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CORPORATE PROFITABILITY LEVEL, CORPORATION MAGNITUDE, AND CORPORATE BOARD MAGNITUDE AS DETERMINANTS OF HOLISTIC EARNINGS MANAGEMENT AMONG LISTED NON-FINANCIAL COMPANIES IN NIGERIA

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ABSTRACT:

Business landscape is becoming increasingly competitive and more intense each day and as such, every company, owners and management strives to better their performance and this has created tendencies geared to realizing a premeditated target through any means possible within the acceptable accounting standards either from real activities or accruals and/or both. This study, as a result, intends to investigate whether corporate profitability level, corporation magnitude, and corporate board magnitude have significant influence on determinants of a holistic earnings management practices among the sampled non financial firms for years 2011 - 2021. Ex-post facto research design was employed and data extracts obtaind were analysed using the multiple regression. Findings made showed that Corporate Profitability level, and Corporate Board Magnitude exert significantly but negative influence on efforts targeted at Holistic Earnings Management (p-values 0.019 and 0.000 < 0.05; z-statistics -1.31 and =3.61 respectively) while Corporation Magnitude does not exert statistically significant influence on efforts targeted at Holistic Earnings Management (p-value 0.295 > 0.05) though it maintained a strong but negative influence (z-statistics -1.05). The study therefore concludes that an increase in corporate profitability level; corporation magnitude; corporate board magnitude and revenue growth leads equivalently to the non-likelihood of sampled firms engaging in holistic earnings management. This implies that where corporate board magnitude is not sufficiently large and equipped to effectively implement management team control, corporate firms already suffering from market capitalization dwindling or fluctuating profitability levels, are exposed to the risk of managing earnings holistically. The study therefore recommends among others that the historical performances of the firms be critically examined especially as it determines the current and future quality of its financial reports.

1. INTRODUCTION

Earnings management is one important concept and an aspect of the quality of financial reporting that attracts the attention of all stakeholders of the company especially shareholders, managers and investors alike. Since the business landscape is becoming increasingly competitive and more intense each day, every company, owners and management strives to better their performance; which serves as an indicator of the general well-being of the organization and one of investors' criteria when making investment decision. What could be the determining factor(s) necessitating aggressive application of financial statement information misrepresentation and/or unfaithful representation? According to Efenyumi, Nwoye and Okoye (2022) as corroborated by Ibrahim, Adamu, Uthman and Abba (2022), quality decision made by organizational stakeholders is largely dependent on the level of management faithful representation of information on the financial statement (Nwoye & Okoye, 2018). The financial statement is the veritable tool through which management performance can be easily and efficiently assessed comprehensively; thus creating the tendencies geared towards attaining a pre-meditated target through any means possible within the acceptable accounting standards either from real activities or accruals and/or both. Thus reliability of financial statement is only guaranteed when the quality of earnings reported is free from intentional and unintentional misrepresentation and/or prejudices. Accordingly, Efenyumi (2023) posit that factors in an organization that threaten the level of relevance of information in a financial statement as a result of unfaithful representation would not only affect Earnings Quality but also affect stakeholders' decision-making.

A number of studies within and outside Nigeria explored the effects of earnings management on profitability and other firm performance measures (Hunjra, Akram, Butt & Ijaz, 2015; Ningsih, 2017; Okafor, Ezeagba & Onyali, 2018; Bhutta, Naz & Iftikhar, 2018; Nguyen, Nguyen & Phung, 2019; Fatzel, Abdulllah, Zamri, Bakar & Jailuddin, 2022; Boachie & Mensah, 2022). However, only very few researches were carried out to investigate the key drivers and motivating factors influencing earnings management with few sampled firms over very short scope of five years. In the financial sector (Uwalomwa, Uwuigbe & Okorie, 2015; Ibrahim, et al, 2022; Putra, Erlina & Rujiman, 2023); in the Nonfinancial sector, some investigated only the impact of profitability and leverage on real earnings management (Obeidat, 2021; Attia, Ismail & Mehafdi, 2022) while others explored the effect of profitability on accrual earnings using the Jones and the modified Jones models (Inda & Dade, 2018; Gajdosikova, Valaskova & Durana, 2022) without any attempting the effects of corporate profitability level and other corporate attributes on a combination of both the real activities management and the accrual earning management with the aid of a holistic and comprehensive model of earnings management with a larger sample for wider scope coverage to enable generalized results.

1.1 Objectives of the Study

This study basically intends to investigate whether corporate profitability level, corporation magnitude, and corporate board magnitude have significant influence on determinants of a holistic earnings management practices among the sampled non-financial firms for years 2011 - 2021. Specifically, this study is set to determine:

1. the extent to which Corporate Profitability Level influence Holistic Earnings Management of Listed Nonfinancial Companies in Nigeria.
2. the influence of Corporation Magnitude on Holistic Earnings Management of Listed Nonfinancial Companies in Nigeria.
3. in what manner Corporate Board Magnitude influence Holistic Earnings Management of Listed Nonfinancial Companies in Nigeria

1.2 Hypotheses

In order to achieve the aforementioned objective, this study speculates that:

Ho_1: Corporate profitability level does not exert significant influence on holistic earnings management of listed non-financial companies in Nigeria.

Ho_2: Corporation Magnitude does not significantly influence on holistic earnings management of listed non-financial companies in Nigeria.

Ho_3: Corporate Board Magnitude does not influence on holistic earnings management of listed non-financial companies in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 Corporate Profitability Level

Corporate Profitability is the extent to which a corporation is able to achieve a profit. Profitability level is a vital factor that determines where capital investors look for and decides where to put in their investment (Efenyumi, Okoye & Nwoye, 2022). The greatest asset of any corporation is the steadily high profitability levels; fluctuating profitability levels may suggest high risk in paying dividends to investors and to maintain a reasonable level of confidence in the corporation, the management will attempt to maintain profitability level through earnings management to remain consistently credible.

Profitability is the numerical end result of corporation management policies and decisions and that higher Return on Assets (ROA) suggests better corporate performance that engenders maximization of profitability levels; and If it is where the principal demands of maximizing profits as in agency theory and managers are hopeful of bonus incentives, most probably, the managers indulge in earnings management practices (Oktasari, 2020). According to Inda & Dade (2018), every corporate management, financial managers especially encourage all efforts aimed at achieving the common goals and paying attention to decision that would enable it run properly. This study measures Corporate Profitability Level using ROA.

2.1.2 Corporation Magnitude

The magnitude of any corporation can be a motivating factor compelling the organizations to undertake certain risk or not, even determine the "what and how" of its business operations. No doubt that what larger corporations can absorb in terms of risk and business cannot be said about smaller corporations. The work of Uwalomwa, Uwuigbe and Okorie (2015), it was documented that the larger the magnitude of corporation, the higher the motivations and prospects to unfaithfully represent business outcomes, manipulate and exaggerate earnings considering their operations intricacies and complexity of identifying overstatement. On the contrary, the study of Ibrahim, et al. (2022) found a significantly negative relationship with the magnitude of corporation and that larger corporations being susceptible to investors and regulatory authorities scrutiny than smaller corporation, smaller corporations are more likely expected to manage their earnings to avoid reporting losses and low profitability than larger corporations (Uwalomwa et al, 2015). The magnitude (size) of a firm can be determined through its sales level, market capitalization and net/total assets owned.

2.1.3 Corporate Board Magnitude

Corporate Board Magnitude measured as the number of members sitting on the board of directors is indispensible machinery in any corporation saddled with management supervisory and control functions to lead and direct the corporation affairs. The magnitude of the board is a function of its effectiveness in monitoring the management. Hosam, Ekom, Roekhudin and Wuryan (2019) opined that board magnitude does not impact on earnings management and boards with larger magnitude are less efficient on monitoring and more difficult for its members to monitor the management thus creating rooms for earnings management tendencies for various reasons (Agyeman, 2020; Subhasinghe & Kehelwalatenna, 2021) while very few hold the contrary that larger board magnitude curtail CEO dominance, reduce agency costs, create great room for adequate representation of stakeholders and enhance effective management oversight functions (Indrawan, Agoes, Pangaribuan, & Popoola, 2018).

2.1.4 Earnings Management (ENGMGT) Concept

Various explanations have been provided for the creation of inaccurate financial statements. These include pressure from shareholders to generate greater profits, the desire to maintain a prominent reputation in the business world, and the temptation to appease external stakeholders with increased wealth (Temitope, Olubunmi & Oyinlade, 2020). Efenyumi (2023), aptly describe ENGMGT as a management purposeful and systematic approach, preconceived to influence reported earnings in order to create a financial picture that differs from the reality of the company's finances and wealth for their own benefit. One is inadvertently tempted to agree from the above explanation that managers' primary aims for unfaithful representation is to deceive stakeholders hence this study intends to apply a Holistic Earnings Management Approach (HEMA) to unravel its key determinants. (Efenyumi & Okoye, 2023)

2.1.5 Conceptual Framework

Based on the introductory background, problem formulation, objective, theoretical framework and the speculated hypothesis of the study a research conceptual framework can be made as follows:

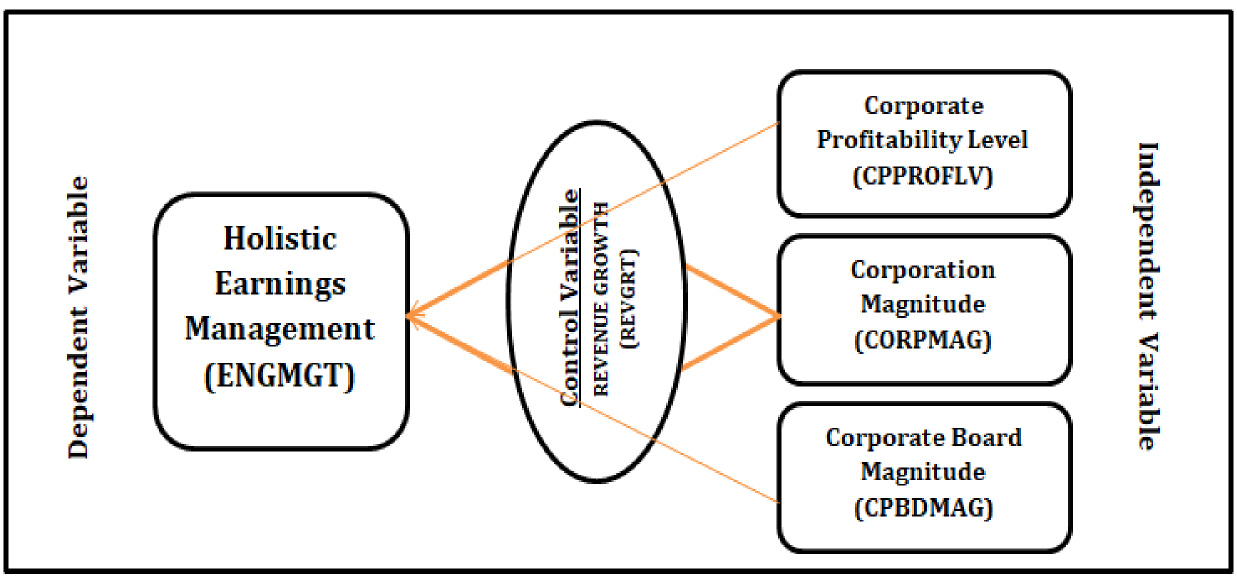

Figure 1: Conceptual Framework for the Study

2.2 Theoretical Review

2.2.1 Agency Theory

According to the concept of Agency Theory, managers tend to be self-centered and act in their own self-interest, prioritizing their own comforts over the interests of shareholders. This could entail lavish offices, company cars, and other perks at the expense of the owners. Managers, having greater knowledge and expertise when it comes to running a company, can often use this position to promote their own interests over that of the shareholders (Efut, Nwoye & Okoye, 2022; Bintara, 2022). Shareholder interests can be significantly undermined when managers prioritize their own self-interest over the organization's profitability, resulting in a situation where the managers are "expropriating" shareholders' interests. To protect shareholder interests, it is therefore imperative that a board of directors monitors management closely. Efenyumi and Okoye (2022) citing Kibiya, Che-Ahmad and Amran (2016), said that the monitoring of management in a large corporation with numerous shareholders, individual investors are contingent upon functioning boards well equipped with the resources necessary to monitor the actions of management or agents.

This theory has highlighted that the disconnect between ownership and management can lead to agency conflicts and costs, such as information asymmetry, manipulative behaviour which in turn increases the likelihood of self-serving behaviour on the part of managers. To reduce such agency conflicts and costs, effective control and monitoring measures need to be implemented (Widiasmara & Saputri, 2021; Bintara, 2022).

2.3 Empirical Review

Cudia and Dela Cruz (2018) investigated how earnings management was carried out in Philippine Stock Exchange in the year 2014 with 54 firms using the modified Jones model and found that firm size is not a strong determinant of earnings management unlike cash flow, leverage and profitability and concluded that corporations with low profitability level are more likely to engage in earnings management; recommended that financial expertise should be considered in board constitution not just the number.

Inda and Dade (2018) examined the effect of Profitability and firm size on earnings management moderating for managerial ownership with a sample of 60 companies listed in Indonesia Stock Exchange (2012-2016) and the results showed that profitability positively affect earnings management unlike firm size that negatively affect earnings management while the Managerial ownership the moderating variable, in conjunction with profitability and firm size influence earnings management.

Temitope et al. (2020) investigated the effect of management entrenchment, firm characteristics and earnings management of conglomerate companies in Nigeria with 6 listed conglomerate companies from 2008 to 2018. Employing discretionary accruals with the adjusted Jones model, the found that the conglomerate's entrenchment proxies, CEO's tenure has a positive and significant impact on earnings management; CEO's shareholding has a negative and insignificant effect on earnings management, while firm size, profitability and leverage indicated a significant and positive impact on earnings management.

Rahmah and Iskandar (2021) analysed the effect of profitability and financial risk on earnings management with the 3 largest Indonesian provider companies on Indonesia Stock Exchange (IDX) between 2015 – 2018 using multiple linear regression and found that profitability level and financial risk impact positively on earnings management.

Widiasmara and Saputri (2021) empirically test the effect of profitability leverage and free cash flow on earnings management (Discretionary Accruals) on 86 companies from 2013-2019 in IDX using MRA techniques and found that leverage and free cash flow influenced earnings management, while profitability has no effect on earnings management.

Sutrisno (2021) evaluated leverage effect, profitability, commissioner board and audit committee on earnings management 32 companies in BEI from 2016-2017 using the Discretionary accrual. The results revealed that leverage was positively significant towards earnings management while profitability, commissioner board and audit committee don't have significant effect towards earnings management.

Kalbuana, Suryati and Pertiwi (2022) researched on the impact of Company Age, Audit Quality, Leverage and Profitability on Earnings management on 18 IDX-listed Retail and Wholesale Trading Companies from 2016 to 2020 with the Modified Jones Discretionary Model; and revealed that company age and profitability had a significant positive impact, audit quality had a significant negative impact, while leverage had no significant impact on earnings management.

Gajdosikova, Valaskova and Durana (2022) investigated firm-specific characteristics and how they affect businesses in their management of earnings using a firm-year observation of 15,716 various economic sectors in the Slovak environment for 3 year with Kaznik discretionary accrual model and found that aggressive earnings management practices are typical of small enterprises with a public limited ownership structure and that large enterprises do not tend to manipulate their earnings.

Attia, Ismail and Mehafdi (2022) examined the effect of board of directors' attributes on real earnings management (REM) with 78 Egyptian listed companies between 2008–2017. The GMMM revealed that board size is negatively and significantly correlated with REM proxies.
Mulia and Setiawati (2023) studied the effect of tax planning, firm size and profitability on earnings management with 19 firms from 2019 to 2021 in IDX using multiple regression with the modified Jones model discretionary accruals and found that tax planning have significant effect on earnings management, while firm size and profitability have no significant effect on earnings management.

Putra, Erlina and Rujiman (2023) studied Leverage, and Profitability on Earnings Management in banking sub-sector companies listed on the Indonesia Stock Exchange with 30 firms from 2017 to 2021. Using multiple linear regression, they found that Board of Commissioners(Board of Directors) has insignificant positive; Audit Committee, leverage and profitability has insignificant negative effect on earnings management.

3. MATERIAL AND METHOD

This research adopted the ex-post facto design owing to the secondary nature of the data sourced from the annual reports of nonfinancial firms listed on the Nigerian Exchange Group (NGX) for a period of eleven years from 2011 to 2021. With the aid of convenience sampling, 891 firm-year observations were made from 81 companies out of 107 companies as at 31st December, 2021.

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Table 1: Variables Description and Definition

Variables	Description	Labels	Definition
DEPENDENT	Holistic Earnings Management Model	ENGMGT	Combination of Real and Accrual Earnings Residuals as in Jeroh and Efenyumi (2022)
INDEPENDENT	Corporate Profitability Level	CPPROFLV	Earnings after tax divided by Total Assets (ROA)
	Corporation Magnitude	CORPMAG	Logarithm of firm's market capitalization in Naira
	Corporate Board Magnitude	CPBDMAG	Number of Board members annually
CONTROL	Revenue Growth	REVGRT	Growth in firm's revenue as measured by sales in current year less Sales for previous year divided by last year's sales

Source: Fieldwork, 2023.

3.1 Model Specification

The Multiple Linear Regression model used in testing the speculated hypotheses of this study is as follows: $ENGMGT_{it} = \beta_0 + \beta_1 CPPROFLV_{it} + \beta_2 CORPMAG_{it} + \beta_3 CPBDMAG_{it} + \beta_4 REVGRT_{it} + \varepsilon_t$

4. RESULT AND DISCUSSIONS

4.1 Descriptive Statistics

Table 2 Summary of Descriptive Statistics

Variables	Holistic Earnings Management	Corporate Profitability Level	Corporation Magnitude	Corporate Board Magnitude	Revenue Growth
Acronym	ENGMGT	CPPROFLV	CORPMAG	CPBDMAG	REVGRT
No. Obstn	891	891	891	891	891
Avrg	0.00291	2.57954	6.71514	8.74299	11.98431
St Dv	0.45756	24.68826	0.96635	2.65426	83.23042
Mn Val	-4.5001	-179.917	4.7042	4	-100
Mx Val	2.6473	176.2669	9.6205	19	1354.255

Source: Reseachers' Computation (2023)

Apparently, Table 2 showed the summary of descriptive statistics result for selected measures of central tendencies namely average (Avrg), Standard deviation (St Dv), minimum and maximum values (Mn Val and Mx Val respectively) along with total no of observations (No. Obstn). From the result reported, the total numbers of observations for 81 corporations for eleven years were 891. Notably, the average value of ENGMGT is 0.00291 and a standard deviation of 0.45756. The low St DV (0.45756) is an indication that data for ENGMGT relatively exhibited similar trends on the average of 0.00291 among the sampled corporations though with insignificant magnitude of perceived deviations across sectors throughout the sampled period as evident in the Mn Val and Mx Val of -4.5001 and 2.6473 respectively.

The explanatory variables (CPPROFLV, CORPMAG, and CPBDMAG) had average values of 2.57954, 6.71514 and 8.74299, respectively while their respective standard deviations are 24.68826, 0.96635 and 2.65426; an indication that Corporate Profitability level varied widely across corporations and sectorial categories, while Corporation Magnitude and Corporate Board Magnitude of appears to be relatively similar across corporations and sectorial categories in Nigeria. The minimum values of -179.9173, 4.7042 and 4 for CPPROFLV, CORPMAG, and CPBDMAG implies that there are corporations where Corporate Profitability level falls below zero, Corporation Magnitude and Corporate Board Magnitude in some years within the sampled period are very small; the highest profit level is 176.2669 with corporation magnitude being 9.6205 with largest board members at 19.

4.1.1 Correlation Analysis

Table 3: Correlation Result

Variables	ENGMGT	CPPROFLV	CORPMAG	CPBDMAG	REVGRT
ENGMGT	1.0000				
CPPROFLV	-0.0427	1.0000			
CORPMAG	-0.1034	-0.0717	1.0000		
CPBDMAG	-0.1430	-0.0422	0.5037	1.0000	
REVGRT	-0.0849	-0.0103	0.0171	0.0177	1.0000

Source: Researcher's Computation (2023)

The correlation enquiry is employed to elucidate the direction of relationship between variables in our study of Holistic Earnings Management (ENGMGT) determinants (Corporate Profitability level, Corporation Magnitude and Corporate Board Magnitude). From Table 3 above, the correlation coefficient between ENGMGT and the predictor variables (CPPROFLV, CORPMAG, and CPBDMAG) were negative inferring that every unit of increase in the Corporate Profitability level, Corporation Magnitude and Corporate Board Magnitude, translates into a reduction in holistic earnings management. The highest coefficient between the predictor variables stood at 0.5037 between CORPMAG, and CPBDMAG; and since it is below the stipulated threshold of 0.8 (see Efenyumi, Okoye & Nwoye, 2022; Efenyumi & Okwudibe, 2023); our argument is that our specified model is fit and free from multicollinearity complications. This position, we further established with the result of the multicollinearity and heteroscedasticity tests as shown below:

4.1.2 Multicolinearity and Heteroscedasticity Tests

We employed the Variance Inflation Factor (VIF) test to substantiate the earlier claim of correlation result whether multicollinearity existed or not while the Breush-pagan/Cook Weisberg (B-P/CW) test was used validate the presence or otherwise of heteroskedasticity and the outcomes are presented below:

Table 4: VIF & B-P/CW Results

Variable	VIF	1/VIF
CORPMAG	1.34	0.743631
CPBDMAG	1.34	0.746123
CPPROFLV	1.01	0.994723
REVGRT	1.00	0.999517
MEAN VIF	**1.17**	
B-P/CW Test for Heteroskedasticity		
chi2(1)	154.47	
Prob>chi2	0.0000	

Source: Researchers' Computation (2023)

As shown clearly in Table 4, there are no signs of multicollinearity; the mean VIF of 1.17 with VIF scores ranging from 1.00 to 1.34 clearly attested that all variables together with the mean VIF fell below the maximum thresholds thus clearing doubts on the possible existence of multi-collinearity problems among the data collated for the study's variables (see Jeroh, 2020; Efenyumi, Nwoye & Okoye, 2022). Nevertheless, the Chi2(1) of 154.47 (p-value = 0.0000 < 0.05) suggests that the OLS regression technique does not suit the current study's regression model putting the panel nature of the data obtained into consideration. Therefore, it is pertinent to use of either the fixed effect or random effect model, depending on the outcome of the Hausman test after validating the Panel Unit Root for covariance stationarity. In this context, the Hadri LM stationarity test would be employed for the Panel Unit Root followed by endogeneity test using the Hausman test to determine the choice of the model (fixed effect or random effect) to use in testing the study's Hypotheses.

Table 5: Panel Unit Root Test

Level	Stationarity	Probability
ENGMGT	4.1122	0.0000
CPPROFLV	3.8335	0.0001
CORPMAG	33.4268	0.0000
CPBDMAG	24.8228	0.0000
REVGRT	-2.4088	0.9920

Source: Researchers' Computation (2023)

The outcome for the panel unit root test for all the variables indicated that all the variables were stationary at level. Thus, all the variables are integrated at level which permits the estimation of the models in this study.

Table 6: Hausman Test for Endogeneity

Variables	FE	RE	DIFF	S.E
CPPROFLV	-0.000718	-0.000808	0.000089	0.000129
CORPMAG	-0.028525	-0.024590	-0.003935	0.015547
CPBDMAG	-0.033107	-0.028665	-0.004442	0.004146
REVGRT	-0.000498	-0.000492	-0.000006	0.000035
Chi2(4)	2.44			
Prob>Chi2	0.6562			

Source: Researchers' Computation (2023)

Following the result of the test for endogeneity in Table 6 above, the null hypothesis that the difference in coefficients is not systematic could not be rejected since the Chi2(4) of 2.44 from the Hausman test gave us a probability value (p-value) of 0.6562 (p-value = 0.6562 > 10%) (see Jeroh & Efenyumi, 2022). Thus, this study's Hypotheses are based on the outcome of the REM which is presented in Table 7 below. Also notice the low values for standard errors, confirming the near absence of possible vagueness in the ability of the Rem model in specifying the exact relationship between our variables deployed for the test of Hypotheses.

4.2 Test of Hypotheses

Table 7: REM Result for the Test of Hypotheses

ENGMGT	Coeff	St.Err	z	P>| z |
CPPROFLV	-0.000808	0.000619	-1.31	0.019
CORPMAG	-0.024590	0.023479	-1.05	0.295
CPBDMAG	-0.028665	0.007946	-3.61	0.000
REVGRT	-0.000492	0.000181	-2.71	0.007
_CONS	0.426638	0.140403	3.04	0.002
sigma_u	0.216953			
sigma_e	0.431803			
Rho	0.201558			
Wald chi2(4)	32.13			
Prob > chi2	0.0000			
No Obstn	891			

*significant at 10%; **significant at 5%; ***significant at 1%

Source: Researchers' Computation (2023)

The outcome of the REM as reported in Table 7 revealed that all the explanatory variables CPPROFLV, CORPMAG, and CPBDMAG including the control variable (REVGRT) had negative regression coefficients of 0.000808, 0.024590, 0.028665 and 0.000492 respectively. The essence of this is that it is obvious that Corporate Profitability level, Corporation Magnitude, Corporate Board Magnitude and Revenue Growth exert significant negative influence on efforts targeted at Holistic Earnings Management; that is, manipulating real activities and accruals by corporations' management team. Thus, the higher the Corporate Profitability level, the larger the Corporation Magnitude, the larger the Corporate Board Magnitude and the more the Corporation Revenue grows, the more unlikely corporation management team will indulge in Holistic Earnings Management and *vice-versa.*

Although, the Zstat suggests that when taken individually, Corporate Profitability level, Corporation Magnitude, Corporate Board Magnitude and Revenue Growth may not significantly influence Holistic Earnings Management, contrarily, with the result from the Wald chi2(4) which is 32.13 (P-value=0.0000), the implication is that Corporate Profitability level, Corporation Magnitude, Corporate Board Magnitude and Revenue Growth jointly exert significant influence on efforts geared towards real activities and accruals manipulation by corporations' management team. This result thus confirms that Corporate Profitability level; Corporation Magnitude; Corporate Board Magnitude and Revenue Growth are key determinants of Holistic Earnings Management and impact significant influence Holistic Earnings Management of listed nonfinancial companies in Nigeria.

4.2.1 Hypothesis One

Ho_1: Corporate profitability level does not exert significant influence on holistic earnings management of listed non-financial companies in Nigeria.

From Table 7 above, it could be seen that the p-value of Corporate Profitability Level (0.019) is less than 0.05. Moreso, the Z-statistic is -1.31, indicating a strong but negative influence. This implies that corporate profitability level (CPPROFLV) exerts strong, significant but negative influence on holistic earnings management of listed non-financial companies in Nigeria.

4.2.2 Hypothesis Two

Ho_2: Corporation Magnitude does not significantly influence on holistic earnings management of listed non-financial companies in Nigeria.

From Table 7 above, it could be seen that the p-value of Corporation Magnitude (0.295) is greater than 0.05. Moreso, the Z-statistic is -1.05, indicating a strong but negative influence. This implies that corporation magnitude (CORPMAG) does not exert significant influence on holistic earnings management of listed non-financial companies in Nigeria. Although the influence of corporation magnitude was observed to be statistically insignificant and negative, the strength of such was noted to be strong.

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4.2.3 Hypothesis Three

Ho_3: Corporate Board Magnitude does not influence on holistic earnings management of listed non-financial companies in Nigeria.

From Table 7 above, it could be seen that the p-value of Corporate Board Magnitude (0.000) is less than 0.05. Moreso, the Z-statistic was -3.61, indicating a strong but negative influence. This implies that corporate board magnitude (CPBDMAG) exerts strong, significant but negative influence on holistic earnings management of listed non-financial companies in Nigeria.

CONCLUSION AND RECOMMENDATIONS

The results obtained and discussed in the study reportedly answered the question of key determinants of holistic earnings management being Corporate Profitability level; Corporation Magnitude; Corporate Board Magnitude and Revenue Growth and this led to the conclusion that all the key determinants were significant predictors of Holistic Earnings Management such that an increase in corporate profitability level; corporation magnitude; corporate board magnitude and revenue growth will produce a comparable unlikelihood in engaging in holistic earnings management. Evidently, this study implicitly goes to conclude that managers do not have the obligation to disclose to investors the managerial reasons for investment decisions, thereby increasing the opportunities for managers to manipulate corporation resources if the corporate board magnitude is not sufficiently large and equipped to effect management team control, corporation suffering market capitalization dwindling and nose-diving and/or fluctuating profitability levels, management team would be left with the only option of managing earnings holistically.

It is therefore recommended that it is imperative for those who are interested in the corporate financial performances of a corporation such as investors or analysts to critically examine the historical performance of the corporation since it determines the current and future quality of its financial reports.

It is also recommended that management team could be subjected to external pressure from other stakeholders like debenture holders and regulatory authorities to curtail their excesses and premeditated targets since the creditors are usually more conscious of their investment, make keen analysis and pay closer attention to the corporation disclosure quality so as to safeguard themselves.

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