EARNINGS MANAGEMENT, CORPORATE GOVERNANCE AND THE FINANCIAL PERFORMANCE OF LISTED MULTINATIONAL COMPANIES IN NIGERIA

Akinwumi Olusegun Akinola*
Emmanuel Alayande University of Education, Oyo, Nigeria.
akinolaao@eauedoyo.edu.ng

Niyi Solomon Awotomilusi
Afe Babalola University, Ado Ekiti, Ekiti State, Nigeria.
awotomilusi@abuad.edu.ng

Received: August, 2025
1st Revision: *November*, 2025
Accepted: December,2025

ABSTRACT
Background: Earnings management and effective corporate governance are some of the ways corporate executives respond to fierce global competition to achieved improved financial performance. **Aims**: The study examined the moderating effect of board structure on the interaction between earnings management and the financial performance of listed multinational entities (MNEs) in Nigeria. Board structure was classified into board size and board independence. Earnings management included accrual earning management (AEM) and real earnings management (REM), and financial performance was measured by ROA and Tobin's Q. **Methods**: The study employed the ex post facto research design and panel regression estimates was utilized to test the empirical models. **Sample:** Data were acquired between 2014 and 2023 from the annual reports of 32 listed MNEs in Nigeria. **Results**: Board structure had positive moderating influence on AEM and ROA, but negative moderating influence on AEM and Tobin's Q. In addition, board structure showed positive moderating influence on REM, ROA and Tobin's Q. **Conclusions**: The findings showed that board structure significantly moderates the association of earnings management and financial performance in listed multinational companies in Nigeria. **Implications:** The study implies that earnings management can enhance the efficiency and value of Nigerian multinational firms when used as an informational and performance-stabilizing strategy. However, its effectiveness depends on strong corporate governance, particularly optimal board size and greater board independence, to ensure prudent oversight, protect shareholder interests, and sustain long-term financial performance.

Keywords: Accrual earnings management, board independence, board size, financial performance, real earnings management

JEL Classification*:* M41, G3

DOI: 10.54933/jmbrp-2025-18-2-1

Akinola, A.O, & Awotomilusi, N.S. (2025). Earnings management, corporate governance and the financial performance of listed Multinational Companies in Nigeria. Journal of Management and Business: Research and Practice, 18(2). doi: 10.54933/jmbrp-2025-18-2-1

Introduction

Earnings management and effective corporate governance are some of the ways executives of companies respond to fierce global competition to ensure that there is improved financial performance, and these accounting concepts guarantee that investors have greater confidence in the efficiency of utilizing their investments. The reaction by firms' economic activity drivers to maintain their stewardship role resulted from the division of governance, which is the primary factor contributing to the agency dilemma (Osho et al., 2021; Abdi et al., 2020). There are two opposing perspectives on earnings management (EM). The traditional agency model supports the adverse claim that earnings management (EM) is employed to fulfil the self-interests of directors; hence, based on the agency hypothesis, managers' drive to distort corporate profits is established in the conflict of interest between executives and stockholders due to the separation of proprietorship from executives (Nguyen & Duong, 2022). On the other hand, scholars (Alrjoub et al., 2021; Chakroun & Amar, 2019; Tariq & Gehan, 2019; Marchini et al., 2018; Agusto et al., 2018; Al-Shattarat et al., 2018) have refuted the traditional agency view by verifying that earnings management reflects a favourable connection with financial performance by providing value to equity investors and other market players. Earnings management enables market participants, especially owners, to learn about their firms' survival predictions. Earnings management helps investors make wise decisions on their securities to a considerable extent, and directors can express their goals to the industry through earnings management (Talab et al., 2017; Habib et al., 2018).

The obstacles to the solid financial performance of multinational entities (MNEs) in Nigeria and the evaluation of corporate strategy have seen significant changes in the literature (Agbaje & Igbekoyi, 2021). The insufficient overlap among financial performance factors, fluctuating profitability levels of MNEs, and the eroding comparative competitive advantage in the industry where MNEs compete are disturbing (Abdi et al., 2020). Some economic successes reported by MNEs in Nigeria are usually window-dressed. Some of these reports are ordinary opinions and management's creative reporting that needs a more substantial basis (Emudainohwo, 2021). Bollazzi and Risalvato (2018) noted that executives of MNEs have no control over external elements that have weakened some genuine efforts despite their professional competence. Nevertheless, these factors substantially influence the economic accomplishments of these large firms, making financial performance more complex and challenging. Abiahu et al. (2018) asserted that high stock values placed on some MNEs are far from the underlying financial reality of these businesses. Adegboyegun et al. (2020) opined that ineffective fiscal guidelines, systemic issues, and information asymmetry in the capital market, implying poor transparency and lack of openness, have resulted in questioning multinational entities' financial performance. George and Mbah (2021) added that comparing the financial success of multinational businesses in Nigeria and their counterparts in industrialised nations has revealed a significant discrepancy in product quality, suitability, and legality.

Corporate governance is instituted to maximise firm success to strengthen the positive claim of earnings management. The potency of the board is dependent on the composition and traits of the board of executives; this is because the board is a critical internal corporate governance mechanism for enhancing firms' financial health, and the board is critical in minimising the agency problem through earnings management (Chouaibi et al., 2018; Dakhlallh et al., 2019). Prior studies (Santosa et al., 2021; Wahyudi et al., 2021; Mahenthiran et al., 2020; Abdullatif et al., 2019; Nguyen et al., 2018; Sari et al., 2017) have demonstrated that various board governance measures, such as board size and board independence, influence the operations of earnings management. Interestingly, only a few studies have looked at how governance factors might moderate the effect of earnings management on the economic success of MNEs. Thus, this Study aims to assess the significance of corporate governance parameters in this discussion since earnings management is applied within the corporate governance frameworks. In addition, executives might behave opportunistically due to poor corporate governance structures, which make businesses undesirable to investors. However, effective corporate governance systems should reduce managers' self-interest drive and improve a firm's reputation and profitability (Sari et al., 2021; Wahyudi et al., 2021; Waad et al., 2021; Kasztelnik, 2020; Alexander & Hengky, 2017; Debnath, 2017). As a result, this study's additional entry point into the discussion was the inclusion of corporate governance represented by board structure (board size and board independence) as moderating parameters in the earnings management-financial performance nexus, which have scarcely been examined in the literature.

Theoretical background

The question of which type of earnings management managers are more likely to engage in may now be raised. The organisation's structure and present financial standing play a significant role in determining the solution to this challenging topic. It is important to remember that managers who manage profits in any way will pay a price. For instance, managers who use accrual-based earnings management (AEM) may eventually experience reversal effects. As a result, earnings that rose in a given year due to accrual decisions will probably fall in the next year (Obigbemi et al., 2016; Chouaibi et al., 2018). However, some businesses must change and employ effective profit management techniques (Abu-Jebbeh & Al-Thuneibat, 2017). Companies have been known to reduce their spending on research and development or advertising to increase profitability. However, doing so might impair future cash flows and harm shareholder value and overall financial performance (Alareeni, 2018). As a result, real profits management is perceived to have a detrimental effect on company value.

Dutzi and Rausch (2016) argued that managers are likely to favour AEM as the first choice before they choose more expensive actual adjustments in investment and operational activities, since adopting AEM practice is cheaper than selecting an unsuitable operating decision, such as REM. The authors believe that AEM is significantly more effective when managers' disclosed profit objectives are short-term. Osemene et al. (2018) also asserted that AEM practice is widespread among businesses with weak financial standing, solid institutional ownership, or an enormous tax burden. Corporate leaders frequently choose to utilise AEM instead of REM since it is harder for auditors to spot than REM and does not risk harming the company's image.

EM comes in two ways: opportunistic and efficient. EM is opportunistic if directors exercise their discretion to the fullest extent possible. Opportunistic EM damages the company's reputation (Abbas et al., 2019). For instance, Darmawan et al. (2019) showed that REM harms the value of firm enterprises. Okafor et al. (2018) similarly observed a negative correlation between business value and earnings management. According to Dakhlallh et al. (2020), anomalous cash flows from operations and discretionary accruals exhibit a substantial negative correlation. Discretionary accounting methods by Rodriguez-Ariza et al. (2016) impact the business image negatively. Frankel and Sun (2018) also observed a poor correlation between earnings management and business performance. Rajeevan and Ajward (2019) posited that earnings management harms economic success and that shareholders negatively perceive it. The negative impact is less pronounced in companies with excellent corporate governance. Desender et al. (2011) assert that negative connections frequently result from scrutinising and re-evaluating reports by investors and regulators utilising other financial data.

On the other hand, efficient EM occurs when managers exercise judgment when disclosing private knowledge about business profitability that the previous cost-based earnings have not yet captured (Kharashgah et al., 2019). Scholars have demonstrated that profit management improves the financial health of businesses (Mangala & Dhanda, 2019; Alrjoub et al., 2021). Furthermore, Nobakht and Acar (2020) showed that REM and AEM enhance company value derived from free cash flow through discretionary accruals and irregular production costs. Through extraordinary discretionary spending, REM had no impact on the business value determined by free cash flow. Additionally, REM increases the company's worth acquired through economic value contributed by anomalous discretionary spending. This appears to be caused mainly by lax controls and negative opinions of published data (Al Omush et al., 2019; Gajdosikova et al., 2022). Incentives for managers to skew earnings include minimising political and agency expenses, increasing salary, getting certain contractual advantages, absorbing additional investors and debtors, and more (Baatour et al., 2017; Al Saedi, 2018). Organisations with poor financial conditions are often anticipated to employ income-increasing management, whereas companies with strong economic performance are more likely to employ income-decreasing tactics (Khanh & Nguyen, 2018).

Managers often inflate earnings to protect their positions against losses during periods of subpar performance, which is especially common in businesses with large accruals (Kim et al., 2018). Since most businesses face insolvency, few investors hope to invest in them or their debtors, and banks seldom ever extend loans to them (Leggett et al., 2016). Managers attempt to educate the financial market in such dire circumstances by altering accounts to attract additional investors (Razzaque et al., 2016). Corporate executives also strive to maximise profits to increase their awards and keep their jobs because management performance is primarily assessed on business profitability (Tian et al., 2018). As a result, managers are likely to have significant incentives to control earnings to better reflect their financial status, given the adverse financial conditions of enterprises (Thu et al., 2018).

Based on the above, the study formulates the following research hypothesis:

H_o: Corporate governance moderates the relationship between earnings management and the financial performance of listed multinational companies in Nigeria.

Signalling Theory

Michael Spence developed the signalling theory in 1973. Spence (1973) examined the labour market to make some broad findings about economic literature, overcoming the limits of the traditional theory, particularly the concept of perfect competition. The author's justification is straightforward: for instance, when looking for work, an employed individual has an advantage over other jobless people by signalling his interest in the market and maintaining his skills in the public view. This justification is supported by studies on reporting to the financial system that the most successful and profitable businesses stand to gain from signalling their comparative benefit through increased and improved communications (Dye, 1985; Trueman, 1986; Jung & Kwon, 1988; Miller, 2002; Yimenu & Surur, 2019). Ross (1977) postulated that signalling theory was initiated to address the asymmetric information in the labour force. It has also been used to describe voluntary disclosure. The theory also argues that the presence of information asymmetry could be perceived as a good reason for good companies to utilise accounting data to send signals to the market. Ronen and Sadan (1980) hypothesised that when executives share accounting information about the companies they supervise with the market, it is construed as a positive signal by the market participants. For management to signal their performance, they usually engage in aggressive accounting practices such as earnings smoothing and cross-border transactions.

The theory is relevant to the current study because it reveals that executives manage corporate profits to send their inside information about corporate success, thereby serving as a signalling technique. On the other hand, the signalling model also indicates that existing shareholders could initiate profit management practices. The relevance of the theory also sheds light on the fact that stockholders could demand such practice so that executives can reduce the cost of capital through a smoother and more foreseeable revenue stream. Since a more stable income stream impacts potential investors' view of firm value, current investors will sell their shares to potential shareholders. Executives will then act on behalf of the current shareholders and demand incentives to manage earnings in favour of the existing shareholders (Trueman &Titman, 1988; Suh, 1990). Wang and Williams (1994) added that executives who believe their entities will succeed better than other companies will signal shareholders to acquire more investment from the proprietors. It could be done by disclosing excess information and demanding more managerial rewards. In contrast, Chaney and Lewis (1995) noted that entities with poor performance might be silent about their financial state rather than disclosing adverse performance. Nevertheless, investors could view this as an intentional act of executives to withhold corporate financial information.

Contemporary supporters of the signalling paradigm also argued that corporate executives manage profits to express their internal knowledge about the fortunes of their companies (Yasar et al., 2020; Alsos & Ljunggren, 2017; Ridge et al., 2016; Koonce et al., 2016; Bergh et al., 2014). By managing earnings, executives are likely to influence the stock price over time, resulting in a steady stream of increasing earnings. As a result, profit smoothing may serve as a signalling mechanism by which management can tell shareholders inside knowledge about the company. The studies have modelled some information imbalance and illustrated earnings management as logical equilibrium behaviour. Also, these scholars have provided signalling proof of profit smoothing to improve the value significance of financial disclosure, increase the ability of shareholders to anticipate business performance, and allow effective interaction between executives and information consumers. Additionally, the signalling approach suggests that investors occasionally require EM. Connelly et al. (2011) and Drover et al. (2018) posited that there are two main reasons why investors will want earnings management. Managers can lower capital costs by creating a steadier and more sustainable revenue source. Second, according to Gomulya and Mishina (2016), a more consistent income stream affects how potential investors see a company's worth. Administrators will operate on account of existing investors and have a reward to maximise profit to optimise the market value obtained by the existing shareholders, since current investors will sell their securities to the next group of potential owners. Posen et al. (2018) find proof for this claim.

Methodology

This study adopted an *ex post facto* research design; this is because the study relied on secondary data and existing sets of data retrieved from the publications of the sampled companies for analysis and conclusion purpose (Creswell, 2014; Creswell & Creswell, 2018). Data were gathered from annual reports of listed multinational companies between 2014 and 2023. Most researchers completed their empirical analysis in 2018 (Agbaje & Igbekoyi, 2021; Osho et al., 2021; Solikhah et al., 2021; Wahyudi et al., 2021; Machdar & Nurdniah, 2021; Toni & Simorangkir, 2021). The success of MNEs in Nigeria concerning earnings management, corporate governance systems, and financial performance

has yet to be tracked during the subsequent years. Therefore, this Study aimed to close the gap up to 2023.

The population of the study comprised 32 multinational companies in all the sectors listed on the Nigerian Exchange Group as of 31st December 2023. The study selected all the entire multinational companies in the Nigerian market because most of the prior studies on concentrated on specific sectors such as manufacturing entities, banking institutions and non-financial companies. The sample size was the study population using census sampling. The census sampling is considered appropriate because all members of the population are included in the study sample (Creswell & Creswell, 2018). Based on the criteria of selection highlighted in the sampling technique, the sample size of this study was 32 listed multinational companies on the Nigerian Exchange Group as of 31st December 2023.

Model Specification

In assessing the effects of earnings management, corporate governance on the financial performance of listed multinational companies in Nigeria, the following models were developed in line with the formulated objectives. Earnings management was disaggregated into accrual and real earnings management, corporate governance was represented using board size and board independence and financial performance was represented by return on assets and Tobin's Q. Some previous studies (Wenfang & Ayisi, 2020; Rasheed et al., 2019; Atikah & Putri, 2019; Anastasia & Onuora, 2019; Ashrafi et al., 2019) used market-based indicators, such as Tobin's Q or accounting-based measures, such as return on assets and return on equity, as measures of business financial success. Thus, this Study utilised both accounting and market-based indicators of financial success.

Accrual earnings management and financial performance

To estimate the relationship between accrual earnings management and financial performance, the study adapted the Modified Jones model. Several studies had previously used the Modified Jones model (Darmawan & Mardiati, 2019). Working capital accruals are divided into non-discretionary and discretionary accruals using the modified Jones 1991 model. There are two ways to calculate total accruals: the cash flow approach or the statement of financial position approach. According to Darmawan et al. (2019), measurement inaccuracies in accrual estimations are likely to skew the outcomes of the statement of financial position approach. As a result, the study used the cash flow approach.

The following is the model: $TACC_i = NI_i\text{-}OCF_i$.....1
Total accruals (TACC) is defined as the difference between net income (NI), which is the earnings before taxation and extraordinary item and cash flow from operating activities (OCF)

$$\frac{TACit}{Ait} - 1 = \beta o\left(\frac{1}{\text{Ait}} - 1\right) + \beta 1(\Delta\text{REV} - \Delta\text{REC}) \div \text{Ait} - 1) + \beta 2(\text{PPEit} \div \text{Ait} - 1) + \varepsilon\text{it}$$

Where:
TA_{it} = Total accruals for firm i in year t
$Ait\text{-}_1$ = total assets for firm i at the end of the previous year
ΔREV_{it} = change in revenue for firm i between the current year and last year
ΔREC_{it} = change in receivables for firm i between the current year and last year
PPEit = gross property, plant and equipment for firm i in the current year
ϵ = Error term.
However, non-discretionary accruals are estimated during the observation year (that is, the year in which earnings management is estimated) as

$$DA = \frac{\text{TACit}}{\text{Ait}} - 1 - (\beta 0\left[\frac{1}{\text{Ait}} - 1\right] + \beta 1\left[\frac{\Delta\text{REV} - \Delta\text{REC}}{\text{Ait}} - 1\right] + \beta 2\left[\frac{\text{PPEit}}{\text{Ait}} - 1\right]) + \varepsilon\text{it}$$

Thus, the relationship between AEM and financial performance is modified below:

$$FP = f\ (DA)$$

$$\text{FP} = f\ (\text{DA}, \text{FSize}, \text{FGrowth}, \text{LEv})$$

$$\boldsymbol{ROAit = \alpha + \beta 1 DAit + \beta 2 FSizeit + \beta 3\ FGrowthit + \beta 4 LEvit + \varepsilon it}$$

$$\boldsymbol{QTit = \alpha + \beta 1 DAit + \beta 2 FSizeit + \beta 3\ FGrowthit + \beta 4 LEvit + \varepsilon it}$$

Real earnings management and financial performance

REM is income adjustment via the entities' actual business transactions which could influence prospective fund flows to achieve anticipated earnings in the present year. The computation of REM is done by dividing the size of REM into three, namely, abnormal operating cash flow, abnormal

production costs, and abnormal discretionary expenses. The measurements for each measure of REM are as follows:

The abnormal operating cash flow is estimated using the following model:

$$\frac{CFO\text{it}}{\text{Ai}}\text{t}-1 = \beta 0\left[\frac{1}{\text{Ai}}\text{t}-1\right] + \beta 1\left[(\text{Si t} - \text{Ai t}-1\right] + \beta 2\ (\Delta\text{St}/\text{Ai t}-1) + \varepsilon\text{it}$$

CFOi t / Ai t-$_1$ = $\beta_0 [1/A_{i\,t-1}] + \beta_1 [(S_{i\,t} - A_{i\,t-1}] + \beta_2 (\Delta S_t / A_{i\,t-1}) + \varepsilon$it

The abnormal production cost is estimated using the following model:

$$\frac{PROD\text{it}}{\text{Ai}}\text{t}-1 = \beta 0\left[\frac{1}{\text{Ai}}\text{t}-1\right] + \beta 1\left[(\text{Si t} - \text{Ai t}-1\right] + \beta 2\ (\Delta\text{St}/\text{Ai t}-1) + \varepsilon\text{it}$$

The discretionary expenses are estimated using the following model:

$$\frac{DISEXP\text{it}}{\text{Ai}}\text{t}-1 = \beta 0\left[\frac{1}{\text{Ai}}\text{t}-1\right] + \beta 1\left[(\text{Si t} - \text{Ai t}-1\right] + \beta 2\ (\Delta\text{St}/\text{Ai t}-1) + \varepsilon\text{it}$$

The model is re-entered using the coefficients from each model to provide the typical operational cash flow, production costs, and discretionary spending. The abnormal value of each statistic utilized as a stand-in for real earnings management is then obtained by subtracting the actual values of operational cash flow, production costs, and discretionary spending from the normal values. The following model is used to estimate the actual earnings management model.

$$\text{REM} = (\text{ACFO} * -1) + \text{APROD} + (\text{ADISEXP} * -1)$$

Thus, the relationship between AEM and financial performance is modified. The control variables included firm size, firm growth and leverage.

$$\text{ROAit} = \alpha + \beta 1\text{REMit} + \beta 2\ \text{FSizeit} + \beta 3\ \text{FGrowthit} + \beta 4\text{LEvit} + \varepsilon it$$

$$\text{QTit} = \alpha + \beta 1\text{REMit} + \beta 2\ \text{FSizeit} + \beta 3\ \text{FGrowthit} + \beta 4\text{LEvit} + \varepsilon it$$

AEM and REM Models were modified to adjust for the moderating effect of corporate governance variables by introducing governance characteristics (board size and board Independence) in line with Santosa et al. (2021) as follows:

$$FP = f\ (\text{DA, REM, BSize, BInd})$$

$$FP = f\ (\text{DA, REM, BSize, Bind, FSize, FGrowth, LEv})$$

$$\text{ROAit} = f\ (\alpha + \beta 1\text{DAit} + \beta 2\ \text{REMit} + \beta 3\text{BSizeit} + \beta 4\text{BIndit} + \beta 5\ \text{DAit} * \text{BSize i,t} * \text{BInd it} + \beta 6\text{REM it} * \text{BSize it} * \text{BInd it} + \beta 7\ \text{FSize it} + \beta 8\ \text{FGrowth it} + \beta 9\text{LEv it} + \varepsilon it)$$

$$\text{QTit} = f\ (\alpha + \beta 1\text{DAit} + \beta 2\ \text{REMit} + \beta 3\text{BSizeit} + \beta 4\text{BIndit} + \beta 5\ \text{DAit} * \text{BSize i,t} * \text{BInd it} + \beta 6\text{REM it} * \text{BSize it} * \text{BInd it} + \beta 7\ \text{FSize it} + \beta 8\ \text{FGrowth it} + \beta 9\text{LEv it} + \varepsilon it)$$

Table 1 Measurement of Variables

Variables	Type	Description	Source
Board Size	Moderating	This is the total of executives and independent members on the board.	Xavier, *et al.* (2015)
Board Independence	Moderating	The ratio of independent non-executive members to the total number of board members.	Munyradadzi *et al.* (2016)
AEM	Independent	AEM is analysed by discretionary accruals computed by the modified Jones model.	Darmawan and Mardiati (2019)
REM	Independent	REM is the combination of abnormal operating cash flow, abnormal production cost and discretionary expenses.	Baatour, et al. (2017)
Firm Size	Control	Firm size is the natural logarithm of the total assets of firms	Alareeni (2018)
Firm Growth	Control	This is measured by the changes in the total assets from the previous year to the current year.	Moradi, *et al.*, (2021)
Leverage	Control	Leverage is the ratio of debt to total equity of firms.	Appiah, *et al* (2020)
Return on Assets	Dependent	ROA is the proportion of a firm's yearly net returns to total assets during a fiscal period.	Brahma, *et al* (2020)
Tobin's Q	Dependent	The book value of total assets minus the book value of common equity plus the market value of common equity divided by the book value of total assets	Singh, *et al* (2017)

(Source: Researcher's Compilation, 2025)

Results

Descriptive Statistics

Table 2 Results of Descriptive Statistics

	AEM	BIND	BSZ	FGTH	FSZ	LEV	REM	ROA	QT
Mean	1.37268	0.26830	9.04687	-0.4842	7.35067	0.35872	0.67703	0.04222	0.59577
Maximum	19.0380	0.88000	22.0000	0.9989	10.3260	4.85300	70.0300	0.54000	2.23000
Minimum	-0.51400	0.00000	4.00000	-128.656	3.75100	-0.01700	-0.87700	-0.55200	-2.43000
Std. Dev.	1.90247	0.27612	3.33044	7.28712	1.24291	0.64046	4.49800	0.11071	0.41562
Obs.	320	320	320	320	320	320	320	320	320

Note: AEM= Accrual Earnings Management, BIND= Board Independence, BSZ= Board Size, FGTH= Firm Growth, FSZ= Firm Size, LEV= Leverage, REM= Real Earnings Management, ROA= Return on Assets, QT=Tobin's Q

Source: Researcher's Computation (2025)

The average rate of return on assets used as a metric to evaluate financial performance was 4.2%. This suggests that the poor financial performance of large companies during the previous ten years is reflected in the average rate of ROA. This subpar performance indicates that the profits produced for all lenders to multinational corporations throughout the study period were extremely meagre. This illustrates how poorly the corporations have used their resources to provide reasonable returns for financiers. Tobin's Q ratio results are not entirely different either. As the Tobin Q index is 0.596 and below one, it shows that multinational corporations have not been able to utilise their resources to their fullest potential. The minimum values of ROA and Tobin's Q were -0.552 and -2.43, which revealed that some multinationals could not sufficiently utilize their assets and shareholders' funds to generate profit within the sampling period; they rather recorded losses. On the other hand, the maximum values of ROA and Tobin's Q showed 0.54 and 2.23, and these results indicated the highest profitability and firm value that could be generated from the operational use of assets and shareholders' funds.

Accrual earnings management showed an average value of 1.327, which revealed that multinational companies engaged more in AEM as compared to REM, which showed a mean value of 0.677. The minimum values of AEM and REM were -0.514 and -0.877, and these could be traced to Grief Plc., indicating that Grief Plc. was the least EM-practising firm amongst the sampled MNEs. The maximum values of AEM (19.038) and REM (70.03) could be traced to Chelleram and Lafarge respectively. This indicates that Chelleram was the highest practising firm in accrual earnings management, while Lafarge was the highest practising firm in real earnings management. Board independence, which measures the degree of autonomy of the board of directors, revealed a mean value of 0.268, which indicates that independent directors comprised about 27 per cent and executive directors accounted for about 73 per cent of the boards of multinational firms in Nigeria. According to Nwanji et al. (2019), the framework in the Nigerian business environment recommended that independent directors make up at least 20% of the total number of members in Nigerian companies. Accordingly, the descriptive statistics of 0.268 reveal that autonomous executives are fairly represented in Nigeria's listed multinationals, which indicates the need to keep a more sufficient number of autonomous directors on boards as they consistently perform valuable oversight and advisory roles for the greater good of the financiers.

According to board size, there is an average of 9 board members, as revealed in the descriptive statistics of Nigerian multinational firms. The numbers were 4 and 22, respectively, for the minimum and highest. The idea of capital dependence promotes a sizable executive board. The resource dependence assumption states that organisations with diverse membership and experience levels may manage employees more successfully and produce more revenue for the company by connecting them with individuals who share their interests. Some corporate leaders have free means of obtaining funds, and as the proportion of these leaders grows, so does the convenience with which returns may be purchased, eventually improving performance. The responsible management assumption further claims that managers can fulfil their duties as dependable guardians of the assets allocated to their custody. The agency model, however, concurs that, to evaluate performance, large boards are not required due to the contradiction of interests between executives and shareholders. In this respect, a smaller board tends to be effective at guaranteeing executives act as dependable representatives for the company.

The mean values of growth and firm size were -0.4843 and 7.3507, respectively, and this signified that the multinationals have decreased in their asset growth and size throughout the period of investigation. The minimum of growth was -128.65, which indicated a decline in the assets of some multinationals. On the other hand, the maximum value (0.99890) revealed a mild increase and expansion in the assets of multinationals. Likewise, the lowest value of firm size was 3.75 and the

maximum value was 10.326, which shows that MNEs are relatively stable over the last decade. Leverage exhibited an average mean of 0.3587, a minimum value of -0.017 and a maximum value of 4.853. The average value of leverage showed that MNEs are highly levered, which is an indication that the lending cost exceeds the investment returns of the listed MNEs in Nigeria during the period of investigation.

Correlation Analysis

This section on the interaction among the study parameters helped determine whether any of the series are multicollinear. Prior researchers have expressed worry about potential multicollinearity across series, which might lead to an inaccurate portrayal of regression assessments (Koop, 2008; Alin, 2010). According to Gujarati and Porter (2008), a correlation of more than 0.8 suggests that the data sample is likely multicollinear. The correlation analysis, which was carried out through the use of a correlation matrix, showed the linkage among the independent, moderating, control, and explained variables used in the study. The correlation matrix was conducted for all the parameters based on the research objectives. The correlation displays the coefficients of association among the variables under study. Each cell in the table shows the pair connection of two variables, which helps see which pairs have negative or positive correlations, as presented in Table 3.

Table 3 Result of Correlation Matrix of Sampled MNEs

Correlation	AEM	BIND	BSZ	FGTH	FSZ	LEV	REM	ROA	QT
AEM	1.000000								
BIND	0.017888	1.000000							
BSZ	-0.281469	0.418827	1.000000						
FGTH	0.049948	0.020977	0.054330	1.000000					
FSZ	-0.057574	0.204346	0.456878	0.049347	1.000000				
LEV	0.019786	-0.121487	0.147487	0.016700	0.182483	1.000000			
REM	0.051150	0.156320	0.133486	0.022161	0.056559	-0.036955	1.000000		
ROA	0.235844	0.425514	0.124697	-0.004737	0.107525	-0.033169	0.151182	1.000000	
QT	-0.060149	-0.186458	-0.061090	0.083347	0.132383	0.198059	-0.015030	-0.156824	1.000000

Source: Researcher's Computation (2025).

In Table 3, accrual earnings management (0.2358), board independence (0.4255), board size (0.1247), firm size (0.1075) and real earnings management (0.1512) showed positive correlation pairs with the return of assets, implying that one per cent change in the variables improves financial performance by 24 per cent, 43 per cent, 13 per cent, 11 per cent, 15 per cent and 8 per cent respectively. Only firm growth (-0.0047) and Leverage (-0.033) were negatively related to ROA. Regarding Tobin's Q, firm growth (0.0834), firm size (0.1324), and leverage (0.1981) positively improved firm value by 8 per cent, 13 per cent, 20 per cent, and 11 per cent, respectively. On the contrary, accrual earnings management (-0.0602), board independence (-0.1865), board size (-0.0611), and real earnings management (-0.015) have a negative relationship with firm value in the proportion of 6 per cent, 19 per cent, 6 per cent, and 1.5 per cent, respectively. The table demonstrates that interactions across data points are often low, excluding multi-collinearity, typically associated with time series data. The concept of multiple-linearity was disproved due to the proof of minimal association parameters, which consistently revealed that each set of factors was not entirely associated. As a result, there was an absence of multicollinearity in the models.

Hausman Specification Test

A test for model misspecification is how the Hausman test is occasionally characterised. This assessment aids in deciding between fixed effects and a model with random effects when analysing panel data. Instead of fixed effects, the alternative theory is that random effects are the preferable model. The tests verify whether the model's regressors and unique mistakes are correlated. There isn't an association connecting the two, which is the null assumption. As a result, if the p-value is lower than 0.05, the null theory is considered unreliable.

Table 4 Result of Hausman Test

Correlated Random Effects

Hausman Test	Panel A	Panel B
Cross-section Random	26.588024 (0.0016)	45.498711 (0.0000)

Source: Researcher's Computation (2025)

The results in the above hausman test revealed probability values of 0.0016 and 0.0000 for panels A and B, respectively, which fall below the 0.05 minimum standards, meaning that the outcome was significant and the null proposition was disallowed. Thus, the outcome depicts that the fixed effect model was suitable and adopted for the regression analysis of the study data.

Unit Root Test

The Levin, Lin and Chu and PP-Fisher Chi Square unit root test were conducted on each of the variables under study. The stationary test was established for the series noting null assumption as 'presence of non-stationarity' contrary to the alternate proposition 'series is stationary'. If the absolute probability value surpasses the minimum value of 0.05, then, null proposition is recognized and it is determined that the parameters are stationary and vice-versa.

Table 5 Results of Unit Root Tests

	Levin, Lin & Chu Test			PP-Fisher Chi Square		
VARIABLE	**Intercept**	**Intercept and Trend**	**None**	**Intercept**	**Intercept and Trend**	**None**
AEM	0.6272	0.0046**	0.0065**	0.0000**	0.0000**	0.0003**
BIND	0.0000**	0.0000**	0.0358**	0.8891	0.9382	0.1306
BSZ	0.0000**	0.0000**	0.9254	0.8909	0.8206	0.9775
FGTH	1.0000	1.0000	0.0000**	0.0000**	0.0000**	0.0000**
FSZ	0.0776	0.0000**	1.0000	0.2007	0.0000**	1.0000
LEV	0.0000**	0.0000**	0.0326**	0.2284	0.0006**	0.0616
REM	1.0000	1.0000**	0.0000**	0.0027**	0.0000**	0.0000**
ROA	0.0352**	0.0000**	0.0000**	0.0000**	0.0000**	0.0000**
QT	0.0000**	0.0000**	0.9663	0.0002**	0.0023**	0.9589

values are significant at 5% Source: Researcher's Computation (2025)

It is clear from the table 5 that the stationarity test results of ADF show that the parameters are stationary at their level form indicated as I (0), denoting that co-integration does not exist among the series. This means that the study variables are stable, signifying effective regression and exact results. The parameters used in this research are actual and stationary, and they may be employed in panel data models with strong validity, as our evidence demonstrated.

In Table 6, the combined effect of discretionary accruals, board independence and board size (-0.001166, 0.0034) revealed a negative interaction with return on assets, implying that board independence and board size negatively moderate the effect of accruals earnings management on return on assets. On the contrary, the combined effect of real earnings management, board independence and board size (-0.001166, 0.0034) revealed a negative interaction with return on assets, implying that board independence and board size negatively moderate the effect of accruals earnings management on return on assets of listed multinational companies in Nigeria. The R^2 revealed that the exogenous factors, AEM and REM, moderating variables, board size and board independence, and control variables, firm growth, firm size, and leverage, could each account for 60.91 per cent of the variance in financial performance. Other variables that the model was unable to account were the residual 39.09% of the changes in ROA. The null hypothesis is rejected, according to results from the F-computed

(0.0000). This also suggested that a valid generalization could be drawn from the model estimation. Thus, board structure moderates the influence of earnings management on the financial performance (ROA) of listed multinational companies in Nigeria. In view of the above, the study proceeded to examine the model two specified with Tobin's Q and the result was presented in Table 7.

Regression Results

Table 6 Result of Regression Model One

Variable	Coefficient	Prob.
DA*BIND*BSIZE	-0.001166	0.0034
REM*BIND*BIZSE	0.000169	0.0055
BIND	0.031386	0.0125
BSZ	-2.06E-05	0.9743
FGTH	0.000121	0.0386
FSZ	-0.010476	0.0156
LEV	-0.004534	0.0665
C	0.115432	0.0123
R2	0.609174	
F-statistic	7.191533	
Prob (F-statistic)	0.000000	

Source: Researcher's Computation (2025)

Table 7 Result of Regression Model Two

Variable	Coefficient	Prob.
DA*BIND*BSIZE	0.002944	0.0410
REM*BIND*BIZSE	0.000123	0.0066
BIND	0.010373	0.7311
BSZ	-0.006421	0.0085
FGTH	0.000559	0.3280
FSZ	0.357290	0.0000
LEV	0.026493	0.0236
C	-1.994272	0.0000
R2	0.868113	
F-statistic	48.67382	
Prob (F-statistic)	0.000000	

Source: Researcher's Computation (2025)

Table 7 showed that board independence (0.012126, 0.8658) and firm growth (0.002162, 0.4149) had a positive, insignificant relationship with Tobin's Q, while firm size (0.3573, 0.000) and leverage (0.0265, 0.0236) had positive, substantial results on Tobin's Q of MNEs in Nigeria. It indicates that as firm size and leverage increase, firm value also increases in the proportion of 35.7 per cent and 2.4 per cent, respectively. Also, the combined effect of AEM, REM, board size and board independence had favourable significant association with Tobin's Q of MNEs in Nigeria. On the other hand, board size (-0.006421, 0.0085) had an adverse significant interaction with Tobin's Q of MNEs in Nigeria. Furthermore, the R^2 showed a value of 0.8681 and indicated that 86.81 per cent variation in financial performance could be explained by the exogenous variable-AEM and REM, moderating variables-board size and board independence, and control parameters-firm growth, firm size and leverage. The residual 13.09 per cent of the disparities in Tobin's Q could be linked to other parameters not included in the model. Correspondingly, outcomes from the F-computed presented p-value of 0.0000 < 0.05; this effect proposed that the model is significant and the null hypothesis is disallowed, thus, the moderating and control variables jointly influenced Tobin's Q in quoted MNEs in Nigeria. This also suggested that a valid generalization could be drawn from the model estimation. Thus, board structure moderates the influence of earnings management on the financial performance (Tobin's Q) of listed multinational companies in Nigeria.

Discussion of Findings

The regression results revealed the result of the moderating influence of board structure on the relationship between earnings management and financial performance. The overall findings suggested that board structure significantly moderates the relationship between earnings management and the financial performance (return on assets and Tobin's Q) of listed MNEs in Nigeria. However, the results of the individual variables are diverse. Board size and independence negatively and significantly moderate the interaction amid AEM and ROA but the moderating interaction became positively significant with Tobin's Q. The negative controlling role shows that the boards of MNEs experiencing losses could not supervise the opportunism activities of executives engaged in earning management to improve financial performance. Research from Ghana and South Africa (Boachie & Mensah, 2022), Indonesia (Yulia et al., 2019), and India (Kumari & Pattanayak, 2017) indicates that although more robust boards might not directly lead to better accounting performance, they generally boost market performance metrics due to increased investor trust. Comparable results have been observed in Libya (Elghuweel et al., 2017) and France (Nekhili & Cherif, 2011), where inadequate enforcement mechanisms and focused ownership structures hindered boards' efficiency in curbing earnings manipulation. This suggests that the Nigerian situation aligns with other developing and transitional economies, where formal board structures are present, yet their monitoring effectiveness is limited by institutional shortcomings.

Furthermore, board size and board independence positively and significantly moderate the relationship between REM and Tobin's Q. The positive controlling role shows that the boards of profit-making MNEs can curb the opportunistic affairs of directors in the practice of earning management, to enhance efficiency. These findings support the need to strengthen the governance frameworks of listed MNEs so that they may perform a supervisory role in keeping an eye on executives' actions to control internal problems and improve performance. Comparable evidence has been recorded in Malaysia, China, and European economies (Corrina, 2018; Wang et al., 2019), where effectively organized boards facilitated the alignment of managerial decisions with long-term company value. This bolsters agency theory claims that strong board supervision minimizes information asymmetry and curbs self-interested managerial behaviour, especially in companies with consistent performance. Overall, this current study's results being in tandem with the outcomes from emerging and developed economies (Boachie & Mensah, 2022; Yulia et al., 2019; Corrina, 2018; Kumari & Pattanayak, 2017; Elghuweel et al., 2017; Nekhili & Cherif, 2011) suggest that the heightened strength of the board will help to align the interests of executives and shareholders, excellently supervise management, minimise opportunistic EM, thus boosting firm value despite that the effect may vary across accounting and market performance measures.

The results of the individual moderating and control variables were mixed. Board size had positive and negative relationship with financial performance. The negative relationship is in line with prior studies from Turkey, the United States and the Middle East(Yilmaz, 2018; Bhagat & Bolton, 2019; Khatib & Abdul-Naser, 2021; El-Chaarani et al., 2022) indicating that some companies large governing boards need to make a significant contribution to their economic well-being. More prominent committees are anticipated to give a broader range of expertise and skills essential to safeguard organisations' funds, enabling them to offer the owners wise recommendations and counsel, enhancing corporate success. The current outcome on board size and financial success, however, contradicts this. The fact that the board members cannot oversee the CEOs may have another unfavourable consequence. Additionally, while the executives are seen as having more experts and qualified representatives, they cannot retain the essential control to prevent attempts at exploitation by the directors. On the other hand, the positive relationship, which is in line with a priori expectation and previous studies from Slovakia, China, and other emerging economies (Grofcikova, 2020; Wang et al., 2019; Abugri, 2022; Ahmadi, 2018; Olayiwola, 2018), is a sign that some MNEs' governing boards are beneficial in influencing the performance of their operations. Some of the justifications for larger boards are the ability of the members to increase efficacy. Large boards are made of members from different disciplines; this broader collection of experts' skills and information may assist the leaders in deciding strategically to boost the firm's success. The larger committees additionally generate higher monitoring capability, enhancing the enterprise's prospective to develop more outward linkages.

Board independence also showed mixed findings. The results were positively and negatively connected with financial performance. The negative relationship is against the a priori expectation and previous studies from India and Eastern Europe (Goel, 2018; Aktan et al., 2018; Grofcikova, 2020) but aligns with studies from Sub-Saharan Africa (Enilolobo et al., 2019). This association shows that independent directors in most MNEs must be better represented (as confirmed by the mean value of 0.268) in the inferential analysis. Therefore, the present autonomous executives' ability to track managerial choices and enhance the firm's economic condition does not assist the listed MNEs. Because

autonomous members are underrepresented, their performance has not been affected. Among these are the operational guidelines that encourage administrators to prioritise sustainability above daily duties and the decision-making processes that support managerial decisions based on how beneficial they are to financiers. Similar plausible causes for this situation include choosing representatives who share ethnic characteristics with other executives or presenting results from passive trustees rather than actively engaged ones. It implies that non-executive representatives could be deliberately selected to hold a low-profile position on the board. In other circumstances, non-executive directors may not be impartial because they are swayed by the CEOs, which makes them less effective at supervising management. Rather, choosing them was taken only to comply with corporate governance regulations.

Conclusion

The study has examined the moderating role of corporate governance (board size and board independence) on the effect of earnings management on the financial performance (ROA and Tobin's Q) of listed multinational companies in Nigeria. The study concluded that board structure moderates the influence of earnings management on financial performance. Therefore, by analysing the function of board structure in affecting the link between earnings management and financial performance using the accounting-based measure (ROA) and market-based measure (Tobin's Q), the study has added to the body of knowledge. Based on the conclusion, the following recommendations were made:

Executives of multinational firms in Nigeria should embrace real earnings management (REM) because it was confirmed that REM improves MNEs by generating more economic value through discretionary expenditure; this is in line with the informational viewpoint, indicating that it benefits equity investors and other market participants to learn about forecasts for the longevity of their companies. Through REM, directors will communicate their objectives to the market so financiers can make more informed judgements about their stocks. Also, REM protects the position of the company against losses during periods of poor performance, which are particularly common in enterprises with large accruals.

Multinational corporations in Nigeria should appoint more directors who are autonomous to increase the board's independence in order to exercise greater control over management. This will prevent management from aggressively manipulating profits through resource exploitation. Shareholders of MNEs should also appoint independent directors based on their ability to perform a governing role, add to the corporate value, and significantly improve financial performance through their liberated professional business competence and skills. Therefore, additional autonomous leaders will guarantee that financial choices are taken in the best interest of every stockholder and prevent returns and revenue streams from being biased in favour of management.

Multinational corporations should maintain an optimal and effective board size to guarantee that managers operate as trustworthy stewards in the stakeholders' interests through monitoring and stringent regulation of earnings management practices to increase sustained financial success. Managers shouldn't use resources that harm the company's shareholders' wealth and financial stability. Overall, strong governance systems will guarantee that conflicts over alleged unfairness and illegalities in earnings management do not damage the long-term corporate image of multinationals.

Study Limitation

The research concentrated solely on-board size and board independence as variables of corporate governance, disregarding other governance mechanisms that might affect earnings management and financial performance. Furthermore, the sample consisted of 32 publicly traded multinational corporations, which could constrain the applicability of the results to privately held firms, local enterprises, or different economies.

Suggestion for Further Studies

Subsequent research should include more corporate governance factors like board diversity, ownership composition, audit committee attributes, and CEO duality. Comparative or cross-national studies can also be conducted to improve generalizability and address institutional variations. Researchers are also urged to utilize different performance metrics and combined research methodologies to gain greater understanding of governance efficacy and earnings management behaviours.

References

Abdi, Y., Li, X., & Xavier, C. (2020). "Impact of sustainability on firm value and financial performance in the air transport industry". *Sustainability*, *12* (2), 1-23.

Abdullatif, M., Alhadab, M., & Mansour, I. (2019). Determinants of Related Party Transactions in Jordan: Financial and Governance Factors. *Australasian Accounting, Business and Finance Journal, 13*(1), 44-75. doi:10.14453/aabfj.v13i1.4

Abiahu, M. C., Udeh, F. N, & Ogbekhilu, M. E. (2018). "Modelling the correlation between shareholders dividends and corporate performance in Nigeria." *Journal of Modern Accounting and Auditing, 14* (10), 570-581.

Abu-Jebbeh, M. A., & Al-Thuneibat, A. (2017). The effect of profitability on earnings management in industrial companies listed in Amman stock exchange. *Jordan Journal of Business Administration*, *13*(2), 259-280.

Adegboyegun, A. E., Ben-Caleb, E., Ademola, A. O., Madugba, J. U., & Eluyela, D. F. (2020). "Fair value accounting and corporate reporting in Nigeria: A logistics regression approach." *International Journal of Financial Research, 11* (2), 301-310.

Agbaje, W.H., & Igbekoyi, O.E. (2021). Earnings management smoothing and shareholders' wealth in listed manufacturing firms in Nigeria. *International Scholars Journal of Arts and Social Science Research, 14* (2), 405-419.

Agusto G., Puspa D.F., & Rifa D., (2018). "Effects of taxes, bonus mechanisms, and good corporate governance against indications for transfer pricing". *Journal of the Faculty of Economics, 12* (1), 1-2.

Al Omush, A. M., Masadeh, W. M., & Zahran, R. M. (2019). The impact of earnings management on stock returns for listed industrial firms on the Amman stock exchange. *Business and Economic Research*, *9*(3), 1-22.

Al Saedi, A. A. (2018). Earnings management and its relationship with stock returns: An empirical study on a sample of Qatari listed industrial companies. *Academy of Accounting and Finance Journal, 22*(5), 1-13.

Alareeni, B. (2018). The impact of firm-specific characteristics on earnings management: evidence from GCC countries. *International Journal Managerial and Financial Accounting*, *10*(2), 85-104.

Alexander, N. & Hengky, M. (2017). Factors affecting earnings management in the Indonesian Stock Exchange. *Journal of Finance and Banking Review, 2* (2), 8-14.

Alrjoub, A.M.S., Almomani, S.N., Al-Hosban, A.A., & Allahham, M.I. (2021). The impact of financial performance on earnings management practice behaviour (An empirical study on financial companies in Jordan). *Academy of Strategic Management Journal, 20* (2), 1-15.

Al-Shattarat, B., Hussainey, K., & Al-Shattarat, W. (2018). The impact of abnormal real earnings management to meet earnings benchmarks on future operating performance. *International Review of Financial Analysis, 81* (1), 45-92.

Alsos, G.A. & Ljunggren, E. (2017). The role of gender in entrepreneur–investor relationships: a signalling theory approach. *Entrepreneurship Theory and Practice, 41* (4), 567-590.

Anastasia, O.C., & Onuora J. (2019). "Effects of related party transactions on the financial performance of companies, evidenced by a Study of listed Companies in Nigeria," *International Journal of Economics and Financial Management, 4* (3), 46-57.

Appiah, K. O., Prince, G., & Yakubu A. (2020). Financial leverage and corporate performance: Does the duration of the debt ratio matter? International *Journal of Business and Emerging Markets 12*, 31–45

Ashrafi, M., Abbasi, E., Hosseini, S. A., & Etemadi, M. P. (2019). The effect of Related Parties Transactions on the Firm Value: Moderating Role of Audit Committee. *Iranian Journal of Finance*, *3*(2), 25-43.

Atikah, A.S., & Putri, T.H. (2019). The effect of related party transactions through opportunistic behavior management to increase firm value. *Journal of Finance and Banking Review, 4*(2), 64-72.

Baatour, K., Ben Othman, H., & Hussainey, K. (2017). The effect of multiple directorships on real and accrual-based earnings management: Evidence from Saudi listed firms. *Accounting Research Journal, 30*(4), 395-412.

Bergh, D.D., Connelly, B.L., Ketchen, D.J. & Shannon, L.M. (2014). Signalling theory and equilibrium in strategic management research: an assessment and a research agenda. *Journal of Management Studies, 51* (8), 1334-1360.

Bhagat, S., & Bolton, B. (2019). Corporate governance and firm performance: The sequel. *Journal of Corporate Finance, 58,* 142–168.

Boachie, C., & Mensah, E. (2022). The effect of earnings management on firm performance: The

moderating role of corporate governance quality. *International Review of Financial Analysis, 83,* (2)

Bollazzi, F., & Risalvato, G. (2018). "Corporate responsibility and ROA: Evidence from the Italian Stock Exchange." *Asian Economic and Financial Review, 8* (5), 565-570.

Brahma, S., Nwafor, C., & Boateng, A. (2020). Board gender diversity and firm performance: The UK evidence. *International Journal of Financial Economics,* 1–16.

Chakroun, S. & Amar, A.B. (2019). The study of the impact of earnings management on financial performance in the Euro-Continental accounting model: Evidence from France. International symposium: *New perspectives of research in Finance in the era of digital transformation, Hammamet,* 1-24.

Chaney PK, & Lewis, C.M. (1995). Earnings management and firm valuation under asymmetric information. *Journal of Corporate Finance, 1,* 319-345

Chouaibi, J., Harres, M., & Brahim, B. N. (2018). The Effect of Board Director's Characteristics on Real Earnings Management: Tunisian-Listed Firms. *Journal of the Knowledge Economy, 9* (3), 999–1013.

Connelly, B.L., Certo, S.T., Ireland, R.D. & Reutzel, C.R. (2011). Signaling theory: a review and assessment. *Journal of Management, 37*(1), 39-67.

Corrina, F. (2018). The Influence of Independent Commissioners and Audit Committees on The Financial Performance of Manufacturing Companies Listed on The Indonesia Stock Exchange in 2015-2017. *Journal of Business and Management, 7* (4), 137-142.

Creswell, J. W. (2014). Research Design: Qualitative, Quantitative and Mixed Methods Approaches (4th ed.). Thousand Oaks, CA: Sage.

Creswell, J. W., & Creswell, J. D. (2018). Research design: qualitative, quantitative, and mixed methods approaches. Fifth edition. Los Angeles, SAGE.

Dakhlallh, M. M., Mohd Rashid, N. M. N. N., Abdullah, W. A. W., & Dakhlallh, A. M. (2019). The mediating effect of the managerial ownership towards the influence of the board of directors on the firm performance among Jordanian public shareholders companies. *Journal of Environmental Treatment Techniques, 7* (4), 760–767.

Darmawan, I. P. E., T, S., & Mardiati, E. (2019). Accrual Earnings Management and Real Earnings Management: Increase or Destroy Firm Value? *International Journal of Multicultural and Multi-religious Understanding, 6* (2), 8-19.

Debnath, P. (2017). Assaying the impact of firm's growth and performance on earnings management: An empirical observation of Indian economy. *Interantional Journal of Research in Business Studies and Management, 4* (2), 30-40.

Drover, W., Wood, M.S. & Corbett, A.C. (2018). Toward a cognitive view of signalling theory: individual attention and signal set interpretation. *Journal of Management Studies,* 55(2), 209-231.

Dutzi, A., & Rausch, B. (2016). Earnings management before bankruptcy: A review of the literature. *Journal of Accounting & Auditing: Research and Practice,* 1-12.

Dye, R.A. (1985). Disclosure of Nonproprietary Information. *Journal of Accounting Research, 23,* 123-145.

El-Chaarani, H., Abraham, R. & Yahya, S. (2022). The Impact of Corporate Governance on the Financial Performance of the Banking Sector in the MENA (Middle Eastern and North African) Region: An Immunity Test of Banks for COVID-19. *Journal of Risk and Financial Management 15* (82), 1-21.

Elghuweel, M. I., Ntim, C. G., Opong, K. K. & Avison, L. (2017). Corporate Governance, Islamic Governance and Earnings Management in Oman: New Empirical Insights from a Behavioral Theoretical Framework. *Journal of Accounting in Emerging Economies 7* (2), 190-224.

Emudainohwo, O.B. (2021). Determinants of Earnings Management. The Study of Nigerian Non-Financial Companies. *Economic Horizons, 23* (2), 139-155.

Feleaga, L. & Neacsu, I., (2016). Disclosure of related party transactions and information regarding transfer pricing by the companies listed on Bucharest Stock Exchange. *Journal of Accounting and Management Information Systems, 15* (4), 785-809.

Frankel, R. M., & Yan, S. (2018). Predicting accruals based on cash-flow properties. *The Accounting Review 93*, 165–86.

Gajdosikova, D., Valaskova, K., & Durana, P. (2022). Earnings management and corporate performance in the scope of firm-specific features. *Journal of Risk and Financial Management, 15,* 426-444.

George, S.N. & Mbah, P.C. (2021). Multinationals and their economic performance in Nigeria. *International Journal of Research in Management, 11* (5), 34-54.

Gomulya, D. & Mishina, Y. (2016). Signaler credibility, signal susceptibility, and relative reliance on signals: how stakeholders change their evaluative processes after violation of expectations and

rehabilitative efforts. *Academy of Management Journal, 60* (2), 456-465
Grofcikova, J. (2020). Impact of selected determinants of corporate governance on financial performance of companies, *Economic and Managerial Spectrum, 14* (2), 12-23.
Habib, A., Ranasinghe, D., Muhammadi, A. & Islam, A. (2018). Political connections, financial reporting and auditing: survey of the empirical literature. *Journal of International Accounting Auditing and Taxation, 31*, 37– 51.
Jung, W. and Kwon, Y. (1988). Disclosure when the market is unsure of information endowment
Kasztelnik, K. (2020). Causal-Comparative Macroeconomic Behavioral Study: International Corporate Financial Transfer Pricing in the United States. *Financial Markets, Institutions and Risks, 4*(1), 60-75
Khanh, H.T.M., & Nguyen, V.K. (2018), Audit quality, firm characteristics and real earnings management: The case of listed Vietnamese firms. *International Journal of Economics and Financial Issues, 8* (4), 243-249.
Kharashgah, K. A., Amran, N. A. B., & Ishak, R. B. (2019). Board of directors' structure and Real Earnings Management: Jordanian Evidence. *International Journal of Academic Research in Business and Social Sciences, 9* (12), 742–760.
Khatib, S. F. A., & Abdul-Naser, I. N. (2021). The impact of corporate governance on firm performance during the COVID-19 pandemic: Evidence from Malaysia. *Journal of Asian Finance, Economics and Business, 8,* 943–952.
Kim, J.H., Lee, S.H., & Yoo, Y.K. (2018), Real earnings management and the cost of debt capital: International evidence. *Asia-Pacific Journal of Accounting and Economics*, 1-22.
Koonce, L., Seybert, N. & Smith, J. (2016). Management speaks, investors listen: are investors too focused on managerial decisions? *Journal of Behavioral Finance, 17* (1), 31-44.
Kumari, P. & Pattanayak, J.K. (2017), "Linking earnings management practices and corporate governance system with the firms' financial performance: A study of Indian commercial *banks", Journal of Financial Crime, 24* (2), 223-241.

Leggett, D.M., Parsons, L.M., & Reitenga, A.L. (2016), Real earnings management and subsequent operating performance. *IUP Journal of Operations Management, 15* (4), 23-30.
Machdar, M.N & Nurdiniah, D., (2021). Does transfer pricing moderate the effect of deferred tax assets and deferred tax expense on accrual earnings management of firms in Indonesia? *European Journal of Business and Management Research, 6* (3), 104-112.
Mahenthiran, S., Palavecinos, B.S., & Fuente-Mella, H.D. (2020). The effect of board links, audit partner tenure and related party transactions on misstatements: evidence from Chile. *International Journal of Financial Studies, 8* (78), 1-21
Mangala, D., & Dhanda, M. (2019). Earnings management and performance of IPO firms: Evidence from India. *Indian Journal of Corporate Governance, 12* (1), 39–58.
Marchini, P.L., Mazza, T. & Medioli, A. (2018). The impact of related party transactions on earnings management: some insights from the Italian context. *Journal of Management and Governance,* 22, 981–1014.
Miller, G. S. (2002). Earnings performance and discretionary disclosure. *Journal of Accounting Research, 40* (1), 173–204
Moradi, M., Appolloni, A., Grzegorz, Z, Hossein, T. & Maede, K. (2021). Macroeconomic Factors and Stock Price Crash Risk: Do Managers Withhold Bad News in the Crisis- Ridden Iran Market? *Sustainability 13,* 3688-3695.
Munyradadzi R. M., Nirupa P., & Callaghan C.W. (2016). "Board composition, board size and financial performance of Johannesburg Stock Exchange Companies", *South African Journal of Economic and Management Sciences, 19* (4), 497-513.
Nekhili, M & Cherif, M. (2011). Related parties transactions and firm's market value: the French case. *Review of Accounting and Finance, 10* (3), 291-315.
Nguyen, A.H., & Duong, C.T. (2022). Earnings management and accounting performance of new firms listings: evidence from the Vietnamese Stock Market. *Cogent Business and Management, 9* , 1-22.
Nguyen, H.A., Nguyen, T.H., & Doan, T.N., (2018). Determinants of Transfer Pricing Aggressiveness: A Case of Vietnam. *South East Asian Journal of Contemporary Business, Economics and Law, 16* (5), 104-112.
Nobakht, Y. & Acar, M. (2020). Effect of Accrual-based and real Earnings Management on Firm Value: A Case Study of Companies listed on the Tehran Stock Exchange. *Financial Research Journal*, 22(4), 568-593.
Obigbemi, I. F., Omolehinwa, E. O., Mukoro, D. O., Ben-Caleb, E., & Olusanmi, O. A. (2016). Earnings

Management and Board Structure: Evidence From Nigeria. *SAGE Open, 6* (3), 1–15.
Okafor, T., Ezeagba, C., & Innocent, O. (2018). Effect of Earnings Management on Performance of Corporate Organizations in Nigeria. *International Journal of Business Management and Economic Review, 1* (3), 2581-4664
Osemene, O. F., Adeyele, J. S., & Adinnu, P. (2018). The impact of the ownership structure and board characteristics on earnings management in Nigeria's listed deposit money banks. *Economic Horizons, 20* (3), 209-220.
Osho, A. E., Soyinka, K. A., & Oluwafemi, N. I. (2021). Transfer Pricing Evaluation and Financial Performance of Selected Listed Multinational Corporations in Nigeria. *Journal of Accounting and Management*, *4* (1), 108-122
Osho, A.E., Efuntade, A.O & Jemiseye-Dav, R.A. (2020). The impact of Taxation on transfer pricing in Nigeria Economy. *International Research Journal of Finance and Economics, 177*, 139-151.
Posen, H.E., Leiblein, M.J. & Chen, J.S. (2018). Toward a behavioral theory of real options: noisy signals, bias, and learning. *Strategic Management Journal, 39* (4), 1112-1138.
Rajeevan, S., & Ajward, R. (2019). Board characteristics and earnings management in Sri Lanka. *Journal of Asian Business and Economic Studies, 27* (1), 2–18.
Rasheed, A.P.C., Mallikarjunappa, T., & Thomachan, K.T. (2019). Promoter ownership, related party transactions and firm performance: A Study among selected companies in India. *FIIB Business Review, 8*(3), 205-218.
Razzaque, R.M.R., Ali, M.J., & Mather, P.R. (2016), Real earnings management in family firms: ZEvidence from an emerging economy. *Pacific-Basin Finance Journal, 40,* 237-250.
Ridge, J., Hill, A. & Ingram, A. (2016). The signalling role of politician stock ownership: effects on firm lobbying intensity. *Journal of Management, 44* (5), 1-26.
Rodriguez-Ariza, L., Martínez-Ferrero, J. & Manuel, B. (2016). Consequences of earnings management for corporate reputation. *Accounting Research Journal, 29*, 457–74.
Ronen J, & Sadan S. (1980). Accounting classifications as a tool for income prediction. *Journal of Accounting, Auditing and Finance, 3,* 339-353.
Ross, S. (1977). The determinants of financial structure: the incentive signaling approach. *Bell Journals of Economics, 8*(1), 23-40.
Santosa, P.W., Rahayu, S.I., Simon, Z.Z & Tambunan, M.E., (2021). The moderating role of audit quality and firm size in the effect of corporate governance on related party transactions: Evidence from Indonesia. *Investment Management and Financial Innovations, 18* (4), 2021.
Sari, D.K., Utama, S., & Rossieta, H. (2017). Tax avoidance, related party transactions, corporate governance and the corporate cash dividend policy. Journal of Indonesian Economy and Business, 32, 190-208.
Sari, M. R., Djohanputro, B., & Kountur, R. (2021). Past Performance and Earnings Management: The Effect of Free Cash Flow. *Journal of Asian Finance, Economics and Business*, *8* (1), 37–043.
Singh, S., Tabassum, N., Darwish, T.K., & Batsakis, G. (2017). Corporate governance and Tobin's Q as a measure of organizational performance. *British Journal of Management,* 1-20.
Solikhah, B., Aryani, D.D. & Widiatami, A.K. (2021). The determinants of manufacturing firms' transfer pricing in Indonesia. *Journal of Finance and Banking, 25* (1), 175-190.
Spence M. (1973). Job Market Signalling. *The Quarterly Journal of Economics, 87* (3), 355-374.
Suh, Y.S. (1990). Communication and income smoothing through accounting method choice. *Management Science, 36,* 704-723.
Talab, H.R., Flayyih, H.H., & Yassir, Y.N.M. (2017). Transfer pricing and its effect on financial reporting: a theoretical analysis of global tax in Multinational Companies. *International Business Management, 11* (4), 921-928.
Tariq, T. I., & Gehan, A. M., (2020). Can related party transactions be a matter for firm value? evidence from emerging Markets. Paper presented at 2020 International Conference on Decision Aid Sciences and Application (DASA), Sakheer, Bahrain, 258–63.
Thu, P.A., Khanh, T.H.T., Ha, N.T.T., & Khuong, N.V. (2018), Perceived audit quality, earnings management and cost of debt capital: Evidence from the energy listed firms on Vietnam's stock market. *International Journal of Energy Economics and Policy, 8* (6), 120-127.
Tian, X., Yang, T., & Yu, T.R. (2018), Real earnings management in family firms: Evidence from Chinese listed firms. *International Journal of Revenue Management, 10* (2), 77-106.
Toni, R.N & Simorangkir, E.N. (2021). The influence of transfer pricing, corporate governance, CSR and earnings management on Tax Aggressiveness. *Journal of Industrial Engineering and Management Research, 2* (5), 234-245.
Trueman B, & Titman S. (1988). An explanation for accounting income smoothing. *Journal of Accounting Research, 26*, 127-139

Waad, N.R., Hashim, N.N. & Rahmat, M.M. (2021). Reputable audit quality attibutes and related party transactions disclosure. *International Journal of Economics and Management, 15* (1), 33-49.

Wahyudi, D.E., Sutrisno, T. & Khoiru, R. (2021). Determinants of Transfer Pricing Aggressiveness with the Moderation of Corporate Governance in Indonesia and Malaysia. *Journal of Economics, Business and Accountancy Ventura, 24* (1), 23-33.

Wang Z, & Williams, T.H. (1994). Accounting income smoothing and stockholder wealth. *Journal of Applied Business Research,10,* 96-110.

Wenfang, Z. & Ayisi, A.L. (2020). Earnings Management and Corporate Performance: An empirical evidence from Ghana. *Research Journal of Finance and Accounting, 11* (10), 1-13.

Xavier M. S., Shukla J., Oduor, J., & Mbabazize M. (2015). "Effect of corporate governance on the financial performance of Banking Industry in Rwanda: A case study – Commercial Banks in Rwanda", *International Journal of Small Business and Entrepreneurship Research, 3*(6), 29 – 43.

Yasar, B., Martin, T. & Kiessling, T. (2020). An empirical test of signalling theory. *Management Research Review*, 43(11), 1309-133.

Yilmaz, I., (2018). Corporate governance and financial performance relationship: case for Oman companies. *Journal of Accounting, Finance, and Auditing Studies, 4* (4), 84-106.

Yimenu, K. A. & Surur, S.A. (2019). Earnings management: from agency and signaling perspective in Ethiopia. *Journal of Economics, Management and Trade, 24*(6), 1-12.

Yulia A., Hayati N., & Daud R.M. (2019). The influence of tax, foreign ownership and company size on the application of transfer pricing in manufacturing companies listed on IDX. *International Journal of Economics and Financial Issues*, *9* (3), 175-181.