REDUCING EARNINGS MANAGEMENT THROUGH CORPORATE GOVERNANCE MECHANISM: EVIDENCE FROM LISTED MANUFACTURING FIRMS IN NIGERIA

[1] Emeka-Nwokeji, N. A.; [2] Ojimba D. C.; [3] Edeh, Chidimma Eucharia
[1] Accountancy Department Chukwuemeka Odumegwu Ojukwu University, Igbariam-**NIGERIA**
[2] Bus. Admin. Department Chukwuemeka Odumegwu Ojukwu University, Igbariam-**NIGERIA**
[3]Accountancy Department Chukwuemeka Odumegwu Ojukwu University, Igbariam-**NIGERIA**
[1]nk.emekanwokeji@coou.edu.ng, [3] chidimmabenedicta90@gmail.com

ABSTRACT

The study investigates whether earnings management can be reduced through corporate governance mechanism. Ownership concentration, board size, audit committee, CEO Duality were used to proxy corporate governance while total accruals was used to measure earnings management. Ordinary Least Square (OLS) regression analysis was used to test the hypotheses. The result revealed that: Board size has significant negative relationship with earnings management. Ownership concentration has insignificant positive relationship with earnings management. Audit committee positive but insignificant effect on earnings management. CEO duality has a negative effect on earnings management and it is statistically significant. It is recommended that the composition of audit committee should be clearly spelt out to enable them perform their oversight functions effectively. Also, diverse ownership is recommended unlike concentrated ownership in order to reduce earnings management in Nigeria Manufacturing firms. This will go a long way in bringing the economy out of the current recession.

Keywords: Earnings Management, Board Structure, Corporate Governance, Manufacturing, Nigeria, Total Accruals.