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Accounting Manipulations and Performance of Corporate Firms in Nigeria

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Abstract
This paper focused on accounting manipulation and performance of corporate firms in Nigeria. Specifically, the study examined the causes of accounting manipulation, evaluated the influence of accounting regulation bodies and principle on accounting manipulation and investigates if there is a substantial impact of accounting manipulation on performance of corporate firms in Nigeria. A survey design was adopted to gather primary data for the study. The entire auditors and accountants in corporate firms in Nigeria were the population for the study. Questionnaire was used to gather data for the study. One hundred and seventy (170) respondents comprised of 120 Accountants and 50 Auditors were selected for the study on the basis of Simple Random Sampling Technique. Also, from the 170 copies of questionnaire distributed to the respondents, only one hundred and fifty (150) copies were eventually retrieved and used for the study. Both descriptive statistics of mean and standard deviation and inferential statistics of Ordinary least Square were employed to analyze the data. The result of the study revealed that there were causes of accounting manipulation in corporate firms. It was found that accounting regulation and principles had a great influence on accounting manipulation. The result obtained indicated that accounting manipulation had a substantial impact on performance of firms in Nigeria. It was concluded that accounting manipulation negatively influenced performance of corporate firms and recommended that effective policies should be put in place by corporate firms in order to reduce the incidence of accounting manipulation.

Keywords: Corporate failures, Accounting Manipulation, creative accounting, firms' performance, accounting regulation bodies, firm's value.

1. Introduction

In recent decades, corporate failure which emanates from falsification of accounting information of financial figures has stimulated research attention across the business world. The involvement of notable foreign and local firms has brought accounting manipulation to the façade of research. Though the occurrence is not new but the scandals (Cadbury, Enron, WorldCom, Tyco, Hallmark Group and Destiny Group (Cunningham & Harris, 2006); US Hair Company, Foundation for New Era Philanthropy and Adelphi Pharmaceuticals (Adelphi) (Mock, 2004) and Wema Bank, Finbank and Spring (Adeyemi & Fagbemi, 2010)] were monumental in the corporate financial reporting. Accounting manipulation is now a subject of focus and common phenomenon in the corporate world, causing earnings misstatements, and is having colossal consequences on companies' books, the financial markets, and most unfavorably on the total economy.

The issue of figures misstatement commonly called accounting manipulations has drawn the attention of stakeholders and researchers to the sequences of corporate failures. It has considerably attracted much responsiveness from stockholders, experts and regulators. Accounting manipulation is done through falsification of financial reporting figures. Falsification of financial figures is referred to as fraudulent financial reporting which is known as "cooking the books" Accounting manipulations involve the use of discretionary accounting methods or being influenced in arriving at a desired outcome. However, Bhasin (2016) states that there are plenty of situations where users can be "influenced", one way or another, by presenting "distorted" accounting images and thus, their behavior can be "manipulated. This ugly trend has made investors and regulators to lose confidence in the credibility of the corporate financial reporting in Nigeria, as shown by issues of company's bankruptcy in the financial sector immediately after the publication of unqualified financial statements by directors (Eriabie & Odia, 2016). The main objective of financial reporting or statement is to present information to different stakeholders which include shareholders, creditors, regulators, employees, analysts and several others; but this has been perverted by ample autonomy given to managers to select accounting methods that best suit their corporations. Umobong and Ibanichuka (2016) assert that despite the roles of accounting standards, principles and regulations, so many corporations that had reported profits went into economic failure. This menace can be attributed to the inability of standard setters, regulators, accounting practitioners and other users of accounting information to have conventional methods adopted in certain circumstances .Also, Umobong and Ibanichuka (2016) further ascribed this irregularity to the latitude given to managers to choose accounting methods as well as accounting policies. Accounting manipulation is carried out under different names depending on the scenario. Some of these names include: Earning Management, Income Smoothing, Big-bath Accounting, Aggressive Accounting, Window Dressing, and Creative Accounting. Whatever the name ascribed to creative accounting, the fact remains that all the names are still pointing towards the same meaning and direction. Besides, management can switch from one accounting method to another as a way of managing earnings. Therefore, any financial statement which does not reflect the true financial position of an organization at any particular point in time and is prepared with the intent of falsifying figures in the books of accounts is referred to as accounting manipulation.

Manipulation of the books of accounts involves a presumption towards definite objective. Typically, the objective may be to increase profits, inflate assets' values, understate liabilities, and overstate shareholders' value. The motivation of management and accountants normally being bonuses, promotion, salary increase and others.

These presumptions are observed as conflict of interest as they may not be in tandem with the shareholders' interest. While some argue that sometimes their actions may be beneficial to the firm (Umobong and Ibanichuka, 2016). Many techniques are set out by managers to accomplish this.

Previous studies carried out on the accounting manipulations in Nigeria were not on the causes and the aftermaths of manipulating the books of accounts but usually on creative accounting though a type of accounting manipulations. The above stated problems and others informed this study. Thus, the study is to ascertain the causes and consequences of accounting manipulations in Nigeria and to evaluate whether accounting manipulation has a substantial impact on performance of firms, to assess possible measures that can minimize the incidence of accounting manipulation in Nigeria firms and to investigate the influence of accounting principle and regulations on accounting manipulation.

2. Literature Review

The conceptual framework on which this paper is premised is depicted diagrammatically in figure 2.1.

Independent Variable **Dependent Variable**

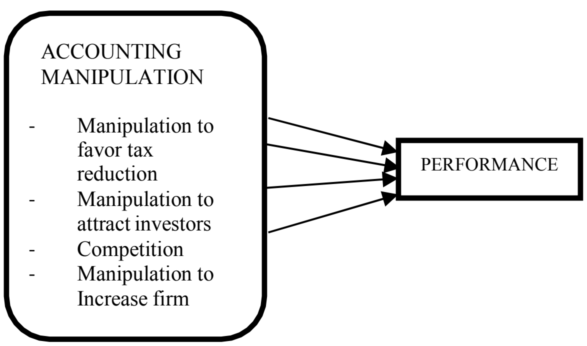

Figure 2.1: Conceptual Framework

Source: Researcher's Field work, 2020

2.1 Conceptual Review

Meaning and Definition of Accounting Manipulation

Various scholars have given different definitions to accounting manipulation, however, all the definitions have been pointing towards the same meaning and direction.

Bhasin (2016) describes creative accounting as an accounting practice that may (or may not) adhere to accounting principles and standards, but deviates from what those principles and standards intend to achieve, in order to present the desired business image.

Diana and Madalina (2008) define accounting manipulation as when the managers of an organization intentionally misstate their financial information to favourably represent the entity's financial performance. Accounting manipulation means falsifying figures in books of accounts with the objective of reporting net income more or less than what actually it is, so much so that the statement of financial position's figures appear more or less attractive than what actually they are.

Umobong and Ibanichuka (2016) describe accounting manipulations as the deliberate alteration and falsification of financial information to satisfy the "whims and caprices of preparers" with the intent to deceive users either by creating plausible outlook of the firm to outsiders or satisfying the expectation of owners or the agent. Also, Mamo and Aliaz (2014) define accounting manipulation as a distorted presentation, a misstatement of the financial position/performance, creating a false impression of an organization's financial strength. Some researchers see accounting manipulation as transformation of financial figures. Naser (1993) was of this view that accounting manipulation is a practice of creative accounting, and then defines it as the transformation of financial accounting figures from what they actually are, to what preparers' desire, by taking advantage of existing rules and/or ignoring some or all of them.

Osazevbaru (2012) states that accounting manipulation is carried out usually within the letter of the rules of law and standard accounting practices, but deviating from the spirit of those rules and certainly not providing the true and fair view that accounts are supposed to. Managers and top management hide under contingent situation to achieve their aim. Manipulation of the books of accounts involves a presumption towards definite objective. Typically, the objective may be to increase profits, inflate assets' values, understate liabilities, and overstate shareholders' value. The motivation of management and accountants normally being bonuses, promotion, salary increase and others.

These presumptions are observed as conflict of interest as they may not be in tandem with the shareholders' interest. While some argue that sometimes their actions may be beneficial to the firm (Umobong and Ibanichuka, 2016). Many techniques are set out by managers to accomplish this.

Directors may be interested in reporting a higher net profit so as to win shareholders' confidence or to earn more commission on profits or to fetch better price for the shares they hold.

Paolone and Magazzino (2014) state that accounting manipulation can be divided into two separate groups and these are: Creative Accounting and Accounting Fraud. According to them, creative accounting means keeping the accounting practices into the limits of legality (Earnings Management) while Accounting Fraud means violating the accounting rules and principles (Earnings Manipulation). This earnings management/manipulation has created a gap in knowledge to be filled in accounting.

Copeland (1968), defines accounting manipulation as "some ability to increase or decrease reported net incomes (earnings) at will", and also asserted that accounting manipulation involves repetitive selection of accounting measurement or reporting rules in a particular pattern, culminating in the reporting of stream of income with a smaller variation from trend than would otherwise have appeared. Literature revealed that managers or financial statement preparers are at liberty to select the technique believed to be most appropriate in their reports. Umobong and Ibanichuka (2016) state that managers are given the liberty by accounting rules to choose a particular method and set accounting policies for the firm. The freedom given preparers of financial statement by standard setters gives room for manipulation in the books of accounts.

Eriabie and Odia (2016) state earnings manipulation includes all strategies adopted by management of a business to present financial statements that show preconceived financial performance, position and progress of an enterprise, which is different from the underlying economic transaction of the firm. The phrase "accounting manipulation" has various synonymous words as being used in literature but has same underpinning practice of misinformation of the users of accounting information by deliberately distorting reported figures. According to Mamo and Aliaz (2014**),** accounting manipulation is the same as revenue management, income smoothing, creative accounting practices, aggressive accounting but the essence is the same. To Naser (1993), accounting manipulation is the alteration of financial accounting figures to the desire of the preparers from what they actually are by taking advantage of the existing rules and/or ignoring some or all of them. Furthermore, Gowthorpe and Amat (2005) define accounting manipulation as deliberate distortion of communication between entities and shareholders by the activities of financial statement preparers who wish to change the content of the message being transmitted. Accounting manipulations are made possible by flexible accounting rules and selection of accounting techniques, poor regulation, and liberty granted managers to make decisions regarding expectations about the future, timing of transactions, and creation of non-existent transactions, reclassification, falsification and presentation of inaccurate figures (Akabom, 2011). Flexibility of accounting rules is general and happens even in highly regulated accounting environment such as USA (Mulford & Comiskey, 2002).

Rationale behind Accounting Manipulation

The motives for accounting manipulations are based on the intention to enhancing robust financial statements and portray the business in an attractive way. So, accounts' manipulation can have a positive impact on business, but only when it is applied in a positive sense and in a minimal scope (Remenarić, Kenfelja & Mijoč, 2017). Nevertheless, it happens that companies misuse the legality of such practice which can lead to terminal consequences. Evidence from the literature has shown that accounting manipulation mostly has a negative effect on financial reporting and resultant effect on firms. The employees who manipulate figures in financial statement act on the instructions given and the bases are known by the management. According to Bhasin (2016), there are three primary "reasons" why management manipulates financial statements. Firstly, and in many cases the compensation of executives/managers is directly tied to the financial performance of the company. As a result, management has a direct incentive to paint a rosy picture of the company's financial condition in order to meet established performance expectations and bolster their personal compensation. Secondly, it is relatively easy to manipulate corporate financial statement because the Financial Accounting Standards Board (FASB), which sets the GAAP standards, provides a significant amount of latitude in the accounting provisions that are available to be used by corporate management. Thirdly, it is unlikely that financial manipulation will be detected by investors due to the relationship between the independent auditor and the corporate client. In a similar manner, Remenarić,et al(2017) stated the following as the reasons for accounting manipulations:

i. obtaining personal gain;
ii. Competition;
iii. Attracting investors;
iv. Increasing or maintaining the level of capital;
v. Taking time for not settling debts;
vi. Beating analysts' forecasts about future company performance.

Techniques used for Accounting Manipulations

There are various techniques used by companies to manipulate financial information. Manipulations usually occur where accounting standards mandate reports of accounting transactions. Bhasin (2016) in Schilit and Perler (2010) states seven primary ways by which corporate management manipulates the financial statements of a company. The seven classes of accounting manipulations and the distinctive accounting procedures that enable them are depicted in the table below.

Table 2.1: Financial Statement Manipulation

Recording Revenue Prematurely or of Questionable Quality	i. Recording revenue prior to completing all services ii. Recording revenue prior to product shipment iii. Recording revenue for products that are not required to be purchased
Recording Fictitious Revenue	i. Recording revenue for sales that did not take place ii. Recording investment income as revenue iii. Recording proceeds received through a loan as revenue
Increasing Income with One-Time Gains	i. Increasing profits by selling assets and recording the proceeds as revenue. ii. Increasing profits by classifying investment income or gains as revenue.
Shifting Current Expenses to an Earlier or Later Period	i. Amortizing costs too slowly. ii. Changing accounting standards to foster manipulation. iii. Capitalizing normal operating costs in order to reduce expenses by moving them from the income statement to the statement of financial position. iv. Failing to write down or write off impaired assets.
Failing to Record or Improperly Reducing Liabilities	i. Failing to record expenses and liabilities when future services remain ii. Changing accounting assumptions to foster manipulation
Shifting Current Revenue to a Later Period	i. Creating a rainy day reserve as a revenue source to bolster future performance ii. Holding back revenue
Shifting Future Expenses to the Current Period as a Special Charge	i. Accelerating expenses into the current period ii. Changing accounting standards to foster manipulation, particularly through provisions for depreciation, amortization and depletion

Source: Bhasin 2016

2.2 Theoretical Framework

There are many theories that are related to accounting manipulation in relation to firms' performance. These theories include but not limited to Stakeholder theory, Agency theory and others. Thus, the theoretical framework on which this study is hinged upon is the stakeholder's theory. This theory supports the statement that firms' financial statements are prepared in response to demand and interest of various groups of stakeholders – employees, customers, government agencies, analysts etc. Managers are therefore under pressure to manipulate accounting figures with the aim of changing the perceptions of a given group of stakeholders

2.3 Empirical review

Karim, Shaikh, Hock and Islam (2016) carried out a study on creative accounting techniques of application-an empirical study among auditors and accountants of listed companies in Bangladesh. Creative accounting also known as Hollywood accounting, income smoothing, cosmetic accounting is a legitimate accounting application whereby the accountants and auditors take advantage of the loopholes in the accounting policies as per International Accounting Standards (IAS) and Generally Accepted Accounting Principles (GAAP). It is not a fraudulent practice, as the concerned parties involved here only take the advantage of the accounting policies loopholes to better represent financial statements. This research was conducted on the empirical data collected from the auditors and the accountants of the listed companies of Bangladesh to determine the popularity of Creative Accounting application among accountants and auditors in Bangladesh. The paper discusses the various findings from the research which shows that at least some evidence of expense assetization, and that there is a gap in the perception between the auditors and accountants regarding techniques and methods of creative accounting. The technique may be used to increase or decrease income in order to show higher or lower profit, to turn expenses into assets so as to increase profitability or to maneuver the net worth of the business.

Stolowy and Breton (2000) in an article examined the literature on accounts manipulations (AM): earnings management, income smoothing and big bath accounting, and creative accounting. This article studied most of the time some specific aspects of accounting manipulations. Accounts manipulations have been a matter of research, discussion and, even, controversy in several countries such as the United States, Canada, the United Kingdom, Australia and France. The objective of their paper was to elaborate a general framework for classifying accounts manipulations through a thorough review of the literature. This framework was based on the desire to influence the market participants' perception of the risk associated to the firm. The risk is materialized through the earnings per share and the debt/equity ratio. They summarized and concluded that income smoothing is one type of earnings management; earnings management relates to income maximization (or minimization) and income smoothing refers to the trend of earnings; Extreme earnings management performed by new management is referred to as "big bath accounting and creative accounting is a mixture of the other mechanisms. The literature on this topic is already very rich, although they identified series of areas in need for further research.

Herve and Gaetan (2004), carried out a research work on "Accounting Manipulations: A Literature Review and Proposed Conceptual Framework". The research stressed the issue of manipulation and describes accounting manipulations in different ways and stated that manipulations depend upon the objective of getting into it.

There is no appropriate way to remove such malpractices from the system, but through promoting ethical mindset among the corporate world, the chances of such practices could be minimized. The major reason stated by scholars for accounting manipulations is agency cost and difference in opinion and objectives between managers and owners. Owners believe in sustainability and long term profitability of the company but manager's objective differ in terms of getting extra profits from the firm. Managers' involvement in manipulating activities can be removed only when they can relate their organization with their efforts. An ethical mindset and awareness of investors about the financials and accounting methods can help in reduction of manipulating activities.

Umobong and Ibanichuka (2016) conducted a study on accounting manipulations and firms' financial performance: evidence from Nigeria. The study examined accounting manipulations using timing of assets (independent variable) and firm's financial performance (dependent variable) using Return on assets, Return on Equity and Earnings per share based on Secondary data obtained from Nigerian Stock Exchange and tried to ascertain whether firms use TAT to manipulate financial results. TATs were subjected to Haussmann test and also regressed against performance variable. Findings indicate that TAT have significant relationships with ROA, ROE and EPS implying that it could be used for accounting manipulations. The Study confirmed a positive relationship of TAT with ROA and EPS and they conclude that an increase in TAT increases ROA and EPS. Conversely, TAT also has a negative relationship with ROE confirming that a decrease in TAT increases ROE and vice versa. Managers can deploy TAT for economic or accounting manipulation incentives. Study confirm Managers can use TAT to smooth earnings, for bonus compensation, for debt covenants and for political costs reasons in line with the various hypotheses stated in the theoretical framework. However, this finding draws out the inherent disadvantage of the historical cost convention and supports market value as a basis for valuation of assets. They recommend that regulators should overhaul corporate governance mechanisms, make amendment of CAMA 2004 Act, internal audit empowerment and audit committees extensive attention to Timing of assets sales to prevent usage for manipulative activities.

Mamo and Aliaz (2014) delved into a research on accounting manipulation and its effects on the financial statements of Albanian entities. They posited that accounting manipulation is a distorted presentation, a misstatement of the financial position/performance, creating a false impression of an organization's financial strength. Thereby, creates a very large lopsidedness of information for readers and users of financial statements that affect decision making. The paper examined the causes and consequences of accounting manipulations. The study found that firms in Albania manipulate their financial Statements to derive the firm from loss. Considering the economic downturn, many companies are at a loss, becoming subject to control by the tax authorities. Meanwhile, companies with good performance try to reduce profits to pay less tax. All companies present a FALSE very good position /performance to the banks to get a LOAN! Based on observations, one of the techniques to manipulate earnings at the end of the accounting period was by manipulating inventory not only in quantity but also in its value. Findings also reveal that most manipulated accounts are expenses' accounts, because the income declared during the year is very difficult to manipulate.

Micah and Chinwe (2014) conducted a survey in Nigeria on creative accounting which involved manipulation of company financial records towards a predetermined target. This target could be motivated by a preference for more stable earnings. The purpose of the study therefore was to determine if creative accounting has any influence in enhancing the effectiveness of an organization. The study used survey data and financial reports on fourteen manufacturing firms over a five-year period to examine whether creative accounting and organizational effectiveness has any significant relationship. Using correlation statistics, all the hypotheses were found to be statistically significant and positively correlated. However, they found weak evidence of a positive correlation between income smoothing, artificial transaction and market share. These results are sensitive to apriori expectation but they believe they may not be consistent over time. The study concludes that many manufacturing firms in Nigeria underperform but practice creative accounting to appear legitimate. They therefore recommend that IFRS should be adopted in Nigeria to eliminate judgment estimation in accounting treatment of certain items.

Lau and Ooi (2016) conducted a study on fraudulent financial reporting in Malaysia, focusing on the creative accounting methods used and the motives for such actions. The research results showed that the most commonly used method of creative accounting was the overestimation of revenues through recognition of fictitious revenues from product sales to bogus customers. The main motive for this is increasing the company's capital, not settling debts and maintaining the level of capital. One of the key conclusions of the research is that auditors should review the effectiveness of their analytical and material procedures since there is a significant number of cases of creative or fraudulent accounting that remain undetected by the audit process. Also, the bodies that set accounting rules should reconsider whether managers have too much discretion in the application of accounting standards. In other words, the question arises whether they use this discretion to provide useful information to the decision makers or to obtain personal gain. It turned out that in most accounting scandals, unethical decisions of managers have led to significant adverse consequences for decision-makers and society as a whole. Therefore, managers should re-examine their own responsibilities and role in financial reporting.

Methodology

This study used primary data collected through survey design method from the auditors and accountants practicing in Nigeria' firms. Precisely, a questionnaire was used to gather data from the respondents for the study. The questionnaire was developed using 5 point Likert scale and all the data collected were first sorted into accountant and auditor. After this primary checking, all the respondents' questionnaire was thoroughly checked to ensure all the questions were answered accordingly.

It was observed that this study focused on five purposively selected corporate firms in Nigeria. These firms were; Dangote Cement Company, Nigeria Bottling Company Plc., Guinness Nigeria Plc., Dana Food Limited and Flour Mills of Nigeria. The reason for selecting these Companies was because there was no evidence of similar research that had been done using these selected corporate Firms, hence, the entire Accountants and Auditors in these firms form the population for the study. Moreover, the Accountants and Auditors were considered for the study on the basis of the fact that the study was purpose specific. Aliyu (2016) argued that a purpose specific research may not need the totality of objects, subjects or element in a population before it may be carried out. Thus, only those who were versed in the subject matter of the research might be enough as population for the study as long as they were greater than or equal to 30. On this premise, since this study was concerned with accounting manipulation and only the Accountant and Auditors of a firm had access to final account and could prepare and audit it, hence, the need to limit the study to only accountants and Auditors in the selected firms. There were 172 accountants and 58 Auditors altogether in these selected firms from which a specific numbers of accountants and auditors would be considered for study. A total of 50 Auditors and 120 Accountants were surveyed from listed companies as respondents for the study which was obtained by using Yamane Taro formula (1964). The formula is defined as:

$n = N/(1 + N(e2))$---------------------- (1)

Where, n= sample size

N= population size and e= level of significance.

The level of significance use for this research is 5%.

Therefore, for the 172 Accountants, the sample size considers is;

N=172 and e=0.05 into equation above, we have:

$$n1 = 172/(1 + 172(0.05)2 = \frac{172}{1.43} - -(2)$$

Therefore, solving equation would give, n= 120.28

Therefore, $n_1 \approx 120$

Also, for the Auditors, the sample size that would be drawn was;

$$n2 = 58/(1 + 58(0.05)2 = \frac{58}{1.145} - -(3)$$

Therefore, solving equation would give, n_2= 50.66

Thus, $n_2 \approx 50$

Therefore, simple random sampling technique was used to select 120 Accountants and 50 Auditors for this study. The simple random sampling applied was used in order to give equal chance of selection to every Accountant and Auditor in the population. Therefore, all the 172 Accountants and 58 Auditors had equal privilege of being part of the study. Thus, to do this, the accountants and Auditors in the population were coded with a special three digits numbers from 001 to 172 so also the auditors from 000 to 058 and the table of random digit numbers was applied. Any number that first showing up from the three digits numbers ascribed to the Accountants and Auditors from the table of random number, would be considered as part of the study. This was repeated until the numbers of Accountants and Auditors needed for the study was completed.

Thus, a total of 120 Accountants and 50 Auditors were selected for the study and the instrument used was distributed accordingly. Meanwhile, from a total of 170 copies of questionnaire distributed to the respondents, only 150 copies were returned. The data collected was analyzed using descriptive and inferential statistics of Ordinary Least Square. Descriptive statistics of mean and standard deviation were used to meaningfully describe the data for the study while the Ordinary Least Square was used to test the hypothesis set out for the study. In addition, The Granger Causality test was used to test the direction of a causal relationship between accounting manipulation and performance of the selected firms. The Statistical Package of E-view 9 was the software used to analyse the data collected for the study. The software was applied because it was user's friendly and easy to learn ad understand; unlike the SPSS (Statistical Package for Social Sciences) which presented its output in a single table in to make it readable to users.

Moreover, in order to be sure that the questionnaire used measures what it was supposed to measure, the reliability test was carried out. The result of the inter-rater coefficient obtained to adjudge the reliability of the instrument used was 0.879. This showed that the instrument used was reliable. In addition, the questionnaire was given out to two lecturers in the Department of Test and Measurement, Faculty of Education, Obafemi Awolowo University, Osun State, to further assess the reliability of the instrument. All necessary corrections were made by these lecturers to the instrument used and this reaffirmed that the questionnaire used was reliable and could to a greater extent measure what it was designed to measure. In addition, the table 3.1 presented the sources of the instrument used for the study

Table 3.1 Sources of the Research Instrument

Variable	Statement	Source
Dependent Variable	The achieved results are equal to expected results	Interaction with expertise on the field of accounting
	The achieved results are made with a least amount of resources	Akabom (2011)
	The amount produced and the times for this to occur are tallied	Akabom (2011)
	The outputs generated and the resources used to do it are as planned	Interaction with Experts in the field
	The total output (total produced) are suitable and appropriate for use	Interaction with experts in the field of test and measurement
	The income is greater than total sales	Enabie &Odia (2016)
	Return on Investment (ROI) yields higher percentage	Akabom (2011)
Independent Variable	To increase Firm's value and hence share price	Akabom (2011)
	To reduce tax obligations	Bhasin (2016)
	Conflict of interest	Interaction with expertise in the field of Accounting
	For competition	Bhasin (2016)
	To attract investors	Bhasin (2016)
	To buying time for not settling debts	Interaction with experts in the field of Accounting
	To beat analysts' forecasts about future company performance	Micah &Chinwe (2014)
	Freedom given preparers of financial statement by standard setters gives room for manipulation in the books of accounts	Enabie &Odia (2016)
	Preparers have tendencies to manipulate financial figures in their favour for selfish reasons	Interaction with experts in the field of test and measurement
	Undue affinity between external auditors and corporate client makes it difficult to detect AMs	Diana & Madalina (2008)

Source: Researcher's Field work, 2020

4. Empirical Results

The results obtained from data analysis were presented in tables 4.1 to 4.5.

Table 4.1 below presents the Mean and Standard deviation computed for perception of respondents on the causes of accounting manipulation in Nigeria Firms. Looking critically at the result, it might be inferred that there were factors responsible for accounting manipulation in Nigeria firms. These factors were intention to increase the value of firms, selfish reason, and intention to gain public acceptance and so on, this assertion was premised on the fact that the mean value computed for all the test items were greater than or equal to acceptable mean of 3.00 on a five point likert scale.

Table 4.1: Perception of respondents on the causes of accounting manipulation in Nigeria Firms

Tested variables	N	scores	Mean	Std	Significant
To increase Firm's value and hence share price	150	673	4.49	0.75	Very significant
To reduce tax obligations	150	628	4.19	0.86	Very significant
Conflict of interest	150	578	3.85	1.12	Significant
For competition	150	580	3.87	1.37	Significant
To attract investors	150	584	3.89	1.15	Significant
To buying time for not settling debts	150	571	3.81	1.39	Significant to some extent
To beat analysts' forecasts about future company performance	150	663	4.42	1.02	Significant
Freedom given preparers of financial statement by standard setters gives room for manipulation in the books of accounts	150	627	4.18	0.89	Very significant
Preparers have tendencies to manipulate financial figures in their favour for selfish reasons	150	656	4.37	0.63	Very significant
Undue affinity between external auditors and corporate client makes it difficult to detect AMs	150	637	4.25	0.52	Very significant
Financial Accounting Standards Board (FASB) which sets up GAAP standards, provides a significant latitude to be used by corporate management	150	624	4.16	1.14	Significant to some extent

Irrelevant and obsolete policies of the accounting bodies	150	545	3.63	1.39	Significant to some extent
Weak implementation and enforcement of accounting policies by regulatory bodies	150	617	4.11	1.11	Significant to some extent
Lack of qualified personnel and accountant to prepare and report financial transactions	150	543	3.62	1,20	Significant to some extent

Source: Researcher's Field Work, 2020

- Std< 1 = very significant
- Std > 1 but < 1.10 = Significant or otherwise it is just significant

Table 4.2: Perception of respondents on the effect of accounting manipulation on firm's value

Tested variables	N	Scores	Mean	Std	Remarks
Recognizing fictitious revenue increases net operating income	150	574	3.83	1.39	Significant
Manipulating figure or income statement boosts PBIT	150	571	3.81	1.14	Significant
Aggressive capitalization and extended amortization policies to smooth income and present picture of growth in EPS and DPS	150	615	4.10	1.11	Significant
The use of exaggerated non-recurring items to increase pro-forma earnings	150	595	3.97	1.26	Significant
Falsification of assets figures for gains and hence present picture of profitability	150	586	3.91	1.39	Significant
Under – accruing expenses to enhance Net operating income	150	622	4.15	1.03	Significant
Intentional minor breaches of financial reporting requirements that aggregate to a material breach	150	611	4.07	1.25	Significant

Source: Researcher's Field Work, 2020

*Std< 1 = very significant
*Std > 1 but < 1.10 = Significant or otherwise it is just significant

Manipulation of accounting records might serve as a leverage for firms in the short run but the long effect of it might be terrible for the firm. Manipulated accounting records if found could destroy the image of a firm especially that of the management of the firm. Table 4.2 presented the mean and standard deviation computed for the effect of accounting manipulation on firms' value. From the results obtained in the table it might be asserted that all the test items confirmed the fact that accounting manipulation was significance on firm value. This inferred was premised on the fact that the mean value obtained for the test items were all greater than or equal to the acceptable mean of 3.00 on a five point likert scale with a standard deviation that showed a reasonable dispersion from the mean. Although accounting manipulation might serve as a short run covered up for failure of a firm to manage its affairs appropriately but the long run impact of the incidence might lead to sudden failure and closure of the firm (Aliyu, 2016). Therefore, manipulated account might look fine on paper but the organizational mirage it caused might be difficult to fix in the long run.

Table 4.3: Perception of respondents on the influence of accounting regulation bodies and principles on manipulation of accounting

Tested Variables	N	Scores	Mean	Std	Remarks
GAAP and Accounting regulations have an influence in the manipulative behavior of firms	150	551	3.67	1.13	Just significant
International Accounting Standards (IAS) have regulated report of firms in Nigeria	150	641	4.27	0.94	Very significant
International Financial Reporting Standards (IFRS) shape the formats of reporting financial information in Nigeria	150	607	4.05	1.04	Significant
Federation of Accounting Standards Board (FASB) have an influence in the manipulative behavior of firms	150	652	4.35	0.92	Very significant
ANAN	150	619	4.13	0.87	Very significant
ICAN	150	609	4.06	0.87	Very significant
IPSAS	150	612	4.08	1.01	Significant
Government	150	614	4.09	1.02	Significant
Court	150	622	4.15	1.01	Significant
CAMA Acts	150	636	4.24	1.02	Significant

Source: Researcher's Field Work, 2020

- Std< 1 = very significant
- Std > 1 but < 1.10 = Significant or otherwise it is just significant

Table 4.3 presented the mean and standard deviation computed for the influence of accounting regulatory bodies and principles on the incidence of accounting manipulation in firms. From the table, it might be asserted that accounting regulation bodies and principles had a significant influence on the incidence of accounting manipulation in Nigerian firms. The import of this was that accounting regulatory bodies such as ICAN, ANAN and IPSAS had part to play in ensuring that accounting manipulation in Nigerian firms was completely rooted out. This assertion was based on the fact that the mean value computed for all the test items were quite greater than the acceptable mean of 3.00 on a five points likert scale.

Table 4.4: Perception of respondents on possible measures to Accounting Manipulation in Nigeria Firms

Tested Variables	N	Scores	Mean	Std	Remark
GAAP and Accounting regulations enactment have influenced in the manipulative behavior of firms	120	458	3.82	0.85	Very significant
Accounting profession needs to give much importance and enforce compliance to ethical codes	120	516	4.30	0.76	Very significant
Punitive measures should be taken by accounting bodies and other regulatory bodies against culprits	120	551	4.59	0.65	Very Significant
Regulatory accounting bodies should institutionalize accounting profession that preparers of statement would not be at liberty to choose a technique to report their financial statement.	120	488	4.07	1.05	Significant
Forensic accounting and other measures that could help to unravel figure misstatement should be put in place.	120	539	4.49	0.45	Very significant
Accounting profession needs to give much importance to ethical codes	120	471	3.93	1.28	Just significant

Source: Researcher's Field Work, 2020

*Std< 1 = very significant

* Std > 1 but < 1.10 = Significant or otherwise it is just significant

Table 4.4 presented the mean and standard deviation computed on possible measures of accounting manipulation in Nigerian firms. From the result obtained, it might be asserted that accounting regulatory professional bodies and principles might be effectively applied to reduce the incidence of accounting manipulation of firms in Nigeria and, hence, these accounting regulations bodies and principles might serve as possible measures to curtail the incidence of accounting manipulation in Nigeria firms. This inferred was premised on the fact that the mean value computed for all the tested parameters were greater than or equal to acceptable mean of 3.00 on a five point likert scale.

Table 4.5 Mean and Standard deviation computed for parameters of performance for the selected

Tested Variables	N	Scores	Mean	Std	Remark
The achieved results are equal to expected results	150	609	4.06	1.23	N.S
The achieved results are made with a least amount of resources	150	619	4.13	1.11	N.S
The amount produced and the times for this to occur are tallied	150	574	3.83	1.03	N.S
The outputs generated and the resources used to do it are as planned	150	564	3.76	1.39	N.S
The total output (total produced) are suitable and appropriate for use	150	621	4.14	1.21	N.S
The income is greater than total sales	150	613	4.09	1.26	N.S
Return on Investment (ROI) yields higher percentage	150	585	3.90	1.32	N.S

Source: Researcher's Field work, 2020

*For performance measures to be significant the standard deviation obtained must be less than 1.
* N.S = Not Significant

Table 4.5 presented the results of the mean and standard deviation computed for the performance measures in Nigeria firms. Looking at the result from the table, it might be inferred that the performance of firm with incidence of accounting manipulation were not significance. This assertion was premised on the fact that the standard deviation obtained for each performance variable were greater than or equal to unit. This value indicated a clear dispersion from the mean. Therefore, in term of performance firms with incidence of accounting falsification of figures had not done well although on paper these firms might look fine.

4.2 Test of Hypothesis

H_{o1}: Accounting manipulations have no substantial impact on performance of firms in Nigeria.

Table 4.6: Ordinary Least Square computed for testing the Hypothesis

Dependent Variable: PERFORMANCE
Method: Least Squares
Date: 03/06/20 Time: 11:24
Sample: 150
Included observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACCMANIPULATION	-0.723510	0.061163	-11.82931	0.0000
C	0.881261	2.663646	0.330848	0.2057

R-squared	0.809174	Mean dependent var	30.00000
Adjusted R-squared	0.803392	S.D. dependent var	25.31101
S.E. of regression	11.22304	Akaike info criterion	7.729260
Sum squared resid	4156.569	Schwarz criterion	7.818137
Log likelihood	-133.2621	Hannan-Quinn criter.	7.759940
F-statistic	139.9325	Durbin-Watson stat	2.486821
Prob(F-statistic)	0.000000		

Source: Researcher's computation, 2020

Table 4.7: Granger causality Test for testing the direction of relationship between accounting manipulation and firm performance

Pairwise Granger Causality Tests
Date: 03/06/20 Time: 11:25
Sample: 150
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
PERFORMANCE does not Granger Cause ACCMANIPULATION	33	0.87195	0.4292
ACCMANIPULATION does not Granger Cause PERFORMANCE		11.31986	0.0003

Source: Researcher's computation, 2020

Tables 4.6 and 4.7 presented the results of test statistics computed for the study. In Table 4.6, the p-value of the t-statistics calculated for accounting manipulation was less than the critical value of 5%. This implied that the null hypothesis which stated that accounting manipulation was not significant on firm performance was rejected. The performance of firms that engaged in accounting manipulation as pointed out by Ayinla (2015) might be significantly encouraged on paper but the consequence of it in the shortest possible time might resultantly terrible for the firm. Looking at the results in the table further, the regression coefficient obtained for accounting manipulation of -0.723 was negative. This revealed that there was a negative/indirect relationship between accounting manipulation and firm's performance. The accounting interpretation of this was that a unit increase in the incidence of accounting manipulation in firms might lead to 0.723% reduction in performance.

Moreover, the p-value of the F-statistics calculated for the test for testing the overall significant of the null hypothesis of 0.00000 was less than the critical value of 5%. This showed that there was a substantial impact of accounting manipulation on firm's performance. Resultantly, the coefficient of determination obtained for the test of 0.809 indicated the fact that approximately 81% of firms' performance had been eroded as a result of incidence of accounting manipulation in Nigeria firms.

In addition, all other results obtained for this test re-affirmed the fact that accounting manipulation was a good predictor for firm's performance.

Furthermore, in table 4.7, it was revealed that there was a un-directional relationship between accounting manipulation and firm performance. This assertion was premised on the fact that the p-value of the F-statistics computed for testing whether or not accounting manipulation Granger cause firm performance of 0.0003 was less than the critical value of 5%. Therefore, it was reasonable to infer that accounting manipulation did Granger cause firm performance and not the other way round.

Conclusion

The incidence of accounting manipulation had continued to erode the confidence of the public in Nigerian firms. This study had showed that there were factors that caused accounting manipulation in Nigeria. Some of these factors were; intention to improve profitability position of the firm, intention to enhance the share price of the firm, intention to enhance customers patronage and intention to attract new investors. In addition, it was found that accounting regulatory bodies and principles might be used to curtail and reduce the incidence of accounting manipulation in Nigerian firms. Also, the result obtained had revealed that accounting manipulation enhanced the firms' value and it was found that accounting regulatory and principles might serve as measures for reducing incidence of accounting manipulation in Nigeria. Furthermore, the result of hypothesis obtained revealed an existence of a negative and substantial impact of accounting manipulation on firms' performance.

Recommendations

Based on the results of the study, the following recommendations are made.

- Causes and motivation for accounting manipulation should be seriously discouraged in Nigerian firms. This can be done by management of the firm by putting in place appropriate internal control system that will see to eventual discovery and stoppage of accounting manipulation.
- For firm performance to improve there was need for the management of Nigerian firms to always present the true picture of their financial position. This will help the firm to discover areas where performance is below expectation.
- The weakness in accounting regulatory bodies enactment and principles that firms usually capitalize upon to manipulate their accounting records should as a matter of urgency be eliminated by relevant bodies that issue accounting standards and principles in Nigeria.

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