AUDIT COMMITTEE ATTRIBUTES AND MANIPULATIVE ACCOUNTING OF CONSUMER GOODS FIRMS IN NIGERIA

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Abstract
This study examined the effect of audit committee attributes on manipulative accounting of listed consumer goods firms in Nigeria. The study used expo-facto as the research designs for the study while employing secondary and quantitative as the source of data collection and research approach for the study respectively. Furthermore, this study was conducted for the period of ten (10) years from 2015 to 2024. The population of this study comprised of Twenty Eight (28) listed Consumer Goods Firms in Nigerian. The sample comprised of the Eighteen (18) listed Consumer Goods Firms in Nigeria as at 31st December, 2024. For the techniques of data analysis, the Newey-West Panel Corrected Standard Error (NW-PCSE) was employed to analyze the data. The findings revealed that Audit Committee Chairman Independence (ACCI) and Audit Committee Meeting attendance (ACMA) have significant effect on manipulative accounting of listed consumer goods firms in Nigeria. Therefore, it is recommended that the board of directors of the listed consumer goods firms in Nigeria should be effectively constituted with an independent audit committee chairman while ensuring that the audit committee members have strictly complied with the maximum number of meetings they supposed to attend as they are empirically found to play a crucial role in curbing the menace of manipulative accounting practices among the listed consumer goods firms in Nigeria.

Keywords: Audit committee chairman, meeting attendance, auditor's busyness, manipulative accounting, and consumer goods.

1.0 Introduction

In the global context, corporate stakeholders particularly the capital providers are facing increasing challenge in respect of the process by which their accounting information are being manipulated by the company's management (Musa et al., 2025). Manipulative accounting is the extent to which the financial reports offers true and fair information about the underlying performance and financial position. Ajape and Adelowotan (2025) perceived

manipulative accounting as the financial information created without taking advantage of accounting rules and principles to present them as reliable information. Manipulative accounting is also considered to be constituted by four dimensions which are relevance, timeliness, neutrality and representational faithfulness (Boro & Newstyle, 2024). The authors stated that this consideration has its focal emphasis on the basic measures of manipulative accounting.

Audit committee attributes have been instituted to assist stakeholders by bringing into line the interests of managers with that of stockholders, and to ensure the reliability of the accounting reports and the fairness of the financial reporting (Silva et al., 2025). As reported by Abubakar (2025), the Nigerian Code of Corporate Governance (NCCG) focuses extensively on governance mechanisms such as board characteristics while less attention to the monitoring role rendered by the audit committee characteristics especially from the purview of audit committee chairman independence, audit committee meeting attendance, and audit committee busyness. They anticipates that future studies should focus their research study toward this area so as to provide additional empirical evidence into how various audit committee attributes might affect the manipulative accounting of listed consumer goods firms in Nigeria.

The busyness of the audit committee chairman could have both favorable and unfavorable effects on corporate decisions. This is rooted on the fact that busy audit committee can ensure strong connections, wide-range alternatives, and significant exposure that could enhance strategic decision and oversight (Alomair & Al Naim, 2025a). Although, too much dedications can cause lack of focus and declining efficiency in supervising managers and thus, likely to manipulate the accounting information (Alomair & Al Naim, 2025b). These developments highlight the relevance of investigating how the busyness of audit committee members affect the manipulative accounting of listed firms in developing economies like Nigeria.

The increased attention on manipulative accounting most especially in terms of timeliness has been inspired by the large-scale accounting scandals. In the early 2000s, Enron, was the tipping point to generate new guideline to curb manipulative accounting, ultimately resulting in the 2002 Sarbanes Oxley Act (Maidad et al., 2024). Eight years after, in 2010, the US government approved the Dodd Frank Act as a response to the international financial predicament that was in large parts due to fraudulent accounting by companies such as Afribank Plc, Intercontinental Bank Plc, Skye Bank Plc and Lever Brothers. These corporate scandals and code of corporate governance reforms/reviews did not only affect the developed countries but also the emerging economy. In the developing countries like Nigeria, there are series of cases of earnings manipulation such as that reported in relation to Oceanic Bank Plc, 2009 amongst others. Indeed, the cases of Skye Bank Plc, 2016 and Oando Nigeria Plc, 2017 were related with the problems of manipulative accounting.

This scenario has prompted the apex bank; Central Bank of Nigeria (CBN in particular), to inject the sum of #400,000,000,000 as part of its effort to prevent the affected banks from distress. Another practical scenario was the case of Arik airline among other prominent cases that have cost the Asset Management Corporation of Nigeria (AMCON) the whopping sum of $366 million to salvage the company from collapse (AMCON, 2016). Accordingly, in Nigeria, Section 57 of the Financial Reporting Council (FRC Act, 2011) mandates every public entity to prepare financial reports and ensure that the financial reports are following the accounting and financial reporting standards. Furthermore, Section 62 of the Act requires an independent investigation of any unethical practice or misconduct by any listed firm to ensure the quality of the annual reporting to protect the interests of the investors.

In view of the foregoing, this study examined the effect of audit committee attributes from the efficacy of (Audit Committee Chairman Independence, Audit Committee Meeting Attendance, and Audit Committee Busyness) on manipulative accounting of listed consumer goods firms in Nigeria. Hence, the previous inconsistencies of the empirical findings require a more sophisticated investigation among the parameters (variables) in order to examine the effect of audit committee attributes on manipulative accounting of listed consumer goods firms in Nigeria.

The reporting of a quality earnings and its management by a corporate entity cannot be successfully attained without putting together, the suitable degree of autonomy [i.e. Audit committee chairman independence, (ACCI)] vested on the auditors, their number in the board and the expertise acquired (Musa et al., 2025). They further argued that independence and expertise of an auditor is interwoven (complimentary) and that none of them can effectively exist and work without the other. Indeed, it was also contended that if audit committee members are not given the needed level of autonomy, the status of manipulative accounting of a firm may seem to be questionable (Boro & Newstyle, 2024).

The alarming rate for increasing manipulative accounting by corporate managers calls for the effective and efficient monitoring instruments. This is aggravated by the conflict of interest between management, who serve as agents and providers of capital (resources), who serve as principals, in which, management embark on activities that are inefficient in the achievement of the interests of capital providers. Consequently, audit committee is inaugurated to supervise the actions of management. The board sets several monitoring measures that will ensure the reliability of managers' decision. One of the committees is the audit committee. The demand for audit committee has become evident due to the financial or accounting shenanigans encountered by prominent corporate entities such as Enron (2001), Worldcom (2002), Cadbury Nigeria PLC (2007), Afri-bank PLC (2009), Oceanic Bank PLC (2009), Skye Bank PLC (2016), among others. These scenarios have caused series of questions and amongst various internal and external stakeholders.

Empirically, prominent scholars from the extant literatures such as Musa et al. (2025), Abubakar (2025), Ajape and Adelowotan (2025), Naburgi et al. (2025), Morenike et al. (2024), Boro and Newstyle (2024), Maidad et al. (2024), Mardessi (2022), Bala et al. (2022) among others have emphasized that various countries from both developed and emerging economies have witnessed financial crisis resulting from financial misappropriations albeit fragile monitoring instruments especially from the efficacy of audit committee. The deficiency of efficient audit committee to detect manipulative accounting by managers led to the bankruptcy of many corporate entities (Naburgi et al., 2025). In essence, most of the audit committee attributes employed by the aforementioned previous studies were not comprehensive in tackling the issues related to manipulative accounting. Hence, there was paucity of literature in that regards.

Besides, the audit committee meeting attendance, their dual membership in board's committees as well as the audit fees, are prominent attributes that are expected to have immense contribution especially on the connection between audit committee attributes and manipulative accounting of listed consumer goods firms in Nigeria. Although, empirical evidence have not been effectively tested using audit committee meeting attendance and audit committee dual membership. As a result, many interested parties place suspicions on the reliability and trustworthiness of financial statements prepared by the management, asserting that the prevailing control instruments were not able to provide adequate scrutiny against unscrupulous manipulation of accounting information by management. Hence, the

responsibility of the audit committee in monitoring the manipulative accounting to ensure reliable financial reporting cannot be overemphasized. It is against this conflict that this study attempt to examine the effect of audit committee attributes on manipulative accounting of listed consumer goods firms in Nigeria.

Based on the aforementioned practical and theoretical issues, the study formulated the following research questions as a guide for the research. Thus; what is the effect of audit committee attributes on manipulative accounting of listed Consumer Goods Firms in Nigeria? Other specific research questions are:
(i) What is the effect of audit committee chairman independence on manipulative accounting of Consumer Goods Firms in Nigeria?
(ii) Does audit committee meeting attendance affect manipulative accounting of consumer goods firms in Nigeria?
(iii) What is the role of audit committee busyness on manipulative accounting of consumer goods firms in Nigeria?

The primary purpose of this study is to investigate the effect of audit committee attributes on manipulative accounting of consumer goods firms in Nigeria. Specifically, the study seeks to:
(i). Investigate the effect of audit committee chairman independence on manipulative accounting of consumer goods firms in Nigeria;
(ii). examine the effect of audit committee meeting attendance on manipulative accounting of consumer goods firms in Nigeria;
(iii). ascertain the effect of audit committee busyness on manipulative accounting of consumer goods firms in Nigeria.
Consistent with the research objectives, the hypotheses of the study were formulated as follows:

H_{01}: Audit committee chairman independence has no significant effect on manipulative accounting of consumer goods firms in Nigeria;
H_{02}: Audit committee meeting attendance has no significant effect on manipulative accounting of consumer goods firms in Nigeria;
H_{03}: Audit committee busyness has no significant effect on manipulative accounting of consumer goods firms in Nigeria.

2.0 Literature Review

This section reviews the concepts framework in respect of the explanatory variables as well as the explained variable. It follows with the review of empirical studies from the extant literatures as well as the theoretical framework that underpins the study.

Conceptual Review

Manipulative Accounting

The concept of manipulative accounting is very extensive and comprises accounting information reporting and non-accounting information suitable for decision making. As such, manipulative accounting is used interchangeably with discretionary accruals, earnings quality or financial reporting quality to mention just a few. Numerous descriptions of the term manipulative accounting have been articulated, based on the aims of each study. Specifically, Morenike et al. (2024) describe accounting information value as the accuracy by which accounting disclosure demonstrate information about the company's activities, especially its cash flows, with a view to update shareholders.

According to Boro and Newstyle (2024), accounting information quality is the degree by which the financial reports display true and fair view about the fundamental efficiency and

financial status. Ajape and Adelowotan (2025) argued that manipulative accounting is the outcome of accounting system that replicates unobservable concept that intrinsically comprises assessments and decision and thus, has the possibility for unintended mistakes and deliberate unfairness such as manipulative accounting. Alomair and Al Naim (2025b) define two universal view-points that are extensively used in the assessment of manipulative accounting. The first view point relies on the requirements of users. On the basis of the aforementioned definitions, this study conforms with the earlier definition advocated by Baro and Newstyle (2024) as the operational description of manipulative accounting.

In the context of this study, manipulative accounting was measured using the residuals of Srivastava et al. (2019) model. The use of Srivastava et al. (2019) model was deeply rooted on the premise that gives room for scientifically integrating research and development costs (R & Ds) into the model, which most of the traditional models like the modified Jones model have not captured in their estimation procedures.

Audit Committee Chairman Independence

Audit committee chairman independence is a concept which connotes the degree of autonomy vested on the audit committee chairman of a specific firm. It is the level of freedom conferred on the audit committee chairman over and above the management of a corporate firm (Musa et al., 2025). It has been argued that an AC chairman that is independent of the management does not have a private or financial dependence on the managers. Thus, within the purview of agency theory, Ekaruwe, (2024) posited that an independent AC chairman may be more ready to oppose with managers on various decisions. It has been asserted that independent AC chairman can perform better oversight functions as he or she is free from the interference of the management. This makes him/her demand for a high quality audit and be more ready to minimize the tendency for manipulative accounting practices (Abubakar, 2025). On the basis of the foregoing, audit committee chairman independence can be perceived as a situation whereby the audit committee chairman is autonomous and free from the undue interference of the management.

Audit Committee Meeting Attendance

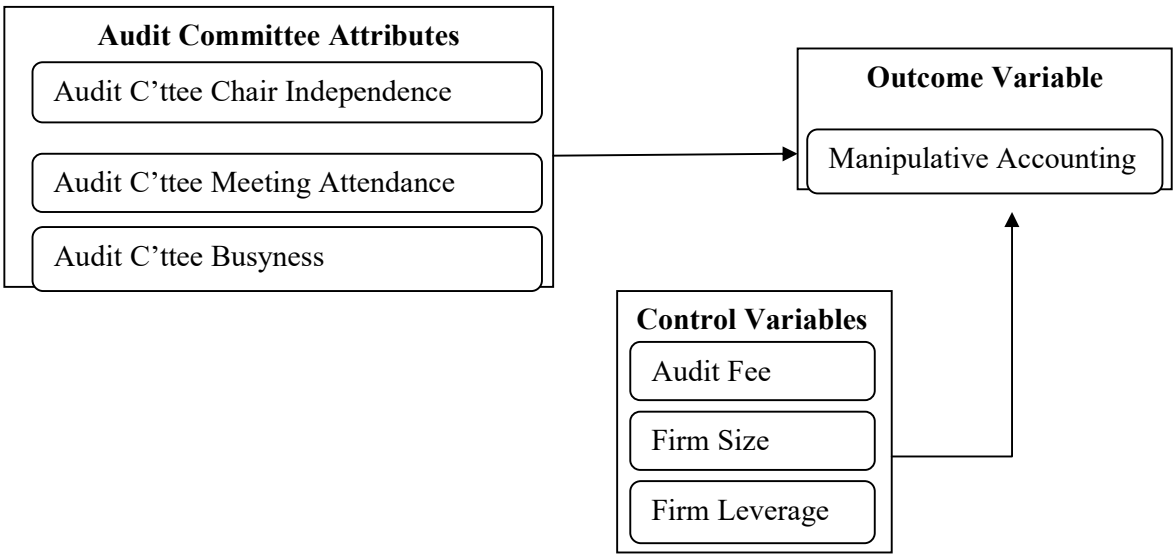
It refers to the audit committee meeting of a firm at which the decision of the firm and major audit strategies of the firms are discussed or deliberated. It is the conclusion of the audit meeting that determines or approves decision passed or to be passed on behalf of the firm regarding assurance services (Musa et al., 2025). Every member is anticipated to be present or join all board meeting including audit committee meeting attendance. Such presence is one of the standards for the re-appointment of a member except where there are convincing motives that the board must inform the stakeholders at annual general meeting (Chronopoulos et al., 2024). In spite of this contest, audit committee attendance can be defined as the ratio of those that attended the meeting divide by the number of those that supposed to attend (Ekaruwe, 2024).

Audit Committee Busyness

The concept of audit committee busyness, is usually defined by auditors occupying three or more board appointments. This has raised serious concerns about its effects on the quality of accounting information (Aloamir & Al Naim, 2025a). On the other hand, the concept of audit committee busyness describes the degree of commitment by the audit committee members of a firm (Ileagu & Orjinta, 2025). The high level commitment of the audit committee members can create avenue for preventing or engaging on manipulative accounting practices (Ahmed et al., 2025). While a busy audit committee can combat manipulative accounting practices, it should be noted that auditors who hold multiple positions could have a wealth of experience,

skills, and numerous connections, improving their capacity to recommend and tactically monitor the firm (Naburgi et al., 2025). Their wide-ranging experiences can bring about effective assessment and efficient decision making which ultimately restrain manipulative accounting tendency (Aloamir & Al Naim, 2025b). Thus, audit committee busyness can be viewed as the high level of commitment and dedication by the audit committee members.

Figure 1: The Framework of the Study



Review of Empirical Studies

Audit Committee Chairman Independence and Manipulative Accounting

Algrady et al. (2025) studied the effect of audit committee independence (ACI), and meetings (ACM) on earnings management of quoted firms in Saudi Arabia (SA) and the United Arab Emirates (UAE). Using 1,128 firm-year observations from 188 SA- and UAE-quoted firms spanning from 2016 to 2021, the results from the multiple regression model showed that audit committee chairman independence has significant effect in restraining earnings management amongst the quoted firms in both countries. However, the data sets have been carried away by time and event as it was restricted to 2021 financial reports. Hence, this study has improved the reliability of the statistical inferences by extending the study period to cover 2015 to 2024 audited financial reports of listed consumer goods firms in Nigeria.

In their empirical study, Tonye and Chimdike (2025) investigated the nexus between audit committee attributes and discretionary accruals as a measure of financial reporting quality in industrial goods firms in Nigeria. Utilizing an ex post facto research design, secondary data were obtained from the financial reports of 9 sampled companies from 2019 to 2023, yielding 45 firm-year observations. The study used the modified Jones model to estimate discretionary accruals and applied panel least squares regression analysis to test the research hypotheses. The results showed that audit committee independence has significant positive effect on discretionary accruals of listed industrial goods firms in Nigeria.

Silva et al. (2025) analyze the effect of audit committee independence on the financial reporting quality of quoted firms in Portuguese. The analysis employed the generalized method of moments as the technique for data estimation. Data was collected archival sources through the audited financial reports and accounts of the quoted firms for the duration of 2017 to 2022. A sample size of 39 Portuguese quoted firms was purposively used using filter as the sampling technique of the study. The results showed that the independence of the audit

committee members positively affect the quality of financial reporting among the quoted Portuguese firms. However, the quality of financial reporting was measured based discretionary accruals. This study used Srivastava et al. (2019) model to measure earnings manipulation of listed consumer goods firms in the Nigerian context. Indeed, this study has exclusively employed audit committee chairman independence instead of the entire audit committee members' independence. Hence, different empirical evidence can be obtained.

Audit Committee Meeting Attendance and Manipulative Accounting

In their empirical study, Tonye and Chimdike (2025) investigated the nexus between audit committee meeting frequency and discretionary accruals as a measure of financial reporting quality in industrial goods firms in Nigeria. Utilizing an ex post facto research design, secondary data were obtained from the financial reports of 9 sampled companies from 2019 to 2023, yielding 45 firm-year observations. The study used the modified Jones model to estimate discretionary accruals and applied panel least squares regression analysis to test the research hypotheses. The results indicated that audit committee meeting frequency has positive significant effect on discretionary accruals of listed industrial goods firms in Nigeria. In contrast, this study used audit committee meeting attendance instead of meeting frequency. Thus, creating a methodological gap through enhancing the measurement validity of the study.

In another vein, Algrady et al. (2025) studied the effect of audit committee independence (ACI), and meetings (ACM) on earnings management of quoted firms in Saudi Arabia (SA) and the United Arab Emirates (UAE). Using 1,128 firm-year observations from 188 SA- and UAE-quoted firms spanning from 2016 to 2021, the results from the multiple regression model showed that audit committee meetings had little effect on earnings management in both countries. Nevertheless, the data sets have been carried away by time and event as it was restricted to 2021 financial reports. Hence, this study has improved the reliability of the statistical inferences by extending the study period to cover 2015 to 2024 audited financial reports of listed consumer goods firms in Nigeria.

Alqatamin and Alqatamin (2024) analyze the impact of audit committee meeting on the financial reporting quality (FRQ) in the Jordanian perspective. The sample was obtained from non-financial Jordanian firms for the period of 2016 to 2023. This study employed panel regression analysis to analyze the data. The study revealed that audit committee meeting frequency has positive and significant effect on financial reporting quality. Nevertheless, the corporate governance disclosures in Jordan might strongly differ from the Nigerian Code of Corporate Governance. Hence, using audit committee meeting attendance could provide a new measurement perspective in the accounting literature.

Audit Committee Busyness and Manipulative Accounting

Using a sample of 24 listed companies in Nigeria, Ileagu and Orjinta (2025) explored the impact of audit committee dynamics on the financial reporting quality of listed companies for the period of 7 years ranging from 2017 to 2023. They employed ex-post facto and cross-sectional were used as the research designs for the study. Data were obtained from the secondary sources through the extraction method from the financial reports and accounts of the listed companies. A multiple regression model was used to analyze the data. The findings from the study revealed that audit committee busyness has positive but insignificant impact on the financial reporting quality of listed non-financial services companies in Nigeria. However, the domain of the study was not clear about the specific sub-sectors that constitutes the sampled non-financial services companies in Nigeria used in the study. Hence, this study focused exclusively on investigating the effect of audit committee attributes on manipulative accounting in the context of listed consumer goods firms in Nigeria.

Similarly, Alomair and Al Naim (2025) examined the effect of audit committee chair busyness on the value relevance of accounting information in Saudi quoted companies from 2018 to 2022. Employing a sample size of 125 Saudi quoted companies. The findings from the multivariate analysis revealed that audit committee chairman busyness has positive significant effect on the value relevance of accounting information of Saudi quoted companies. Although, the findings have been subjected to the code of corporate governance prevailing in Saudi Arabia. Hence, different empirical evidence can be established in the context of another developing economy like Nigeria especially using manipulative accounting as the outcome variable of the study.

Theoretical Framework

From the aspect of theoretical framework, the underpinning theory that anchors the variables of the study is the agency-cost theory. The agency theory was first pioneered by Jensen and Meckling in 1976, Agency Theory describes the relationship that exists between the owners of the business (shareholders) called the principals and those that manage the firm (managers) called the agents. In other words, Agency Theory is built on the grounds that there is an agency relationship wherein the principal delegates work to the agent. Consequently, there evolves risk sharing and conflict of interest between the two parties (owners and the management). In tandem with this theory, the management may engage on increasing their benefits at the expense of the shareholders through manipulative accounting practices (Morenike et al., 2024).

Specifically, as the agent of the shareholders (owners of the firm), the attributes of the audit committee members especially with regards to their independence, meeting attendance, and busyness could trigger manipulative accounting among the consumer goods firms in Nigeria. The aforementioned scenario can pose a serious agency conflict between the external auditors (representative of the shareholders) and the management of the consumer goods firms in Nigeria. On the basis of the foregoing arguments, the agency theory was used as the best underpinning theory for Audit Committee Chairman Independence (ACCI), Audit Committee Meeting Attendance (ACMA), and Audit Committee Busyness (ACBZ) as the explanatory variables for manipulative accounting among the consumer goods firms in Nigeria.

Methods and Model Specification

For the purpose of this study, ex-post facto was used as the research design of the study. The population of this study comprises all the Twenty Eight (28) listed consumer goods firms in the Nigerian Stock Exchange as at 31st December, 2024 while Eighteen (18) listed firms were purposively filtered and used as the sample size of the study. Filter was used to arrive at the sample size of the listed firms that exclusively have complete and available financial data/information throughout the period of the study. The technique therefore, is well-fitted for the study as it assists in collection of data/information exclusively from those listed firms with updated, complete, and available information. The data and information were obtained from archival sources using secondary data and extraction as the method of data collection. Most importantly, the multiple regression analysis was used as the technique of data analysis. The multiple regression technique was used as it deals with the causality of the relationship (Multivariate Analysis) between two or more predictor variables on one or more dependent variable(s).

Specifically, the Newey West Panel Corrected Standard Error (NW-PCSE) estimation technique was used because of its suitability in addressing panel data issues like unobserved heterogeneity and simultaneity in the panel data. Hence, is more powerful than the Driskoll Kraay Panel Corrected Standard Error in providing advanced treatment of panel data Heteroskedasticity issues as highlighted earlier (Hair et al., 2019). The measurement of the

outcome variable (Manipulative Accounting) has been made in line with the residuals of Srivastava et al. (2019) model. This is necessary in order to provide greater insights on the methodological estimation procedures of the model. This is highlighted as follows:

The model used in this study was mathematically expressed as follows: First, the study adopted the Srivastava et al. (2019) model in measuring manipulative accounting. The model is described as follows:

Srivastava et al. (2019) Model

Total Assets = AT. Revenues = SALE, scaled by average total assets for the year. Production Cost = [Cost of goods sold (COGS) + changes in inventory (INVT)] / total assets at the beginning of the year. SG&A = [Selling, general, and administrative expenses (XSGA)] / total assets at the beginning of the year. Operating Cash Flow = [Cash flow from operations (OANCF)] / total assets at the beginning of the year. R&D = [Research and development expense (XRD)] / total assets at the beginning of the year; replaced by zero if XRD is missing. Original measures of real earnings management (REM) Components of Production Cost = The following equation is estimated by industry [two-digit Standard Industrial Classification (SIC) code] and year consistent with (Roychowdhury, 2006): Production Costi;t ¼ β1 þ β2 1 Total Assetsi;t−1 þ β3 Salesi;t Total Assetsi;t−1 þβ4 Δ Sales i; t Total Assetsi;t−1 þ β5 ΔSalesi;t−1 Total Assetsi;t−1 þ ϵi;t . Industry-years with fewer than 15 firm-year observations are excluded. The explained portion is called the normal component (Normal Production Cost). The regression residual is called the abnormal component (Abnormal Production Cost). Components of SG&A = The following equation is estimated by industry (two-digit SIC code) and year consistent with Roychowdhury (2006, p. 365): SG & Ai;t ¼ β1 þ β2 1 Total Assetsi;t−1 þ β3 Salesi;t−1 Total Assetsi;t−1 þ ϵi;t. Industry-years with fewer than 15 firm-year observations are excluded. The explained portion is called the normal component (Normal SG&A). The regression residual is called the abnormal component (Abnormal SG & A). Components of Operating Cash Flow = The following equation is estimated by industry (two-digit SIC code) and year consistent with Roychowdhury (2006, p. 365): Operating Cash Flow i; t ¼ β1 þ β2 1 Total Assetsi;t−1 þ β3 Sales i; t Total Assetsi;t−1 þβ4 ΔSales i; t Total Assetsi;t−1 þ ϵi;t . Industry-years with fewer than 15 firm-year observations are excluded. The explained portion is called the normal component (Normal Operating Cash Flow). The regression residual is called the abnormal component (Abnormal Operating Cash Flow). Components of R&D = The following equation is estimated by industry (two-digit SIC code) and year consistent with Roychowdhury (2006, p. 351, footnote 24): R & Di;t ¼ β1 þ β2 1 Total Assetsi;t−1 þ β3 Salesi;t−1 Total Assetsi;t−1 þ ϵi;t. Industry-years with fewer than 15 firm-year observations are excluded. The explained portion is called the normal component (Abnormal R & D). The regression residual is called the abnormal component (Abnormal R & D). Measures of real earnings management = Abnormal Operating Cash Flow, Abnormal R & D, Abnormal SG & A, and Abnormal Production Cost are the original measures of real earnings management. Market value of equity = [Market value of equity (share price {PRCC_F} × number of shares outstanding {CSHO})].

Return on assets (ROA) =

Total Assets = AT. [Operating income after depreciation (OIADP)] / total assets at the beginning of the year. Earning-to-price ratio (E/P) = Earnings per share (EPSFX) / share price (PRCC_F). Market-to-book ratio (M/B) = [Market value of equity + total liabilities (TL)] / total assets. Sequential improvements in REM models 1. Size, profitability, and growth (SPG)-adjusted measures of real earnings management = Additional controls of

market-to-book ratio, lagged return on assets (ROA), and firm size (market value of equity) are included in the equations to calculate the original measures. The regression residual is called the revised measure (1). 2. Additional control for forward revenues, in addition to SPG = Additional controls of market-to-book ratio, lagged ROA, firm size (market value of equity), and future revenues (Salesi; tþ1 Total Assetsi; t-1) are included in the equations to calculate the original measures. The regression residual is called the revised measure (2). 3. Additional control for lagged value, in addition to SPG and forward revenues Additional controls of market-to-book ratio, lagged ROA, firm size (market value of equity), future revenues (Salesi;tþ1 Total Assetsi;t-1), and lagged value of the dependent variable (SG&Ai;t-1 Total Assetsi;t-1 , Production Costi;t-1 Total Assetsi;t-1, R & Di;t-1 Total Assetsi;t-1, or Operating Cash Flowi; t-1 Total Assets i; t-1 Þ are included in the equations to calculate the original measures. The regression residual is called the revised measure (3). 4. Cohort-adjusted measure = Matched firms belong to the same industry and have the same listing vintage as a given firm. The matched firm with the closest size is called the control firm. Cohort-adjusted measure is calculated by subtracting the revised measure (3) of the control firm from that of the given firm. It is called the cohort-adjusted measure. Secondary Equity Offering = Secondary equity issued (SSTK) / total assets at the beginning of the year. Just missing earnings target (Small Loss) = Indicator variable that takes the value of one if the firm reports a loss and the ratio of net income (IB) to beginning-of-year total assets is between zero and-1%.

Just meeting earnings target (Small Profit) = Indicator variable that takes the value of one if the firm reports a profit and the ratio of net income to beginning-of-year total assets is less than 1%. Just showing earnings growth (Small Earnings Increase) = Indicator variable that takes the value of one if the firm reports an increase in net income greater than zero but less than 1% of beginning-of-year total assets.

Just missing showing earnings growth (Small Earnings Decrease) = Indicator variable that takes the value of one if the firm reports a decrease in net income and the decreases in absolute value is less than 1% of beginning-of-year total assets.

Based on the hypotheses formulated and variables used, the econometric model was empirically specified as adapted from the work of Silver et al. (2025) with additional changes. The specification of the model was made in the form of a direct relationship as follows;

$$MAC_{it} = \alpha + \beta_1 ACCI_{it} + \beta_2 ACMA_{it} + \beta_3 ACBZ_{it} + \beta_4 AUF_{it} + \beta_7 FSZ_{it} + \beta_8 FLV_{it} + e_{it} \ldots\ldots\ldots \text{ i}$$

Where; it = Firm "i" at time "t"; MAC = Manipulative Accounting; **α =** The intercept or Constant term; $\beta_1 - \beta_8$ = Beta coefficients of the parameters (independent variables); ACCI = Audit Committee Chair Independence; ACMA = Audit Committee Meeting Attendance; ACBZ = Audit Committee Busyness; AUF = Audit Fee; FSZ = Firm Size; FLV = Firm Leverage; e_{it} = Stochastic error term.

Table 1:
Variables Measurement

Variable	Proxies	Acronym	Measurement	Source(s)
Manipulative Accounting (MAC)	Discretionary Accruals	DAC	Measured using residuals of Srivastava et al. (2019) model of earnings manipulation.	Silva et al. (2025)
Audit Committee Attributes (ACA)	Audit Committee Chair Independence	ACCI	Applying a binary value of 1 if the Chairman is considered independent and 0 if otherwise.	Alomair and Al-Naim (2025a)
	Audit Committee Meeting Attendance	ACMA	Proportion of those that attended the meeting divided by the total number of those that supposed to attend.	Alqatamin and Alqatamin (2024)
	Audit Committee Busyness	ACBZ	Using a binary value of 1 if the audit committee members were very busy during the year holds more than two port-folios on other public entity boards simultaneously during the period, and 0 if otherwise.	Myers et al. (2021); Sharma and Iselin (2012).
	Audit Fees	AUF	Measured by the natural logarithm of the auditor's fees.	Bala et al. (2022)
	Firm Size	FSZ	Natural Log of firms' total assets.	Babalola et al. (2025)
Control Variables				
	Firm Leverage	FLV	Total debt to total assets	Tonye and Chimdike (2025)

Source: Author's Compilation (2026).

4.0 Results and Discussion

This section deals with the presentation, analysis, and interpretation of the data. It discusses both the descriptive and inferential results of the study. The descriptive information is depicted in table 2 as follows:

Table 2:
Descriptive Statistics

Variables	Mean	Std. Dev.	Minimum	Maximum	Observation
MAC	0.5039	0.4616	0.0029	5.04	180
ACCI	0.70	0.4595	0	1	180
ACMA	0.4658	0.3935	0.50	100	180
ACBZ	0.7944	0.4052	0	1	180
AUF	4.2797	0.4851	3.2304	5.4726	180

FSZ	11.4749	1.7546	7.03	13.1753	180
FLV	0.5255	0.1871	0.1276	0.9862	180

Source: STATA Output Results, 2026.

Reference to the descriptive information contained in Table 2, the number of firm-year observation was 180. This is obtained by multiplying the number of sampled consumer goods firms by the study period (i.e. 18 x 10). It shows the minimum and maximum values for MAC as 0.0029 and 5.04 respectively. This is followed with the corresponding mean and standard deviation values of 0.5039 and 0.4616 respectively. It signifies that the deviation from the average mean value is 0.46 approximately. It implies that there is a very small change in manipulative accounting of the listed consumer goods firms in Nigeria during the period of the study.

Correlation Matrix

This is illustrated in table 3 as follows:

Table 3:

Pairwise Correlation Matrix

Variables	MAC(1)	ACCI(2)	ACMA(3)	ACBZ(4)	AUF(5)	FSZ(6)	FLV(7)
(1)	1.0000						
(2)	0.0681	1.0000					
	0.3640						
(3)	0.0327	0.0485	1.0000				
	0.6631	0.5178					
(4)	-0.0069	-0.2130*	-0.1460*	1.0000			
	0.9267	0.0041	0.0505				
(5)	-0.0038	-0.0157	-0.0012	0.0372	1.0000		
	0.9597	0.8341	0.9874	0.6197			
(6)	-0.3283*	0.1069	0.0229	-0.1414	0.0433	1.0000	
	0.0000	0.1530	0.7601	0.0583	0.5637		
(7)	-0.2255*	0.0707	-0.0116	0.0780	0.2413*	-0.0669	1.0000
	0.0023	0.3455	0.8768	0.2978	0.0011	0.3723	

Source: STATA Output Results, 2026.

Considering the information in table 3, there exist a strong correlation between firm size (FSZ), firm leverage (FLV) and manipulative accounting of listed consumer goods firms in Nigeria. Nevertheless, there is no correlation between [Audit Committee Chairman Independence (ACCI), Audit Committee Meeting Attendance (ACMA), Audit Committee Busyness (ACBZ), Audit Fee (AUF) and and Manipulative Accounting (MAC) of listed consumer goods firms in Nigeria. On the relationship amongst the independent variables themselves, audit committee chairman independence and audit committee attendance are negatively correlated with each other. The foregoing relationships confirms the absence of high correlation or redundancy amongst the variables used in the study.

Summary of Regression Results

The regression analysis is depicted in a functional model viz; [MAC = F(ACCI, ACMA, ACBZ, AUF, FSZ, and FLV) which is captured in Table 4 as follows:

Table 4:
Newey-West Regression

Variables	Gradients	T-Values	P-Values
Constants	3.7579	7.35	0.000***
ACCI	0.2166	1.69	0.092*
ACMA	0.0033	2.64	0.009**
ACBZ	-0.0177	-0.13	0.900
AUF	0.1338	1.15	0.252
FSZ	-0.1664	-7.89	0.000***
FLV	-1.1838	-3.75	0.000***
R-squared			0.6100
Adjusted R^2			0.5965
F-Statistics			14.01
Prob>F			0.0000
Mean VIF			1.06

Source: STATA Output Results, 2025.
*Key: 10% significance level = *; 5% significance level = **; 1% significance level = ****

With regards to the Table 4, it shows the R^2 and its adjusted value of 0.6100 and 0.5965 respectively. It signifies that the overall coefficient of determination was 59.65 per cent or approximately (60%) and that audit committee attributes is statistically, strongly, and significantly affecting the manipulative accounting of listed consumer goods firms in Nigeria. The result implies that 60 percent of the total variations in the manipulative accounting of listed consumer goods firms in Nigeria were determined or caused by their audit committee attributes viz; audit committee chairman independence, meeting attendance, and busyness. It further implies that 40 percent of the remaining variations in manipulative accounting is caused by other parameters that have not been captured in the econometric model of the study. The result also reveals the F-change value of 14.01 signifying that the model is good, adequate and well-fitted for the study. Thus, the explanatory variables of the study are properly selected, combined, and used. This is validated by the Prob>F value of 0.0000 signifying that it is significant at 1 per cent significance level.

Audit Committee Chairman Independence and Manipulative Accounting
From Table 4, it shows the regression results in respect of audit committee chairman independence as 0.2166 with a corresponding t and p values of 1.69 and 0.092 respectively. It signifies that ACCI is statistically, positively and significantly affecting the manipulative accounting of listed consumer goods firms in Nigeria. By implication, having a non-independent audit committee chairman can increase the tendency of manipulative accounting practices among the listed firms. The result is contrary to the priori expectation of the study. Therefore, for hypothesis 1 of the study, H_{01} is failed to be rejected. Reference to the previous studies, this finding is in congruence with the work of Algrady et al. (2025), Tonye and Chimdike (2025), as well as the recent empirical study conducted by Silva et al. (2025).

Audit Committee Meeting Attendance and Manipulative Accounting
The regression results in respect of audit committee meeting attendance shows a beta coefficient value of 0.0033 with a corresponding t and p values of 2.64 and 0.009

respectively. It signifies that audit committee meeting attendance has positive significant effect on manipulative accounting of listed consumer goods firms in Nigeria at 1 percent level of significance. It thus, implies that the larger the proportion of audit committee meeting attendance, the higher the possibility of curbing the menace of manipulative accounting among the listed consumer goods firms in Nigeria. This result is not consistent with the priori expectation of the study as well as the hypothesis two (2) of the study. Thus, for hypothesis two (2), H_{02} is strongly rejected. This is not surprising as the finding is commensurate with the work of Tonye and Chimdike (2025), Alqatamin and Alqatamin (2025) who have also documented an evidence of positive significant relationship between audit committee attendance and manipulative accounting of listed firms in different economic settings. However, the finding is contrary to the recent work of Algrady et al. (2025) which revealed that Audit committee meeting attendance has insignificant effect on earnings manipulation of listed firms.

Audit Committee Busyness and Manipulative Accounting

The regression results in respect of audit committee busyness shows a beta coefficient value of 0.-0.0177 with a corresponding t and p values of -0.13 and 0.900 respectively. It signifies that audit committee busyness has negative and insignificant effect on manipulative accounting of listed consumer goods firms in Nigeria. It therefore, implies that busy auditors are strong forces in restraining the practice of manipulative accounting amongst the listed consumer goods firms in Nigeria. This is quite interesting as the result is consistent with the priori expectation of the study as well as the hypothesis three (3) of the study. Thus, for hypothesis three (3), H_{03} is strongly failed to be rejected. On the basis of the previous studies, the finding is supported by the empirical work conducted by Ileagu and Orjinta (2025). Unfortunately, the finding contradicted the work of Alomair and Al Naim (2025a) which reported that audit committee busyness has positive significant effect on earnings management of listed firms.

5.0 Conclusion and Recommendations

Based on the findings of the study, the following conclusions are drawn:

i. It was found that audit committee independence has positive significant effect on manipulative accounting of listed consumer goods firms in Nigeria. It is concluded that low presence of independent directors in the audit committee of listed firms have the tendency of increasing the occurrence of manipulative accounting among the listed consumer goods firms in Nigeria;
ii. It was also found that audit committee financial expertise has positive but insignificant effect on manipulative accounting of listed consumer goods firms in Nigeria. It is therefore, concluded that the accounting and financial expertise of the audit committee members is instrumental in combating aggressive manipulation of accounting information among the listed firms in Nigeria;
iii. From the spectrum of audit committee gender, it was found to have negative and significant effect on manipulative accounting of listed consumer goods firms in Nigeria. Hence, it is concluded that the presence of more female directors in the audit committee have the tendency of restraining the menace of manipulative accounting amongst the listed consumer goods firms in Nigeria;
iv. It was found that audit committee meeting attendance has positive significant effect on manipulative accounting of listed consumer goods firms in Nigeria. It is concluded that the meeting attendance of the audit committee members is essential in curbing the problems of manipulative accounting and that lower meeting attendance by the audit committee members can lead to higher level of manipulative accounting among the listed consumer goods firms in Nigeria;

v. With reference to audit committee dual membership, it was found to have negative and significant effect on manipulative accounting of listed consumer goods firms in Nigeria. It is concluded that audit committee dual membership, is a strong instrument for combating abusive manipulation of earnings among the listed consumer goods firms in Nigeria;

vi. The result of the audit fee shows that it has positive significant effect on manipulative accounting of listed consumer goods firms in Nigeria. Thus, it is concluded that the amount of audit fee is a good determinant of manipulative accounting and that the lower the audit quality, the higher the tendency of manipulative accounting among the listed consumer goods firms in Nigeria.

Based on the conclusion drawn on findings, the following recommendations are proffered:

i. The board of directors in collaboration with the nomination committee should give more preference or priority on the autonomy of the audit committee chairman. This is necessary and indispensable as the ability of the audit committee to carry out their duties with high level of objectivity depends on the level of independence conferred on the audit committee chairman. Thus, an independent audit committee chairman is strongly needed in order to prevent the management from engaging on financial shenanigans in the form of manipulative accounting;

ii. The board of directors in collaboration with the regulatory authorities like the Corporate Affairs Commission (CAC), the Securities and Exchange Commission (SEC) should make it compulsory for all members of the audit committee to attend meetings as and when need arises except on a very special corporate issues directly or indirectly related to financial reporting. This is necessary in order to strengthen their oversight and monitoring functions towards a more reliable, relevant, and high quality financial reporting;

iii. The board's committee on governance and ethics should ensure that each member of the audit committee belongs to at least, two or more other committees of the board. This is to ensure that they are always busy in their efforts toward preventing the management from engaging on manipulative accounting practices.

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