



IMPACT OF OWNERSHIP STRUCTURE ON EARNINGS MANAGEMENT: NEW EVIDENCE FROM THE CHEMICAL AND PAINT INDUSTRIES IN NIGERIA

Danjuma Mohammed
 Department of Accounting
 Faculty of Administration and
 Management Sciences,
 Adamawa State University, Mubi
mohammed509@adsu.edu.ng

Jonathan Thaddawus
 Department of Accounting
 Faculty of Administration and
 Management Sciences,
 Adamawa State University, Mubi
thaddapakka@gmail.com

***Corresponding author:**
 Jonathan Thaddawus
 Department of Accounting
 Faculty of Administration and
 Management Sciences,
 Adamawa State University, Mubi
thaddapakka@gmail.com

ABSTRACT

Management of earnings by corporate organisations has been one of the serious issues in literature of accounting over the past few years, the situation which involves manipulation of company earnings in order to achieve a desired outcome which may or may not reflect the true position of the organisation. This issue has gained the interest of scholars and has been investigated extensively across different industries. This study explores how ownership structure influences earnings management in Nigeria's paint and chemical industry. It investigates three main objectives: (i) the impact of managerial ownership on earnings management, (ii) the effect of institutional ownership on earnings management, and (iii) the relationship between ownership concentration and earnings management. Utilizing a quantitative research approach, the study collected secondary data from annual reports of listed companies in the sector from 2010 to 2021. Panel data analysis, including pool ordinary least squares, random, and fixed effect regression techniques, was employed. Results indicate that ownership structure and earnings management behaviours vary among companies in the industry, with Meyer Paints Plc exhibiting the highest level of earnings management alongside significant managerial ownership. CAP Plc was found to have the highest average institutional ownership, sales growth and return on equity while Berger Paints Plc has the largest average company size. The regression results demonstrated that managerial ownership inversely negatively affect earnings management, indicating that higher managerial ownership tends to decrease earnings manipulation within Nigeria's paint and chemical industry. Conversely, the institutional ownership does not affect earnings management significantly. Conversely, ownership concentration positively affects earnings management. Firstly, the study recommended among others that managerial ownership should be encouraged and sustain in the paint and chemical industry since it reduces earnings management. Secondly, institutional owners should be encouraged to channel their resources – both technical and otherwise towards discouraging earnings management by supporting the management of the companies. Thirdly, ownership concentration should be discouraged in the paint and chemical industry since it increases earnings management. Lastly, board of directors are recommended to protect managers from any interference from other stakeholders that will lead to earnings management.

Keywords: *Earnings Management, Organisational Structure, Board of Directors, Chemical and Paint Industries, Institutional Ownership, Nigeria*

BACKGROUND TO THE STUDY

Every corporate organization's capacity to maximize shareholder value via wise and economical decision-making determines its level of success. To ensure that management decisions align with shareholder interests, an efficient management control system is essential. When there is a separation between the organization's owners and management, a conflict of interest between managers and shareholders is evident (Harahap, 2021). This separation in the ownership structure of modern businesses is expected, particularly in big public corporations where the owners are farther removed from the shareholders and the appointed managers may own relatively little shares. In these businesses, disregarding management might result in earnings management, which could then cause an ineffective allocation of resources (Johari, Saleh, Jaffer, & Hassan, 2008).

Management of earnings refers to the strategic influence of financial data to achieve a specific level of reported income, operating in the confines set by Generally Accepted Accounting Principles (GAAP), as outlined by Beneish (2001). This involves purposeful actions undertaken to influence statement of financial reports in order to portray a preferred outcome in terms of profitability. Based on the views of Healy and Wahlen (1999) "earnings management occurs when managers use judgment in financial reporting in structuring transactions to alter financial reports, to either mislead some stakeholders about the underlying economic performance of the company, or to influence contractual outcomes that depend on reported accounting".

In the understanding of Al-Fayoumi et al. (2010) contends that management of earnings occurs through three channels. In other words, there are three techniques of the management of earnings. Firstly, via the organizing of certain revenue and/or expenditure relations. Secondly, earnings management occurs through changes in accounting procedures. Thirdly, earnings management occurs through accruals management. Since shareholders are unaware of the magnitude of such accruals, the third channel accruals management is seen to be the most detrimental to the value of accounting reports (Mitra & Rodrigue, 2002).

According to O'Callaghan, Ashton, and Hodgkinson (2018), accrual is the gap between profits and cash flow from operational operations. Discretionary accruals refer to alterations in cash flows intentionally chosen by management to align with their strategic objectives. As a result, over time, controllers, accounting standards bodies, and the accounting profession have become more aware of earnings management practices. While not brand-new, firm management have been secretive about it (Wang, 2006). Even when no accounting rules are broken, earnings management techniques that aim to manipulate profits using subjective assessment and judgement are seen as immoral (Levitt, 1998). A company's ownership structure influences how it manages its profits. Asih (2015) has argued that there may be a substantial connection between the two indicators, and that the presence of foreign investors, higher presence of concentration, substantial institutionalization of ownership, and huge ownership in the hands of the management are important factors influencing earnings management (Bolton, Scheinkman, & Xiong, 2006). Enterprises characterized by concentrated ownership often delegate significant decision-making authority to major shareholders, who may withhold certain information to derive personal advantages from their control, as suggested by Mahawyahrti and Budiasih (2016). The structure of ownership performs a critical measure in influencing the practices of the management of earnings by determining the extent to which companies opt to disclose their financial data, as noted by Almadara (2017). The existence of influential stockholders by institution in the organisational

ownership of the organisational arrangement leads to improved management oversight and control, as well as improved corporate information. A governance mechanism known as ownership concentration gives the largest shareholder more influence over decisions and actions. According to Lafond and Roychowdhury (2008), concentrated ownership is prevalent in nations where minority shareholders have little legal protection. Gaining control over administration lessens clashes of and concern relating to the interest existing between managers and stakeholders in these nations, which in turn lessens agency conflicts.

However, agency issues arise between significant owners and minority shareholders when a single shareholder controls the organization's operations (Gedajlovic & Shapiro, 2002). Based on the view of Harahap (2021), managerial ownership stands out as a factor influencing earnings management. Theoretically, executives holding substantial shares of the company are expected to act as stakeholders, prioritizing the long-standing interests of the corporate organization. Hence, it becomes imperative for decision-makers understand the important link among the arrangement of organization and the management of earnings.

The primary aim of this research endeavour is to explore the relationship between the ownership of the organisational structure of chemical and paint corporations publicly operated in Nigeria and the practice and habit of manipulating and managing organizational earnings.

LITERATURE REVIEW

The concept of ownership structure has received serious attention by both practitioners and researchers. Ownership structure has been viewed as the combination of different owners of a company which includes block holders, managerial ownership and institutional ownership (Alexander, 2019). On the other hand, Imad (2012) regards ownership structure as a group of owners who have control over the company's affairs, Ioraver and Wilson (2011) consider ownership holding structure as the mixture of three diverse arrays of possession and these are; managers, block investors and institutional stockholders. This agrees with Waseem and Naila's (2011) assessment of ownership structure, which comprises concentration and management ownership.

Managerial ownership can be seen as an amount of stocks owned by the company's management. Managerial ownership is significant factor that align manager's interests with those of the company's shareholders (Siregar & Utama, 2008). According to agency theory, management ownership helps to reduce potential conflicts amongst managers and investors. Therefore, where the company's managers have larger share then they are less likely to compromise by self-interested action (Jensen & Mekling, 1976).

According to Charfeddine and Abdelaziz (2011), the portion of a director's stock that represents their presumed interests is known as management ownership. According to Do and Wu (2014), managerial organisational ownership is the percentage of a company's stocks held by its top management, which includes the CEO, board members, and other executives. Similarly, management ownership (Ogarbo, Ogar, and Nuipoko, 2021) describes the portion of a corporation's shares that are held by the managers. Institutional ownership, as defined by Bao & Lewellyn (2017), is the percentage of a corporation's stocks held by organisations other than banks, such as investment organisations. Nguyen & Le (2023) define institutional investors as major investors who make up a portion of a company's ownership structure. Insurance corporations, pension funds, financial organizations, and investment corporations are among the businesses that fall under this category. According to Le and Nguyen (2023), institutional

investors has the capability, means, and opportunity to oversee, regulate, and supervise a manager's decisions inside the company. Tarjo (2008) provided a similar argument, defining institutional organisational ownership as the control of business stocks by other organisations or businesses (such as banks, insurance firms, investment corporations, and other institutional ownership).

Ekpulu and Omoye (2018) are of the view that, institutional owners are those shareholders that are interested in inspecting company's financial reporting whenever, they want to invest heavily in the company. Based on this view, it is believed that an institutional organisational ownership has an effect on observing the performance of company's managers and this may therefore curtail agency clashes between stockholders and manager and subsequently may decrease agency difficulties (Affan, Wilda & Lilik, 2017).

Ownership concentration refers to the cumulative percentage of shares held by significant shareholders owning a minimum of 5 percent of shares, as outlined by Nguyen et al. (2021) and Le and Nguyen (2023). These major shareholders wield considerable influence over a firm's internal control mechanisms, as their considerable ownership stakes incentivize them to actively observe organization actions, defend their investments, and potentially seek advantages such as utilizing earnings decrease strategies to mitigate gratuities for other stockholders, as discussed by Le & Nguyen (2023).

The engagement of minority shareholders in monitoring managerial actions is often limited due to the associated costs, as noted by Ayadi (2014). However, Alzoubi (2016) contends that ownership organisational concentration exerts a substantial effect on and management and organization behavior, leading to heightened protection of their interests, which consequently mitigates earnings management practices within companies.

Management of organisational earnings stands out as a prominent issue in contemporary accounting research, encompassing instances where managers manipulate financial reporting within their business milieu, as highlighted by Parveen et al. (2016). This manipulation often involves alterations to revenue and expenditure data, aiming to mislead stakeholders regarding the contemporary economic standing of the corporation.

Similarly, Korivi (2016) contends that earnings management tendencies are particularly pronounced during Initial Public Offerings (IPO), with companies often inflating accounting profits in IPO years. Teoh et al. (1998A) further assert that unscrupulous management of organisational earnings during IPO years significantly contributes to longstanding market and incomes deficit among IPO companies in the United States (US). These findings underscore the pervasive nature of management practices of organisational earnings and their influence on financial markets and investor perceptions.

Review of Empirical Studies

Numerous scholars from diverse nations and industries have conducted empirical studies to explore the association between the structure of organizational ownership and the management of organizational earnings. However, the findings in the existing literature relating to empirical evidence thus far have been conflicting. In emerging nations, several studies have examined such relationships, yielding inconsistent results. Balsam et al.(2002) suggest that high institutional ownership holds the prospect of mitigating management earnings practices. However, the effectiveness of this depends on the proportion of ownership held by institutions, which enables effective monitoring of management, and the extent to which this diminishes managers' incentives for engaging in earnings management.

Many studies supports the notion that institutional ownership is inversely correlated with earnings management. These findings suggest that higher institutional ownership tends to coincide with reduced

instances of earnings management, possibly due to enhanced monitoring and oversight by institutional investors.

Ahmad, Ahmad, and Mohamed (2020) utilised a sample size of 72 non-financial enterprises traded on the Nigerian Stock Exchange (NSE) to investigate the link between ownership structure and earnings management in Nigeria. They show evidence that, whereas foreign ownership greatly lowers profits management, managerial ownership significantly boosts it, using data from 2004 to 2018. This conclusion is in contrast with Yahaya, Oyedokun and Aruwa (2019) who also studied the association between ownership structure and earnings management of listed consumer products in Nigeria from 2009 to 2018. According to Yahaya et al. (2019), institutional structure of ownership exerts a positive and significant effect on firms' ability to manage their profits effectively. Conversely, managerial structure of ownership and concentration of organizational ownership have a negative and considerable impact on the practices of management of organizational earnings. These findings align with those of Musa and Nafiu (2017), who explored the connection between the structure of organisational ownership and the management of earnings among Nigerian listed conglomerates spanning from 2008 to 2014. Musa and Nafiu's study showed a substantial negative link between managerial structure of ownership and ownership concentration with earnings management.

Interestingly, Musa and Nafiu (2017) also found that institutional structure of ownership showed no substantial correlation with the management of organisational earnings. However, they noted a favorable and substantial link between foreign ownership structure and the management of earnings. This advocates that while institutional ownership may not directly impact the management of earnings practices in Nigerian conglomerates, foreign ownership plays a favorable role in influencing these practices.

In contrast to previous studies, Alexander (2019) considered the link among the structure of organisational ownership and the managing of organisational earnings specifically in Indonesia. The study conducted found that organisational structure of ownership based on managerial capacity was not significant in influencing the practices of managing of earnings. However, institutional structure of ownership, controlling ownership, and foreign ownership were all discovered to exert effect on the behavior of management of earnings in the organisation.

These findings from Alexander (2019) and Agung (2020) emphasize the prominence of regarding the specific context of a country's market and regulatory environment when observing the link between organisational ownership and organisational management of business earnings. While managerial structure of ownership may not be a significant factor in Indonesia, institutional and foreign ownership seem to exert more pronounced effects on earnings management practices within the Indonesian manufacturing sector.

Theoretical Framework

The discussion of company ownership structures and earnings management has root in the theory. A wide range of ideas have been proposed to explain the connection between profits managing and the structure of organisational ownership. Stakeholder, signalling, positive accounting, and agency theories are a few of these theories.

Agency theory epitomizes the main corporate governance theory that supports ownership structure. among the most popular hypotheses for understanding the connection between the two variables seems to be agency theory. As a result, the agency theory serves as the foundational theoretical framework for our investigation of the connection regarding the structure of organisational ownership and manipulation

of earnings. The ties that are formed between a company's directors and owners are referred to as agency relationships, and they are described by the indication that managers and executives act in the interests of the owners (Zgarni, 2016).

METHODOLOGY

The approach employed to explore the organisational structure of ownership and organisational earnings manipulation of Nigerian listed paint and chemical industries was provided in this chapter. The study design, study population, size of the sample and procedure, data sources utilised for the analysis, and variable measurements were all covered in this chapter.

This employed a quantitative approach within a longitudinal (panel) research design, enabling the investigation of association regarding the arrangement of organisational possession and manipulation or management of organisational earnings of listed chemical and paint corporations in Nigeria. Secondary data extracted from the statement of accounts and annual reports of the sampled corporations during the specified period were utilized for the analysis in this study.

The study's population is made up of the entire five (5) chemical and paint corporations listed on the floor of the Nigerian stock exchange market as at 31 December 2021. These companies are: (1) Berger Paints Plc, (2) Cap Plc, (3) Meyer Plc, (4) Notore Chemical Ind Plc, and (5) Premier Paints Plc. It has been established that four of the five corporations were listed for over ten years ago while one (Notore Chemical Ind Plc) got listed in 2018.

This research study considered only chemical and paint corporations that have been listed on the Nigerian Stock Market and have been there for at least ten years. These criteria are essential to achieve the required number of observations for analytical robustness. The study employed the census sampling method which allowed the researcher to use all the companies in the population since the listed companies are not many and all of them can be examined. However, companies that did not meet with the ten years criteria was not included in the sample. Based on the available information from the Nigerian Stock Market, four out of the five listed companies have met the criteria, which represent about 90% of the population.

This research utilizes secondary data obtained from the financial statements of chemical and paint corporations listed between 2012 and 2021. It is acknowledged that all corporations listed on the Nigerian Stock Exchange are obligated to publish their annual reports and accounts.

Model Specification

This study employed panel model within the framework of modified Jones model in line with previous studies based on multiple regression. This will also be considered appropriate based on the structure of the data which will be collected on different companies in the chemical and paint industry for ten years. The conventional method for identifying earnings management involves the calculation of total accruals (TA) by deducting non-discretionary accruals (NDA), which are inherent to the company's operations, from the total. Non-discretionary accruals are those adjustments made in adherence to accounting principles, whereas discretionary accruals (DA) are accruals deliberately initiated by managers to manipulate the company's earnings.

Hence, the following equation is formulated:

Total Accruals (TA) = Net income – Net Cash Flow from Operating Activities

Since TA is divided into two different parts, that is, NDA and DA, it then implies that:

$$TA = NDA + DA$$

Whereby NDA reflects the specific business conditions of each company such as the length of the business cycle and the life cycle of the company. This means that NDA is not adjusted by managers.

Hence, in line with Jones (1991), Rahman and Shahrur (2008), Sharma and Jones (2001) and Nguyen et al. (2021), the following regression model for NDA variable according to TA has been formulated as:

$$\frac{TA_{it}}{A_{it-1}} = \delta_0 \frac{1}{A_{it-1}} + \delta_1 \frac{\Delta REV_{it} - \Delta REC_{it}}{A_{it-1}} + \delta_2 \frac{PPE_{it}}{A_{it-1}} + \delta_3 ROA_{it} + \delta_4 BM_{it} + u_{it} \dots (1)$$

Where

TA_{it} = The total accruals variable i in year t

A_{it} = Total assets of company i in year $t - 1$ (i.e., in the previous year)

ΔREV_{it} = change in revenue of company i in year t compared to year $t - 1$

ΔREC_{it} = change in receivables of company i in year t compared to year $t - 1$

PPE_{it} = the closing balance of fixed assets of company i in year t

ROA_{it} = total net profit/Total assets

BM_{it} = Equity book value/Equity market value

$\delta_0, \delta_1, \delta_2, \delta_3, \delta_4$ are the coefficients to be estimated

u_{it} = the error terms

The equation (1) will be estimated using Panel OLS to obtain the estimated coefficients $\hat{\delta}_0, \hat{\delta}_1, \hat{\delta}_2, \hat{\delta}_3$ and $\hat{\delta}_4$ and substitute them into equation (2) in order to compute the variable

NDA_{it}/A_{it-1} as formulated in equation (2) below.

$$\frac{NDA_{it}}{A_{it-1}} = \hat{\delta}_0 \frac{1}{A_{it-1}} + \hat{\delta}_1 \frac{\Delta REV_{it} - \Delta REC_{it}}{A_{it-1}} + \hat{\delta}_2 \frac{PPE_{it}}{A_{it-1}} + \hat{\delta}_3 ROA_{it} + \hat{\delta}_4 BM_{it} + u_{it} \dots (2)$$

After estimating equation (2), the value of $\frac{NDA_{it}}{A_{it-1}}$ will be obtained and then earnings management

(EMGT) will be computed using $\frac{DA_{it}}{A_{it-1}}$ as shown in equation (3) below:

$$EMGT_{it} = \frac{DA_{it}}{A_{it-1}} = \frac{TA_{it}}{A_{it-1}} - \frac{NDA_{it}}{A_{it-1}} \dots (3)$$

Hence, the final models 4, 5 and 6 for objectives 1, 2 and 3 can now be formulated as follows

$$EMGT_{it} = \gamma_0 + \gamma_1 MGRSH_{it} + \gamma_2 CSIZE_{it} + \gamma_3 CFLEV_{it} + \gamma_4 CROE_{it} + \gamma_5 SGRO_{it} + \varepsilon_{it} \dots (4)$$

$$EMGT_{it} = \varphi_0 + \varphi_1 INSH_{it} + \varphi_2 CSIZE_{it} + \varphi_3 CFLEV_{it} + \varphi_4 CROE_{it} + \varphi_5 SGRO_{it} + u_{it} \dots (5)$$

$$EMGT_{it} = \vartheta_0 + \vartheta_1 OWCON_{it} + \vartheta_2 CSIZE_{it} + \vartheta_3 CFLEV_{it} + \vartheta_4 CROE_{it} + \vartheta_5 SGRO_{it} + \epsilon_{it} \dots (6)$$

Models 4 – 6 will be used to estimate the relationship between earnings management and managerial ownership, earnings management and institutional ownership, earnings management and ownership concentration, respectively. The control variables are included in all the models (4–6). The coefficients γ_0 to γ_5, φ_0 to $\varphi_5, and \vartheta_0$ to ϑ_5 , are the parameters to be estimated.

Technique of Data Analysis

Descriptive method of analysis as well as the inferential method was employed in this study. The descriptive method provides the descriptive or summary statistics of the study variables which will form an important component of the analysis.

The inferential method allows the use of the method of correlation analysis and the panel data regression analysis method for the study. The Pearson correlation technique was used to provide a bivariate correlation analysis of the link between the study variables. In line with the panel regression analysis, panel least squares (PLS) was used. The appropriate choice was made between the use of fixed effect (FE) and random effect (RE) estimation methods using the Hausman test statistic to choose the most suitable methods taken into account the differences in companies' characteristics.

RESULTS AND DISCUSSION

DESCRIPTIVE ANALYSIS OF THE STUDY VARIABLES

Table 1 provides a summary of the listed chemical and paint companies used in this study of the association among ownership of the organisational arrangement and structure and the management of organisational earnings. These companies are Berger Paints Plc, CAP Plc, Meyer Paints Plc and Premier Paints Plc. Data from the annual reports and financial statements of these companies were extracted for the period of 12 years from 2010 to 2021. Owing to the inaccessibility of the annual or yearly report of Premier Paint Plc for 2022, this period was not included in the study. While CAP, Berger and Meyer Paints Plc had published their annual reports for 2022, all efforts to obtain the data for the 2022 for Premier Paints Plc were not successful and due to this reason, the study period was restricted to 2021. Hence, the frequency of the period for each of the included companies is 12 with a percentage of 25 percent each as presented in table 4.1.

Table 4.1: Sample Listed Chemical and Paints Companies used in the Study

COMPANY NAME	FREQUENCY	PERCENTAGE
Berger Paints Plc	12	25
CAP Plc	12	25
Meyer Paints Plc	12	25
Premier Paints Plc	12	25
Total	48	100

Source: *Compiled by the Author*

The mean values of the study variables have been computed and the results presented in table 4.2 for all the sample companies and the for the industry as a whole. The findings exhibit that the organisational management of earnings has an annual average of 0.066 for Berger Paints Plc which is below the industry average of 0.072. Meyer Paints Plc has the largest average earnings management with the value of 0.275 followed by Premier with the value of 0.127, both of them being above and even more than double the industry average of 0.072. Similarly, CAP Plc has the average earnings management of 0.088 which is also slightly above the industry average. In a nutshell, while Berger Paints Plc has the lowest average earnings management, Meyer Paints Plc has the largest which is more than double the entire industry earnings management average.

Table 4.2: Average (Mean) Values of the Study Variables by Company

	Berger Paints Plc	CAP Plc	Meyer Paints Plc	Premier Paints Plc	Industry
EMGT	0.066	0.088	0.275	0.127	0.072
MGRH	15.452	15.016	17.120	14.626	15.553
INSH	16.205	19.033	18.589	17.959	17.946
OWCO	15.129	14.500	18.018	16.729	16.094
CSIZ	22.070	21.942	20.290	19.369	20.918
SGRO	21.854	22.641	20.893	19.060	21.112
CROE	0.103	0.255	0.065	0.112	0.103
CLEV	0.190	0.384	1.802	0.943	0.830

Source: Computed by the Author using Stata 15.

The average percentage of managerial shareholding for the chemical and paint industry is 15.553 for the four listed companies in the study which represent more than 80 percent of the listed companies in the industry. Firm specific equity ownership by the managers appear to be higher Meyer Paints Plc with the managerial ownership accounting for 17.120 percent which is far above the industry average of 15.553 percent. This is followed by Berger Paints Plc and CAP Plc with the average values of 15.452 and 15.016 percent, respectively. Premier Paints Plc has the least average managerial ownership with the average of 14.626 percent of the equity in this company being owned by managers, which is below the industry average. Meanwhile, CAP Plc has the largest average institutional ownership with the average of 19.033 percent equity in this company being held by the institutional investors which is above the industry average of 17.946. Meyer Paints Plc has the second largest average institutional ownership followed by Premier Paints Plc with the average of 18.589 and 17.959 percent, respectively, with both being above the industry average. Berger Paints Plc has the least average institutional ownership with the average of 16.205 percent of the company's equity being owned by the institutional investors, and this is below the industry average of 17.946 percent.

The industry average ownership concentration is 16.094 percent indicating that on average, 16.094 percent of the total equity in the chemical and paints industry is owned by few individual investors suggesting that there is high level of concentration in the industry. Meyer and Premier paints Plc, however, appear to be more concentrated with the average of 18.018 and 16.729 respectively, which are above the industry average. On the other hand, Berger Paints Plc and CAP Plc have the average ownership concentration of 15.129 and 14.500, respectively with each being below the industry average. The average annual growth of the chemical and paint industry is 20.918 percent indicating a fast growth trajectory. Based on the firm level, Berger Paints Plc is considered fastest growing paint company with the average annual growth rate of 22.070 percent, which is far above the industry average. This is followed by CAP Plc and Meyer Paints Plc with the average annual growth of 21.942 and 20.290 percent, respectively, both exceeding the industry average. Premier Paints Plc has the least average annual growth of 19.369 which is below the industry average but can also be regarded as a fast-growing paint company.

In terms of average annual revenue or sales growth, the chemical and paint industry has an average of 21.112 percent which also can be regarded as a good indicator of a fast-growing sales generating industry in Nigeria. This is consistent with the contemporary increase in population growth and the high

demand for housing resulting from urbanisation and the booming of the real estate and construction industries in the country. CAP Plc has the largest average annual sales growth of 22.641 followed by Berger Paints Plc with the average annual sales growth of 21.854 percent, respectively, both exceeding the industry average. Meyer paints Plc has an average annual sales growth of 20.893 percent followed by the Premier Paints Plc having an average annual sales growth of 19.060 percent, both of which are below the industry average.

In terms of return on equity, which determines the profitability of the chemical and paint industry, the average ratio for the industry is 0.103 which indicates a 10.3 percent average annual ROE for the industry. This ratio can be considered normal for a growing industry which is also a good indicator for the industry. The firm specific average analysis indicates that CAP Plc has the largest ROE ratio of 0.255 suggesting 25.5 percent return on investment which is more than double the industry average and it is a good indicator for the company. Premier Paints Plc has an average annual ROE of 11.2 percent which is slightly above the industry average whereas Berger Paints Plc has exactly the same average annual ROE with the industry average with a value of 10.3 percent. However, Meyer Paints Plc has an average annual ROE of 6.5 percent which is far below the industry average.

The debt to equity ratio which measures the financial leverage of the industry and the companies is also very important consideration in the chemical and paint industry. High value of this ratio is not good for a company and the industry. In fact, a value above 2 indicates that the business is a very risky one and therefore can scare away investors. The results in table 2 show that the average financial leverage ratio for the chemical and paint industry is 0.830 which is not a bad indicator for the industry. Based on the firm specific analysis, Meyer Paints Plc has the highest leverage ratio with the average of 1.802 which is more than double the industry average. This is followed by the Premier Paints Plc which has an average of 0.943 leverage ratio placing it slightly above the industry average. This is an indication that Meyer Paints Plc needs to work on its debt – to -equity ratio in order to avoid falling into the risky zone making it difficult to pay its debts. Berger Paints Plc and CAP Plc have the least leverage ratio with the average of 0.384 per annum.

REGRESSION RESULT OF THE RELATIONSHIP BETWEEN OWNERSHIP STRUCTURE AND EARNINGS MANAGEMENT

The results of the association between ownership structure and management of earnings of listed chemical and paint companies in Nigeria are provided in table 4.4, 4.5 and 4.6. Three different methods were used for the estimation but best models as suggested by the selection criteria, i.e. Hausman test were interpreted. The best method selected for the estimation is the fixed effect (FE) based on the Hausman test result where the random effect (RE) was rejected and therefore, the FE models are interpreted throughout. The chi-square and the resulting probability value for the Hausman test are reported in the respective tables.

Based on the estimation equations outlined in the methodology, the results presented in Table 4.4 depict the connection of managerial ownership structure and the management of earnings. The coefficient associated with MGRH is -0.012, signifying a adverse connection between managerial organisational ownership structure and management of earnings. This negative coefficient suggests that higher levels of managerial ownership are connected with a decline in management of earnings practices within this industry, exerting an adverse effect on the management earnings overall. Specifically, it implies that, on average, a 1 percent increase in managerial ownership corresponds to a 0.012 percent decrease in earnings management, holding all other factors constant in the model. What this means is that, having

equity in a company by the managers of the same company has the tendency of reducing earnings manipulation because the managers having stake in the organisation have interest in protecting the image of the company by encouraging strict adherence to accounting standards.

Interestingly, this coefficient is significant at 5% level of significance as indicated by the Z-value (-2.360) for the fixed effect model suggesting that such negative relationship is strongly significant in a statistical sense which means that the first null hypothesis (H0) in the methodology can be rejected. Furthermore, the sign of the coefficient is in line with the a priori expectations of this study, that managerial ownership would be expected to possess a negative coefficient.

Table 4.4: Result of the Nexus Between Managerial Ownership on Earnings Management

	Pool OLS	Random Effect	Fixed Effect
Dependent Variable: Earnings Management			
Constant	-0.798 (-0.160)	-0.798 (-0.240)	-2.459 (-0.360)
MGRH	-0.012 (-0.150)	-0.012 (-0.240)	-0.030 (-2.360)
CSIZ	-0.747 (-1.700)	-0.747 (-1.420)	1.488 (4.120)
SGRO	-0.326 (-1.150)	-0.326 (-0.720)	-2.473 (-4.090)
CROE	-0.008 (-4.700)	-0.008 (-15.190)	-0.007 (-18.750)
CLEV	0.240 (1.140)	0.240 (1.630)	0.970 (28.050)
R-Squared	0.722	0.722	0.564
Hausman Test Hypotheses. H ₀ : Random effect. H ₁ : Fixed Effect			
Hausman Chi ²	17.340		
Prob. of Chi ²	0.002		
Conclusion:	Reject H0 and accept H1 and therefore implement fixed effect model.		

Source: Computed by the Author using Stata 15. Note: t-statistics and z-statistics are provided parentheses.

The outcome of the finding in table 4.4 also indicates the control variables used in the estimation of the association regarding ownership organisational structure and the management of earnings. While company size (CSIZ) and company leverage ratio (CLEV) have a direct correlation with the management of earnings, sales growth (SGRO) and company return on equity (CROE) have negative nexus with earnings management as suggested by their respective signs. The coefficient of CSIZ is 1.488 with the z-statistic of 4.120 indicating that company size is directly related with management of earnings. It means that on average, increase in company size by 1 percent is associated with increase in earnings management by about 1.5 percent, holding other variables in the model constant. This result means that companies in the chemical and paint industry become larger, they tend to manage earnings so that they can maintain a good public image and their position in the industry and also to attract more investors. Similarly, the positive coefficient on CLEV of 0.970 with the z-statistic of 28.050 shows that

on average, for every 1 unit increase in the financial leverage ratio in the chemical and paint industry, earnings management increases by about 0.97 percent, holding other factors constant. Since large leverage ratio is a sign of a risky investment, companies in this industry have the tendency to manage earnings when the leverage ratio is increasing.

On the other hand, the sales growth (SGRO) and company return on equity (CROE) are having negative coefficients suggesting that these variables an inverse link with management of earnings. The coefficient of SGRO is -2.473 which indicates that on average, for every 1 percent increase in sales, earnings management is expected to reduce by 2.47 percent, holding other variables constant. This coefficient is statistically significant (strongly with z-value -4.090) at 1 percent level of significance. The findings show that rise in the sales growth of companies in the chemical and paint industry is associated with reduction in management of earnings. As the revenue or turnover of companies in the industry become larger, the tendency to management of earnings decreases. This result is consistent with a priori expectations where the coefficient on SGRO was expected to have direct and significant. Similarly, the value of return on equity of the companies (CROE) is -0.007 with z-statistic of -18.750 indicating that return on equity is inversely related with the management of earnings in the chemical and paint industry which is statistically significant at 1 percent level. Hence, on average, for every 1 Naira increase in CROE, earnings management is expected to decrease by 0.007 percent, holding other variables in the model constant. This is an indication that as the profitability of companies in the chemical and paint industry increases, the tendency to manage earnings reduces. In other words, increase in profitability of companies in this industry is linked with a decline in the management of earnings.

The R-squared for the FE regression in table 4.4 is 0.564. This coefficient measures the overall performance of the model in terms of the fit of the model and the percentage of the variations in the management of earnings that is accounted for by the managerial ownership. In this case, based on the R-squared, 56.4 percent of the variations in management of earnings in the chemical and paint industry is explained by the variations in managerial ownership, company size, sales growth, company return on equity and financial leverage. This large percentage is an indication of a good fit for the model. Some of the other factors that are outside this model describe the remaining 43.6 percent.

Table 4.5: Regression Result of the Relationship between Ownership Concentration and Earnings Management

	Pool OLS	Random Effect	Fixed Effect
Dependent Variable: Earnings management			
Constant	-0.677 (-0.140)	-0.677 (-0.230)	4.964 (0.565)
OWCO	-0.017 (-0.260)	-0.017 (-0.650)	0.096 (3.230)
CSIZ	-0.743 (-1.670)	-0.743 (-1.320)	1.122 (3.230)
SGRO	-0.332 (-1.140)	-0.332 (-0.690)	-2.546 (-5.290)
CROE	-0.008 (-4.610)	-0.008 (-10.450)	-0.007 (-20.610)
CLEV	0.255	0.255	0.746

	(1.080)	(1.250)	(6.400)
R-Squared	0.722	0.722	0.593
Hausman Test Hypotheses. H ₀ : Random effect. H ₁ : Fixed Effect			
Hausman Chi ²	21.850		
Prob. of Chi ²	0.0001		
Conclusion:	Reject H ₀ and accept H ₁ and therefore implement fixed effect model.		

Source: Computed by the Author using Stata 15. Note: t-statistics and z-statistics are provided parentheses.

The result of the study shown in table 4.5 provides the connection between ownership concentration and management of earnings with three different estimation methods of which the FE is the preferred model. Ownership concentration (OWCO) has a positive relationship with the management of organisational earnings with the coefficient 0.096 and z-statistic of 3.230 signifying that for every 1% rise in organisational ownership concentration, on the average, the management of earnings increases by 0.096%, while the other factors are held constant. Similarly, like in the previous estimation (table 4.4), both the company size and financial leverage ratio have direct and statistically significant association with the management of earnings. Here, the coefficient of CSIZ is 1.122 which means that on average, for every 1 percent increase in the size of companies in the chemical and paint industry, earnings management increases by 1.122 percent, holding other factors constant. This value of the coefficient is shown to statistically significant at 1% level as indicated by the z-statistic of 3.230. in the same vein, the positive coefficient of CLEV which is 0.746 indicates that on average, for every 1 percent increase in financial leverage ratio, earnings management is expected to increase by 0.746 percent, holding other variables constant.

On the other hand, SGRO and CROE have inverse correlation with earnings management as previously obtained in table 4.4. The coefficient on SGRO is -2.246 while that of CROE is -0.007 suggesting that on average, for every 1 percent increase in the growth of sales and return on equity, management of earnings decreases by 2.253 percent and 0.007 percent respectively, holding other variables in the model constant.

The R-squared is 0.593, which means that about 59.3 percent of the variations in the management of earnings is explained by the variations in ownership concentration.

Table 4.6: Result of the Nexus Between Institutional Ownership and Earnings Management

	Pool OLS	Random Effect	Fixed Effect
Dependent variable: Earnings Management			
Constant	-21.756 (-3.430)	-21.756 (-3.490)	-8.848 (-0.910)
INSH	0.559 (4.710)	0.559 (0.3.590)	0.182 (1.240)
CSIZ	0.870 (1.520)	0.870 (1.190)	1.389 (4.500)
SGRO	-1.442 (-3.740)	-1.442 (-2.450)	-2.253 (-3.650)
CROE	-0.007 (-5.100)	-0.007 (-8.300)	-0.007 (-20.350)

CLEV	0.812 (3.310)	0.812 (3.970)	1.002 (11.590)
R-Squared	0.722	0.819	0.663
Hausman Test Hypotheses. H ₀ : Random effect. H ₁ : Fixed Effect			
Hausman Chi ²	14.600		
Prob. of Chi ²	0.002		
Conclusion:	Reject H ₀ and accept H ₁ and therefore implement fixed effect model.		

Source: Computed by the Author using Stata 15. Note: t-statistics and z-statistics are provided parentheses.

The results in table 4.6 provide the estimation of the link between organisational institutional structure of ownership and the management of earnings. Again, FE model is the preferred model and therefore the interpretation is based on result of the FE. The institutional structural ownership variable (INSH) is having a positive coefficient of 0.182 indicating that even the institutional ownership increases earnings management in the chemical and paint industry. It means that on the average, for every 1 percent increase in institutional ownership, earnings management increases by 0.182 percent, holding other factors constant. However, this coefficient is statistically insignificant as the suggested by the z-statistic of 1.240. Hence, this means that the direct link between institutional ownership and earnings management may not necessarily hold. Like in the two previous tables 4.4 and 4.5, the results in table 4.6 show that company size and financial leverage ratio have a direct and statistically substantial relationship with the management of earnings in the chemical and paint industry in Nigeria. The coefficients of the two variables – CSIZ and CLEV are 1.389 and 1.002 respectively suggesting that for every 1 percent increase in company size and 1 unit increase in financial leverage, on average, earnings management increases by 1.389 percent and 1.002 percent respectively. In the same vein, sales growth and company return on equity have maintained their negative and statistically significant coefficients with values of -2.253 and -0.007 respectively. Again, it means that on average, for every 1 percent increase sales growth and in return on equity, earnings management decreases by 2.253 percent and 0.007 percent, respectively, holding other factors constant.

Also, the coefficient of determination 0.663 which means that 66.3 percent of the variations in the management of earnings is clarified by the variations in institutional ownership, sales growth, company size, return on equity and financial leverage in the chemical and paint industry in Nigeria.

CONCLUSION

This study explores the connection regarding ownership organisational structure and the management of earnings within the chemical and paint industry in Nigeria, utilizing a sample comprising four listed corporations. The study aims to achieve three objectives: firstly, to assess the link among managerial ownership structure and the management of earnings; secondly, to discover the connection among ownership concentration and the management of earnings; and finally, to analyze the link between institutional organisational ownership structure and the management of earnings in the chemical and paint sector.

Employing both descriptive and inferential methods of analysis, the study reveals variations in the management of organisational earnings and organizational ownership structure across the sampled companies. For instance, Meyer Paints Plc exhibits the greater degree of the management of organisational earnings practices and managerial ownership, albeit with lower return on equity.

Conversely, CAP Plc demonstrates the highest average institutional ownership, sales growth, and return on equity, while Berger Paints Plc boasts the largest average company size.

Using fixed-effect regression analysis based on the Hausman test guidelines, the inferential method indicates that managerial ownership significantly reduces earnings management, whereas ownership concentration tends to increase it. These findings align with the anticipated outcomes and are consistent with prior empirical research. However, institutional ownership has a direct yet statistically insignificant association with the organisational management of earnings, suggesting that institutional investors may not exert significant influence on earnings management practices within the chemical and paint industry.

RECOMMENDATIONS

This study has established empirically that managerial and ownership concentration have statistically significant relationship with earnings management, whereby managerial ownership reduces it while ownership concentration increases it. It has also been empirically revealed that institutional organisational ownership has no noteworthy link with the management of earnings. Therefore, on the basis of these findings, the following policy recommendations have been put forward.

1. Companies in the chemical and paint industry are encouraged to allow managers to acquire more shares and become part of the shareholders because this has the advantage of discouraging managers from engaging in earnings management. This will further protect the future of the organisation through the sustenance of trust between the investors and the company thereby attracting more investors which is essential to the overall growth of the organisation. It is also recommended that the managers be provided with adequate protection by the Board of Directors of the company to avoid unnecessary interference from other shareholders especially if such interference is intended at earnings manipulation.
2. Similarly, institutional ownership has been argued to have both the technical and financial capacities to influence managers and minimise earnings management. Although this study finds no significant relationship exists, it is recommended that institutional shareholders channel their resources – both technical and otherwise towards guiding and empowering the capacities of managers in such a manner that will reduce earnings management in the chemical and paint industry in Nigeria. The institutional shareholders should be given chance to deploy their resources towards actualising the goals of the organisation.
3. Since ownership concentration has been found to increase earnings management in the chemical and paint industry, it is recommended that companies in the industry should discourage concentration of shares or equity in few individual investors and mechanisms should be put in place to discourage unsolicited interference from shareholders that have large shares. Again, Board of Directors are recommended to protect managers from any interference from other shareholders that will lead to earnings management.

REFERENCES

- Affan, M., Wilda, R & Lilik P. (2017). The Effect of Ownership Structure on the Quality of Financial Reporting of Manufacturing Companies Listed in the IDX during the Period of 2013-2015. *Imperial Journal of Interdisciplinary Research*, 3(7), 32-41.
- Agnes Cheng, C. & Reitenga, A. (2009). Characteristics of institutional investors and discretionary accruals. *International Journal of Accounting & Information Management*, 17 (1), 5-26.

- Agung, S. P. (2020). Institutional Ownership and Managerial Ownership and Earnings Management. *International Journal of Scientific and Research Publications*, 10(8), 656-664.
- Ahmad, H. A., Ahmad, M. L., & Mohamed, I. M. (2020). Ownership Structure and Real Earnings Management: Evidence from Nigeria, *Journal of Management Theory and Practice*, 1(3), 34-42.
- Al-Fayoumi, N., Abuzayed, B., & Alexander, D. (2017). Ownership Structure and Earnings Management in an Emerging Markets: Case Study of Jordan. *International Research Journal of Finance and Economics*, 38(1), 38-47.
- Alexander, O. D., Davis, T. I. Musibau, A. A. & Adunola, O. O. (2015). Impact of Corporate Governance on Firms' Performance. *International Journal of Economics, Commerce and Management*, 3(6), 634-653.
- Alexander, N. (2019). Ownership Structure and Earnings Management. *Accounting Finance Review*, 4(2), 38-42.
- Ali, A., Chen, T.Y. & Radhakrishnan, S. (2007). Corporate disclosures by family firms. *Journal of Accounting and Economics*, 44(1), 238-286.
- Alsharairi, M., Dixon, R. & Al-Hamadeen, R. (2017). Event-specific earnings management: additional evidence from US M & A pre-and post-SOX ", *Journal of Financial Reporting and Accounting*, 15(1). <http://dx.doi.org/10.1108/JFRA-11-2015-0097>
- Alves, S. (2013). The impact of audit committee existence and external audit on earnings management: evidence from Portugal. *Journal of Financial Reporting and Accounting*, 11 (2), 143-165.
- Alzoubi, E. S. S. (2016). Ownership structure and earnings management: evidence from Jordan. *International Journal of Accounting & Information Management*, 24(2), 135-161.
- Amir, R., Muhammad, H. A., Muhammad, U. Q., & Sher, D. J. (2018). Impact of Ownership Structure on Earnings Management: Evidence from Pakistan, *Review of Applied Management and Social Sciences*, 1(1 & 2), 51-58.
- Anderson, R.C., Mansi, S.A. & Reeb, D.M. (2003). Founding family ownership and the agency cost of debt. *Journal of Financial Economics*, 68(2), 263-285.
- Anderson, R.C. & Reeb, D.M. (2003). Founding-family ownership and firm performance: evidence from the S&P 500. *The Journal of Finance*, 58(3), 1301-1327.
- Anwar, H. & Buvanendra, S. (2019). Earnings Management and Ownership Structure: Evidence from Sri Lanka. *Colombo Business Journal*, 10(1), 44-65.
- Ayadi, W. M. (2014). The relationship between ownership structure and earnings quality in the French context. *International Journal of Accounting and Economics Studies*, 2(2), 80-87.

- Bakre, O. M. (2007). The Unethical practices of Accountants and Auditors and the compromising stance of professional Bodies in the corporate World: *Evidence from corporate Nigeria, Accounting Forum*, 31(3), 277-303.
- Balsam, S., Bartov, E., & Marquardt, C. (2002). Accruals management and equity valuation: Evidence from 10-Q filings, *Journal of Accounting Research*, 40(4), 987-1012.
- Bao, S. R., & Lewellyn, K. B. (2017). Ownership structure and earnings management in emerging markets: An institutionalized agency perspective. *International Business Review*, 26(5), 828-838.
- Bartov, E., Gul, F. A., & Tsui, J. S. L. (2001). Discretionary Accruals Models and Audit Qualifications. *Journal of Accounting and Economics*, 30(3), 421-452.
- Bergstresser D. & Philippon T., (2006). CEO Incentives and Earnings Management. *Journal of Financial Economics*, 80(8), 511–529.
- Bona-Sanchez, C., Perez-Aleman, J. & Santana-Martin, D.J. (2011). Defence measures and earnings management in an owner dominant context. *Journal of Business Finance & Accounting*, 38 (7), 765-793.
- Boulila, N., & Mbarki, I. (2014). Board Characteristic, External auditing quality and Earnings Management: Evidence from Tunisian Banks. *Journal of Accounting in Emerging Economics*, 4(1), 79-96.
- Chen, Y. & Rezaee, Z. (2012). The role of corporate governance in convergence with IFRS: evidence from China. *International Journal of Accounting & Information Management*, 20 (2) 171-188.
- Charitou, A., Lambertides, N. & Trigeorgis, L. (2007). Earnings behavior of financially distressed firms: the role of institutional ownership. *Abacus*, 43 (3), 271-296.
- Charfeddine, L. & Abdelaziz, E. (2011). Institutional ownership and Firm Performance: Evidence from France, *IUP Journal of Behavioural Finance*, 7(4), 34-46.
- Chung, R., Firth, M. & Kim, J.B. (2005). Earnings Management, Surplus Free Cash Flow, and External Monitoring, *Journal of Business Research*, 58(6), 766- 776.
- Chung, H. & Kallapur, S. (2003). Client importance, non-audit services, and abnormal accruals. *The Accounting Review*, 78 (4), 931-955.
- Chung, R., Firth. M., & Kim. J., (2002). Institutional monitoring and opportunistic earnings management. *Journal of Corporate Finance* 8: 29-48.
- Chen, Y., Elder, J. & Hsieh, M. (2007). Corporate governance and earnings management: the implications of corporate governance best-practice principles for Taiwanese listed companies. *Journal of Contemporary Accounting & Economics*, 3(2), 73-105.

- Cornett, M. M., McNutt J. J. & Tehranian H. (2009). Corporate Governance and Earnings Management at Large U.S. Banks Holding Companies. *Journal of Corporate Finance*, 15(1), 412-430.
- Daily, C., Dalton, D. & Canella, A. (2003). Corporate governance: decades of dialogue and data. *Academy of Management Review*, 28 (3), 371 - 83.
- Dechow, P., & Skinner, D. (2000). Earnings Management: Reconciling the Views of Accounting Academics, Practitioners, and Regulators. *Accounting Horizons*, 14(2), 235- 245.
- Dechow, P., Sloan, R., & Sweeney, A. (1995). Detecting earnings management. *The Accounting Review*, 70(1), 193-225.
- Dechow, P., Kim, H. & Sloan, G. (2012). Detecting earnings management: A new approach. *Journal of Accounting Research*, 50(2), 275–334.
- DeFond, L. & Jiambalvo, J. (1994). Debt covenant violation and manipulation of accruals. *Journal of accounting and economics*, 17(1), 145–176.
- Do, X. Q. & Wu, Z. X. (2014). The Impact of Ownership Structure and Capital Structure on Financial Performance of Vietnamese Firms, *International Business Journal Research*, 7(2), 2-8.
- Elham, S., Salehi, H. & Vali Pour, H. (2016). A study of the interaction of audit quality and ownership structure on EM of listed firms on Tehran Stock Exchange. *International Journal of and Cultural Studies*, 2(6), 5 -16.
- El-Moslemany, R., & Nathan, D. (2019). Ownership structure and Earnings Management: evidence from Egypt. *International Journal of Business and Economic Development*, 7 (1), 18-32.
- Ekpulu, G. A., & Omoye, A. S. (2018). Ownership Structure and Earnings Management: Evidence from Nigerian Listed Firms. *International Accounting and Taxation Research Group*, 1(2), 57-74.
- Fama, E.F. & Jensen, M.C. (1983). Separation of Ownership and Control. *Journal of Law and Economics*, 26, 288-307.
- Fama, E. F. (1980). Agency Problems and the Theory of the Firm. *The Journal of Political Economy*, 288-307.
- Farouk, M. A. (2014). *Possession Formation and Earnings Management of Listed Chemical and Paints Firms in Nigeria*. Being an M.Sc Thesis presented to the school of postgraduate studies, Ahmadu Bello University, Zaria.
- Feng, L.L (2010). A Panel Threshold Model of Institutional Ownership and Firm Value in Taiwan, *International Research Journal of Finance and Economics*, 1(5), 1450-1487.
- Genc, A. & Angelo, P. (2012). Ownership Concentration and Effects over Firm Performance: Evidences from Italy, *European Scientific Journal*, 8(22), 1857-1881.

- Gonzalez, J.S. & Garcia-Meca, E. (2014). Does Corporate Governance Influence Earnings Management in Latin American Markets? *Journal of Business Ethics*, 121(3), 419-440.
- Gul, F.A., Chen, C.J. & Tsui, J.S. (2003). Discretionary accounting accruals, managers' incentives, and audit fees. *Contemporary Accounting Research*, 20(3), 441-464.
- Habbash, M. (2010). The effectiveness of corporate governance and external audit on constraining earnings management practice in the UK (Doctoral dissertation, Durham University, North East England, United Kingdom). Retrieved from Durham E-Theses Online: <http://etheses.dur.ac.uk/448/>
- Healy, P.M. & Wahlen, J.M. (1999). A review of the earnings management literature and its implications for standard setting. *Accounting Horizons*, 13(4), 365-383.
- Henry, T. & Zheng, G. (2007). Institutional Ownership and Firm Performance: Evidence from U.S.-Based Public Traded Restaurant Firms, *Journal of Hospitality and Tourism Research*, 3(1), 19-38.
- Imad, Z. R. (2012). The Impact of Institutional Investors on Firms Accounting Flexibility: Evidence from Jordan, *International Journal of Economics and Finance*, 4(6), 48-60.
- Ioraver, N. T. & Wilson, E. H. (2011). The Relationship between Ownership structure and Performance of Listed Companies in Nigeria. *African Journal of Accounting, Economics, Finance and Banking, Rese*, 7(1), 57-67.
- Jaggi, B. & Leung, S. (2007). Impact of family dominance on monitoring of earnings management by audit committees: Evidence from Hong Kong", *Journal of International Accounting, Auditing and Taxation*, 16 (1), 27-50.
- Jaggi, B., Leung, S. & Gul, F. (2009). Family control, board independence and earnings: Evidence based on Hong Kong firms. *Journal of Accounting and Public Policy*, 28(4), 281-300.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of Firm Behaviour, Agency Cost, and Ownership Structure. *Journal of Finance Economics*, 2(1), 305-360.
- Jensen, M. C. & Murphy, K.J. (1989). *Performance pay and top-management incentives*, Division of Research. New York: Harvard Business School.
- Jiraporn, P. & DaDalt, P.J. (2009). Does founding family control affect earnings management? *Applied Economics Letters*, 16(2), 113-119.
- Johari, H., Saleh, M. Jaffar, R. & Hassan, S. (2008). The influence of board independence, competency and ownership on EM in Malaysia. *International Journal of Economics and Management*, 2(2), 281-306.
- Jung, K. & Kwon, Y. (2002). Ownership structure and earnings informativeness: evidence from Korea. *The International Journal of Accounting*, 37 (3), 301-325.

- Kamran, A., Sehrish, S., Saleem, F. Yasir, M. & Shehzad, F. (2012). Impact Of Concentrated Ownership On Firm Performance: Evidence From Karachi Stock Exchange, *Interdisciplinary Journal of Contemporary Research in Business*, 4(5), 46-58.
- Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. *Journal of Accounting and Economics*, 33 (3), 375-400.
- Kothari, S. P., Leone, A. J., & Wesly, C. E. (2005). Performance Matched Discretionary Accrual Measures. *Journal of Accounting and Economics*, 39, 163-197.
- Kouaib, A., & Jarboui, A. (2014). External audit quality and ownership structure: interaction and impact on earnings management of industrial and commercial Tunisian sectors. *Journal of Economics, Finance and Administrative Science*, 19(37), 78-89. Doi: <http://dx.doi.org/10.1016/j.jefas.2014.10.001>
- Kumar, S.S.S. (2007). Short and Long-run Performance of Book building of IPOs in India. *International Journal of Management Practices and Contemporary Thoughts*, 2(2), 20-29.
- Lafond, R., & Roychowdhury, S. (2008). Managerial Ownership and Accounting Conservatism. *Journal of Accounting Research*, 101-135.
- Latif, S. & Abdullah, F. (2015). The effectiveness of corporate governance in constraining EM in Pakistan. *The Lahore Journal of Economics*, 20(1), 135–155.
- Liu, C. & O'Farrell, G. (2011). The impact of IFRS on earnings management: evidence from the People's Republic of China", *International Journal of Services and Standards*, 7(3), 264- 277.
- Mahawyahrti, P. T., & Budiasih, I. A. (2016). Asymmetry Information, Leverage and Firm Size on Earnings Management. *Jurnal Ilmiah Akuntansi dan Bisnis*, 11(2).
- Mitnick, M. B. (1975). The Theory of Agency: The Policing 'Paradox' and Regulatory Behavior, *Public Choice*, 24(2), 27-42.
- Musa, A. F. & Nafiu, M. B. (2017). Ownership Structure and Earnings Management of Listed Conglomerates in Nigeria. *Indian-Pacific Journal of Accounting and Finance*, 1(4), 42-54.
- Nickell, S., Nicolitsas, D. & Dryden, N. (1997). What Makes firm Perform Well? *European Economic Review*, 41(6), 783-796.
- Nickell, S., & Nicolitsas, D. (1999). How Does Financial Pressure Effect firm? *European Economic Review*, 43(9), 1435-1456.
- Peasnell, V., Pope, F. & Young, S. (2005). Board monitoring and earnings management: do outside directors influence abnormal accruals? *Journal of Business Finance & Accounting*, 32 (7/8), 1311-1346.

- Peasnell, V., Pope, F. & Young, S. (2000). Detecting earnings management using cross-sectional abnormal accruals models. *Accounting and Business Research*, 30 (4), 313-326.
- Parveen, S., Malik, N., & Mahmood, Y. (2016). Impact of Ownership Structure on Earnings Management: Evidence from Pakistani Banking Sector. *Journal of Poverty, Investment and Development*, 23(1), 25-36.
- Reddy, Y.S. (2004). Seasoned Capital Offerings: Earnings Management and Long-Run Operating Performance of Indian Firms. Working Paper, *National Stock Exchange*, India.
- Roodposhti, F. & Chashmi, S. (2011). The impact of corporate governance mechanisms on earnings management. *African Journal of Business Management*, 5 (11), 4143-4151.
- Ross A. S. (1973). The Economic Theory of Agency: The Principal's Problem. *American Economic Review*, 63(2), 134-139.
- Saleem, E. (2016). Ownership Structure and Earnings Management; Evidence from Jordan. *International Journal of Accounting and Information Management*, 24(2), 136-161.
- Schipper, K. (2016). Commentary on earnings management. *Accounting Horizons*, 3(4), 91-102.
- Shehu H. & Jibril, Y. (2012). Ownership Concentration and Earnings Management Practice of Nigerian Listed Conglomerates, *American International Journal of Contemporary Research*, 20(57), 27-39.
- Shohreh, H., Seyedeh F., Mir, R., & Armin S. (2015). Investigating the relationship between Institutional ownership with financial policies and Financial Performance of listed companies in Tehran Stock Exchange, *Singaporean Journal of Business Economics, And Management Studies*, 3(11), 45-52
- Shleifer, A. & Vishny, W. (1997). A survey of corporate governance. *The Journal of Finance* 52, 737-783.
- Siregar, S. & Utama, S. (2008). Type of earnings management and the effect of ownership structure, firm size, and corporate-governance practices: Evidence from Indonesia. *The International Journal of Accounting* 43(1), 1- 27.
- Stolowy, H. & Breton, G. (2004). Accounts Manipulation: A Literature Review and Proposed Conceptual Framework. *Review of Accounting and Finance*, 3(1),1-65.
- Sahoo, S. & Rajib, P. (2010). After Market Pricing Performance of Initial Public Offerings (IPOs): Indian IPO Market 2002-2006", *Vikalpa*, 35(4), 27-43.
- Teoh, S.H., Welch, I. & Wong, T.J. (1998A). Earnings Management and the Long-Run Market Performance of Initial Public of offerings. *The Journal of Finance*, 53(6), 1935-1974.
- Velury, U. & Jenkins, D. (2006). Institutional ownership and the quality of earnings. *Journal of Business Research* 59(9) 1043-1051.
- Wang, D. (2006). Founding family ownership and Earnings Management. *Journal of Accounting*

- Waseem, A. & Naila, T. (2011). Impact of Ownership Concentration on the operating Performance of Pakistani Firms, *Asian Economic and Financial Review*, 1(3), 147-150.
- Yeo, G.H.H., Tan, P.M.S., Ho, K.W. & Chen, S.S. (2002). Corporate Ownership Structure and the Informativeness of Earnings, *Journal of Business Finance & Accounting*, 29(7/8), 1023-1046.
- Zgarni, I. (2016). Effective audit committee, audit quality and EM Evidence from Tunisia, *Journal of Accounting in Emerging Economies*, 6 (2) 138-155.
- Zhang, H. & Kyaw, K. (2017). Ownership Structure and Firm Performance: An Empirical Analysis of Chinese Companies. *Applied Economics and Finance*, 4(2), 57-64.
- Zhong, K. & Gribbin, W. and Zheng, X. (2007). The effect of monitoring by outside block holders on earnings management. *Quarterly Journal of Business and Economics*, 46 (1), 37-60.