than 1 board and directors with industry experience are expected to mitigate earnings management effectively and efficiently.

The finding is also contrary to human capital theory and behavioral theory. The human capital theory is constructed on personal qualities such as experience and level of education of persons. Based on this, Becker (1964) claims that, experience, skills, productive capabilities, and level of education of labor force are beneficial for the firm. Behavioral theory proposes that company's board of directors' decision making might not only be impacted by their skills, knowledge, and expertise but as well their values, experiences, and beliefs. The presence of experienced, skilled, knowledgeable, and competent directors on board could be capable of checkmating and curbing management's opportunistic actions towards unethical accounting in firms. This discovery is in agreement with the result of Bunjamin *et al.* (2012) and contrary to the findings of Almashaqbeh *et al.* (2019) and Wicaksana *et al.* (2017).

4.8 Audit Committee and Unethical accounting

From Table 4.1, audit committee has coefficient number of -1.362 with a t-digit of -21.33 that is significant at one percent (0.000). This indicates that, the variable has negatively, strongly and significantly influenced the earnings management of listed companies in Nigeria. This signifies that for each improvement in audit committee serving on the board, the EM decreases by 136% approximately. The result is in line with the work's priori expectation that when a sound audit committee is serving on the board, that helps in minimizing earnings manipulation due to their expertise, experience, knowledge, adherence to ethics and monitoring power. The finding is in line with agency theory. It is understood that the audit committee has financial experience expertise, therefore, they could assist much in preventing unethical accounting. The finding is in line with the findings of Bala *et al.* (2020), Saleem (2019), Sudarman and Hidayat (2019), Albersmann and Hohenfels (2017) and contrary to the findings of Sunny *et al.* (2018) and Issa (2017).

Cumulatively, Table 4.1 shows that, the R^2 value for the relationship between board power and unethical accounting is 0.998 (99%) which 99% level of relationship between the explained and the explanatory variable. The adjusted R^2 value is 0.998 (99%) which signifies that, the independent variable (proxied with board gender diversity, board ethnicity, board reputation, board nationality, board risk, board capability and audit committee) of the research study has clarified the whole difference in earnings management of quoted companies in Nigeria to a degree 99% and the outstanding 1% is taken care by other variables not captured in the model. With regards to model fitness, the F-statistics value of 68671 which is significant at 1% (0.000) confirms that the model is well tailored, consequently, the variables of the study were robustly chosen, joint and appropriately employed. Cumulatively, it was found that board power has influence on the unethical accounting of listed companies in Nigeria negatively, strongly, and significantly.

The hypotheses of the study are all rejected except in the case of board capability which has no significant effect on the unethical accounting of listed public firms in Nigeria.

5. Conclusions and Recommendations

Based on the results and discussion in the previous section, the following conclusions are made.

Board GD has a negative and substantial contribution on the unethical accounting of quoted companies in Nigeria. This makes the research study to conclude that the level of unethical accounting of the firms decreases with a rise in the number of female members on the board.

It was also concluded that board ethnicity played a negative role on the unethical accounting of the listed firms in Nigeria if there is presence of diverse Nigerian ethnic groups which serves as a strong monitoring mechanism because of their different norms and values and background environment.

The study also concluded that the higher the number of members with national honor on the board of companies of Nigeria, the lower its earnings management would be as board reputation curtails the unethical accounting statistically.

The board nationality of listed firms in Nigeria diminishes their earnings management. This research study concluded that it played a negative role on their unethical accounting through the presence of foreign directors that used their

expertise, experience, knowledge, connections, and monitoring power to reduce earnings management.

The board risk of listed companies in Nigeria rises the degree of their EM. The research study concluded that if all the companies will constitute a sound risk management committee, the direction of the finding might change to negative. This is because presently most of the firms did not establish the risk management committee, the function of the committee has been discharged by the audit committee of the firms.

The board capability of quoted public firms in Nigeria does not contribute to the lessening of EM in the firms. Therefore, this research study concluded that, if the directors with high skills, experience, knowledge, and expertise are well monitored in discharging their duties, board capability may contribute significantly to the reduction of earnings management to its barest minimum.

Audit committee of quoted firms in Nigeria contributes to minimizing the EM. This research study concluded that, audit committee plays a negative role on unethical accounting through the combined effect of female members, financial expertise, independent members, proper size, frequent meetings, and meeting attendance by members.

In agreement with the overall finding of the study, this study concluded that, board power plays an important role on the unethical accounting of quoted firms in Nigeria and contributes a lot to the reduction of earnings manipulation in the firms. Therefore, a strong relationship/association exists between board power and unethical accounting.

Based on the outcomes of this research, the subsequent general recommendations were made:

Researchers should use this study in validating tokenism/critical mass, social capital, upper echelon, efficient contracting, resource dependency, signaling, human capital and behavioral theories, agency theory. They should use the study as reference to literature. Board ethnicity, board capability and audit committee should be used to conduct studies in different environment and periods especially by adopting ethnicity score, capability score and audit committee score as their measurement across the globe.

Regulatory bodies such as SEC should use the findings of this study and come up with policies that will improve the quality of the corporate governance codes and prevent bad unethical accounting.

Potential and existing investors should use the conclusions of the study in order to take wise investment choices especially by avoiding companies that were involved in bad EM.

Moreover, based on the outcomes and conclusions of this study, it was specifically recommended that:

The management of public quoted companies in Nigeria should increase the presence of women directors on boards. The portion of female members on board should be 50% and that of male members should be 50% as this will promote gender balance on the board as advocated by sustainable development goals. The existence of more females on board will greatly assist in mitigating earnings management because of their monitoring mechanism and adherence to laid down rules, regulations, standards, policies and organization's ethics.

The listed companies in Nigeria should try as much as possible to maintain the presence of at least four different Nigerian ethnic groups on their board since the appointment of directors from different ethnic background has proven to curtail earnings management level. This is because of their different norms and values and religious background and that serves as monitoring mechanisms.

The quoted firms in Nigeria should boost the appointment of directors with national honor as it has proven to reduce the earnings manipulation of the firms. This is because the reputable directors try as much as possible to ensure that fraud, irregularities, and earnings manipulation have not been committed under their watch because they have integrity to protect. At least 40% of the board members should be allocated to reputable directors.

Board nationality cuts the degree of unethical accounting of quoted firms in Nigeria. Therefore, the listed companies of Nigeria should allocate at least 30% of their board membership to foreign directors especially those from advanced countries because foreign directors have proven to possess the ability of reducing earnings management through their connections, expertise, knowledge, experience, skills, and monitoring power.

Board risk increases the level of the unethical accounting in quoted companies of Nigeria based on the statistical outcome of this study. Therefore, the boards should ensure that all boards establish sound risk management committees in their firms as this study discovered that most of the firms have not established the risk management committee but rather their function has been handled by audit committee. If the all the firms establish the committee, it's possible the outcome of this research might differ.

Board capability has no contribution to unethical accounting of quoted firms in Nigeria. If the outcome of this finding is to be differed, therefore, the companies should put in place control mechanisms that will ensure the highly skilled, knowledgeable, experienced directors on the boards are highly utilize and monitored to ensure that they display well of expertise and knowledge in reducing the degree of EM in the firms.

AUDCOM was found to be supporting in reducing the unethical accounting of quoted firms in Nigeria. Therefore, the boards of the companies should ensure audit committees' compliance with corporate governance codes especially by ensuring a gender diverse audit committee, having the right size, holding meetings frequently, attendance of meetings regularly by members, having financial expertise as members of the committee and having independent members when constituting the committee.

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