

**FACTORS INFLUENCING EARNINGS MANAGEMENT PRACTICES
AMONG LISTED COMPANIES IN NIGERIA: GENERALIZED
METHOD OF MOMENTS (GMM) APPROACH**

ONAOLAPO ADEKUNLE RAHMAN AND *SHITTU SAHEED AKANDE

Department of Accounting, Ladoke Akintola
University of Technology, Ogbomosho, Nigeria

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ABSTRACT

The study examined the factors influencing Earnings Management Practices (EMP) among listed companies in Nigeria. A sample of 76 non-financial listed firms with 836 firm-year observations was purposively selected for a period 2010-2020. Secondary panel data was collected from the financial reports of these companies. Data were analysed using descriptive statistics and the Generalized Method of Moments (GMM) estimator. The study employed Raman and Shahrur (2008) model to measure Discretionary Accrual EMP. The study revealed that asset structure, free cash flow, dividend payout ratio, firm profitability and working capital had a positive and significant impact, which can affect firm earnings opportunistically, while the capital structure and firm size had a negative influence on EMP in Nigeria. The study, therefore, recommended that listed companies in Nigeria should improve monitoring of their firm characteristics to avoid opportunistic EMP and have quality financial statements.

Keywords: Earnings Management Practices, Discretionary Accruals, Non-financial listed firms, Nigeria.

1.0 INTRODUCTION

Many scholars have identified relevance and reliability as the critical qualitative characteristic determining the usefulness of accounting information for making economic decisions. Financial reports need to be reliable as they serve as crucial sources for investors' decision-making (Altarawneh et al., 2020; Alhmood et al., 2020). However, financial scandals have eroded investors' belief in the quality of the information disclosed by listed companies. Therefore, users of financial statements have become more incredulous in using financial statements, particularly due to concerns about the quality of these statements following instances of reporting irregularities and the revelation of unacceptable accounting practices even in well-respected firms (Alsraheen & Alkhatib, 2016). Reported earnings are among the most robust details in financial reports and as such, affect the managerial staff decisions, investment as well as company.

Thus, company executives might be obliged to change earnings to obtain favourable benefits for themselves (Alhmood et al., 2020). In this case, Earnings Management Practices (EMP) is "any practice that company manager's use to report accounting results for opportunistic

purposes and/or intelligence purposes which do not correlate to the ones they have accomplished”(Alhmoode et al., 2020). EMP often includes the manipulation of accounting data. These manipulations compromise the quality of disclosed earnings and reduce investors’ trust in financial reporting (Saleem et al., 2016). The quality of accounting information is influenced by an array of factors, most of which stem from the demand for such information for use in contractual arrangements and from the incentives and opportunities of management to manage the reported number. Such factors include capital structure, asset structure, free cash flow, dividend payout ratio, firm profitability, working capital, firm size, firm age as well as a growth opportunity.

As a result, opportunists’ managers may use these factors to manipulate earnings for their own personal benefits. It is against this backdrop that this study investigates the factors influencing EMP among listed firms in Nigeria. Most of the existing studies on EMP particularly in Nigeria focused on Jones (1991) model as well as Modified Jones Model (1995) to measure Discretionary Accrual and mostly used either Ordinary Least Square (OLS) or panel data for their analyses. More so, most past studies especially in Nigeria completely ignore asset structure, which is a germane factor in every company. This study, therefore, seeks to address these research gaps by firstly ensuring variables like asset structure, growth opportunity that is relevant almost in every company are included in our study. Secondly, using Raman and Shahrur (2008) model to measure discretionary accrual EMP contrasting previous studies that are focused on Jones models. Thirdly, the study used a dynamic panel Generalized Method of Moments (GMM) estimator to analyze data collected, unlike the previous study that concentrated on OLS, fixed effect, random effect and Hausman form of panel data. Apart from the above introductory session, the rest of the study has been divided into four sections. Section two discusses the literature review of the study. The third section focuses on the methodology adopted while the fourth section presented the results. The study is concluded in section five.

2.0 LITERATURE REVIEW

Prior studies asserted that assets structure is very important for firms due to the fact that firms cannot start or/and expand without assets since they need assets to meet their operations. (Sun & Rath, 2009; Elikalla, 2017). These assets measure the ability of the firms to survive and compete with other firms. There is a strong relationship between the structure of assets and the structure of capital. Capital structure decisions might play against the interest of investors and in favour of the managers’ opportunistic behaviour. Managers may manipulate the financial statements in order to achieve the goals imposed by debit covenants (Paola & Laora, 2017). According to Alzoubi (2016), operating cash flows indicate the ability of the firm to generate more future cash flows. More so, authors establish a link between earnings management and dividend payout policy, arguing that earnings management is often conducted to maintain the desired payout ratio or to meet certain dividend thresholds since the payout ratio is considered a signal of the future growth prospects of a firm (Elikalla, 2017). Earnings released information, which is considered to be of high quality to investors if it enables them to anticipate a particular firms’ performance and better predict its future prospects. (Cheng et al., 2013). Eldiria et al. (2020) opined that firms with longer operating cycles are afforded greater flexibility for accrual-based earnings management since they have larger accruals accounts and a longer period for accruals to reverse.

Das et al. (2018) carried out a study among 268 Manufacturing firms in India for the period of 2009-2013 to reveal a positive and significant effect of Asset Structure (AS) on Discretionary Accruals (DA). However, a negative and significant effect was observed in a study carried out by Khuong et al., (2019) in Vietnamese. In Africa, Elikalla (2017) using Raman and Shahrur (2008) model to measure DA among non-financial firms MENA region discovered a negative and significant impact of AS on DA. The work of Lastari and Aeni (2019) revealed a positive and significant relationship between Capital Structure (CS) and DA. Similarly, Al-Omush et al. (2018) using multiple regression for 83 manufacturing, services and industrial listed firms in Jordan observed a positive and significant relationship between CS and DA. However, Edi and Jessica (2020) conducted a panel regression study in finding a negative and significant effect of CS on DA. More so, Khanh and Thu (2019) in Vietnamese showed a negative and significant effect of CA on DA. In Africa, Nyatichi et al. (2020) and Saline (2020) used Kenya firms discovered that CS had a negative significant impact on DA. The work of Abubakar et al. (2020) in Nigeria using also showed the negative relationship between CS and DA while Ogiriki and Iweias (2020) found a positive and significant effect of CS on DA.

Alzoubi (2016) in his study considered 86 firms randomly selected in Jordan using GLS regression showed that free cash flow had a positive and significant relationship with DA. Similarly, the work of Zakaria, et al. (2015) in Malaysia and Elikalla (2017) in the MENA region revealed a positive and significant relationship between free cash flow and DA. More so, Zakaria et al. (2015) in Malaysia discovered a positive of Dividend Payout Ratio (DPR) and DA. However, the study conducted by Paolo and Laora (2017), using GMM estimator for 715 non-financial firms across countries observed a negative and significant relationship between DPR and DA. Concerning Firm Profitability (FP), Abdelkarim and Zuriqi (2019) in Palestine observed a positive and significant effect of FP on DA. Likewise, Sadiq et al. (2019) in Pakistan, discovered a positive and significant effect of ROA on DA. In Africa, Okoro and Ihenyen (2020) revealed a positive and significant effect of FP on DA in a study conducted among 102 consumer goods from selected three countries in sub-Saharan Africa while Okafor et al. (2018) in Nigeria using 16 consumer goods firms showed a negative but insignificant effect of FP on DA.

In the case of Working capital, Ugrin et al. (2017) discovered a positive and significant relationship between working capital and DA. In Africa, Elikalla (2017) using 802 non-financial firms in the MENA region revealed that working capital had a positive significant impact on accrual DA. Firm size, (Das et al., 2018; Edi & Jessica, 2020) showed negative and significant relationships between firm size and DA. However, studies conducted by (Sun & Rath, 2009; Khanh & Thu 2019) revealed a positive and significant effect of firm size on DA. In Africa, Hassan and Abdulrahman (2020) worked on firm size and DA in Bangladesh, the study showed a positive and significant effect of firm size on DA. Similarly, (Uwuigbe, et al., 2015; Abubakar, 2020) in Nigeria revealed a positive significant effect of firm size on DA. Regarding Growth Opportunity (GO), Das, et al. (2018) showed a positive significant effect of GO on DA while Khanh and Thu (2019) revealed a negative and significant effect of GO on DA. Similarly, Hassan & Abdulrahman (2020) showed a negative and significant effect of GO on DA in Bangladesh.

The theoretical framework for this study was anchored on Entrenchment is to strengthen the presence of leaders within the company by making their replacement expensive and difficult (Mayaub & Miloudi, 2015). Through their management, managers will try to increase their discretionary position to maximize their welfare and obtain significant compensation. Thus through entrenchment strategies, the presence of the executives is indispensable. Actually, by holding some shares in the company, the manager's interest converges with that of shareholders, so we expect correct management of the result. However, according to the entrenchment theory postulated by Barton and Simko (2002), the shareholder-manager may act on his/her own interests by trying to increase his/her share in capital through earnings management. Hence, managers opt for a decrease in the earnings before capital transactions to temporarily reduce stock prices and take advantage of the operation at lower costs. Thus, the use of earnings management can be justified by the reduction in funding costs, allowing the executives to be rooted and become majority shareholders in the company with minimum costs. (Stolowy & Breton, 2003) concluded that to avoid the risk of the forced departure of the manager, following a challenge of non-performance, The manager can try to manage earnings in order to limit the risk of being dismissed and save his reputation.

3.0 DATA AND METHODOLOGY

A sample of 76 non-financial listed firms with 836 firm-year observations was purposively selected for a period 2010-2020. These comprise Agricultural (4), Conglomerates (5), Construction and Real Estate (2), Consumer Goods (16), Healthcare (6), ICT (4), Industrial Goods (10), Natural Recourses (4), Oil and Gas (8) and Services (17) sectors. Furthermore, financial services such as insurance and banking were excluded because of their complex properties and likely different accruals. Consistent with this, (Eldiria, et al., 2020; Saline, 2020) excluded financial firms due to their different disclosure requirements. Secondary panel data were employed for the study and were sourced from the annual financial reports of sampled companies using the purposive sampling technique. Data were analysed using the Generalized Method of Moments (GMM).

3.1 Model Specification

The study adopted Raman and Shahrur, (2008) model from (Elikalla, 2017; Khanh and Thu, 2019) to measure Non-Discretionary Accruals (NDA), while Discretionary Accruals DA calculated as Total Accruals (TA) minus NDA.

Discretionary accruals are estimated using the following equation;

$$NDA_t = \alpha_1 \left(\frac{1}{A_{t-1}} \right) + \alpha_2 \left(\frac{\Delta REV_t - \Delta REC_t}{A_{t-1}} \right) + \alpha_3 \left(\frac{PPE_t}{A_{t-1}} \right) + \alpha_4 ROA_t + \alpha_5 MB_t \quad (3.1)$$

Where,

TA_{i,t} = Total accruals of firm i in year t., NDA_{i,t} = Total accruals of non-discretionary firms i in year t., DA_{i,t} = Total discretionary accruals firms i in year t, ΔREVI_{i,t} = Changes in firm income i in year t. ΔRECI_{i,t} = Change in Receivable i in year t. More so, PPE_{i,t} = firm Non-current asset (property, plant and equipment) i in year t., ROA_{i,t} (or *it-1*) = ratio of earnings

divided by total assets in year t or year t-1., $A_{i,t-1}$ = Total assets of firm i in year t-1, $M_{i,t}$ = Market Book Value, $\epsilon_{i,t}$ = Error term.

3.2 Research Model:

This study developed the following regression model adapted from (Elikalla, 2017; Khanh and Thu, 2019) and employed the model to fulfil research objectives.

$$DA_{it} = \beta_0 + DA_{it-1} + \beta_2 AS_{it} + \beta_3 CS_{it} + \beta_4 FCF_{it} + \beta_5 DPRL_{it} + \beta_6 FP_{it} + \beta_7 WC_{it} + \beta_8 FS_{it} + \beta_9 FA_{it} + \beta_{10} GO_{it} + \epsilon_{it} \dots\dots\dots(3.2)$$

Table 1. Measurement of Variables

Variables	Symbol	Measurement	Apriori Expectation
Discretionary Accruals	DA	Raman and Shahrur, (2008) Model, Khanh and Thu, 2019	
Lag of Discretionary Accruals	DA_{t-1}	Raman and Shahrur, (2008) Model, Khanh and Thu, 2019	
Asset Structure	AS	Non-Current Asset (NCA) in percentage divided by total asset. Arsov and Naumoski (2016)	+
Capital Structure	CS	Long-term debt divided by total asset. Darmawan <i>et al.</i> (2019)	+
Free Cash Flow	FCF	Cash flow from operation to total asset. Ross <i>et al.</i> (2013)	+/-
Dividend Payout Ratio	DPR	Profit after tax divided by market capitalization. Okoro and Ihenyen, (2020).	+/-
Firm Profitability	FP	Receivables to payables. Ugrin <i>et al.</i> (2017)	+/-
Working Capital	WC	Firm Size (FZ) measured as market capitalization of firm. Rezaei and Roshani (2012)	+/-
Firm Size	FS	Natural log of total Asset. Saline, (2020)	-
Firm Age	FA	No of years listed on Nigerian Stock Exchange, Orazalin and Akhmetzhanov (2019)	-
Growth Opportunity	GO	Annual Sales Growth. Edi and Jessica (2020)	+/-

Source: Author’s Compilation, (2021)

Panel data technique was used to examine factors influencing earnings management. A dynamic model was fitted to estimate the panel regression model. This was due to the lag dependent variable on the right side of the model. The inclusion of lag dependent variables would introduce a risky amount of endogeneity in the model. Therefore, the Arellano-Bond Generalized Methods of Moments (GMM) estimation technique was employed to correct this.

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Analysis

The descriptive statistics for both the explanatory and dependent variables were based on the mean, median, maximum, minimum, standard deviation, skewness and Kurtosis. The mean value of Discretionary Accruals (DA) which is the dependent variable was 8.6632 with a standard deviation of 1.4532 which measured the extent to which the data series dispersed around the mean as in Table 2. Skewness is a measure of the asymmetry of the distribution of the series around the mean had a positive value of 0.4512 with the implication that DA had a long right tail and hence most of the factors including the Asset Structure (AS), Capital Structure (CS), Free Cash Flow (FCF), Dividend Payout Ratio (DPR), Firm Profitability (FP), Working Capital (WC), Firm Size (FS), Firm Age (FA) as well as Growth Opportunity (GO) had long right tails and had an influence on DA. More so, Kurtosis as a measure of the peakedness or flatness of the distribution of a series was 3.87 as against 3.0 (the standard for normally distributed data series), DA was peaked (i.e. leptokurtic) relative to normal.

The mean response score of AS, CS, DPR, FP, WC, FS, FA and GO were 9.1865, 6.3478, 0.9831, 7.0851, 14.890, 3.2334, 1.5481 and 7.1921 with standard deviation of 3.3345, 2.2345, 1.2456, 3.8765, 5.8761, 2.8765, 2.2356 and 4.8762 respectively. Besides, there were great differences between the value of FCF across companies as evidenced by a very high standard deviation of 109.51. Apart from FCF and DPR, other variables were positively skewed. The values of kurtosis indicated that most of the variables, especially, AS, FCF, DPR, FP as well as FA were highly peaked. The gaps between the maximum and minimum clearly show that the sampled companies are similar.

Table 2. Descriptive Statistics

Variables	Mean	Maximum	Minimum	Stan.Dev	Skewness	Kurtosis	Observation
DA	8.6632	14.244	4.4321	1.4532	0.4512	3.8761	836
AS	9.1865	18.905	4.0000	3.3345	1.0071	4.8761	836
CS	6.3478	13.448	3.9213	2.2345	0.6538	2.9867	836
FCF	5.8419	8.2341	1.0000	109.51	-0.432	11.890	836
DPR	0.9831	1.1000	0.0000	1.2456	-0.054	6.0981	836
FP	7.0851	97.000	1.2000	3.8765	1.9843	17.908	836
WC	14.890	19.000	2.3402	5.8761	4.9765	1.6752	836
FS	3.2334	41.120	1.0237	2.8765	0.6543	2.2671	836
FA	1.5481	18.000	0.0000	2.2356	1.9876	3.4561	836
GO	7.1921	12.239	2.3451	4.8762	1.9871	2.9825	836

Source: Authors computation, (2021).

Where = Real Earnings Management, AS= Asset Structure, CS= Capital Structure, FCF= Free Cash Flow, DPR= Dividend Payout Ratio, FP= Firm Profitability, WC= Working Capital, FS= Firm Size, FA= Firm Age, GO=Growth Opportunity.

4.2 Correlation Analysis

In examining the association among the variables, the study employed the Pearson correlation coefficient (correlation matrix) and the results are presented in Table 4.2 below.

Table 3. Correlation Matrix

Variables	DA	AS	CS	FCF	DPR	FP	WC	FS	FA	GO
DA	1.000									
AS	-0.027	1.000								
CS	-0.138	0.076	1.000							
FCF	0.022	-0.012	0.073	1.000						
DPR	0.034	0.028	0.087	0.007	1.000					
FP	0.582	-0.065	0.319	0.064	0.056	1.000				
WC	0.052	0.076	-0.087	0.178	0.034	0.021	1.000			
FS	0.556	0.129	0.098	0.065	-0.043	0.098	0.087	1.000		
FA	0.416	0.098	0.098	0.087	0.008	0.032	0.021	0.028	1.000	
GO	0.024	0.025	-0.007	0.021	0.042	0.098	0.027	0.054	0.024	1.000

Source: Authors computation, (2021).

Where REM= Real Earnings Management, AS= Asset Structure, CS= Capital Structure, FCF= Free Cash Flow, DPR= Dividend Payout Ratio, FP= Firm Profitability, WC= Working Capital, FS= Firm Size, FA= Firm Age, GO=Growth Opportunity

Table 3 presented the correlation matrix among the independent variables included in the empirical specification. The cut-off point of 0.5 is normally used for an indication of high correlation. Correlation analysis was run among variables and as could be seen from the table, all the correlation coefficients among independent variables were less than 0.7 and also less than 0.5 with the exception of FP and FS which were 0.58 and 0.56 respectively. These results confirmed the assertion of Bryman and Cramer (1997) that the correlation between each pair of explanatory variables should not exceed 0.8. In addition to these, AS and CS were negatively correlated with most of the variables in the model.

4.3 Robustness Test

To make better the validity of all statistical inferences to be drawn from the study, a multicollinearity test was conducted as shown in Table 4.3 below. The variance inflation factor and tolerance values were found to be consistently smaller than 10 and 1 respectively, indicating that multicollinearity was not a problem (Tobachnick & Fidell, 1996; Cassey & Anderson, 1999).

Table 4. Variance Inflation Factor

Variables	VIF	Tolerance
AS	1.36	0.813543
CS	1.17	0.860081
FCF	1.17	0.859990
DPR	1.18	0.851256
FP	1.14	0.890265
WC	1.15	0.889139
FS	1.11	0.981662
FA	1.09	0.989662
GO	1.08	0.999810
MEAN	1.16	

Source: Authors computation, (2021).

Where AS= Asset Structure, CS= Capital Structure, FCF= Free Cash Flow, DPR= Dividend Payout Ratio, FP= Firm Profitability, WC= Working Capital, FS= Firm Size, FA= Firm Age, GO=Growth Opportunity

4.5 GMM Estimation of Factors Influencing Earnings Management Practices

The dynamic analysis allows the Authors to study the influencing earnings management practices proxied by Discretionary Accruals (DA) among non-financial listed firms in Nigeria. The estimation of results of the dynamic model indicates that all explanatory variables are significant, except firm age. Speed and DA: The speed of adjustment presented by the coefficient δ is inversely proportional to firm performance $(1-\delta)$ which represent the coefficient of the lagged return on asset DA_{t-1} . The coefficient $(1-\delta)$ is negative and significant at the 5% level for the two-step estimator.

The results of Asset Structure (AS) (two-step =15.16; $p=0.000 <0.01$) at a 1% level is positive and significant on DA. The findings suggest that firms with much of non-current assets to total assets engage in DA earnings management to avoid reporting earnings decreases or losses since analysts and investors are likely to expect such firms to continue to perform well. The positive effect is consistent with the research findings of Mishrab and Rajib (2018) while the results are in contrast with the findings of Khuong et al. (2019). Capital Structure (CS) (two-step =-239.87; $p=0.000<0.10$) showed negative and significant effect on DA at 10% level. Therefore, there is strong evidence that CS is associated with lower levels of DA among listed companies in Nigeria. The result is in line with the research findings of Edi and Jessica (2020) but differ from Nanik and Nur (2019). More so, Free Cash Flow (FCF) (two-step =8.34; $p=0.000<0.01$) showed positive and significant effect on DA at 1% level. The results support the research findings of Khanh and Thu (2019), but negate the outcome of Al-Omush et al. (2018). The study showed a positive and significant effect of

Dividend Payout Ratio (DPR) (two-step =5.13;p=0.000<0.01) on DA at 1% level. This result is in line with the outcome of Srikanth and Durgaprasad (2015) while not in support of the research findings of Paolo and Laora (2017).

More so, Firm Profitability (FP) (two-step =261.46;p=0.058<0.10) had positive significant effect on DA at 1% level. The result is in line with the outcome of Anabelen et al, (2020), but differ from Okoro and Ihenyen, (2020). Similarly, Working Capital (WC) (two-step =3.64;p=0.000<0.01) significantly and positively influence DA at a 1% level. This finding suggests that the longer the firm working capital, the greater the possibility to manage accruals. This result is consistent with the research findings of Ugrin et al. (2017). The result is in contrast with the outcome of Eldiria et al., (2020). Firm Size (FS) (two-step =-1.92(p=0.054<0.10)) is found to have negative and significant effect on DA at 10% level. The findings are in line with the research findings of (Anabelen et al., 2020). However, this negative effect does not provide support for the research findings of (Saline, 2020). There is no significant effect of Firm Age (FA) on DA. Furthermore, Growth Opportunity (GO) had positive and significant effect on DA (two-step =42.97(p=0.000 <0.01)) at 1% level. This suggests strong evidence that greater growth opportunities in non-financial listed firms are associated with a higher degree of DA earnings management. This result corroborates with the research findings of Ningrun (2019) in his study carried out across countries. However, the result negates the findings of Ugrin et al. (2017).

The diagnostic tests including the Wald test, the Sargan test of the validity of instruments and the Arellano-Bond test for higher-order serial correlation (AR(2)) are conducted and results are displayed in the lower portion of Table 4.5. The Wald chi² statistic of 3244.97 with a probability value of 0.000 indicates that the model has a good fit. The Sargan test statistic is 47.297 with probability value of 0.6949. The null hypothesis of the test that over-identifying restrictions are valid cannot be rejected. This means the instruments are valid. More so, the Arellano-Bond test for zero autocorrelation in first-differenced errors shows that the Z-statistic of the second-order autocorrelation test (AR2) is -.7575 with a probability value of 0.4487. Therefore, the null hypothesis of the test, No autocorrelation cannot be rejected. Thus, there is no problem with autocorrelation in the model. Hence, the diagnostic statistics show that the result is valid for policy inference.

Table 5. Factors Influencing Earnings Management Practices in Nigeria

Explanatory variables and other statistics	REM Model (Two Step)
DA _{t-1}	31.19*** (0.000)
AS	15.16*** (0.000)
CS	-239.87* (0.050)
FCF	8.34*** (0.000)
DPR	5.13*** (0.000)
FP	261.46*

	(0.058)
WC	3.64*** (0.000)
FS	-1.92* (0.054)
FA	-1.54 (0.123)
GO	42.97*** (0.000)
Constant	12.41** (0.000)
Wald chi2 Statistic	3244.97 (0.000)
Sargan Test	47.297 (0.6949)
First order autocorrelation test	-1.6961 (0.0671)
Second order autocorrelation test	-.7575 (0.4487)
Firms	76
Observations	760

Source: Author’s computation, (2021).

Note: ***, **, * means significant at 1%, 5% and 10% respectively. Bracket () are p-values

Where ROAt-1 =Lagged Return on Assets, REM= Real Earnings Management, AS= Asset Structure, CS= Capital Structure, FCF= Free Cash Flow, DPR= Dividend Payout Ratio, FP= Firm Profitability, WC= Working Capital, FS= Firm Size, FA= Firm Age, GO=Growth Opportunity

5.0 CONCLUSION

This study examined the factors influencing earnings management practices among 76 listed non-financial companies in Nigeria. The study sought to establish the substantial proof of the identifiable firm factors or characteristics by adopting a more reliable model, (Raman & Shahrur, 2008). Most of the existing studies on Earnings Management Practices (EMP) in Nigeria focused on Jones (1991) model as well as Modified Jones Model (1995) to measure Discretionary Accrual. This study provided evidence on the factors influencing EMP using Raman and Shahrur (2008) model with the use of Generalized Method of Moments for the analysis of the data to correct the deficiencies of Ordinary Least Square, which was adopted by most of previous findings. The findings of the study would enable lender and investors make informed decision.

The study revealed that asset structure, free cash flow, dividend payout ratio, firm profitability and working capital had positive and significant impact, which can affect firm earnings opportunistically, while capital structure and firm size had negative influence on EMP in Nigeria. In addition, firm age was negatively related to EMP but significant. The study therefore recommended that, listed companies in Nigeria should improve monitoring of their firm attributes to avoid opportunistic EMP and have quality financial statement.

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