American Scientific Research Journal for Engineering, Technology, and Sciences (ASRJETS)
ISSN (Print) 2313-4410, ISSN (Online) 2313-4402

http://asrjetsjournal.org/

Effect of Accounting Manipulations on Performance of Selected Listed Firms in Nigeria

Festus Oladipupo Olaoye[a]*, Adekunle Adeniyi[b]

[a,b]*Ekiti State University, Ado-Ekiti, Nigeria*
[a]*Email: oladipupo.olaoye@eksu.edu.ng*
[b]*Email: doubleade27@yahoo.com*

Abstract

This paper examined the effect of accounting manipulations on performance of selected listed firms in Nigeria. Specifically, the study examined the causes of accounting manipulations, evaluated the influence of accounting regulatory bodies and principles on accounting manipulations and investigates if there is a substantial impact of accounting manipulation on performance of corporate firms in Nigeria. The study adopted a descriptive research design using survey for collection of data. The target population comprised 21 listed industrial firms in South West, Nigeria and collected primary data using questionnaire from 150 respondents. Descriptive statistical tool of mean, standard (SD) and inferential statistics of Ordinary least Square were employed to analyse data gathered. Findings from the study revealed that there were causes of accounting manipulations in corporate firms; accounting regulations and principles have a great influence on accounting manipulations; accounting manipulations have a substantial impact on performance of firms. Based on the results of the study, it was concluded that accounting manipulations negatively influence performance of corporate firms sampled. That the use of accounting manipulations to patch up (as a cover up in the) books of accounts should be discouraged. It was recommended that regulatory bodies should put in place effective policies and stringent penalty for violators to reduce the incidence of accounting manipulations in Nigerian firms.

Keywords: Accounting Manipulation; creative accounting; firms' performance; accounting regulatory bodies; firms value.

----

* Corresponding author

1. Introduction

In recent decades, firms' 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 (AM) to the façade of research, though the occurrence is not new scandal [1]. Accounting manipulations is now a subject of focus and common phenomenon in the corporate world, causing earnings misstatements, and are having colossal consequences on companies' books, the financial markets, and most unfavorably on the total economy [2]. The issue of figures misstatement commonly called accounting manipulations has drawn the attention of stakeholders and researchers to the sequences of corporate failures [3; 4]. It has considerably attracted much responsiveness from stockholders, experts and regulators. According to [5], accounting manipulations could be earnings management including income smoothing and big bath accounting, aggressive accounting and creative accounting. All these are done through falsification of financial reporting figures, which is referred to as fraudulent financial reporting and also known as "cooking the books." Reference [6] defined fraudulent financial reporting as the intentional or reckless conduct, whether by act or omission, that results in materially misleading financial statements. It is also involve the use of discretionary accounting methods to influence desired outcome. There are several situations where users can be influenced by one way or another to present distorted accounting images and thus, their behavior can be "manipulated" [7]. The American Institute of Certified Public Accountants (AICPA) states that accounting manipulation involve manipulation, falsification or alteration of accounting records or supporting documents from which the financial statements are prepared; misrepresentation in, or intentional omission from, the financial statements of events, transactions, or other significant information; and intentional abuse of accounting principles relating to amounts, classification, manner of presentation, or disclosures. This creates a very large asymmetry of information for readers and users of financial statement (FS) which affect their decision making [8]. This ugly trend has made investors and regulators to lose confidence in the credibility of the corporate financial reporting in Nigeria [9]. The main objective of financial reporting is to send information to different stakeholders which include shareholders, creditors, regulators, employees, analysts and several others but this has been perverted by ample autonomy given managers to select accounting methods that are best suit their corporations. Reference [10] asserted 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 to be adopted on certain circumstances. They further ascribed this irregularity to the latitude given managers to choose accounting methods, loopholes of guidelines and principles, frail internal control and weak corporate governance mechanisms. Misstatement is done depending on the motives of the preparers. Management can switch from an accounting method to another as a way of managing earnings. So, any misstatement carried out different from the true position of financial statement under any pretense is done in the spirit of falsifying figures of the book of accounts which is referred to as accounting manipulations. Managers manipulate accounts in favour of firms or for management recompenses. Reference [11] stated that accounts manipulation represents the use of management's will to design transactions so as to affect the possibilities of wealth transfer between the company and society (political costs), funds providers (cost of capital) or managers (compensation plans). Similarly, Reference [10] defined accounting manipulations as a 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. To [11], accounting manipulation is when the managers of an organization intentionally misstate their financial information to favourably represent the entity’s financial performance. Accounting manipulations means falsifying figures in books of accounts with the objective of reporting net income more or less than what actually it is so that the statement of financial position’s figures may appear more or less attractive than what actually they are. Reference [12] define accounting manipulations 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 and some others see it to be carried out in the letter of laws and guidelines. Reference [13] posited that accounting manipulations is 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. Also, Reference [14] stated that accounting manipulations 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 of the accounts. Managers and top management hide under contingent situation to achieve their aim. A typical aim of accounting manipulation will be to inflate profit figures [15]. Manipulation of the books of accounts involves a presumption towards definite objective. Usually, 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 and salary [11]. These presumptions are observed as conflict of interest as they may not be in line with the shareholders’ interest while some argued that sometimes their actions may be beneficial to the firm [10]. Managers use many techniques to accomplish manipulative behaviours. They may be interesting to report a higher net profit so as to win shareholders’ confidence, to earn more commission on profits or to fetch better return for the shares they hold. In order to show inflated profits, the following methods are employed: inflating sales, suppressing purchases, writing off inadequate depreciation, providing inadequate provision for bad debts. Similarly, management may be interested in showing a net profit less than the company really earned.

The reason for this may be to deceive tax authorities or to buy shares of the company at a low price. In order to show lower profits management may employ such methods as suppressing sales, inflating purchases, making excessive provisions for depreciation and bad debts. As a matter of fact, accounts manipulation is done by directors and top management, thereby makes it difficult for the auditors to detect [3].

According to [16] stated that accounting manipulation can be divided into two separate groups which are: Creative Accounting which means keeping the accounting practices into the limits of legality (Earnings Management) and Accounting Fraud which means violating the accounting rules and principles (Earnings Manipulation). The numerous problems created by accounting manipulations are payment of unjustified amounts as reward, incorrect tax assessment, poor credit decisions, wrong share pricing, erroneous dividend decisions as dividend may be paid out of capital and loss of confidence by stakeholders.

A large number of companies that went bankrupt had practiced accounting manipulations by making misleading financial information which affects accounting information qualities and decision making. There have been studies like [14; 17; 10; 18] on accounting manipulations in Nigeria but none of them had investigated the causes and the aftermaths of manipulating figures in financial statement. The above stated problems informed this study. Thus, the study is to ascertain the causes and consequences of accounting manipulations on performance of the selected industrial listed firms in South West, Nigeria.

1.2. Literature Review

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 [19]. Nevertheless, it happens that companies bastardise the legality of such practice which can lead to terminal consequences. Evidence from the literature has shown that accounting manipulations mostly has a negative effect on financial reporting and resultant effect on firms.

According to [20], there are three primary “reasons” why management manipulates financial statements. Firstly, 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 FS because the Financial Accounting Standards Board (FASB), which sets the GAAP, provides a significant 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. Likewise, Reference [19] listed the following as the reasons for accounting manipulations: obtaining personal gain, competition, attracting investors, increasing or maintaining the level of capital, buying time for not settling debt and beating analysts’ forecasts about future company performance. There are various techniques used by companies to manipulate financial information. Manipulations usually occur because accounting standards mandate reports of accounting transactions.

Reference [21] maintained that there are numerous approaches used for manipulating accounting information by firms and their management mainly depend on goals that a company has but the most common are: short-term increase in profit, decrease in fluctuation of profit and strengthening the balance.

Reference [7] stated that there are 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 are depicted in the table below.

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. 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

Figure 1: Financial Statement Manipulation

Source: Bhasin 2016.

2. Methodology

The study adopted a descriptive research design using survey for collection of data. Questionnaire was used to gather data from the respondents for the study. The questionnaire was developed using 5 point Likert scale and all the returned questionnaire were thoroughly checked to ensure all the questions were answered accordingly. The target population comprised 21 listed industrial firms in South West, Nigeria. From a total of 160 copies of questionnaire distributed to the respondents only 150 were returned. The data collected was analyzed with descriptive and inferential statistics of Ordinary Least Square. Descriptive statistics of mean and standard deviation were used to 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 manipulations and performance of the selected firms.

3. Presentation of Results and Discussion

The results obtained from data analysis were presented in Tables 1 to 5. This section of the study deals with assessment of accounting manipulations and performance of corporate firms in Nigeria. Respondents were asked to answer questions on accounting manipulation and performance of corporate firms in Nigeria. The ranking ranged from 1 to 5 on a 5 point Likert scale. The tables under this section show mean, standard deviation (SD) and remarks (level of significant). An average mean above 3 is considered to measure satisfaction on the test variables. Standard deviation was used to show the dispersion from the mean. A standard deviation close to 0 indicates that the data points tend to be very close to the mean (also called the expected value) of the set, while a high standard deviation indicates that the data points are spread out over a wider range of values while the standard error is measure of the deviation of the sample mean from the actual mean of the population. Any test variable which its SD value is < 1 is said to be very significant while variables which SD values are > 1 but < 1.10 are believed to be significant or otherwise it is just significant. The following are denoted as not significant (N.S), very significant (V.S), significant (S) and just significant (J.S).

Table 1: Descriptive statistics computed for the respondents on the causes of accounting manipulations in Nigeria Firms

Tested variables	**N**	**Scores**	**Mean**	**SD**	**Remarks**
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 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
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

Table 1 presents the results of mean and standard deviation computed on the distribution of respondents' perception on the causes of accounting manipulation in Nigerian firms. Based on the results, there are factors responsible for accounting manipulations in Nigerian firms. Among these factors that are responsible for misstatement of financial information by the management of firms are undue relationship between external auditor and the firm with (0.52), selfish reasons (0.63) as well as increase in the value of firms (0.75) which were found to top the reasons for accounting manipulations in Nigeria. There are other factors that are very significant like reducing tax burden with (0.86) and the latitude given preparers (0.89) respectively. It was found that firms in Nigeria manipulate their books of accounts for targeted purposes. This claim was premised on the mean values computed for all the test items were greater than or equal to acceptable mean of 3.00 on a five point likert scale.

Table 2: Descriptive statistics computed on the perception of respondents on the effect of accounting manipulation on firms' value

Tested variables	N	Scores	Mean	SD	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 to some extent
Intentional minor breaches of financial reporting requirements that aggregate to a material breach	150	611	4.07	1.25	Significant

Manipulation of accounting records supposed to be cushion to leverage on by firms in the short run but the long run effect nose-dives firm in terminal predicament. Manipulated accounting records if found could destroy the image of a firm thereby ends in litigation.

Table 2 presents the mean and standard deviation computed for the effect of accounting manipulations on firms' value. From the results, it was found that all the test items showed that accounting manipulation was significance on firms' value.

This assertion is premised on the mean values obtained for the test variables which 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. Accounting manipulation is a whitewash in a makeshift for failure of a firms to manage their resources appropriately but the long-term effect of the practice leads to sudden failure and total seizure of the firms.

Table 3: Descriptive statistics computed on influence of accounting regulatory bodies and principles on accounting manipulation

Tested Variables	N	Scores	Mean	SD	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 reports 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) has an influence in the manipulative behavior of firms	150	652	4.35	0.92	Very significant
Legislations that forbid AM have an influence on manipulative behavior of firms	150	619	4.13	0.87	Very significant
Professional bodies have influence on the standard of financial reporting	150	609	4.06	0.87	Very significant
IPSAS can influence quality of accounting information reported by organisations.	150	612	4.08	1.01	Significant
Government policies can regulate manipulative behavior of private and public organizations.	150	614	4.09	1.02	Significant
Court actions	150	622	4.15	1.01	Significant
CAMA have an influence on report of organisations in Nigeria.	150	636	4.24	1.02	Significant

Table 3 presents the mean and standard deviation computed on the influence of accounting regulatory bodies, legislations and principles on the practice of accounting manipulations in firms. Findings from the table revealed that accounting regulatory bodies and principles have significance influence on the occurrence of accounting manipulations in Nigerian firms. It was found that legislations that forbid AM and professional bodies with same SD of (0.87) have very significance influence on the standards of financial reporting, Federation of Accounting Standards Board (FASB) and International Accounting Standards (IAS) with nearly same Std values of (0.92) and (0.94) respectively have an influence in the manipulative behavior of firms. The import of this is that accounting regulatory bodies and legislations such as FASB, IAS, ICAN, ANAN and IPSAS must be alive to their responsibilities by ensuring that their operations are steered by codes of conduct of their professional bodies and necessary legislations. This assertion was based on the mean values computed for all the test items are quite greater than the acceptable mean of 3.00 unit on a five point likert scale.

Table 4 presents the statistical analysis on the possible measures of accounting manipulation in Nigerian firms. From the results obtained, it could be asserted that accounting regulations, legislations and principles might have been effectively applied to reduce the incidence of accounting manipulations in Nigeria. Hence, accounting regulatory bodies, relevant stakeholders and principles may serve as possible measures to curtail the commonness of accounting manipulations in Nigerian firms. This position was premised on the mean value calculated for all the tested parameters which are greater than or equal to acceptable mean of 3.00 unit on a five point likert scale and 5 out of 6 tested variables on SD that were within the acceptance limit of <1.10 of significance.

Table 4: Descriptive statistics computed on possible measures to Accounting Manipulation in Nigerian Firms

Tested Variables	N	Scores	Mean	SD	Remarks
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 institutionalized 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

Table 5: Descriptive statistics computed on parameters of performance for the selected firms

Performance Measures Variables	N	Scores	Mean	SD	Remarks
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 tally	150	574	3.83	1.03	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

Table 5 presents respondents' results on performance measures variables in related with accounting manipulations in Nigerian firms. Outcomes of the mean and standard deviation computed for the performance parameters were measured greater than or equal to acceptable mean of 3.00 value on a five point likert scale but with a wide dispersion from the originality of all variables greater than 1.10 unit except the amount produced and the times for this to occur are tally (capacity indicators) that is just significant with SD (1.03). Results obtained from the table revealed that performance of firms is affected by the practice of accounting manipulations with all SD figures not being very significance. This assertion is premised on the SD gotten for each performance variable which is greater than 1.00 unit. This value indicated a wide spread dispersion from the mean. Therefore, in terms of performance of firms, accounting manipulations have negative impact on firms in Nigeria.

3.1. Test of Hypothesis

H_O: Accounting manipulation has no substantial impact on performance of firms in Nigeria.

Table 6: Ordinary Least Square computed for testing the Hypothesis

Dependent Variable: PERFORMANCE				
Method: Least Squares				
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			

Table 7: Granger causality Test for testing the direction of relationship between accounting manipulations and firm performance

Pairwise Granger Causality Tests			
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	

Tables 6 and 7 present the results of test statistics computed for the study. In Table 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 significance on firm performance was rejected. Further findings revealed that the regression coefficient obtained for accounting manipulations of -0.723 was negative. This revealed that there is a negative/indirect relationship between accounting manipulations and firms' performance. The interpretation of this is that a unit increase in the practice of accounting manipulations in firms may lead to 0.723% reduction in performance. Moreover, the p-value of the F-statistics calculated for testing the overall significant of the null hypothesis of 0.00000 was less than the critical value of 5%. This showed that there is a substantial impact of accounting manipulation on firms' performance. Consequently, the coefficient of determination obtained for the test of 0.809 indicated the approximation of 81% of the firms' performance have been negatively affected as a result of prevalence of accounting manipulations in Nigerian firms. Also, all other results obtained for this test re-affirmed that accounting manipulation is a good predictor for firms' performance. Furthermore, it was revealed in Table 7 that there is an un-directional relationship between accounting manipulation and firm performance. This assertion is premised on the p-value of the F-statistics computed for testing whether or not accounting manipulations Granger cause firm performance of 0.0003 was less than the critical value of 5%. Therefore, it would be reasonable to conclude that accounting manipulations did Granger cause firm performance and not the other way round.

4. Conclusion

It can be concluded that accounting manipulations examined in this study has been in practice among the firms sampled. The prevalence of accounting manipulations was confirmed to having indirect relationship with firms' performance in Nigeria. The wide dispersion of Std values of performance measures parameters is of a particular interest to know that accounting manipulations has negative impact on performance of firms in Nigeria. This study had shown 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 patronage and intention to attract new investors but have all been confirmed to indirectly related with firms performance in Nigeria. In addition, it could be concluded that accounting regulatory bodies and principles could be used to curtail and reduce the incidence of accounting manipulation in Nigerian firms. Furthermore, the result of hypothesis obtained revealed an existence of a negative and substantial impact of accounting manipulation on firms' performance.

5. Recommendations

Accounting manipulations is practiced to achieve specific targets for the preparers. It is therefore expected to be discouraged considering its resultant impact on firms' performance. Therefore, based on the findings of the study, the following recommendations are made:

- Causes and motivation for accounting manipulation should be seriously discouraged in Nigerian firms.
- For firms' performance to improve, there is need for management of firms in Nigeria to always present the true picture of their financial position. This will help firms to discover areas where performance is below expectations.
- Weaknesses in accounting regulatory bodies, government policies and court actions that firms usually explore to manipulate their accounting records should as a matter of urgency be strengthened by relevant stakeholders to save shareholders nest egg, firms and the entire economy.

References

[1] Cunningham, G. M. & Harris, J. E. Enron and Arthur Andersen: The case of the crooked E and the fallen A. Global Perspectives on Accounting Education, (3), 27-48, (2006).

[2] Mock, J. M. "Classic case studies in accounting fraud". Ph.D thesis, Miami University, Ohio, (2004).

[3] Nguyen, K. "Financial statement fraud: Motives, methods, cases and detections". Dissertation.com, Boca Raton Florida, USA, (2010).

[4] Egbunike, P. A. and Igbinovia, I. M. Threat of bankruptcy and earnings management in Nigerian listed banks. Acta Universitatis Danubius, 14 (3), 238-253, (2018).

[5] Stolowy, H. & Breton, G. A framework for the classification of accounts manipulations. HEC Accounting and Management Control, Working Paper, 708, 1-94, (2000).

James C. T. Report of the National Commission on Fraudulent Financial Information. Treadway Commission-COSO, USA, (1987).

[7] Bhasin, M. L. Accounting manipulation Practices in Financial Statement: An Experience of an Asia economy. International Journal of Economics and Financial Research, 2(11), 199-214, (2016).

[8] Beneish, M. D. "The Detection of Earnings Manipulation". Financial Analysts Journal, 55(5), 24-36, (1999).

[9] Eriabie, S. & Odia, J. Effects of characteristics of audit committee on earnings management in Nigerian quoted companies. Sokoto Journal of Management Studies: 10(1), 139-159, (2016).

[10] Umobong, A. A. & Ibanichuka. E. A. L. Accounting manipulations and firms financial performance: evidence from Nigeria. European Journal of Accounting, Auditing and Finance Research, 4(10), 30-47, (2016).

[11] Balaciu, D. & Pop, C. M. Is creative accounting a form of manipulation? International Journal of Economics and Financial Research, 935- 940, (2007).

[12] Mamo, J. & Aliaj, A. Accounting manipulation and its effects in the financial statements of Albanian entities. Interdisplinary Journal of Research and Development; 1(2), 55-60, (2014).

[13] Naser, K. Creative Financial Accounting: Its Nature and Use. Prentice Hall. Hemel Hempstead, (1993).

[14] Osazevbaru, H. O. Creative accounting and firm's market value in Nigeria. Journal of Business and Management Review: 2(3), 38-50, (2012).

[15] Karim, A. M., Shaikh, J. M., Hock, O. Y. & Islam, M. R. Creative accounting: techniques of application-an empirical study among Auditors and Accountants of listed companies in Bangladesh. Australian Academy of Accounting and Finance Review, 2(3), 214-245, (2016).

[16] Paolone, F. D. & Magazzino, C. Earnings Manipulations among the Main Industrial Sectors: Evidence from Italy. EconomiaAziendale Online, 5(4), 38-46, (2014).

[17] Micah, L. C. & Chinwe, O. E. The impact of creative accounting on organizational effectiveness: a study of manufacturing firms in Nigeria. British Journal of Economics, Management & Trade, 4(12), 2107-2122, (2014).

[18] Umobong, A. A. & Ironkwe, U. Creative accounting practices and financial performance of firms. International Journal of Innovative Finance and Economics Research 5(1), 1-10, (2017).

[19] Remenarić B., Kenfelja, I. & Mijoč, I. Creative accounting – motives, techniques and possibilities of prevention. Ekonomski Vjesnik/Econviews, 193-199, (2017).

[20] Bhasin, M. L. Survey of creative accounting practices: an empirical study. Wulfenia Journal, 23(1), 143-162, (2016).

[21] Danimir, G. Manipulation of the financial statements. Revista Economică, 3(40), 63-74, (2008).