

**EARNINGS MANAGEMENT AND FINANCIAL REPORTING QUALITY OF LISTED
INSURANCE COMPANIES IN NIGERIA.**

Onowu, Joseph Uche (PhD, CNA)

onowuju@fuotuoke.edu.ng,

Department of Accounting,

Federal University Otuoke P.M.B 126, Yenagoa, Bayelsa State, Nigeria.

ABSTRACT

This study examined earnings management and financial reporting quality of listed insurance companies in Nigeria. The study was guided by seven specific objectives, seven research questions and seven research hypothesis. The population of the study was 25 listed insurance companies in Nigeria, the sample size was 21, and the study employed ex-post facto research design. The data used in the study was secondary data and it was sourced from annual reports and statement of accounts of the selected firms between 2013 and 2019. The method of data analysis was descriptive statistics, unit root test, diagnostic tests, Hausman Test and Panel Least Square (PLS) regression technique with the help of E-view 12, while the Moderated Multiple Regression (MMR) techniques were used for the purpose of moderating variable analysis with the help of SPSS. The result revealed that there is a positive and significant relationship between accrual earnings and faithful representation of insurance companies in Nigeria. There is insignificant relationship between income smoothness and faithful representation of listed insurance companies in Nigeria. There is insignificant relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria. There is a significant relationship between accrual earnings and the relevance of listed insurance companies in Nigeria. Based on the findings, recommendations were made as follow; Insurance companies in Nigeria's accrual earnings are positive and significantly related. Thus, management should maintain this level of accrual earnings management, insurance companies should reduce the rate of income smoothness to enhance the credibility and financial reports quality, and the insurance sector should monitor the compliance with the provisions of the Nigerian code of corporate governance by companies. This will help strengthen the faithful representation of financial reports.

Keywords: Earnings Management, Financial Reporting Quality, Relevance, Faithful Representation Accrual Earnings

INTRODUCTION

Earnings management is a widespread problem in Nigeria's listed firms. One reason is the administrative governance approach adopted in Nigeria, where regulators often rely on accounting numbers to govern the listed (Awotundun, 2001). For example, the Nigeria Securities Regulatory Commission (NSRC) requires listed firms to meet a certain level of return on equity (ROE) before they can apply for permission to issue additional shares to existing shareholders (rights issues); and the most important criterion for de-listing a listed company is a reported net loss for three consecutive years (Uwalomwa et al. 2016). A peculiar feature of the Nigerian listed firms is that some of them are in financial distress and should be bankrupt in terms of the criteria used in developed countries. However, they are still listed on the stock markets in Nigeria, in contrast with the practice of mature stock markets in developed countries.

This has resulted in financial information quality in Nigeria remaining weak compared to many advanced jurisdictions. This has hampered the growth of efficient equity markets. Analysts following the Nigerian market are far fewer than in the developed markets as a result of earnings management by firms. A common complaint among investors in Nigeria is that financial information on company performance is either unavailable or, if provided, lacks reliability, faithful representation, relevance, etc (Shehu, 2011).

Hence, foreign and local empirical web matrix related studies were reviewed. Foreign studies by Peace and Donald (2015) conclude that there is no established evidence of extreme aggressiveness in earnings management among the manufacturing companies sampled in Philadelphia. While Beneish (2001), finds that earnings quality has deteriorated over the sample period. Rao and Dandale (2008), Pajunen and Saastamoinen (2013), conclude that earnings management depends on its intensity and intention on the survival of the firm. On the other hand, Feng-Li et al. (2011), found out that the number of stressed/bankrupt firms increased and the number of non-stressed/non-bankrupt firms decreased as a result of earnings management. Thus, there have been inconsistencies in the findings from developed countries, which can not be generalized in the Nigerian economy.

From web metric analysis, there is a draught in empirical literature on the topic of earnings management and the quality of financial reporting in Nigeria. Other related studies are by Appolos and Jerry (2019), Emmanuel et al. 2014; Abbott 2004; Bouaziz 2012; Zaman 2011; Muhammed, 2014; Dichev et al. (2002), etc. on corporate governance and earnings management prominently studied. And studies directed towards audit committee and financial reporting quality, mostly conclude that corporate governance and the audit committee have a strong influence on the quality of financial reporting of firms. Thus, to the best of the researcher's knowledge, the few studies on earnings management and quality of financial reporting and their related studies can not adequately and specifically address the problems of earnings management and quality of financial reporting in empirical literature and in practice in Nigeria.

Thus, in light of the above problems and the importance of finding a lasting solution to earnings equality for shareholders and investors, this researcher seeks to fill the gap in the study titled Earnings management and quality of financial reporting in listed insurance companies in Nigeria to fill the content scope. Secondly, to statistically accept, debunk or reconcile the inconsistencies in existing empirical studies in developed economies, which are often generalized to developing economies to close the knowledge gap. Thirdly, by deviating from the concentrated manufacturing and banking sectors to focusing on the insurance sector of Nigeria in order to fill the gap in analytical scope. Thus, it is the above content, dimensions, measures, and scope gaps noted, that incited the researcher to write about earnings management and the quality of financial reporting in listed insurance companies in Nigeria.

Conceptual Framework

The study has two main variables, independent and dependent. 'Earnings management' is the independent variable of the study and its dimensions are; Accrual Earnings, Income Smoothness, Earnings Persistence. 'Quality of Financial Reporting' is the dependent variable and is measured with: Faithful representation and Relevance. The study also used firm size as a moderating variable. Below is the chart of the conceptual framework model.

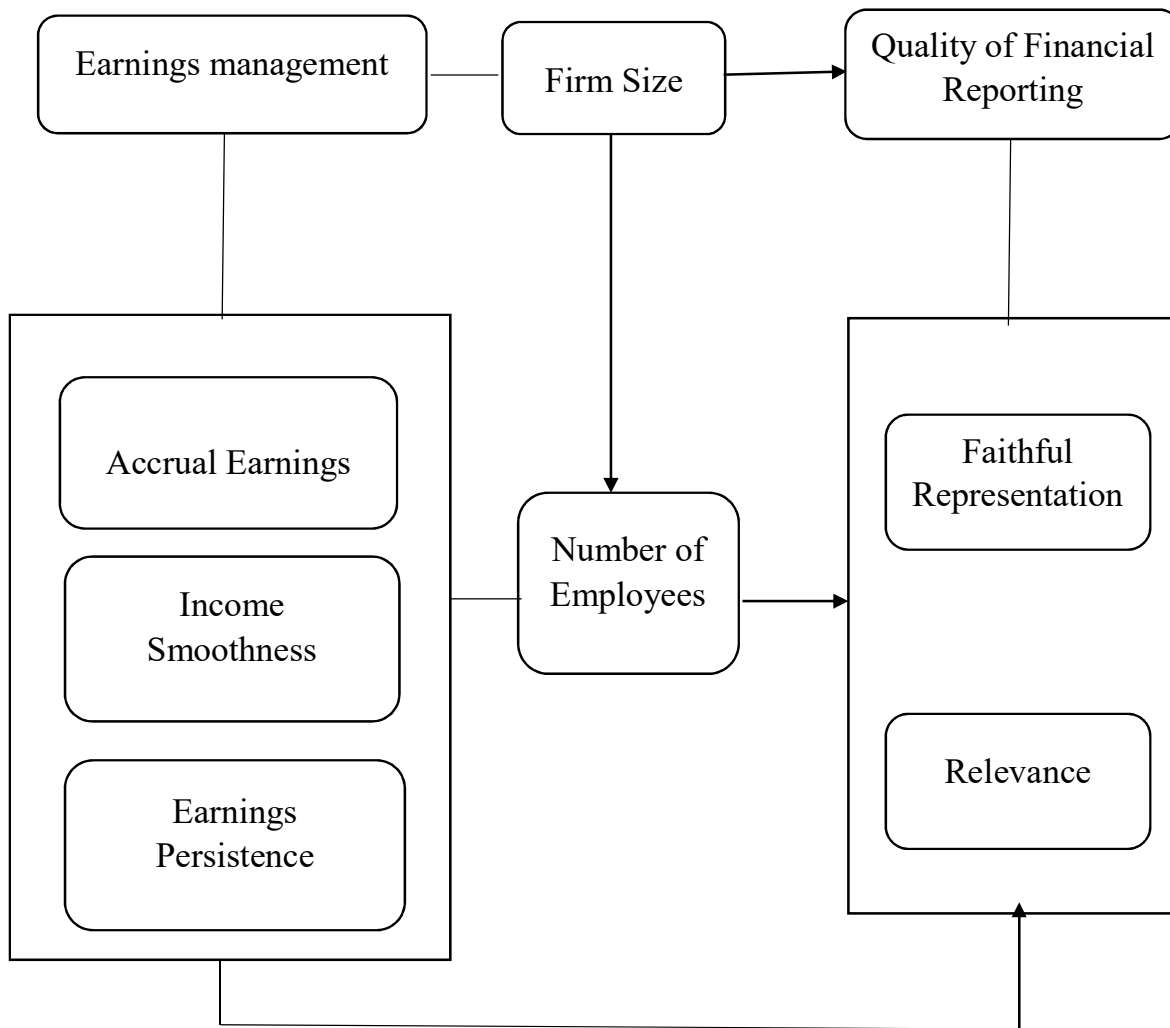


Figure 1.1 Conceptual Framework

Sources of conceptualization: Feng-Li et al. (2011) and Dichev et al. (2002), Emmanuel et al. (2014) and Pajunen and Saastamoinen (2013) and researchers' input (2021)

Aim and Objectives of the Study

The main aim of this study was to investigate earnings management and financial reporting quality of listed insurance companies in Nigeria. With some specific objectives such as to:

1. Investigate the relationship between accrual earnings and faithful representation of listed insurance companies in Nigeria.
2. Investigate the relationship between income smoothness and faithful representation of listed insurance companies in Nigeria.
3. Investigate the relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria.
4. Investigate the relationship between accrual earnings and relevance of listed insurance companies in Nigeria.
5. Investigate the relationship between income smoothness and relevance of listed insurance companies in Nigeria.
6. Investigate the relationship between earnings persistence and relevance of listed insurance companies in Nigeria.

7. Investigate the effect of firm size on the relationship between earnings management and quality of financial reporting in listed insurance companies in Nigeria.

Research Questions

In line with the specific purposes, the following research questions were answered in this study.

1. What is the relationship between accrual earnings and faithful representation of listed insurance companies in Nigeria?
2. What is the relationship between income smoothness and faithful representation of listed insurance companies in Nigeria?
3. What is the relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria?
4. What is the relationship between accrual earnings and relevance of listed insurance companies in Nigeria?
5. What is the relationship between income smoothness and relevance of listed insurance companies in Nigeria?
6. What is the relationship between earnings persistence and relevance of listed insurance companies in Nigeria?
7. To what extent is the moderating effect of firm size on the relationship between earnings management and quality of financial reporting in listed insurance companies in Nigeria.

Research Hypotheses

The following null hypotheses were tested at a 0.05 level of significance.

- Ho₁: There is no significant relationship between accrual earnings and faithful representation of listed insurance companies in Nigeria.
- Ho₂: There is no significant relationship between income smoothness and faithful representation of listed insurance companies in Nigeria.
- Ho₃: There is no significant relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria.
- Ho₄: There is no significant relationship between accrual earnings and relevance of listed insurance companies in Nigeria.
- Ho₅: There is no significant relationship between income smoothness and relevance of listed insurance companies in Nigeria.
- Ho₆: There is no significant relationship between earnings persistence and relevance of financial reporting of listed insurance companies in Nigeria.
- Ho₇: Firm size does not have any significant effect on the relationship between Earnings management and quality of financial reporting in listed insurance companies in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Review

Earnings Management

Earnings management is one of the classic topics in the accounting field. Earnings management is defined as a "purposeful intervention in the external financial reporting process with the intent of obtaining a private gain" (Schipper, 1989). Earnings management, therefore, occurs through manipulations of accounting tools such as statements of financial position and income statements. These changes, though complying with the law, may mislead some stakeholders (Wu, 2014). While this definition highlights the opportunistic aspect that drives the executive to adopt such behaviour, many others consider earnings management as a means to bring value to shareholders. The review of the literature has revealed that earnings management is defined from two perspectives; an opportunistic perspective and an informational perspective. The first one considers earnings management as an opportunistic tool used by managers to avoid certain situations that may affect the company and then mislead investors about the situation of the company. In this way, through

the increase or decrease in income, managers transmit to investors that outcomes are being met and they will be compensated by maximizing personal profit. This opportunistic aspect of earnings management supports the positive accounting theory (which will be discussed below). Similarly, earnings management provides some security to managers because it displays better income even during difficult times, and this preserves executives' ability to maximize their profits and maintain their positions or their jobs. The informational perspective considers earnings management as a tool to signal private information related to the company's future performance to the capital market. This optimistic analysis is often noticed before some capital transactions, such as mergers and acquisitions (Erickson & Wang, 1999). According to this perspective, earnings management can be defined as any reasonable, legal, and appropriate management that provides value to stakeholders. Once the earnings management is carried out through management measures, it allows reaching the objectives. Thus, the informational aspect supports the signal theory.

Earnings management encompasses the selection of accounting and estimates that conform to the generally accepted accounting principles (GAAP). This implies that companies that practice earnings management would manage their earnings within the limits of accepted accounting procedures (Rahman & Ali, 2016). However, certain monitoring mechanisms can prevent managers from inflating earnings. The monitoring hypothesis acknowledges the impact of external monitoring (such as monitoring by creditors) on the practice of earnings management. Under constant monitoring, inflated earnings through management are likely to be detected and, therefore, unlikely to affect stock prices (Shih & Yueh, 2012). Meanwhile, pressure from financial distress has significant adverse effects on the economy, whereby investors and creditors could possibly suffer substantial financial loss. If the firm is in financial distress, managers would anticipate having their bonuses cut, the possibility of being replaced, and suffering damage to their career and reputation (Liberty & Zimmerman, 1986; Gilson, 1989). Hence, for conservative management, managers would take the opportunity to conceal such deteriorating performance by choosing different accounting methods that increase income and could conceal the loss (Habib et al. 2013). Rosner (2013), reports that firms that become bankrupt ex post, but do not appear ex ante, engage in income-increasing earnings manipulation practices. Earnings management practices have become more of a problem of form than substance. In this case, although any selection would result in no effects on actual transactions (i.e., delaying spending for the next period), it may influence the re-distribution of the credit or the liabilities over the next several periods. The main goal here is to lower the income variability over several periods through the transfer of income between the good and bad periods, between the current and future periods, or any combination thereof. The forms of earnings management are in fact very diverse. Subramanyam (2014), mentioned some forms of earnings management that should be noticed are as follows: the change of accounting methods or assumptions, the removal of extraordinary (and unusual) gains and losses, big baths, impairment and the determination of the timing of revenue and expense recognition.

Dimensions of Earnings Management

Accrual earnings:

Accrual earning is the amount of an asset or liability that is not mandatory but is recorded in the system and that will be realized later when settled. Accrual earnings as a way to respond to asymmetric information and agency costs in their private information and strategies for financial information about the existence of fraudulent events. Choi (2011), and Hasnan (2012). Accrual accounting can provide more relevant information to investors on one hand, but it can also introduce errors and bias, resulting in less reliable information on the other. Sloan (2016), suggested that accruals may be less informative than cash flows because they are less reliable and thus more susceptible to estimation errors and managerial manipulation.

Income Smoothing

The term income smoothing refers to the changing of expenses and revenue for the purpose of presenting a deceitful imprint that a firm has stable earnings. Guillaume and Pierre (2016), advocate that income smoothing is one of the incentive accounting involves adjusting and manipulating fluctuations in some heights of earnings for the business. When it comes to earning management, there are two sentiments that are entail. The first prevails and regards the earning management as false, while in the second scenario, the stakeholders determine such doings as management using their preferences (Chhabra, 2016).

Earnings Persistence

The quality of earnings reported by a firm is useful in assessing how well the reporting entity has utilized its resources to benefit the shareholders and sustain the existence of the firm. Existing research on earnings quality has used various measures because of different perspectives on the understanding of the construct. One of the attributes of earnings used in measuring earnings quality is how current earnings persist over time. Earnings persistence is a measure of the extent to which current earnings are repeated in the future. It indicates whether current earnings are stable and can be sustained in the future. Therefore, high persistence shows a high quality of earnings. Earnings persistence is a good measure of earnings quality because it depends on the fundamental performance of the firm as well as the system of accounting measurement employed. Earnings persistence reflects the profit quality of a firm and shows that a firm can retain earnings over time instead of just due to a particular event. In addition, earnings persistence is also a property income describing the ability of a firm to maintain profits from the current time to a foreseeable future. Penman and Zhang defined earnings persistence as revisions in the expected accounting profit in the future based on the profit of current earnings for the year. Hayn (1995), stated that such value is irrelevant in the earnings components as a result of temporary events or the application of the concept of accrual accounting write-downs, write-offs or provisions for loss. These aspects would lead to a limit on its relevance when applied in the evaluation of a company.

Quality of Financial Reporting

The primary objective of financial reporting is to provide high-quality financial reporting information concerning economic entities, primarily financial in nature, useful for economic decision making (FASB, 1999; IASB, 2008). Providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions, enhancing overall market efficiency (IASB, 2006; IASB, 2008).

Martinez-Ferrero (2015), posits that financial reporting quality is the faithfulness of the information conveyed by the financial reporting process. The word faithfulness is characterized by relevance, reliability, transparency, and clarity (Jonas & Blanchet, 2000). Relevant information means that the financial statement should contain enough information useful to different users of the financial statements in assisting their decision-making process and that the information is provided in a timely fashion when it is still "news". Reliability is what assures that the information is reasonably free from error or bias and that it truly represents what it is intended to represent. Information in a financial report will be reliable to the extent that users can depend on it to judge the economic conditions or events that it purports to represent (Shehu, 2013). Transparency means that the figures truly reflect the economic activities of the enterprise during the period. Clarity is focused on how the figures are presented. The format and language of presentation are also very important. Financial reporting should therefore provide information to help investors, creditors, and other users to project the amounts and timing of future cash flows for the enterprise (Waweru & Riro, 2013).

Faithful representation

Faithful representation is the second fundamental qualitative characteristic espoused in the IASB (2008) framework. According to IASB (2018), to faithfully represent economic phenomena which the information purports to represent, annual reports must be complete, neutral, and free from material error. IASB (2018), states that economic phenomena represented in the annual report are "economic resources and obligations and the transactions and other events and circumstances that change them. Faithful representation is usually measured in terms of neutrality, completeness, freedom from material error, and verifiability Ibrahim et al,2019). Botosan (2004) argues that it is difficult to measure faithful representation directly by only assessing the annual report, since information about the actual economic phenomenon is necessary to assure faithful representation. However, Alice et al (2020), maintain that estimates and assumptions that closely correspond to the underlying economic constructs and the standards pursued can enhance faithful representation. The proxies commonly used to measure faithful representation include: 1) freedom from bias; 2) neutrality; 3) unqualified audit report; and 4) corporate governance statement (Krishnan (2008). To be free from bias, financial reports should clearly explain assumptions and estimates made in the preparation of the financial statements, as well as the choice of accounting principles. A financial report is assumed to be neutral if it highlights both the positive and negative events in a balanced way (IASB, 2018).

The Financial reports represent economic phenomena in words and numbers. The financial information in the financial reports should represent what it purports to represent. Meaning, it should show what really are present (Example: Position of Assets and Liabilities) and what really happened (Example: Position of Income and expenditure), as the case may be.

There are three characteristics of faithful representation:

1. Completeness: Depiction of all necessary information for a user to understand the phenomenon being depicted. It includes all necessary descriptions and explanations (adequate or full disclosure of all necessary information),
2. Neutrality: Depiction is without bias in the selection or presentation of financial information must not be manipulated in any way in order to influence the decision of users. (Fairness and freedom from bias), we often refer to a term called True and Fair View in Accounting.
3. Free from error: means there are no errors and inaccuracies in the description of the phenomenon and no errors made in the process by which the financial information was produced. (no inaccuracies and omissions). That does not mean no inaccuracies can arise, particularly in case of making estimates. The standards expect that the estimates are made on a realistic basis and not arbitrarily.

Relevance

IASB (2018), defines relevance as the capability of making a difference in the decisions made by users in their capacity as capital providers. Relevance is usually operationalized in terms of predictive and confirmatory value (Holland & Ramsay, 2013). Predictive value generally refers to information on the firm's ability to generate future cash flows. According to IASB (2018) information about an economic phenomenon has predictive value if it has value as an input to predictive processes used by capital providers to form their own expectations about the future. Predictive value is considered as an important indicator of relevance in terms of decision usefulness. The basic measures of predictive value, according to Hussaini et al., (2009) are: 1) the extent to which annual reports provide forward-looking statements; 2) whether the annual reports disclose information in terms of business opportunities and risks; and 3) whether the company uses fair value. The forward-looking statement usually describes management's expectations for future years of the company. For capital providers and other users of the annual reports this information is relevant since management has access to private information to produce a forecast that is not available to other stakeholders (Ibrahim et al, 2019).

Firm Size

In the literature, size has been found to be an influential variable in explaining differences in disclosure practices among firms (Zarzeski, 2016). Several reasons account for the positive association between firm size and the extent of disclosure. Disclosing detailed information is costly, and thus may not be affordable for small firms. Large firms are usually diverse in their business scope, the types of products and geographical coverage. A considerable amount of information is required for management purposes and can be generated internally. Consequently, the marginal cost of disclosing information publicly is low (Cooke, 2018). Also, large firms go to the financial markets to raise funds more often than small ones. These large firms are aware that selling new securities and a low cost of capital depend on disclosing more information to users (Spero, 2016). On the other hand, disclosure of detailed information may place small firms at a competitive disadvantage with other large firms in the same industry (Buzby, 2013).

Theoretical Framework

Agency Theory

This theory originated in economics, specifically information economics. The theory was primarily developed to investigate more general questions of incomplete facts and risk sharing (Moe, 1984). The key postulation of this theory is that rationality and wealth-seeking traits are used to describe principals and agents who are eager to make the most of their own utility functions. Agency theory is used to understand the relationships between agents and principals. The agent represents the principal in a particular business transaction and is expected to represent the best interests of the principal without regard to self-interest. The different interests of principals and agents may become a source of conflict, as some agents may not always act in the principal's best interests. The resulting miscommunication and disagreement may result in various problems and discord within companies. Incompatible desires may drive a wedge between each stakeholder and cause inefficiencies and financial losses. This leads to the principal-agent problem. The principal-agent problem occurs when the interests of a principal and an agent conflict. Companies should seek to minimize these situations through solid corporate policy. These conflicts present normally ethical individuals with opportunities for moral hazard. Incentives may be used to redirect the behavior of the agent to realign these interests with the principal's concerns.

The theory of the agency is defined as an arrangement between one or more parties, identified as a principal, which binds the other party, identified as an agent, with a view to transferring control of the interests of the company, which also involves the distribution of authority in the decision-making process to the agents (Jensen & Meckling, 1976; Davidson et al., 2004). The main problem with agency theory is agency conflict. Agency conflict comes from the conflicting interests between the principals (the owners) and the agents (management). The principals are interested in maximising their profit, which is also the interest of the management (Okolie, 2013). When it comes to information about earnings, the conflict of agency could lead to dysfunctional behaviour by management, such as earnings management. The separate interests of the principals (owners) and the agents (management) may become a source of dispute, as certain agents may not behave perfectly in the best interests of the principal. Incompatible desires can lead to inefficiencies and financial losses on the part of each stakeholder. This leads to the principal-agent problem. In the field of earnings management under agency theory, empirical research (Jiraporn, 2018) has established agency theory as a method for discriminating between the opportunistic and advantageous uses of earnings management. They indicated that companies where earnings management is handled to a greater (less) degree would incur fewer (more) agency costs. Based on the agency theory, management gives rise to an opportunity for managers to pick and apply accounting figures and strategies that will maximize their own wealth. This topic has become more relevant in recent years as more companies are listed on the stock market as public companies (Kazemian & Sanusi, 2015).

Earnings management often concerns the efforts of business executives or the misuse of earnings by executives in financial statements (Tangjitprom, 2012), where agency conflict occurs when executives opportunistically exploit earnings management in their own favor (Sun, s2010). Information asymmetry could lead to earnings management growing. Management gains more information and is better versed with the condition of the company compared to the owners (Davidson, 2004). This opinion results in opportunist acts taken by earnings management based on their information asymmetry, in order to self-benefit. This study will inspect earnings management as information signalling to portray the business model of the company and its financial health.

Reasons for Adopting Agency theory

This study adopted agency theory to explain the relationship between earnings management and the quality of financial reporting of listed insurance companies in Nigeria. Agency theory originated from the work of (Berle & Means, 1932). They explored the concept of agency and its applications to the development of large corporations. They found out how the interests of the directors and managers differed from the owners of the firm, thereby using the concepts of agency and principal to explain the genesis of those conflicts.

Jensen and Meckling (1976), further on the work of Berle and Means (1932), to develop agency theory as a formal concept. They also formed a school of thought arguing that corporations are structured to minimize the cost of getting agents (agency costs) to follow the direction and interests of the principals. The theory essentially acknowledges that different parties involved in a given situation with the same given goal will have different motivations, and these differences can manifest in divergent ways. This means that there will always be partial goal conflict among parties, because efficiency is inseparable from effectiveness, and thus information will always be somewhat asymmetric between principal and agent.

Agency theory is therefore concerned with the contractual relationship between two or more people, called agents, performing some services on behalf of the principal. Both the agents and the principal are presumed to have entered into a mutual agreement or contract motivated solely by self-interest. The principal delegates decision making responsibility to agents (Chowdhury, 2004).

Considering earnings quality practice, agency theory explains clearly the existence of the incentive for management to use earnings quality. Therefore, Abdul Rauf (2012) suggests that management could use earnings to mislead shareholders by showing a different image of the company's earnings. For the purpose of this research, agency theory has been adopted. This is due to the fact that it elucidates the relationship between the agents (management) and the principals (shareholders). In the same vein, the audit committee, apart from serving as a monetary measure, equally represents the shareholders who are the principal since their composition constitutes an equal number of shareholders and directors. The directors, therefore, are acting on behalf of the shareholders. While the other aspect of the agency theory is the management (agents) who are responsible for the preparation and fair presentation of financial statements in accordance with the Nigerian Statement of Accounting Standards (SAS), they are also assumed to make sure that the financial statements are free from material misstatement, whether due to fraud or error. This at the tail end is subject to confirmation, review and verification by the audit committee in order to make sure that the accounting policies are in line with the legal requirements and ethical practices. Therefore, agency theory is found to be relevant because it explains the audit committee, which functions as a monitoring mechanism to reduce agency costs, information asymmetry, and disclose faithful financial statements concerning earnings quality (Menon Williams 1994).

Empirical Review

John et al. (2017), investigated the determinants of financial reporting quality in T-listed Agriculture and Natural Resources firms in Nigeria. Owing to the widespread advocacy to diversify the Nigerian economy, the choice of the agriculture and natural resources sectors as a prospective mainstay of the economy is necessary, so that investors and other stakeholders will understand the financial

reporting practices in the sectors. The sectors comprise of 9 listed Agriculture and Natural Resources firms, made up of 5 Agriculture and 4 Natural Resources firms. A sample of 7 firms was drawn from the population. The data was collected through secondary sources from annual financial reports of the firms from 2008-2015. The study adopted the correlation and ex-post factor research designs and employed regression as a tool for data analysis. The results showed a positive significant relationship between leverage, liquidity, board size and financial reporting quality, measured using residuals from the modified Jones model by Dechow et al. (1995). It is recommended, among others, that managers of firms in the Agriculture and Natural Resources sectors maintain an optimum liquidity level and finance their operations with more debt instruments, so as to ensure the quality of reported accounting numbers. The Nigeria Stock Exchange (NSE) should review its monitoring rules to ensure specific rules for the prevention of window dressing activities by management in financial reporting.

Uwalomwa et al. (2015), assessed the effects of firms' characteristics on earnings management of listed companies in Nigeria. To achieve the objectives of this study, a total of 20 listed firms in the Nigerian stock exchange market were selected and analyzed for the study using the judgmental sampling technique. The corporate annual reports for the period 2006-2010 were used for the study. In testing the research hypothesis, the study adopted the use of both descriptive statistics and econometric analysis using the pooled ordinary least square regression for the listed sampled firms. The study revealed that while firm size and firms' corporate strategy have a significant positive impact on earnings management (proxied by discretionary accruals), on the other hand, the relationship between firms' financial leverage and discretionary accruals of the sampled firms in Nigeria was not significant. Thus, the study concludes that large firms tend to have higher motivations and more prospects to engage in the manipulation of earnings and exaggerating earnings due to the intricacy of their operations and the complexity of users to identify overstatement.

Akintoye et al. (2019), investigated the effect of earnings quality (EQ) on the growth of manufacturing firms in Nigeria during the period 1996-2006 using an *ex-post* facto research design. We determined the earnings quality and growth of 26 listed firms in Nigeria. Our findings revealed that the quality of earnings had a significant effect on turnover growth (TUG). However, earnings quality proxies had mixed effects because Earnings Predictability (EPRE) had a significant negative effect. Value Relevance (VALR) and Accounting Conservatism (CONS) had a significant positive effect, while Accrual Quality (AQUA) had an insignificant negative effect on the turnover growth of firms. The study concludes that earnings quality is useful in determining the growth of firms. Okougbo and Okike (2015), contribute to the literature by providing a sub-Saharan African economic perspective on the relationship between corporate governance and earnings management, based on evidence produced from the accounts of listed companies in one of Africa's largest economies, Nigeria. Using the Modified Jones model to estimate the discretionary accruals, the study examines whether CEO duality, board size, and audit committee independence are able to restrain earnings management practices in the private sector in Nigeria. The results reveal there is a positive significant relationship between the size of the board, return on assets and earnings management. The study proposes that policy makers ensure that firms practice maintaining increasing levels of profits and desist from making losses so as to preclude downward management of earnings. This is essential in the current drive to attract foreign investment into the Nigerian economy.

Literature Gap

From the related empirical studies reviewed, major gaps were noted. First, from web metric analysis, there is a draught in empirical literature on the topic of earnings management and the quality of financial reporting in Nigeria. Other related studies are by Appolos and Jerry, (2019), Emmanuel et al. (2014), Abbott 2004; Bouaziz 2012; Zaman 2011; Muhammed, 2014; Dichev et al. (2002), etc, on corporate governance and earnings management prominently studied. And studies directed towards audit committee and financial reporting quality. Mostly, it concludes that corporate

governance and audit committees have a strong influence on the quality of financial reporting of firms. Thus, to the best of our knowledge, the few studies on earnings management and the quality of financial reporting and their related studies cannot adequately and specifically address the problems of earnings management and the quality of financial reporting in empirical literature and in practice in Nigeria. Thus, this researcher seeks to fill the gap in the study titled Earnings management and quality of financial reporting in listed insurance companies in Nigeria to fill the content scope.

In order to empirically cover the missing content gap, the study applied accrual earnings, income smoothness, and earnings persistence as dimensions and measures of faithful representation and relevance. Thirdly, to statistically accept, debunk or reconcile the inconsistencies in existing empirical studies in developed economies, which are often generalized to developing economies to close the knowledge gap. The study is also unique as the analytical scope covers 7 years' time lag (2013-2019) to solve the problem of obsolescence of empirical information data. Thus, it is the above premises that incited the researcher to write about earnings management and the quality of financial reporting of listed insurance companies in Nigeria.

RESEARCH METHODOLOGY

Philosophy of Study

The philosophy of the study describes the unearthing of fundamental conceptual tools in social science and relates them to tools employed in accounting research to connect the relationship between the earnings management and financial reporting quality of listed insurance companies. These philosophical approaches can be reviewed on the basis of ontological, epistemological, and methodological assumptions. Thus, the philosophy underpinning this study is empiricism.

Empiricism is the doctrine that sense experience is the only basis of knowledge, and that, therefore, all hypotheses and theories should be tested by a process of observation and experience (Hughes, 2000). According to Heywood (2000), in the philosophy of science, empiricism is a theory of knowledge which emphasizes those aspects of scientific knowledge that are closely related to evidence, especially as formed through deliberate experimental arrangements. Empiricism entails the ontology of an ordered universe made up of atomistic, discrete, and observed events which can be represented by universal prepositions, constant conjunctions, or regular patterns of events. In its epistemology, knowledge is derived from sensory experience, concepts and generalizations which are summaries of particular observations. Empiricism philosophy study of social research makes a distinction between the language of observation and the language of theory. All forms of empiricism draw a clear distinction between facts and propositions that have been verified by experience and experiment, and values which are subjective beliefs or opinions (Heywood, 2000).

Research Design

The research was designed to examine the relationship between earnings management and the quality of financial reporting of insurance firms in Nigeria. The study therefore employed the *expo facto* and correlational design. An *expo facto* design aims to establish a cause-and-effect relationship between an independent and dependent variable. The *expo facto* and correlational designs were employed because of the relationship that persists between variables that are not subject to manipulation, and it was chosen since the variables for investigation are from listed insurance firms in Nigeria and past companies' financial reports that are not under the total control of the researcher.

Population of Study

The study primarily focused on the listed insurance companies in Nigeria. A visit to the Nigerian Stock Exchange reveals twenty-five (25) listed as at the year the researcher visited. Therefore, the population of the study was the twenty-five (25) listed insurance companies in the Nigerian Stock Exchange during the period 2013 -2019 (7) years.

Research Sample and Sampling Technique

The sample size of this study is twenty-one (21). This number is derived by the application or use of Taro Yamane formula for sample size determination. The formula is illustrated as follows:

$$n = \frac{n}{1 + N (e)^2}$$

Where:

- n = Sample size
- N = Population size
- I = Constant
- e = Level of errors (00.5)²

Therefore,

$$n = \frac{25}{1 + 25 (0.05)^2}$$

$$n = \frac{25}{1.0625}$$

$$n = 24$$

The sample size for this study using Taro Yamen formula is = 24

Out of the twenty-four (24) companies, three (3) companies have incomplete financial statements which leave the sample size to be twenty-one (21) listed insurance companies (Appendix A).

Instrumentation

The study emphatically employed the use of secondary data. The data were sourced from the fact book (Annual reports) of listed insurance companies from the Nigerian Stock Exchange (NSE), covering the period 2013 -2019 (7) years. The NSE is believed to have in possession of such sensitive documents.

Method of Data Analysis

The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the multiple regression analysis with the aid of E-view (10).

DATA PRESENTATION, ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

Data Presentation

The main aim of this study was to investigate earnings management and quality of financial reporting in listed insurance companies in Nigeria. The study employed secondary data obtained from the company’s published financial report or financial statements within 2013 -2019 (7) years. The data from the company’s financial statements were collected, calculated and analyzed which and comprised of ‘accrual earnings, income smoothness and earnings persistence and also, faithful representation and relevance, likewise firm size data. See appendix 1, data presentation.

Data Analyses and Results Interpretations

Univariate Descriptive Analysis

The following table present the summary of the descriptive statistics of the data collected for the measures of the explanatory variables dimension {Accrual Earnings (ACCE), Income Smoothness (INSM) and Earnings persistence (EPER)} also of dependent variable measures {Faithful representation (FREP) and Relevance (REV)} which containing mean, median, maximum, minimum, standard deviation, skewness and kurtosis, Jarque-Beta and its statistical probabilities are revealed.

Summary Results Findings

Table 4.1 Summary Computation of Hypotheses Results

Hypotheses	Coefficient	Std. Error	T-Stat	P-Value	Statistical	Result
------------	-------------	------------	--------	---------	-------------	--------

				0.05	Decision	
H0 ₁	1.893836	2.271551	0.833720	0.0064	Significant	Rejected H0 ₁
H0 ₂	-1.922139	1.601099	-1.200512	0.2328	Insignificant	Accepted H0 ₂
H0 ₃	0.000840	0.001138	0.738657	0.0619	Insignificant	Accepted H0 ₃
H0 ₄	-5653.036	33432.84	-0.169086	0.0361	Significant	Rejected H0 ₄
H0 ₅	-18784.79	20085.16	-0.935257	0.3519	Insignificant	Accepted H0 ₆
H0 ₆	18782.97	20087.10	0.935077	0.3520	Insignificant	Accepted H0 ₃
H0 ₇				0.026	Significant	Rejected H0 ₇

Source: Researcher's Computation, 2025

From the summary of hypotheses table above the result of the hypotheses of the study were presented in line with the statistical decision rule: 'if the probability value (PV) in is less than 0.05 alpha level, we Reject the null hypotheses and accept significant relationship. Meanwhile, if the probability value (PV) is greater than 0.05 alpha level, we accept the null hypothesis and accept insignificant relationship'. Hence:

Discussion of Findings

HO₁: There is significant relationship between accrual earnings and faithful representation

The result of the descriptive statistics analysis of table 4.1 for accrual earnings and faithful representation revealed a mean of 0.001363 and 3.800000 respectively. On the other hand, null hypothesis one was rejected with a P-Value of 0.0064 < 0.05 and a coefficient value of 1.893836. Hence, there is a significant relationship between accrual earnings and faithful representation of listed insurance companies in Nigeria. This finding is corroborated by Bubaker (2018), who examined the association between the quality of corporate social responsibility disclosure (QCSR) and both real earnings management (REM) and accrual earnings management (AEM) in Indian listed companies from 2007 to 2015

There is no significant relationship between income smoothness and faithful representation of listed insurance companies in Nigeria.

The findings of the research question two descriptive statistics analysis of income smoothness and faithful representation of 0.081724 and 3.800000 respectively. On the other hand, null hypothesis two was accepted with a P-Value of 0.2328 > 0.05 and a coefficient value of -1.922139. Hence, there is an insignificant relationship between income smoothness and the faithful representation of listed insurance companies in Nigeria. The finding is in line with Ibrahim et al. (2019), who investigated the impact of the audit committee on earnings management of listed deposit money banks in Nigeria.

Ho₃: There is insignificant relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria.

On the third research question and hypothesis, the descriptive statistics reveal a mean of 09.69793 and 3.800000 for earnings persistence and faithful representation respectively. On the other hand, null hypothesis three was accepted with a P-Value of 0.0619 > 0.05 and a coefficient value of 0.000840). Hence, there is insignificant relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria. This finding was in line with Aina et al. (2019), who investigated the effect of corporate monitoring quality on earnings management in selected quoted food and beverage companies in Nigeria.

There is a significant relationship between accrual earnings and the relevance of listed insurance companies in Nigeria.

The fourth research question descriptive analysis revealed an average value for accrual earnings and relevance of 0.001363 and 84.58600 respectively. On the other hand, null hypothesis four was

rejected with a P-Value of 0.0361 < 0.05 and a coefficient value of -5653.036). Hence, there is a significant relationship between accrual earnings and the relevance of listed insurance companies in Nigeria. The findings are in line with Hussaini (2014), who investigated the relationship between Audit Committee characteristics and earnings management of listed food and beverage firms in Nigeria.

There is insignificant relationship between income smoothness and the relevance of insurance companies in Nigeria.

The fifth research question descriptive analysis revealed an average value for income smoothness and relevance of 0.081724 and 84.58600 respectively. On the other hand, null hypothesis five was accepted with a P-Value of 0.3519 > 0.05 and a coefficient value of (-18784.79). Hence, there is an insignificant relationship between income smoothness and the relevance of insurance companies in Nigeria. This finding corroborated the work of Zinat et al. (2010), which investigated the effects of income smoothing and earnings quality on evaluating the performance of companies listed on the Tehran Stock Exchange.

There is insignificant relationship between earnings persistence and the relevance of listed insurance companies in Nigeria.

The sixth research question descriptive analysis revealed an average value for earnings persistence and relevance of 09.69793 and 84.58600 respectively. On the other hand, null hypothesis five was accepted with a P-Value of 0.3520 > 0.05 and a coefficient value of (18782.97). Hence, there is an insignificant relationship between earnings persistence and the relevance of listed insurance companies in Nigeria. This finding is in line with Anaekenwa et al. (2018), who empirically examined the potency and value relevance of earnings persistence (EPERS) and its effect on firm performance and the implications of analysts' accurate forecasting ability in the emerging market of Nigeria.

There is a significant influence of firm size on the relationship between earnings management and the quality of financial reporting in listed insurance companies in Nigeria.

Finally, the findings of the moderating variables are supported by Mehdi, Ines, Tawhid, and Faten (2016), who analyze the moderating effect of corporate governance and ownership features on earnings management practices in a free cash flow (FCF) situation. Our results also show that corporate governance mechanisms such as audit committee independence and external audit quality, in addition to institutional investors and managerial ownership, reduce the extent of earnings management. It is also in line with Sunardi (2018), who examined the effect of earnings management on firm value before and when IFRS implementation was moderated by the life cycle of the firm. The study population was 127 manufacturing companies that went public and listed on the BEI from 2010-2016. While the moderate variables of percentage of sales growth and age of the firm strengthen the influence of earnings management on firm value before the implementation of IFRS, the variable of capital expenditure weakens. On the other hand, the percentage variable of sales growth, capital expenditure value and age of the firm strengthen the influence of earnings management on company value during company implementation. Limitations. This study was not associated with the quality of financial reports, so the value of a firm was high but the quality was low or otherwise.

**SUMMUARY, CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION
SCHOLARSHIP**

Summary of the Study

Based on the philosophical approaches of ontological and epistemological assumptions, the study was underpinned by the philosophy of empiricism. Thus, this study investigated the extent of the relationship between earnings management and the quality of financial reporting in listed insurance companies in Nigeria. Seven objectives, seven research questions and seven hypotheses were formulated to guide the study. Studies related to this study were critically reviewed under the headings of conceptual reviews, theoretical frameworks, and empirical studies. The conceptual reviewed earnings management, accrual earnings, income smoothness, and earnings persistence, quality of financial reporting, faithful representation, and relevance. This theory originated in economics, specifically information economics. The theory was primarily developed to investigate more general questions of incomplete facts and risk sharing (Moe, 1984). The key postulation of this theory is that rationality and wealth-seeking traits are used to describe principals and agents who are eager to make the most of their own utility functions. Agency theory is used to understand the relationships between agents and principals. The agent represents the principal in a particular business transaction and is expected to represent the best interests of the principal without regard to self-interest. The different interests of principals and agents may become a source of conflict, as some agents may not always act in the principal's best interests.

This study adopted agency theory to explain the relationship between earnings management and the quality of financial reporting of listed insurance companies in Nigeria. Agency theory originated from the work of Berle and Means (1932). They explored the concept of agency and its applications to the development of large corporations. They found out how the interests of the directors and managers differed from the owners of the firm, thereby using the concepts of agency and principal to explain the genesis of those conflicts. Agency theory is therefore concerned with the contractual relationship between two or more people, called agents, performing some services on behalf of the principal. Both the agents and the principal are presumed to have entered into a mutual agreement or contract motivated solely by self-interest. The principal delegates decision making responsibility to agents (Chowdhury, 2004).

The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using multiple regression analysis with the aid of E-view (10). Using the Cobb-Douglas economic production function model, model specifications were made and two models were developed to guide the study in achieving its aims and objectives. This study conducted data tests of stationarity or unit root test, Granger causality test, multi-collinearity test, and autocorrelation (heteroscedasticity test) to mitigate situations of false results. Also, univariate, bivariate and multivariate analysis were conducted on the research questions and hypotheses. The hypotheses result acceptance or rejection rule was in line with the statistical decision rule of the probability value (PV) 0.05 alpha level. Thus, we rejected three (3) null hypotheses of significant relationships and accepted four (4) null hypotheses of significant relationships.

Conclusion

Investors and users are interested in achieving a high quality of financial information, and this quality can be derived from having a high quality of earnings, which is known as one of the most important indicators of capital market efficiency. This notion is one of the major concerns in assessing the financial health of entities to signify the level of reliability of reported earnings (Usman, 2013). Moreover, this indicator has been used as an analysis tool to evaluate the impacts of converting accounting standards, external auditing, enforcement and corporate governance, and the cost of capital. In the literature, there are several metrics to proxy earnings quality, such as: persistence, predictability, smoothness, abnormal accruals, accrual quality, value relevance, timeliness, conservatism, and earnings variability (Ewert & Wagenhofer, 2011). Earnings quality has an important role in decision usefulness. It is also affected by other factors, such as managerial incentives and regulatory actions. The more extensively an entity engages in earnings management, the lower the entity's financial reporting quality. However, focusing on accruals management rather than on management of earnings or cash flows, research and development, and expenditure

reduction, for example, has a negative impact because accruals are easier to manipulate and less visible to stakeholders than cash flows. (Choi & Pae, 2011). Using this factor, securities analysts often interpret financial information to forecast earnings and cash flows of an entity. Analysts' forecasts often show changing degrees of accuracy, the difference between the average of forecasted results and actual results, and precision, the tightness of the range of forecasted results (Pounder, 2013). Therefore, a high level of precision and accuracy should result in high accounting quality. It is possible to infer the quality of information based on those forecasts.

Thus, the study concludes that there is a positive and significant relationship between accrual earnings and faithful representation of insurance companies in Nigeria. While there is a negative and insignificant relationship between income smoothness and faithful representation of listed insurance companies in Nigeria. Also, there is a positive but insignificant relationship between earnings persistence and faithful representation of listed insurance companies in Nigeria. On the other hand, there is a negative but significant relationship between accrual earnings and the relevance of listed insurance companies in Nigeria. Meanwhile, there is a negative and insignificant relationship between income smoothness and the relevance of insurance companies in Nigeria. Also, there is a positive and insignificant relationship between earnings persistence and the relevance of listed insurance companies in Nigeria. Finally, there is a significant influence of firm size on the relationship between earnings management and the quality of financial reporting in listed insurance companies in Nigeria.

Recommendations

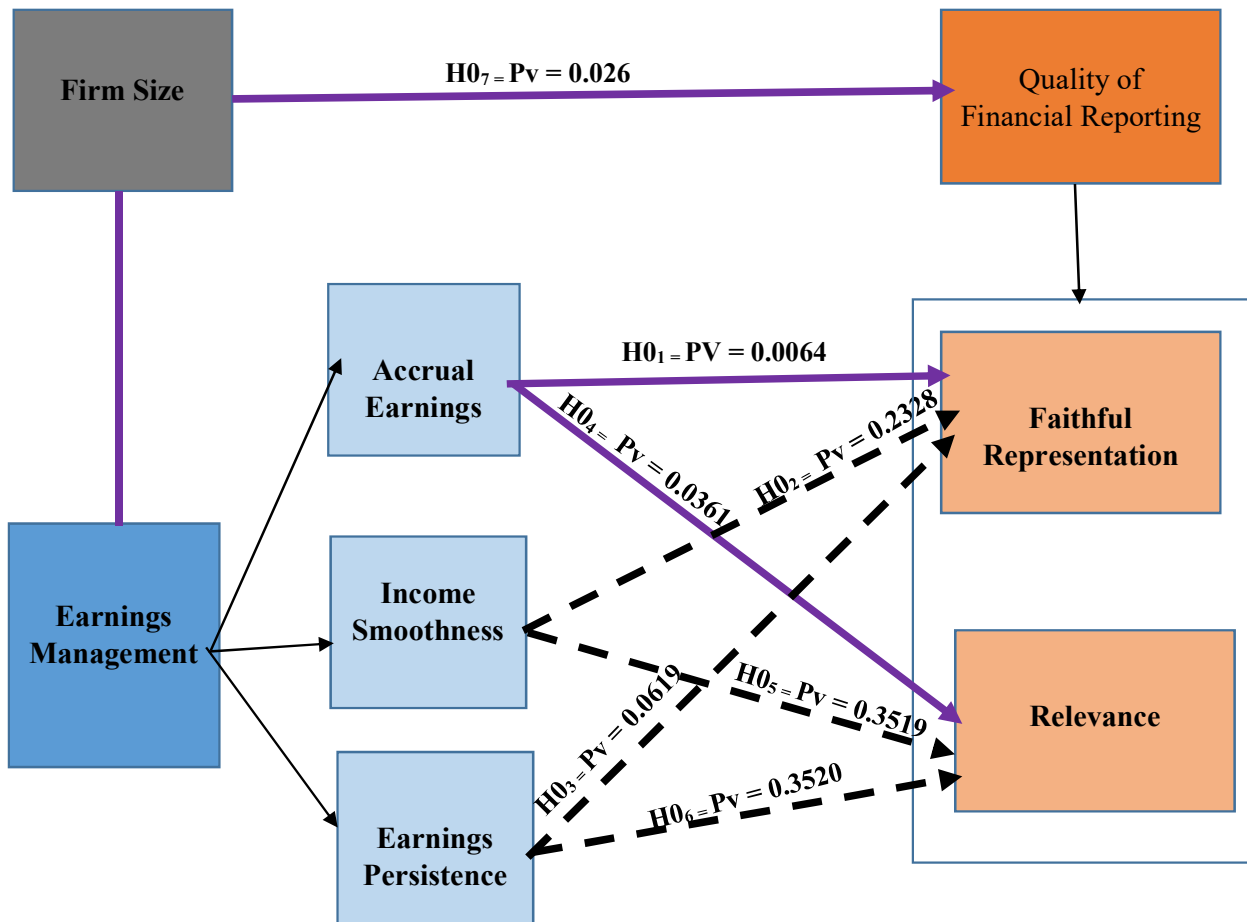
The findings of the study have important policy implications, which led to the making of the following recommendations below:

1. Insurance companies in Nigeria's accrual earnings are positive and significantly related. Thus, management should maintain this level of accrual earnings management.
2. Insurance companies should reduce the rate of income smoothness to enhance the credibility and financial reports quality.
3. The insurance sector should monitor the compliance with the provisions of the Nigerian code of corporate governance by companies. This will help strengthen the faithful representation of financial reports.
4. To make reliable investment decisions by management and other investors, insurance companies should maintain the level of accruals earnings to enhance the quality of financial reports.
5. Regulators should not mainly rely on accounting numbers to govern the listed insurance firms, but should make sure they strictly abide by the rules, regulations, and ethics of international standards governing the preparation and presentation of financial reporting in order to avoid continuous smoothing of income and presenting falsified financial statements.
6. This study highlights the need for reliable and ethical auditing firms and financial expertise as a means of strengthening the monitoring and the audit committee in financial reporting. Thus, companies and shareholders should appoint more or only members with high integrity and high financial knowledge.
7. The peer review mechanism of audit committees in the industry should be encouraged and implemented vigorously and be used as a platform to set benchmarks for effective monitoring.

Contribution to Scholarship

1. The findings of the study debunked the view of many theories and claims that earnings management is not harmful to the quality of financial reporting. The results of the hypotheses prove that there is income smoothing and earnings do not persist.
2. This study developed two panel regression models for capturing the casual relationships between dimensions of earnings management (accrual earnings, income smoothness, and earnings persistence). Whereas faithful representation and relevance were the measures of the dependent variable quality of financial reports.
3. The study developed a heuristic structural model to illustrate the effect of earnings management on the quality of financial reports.

Heuristic Model of Earnings Management and Financial Reporting Quality



Key to Heuristic Model

Purple lines = Significant relationship

Black dotted lines = Insignificant relationship

H₀₁: The second (2nd) **Purple** arrow line; represent the relationship and effect of accrual earnings and faithful representation. Thus, P-value = 0.0064 i.e. accrual earnings has significant effect on faithful representation of listed insurance companies in Nigeria.

H₀₂: The first (1st) **Black** arrow line; represent the relationship and effect of income smoothness and faithful representation. Thus, P-value = 0.2328 i.e. income smoothness has insignificant effect on faithful representation of listed insurance companies in Nigeria.

Ho₃: The third (3rd) **Black** arrow line; represent the relationship and effect of earnings persistence and faithful representation. Thus, P-value = 0.0619 i.e. earnings persistence has insignificant effect faithful representation of listed insurance companies in Nigeria.

Ho₄: The third (3rd) **Purple** arrow line; represent the relationship and effect of accrual earnings and relevance. Thus, P-value = 0.0361 i.e. accrual earnings has significant effect on relevance of listed insurance companies in Nigeria.

Ho₅: the second (2nd) **Black** arrow line: represent the relationship and effect of income smoothness and relevance. Thus, P-value = 0.3519 i.e. income smoothness has insignificant effect on relevance of listed insurance companies in Nigeria.

Ho₆: The fourth (4th) **Black** arrow line: represent the relationship and effect of earnings persistence and relevance. Thus, P-value = 0.3520 i.e. earnings persistence has insignificant effect on relevance of listed insurance companies in Nigeria.

Ho₇: First (1st) **Purple** arrow line: represent the influence of firm size in the relationship between earnings management and quality of financial reporting. Thus, P-value = 0.026 i.e. firm size has significant influence in the relationship between earnings management and quality of financial reporting in listed insurance companies in Nigeria.

REFERENCES

- Abbott, E. I. (2004). Internal governance structures and earnings management. *Accounting and Finance*, 45(2), 41-67.
- Abdul, R. (2012). Accrual management and the independence of the boards of directors and audit committees. *International Journal of Economics, Management and Accounting*, 12(1), 1-31.
- Aboody, D., Hughes, D., & Liu, O. (2005). CEO stock option awards and the timing of corporate voluntary disclosures. *Journal of Accounting and Economics*, 29(1), 73-100.
- Acharya, D., & Lambrecht, J. (2015). Audit quality on earnings management and firm value. *Finance and Banking Journal*, 14(1), 30-43.
- Adebimpe, U., Itoro, I., & Ededeh, D. (2018). Earnings management and financial performance of deposit money banks in Nigeria. *Research Journal of Finance and Accounting*, 9(22), 94-100. <https://www.iiste.org/Journals/index.php/RJFA/article/view/45367/46825>
- Aderin, A., & Otakefe, J. P. (2015). International financial reporting standards and financial reporting quality in Nigeria. *Journal of Science and Technology*, 35(3), 73-83.
- Aguguom, T., Rufus, A., & Rafiu, O. S. (2018). Earnings quality and firm's financial performance: A missing link in the listed firms in Nigeria. *International Journal of Accounting & Finance*, 7(2), 32-54. <http://research.icanig.org/>
- Ahiauza, E. A., & Asawo, T. (2016). Corporate mandatory disclosure practices in Bangladesh. *The International Journal of Accounting*, 40(4), 399-422.
- Ahmed, A., Eyakeno, E., & John, I. (1999). The effect of board composition on the informativeness and quality of annual earnings: Empirical evidence from Greece. *Research in International Business and Finance*, 24(2), 190-205.

- Ahmed, H. A., Maysam, A., & Naim, S. A. (2018). The impact of the quality of financial reporting on non-financial business performance. *Academy of Accounting and Financial Studies Journal*, 2(2), 45-68.
- Ahmed, M. (2000). Earnings quality constructs and measures. *School of Economics, Kingston University of London*, 3(2), 1-28.
- Aina, G. O., Owolabi, S. A., & Adegbe, F. F. (2019). Corporate monitoring quality and earnings management in quoted food and beverages companies in Nigeria. *International Journal of Business and Management Invention (IJBMI)*, 8(4), 63-69.
- Ajibolade, O. E., & Uwuigbe, N. (2013). Does corporate governance influence earnings management in Latin Nigeria markets? *Journal of Business Ethics*, 12(3), 419-440.
- Akintoye, R. I., Adegbe, F. F., Nwaobia, A. N., & Kwarbai, J. D. (2019). Earnings quality and growth of listed firms in Nigeria. *International Journal of Research & Methodology in Social Science*, 5(1), 73-82. <http://dx.doi.org/10.5281/zenodo.2667486>
- Al-Akra, O., & Jahangir, I. (2012). Audit quality, firm characteristics and real earnings management: The case of listed Vietnamese firms. *International Journal of Economics and Financial*, 8(4), 143-249.
- Alice A. S., Folajimi F. A., & Rafiu, O. S. (2020). Effect of corporate governance on financial reporting quality of quoted financial and non-financial firms in Nigeria: *International Journal of Management, Social Sciences, Peace and Conflict Studies*, 5(8), 63-78.
- Aliyu, U. (2014). Audit attributes and financial reporting quality of quoted food and beverages firms in Nigeria. *Advances in International Accounting*, 9(7), 73-88.
- Ajah, Emmanuel Nnamdi (Ph.D), & Onowu, Joseph Uche (Ph.D, & CNA). (2024). OWNERSHIP IDENTITY AS A LIFEBLOOD FOR FINANCIAL PERFORMANCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA. Ajah, Emmanuel Nnamdi (Ph.D) & Onowu, Joseph Uche (Ph.D, CNA) Email:ajahen@fuotuo.ke.edu.ng, onowuju@fuotuo.ke.edu.ng Department of Accounting, Federal Un. BW Academic Journal. Retrieved from <https://www.bwjjournal.org/index.php/bsjournal/article/view/2333>Amer, D., & Abdelkarim, K. (2013). Financial reporting in Bangladesh: The regulatory framework. *Journal of Business Administration*, 24(1), 57-88.
- Anaekenwa, T. A., Samuel, O. D., & Nwaobia, A. N. (2018). Earnings persistence and firm performance: Implications of analysts' accurate forecast ability from the emerging market of Nigeria. *International Journal of Accounting Research*, 7(19), 1-8.
- Anggi, C., & Nurmala, A. (2013). The effect of earning persistence towards financial performance of listed banks in Indonesia stock exchange. *The Indonesian Accounting Review*, 3(1), 1-8. <http://dx.doi.org/10.14414/tiar.v3i01.207>
- Appolos, N. & Jerry, K. (2019). Earnings management and corporate survival of listed manufacturing companies in Nigeria. *International Journal of Development and Sustainability ISSN*, 8(2), 97-115. www.isdsnet.com/ijds

- Armita A., Mahmoud, M., & Zohre, T. (2014). Examining the earnings persistence and its components in explaining the future profitability. *Interdisciplinary Journal of Contemporary Research in Business*, 5(10), 104- 117.
- Arya, A. (2013). Earnings management to exceed thresholds. *The Journal of Business*, 72(1), 1-33.
- Accounting Standards Board of Japan (ASBJ) (2006). Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.
- Ashbaugh, H., & Olsson, P. (2012). An exploratory study of the valuation properties of cross-listed firms' IAS and U.S. GAAP earnings and book values. *The Accounting Review*, 77(1), 107–27.
- Awotundun, M. (2001). *Related party transactions and corporate governance*. Corporate governance. Emerald Group Publishing Ltd.
- Awotundun, M. (2011). Extension of information in accounting reports: An investigation. *Nigerian Financial Review* 3(2), 38- 55.
- Joseph Uche (PhD), O. ., & Young-Arney (PhD), T. . (2024). *FEDERAL TAXES AND INFRASTRUCTURAL DEVELOPMENT IN NIGERIA 1990 – 2022*. *BW Academic Journal*, 18. Retrieved from <https://bwjournal.org/index.php/bsjournal/article/view/2241>
- Baridam, D. M. (2001). *Research methods*. Prentice-Hall Inc. Englewood cliffs N. J.
- Baridam, D. M. (2008). *Ethical issues in business: A philosophical approach*, Prentice-Hall Inc.
- Barth, M. (2011). International accounting standards and accounting quality. *Journal of Accounting Research*, 46(3), 467-498.
- Barth, M. (2016). The relevance of the value relevance literature for financial accounting standard setting: Another view. *Journal of Accounting and Economics*, 31(8), 77-104.
- Azeru, O. S. ., & Uche, O. J. (2022). Tax Incentive Practices and Financial Performance of Consumer Goods Companies in Nigeria. *American Journal of Economics and Business Management*, 5(10), 99–115. <https://doi.org/10.31150/ajebm.v5i10.1585>.
- Basiem, A. S. (2021). The consequence of earnings management through discretionary accruals on the value relevance in Saudi Arabia. *Cogent Business & Management*, 8(7), 1-16.
- Baxter, H., & Cotter, G. (2009). The relationship between accounting variables and earnings quality and the prediction of systematic risk. *Australian Journal of Management*, 2(5), 13-26.