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CEO DEMOGRAPHICS AND EARNINGS MANIPULATION IN NIGERIA BANKS

Emeka Leonard Omaliko[1] Augustine Chukwujekwu Odubuasi[2]
Chibuzo Amarachukwu Asuzu[3] Anulika Uche Ajuonu[4]

[1,&4]*Department of Accountancy, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.*
[2]*Department of Accounting, Hezekiah University, Imo State, Nigeria.*
[3]*Department of Accountancy, Federal Polytechnic Oko, Anambra State, Nigeria.*

1. Email: el.omaliko@unizik.edu.ng
2. Email: auglaw03@gmail.com
3. Email: asuzuchibuzor@gmail.com
4. Email: au.ajuonu@unizik.edu.ng

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Correspondence: el.omaliko@unizik.edu.ng

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ABSTRACT

The study assessed the possibility of CEO demographics in reducing the earnings manipulation of financial reports of banks in Nigeria, which spans from 2014 to 2023. Three objectives guided the study which included investigating the effect of CEO ownerships, CEO gender diversity and CEO tenure on earnings manipulation of banks in Nigeria. Cause and effect research design was adopted and the study targeted the fourteen listed deposit money banks on the Nigerian Exchange Group (NGX), upon which sample size of ten banks was purposively selected. Secondary data was used in the study and was gathered from the annual reports of the selected banks and was analysed using descriptive statistics, correlation and panel regression analysis. The results therefore indicate that CEO ownerships and CEO gender diversity have positive and statistically significant effect on earnings manipulation of the banks at 10% and 1% levels respectively. CEO tenure on the other hand was found to have a negative and insignificant effect on the earnings manipulation of banks in Nigeria. The study recommends amongst others that investors should consider as last option for investment, those banks whose CEOs have great proportion of its shares, for there lies greater tendency that their earnings would be manipulated.

1. INTRODUCTION

Companies are reflections of the attributes of the chief executive officers that navigate their affairs. The assumption was made clearer in the Upper Echelon's theory, which purports that the demographics of the CEO's influence their choices as regards the organizational values' developments, strategic decisions, and adaption to innovations (Amelia & Eriandani, 2021).

It was noted in the study that the demographic distribution of the CEO explains the back ground and psychological composition of the top management officer like his age, career experience and level of education. The liberty that CEO enjoins as the operational head, gives him the opportunity to throw his weight and the resources of the organisation towards the direction he chooses the firm to move. However, earnings manipulations involve the applications of accounting standards in a way to take advantage of the loopholes therein for opportunistic purposes (Nwoye, Ekesiobi & Abiahu, 2017). Saleem, Alifiah and Tahir (2019) assert that manipulation of annual reports compromises the quality of earnings disclosed and may affect investors' trust. It may also take certain attributes of the CEO to undertake manipulation of annual reports and certain qualities as well to reduce such manipulations. Hence, it might be of interest to the shareholders, investors and other stakeholders to know the demographic distribution of CEO, which may likely report financial statement without any intention to mutilate it using accounting standards for whatever opportunistic reasons. Otherwise, the rising cases of corporate failures in the globe may continue to rise astronomically.

As serious as it is, 83% of the fraud cases reported since 1987 have either involved the CEO or the CFO of the organisations (Treadway Committee of Sponsoring Organizations [COSO], 2019). Ali and Xin (2020) reported that the shareholders of AIG company lost $62 billion in 2005 because of the negligence of the CEO. Troy, Smith, and Domino (2021) submitted that Tyco lost $100 billion because of the earnings manipulation of its CEO in 2002 financial year. And to guard against the rise in corporate failures around the world, it becomes imperative to ascertain the attributes of the CEO that could add up to decimate the chances of earnings manipulation. Most of the existing studies in literature on the CEO characteristics and earnings manipulation abound in foreign nations like; Malaysia (Altarawneh, Shafie, Ishak & Ghaleb, 2022); Indonesia (Amelia & Eriandani, 2021; Putri & Rusmanto, 2019); Jordan (Alhmood, Shaari & Al-dhamari, 2020; Qawasmeh & Azzam, 2020). The few studies conducted in Nigeria were on CEO and financial timeliness of financial service sectors (Obazee, & Amede, 2019) and CEO attributes and performance of financial service firms (Saidu, 2019). To this end, no study has been done on CEO attributes and earnings manipulations on Nigeria listed firms, which stands out as a big gap in literature that this study is set to fill.

1.1 Objectives of the Study

the main objective of the study is to investigate the effect of CEO demographics on earnings manipulation on Nigerian banks. The specific objectives are to ascertain the effect of;

1. CEO ownership on earnings manipulation on Nigerian banks.
2. CEO gender on earnings manipulation on Nigerian banks.
3. CEO tenure on earnings manipulation on Nigerian banks

1.2 Hypotheses

The under-listed hypotheses were formulated in line with the objectives of the study and presented in their null forms thus;

H_{o1} CEO ownership has no significant effect on earnings manipulation in Nigerian banks.

H_{o2} CEO gender diversity has no significant effect on the earnings manipulation of banks in Nigeria.

H_{o3} CEO tenure has no significant effect on the earnings manipulation of banks in Nigeria.

The study will be useful to investors, shareholders and creditors who are looking out to seeing a combination of traits or potentials of the top management that could be a decimating force to the reoccurring corporate failures in the world today. And will also provide literature on Nigeria that lacks substantial studies on CEO attributes and earnings management. The study is structured in such that next chapter contains review of related literature, following is methodology, section four encompasses data analysis and interpretation, while the last section is conclusion and recommendation.

2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 CEO Ownership and Earnings Manipulation

CEO ownership is measured the volume of shares of a company that is owned by its CEO. The quantity of shares hold by the CEO determines the extent of interest he would have on the organisation because of his stake. Many studies had established relationships between CEO ownership and earnings management. Amir, Shaari, and Ariff (2019) discovered that managerial ownership have negative effect on the discretionary accruals of organisations. Rashid, Muhmad, Hassan, Haat, Muhmad, Hashim, and Afthanorhan (2018) and Omaliko, Mordi and Okpala (2023) reported that CEO ownership and earnings management are negatively related. However, Qawasmeh and Azzam (2020) in their view, maintained that CEO ownership provides more opportunities for accounting manipulation, they therefore found a positive association between CEO ownership and discretionary accruals of non-financial firms in Amman on the data that span from 2010 to 2018. Similar argument by Sharma and Kuang (2014), maintains that more ownership status by the CEO would increase the chances of increasing creative accounting to report inflated or improved earnings. Following the arguments in literature, our study expects that CEO ownership would have a positive significant (increase) effect on earnings manipulation in Nigerian banks.

2.1.2 CEO Gender Diversity and Earnings Manipulation

CEO gender is a presents whether the sex of the CEO is a female. Barua, Davidson, Rama and Thiruvadi (2010) opined that female has greater skills of ethical behaviours better than the male, while Amelia and Eriandani (2021) pose the argument that women are not easily compromised and are more conservative than their male counterpart. In all the arguments in favour of female CEO, much is expected to reflect them to practical world. Literature documentation on female CEO records thus; Altarawneh, Shafie, Ishak and Ghaleb (2022) found that female CEO is negatively and significantly affecting discretionary accrual of firms on the Malaysian market. Likewise, Obazee and Amede (2019) reported that CEO gender has a statistically significant effect on the financial reporting timeliness of firms in the financial service sector of the Nigerian economy. Ashafoke, Dabor and Ilaboya (2021) reported that CEO gender has a positive and no significant effect on the financial reporting quality (FRQ) of listed banks on the Nigeria Stock Exchange (NSE). On their part, Amelia and Eriandani (2021) discovered that female CEO has no significant effect on the earnings management of Indonesian firms. Furthermore, Putri and Rusmanto (2019) investigated the effect of CEO characteristics on the earnings management of firms listed on the Indonesian Stock Exchange, and found that CEO gender has a negative statistically significant effect on both the accrual earnings management (AEM), and real earnings management (REM) of the firms. We are convinced by the literature to expect a positive effect CEO gender diversity on earnings manipulation of banks in Nigeria.

2.1.3 CEO Tenure and Earnings Manipulation

CEO tenure is a perspective of measuring if there exists a tendency that account would be manipulated either because the CEO has stayed long at office or because he has just commenced in the appointment. Extant literature shows that some CEOs tend to engage more earnings management practices in the early years of their appointment, than towards the later years. This position gained massive empirical supported from prior research (Pourciau, 1993; Oyer, 2008; Axelson & Bond, 2009; Ali & Zhang, 2015). The arguments of these proponents are that the Chief Executive Officers at their early years of appointment would want to prove that they are goal getters by reporting high profit by all means (Pourciau, 1993), and also to show that they have the potential to outperform the immediate past Chief Executive Officer (Axelson & Bond, 2009; Oyer, 2008). Contrarily, other empirical findings uphold that CEOs tend to manipulate earnings towards the tail end of their tenure (Verkek, 2012). Meanwhile, another empirical finding postulates that short-term-tenure CEOs engage in more aggressive earnings manipulation reporting than long-term-tenure CEOs. In view of the weight of arguments above, our study expects that CEO tenure will have negative effect on earnings manipulation among the banks in Nigeria.

2.2 Theoretical Review

2.2.1 Upper Echelon Theory

The Upper Echelon Theory (UET) was established on the perception that the attributes of the top management or the CEO would manifest on the firms decision making and the firms outlook generally. UET was first established in a seminar paper by Hambrick and Mason (1984), with title 'why the organisations act the way they do'. The paper built that the characteristics of the top management has the propensity to influence the enterprise performance. Hambrick & Mason (1984) posit that firm outlook is a reflection of the values and cognitive bases of powerful actors in the organization. They aligned some observable demographic characteristics as gender, education level, nationality, and tenure as representation of psychological differences.

2.3 Empirical Review

Altarawneh, Shafie, Ishak and Ghaleb (2022) examined the effect of CEO characteristics on the discretionary accrual of firms listed on the Malaysian stock exchange from 2012 to 2016, to which CEO characteristics was measured with CEO tenure, CEO network, CEO expertise, female CEO, and CEO age. Secondary data were collected from annual reports and accounts of the firms from 2012 to 2016, forming 1957 firm year observations. Data were analysed using descriptive statistics, correlation and regression analysis. The result indicate that CEO tenure, CEO network, female CEO have negative statistical significant effect on discretionary accrual. CEO expertise, and CEO age have no significant effect on discretionary accruals.

Saidu (2019) determined the effect of CEO attributes (ownership, education and nationality) on performance of financial service firms' listed on the Nigerian stock exchange market. The study covered six years from 2011 to 2016 and collected secondary data with panel features, upon which descriptive statistics and ordinary least square regression estimation were conducted. Their findings show that CEO education and experience positively affect the financial performance of the financial service sector.

Law and Ningnan (2022) determined the impact of individual CEO's characteristics on performance of firms in Chinese stock exchange, using the 50 largest and most liquid A – share stock covering 2010 to 2017 financial years. ROA represented dependent variable while CEO characteristics was measured using legal background, dual position (that is, as both CEO and chairman of the same firm), shareholding ratio, gender, and tenure. They applied descriptive statistics, correlation and multivariate regression analysis and found that CEO's with legal background has positive and significant effect on corporate performance, CEO duality has negative insignificant effect, CEO shareholding ratio has negative and insignificant effect, CEO gender has positive but no significant effect, while, CEO tenure has positively no significant effect on the financial performance of firms in China.

Akinsola, Afrogha, Oladele and Amu (2021) sought for understanding on the knowledge of the title 'Living in the past- CEO duality in African corporate governance research? They applied qualitative review design which aided them use desk review approach for the only studies on corporate governance published on the Scopus database. Their review covered 2016 to 2021 where their arguments is that CEO duality is not supposed to form part of exogenous variables for corporate governance since most of the African nation's corporate governance code has mandatorily barred the use of CEO and Chairman of the Board in one person. Besides, those nations in which legislations did not bar it, do not allow their firms to accept CEO duality practice.

Ashafoke, Dabor and Ilaboya (2021) came up with a research question whether CEO characteristics affect financial reporting quality. They empirically x-rayed the CEO attributes of CEO gender, CEO financial expertise, and CEO tenure on the financial reporting quality measured with the use of IASB qualitative characteristics index, for banks listed on the Nigeria Stock Exchange (NSE) for the periods 2008 to 2019. Data was analysed using descriptive statistics and regression analysis. Results show that CEO gender has positive and no significant effect on FRQ, CEO tenure has positive and significant effect on FRQ, while CEO financial expert has negative and statistical significant effect on FRQ of the Nigerian banks reviewed.

Rehman, Jun, Rehman, Zeeshan, Adeel, Saleem and Rehman (2021) investigated the nexus between CEO characteristics and financial performance of listed firms in Pakistan using samples of 200 firms from 2010 to 2019. CEO education, CEO tenure, CEO duality, CEO gender, CEO nationality, CEO origin/insider were proxy for CEO attributes. While, financial performance was proxy with ROA, ROE and Tobin's Q. Robust Panel Modeling Methodologies was engaged in data analysis and the result show that CEO duality and tenure are inversely associating with performance of firms in Pakistan, female CEO, and non-national CEO are not significant in determining the profit level of firms in Pakistan, insider CEO and foreign CEO have influence on firm performance.

Amelia and Eriandani (2021) researched on the CEO characteristics and earnings management of Indonesian 495 non-financial companies listed on its stock exchange from 2017 to 2019. They measured independent variable with CEO gender, CEO tenure and CEO turnover, while the control variables used are firm age, firm size, firm leverage, ROA and MTB. Nevertheless, secondary data were analysed with descriptive statistics and panel regression analysis and the result indicates that female CEO and CEO turnover have no significant effect on the earnings management of the firms sampled. Company age and MTB ratio have no significant effect on earnings management of the firms. More so, CEO tenure and firm size have inverse and significant effect on earnings management whereas ROA and firm leverage have positive and statistical significant effect on earnings management.

Dragota, Curmei-Semenescu and Moscu (2020) investigate the effect of CEO turnover in post communist nations for the periods covering 2005 to 2010, form Romanian economy. The periods were chosen because of the ambiguity and instability of economic metrics. Their findings reveal the presence of political influence on CEO turn over decisions in Romanian firms. The result also detected that CEO gender was one determinant factor for the changes in CEOs during the period. We reaffirmed that CEO turnover decision is inversely related to accounting-based performance. We found evidence of the "voting with their feet" behavior of institutional investors, and of the lack of Board of Directors monitoring. The CEO–

Chairman duality and the controlling power of the largest shareholder act as entrenchment mechanisms

Anaso (2020) determined the impact of CEO characteristics on capital structure of firms listed on the Sub-Sahara African countries namely, Nigeria, South Africa and Kenya with total sample of 64 companies from 2012 to 2016. The variables used in the study are CEO gender, CEO nationality, CEO tenure, CEO share ownership, CEO turnover while working capital was measured with total liability to total assets. Data were analysed with descriptive statistics, parametric and non-parametric tools and the result indicate that CEO nationality was found to be significant to the capital structure of the companies studied from Sub-Sahara African countries.

Ghardallou, Borgi and Alkhalifah (2020) analysed the effect of CEO characteristics on performance of Saudi Arabian one hundred and twenty (120) listed firms, which span from 2014 to 2017. They used variables as CEO education, CEO professional experience, CEO tenure as measures of CEO characteristics and ROA, ROE and Tobin's Q as firm performance index. The panel data were extracted from annual reports of the firms. Panel regression estimation and GMM estimator were applied in analyzing the data which generated the result that maintain that CEO with educational background especially those that have degree in business administration, finance, economics and accounting have more understanding of the workings of the business, which triggers higher profit. Also, the result indicates that business financial performance gets better when the CEO attains postgraduate qualification like PhD, Masters or MBA, CEO with prior experience has the tendency to propel higher profitability in firms studied. CEO tenure promotes the organizational profitability.

Alhmood, Shaari and Al-dhamari (2020) investigated CEO characteristics and real earnings management in Jordan. The study sampled 58 companies consisting of 43 industrial firms and 15 service firms, for the periods of 6 years from 2013 to 2018. They measured CEO characteristics with CEO's experience, CEO's tenure, CEO's duality, and politically connected CEOs. Data was collected from the website and annual reports of the firms, and was dissected with the use of descriptive statistics, correlation and regression analysis. They found that CEO experience and CEO political connection has positive significant effect on earnings management, CEO tenure has positive no significant effect on earnings management, while, CEO duality has negative significant effect on earnings management.

Qawasmeh and Azzam (2020) investigated CEO characteristics and earnings management of non-financial firms listed on the Amman stock exchange from 2010 to 2018. Their objectives were anchored on four CEO attributes such as CEO tenure, CEO age, CEO experience and CEO ownership, while earnings management was measured with Performance Matched Discretionary Accrual Model (PMDAM). The secondary data were analysed with descriptive statistics, correlation and regression analysis. The results show that CEO tenure and CEO ownership have positive and statistical significant effect on earnings management, CEO age and expertise have positive but no significant effect on earnings management of the firms sampled.

Al-Matari, Al-ahdal, Farhan, Senan and Tabash (2020) conducted a research on the determinants of top executive management effects on the financial performance of financial sector firms listed on Oman stock exchange which spans from 2011 to 2017. They measured top executive management with; size, professional certificate qualifications, general experience, accounting experience, whereas firm performance was measured with Tobin's Q. The study covered 24 firms listed on Omani stock market wherefrom data were extracted for 7 years. Descriptive statistics, correlation analysis, FGLS regression analysis and fixed effect method were used on the analysis of data generated. The results indicate that top executive management experience both general and accounting have positive and significant effect on financial performance of firms on the Oman stock exchange. Top executive management size has inverse and significant effect on the financial performance of firms in Oman as represented by Tobin's Q. Professional certificates has positive and significant effect on financial performance of firms listed on Oman stock market

Obazee and Amede (2019) determined the effect of CEO and timelines of financial reporting of firms listed on the financial service sector of Nigeria Stock Exchange (NSE) from 2010 to 2016. Correlational research design was applied and secondary data were collected from the annual reports of the firms strictly for CEO tenure, CEO gender, CEO financial expertise and CEO ownership and reporting timeliness. The data collected were analysed with OLS regression technique which provided the result that CEO financial expertise and CEO ownership have no significant effect of timely financial reporting, while CEO tenure and CEO gender have statistically significant effect on financial reporting timeliness of firms in financial service sector of Nigerian economy.

Putri and Rusmanto (2019) investigated the effect of CEO characteristics on earnings management and EPS of 104 firms of manufacturing nature, listed on the Indonesian stock exchange, from 2013 to 2017. They used six proxy for the independent variable CEO gender, CEO age, CEO's level of narcissism, CEO citizen, CEO tenure and CEO education, while the dependent variable was proxy with Accrual earnings management, Real earnings management and EPS. Secondary data were collected and analysed with the use of descriptive statistics and regression analysis. Results indicate that CEO narcissism, education, age, tenure and citizen have positive significant effect on EPS while CEO gender has negative no significant effect on EPS. Again, CEO narcissism and education have positive significant effect on Accrual Earnings Management (AEM), CEO age has positive no significant effect on AEM, CEO gender and citizen have negative significant effect on AEM while CEO tenure has negative and no significant effect on AEM. Finally, CEO gender, education, tenure and citizenship have negative statistically significant effect on Real Earnings Management (REM), CEO narcissism has positive statistically significant effect on REM while CEO age has positive but no significant effect on REM.

3. MATERIAL AND METHOD

The study adopted cause-effect research design. Cause-effect research design is an experimental research design in which the researcher examines the effect of independent variable on the dependent variable. The study population comprises of the fourteen money deposit banks listed on the Nigerian Stock Exchange (NSE). Panel data were sourced from the annual reports of the banks selected from 2014 to 2023. Ten banks which have operated consistently from 2014 to 2023 were purposely selected, on the bases that, they must have their annual reports published and were readily available for this 10 years coverage. Analysis was done using Stata 14 version, with some analytical techniques like; Descriptive statistics that was used to measure the central tendency, and the distribution pattern of the data, correlation analysis that assessed the level of relationship and the direction of relationships among the variables, panel regression analysis, consisting of random effect and fixed effect models were applied, while, Hausman test was used to select the better of better model/ result between random effect and fix effect models. Variance inflation factor was used to test the multicollinearity, which checked if the independent variables of the study were highly correlated among themselves. We conducted also test for Heteroscedasticity, which checked for the presence of an outlier, it checked if the residual of the error term was constant. The

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validity of the model was tested with the help of F-test and P-value, R^2 measured the overall impact of the independent variables on the dependent variable, a test that assessed the goodness of fit of the model, while the significance of the individual independent variables was tested with t-test, all at 95% confidence level.

3.1 Model Specification

$MODJM_{it} = \beta_0 + \beta_1 CEOOWNERS_{it} + \beta_2 CEOGENDER_{it} + \beta_3 CEOTENURE_{it} + \mu$ --equ 1

Where: MODJM= Modified Jones Model; CEOOWNERS= CEO Ownership; CEOGENDER= CEO Gender; CEOTENURE = CEO Tenure; β_0= Intercept; β_1- β_3= Coefficients; μ= Error term.

Table 1 Variables Measurement

Variables	**Acronym**	**Measurement**
Modified Jones Model	MODJM	Residual from regressing inverse of total asset lag, sales and debtor change to total asset lag and fixed asset to total asset lag on total accrual to total asset lag
CEO Tenure	CEOTENURE	Measured as dummy where "1" is assigned to companies that have CEOs that have stay for 3 years and "0" for CEOs with less than 3 years tenure
CEO Ownership	CEOOWNERS	Number of CEO shares divided by total numbers of shares (%)
CEO Gender	CEOGENDER	Dummy variable ‘1’ if CEO is a woman otherwise ‘0’

Source: Authors’ Compilation (2024)

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4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive Statistics

The descriptive statistics result provides evidence on the mean distribution, maximum, minimum, standard deviation, median and the count of the data collected which span from 2014 to 2023.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
MODJM	120	.8585	.2205556	.22	1.35
CEOOWNERS	120	.8373333	2.291009	0	16.13
CEOGENDER	108	.0555556	.2301293	0	1
CEOTENURE	108	.6759259	.4702098	0	1

Source: Stata 14 output

From table 2 above, it is seen that the earnings manipulation which was proxy by modified Jone's Model (MODJM) has average value of 0.85, maximum of 1.35, minimum value of 0.22 and standard deviation of 0.22, which shows that application of earnings manipulation is widely varied among the banks according to the disposition of their managements. The table also shows that CEO ownership (CEOOWNERS) has mean value of 0.837, maximum value of 16.1 and standard deviation of 2.29 which also shows high variability on the acquisition of shares by different CEOs of the banks. The data distribution disclosed that mean CEO gender (CEOGENDER) of the banks is 0.05, but the standard deviation of 0.23 is greater than the average value of .05, which shows that appointing female to CEO position is highly dispersed among the banks. The distribution of CEO tenure (CEOTENURE) did not vary much as shown by the standard deviation of 0.47, which is lower than the average scores of 0.67.

Department of Accountancy, Nnamdi Azikiwe University

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4.1.2 Normality Tests

The study used skewness and kurtosis test and assess the normality distribution of the data generated.

Table 3: Skewness and Kurtosis Test

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	------ joint ------ chi2(2)	Prob>chi2
MODJM	120	0.9082	0.4670	0.54	0.7625
CEOOWNERS	120	0.0000	0.0000	133.52	0.0000
CEOGENDER	108	0.0000	0.0000	113.35	0.0000
CEOTENURE	108	0.0021	0.0000	157.18	0.0000

Source: Stata 14 output

The normality result in table 3 above indicates that CEO ownership, CEO gender and CEO tenure have probability values less than 5%, which implies that the data are not normally distributed. But earnings management data was normally distributed with the value 0.76, being higher than 5% critical level. Hence, we shall apply non parametric measure to determining the relationships among the variables.

Table 4: Correlation Matrix

	MODJM	CEOOWN~S	CEOGEN~R	CEOTEN~E
MODJM	1.0000			
CEOOWNERS	0.2228*	1.0000		
	0.0205			
CEOGENDER	0.1044	-0.1950*	1.0000	
	0.2822	0.0431		
CEOTENURE	-0.1190	0.1314	-0.0048	1.0000
	0.2199	0.1751	0.9607	

Source: Stata 14 output

The correlation table 4 above shows that a positive and low relationship exists between CEO ownerships and earnings manipulation (CEOOWNERS/MODJM = 0.22), their association is also significant at 5% level which is pointing to the direction that, the relationship might create a determinant association. The table shows that CEO gender has low and positive relationship with earnings manipulation (CEOGENDER/MODJM= 0.10). Additionally, the table shows negative and low relationship between CEO gender and CEO ownership (CEOGEND/CEOOWNERS= -0.19). More so, the table provides evidence that CEO tenure is negatively relating with earnings manipulation (CEOTENURE/MODJM = -0.11) and CEO gender (CEOTENURE/ CEOGENDER= -0.004). Finally, CEO tenure has positive and low relationship with CEO ownerships (CEOTENURE/CEOOWNERS = 0.13). However, no correlation coefficient was as high as 0.7, which means no collinearity problem exists. Nonetheless, we shall further conduct the test for high correlation to be sure that the data are free from multicollinearity problem using Variance Inflation Factor.

Table 5: Variance Inflation Factor

Variable	VIF	1/VIF
CEOOWNERS	1.01	0.991501
CEOGENDER	1.01	0.992612
CEOTENURE	1.00	0.998798
Mean VIF	1.01	

Source: Stata 14 output

From the table 5 above, it is shown that the mean VIF is 1.01. It is however, the rule of VIF to place a benchmark mean of 10 for acceptance level. Hence it is assumed that any result that produces mean VIF above 10 has a case of high correlation of the independent variables. Since our result is 1.01, which is far lesser than acceptable level of 10, we conclude that there is no presence of multicollinearity in our data.

Table 6: Heteroscedasticity Test

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of MODJM

chi2(1) = 0.09

Prob > chi2 = 0.0361

Source: Stata 14 output

Heteroscedasticity test has a decision rule that there is no heteroscedasticity if the probability of F-value is greater than the critical value at 5% level. The table 6 above indicates that the probability value of 0.03 is lesser than the critical value of 0.05. Therefore, we conclude that there is presence of heteroscedasticity.

Table 7: Summary of Panel Regression Results

	FE Result	**RE Result**
CEOOWNERS	0.015 (0.128)	0.017 (0.065)
CEOGENDER	0.32 (0.002)	0.263 (0.006)
CEOTENURE	-0.03 (0.437)	-0.027 (0.468)
CONS	0.856 (0.000)	0.856 (0.000)
R^2	0.119	0.117
F	4.21 (0.007)	11.27 (0.010)
Hausman Prob>Chi2		0.465

Researcher's compilation 2022

Remarks: (1). *, **, *** means – statistical significance at 10%, 5% and 1% level respectively. (2). Brackets () – represents P-values.

From the table 7 above, it was seen that the F-statistics and its corresponding P-value were 4.21(0.007) and 11.27(0.010) for fixed effect model and random effect models respectively. This shows that our model remains valid for drawing inference since they are statistically significant at 1% level. The R-squares (coefficient of determinations) of the results were shown as 11.9%, and 11.7% for fixed effect result and random effect result respectively. These values indicate that 11.9% and 11.7% of earnings manipulation of the banks could be changed or determined by the combination of the CEO attributes that are contained in our model. The Hausman test conducted has a rule that Random Effect result is preferred to fixed effect result on the null hypothesis. The table above shows that the probability of the Hausman Test is 0.465, meaning that is not significant. Therefore, we accept null hypothesis and conclude that the study shall rely on random effect panel regression result for making inferences, since it is more appealing.

4.2 Hypotheses Testing

4.2.1 Hypothesis One

The result in Table 7 on the random effect (RE) result shows that, CEO ownership (CEOOWNERS) has a regression coefficient 0.017. This figure indicates that CEO ownership has positive effect on earnings manipulation of banks, as measured by Modified Jones Model. The result implies that a unit increase on the volume of shares owned by the CEO, would cause the mean of earnings manipulation to increase by 0.017 if all other variables are held constant. The probability value (P>/t/= 0.065) means that CEO ownership is significantly affecting earnings manipulation at 10% level. Therefore, the study accepts alternate hypothesis, which maintains that CEO ownership has significant effect on earnings management of money deposit banks in Nigeria.

The result of the study implies that the more shares that the CEO acquire, the more they have the tendency to manipulate the earnings in financial statements. Acquiring very high percentage of the shares by the CEOs grants them almost absolute control over the affairs of the firms (Qawasmeh & Azzam, 2020). The adage that absolute power intoxicates absolutely plays out, and offers the CEOs with too many number of shares of a company the opportunity for increased earnings manipulations. Hence, investors should be conscious of any organisation in which its CEO has very large volume of shares because, there is invariably a place for high earnings manipulation. The finding corroborates that from the study of Qawasmeh and Azzam (2020), who found that CEO ownership has positive and statistical significant effect on earnings management.

4.2.2 Hypothesis Two

The table above also indicates that CEO gender diversity has a positive regression coefficient of 0.263, which means that having more female CEOs would increase the inclusion of earnings manipulation, in the financial statements of money deposit banks in Nigeria. The result emphasizes that earnings manipulations can be increased by 0.263 units, should the appointment of female to CEO positions be increased by one unit, supposing all other variables are kept constant. More interestingly, the p-value of CEO gender diversity shows (P>/t/= 0.006), which means that GEND is statistically significant at 1% level. Hence the study fails to reject alternate hypothesis that posits that CEO gender diversity has significant effect on earnings manipulation of money deposit banks in Nigeria.

The implication of the result is that engaging more women for the job of a CEO would increase the earnings manipulation of the banks. Meanwhile, gender diversity is a determinant factor to knowing is there could be earnings manipulation in the bank. The tendency of manipulating the earnings might be the reason, that female gender was appointed the CEO only 5% of the 108 firm-year observations. Therefore, the investors should lookout to know if the CEO of their prospective bank is female, noting that high tendency to manipulate earnings exist there. The study result is in line with those of prior authors who found that female CEO has significant effect on earnings management (Altarawneh, Shafie, Ishak & Ghaleb, 2022; Putri & Rusmanto, 2019). However, our study disagrees with the results of the authors on the other side of the divide, who affirm that female CEO has no significant effect on earnings management (Ashafoke, Dabor & Ilaboya, 2021; Amelia & Eriandani, 2021).

4.2.3 Hypothesis Three

The result furthermore shows that CEO tenure (CEOTENURE) has negative regression coefficient score of -0.029, and P-statistics of 0.468. The negative regression coefficient value implies that CEO tenure has inverse effect on the earnings manipulation of the banks in Nigeria. Specifically, any additional year on the tenure of the CEO above three years would cause 0.02 unit decline on the earnings manipulations by the money deposit banks. The result is obviously portraying that high earnings manipulation is engaged by the CEO before his three years in office possibly done to present a financial statement that is appealing, to enable him retain his job, and by three years, he must have acclimatized to the operations of the enterprise and must have learnt and explored the line of operation that gives the company comparative advantage. The probability value that is higher than 0.05 margin of error, indicates that CEO tenure is not a determinant of variations in earnings manipulations. Hence the study draws its submission line by accepting null hypothesis which maintains that CEO tenure has no significant effect on the earnings manipulation of banks in Nigeria.

The implication of the result is that CEOs commit more earnings manipulations at earlier stages of their appointment. However, the more years they spend heading the bank, the lesser they employ earnings manipulation. Major findings in literature support that the CEOs engage in earnings manipulations at the early years in their appointment may be from 1st to 3rd years, before they acclimatize with the environment ((Pourciau, 1993; Oyer, 2008; Axelson & Bond, 2009; Ali & Zhang, 2015). Meanwhile, our finding indicates that CEO tenure is not a major determinant of earnings manipulation in Nigerian banks, and it's in agreement with the findings which posit that CEO tenure has no significant effect on earnings management (Amelia & Eriandani, 2021; Alhmood, Shaari & Al-dhamari, 2020; Putri & Rusmanto, 2019). There are nonetheless, some studies' results that contradicts our findings, such results maintain that CEO tenure constitute a major parameter for determining earnings management (Altarawneh, Shafie, Ishak & Ghaleb, 2022; Ashafoke, Dabor & Ilaboya, 2021; Qawasmeh & Azzam, 2020).

CONCLUSION AND RECOMMENDATION

The study conducted an investigation to ascertain if CEO demographics affect the tendency of earnings manipulation on banks in Nigeria. Quantitative research approach was adopted and empirical data were collected from the annual reports of the money deposit banks listed on the Nigerian stock exchange. The scientific process employed led to the generation of the conclusion that CEO ownership and CEO gender have very powerful stake/stand, on determining the changes in earnings manipulation on Nigerian banks. But, CEO tenure has less enforcement in determining earnings manipulations in Nigerian banks. The study therefore, recommends that;

1. Investors should consider less of banks whose CEOs have great proportion of its shares.
2. Shareholders should make a critical investigation of the prospective female candidate to be sure she possesses required skills and experience for the office of the CEO, otherwise her poor performance would attract lots of earnings manipulation for cover-ups.
3. Investors may have to consider investing in the banks, whose CEOs must have spent three years and above as the propensity to manipulate earnings are scarce within such organisations.

Literature on this area of study is scarce in Nigeria. We just conducted ours on Nigerian banks. However, interested researchers can take similar studies on other sectors of Nigerian economy to validate our findings and also to provide bases for policy framework on those sectors

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