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Sequence of Manuscript

I. Title page
II. Abstract (150-250 words)
III. Keywords (3-5)
IV. Introduction
V. Literature Review
VI. Methodology
VII. Results and Discussion
VIII. Conclusion and Recommendations
IX. References (APA 7th Edition)
X. Appendices (if necessary)
XI. Author Biographies (optional)

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IMPACT OF CEOs' CHARACTERISTICS ON EARNINGS MANAGEMENT OF LISTED DEPOSIT MONEY BANKS IN NIGERIA; MODERATED BY AUDIT QUALITY

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ABSTRACT

Quality of audit engagement and CEOs' attributes are believed to reduce the earnings management practice. Therefore, the study examines the impact of CEOs' characteristics on earnings management of listed deposit money banks in Nigeria moderated by audit quality. To describe the pattern of the research variables, measure of central tendency; mean and standard deviation were employed while inferential statistics using panel data regression was used to test formulated hypotheses. Secondary data source was employed and extracted from the banks' published financial statements covering the period from 2009-2023. Preliminary estimation tests, including heteroscedasticity, multicollinearity and normality were carried out to validate the results. CEOs' characteristic represented by CEOs' tenure and CEOs' reputation while audit quality represents moderating variable. Loan loss provision model was used to measure earnings management. The findings revealed a positive and significant effect of CEOs' tenure on earnings management while CEOs' reputation was negatively significant. And after moderation with audit quality; CEOs' tenure and reputation revealed significant and negative effect on earnings management. The study concluded that audit quality significantly moderates the impact of CEOs' attributes on earnings management of Nigeria deposit money bank. This implies that in order to ensure that the management acts in the best interest of shareholders, engagement of big 4 audit firms is of importance to reduce the menace of earnings management practice in Nigeria deposit money banks. The study therefore recommends younger aged individual with high level of both academic and professional qualifications be considered for the position of CEOs' of deposit money banks in Nigeria, engagement of high-profile audit firm for annual statutory audit with adequate regulatory backing to curb client influence.

***Keyword**: CEOs characteristics, Earnings management and Audit quality.*

INTRODUCTION

The quality of corporate financial reports in providing timely, relevant and reliable information to various stakeholders to make informed decision cannot be overemphasized. And with earnings management practice, this quality is being undermined which often resulted to financial loss to stakeholders, erosion of public trust and damaged reputation. Therefore, earnings management refers to an attempt by the management to alter companies reported earnings using permitted accounting techniques in order to produce financial reports that portray an enticing view of the company's business activities and financial position (Lodikeroi et al., 2022).

Earnings management (EM) in deposit money banks (DMBs) has become a globally scrutinized practice due to its implications for financial transparency, investor confidence, and regulatory oversight. Basically, regulatory environments and cultural factors influence the extent and nature of earnings management. In developing economies with weak enforcement of accounting standards, DMBs are more likely to engage in opportunistic EM to meet capital requirements or satisfy market expectations (Leventis et al. 2011). Conversely, in advanced economies with strict oversight such as the United States or members of the European Union, EM is often subtler and takes the form of income smoothing or signaling future performance (Beatty et al. 1995).

In Africa, EM has become a subject of increasing scholarly and regulatory concern, particularly due to the implications it holds for financial stability, transparency, and investor confidence. In many African economies, banks play a central role in financial intermediation, which makes the credibility of their financial reports crucial for sustainable economic development (Okolie &Izedonmi, 2014). The motivation for earnings management often stems from pressures to meet regulatory requirements, sustain investor confidence, and align reported performance with stakeholder expectations. For instance, studies in Nigeria suggest that bank managers may manipulate discretionary accruals to comply with prudential guidelines and to avoid regulatory sanctions (Uwuigbe et al., 2015). Earnings management in African deposit money banks reflects a combination of institutional weaknesses, regulatory gaps, and managerial incentives. Addressing these challenges requires strengthening governance frameworks, improving audit quality, and enforcing stricter regulatory oversight to enhance transparency and restore stakeholder trust in the banking sector (Uwuigbe et al., 2015; Okpala, 2019).

The chief executive officers (CEOs') are the heads of management delegated by the Board to run the affairs of the company to achieve its strategic objectives for sustainable corporate performance (Lodikeroi et al., 2022). They are generally viewed as the most powerful person in an organization that often exercise authority over the corporate financial decision and thus responsible for corporate performance (Choul and Chan, 2018). Because of this assigned tasks, CEOs may be motivated to engage in earnings management to meet up with given target. Lodikeroi et al (2022) described CEOs' attributes as personal characteristics, either observable (demographic diversity) or unobservable (cognitive diversity). Observable attributes according to Nguyen et al. (2019) includes age, gender, tenure, nationality and race while unobservable consist of educational background, experience and professional membership (Dabor and Dabor, 2015). Previous studies that examined CEOs attribute affirmed that CEOs characteristics significantly influence earnings management. For instance, studies of Budiyati and Wijaya (2023) Putri and Rusmanto (2019) Marwan et al. (2022) Uddin (2024) Farouk and Ahmed (2023) Ademola (2024) indicates that CEOs' age, gender, CEOs tenure, CEOs compensation, CEOs ownership, CEOs reputation tend to reduce earnings manipulation, though in specific cases the relationship may not always reach statistical significance.

Audit oversight parameters, including audit size, audit fees, tenure, and overall audit quality, emerge as significant influencers of earnings management. Audit quality is defined as the extent of excellence demonstrated in the audit process (Faiza and Nur 2023). It is also characterized as the likelihood of financial statements being fairly presented upon receiving an unqualified opinion (Kit 2020). The studies of Kaviani and Jafari 2025; Krismiaji et, al. 2024; Sulieman, et al. 2024; Le and Moore 2023; Awuye 2022; Salem, et al. 2021; Chowdhury and Yasser 2021; Lopes 2018; Almoni and Ayedh 2017; Al-Rassas and Kamardin, 2022 reported significant influence of audit quality on earnings management supporting the idea and assumption of agency theory that engagement of larger or more independent audit firms for audit service quality may discourage opportunistic reporting.

The current gap in understanding how audit quality moderates the relationship between CEO characteristics and earnings management has implications for regulatory policies, investor protection, and audit firm governance. Without understanding the interaction, deposit money banks (DMBs) in Nigeria may fail to adopt adequate governance mechanisms, and auditors may underestimate the risk posed by certain CEO traits. Thus, this study seeks to investigate how various CEO characteristics affect earnings management and whether audit quality moderates this relationship.

Objective of the Study

The main objective of this study therefore, is to examine the impact of CEOs' Characteristics on earnings management of listed deposit money banks in Nigeria; moderated by audit quality.

Hypotheses

In order to achieve the objective of the study, the following hypotheses were formulated in null forms:

1. H_{01}: CEOs' tenure has no significant effect on earnings management of listed Deposit Money Banks (DMBs) in Nigeria.
2. H_{02}: CEOs' reputation has no significant effect on earnings management of listed Deposit Money Banks (DMBs) in Nigeria.
3. H_{03}: Audit quality moderator has no significant effect on the relationship between CEOs' characteristics and earnings management of listed Deposit Money Banks (DMBs) in Nigeria.

LITERATURE REVIEW

Concept of CEOs' Characteristics and earnings management

Financial reporting practice has become serious issue due to the way and manner corporate organizations have continuously engage in unacceptable practice that have been described and labeled as financial statement fraud, unethical accounting practice, corporate fraud, earnings smoothing and most popular, earnings management.

Elizabeth et al. (2022) described earnings management (EM) as creative accounting or aggressive accounting. Creative accounting is a means through which the preparers of financial statements employed accounting practice which deviates from established accounting practice. Anderson (2021) defined earnings management as a tactic employed by a company's management to intentionally adjust the company's earnings in order to align the figures with a predetermined target.

Earnings management manifests in various forms, including big bath and cookie jar reserves, classification shifting, accrual earnings management (AEM), real earnings management (REM) and Income Smoothing. The practice of "big bath" involves the deliberate write-off of significant discretionary expenses by management in firms experiencing declining profits, aiming to further decrease reported earnings (Jordan and Clark, 2004). This approach operates on the premise that such write-offs are not met with proportional consequences for the company or its management. Instead of spreading these write-offs over future periods, they are absorbed into the current year's profits.

The idea behind the income smoothing is that the CEOS' smoothes earnings by maintaining it at the same level for several years and thus giving the idea of a constant earnings growth. The CEOS' may delay income recognition (understate) when the firm is over performing and shift income forward when the firm is underperforming (Gaver et al., 1995). This way, the manager leads shareholders to believe that the value of their shares will constantly increase in the future.

Detection of the presence of earning management practices in a financial report largely depends on methodology or model employed. As a response to the complexity involved in earnings management detection, McNichols (2022) distinguish three methodologies commonly used in the literature; aggregate accruals models, specific accrual models and distribution of earning models.

Specific accrual models are based on industry settings in which a single accrual is sizable and requires substantial judgment. These models are usually credited to the work of McNichols and Wilson (1988), Petroni (1992). They argued that management's discretion is likely to be reflected in a specific accrual or set of accruals. Similar to aggregate accruals, specific accruals techniques also model the behaviors of each specific accrual to identify its discretionary and non-discretionary components. For example, McNichols and Wilson (1988) focuses on residual provision of bad debt, estimate as the residual from a regression of the provision for bad debts on the allowance beginning balance and current and future write-offs. An accepted methodology for capturing earnings quality is to estimate discretionary accruals (Dechow et al. 2010).

The discretionary accruals are premised on the relationship between total accruals and hypothesized explanatory factors. Pioneer works on aggregate accrual models are that of Healy (1985) and DeAngelo (1981). They used total accruals and change in total accruals, respectively, as measure of management's discretion over earnings, while Jones (2018) introduced a regression approach to control for non-discretionary factors influencing accruals, specifying a linear relation between total accruals and changes in sales and property, plant and equipment (PPE).

Accounting adjustments on the other hand are of discretionary and non-discretionary nature (Malik et al., 2022). Discretionary nature of accounting adjustment as it relates to loan facilities is a form of manipulation by the management and is termed as discretionary loan loss provision whereas non-discretionary adjustment is depended on business fluctuations. Some loan granted by banks becomes slow moving over a period of time or default. Provisions are being made for slow moving while default loan is written off.

The chief executive officers (CEOs') are the heads of management delegated by the Board to run the affairs of the company to achieve its strategic objectives for sustainable corporate performance (Lodikeroi et al., 2022). Lodikeroi et al (2022) described CEOs' attributes as personal characteristics, either observable (demographic diversity) or unobservable (cognitive diversity). Observable attributes according to Nguyen et al. (2019) includes age, gender, tenure, nationality and race while unobservable consist of educational background, experience and professional membership (Dabor and Dabor, 2015). This study conceptualized CEOs attributes from cognitive diversity perspective (Tenure, academic qualification, professional body membership and national honour) as stated by Lodikeroi et al (2022) as most of the previous research on CEOs characteristics and earnings management focused on demographic attributes of CEOs. The academic qualification, professional body membership and national honour will be represented by CEOs reputation in line with Edi and Venorika (2022) through summated index.

Albert (2021) defined Chief executive officer (CEOS') tenure as the time a person spends in the CEOS' position. The length of time that takes CEOs' to gather experience and by extension, also gain additional strength (Kirchmaier and Stathopoulos, 2018). Merriam (2022) defined CEOS' tenure as the period of time a person works at a particular job or in an office. Similarly, Nazism (2019) defined CEOS' tenure as the period of time when someone holds a job, especially an official position, or the right to keep a job permanently.

Furthermore, CEOS' tenure refers to the length of time that a Chief Executive Officer (CEOS') has held the top leadership position within an organization. It is measured as the number of years the CEOS' has been in the role (Finkelstein et al., 2009; Hambrick and Fukutomi, 1991).

CEOS' tenure is an important factor in corporate governance and firm performance, as it can influence the CEOS''s decision-making, strategic orientation, and alignment with shareholder interests (Finkelstein and Hambrick, 1996; Shen and Cannella, 2002).

CEOS' Reputation refers to the perception of a Chief Executive Officer's (CEOS') character, competence, and leadership qualities as viewed by various stakeholders, such as investors, employees, and the general public (Fombrun and Shanley, 1990; Milbourn, 2003).

The concept of CEOS' reputation is grounded in the idea that CEOS's possess unique human capital and that their reputations can influence a firm's financial and non-financial performance (Hambrick and Mason, 1984; Milbourn, 2003). A CEOS''s reputation is typically built over time and can be influenced by factors such as the CEOS''s past successes, media coverage, and perceived integrity (Milbourn, 2003; Musteen et al., 2010).

CEOS's reputation can be thought of as the totality of enduring images that major stakeholders form based on perceived CEOS' performance, his or her ability, and values (Huang et al., 2010). They revealed that identifying proxies for this construct is not a trivial task, especially because a CEOS''s reputation assessment is realistically multi-dimensional, encompassing perceived competence at the task, credibility, charisma, integrity, honesty, and vision, among other attributes that are typically difficult to quantify. However, the study of Edi and Venorika (2022) utilized CEOS' reputation index consisted of four (4) stages of measurement (CEOS's qualification, member of professional body, tenure and experience) adopted from Kho and Edi (2021).

Provision of audit service is statutorily required and expression of professional opinion by an independent body on the true and fair view of a financial statement prepared and submitted by management of a firm is very paramount to all stakeholders to make informed decision. The attestation of audit opinion on the correctness of the figures in the financial statement gives confidence and certain level of assurance to those that will affected by the firm decision and actions thereby reducing information asymmetry problem between management and stakeholders. In view of this, audit quality is defined as the extent of excellence demonstrated in the audit process Faiza and Nur (2023). Similarly, Manh Dog (2019) articulated it as factors contributing to the probability of the auditor achieving reasonable assurance that the financial report is devoid of significant misstatements, and any detected deficiencies are either rectified or communicated in the audit report.

Assessing quality of external audit is challenging and quite tricky because the external user cannot assess auditor's working papers as a result of confidentiality. Aside, audit reports are often standardized in content and wording to extent of discovering little or no differentiation (Manita and Chemangui, 2007). In response to these limitations as regards measurement of audit quality, many proxies been developed to measure audit quality. It has been proxy broadly on the basis of competence (using criteria such as membership of the auditor to the "big four", compliance with stages of audit process, audit timetable and time allowed for auditing assignment), while for independence, the criteria such audit fee, joint auditing, mandate duration or audit tenure, audit size, key audit matters disclosure and provision of other service by auditor are often used (Okechekwu et. al. 2022; McNichols 2022; Krishnan 2023; Lin and Yen, 2022).

Review of Empirical Literature

Onipe (2022) conducted a study on the impact of CEOs' traits on earnings management within listed Nigerian companies. The research utilized secondary data spanning from 2012 to 2021, sourced from 57 firms listed on the Nigerian Exchange Group, and employed a panel regression model for analysis. The study identified a statistically significant association between CEOS' tenure and earnings management. Interestingly, the study found that the duration between CEOs' changes did not influence earnings management in Nigerian companies.

In a survey conducted by Pevzner (2021) on the impact of CEOs' tenure on earnings management among the selected companies in Ghana. The study employed primary data and analysed using descriptive statistics and multiple regression. The findings reported a connection between extended CEOs' tenures and reduced instances of earnings management. The study proposed that boards assess the benefits of maintaining CEOs' tenure continuity, as CEOs' with longer service demonstrated heightened dedication to long-term value creation and transparent financial reporting. However, the study covers a single period of time which did not account for improvement or otherwise in the current study. Employed Company size as a control variable, Amelia and Eriandani (2021) examined the effect of CEOs' tenure and earnings management in 495 samples of non-financial companies listed on the Indonesian Stock exchange in 2017-2019. Panel regression analysis with classical assumption testing was employed. The finding shows that CEOS' tenure and company size show a significant negative relationship with earnings management.

Zouari et al. (2022) analysed secondary data to evaluate how CEOs' traits influence earnings management within listed French companies. The study suggests that when a CEOs' enjoys a strong reputation, they may be more motivated to maintain such reputation and thereby increasing their inclination to manipulate the company's earnings.

Edi and Venorika (2023) analyze the effect of internal control and financial distress on earnings management and add the CEOs' reputation as a moderating variable. The object of this study is to determine the companies that listed on Indonesia Stock Exchanges between 2019 and 2020. The research data were tested and analyzed using panel regression analysis on SmartPLS software. This research used accrual earnings management to measure the earnings management, springate model to measure financial distress, internal control index to measure internal control and CEOs' reputation index is used to measure CEOs' reputation. The research results found that financial distress and internal control positively affect earnings management. In addition, this research results also found that a CEOs' reputation can have a moderately significant and positive effect on the relationship between financial distress and earnings management.

Ademola (2024) examined how CEOs' reputation influences earnings management practice. The study integrated Eisenegger and Imhof's (EI) reputation theory and the reputation-building hypothesis to explore how corporate reputation (CREP) concerns constrain real earnings management (REM).The study empirically tests the combined and individual effects of the dimensions of Eisenegger and Imhof's corporate reputation theory on real earnings management practices. The study used the least-square dummy variable (LSDV) two-way fixed effects estimator on a panel data constructed from 203 non-financial firms listed in 12 sub-Saharan African stock exchanges from 2014 to 2020.The study provides empirical evidence that CREP, consistent with Eisenegger and Imhof's reputation theory, curtails REM practices. Functional, social, and expressive reputation concerns reduce the managerial tendency to manipulate real activities, while considering other REM influencing factors. This result is consistent across REM components, country-level analysis, and endogeneity tests.

Francis et al. (2004) examined the association between CEOs' reputation (proxied by the extent of press coverage) and the quality of the firm's earnings (represented by two accruals-based measures). Three explanations for an association between these concepts were tested; the efficient contracting hypothesis suggested that reputed CEOs' are associated with good earnings quality while the rent extraction and matching explanations argue that reputed CEOs' are associated with poor earnings quality. The study used simultaneous equation system to capture the endogeneity of the constructs and found that more reputed CEOs' are associated with poorer earnings quality than less reputed CEOs'.

Salem, et al. (2021) examined the impact of audit quality on earnings management through loan loss provisions among both conventional and Islamic banks operating in MENA countries. Using the Generalised Method of Moments (GMM) and Random Effects, the study found that Big-4, co-audit, audit committee size, and audit committee independence restrain earnings management practices of Islamic bank managers. In contrast, audit committee mechanisms do not influence earnings management practices in conventional banks. The result also found that the extent of earnings management is lower in Islamic banks operating in countries experiencing turmoil as compared to conventional banks.

Chowdhury and Yasser (2021) examined whether audit quality influence real earnings management activities using a sample of UK listed firms that have strong incentives to manage earnings upward through meeting last year's earnings as a benchmark in the post-IFRS adoption period. The study used a sample of 4,774 firm-year observations of UK listed firms during the period 2005 to 2018. Univariate and multivariate analyses have been conducted to test the association after controlling for firm characteristics and institutional variables. The results showed that the presence of Big 4 auditors is significantly and positively related with greater levels of sales and discretionary expenses manipulation.

Le and Moore (2023) examined the effects of audit quality on earnings management and cost of equity capital (COE) considering the impact of two owner types: government ownership and foreign ownership. The study uses a panel data set of 236 Vietnamese firms covering the period 2007 to 2017. Due to two main dependent variables of the COE capital and the absolute value of discretionary accruals receive fractional values between zero and one, the paper uses the generalised linear model (GLM) with a logit link and the binomial family in regression analyses. The paper uses numerous audit quality measures, including hiring Big 4 auditors or the industry-leading Big 4 auditor, changing from non-Big 4 auditors to Big 4 auditors or the industry-leading Big 4 auditor, and the length of Big 4 auditor tenure. Big 4 companies include KPMG, Deloitte, EY and PwC, whereas the non-big 4 are the other audit companies. The study finds a negative relationship between audit quality and both the COE capital and income increasing discretionary accruals. The effects of audit quality on discretionary accruals and the COE capital depend on the ownership levels of two important shareholders: the government and foreign investors.

Foreign ownership is negatively associated with discretionary accruals; however, the effect is more pronounced in the sub-sample of state-owned enterprises (SOEs), the firms where the government owns 50% or more equity, than in the sub-sample of Non-SOEs.

Sulieman, et al. (2024) examined whether audit quality is capable to restrict earnings management in a developing country such as Jordan. The fixed effect method was used to study the association between two audit quality (audit fees and audit firm size) and discretionary accruals (AEM) with real activities (REM) as a proxy of earnings management, for the industrial service firms listed on the Amman Stock Exchange (ASE) during the period 2012-2021. Using 740 firm-year observations, the results showed that the audit fees (AFEE) are significantly and positively related to earnings management measured by discretionary accruals (AEM), while the aggregated measure of real earnings management (REM) shows a significant negative association with the audit fees (AFEE). However, the result showed that the existence of audit firm size (B4) is a negative and significant effect on earnings management measured by discretionary accruals (AEM) and the aggregated measure of real earnings management (REM).
Kaviani and Jafari (2025) investigated the relationship between audit quality and earnings management, based on Loan Loss Provisions (LLPs), in fifteen (15) active banks listed on the Tehran Stock Exchange from 2010 to 2024. By analyzing data from these sample banks, this study evaluates the impact of various factors on Earnings Management Practices (EMP), including audit firm size, auditor tenure, and auditor specialization in the banking industry. The results indicate a significantly negative relationship between audit firm size and earnings management, suggesting that banks audited by larger firms are less likely to engage in earnings manipulation.

THEORETICAL REVIEW

This study is anchored on both Upper Echelon Theory and Agency theory to underpin studies on CEOs characteristics and Audit Quality on Earnings Management.

The Upper Echelons Theory (UET): This theory was first put forward by Hambrick and Mason (1984) as a means of providing a new insight on organizations' act as they do and why organizations perform the way they do. At the heart of UET lies the proposition that senior-level executives' cognitive base and values, reflected in observable characteristics such as age and education, gender, experience and socio-economic background affect how they interpret and respond to strategic and operational situations through their choices, thereby influencing various organizational outcome (Hambrick and Mason, 1984).In a more precise way, the upper echelons assumes that senior managers' cognitive base and values become reflected in strategic and operational choice and that observable demographic characteristics are reliable indicators of executives' cognitive frames and, as a result, can be used to predict those choices.

Agency Theory: Agency Theory by Jensen and Meckling, 1976 offers a reach theoretical premise for understanding organization process and design from principal-agent perspective (Subramanian, 2006). Accordingly, Jensen and Meckling (1976) gave a description of principal- agent relationship as an engagement or a contract where single individual or more, refer to Principal, engage another individual refer to Agent to carry out some services on their behalf which entail delegation of decision authority to the Agent. The main goal of theory is to offer an explanation about how the relationship between the principal and agent can be designed optimally by offering fundamental assumptions about the parties involved and the organization (Eisenhardt, 1989).

The consequence of these assumptions has been described as “agency problem” (Jensen and Meckling 1976). Two specific type of agency problem have been identified in the literatures. These are: Adverse selection and Moral hazard. Gobel (2006) describes adverse selection as the problem of not being able to observe agent attributes prior to contracting. In this situation, the principal is unable to determine the capability, the competence and effort that the agent may possessed. Subramanian (2006) gives instance where agent taste or job itself is so highly complex that the principal is not able to verify agent attribute at the point of hiring.

Regarding the moral hazard aspect of agency problem, it's a situation described by Jensen and Meckling (1976) as inability of the principal to observe or monitor the performance of agent directly and that the principal can only assess subordinates or agent's performance based on outcome. As a consequence, the agent pursues his opportunistic behavior different from principal main goal. Two methods have also been suggested in the literatures to cope with moral hazard problem: monitoring agent activities by personal contact or information system, incentive system and audit practice.

METHODOLOGY

This research work adopted ex-facto design to examining the effect of CEOs characteristic and Audit quality on Earnings Management in listed deposit money banks in Nigeria. Ex-post facto research design uses data already in existence but not necessarily amassed for research purposes. It is considered suitable for this study because it is a substitute for true experimental research and can be used to test hypotheses about cause-and-effect or correlational relationship.

The study was carried out through the lens view of objectivist assumption that organization or research object can be studied in a manner that allow real process and structure and this has reflected in the way research objectives, questions and hypotheses raised and presented in chapter one. The objectivist assumptions are usually related to the epistemological position of positivism that emphasis the application of research method of natural sciences to generate knowledge about social reality. This standpoint is also informed by the way the problem in question is being viewed. In essence, the problem is considered from ontological basis that the problem is objective and independent of the actors involved.

Secondary data was employed in which was collected through annual reports and financial statements of listed deposit money banks in Nigeria from 2009 to 2023 (15 years). The choice of this method is premised on the fact that data relating to CEOs' characteristics and measurement of earning management practice can be accessed through financial statement because of the regulatory disclosure requirement and the structure of audit report therein. These reports were accessed and downloaded from the website of listed money banks in Nigeria and Central Bank of Nigeria (CBN). In instances where the required financial statements were unavailable on the CBN website, it was obtained directly from the website of the listed banks. Upon collection of the data, the collected data was processed to obtain both the dependent and independent variables.

For the purpose of this study, measure of central tendency, mean and standard deviation was employed to describe the pattern of the research variables, while inferential statistics; panel data regression technique wasused to test the formulated hypotheses because the study covered 13 listed deposit money banks on Nigeria Exchange Group (NGX) for period of 15 years (2009-2023). Panel data consists of time series and cross-sectional data about the objects (Gujarati and Porter, 2019).

Pair wise correlation test was conducted to assess the strength and direction of the relationship among the variables used in the study. The study also conducted a multicollinearity test among the independent variables in order to ensure that two or more variables are not explaining the same thing. A variable with variance inflation factor (VIF) above 5, indicates a problem of multicollinearity among the independent variables hence such variable will be dropped for the others (Gujarati, 2004). In addition, this study used Breusch and Pagan Lagrangian Multiplier test to identify the presence of heteroscedasticity. The assumption is that if error terms do not have constant variance, they are said to be heteroscedastic and vice-versa (Williams, 2015). Hausman test was carried out in order to ascertain the regression result that best suit the hypothesis of the study between random effect and fixed effect regression model. This is applicable when panel data is used. Random effect is appropriate if the p-value is greater than 5% level of significance but fixed-effect regression is appropriate in testing the hypothesis if p-value is less than 5% significance level. Lastly, the study employed Skewness and Kurtosis to test normality of data collected (Tabachnick and Fidell, 2013).

Model Specification

Given the prediction of UET as well that of agency theory and a-prior expectation on both dependent variable (earnings management and independent variables (CEOS' tenure and reputation) and audit quality as moderator, the model was as stated below. The model was adopted from Farouk and Ahmed (2023) with little modification.

=-0EM = f (CEOS' Ten, CEOS' Rep, AudQ)

This model is written in econometric form as

$$EM_{it}=a_i+ \beta_1 CEOS'\ Ten_{it}+ \beta_2 CEOS'\ Rep_{it}+ \beta_3 CEOS'\ Ten_{it} * AudQ+ \beta_4 CEOS'\ Rep_{it} * AudQ + \varepsilon_{it}$$

Where: EM stand for Earnings Management (measured through discretionary Loan Loss Provision), $CEOS'Ten_{it}$ signified Chief Executive Officers' tenure, $CEOS'Rep_{it}$ indicates Chief Executive Officers' Reputation and $AudQ_{it}$ represents Audit Quality while a_i intercept of the model, β, Coefficient of each independent variable in the model and ε_{it}refers to error term.

The a-priori expectation of the model is a negative relationship between the dependent variable and independent variables, i.e. $\beta_1 < 0$, $\beta_2 < 0$, $\beta_3 < 0$, $\beta_4 < 0$.

Table 1.
Variables Definition and Measurement

Variables	Proxies	Measurement	Source
Earnings Management	Loan loss provision	Chang et al (2008)	Farouk and Ahmed (2023), Elizabeth et al., (2022)
CEOs' Tenure	The number of years served as CEOs'	Number of year from CEOs appointment to the year of assessment.	Scholarone, (2019); Amelia and Eriandani (2021)
CEOs' Reputation	Number of academic qualifications, Professional associations and national honour awarded.	Total numbers of these parameter divided by 10.	Edi and Venorika (2022), Milbourn, (2003); Musteen et al., (2010)
Audit Quality	Audit size.	The size of audit firm is an indicator variable that is equal to one if the DMB is being audited by big4 Audit firm in the year of assessment and zero if otherwise.	Le and Moore (2023) ; Kaviani and Jafari (2025)

Source:Compiled by the Author

RESULT AND DISCUSSION

The descriptive analysis which focused on the mean, standard deviation, minimum and maximum values of the data collected. It shows the summary of the large set of data collected from the annual reports of the sample listed deposit money banks.

Table 2 Descriptive Statistics

Variable	Mean	Std. Dev	Minimum	Maximum	No. of Obs.
EMGT	0.005	0.071	0.000	0.530	195
CEOTEN	5.005	3.676	1	20	195
CEOREP	0.660	0.066	0.5	0.8	195
AUDQ	0.949	0.221	0	1	195

Source: Result output from Stata 17.

The result in table 2 depicts that earnings management measured via loan loss provisioning has a mean value of 0.005, maximum value of 0.53 and minimum figure of 0.040. This suggests that on average, most of the listed deposit banks that form the study sample size were not engaged in significant earnings management practice. The maximum value of 0.53 shows that some banks engaged in significant earnings manipulation potentially using loan loss provision while the minimum value of 0.00 suggests that some banks in the ample are not engage in unethical financial practice.

The result of CEO reputation proxy with summated index of three parameters (Academic qualification, Professional association membership and national honour), revealed that on average, CEOs reputation has a mean score of 66.0% which implies that most of the CEOs of sampled banks have good reputation as shown by mean value of 0.660. The minimum value of 0.50 implies that some CEOs have considerable academic and professional qualifications with national honor as an integrity individual in the society during the year while the maximum value of 0.8 indicated that a CEO with the highest reputation has an index score of 80%. These showed that most of the CEOs have required qualifications (both academic and professional) and national honor.

The results on audit quality revealed a mean value of 0.949 with minimum and maximum value of 0 and 1 respectively. The mean value of 0.949 represents that all the sampled banks employed the service of Big4 audit firms during the years under review. The minimum value of 0 indicates that some banks made did not engaged the service of Big4 audit firms and maximum value of 1 represents engagement of Big4 audit firms' services by some listed deposit money banks during year under review.

Table 3 Pair-wise Correlation Matrix

Variable	EMGT	CEOAGE	CEOGEN	CEOTEN	CEOBON	CEOREP	CEOOWN	AUDQ
EMGT	1							
CEOTEN	0.095 (0.197)	-0.074 (0.314)	-0.145 (0.045)*	1				
CEOREP	0.081 (0.263)	0.271 (0.000)**	-0.115 (0.115)	-0.171 (0.002)*	0.229 (0.002)*	1		
AUDQ	0.090 (0.219)	0.137 (0.061)	-0.273 (0.000)*	0.133 (0.066)	0.132 (0.072)	-0.099 (0.166)	-0.149 (0.054)	1

Source: Result output from Stata 17.

The result in Table 3 depicts the correlation analysis to assess the strength and direction of the relationship among the variables used in the study. The rule of thumb is that if two variables have correlation of 0.8, there is severe collinearity problem. The results indicated that none of the variables has correlation issues as all the variables had less than the threshold of 0.8.

Table 4 Random Effects Regression Result for Moderation Effect

Variable	Coefficient	Std. Error	T-Statistics	P-Value
CEOTEN	0.894	1.251	0.71	0.487
CEOREP	169.412	54.669	-3.10	0.008
CEOTEN*AUDQ	-1.205	0.429	-2.81	0.005
CEOREP*AUDQ	-63.881	3.661	-2.02	0.044
C	-28.784	6.140	-4.69	0.000
R-SQUARED	0.621			
ADJ. R-SQUARED	0.575			
F-STATISTICS	7.01	0.000		

Source: Result output from Stata 17.

The result in table 4 revealed that the adjusted R^2 has a value of 0.575 which indicates that the combination of audit quality variable and CEO attributes explained 57.5% variation in the dependent variable while the remaining 42.5% other audit quality and CEO attributes that were not captured in this study. The result of F-statistics has a coefficient value of 7.01 with p-value of 0.000 at 5% level of significance. This indicates that the model on moderating effect is fitted at 5% significance level.

Table 4 result indicates that audit quality negatively moderates the effect of CEOs' tenure and reputation on earnings management practice of listed deposit money banks in Nigeria as supported by t-values of -2.81; and -2.02 with p-values of 0.005; and 0.044 at 5% level of significance. In summary, audit quality proxied by audit firm size moderates the effects of CEO's attributes on earnings management practice of listed deposit money banks in Nigeria..

DISCUSSION

Generally, the result in Table 4 revealed that CEOs' characteristics moderated with audit quality has significant and negative effect on earnings management of deposit money banks in Nigeria. This indicates that combination of audit quality and CEOs characteristics reduce the earnings management practice. This may be attributed to sound academic and professional knowledge as well as experience of CEOs in banking sector, maintenance of high auditing standards by audit firm and resistance to client influence

Also, the result in table 4 revealed that when CEO tenure is being moderated with audit quality, it has a negative and significant effect on earnings management practice of listed DMBs in Nigeria. This indicates that when the tenure of CEO is renewed and extended together with better audit service, it will lead to reduction in earnings management perpetrated by the CEO of banks. Longed serve CEOs can be prevented from engaging in unethical accounting practices or standard manipulation through engagement of audit firm with high profile.

The table also revealed that when CEO reputation is moderated by audit quality reduces the magnitude of unethical accounting practices. This result strengthened the result obtained when CEO reputation was individually considered on earnings management and found that CEO reputation reduces earnings management practices. It indicates that when audit quality is improved upon along with CEO with better reputation, the level of applying discretion in the application of accounting standards by the CEOs to improve earnings will significantly reduced.

CONCLUSION AND RECOMMENDATION

Conclusion: Based on the overall empirical results of the study, it can be concluded that CEOs' characteristic moderated by audit quality significantly affect the level of earnings management practices through loan loss provisioning among listed deposit money banks in Nigeria. Considering impact of each CEOs' attributes with the moderator, the study concluded that:

i. CEO's tenure reduces the chance of engaging in earnings management practice among listed deposit money banks in Nigeria. This implies that earnings management practice by long stayed CEOs' can be monitored and prevented with engagement of big 4 audit firms for annual audit assignment of the Banks.
ii. Also, the negative influence of CEO reputation as indicated in table 4 on earnings management practice of listed deposit money banks in Nigeria affirmed that CEO with national honor and holds high level of both academic and professional body membership certification(s) will always abstain from engaging or involved in earnings management practice.

RECOMMENDATIONS

Based on the conclusion drawn from the empirical analysis conducted, the following recommendations were made in order to assist relevant stakeholders, regulatory bodies and practitioners in addressing the earnings management practice among the listed deposit money banks in Nigeria:

Engagement of big 4 audit firms for statutory audit assignment as required by Company and

Allied Matter Acts (CAMA) and other regulations is highly recommended because of their expertise, possession of needed resources for high quality audit engagement, adherence to auditing standard and ability to avert threats to principle of independence.

Specifically, the study reported that longer or shorter CEO stays in this leadership, it neither worsen nor reduces earnings management practices but when moderated with audit quality, there was earnings management practice was significantly reduced. It is therefore recommended that Board of Directors of DMBs should ensure that when CEO is spending more years in office, the service of large audit firms (one of the Big4 audit firm) should be employed in order to moderate the effect of CEO tenure and consequently reduces earnings management practice that may arise by the management.

The result on CEO reputation affirmed that good reputation does not need to be complemented by audit quality to resolve earnings management practice among listed deposit money banks in Nigeria and with audit quality as a moderator, the attribute revealed a significant negative influence on unethical accounting practice within banking sector in Nigeria. It is therefore recommended that individual with high level of academic qualification, professional bodies membership and awarded with national honor be always considered to the position of CEOs of listed deposit money banks.

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