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EFFECT OF BOARD DIVERSITY ON EARNINGS MANAGEMENT OF CONGLOMERATE FIRMS IN NIGERIA

ISAIAH ODIBA EMMANUEL
Distance Learning Centre (ABUDLC),
Ahmadu Bello University, Zaria, Kaduna State
Email: Isaiah.odiba@gmail.com +2348035969252

ABDULMALIK ABUBAKAR YUSUF
Department of Actuarial Science and Insurance
Ahamdu Bello University, Business School
Ahmadu Bello University, Zaria, Kaduna State
Email: abubakarabdulmalik1985@gmail.com +2348065346078

&
HALIMA SHAIBU
Distance Learning Centre (ABUDLC),
Ahmadu Bello University, Zaria, Kaduna State
Email: saasalimssuleiman@gmail.com +2348069807220

Abstract

There has been an increase in interest in board diversity among corporate governance scholars and practitioners. Although, significant study has been committed to corporate governance, few studies exist on board diversity and its link with earning management, especially in emerging economies like that of Nigeria. To bridge this information vacuum, this study studied the influence of board diversity on the earnings management of conglomerate corporations in Nigeria. Board diversity in this study was measured using board gender, board nationality and board education. To find out how conglomerate earnings in Nigeria were affected by factors including gender, nationality, and education of the company's directors, researchers conducted an 8-year study (2014-2021). Secondary data were obtained for the aim of the study. Multiple linear regression is performed in the research as analytical approach while data are handled using STATA statistical software. The study reveals that variety in nationality and degree can greatly lower the level of profits management in a corporation. In terms of managing earnings, gender diversity has no major influence. The study consequently suggests that conglomerate organisations in Nigeria aggressively implement more diverse boards with regard to board nationality and board education as it is connected with reduction on earnings management.

Keywords: Effect, Board Diversity, Earnings Management, Conglomerate Firms, Nigeria.

Introduction

Since several large accounting scandals at the beginning of the 21th century, such as WorldCom and Enron, the integrity of the financial reports and corporate governance has become more important. Corporate governance has become a well-discussed and controversial topic in both the popular and business press (Larcker&Tayan, 2011). Investors want to trust the financial reports and require that the financial statements give a true and fair view. This means that the financial statements are free from material misstatements and faithfully represent the actual financial performance and position of the entity (Gray& Manson, 2011). Corporate governance is based on the idea that when there is separation between the ownership of a company and its management, self-interested managers have the opportunity to take actions that benefit themselves, with shareholders and stakeholders bearing the cost of these actions. The interest and goals are different among the principal (the stakeholders) and the agent (the management) and it is difficult for the principal to monitor the actions of the agent (Eisenhardt, 1989). This is referred as the agency problem. To reduce the agency costs, some type of control or monitoring system is put in place in the organization. That system of checks and balances incorporated in a collection of control mechanisms that an organization adopts to prevent or discourage self-interested executives from engaging in activities detrimental to the welfare of shareholders and stakeholders, referred to as corporate governance (Larcker&Tayan, 2011; Gray&Manson, 2011; Eisenhardt, 1989).

In this sense, "earnings" refers to net income or profit for a specified period of time, such as a fiscal quarter or year. Earnings management is used by organisations in order to show more regular profits each month, quarter, or year. However, investors who are looking for stability and advancement may be concerned by large fluctuations in a company's income and costs. The stock price may rise or fall following the release of a company's earnings report depending on whether or not the profits meet expectations (Tuovila, 2020). To gauge a company's ability to consistently produce outcomes, earnings management might be employed. Investors' focus on earnings may wane as a result of a skewed view of their reliability. It is possible to utilise book value as an alternative to market value when valuing a product (Whelan &Mcmara, 2018).

One of the strongest predictors of a company's ability to manage its earnings is the diversity of its board of directors (Zwet, 2015; Tuovila, 2020). Diversity on corporate boards is becoming an increasingly popular topic of study and practise among corporate finance professionals and academics. Research on corporate governance is extensive, but few studies have examined board diversity and how it relates to the management of earnings across countries. Non-financial publicly listed firms have seen a significant increase in the number of women and minorities on their boards during the past two decades (Alam et al., 2014). The performance of a company can be improved by having a diverse board of directors, according to some researchers. Boards often reflect a variety of demographics, including gender, age, educational attainment, and prior work experience, to name a few (Ali et al., 2016).

The board of directors has a vital role to play in improving business performance by setting strategic objectives and working towards mission and vision statements (Fama& Jensen, 1983; Johnson, Schnatterly, & Hill, 2013; Chouaibi, Harres, &Brahim, 2016). A corporation's board of directors is chosen by its shareholders and is tasked with setting the company's financial and strategic direction (Alam, Chen, Ciccotello, & Ryan, 2014). According to Shawtari and Mohammed, Abdul Rashid and Ayedh, the board's composition is a crucial factor in ensuring its effectiveness (2017). It is vital for the Board of Directors (BOD) to publish and distribute financial information to the public. The management of earnings cannot be ignored.

In corporate governance, the board's diversity is the most critical problem. The ethnicity, educational attainment, age, and gender of board members have all been discovered to be diverse (Hambrick& Mason, 1984; Johnson et al., 2013; Post & Byron, 2015). Research shows that the inventiveness and originality of boardrooms benefit from diversity (Miller & Del Carmen Triana, 2009; Galia&Zenou, 2012). It is also beneficial to the company's customers and employees (Brammer, Grosvold, &Rayton, 2007). Each of these facets of board diversity has an impact on firm outcomes in terms of cognitive and social identity perception (Kagzi&Guha, 2018). The concept of a diverse board, on the other hand, recognises the relevance of literature (HishamFarag&Mallin, 2016; Rao & Tilt, 2016). As a result, some scholars have devoted their attention to the topic of board diversity (Hillman, 2015; Mahadeo, Soobaroyen, & Hanuman, 2012).

Managers have been shown to participate in earnings management through accrual manipulation for a wide range of accruals and in response to a wide range of managerial incentives (Enomoto et al., 2015). Accounting dishonesty is a real possibility in accrual management, which puts the organisation at greater risk of a lawsuit. Controlling profitability may also be achieved by using real activities management, such as giving discounts to customers in order to boost sales while lowering research and development expenditures (Franz et al., 2014). Overproduction or temporary price discounts, as well as cuts to optional costs such as R&D and advertising, can all be used by a company's valid activities management to boost sales (Galia&Zenou, 2012). Despite the fact that this strategy is less likely to result in a lawsuit, the company's long-term financial viability is at risk. The board of directors was established as a company-wide organisation in order to ensure good corporate governance. A good board of directors is a legal necessity in most nations throughout the globe and an essential component of strong corporate governance, according to the OECD (Chapple & Humphrey, 2014). Members of a company's board of directors come from a wide range of ethnic and gender backgrounds (both men and women), and their job is to oversee and supervise the company's management and ensure accurate financial reporting for the benefit of all its stakeholders. Individuals in charge of running a firm or organisation are more likely to commit financial wrongdoing if the board of directors is skewed in favour of one party (Anderson et al., 2014).

Financial reports used by investors to make investment decisions are undermined by the company's employment of misleading earnings management strategies. However, when managers' opportunistic behaviour is monitored and also limited by monitoring systems like the board, accounting earnings are more realistic and better (Bollazzi&Risalvato, 2018). It's possible that board diversity has an impact on earnings management in Nigerian conglomerates, but no particular research has been done so far to test this hypothesis. The purpose of this study was to investigate the impact of board diversity on earnings management at Nigerian conglomerates.

2.0 Literature Review

Theoretical Framework

Agency Theory

The notion of agency is one of the most important. In order to comprehend the environment in which this study is evaluating CG practises, it is necessary to describe this idea. According to Jensen and Meckling (1976), the connection between a company's shareholders and its board of directors is described by an agreement known as the "agency theory." To put it simply, the shareholders and the board of directors have entered into an agreement wherein the board of directors manages the company's resources (financial and human) and looks out for their interests. A company is owned by its shareholders, but its board of directors (BOD) is responsible for managing it and hence its shareholders' assets. This is how agency theory differentiates between ownership and control. Management-shareholder interactions provide a substantial difficulty in an agency theory framework, since they are connected to agency difficulties like as conflicts of interest and information asymmetry.

As a result, issues with agency theory develop when shareholders and management of a company are kept apart. Shareholders' money and well-being are safeguarded by the Board of Directors, which serves as a buffer between them and the company's management (Donaldson & Davis, 1991; Hermalin&Weisbach, 2003; Rowley, Shipilov, &Greve, 2017). Board diversity is needed since shareholders are a mix of men and women, which means that the BOD should be comprised of both genders. For the purposes of CG, Das (2019) agrees that the usage of agency theory through the BD framework is essential. According to agency theory, GD and EM have a negative connection. Because GD diminishes a company's EM, this is the case (Hoffmann et al., 2018). To investigate this, Pucheta-Martnez and Gallego-Alvarez (2019) used the theory of agency to examine the link between board features, such as GD, FP.

Earnings Management

Because of the separation between ownership and control, executives are more knowledgeable than the owners. However, in order for capital markets to function well, investors must be capable of making accurate predictions. Investing in a firm's stock options is challenging for outside investors because of a lack of information about the company. In order to avoid information asymmetry, publicly listed corporations must provide only a limited quantity of information to the public. If financial reporting is able to effectively and quickly transmit the various economic situations and performance of organisations, there may be a value in financial reporting (Beyer et al., 2010). Financial reporting is an important part of the discussion before we get into the topic of agency. When two parties get into an agency agreement, one party behaves as if they were the other. It is difficult for the principal to maintain track of the agent's activities since the principal and agent have different goals and incentives (Eisenhardt, 1989). A portion of the moral hazard problem can be alleviated since owners are better able to evaluate whether or not their managers have taken actions in their own self-interest. As a result of the company's openness, the owners now have a better grasp of the present manager's abilities and the company's current and future viability and potential. It might help investors decide whether or not to keep the current manager in place or to change their ownership position in the firm (Beyer et al., 2010). Corporations may also opt to offer more information to the financial markets voluntarily, apart from what is obliged by law (e.g., management forecasts). Here, the notion of signalling is critical. This theory focuses on the information asymmetry problems in capital markets. In the context of signalling theory, management communicates information about the company's financial performance to investors. In the eyes of investors, this might be a reliable source of information (Morris, 1987).

An oversight gap by the board of directors and the audit committee may be to blame for certain previous concerns with earnings management (Ghosh, Marra& Moon, 2010). Although they're known as financial reporting gatekeepers, this is baffling (Grant, DePree& Grant, 2000; Ghosh et al., 2010). Genuine earnings management has received less consideration in the existing earnings management literature (Zang, 2012). Gunny (2010) suggests that these two approaches to profits management are distinct. Using accrual-based earnings management, an organisation may show its true economic performance (Gunny, 2010; Dechow& Skinner, 2000). In reality, earnings management involves adjusting the time and structure of financial transactions. By altering the accounting system's output, the purpose is to achieve (Gunny, 2010). Accrual-based and real-earnings management are separate because of the timing differences. Real-time, all-year earnings management takes place in conjunction with accrual-based earnings management at the conclusion of the fiscal year (Cohen &Zarowin, 2010; Roychowdhury, 2006; Zang, 2012). Profits are now being managed using both real and accrual-based information, which was introduced by the SOX rules. Before the implementation of SOX, companies manipulated their accruals, but this has now shifted to real earnings management (Cohen, Dey& Lys, 2008). As a strategy, it's two-pronged: First, it has become more difficult to detect real profit management, and second, auditors and regulators have been unable to keep up with the pace of change (Cohen et al., 2008).

Board Diversity

Board diversity is defined by Coffey and Wang (1998) as the disparities amongst board members/directors. Age, gender, and skin tone are all examples of variances that might be seen. Differences in ethnicity, experience and belief may not always be immediately apparent to the untrained eye. Board diversity, according to Burton (1991), is the combination of the features, characteristics, and skills of individual board members in such a way as to positively influence board processes and decision-making. Burton (1991) identifies this as the composition of the board.

When a company believes that having a varied range of viewpoints on the board is beneficial, they may look for qualified candidates to serve as directors. In contrast to the broader population, these groups tend to be underrepresented in the upper echelons of businesses. Ethnic minorities (African-American, Latino, or Asian) comprise only 3.8 percent of Fortune 500 CEOs, while female CEOs comprise only 2.4 percent (Larcker&Tayan, 2011). Companies have made substantial efforts to seek diverse board members, according to study by Heidrick and Struggles (2010). They discovered that 85% of corporations have at least one female director and 78% have at least one ethnic minority director on their board of directors, respectively. Diversity of race and gender on corporate boards is a top priority, according to the National Association of Corporate Directors and The Center for Board Leadership (NACD) (Larcker&Tayan, 2011).

Diversity is a competitive advantage because it increases the pool of available information, sparks new ideas, and stimulates new approaches (Erhardt et al., 2003). Management's opportunistic conduct can be restricted by the board's makeup, which lowers earnings management, according to Man &Wongs (2013). More diverse boards of directors, according to Rose (2007), can better represent the interests of stakeholders, shareholders, and the broader community.

A research by Erhardt et al. (2003) looked at the link between a company's financial performance and the diversity of its board of directors. The sample size is 127 big American corporations. Return on asset and return on investment were used to measure financial performance statistics. According to their findings, these financial measures of a company's performance are favourably related with a diverse board of directors. There is also the Carter et al. study, which studied the link between board diversity and business value (2003). The number of women, Africans, Americans, and Asians on the board was specified as a measure of board diversity. The board of directors includes a diverse group of ethnic minorities, including Hispanics. According to Fortune 100 statistics, there is a strong correlation between business value and board diversity.

Board Gender and Earnings Management

Women's rights have become a hot-button issue recently, and it has been widely debated in the popular and business press. In the United States in 2008, 16% of all board members were women, and 89% of boards included at least one female director. In 2003, just 13% of board members were women, indicating that the percentage of female directors is increasing (Larcker&Tayan, 2011). In spite of this, women are still underrepresented on corporate boards of directors.

In recent years, a number of nations have made efforts to boost the number of women in leadership positions. Women must make up around 40% of the board members of publicly listed Norwegian firms, for example. Other European nations are contemplating or have implemented similar legislation. Similar law was just enacted in France. Since 2013, it has been mandated by Dutch law that at least 30 percent of board members must be women. In 2015, Spain made it mandatory that at least 40% of the population be female (Larcker&Tayan, 2011). Although analogous legislation on female quotas has not been passed in the United States, the proportion of women serving on corporate boards on a voluntary basis is increasing (Srinidhi et al., 2011; Larcker&Tayan, 2011). An arbitrary female quota was studied by Ahern and Dittmar (2010) using Norwegian data. In order to satisfy arbitrary quotas, firms may hire underqualified directors to meet the quotas. Recruiting efforts that aren't aimed at finding the greatest person for the position, but at finding the best applicant who also meets a certain demographic profile, are to blame for this phenomenon. There has been a lot of discussion about the term "tokenism" (Larcker&Tayan, 2011). Ahern and Dittmar (2010) showed that this rule caused a large drop in business value because of the major changes in board makeup. Inexperienced new directors were also a factor in the increase of female directors. Non-quota environments, such as the United States, may also suffer from a stronger need to promote female diversity on the board, which may result in a lower firm value.

Prior research, on the other hand, argues that increasing the gender diversity in the workplace might be advantageous since it may improve company performance and provide value. As an example, women may interpret information differently and weigh risk and reward differently than males, which will lead to better decision making, for example. To further enhance the freedom of a crew, having more women on board can lessen the social similarities that contribute to premature agreement (Carter, 2003; Adams & Ferreira, 2009). Female directors, according to Adams et al. (2010), are more self-reliant and hence better able to supervise their projects. Because women may be more trustworthy and cooperative than males, having more women on a company's board might lead to better board dynamics (Larcker&Tayan, 2011). In addition, Adams and Ferreira (2009) found that female directors are more diligent in their supervision of the company's operations. In addition, Adams et al. (2010) observed that investors like the inclusion of female directors to the board of directors. Earnings quality improves as a result of improved monitoring and less information asymmetry (Srinidhi et al., 2011).

The majority of research found evidence to support the premise that better governance may be achieved with the inclusion of more women. Earnings management has been linked to the gender of company leaders by Peni and Vähämaa (2010), for example. It's all about CFO and CEO gender. These findings were drawn from a sample of S&P 500 companies that had been in business since 1955. Earnings management was measured using discretionary earnings. Female chief financial officers are linked to lower discretionary accruals, which suggests that they are more cautious in their approach to managing profits. Other research have revealed that women are more cautious and risk-averse, which leads to poorer earnings management (Rose, 2007; Adams & Ferreira, 2009; Srinidhi, 2011).

It was shown that companies with more diverse boardrooms had improved profits quality as a result of increased monitoring, according to research by Srinidhi et al. (2011). A number of studies have found that gender-diverse boards are better equipped to deal with difficult challenges than those dominated by men alone, including Srinidhi et al. (2011) and Clarke (2005). In addition to promoting more effective communication between the board and investors, having more women on it boosts the effectiveness of the board itself. The board's capacity to supervise itself is expected to increase as a result of more informed board debates and greater communication (Srinidhi et al, 2011). Discretionary accruals were used to gauge the quality of profits. According to Adams and Ferreira (2009), Rose (2007) and other research, female board membership improves earnings quality by enhancing the board's supervisory function. The overall conclusion of their study was that when more control and higher earnings quality are wanted by investors, the addition of female members on the board is a viable option. Therefore, researchers developed the hypothesis as follows:

H1: Board gender diversity negatively and significantly affect earnings management of conglomerate firms in Nigeria

Board Nationality and Earnings Management

The term "ethnicity" refers to a group of people who identify as being separate from others. The different ethnic groups are linked by common cultural, linguistic, ceremonial, behavioural, and religious characteristics. For the National Association of Corporate Directors and The Center for Board Leadership (NACD), ethnic diversity is seen as a significant factor in board selection (Larcker&Tayan, 2011). At the moment, just 3.8 percent of Fortune 500 CEOs are members of underrepresented ethnic groups (African-American, Latino or Asian). Most American filmmakers have never worked overseas, and just 7 percent of them were born outside the United States (Larcker&Tayan, 2011).

A nation's traditions are ingrained in its people, and this might explain why things are the way they are, according to a study by Rahman and Ali (2006). Which may also have an influence on the likelihood of profit-manipulation. Recruiting directors from diverse ethnic backgrounds may be an option for companies who believe that bringing a diverse set of viewpoints to the boardroom will improve decision-making and dialogue. Ensuring that the board has thorough awareness of market dynamics may improve decision-making. Multinational firms benefit from having a diverse board of directors because they have access to a wider range of culturally sensitive knowledge and a more accurate representation of society. Having a more diverse board is also advantageous since it better symbolises the variety of the United States as a whole (Larcker&Tayan, 2011).

A correlation has been shown between a company's financial performance and the diversity of its board of directors, according to studies by Erhardt et al (2003). Board diversity is measured by the percentage of a company's directors who are either African-American or Asian-American or Hispanic. According to both of their findings, a diverse board of directors adds significant value to a company's bottom line. The agency hypothesis recommends that outside directors be included as an additional advantage to a board's independence. It is necessary to have these individuals in place to keep an eye on and enforce regulations (Larcker&Tayan, 2011; Jensen &Meckling, 1976). For example (Larcker&Tayan, 2011; Jensen &Meckling, 1976) Having a diverse group of board members increases the board's ability to function independently because of their differing backgrounds, school affiliations and kinships. The fact that foreign board members are perceived as 'outsiders' gives them a powerful tool for monitoring, according to Oxelheim and Randoy (2003). As opposed to working for the company's management or other board members, this will increase the likelihood that the board acts on behalf of its shareholders. Due to the improved board scrutiny, the likelihood of profit management will be minimised (Choi & Min, 2012). The use of earnings discretion by managers may be connected to their values, according to Han and colleagues (2010) (i.e., culture). However, they found a correlation between corporate culture and profit management, although the strength of the association varies depending on the extent of investor protection. Earnings discretion can be explained by individualism and the need to avoid uncertainty, experts say. Therefore, the study developed the hypothesis as follows:

H2: Board nationality negatively and significantly affect earnings management of conglomerate firms in Nigeria.

Board Education Diversity and Earning Management

Attitudes toward new items and innovations have been shown to be favourably correlated with education. In emerging nations, a board with a higher secondary education may be more able to respond to constantly changing market conditions. A study conducted by Rashidah and Fairuzana (2006) found a negative association between earnings management and the competency of audit committee members (dicretionary accrual). As a result, the following hypothesis was formulated for the study:

H3: Earnings management is significantly impacted by board diversity education.

3.0 Methodology

The current study used data from all the four conglomerate firms in Nigeria. The conglomerate firms in Nigeria include: Dangote Group, John Holt Plc, Transnational Corporation of Nigeria and United Africa Company of Nigeria. However, the Dangote Group has four companies listed on the NSE (i.e., Dangote Sugar Refinery, Dangote Cement Plc, Dangote Flour Mills Plc and NASCON Allied Industries Plc. Therefore, they are seven in number. These seven firms formed he sample used by the study. The study covered a period of 8 years (2014-2021). Thus, the final number of the sample was 56.

Secondary data was gathered from the annual reports of selected firms. NSE and private company websites were used to get the annual reports between 2014 and 2021. To test hypotheses, quantitative analysis and statistics based on positivism are employed. The study is meant to evaluate the hypothesis that has been set, and data is collected using the instrument of research and quantitative analysis and statistics are used to test those hypotheses (Sugiyono, 2014). Analyzed variables and their correlations with other factors were explained using the hypothesis-based approach to quantitative research.

Each variable will initially be winorized to deal with outliers before the descriptive statistics data processing begins. One percent of the lowest and highest values in a data set are selected to be removed by Winsorize, leaving the dataset rate at 99 percent. For each variable in the study, descriptive statistics were utilised to characterise and offer a basic overview of the statistical data. Research in this study will employ the average value (mean), standard deviation, lowest and maximum values. Multivariate linear regression (MLR) is the statistical method employed here. One way to determine if two or more independent variables have a functional or causal link with one another and one particular dependent variable is to use this analytical tool to predict the impact of those factors on the target dependent variable (Riduwan, 2010). Gender, nationality, and educational attainment make up the independent variables on this board. The earnings management variable is the dependent variable. Multiple linear regression equation in this study can be formulated as follows:

$$EM = \propto + \beta 1GEN + \beta 2NAT + \beta 3EDU + \beta 4FSIZE + \in$$

Where:
EM = Earnings Management measured by discretionary accrual
GEN = Board Gender
NAT = Board Nationality
EDU = Board Education
FSIZE =Firm Size which is used as a control variable.

The study employed two regression models, OLS and OLS with robustness, for this regression. Heteroscedasticity symptoms might still occur while doing multiple linear regression analyses. They employed multiple linear regression analysis with robust as a solution. When the error distribution is not normal or there are certain outliers that may damage the model, the robust regression approach is utilised (Ryan, 1997). Using this strategy, data that has been tainted by outliers may be analysed in a way that results in models that are resistant to outliers.

4.0 Results and Discussion

Table 1

Descriptive Statistics

Variable	**Mean**	**Median**	**Std. Dev.**	**Min**	**Max**
EM	0.086	0.059	0.083	0.001	0.416
GEN	0.163	0.141	0.15	0.000	0.61
NAT	0.041	0.000	0.067	0.000	0.284
EDU	0.37	0.334	0.214	0.000	0.915
FSIZE	28.054	28.543	2.162	21.763	31.213

The degree of variance in earnings management for data dissemination (discretionary accrual) is 96%. This demonstrates that the entire sample of earnings management (discretionary accrual) companies is uniform, in which the value of earnings management (discretionary accrual) of each sample firm is similar to the average of earnings management (discretionary accrual). There is a 92,12% variance in the data distribution board level gender. There is a consistent gender distribution among all board members in the company's entire sample, indicating that other firms have comparable or homogeneous proportions of female board members in their organisations. Furthermore, there is a variance of 160.47 percent in the nationality of the data distribution board. In different samples, it reveals the proportion of board members who are foreign nationals is quite volatile and there is a huge number of differences between one firm and another in terms of their nationality.

Furthermore, the Data Distribution Board's level of education varies by 58%. According to this data, in the whole sample of companies, the proportion of board members who have a Master's degree or above is consistent, and this proportion is similar or homogeneous amongst companies. Finally, there is a 77% variance in the level distribution of data firm size (FSIZE). Firm size (FSIZE) is consistent across the sample, with one firm's value being near to the average business size (FSIZE) and that of another firm being somewhat larger (FSIZE).

Table 2

Multiple Regression

Variables	**Multiple Linear Regression**	**Robust Regression**
Board Gender	-0.027 (-0.94)	-0.027 (-1.10)
Board Nationality	-0.131* (-1.81)	-0.131* (-1.97)
Board Education	-0.058** (-2.34)	-0.058** (-2.57)
Adjusted R Square	0.26	

Earnings management is negatively affected by a board gender regression coefficient of -0.027. There is no reason to believe that this variable is significant, given its p value is 0.280. As a result, it can be concluded that the gender composition of corporate boards in Nigeria has no substantial impact on the management of corporate profits. As a result, hypothesis one of the study that states that gender diversity on corporate boards in Nigeria has a negative and significant impact on profits management, is rejected in this study.

The regression coefficient for board nationality is -0.131, indicating that it has a negative impact on earnings management. When other factors are maintained constant, this means that if one nationality on the board grows by 0.131, profits management will fall by 0.131, and vice versa. The p value of 0.053 for this variable shows that it is significant at the ten percent level of significance. Thus, the study accepts the claim that board nationality has a negative and significant impact on earnings management in Nigerian conglomerates. A regression coefficient for board diversity education of -0.058 indicates that it has an adverse influence on earnings management. The p value of 0.011 for this variable suggests that it is significant at a 5% level. According to hypothesis 3, board diversity education has a negative and significant impact on profits management. This study confirms this idea.

Conglomerate enterprises in Nigeria have a 26 percent adjusted R square, which suggests that board gender, nationality, and education diversity account for 26 percent of the variance in their profits management. There are additional factors that explain for 74% of the variance in this research.

Discussion of Findings

Earnings management is not affected by gender diversity on the board of directors, according to the findings. This is due to the fact that female directors are less likely to be swayed by opportunistic behaviour and difficulties with agency relationships between agents and principals. This has led in the directors of female gender avoiding aggressive accounting procedures for earnings management. Companies with a male director, on the other hand, try to stay away from techniques like earnings management. This is due to the fact that the board of directors of the male gender is better capable of running operations carefully, therefore tactics like manipulating earnings may be eliminated. Gender is not a good indicator of managerial behaviour because of the similarity of their points of view. If women CEOs or CFOs are present, it can be concluded that the degree of earnings management is reduced.

Earnings management appears to be unaffected by the board of directors' ethnicity and ethnic diversity. The findings suggest that having a diverse board of directors may minimise the amount of money that is spent on profits management. As a result, the board's dynamic is improved by having a varied collection of board members, who bring a wide range of perspectives and experiences to the table. Maintaining and improving management's credibility through a diverse board of directors can help to reduce the incentives for earnings-manipulation methods. Since a result of Sander van den Berg's (2015) research, the premise that diverse nationality has a major detrimental influence on earnings management is refuted, as the study found that nationality actually had a beneficial effect on earnings management.

Board diversity has been shown to have a large and negative influence on earnings management, which results in a drop in earnings management.. Board members with a higher education level are less likely to engage in profit-manipulation practises. Since a result, the board's diversity in terms of education and experience is critical, as it has an impact on how the firm manages its earnings. Research by Rashidah and Fairuzana (2006) demonstrates that the competency of audit committee members has a negative link with profits management, which is in line with the findings of this study (discretionary accrual).

5.0 Conclusion and Recommendations

In Nigeria, board gender does not have a major impact on conglomerate profits management, according to the study's findings. According to the findings of the study, board nationality and board education both have a substantial detrimental impact on the profits management of conglomerate enterprises in Nigeria. The findings of the study propose that conglomerate corporations in Nigeria aggressively embrace more diversified boards in terms of board nationality and board education, since it is connected with a reduction in profits management. Having a varied board of directors in terms of nationality and education can help prevent management from manipulating the books of accounts in order to portray a certain picture.

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