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Effect of Board Structure on Earnings Management in Listed Consumer Goods Companies in Nigeria

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Abstract

This study examines the effect of board structure on earnings management among listed consumer goods companies in Nigeria. Drawing on agency and complementary governance theories, the study investigates how key board attributes; board size, board independence, board members' financial expertise, multiple directorships, and board gender diversity individually and collectively influence earnings management. Using an ex-post facto research design and a quantitative approach, panel data were obtained from the annual reports of 16 firms over the period 2006–2022. The study employs Panel Corrected Standard Errors (PCSEs) regression to address cross-sectional dependence, heteroscedasticity, and serial correlation inherent in panel data. The findings reveal that board structure variables jointly have a significant effect on earnings management, confirming the importance of governance mechanisms in financial reporting quality. However, the results show mixed effects at the individual level where board size and board independence exhibit positive but statistically insignificant relationships with earnings management. In contrast, board members' financial expertise has a positive and significant effect, suggesting that expertise could be associated with increased ability to manage earnings. Conversely, multiple directorships and board gender diversity demonstrate significant negative effects, indicating their effectiveness in reducing earnings manipulation. Thus, the study recommends that Consumer goods companies in Nigeria should as a matter of urgency prioritize enhancing the financial expertise of board members as well as promoting gender diversity on the board because the findings indicate that board members with financial expertise have a statistically significant impact on reducing earnings management. Therefore, management should actively seek to appoint directors with relevant financial qualifications and experience, particularly in accounting, auditing, or financial reporting to improve their ability to critically assess financial decisions, identify potential manipulations, and ensure transparency in financial reporting. Additionally, gender diversity has shown a highly significant negative impact on earnings management, implying that the management should implement policies to increase female representation on the board because a more gender-diverse

board could introduce varied perspectives, enhance decision-making processes, and lead to better governance practices focused on reducing earnings manipulation.

Keywords: Board Structure, Earnings Management, Corporate Governance, Board Independence, Financial Expertise, Multiple Directorships, and Gender Diversity

Introduction

Corporate governance sits at the heart of financial reporting credibility, yet the persistence of earnings management continues to expose cracks in this foundational mechanism, particularly within emerging economies. In principle, boards of directors are expected to discipline managerial opportunism, reduce information asymmetry, and safeguard the integrity of reported earnings at all times. In practice, however, this expectation is far from consistently realised. Episodes of financial misreporting across both developed and developing markets suggest that formal governance structures do not automatically translate into effective oversight. This tension is especially pronounced in Nigeria, where regulatory frameworks have evolved considerably, yet concerns about earnings manipulation remain salient because earnings management; whether through accrual adjustments or real operational decisions distorts firm performance and weakens investor confidence, thereby undermining the allocative efficiency of capital markets (Healy & Wahlen, 1999). Recent empirical evidence from emerging markets further indicates that governance mechanisms often operate unevenly, shaped by institutional fragility, ownership concentration, and enforcement gaps (Mensah & Boachie, 2023; Akinola & Awotomilusi, 2025). The question, then, is not simply whether board structures matter, but under what conditions they meaningfully constrain earnings management?

At an ideal level, agency theory posits that boards through independence, expertise, and monitoring intensity should align managerial actions with shareholder interests (Jensen & Meckling, 1976). Yet, accumulating evidence complicates this assumption as some studies find that board independence and diversity improve earnings quality, others report insignificant or even counterintuitive relationships, particularly in contexts characterised by weak institutions or concentrated ownership (Obigbemi et al., 2016; Egbadju, 2023). More recent contributions deepen this ambiguity by showing that governance attributes such as financial expertise simultaneously enhance monitoring capacity and enable more sophisticated forms of earnings manipulation (Aferokhe et al., 2024). Similarly, multiple directorships often criticised for overextending directors and have been found in some settings to strengthen oversight through reputational incentives and broader experience (Fayad et al., 2024). These contradictions suggest that board effectiveness cannot be reduced to structural features alone; rather, it emerges from the interaction between board composition, incentives, and the broader institutional environment. Consequently, the prevailing literature remains fragmented, with many studies examining isolated governance variables while overlooking their combined and context-dependent effects.

The implications of this unresolved tension are far-reaching because the ineffective board oversight not only permits opportunistic financial reporting but also erodes trust in capital markets, increases the cost of capital, and constrains economic growth. In Nigeria's consumer goods sector, an industry marked by high visibility, competitive pressures, and significant investor participation such risks are particularly consequential. Despite this, empirical inquiry into governance–earnings management dynamics

within this sector remains limited and uneven because existing studies tend to adopt cross-sectoral approaches or focus disproportionately on financial institutions, thereby obscuring sector-specific governance challenges (Shuaib & Dabor, 2025). Moreover, few studies employ comprehensive models that simultaneously account for multiple board attributes alongside firm-level controls, leaving important questions about their joint and relative effects insufficiently addressed. This gap is further compounded by methodological limitations, including reliance on single proxies for earnings management and inadequate treatment of panel data complexities.

This study responds to these gaps by advancing a more integrated and context-sensitive examination of board structure and earnings management in Nigeria by adopting a multi-theoretical framework that synthesises agency theory with stakeholder theory, signalling theory, information asymmetry theory, institutional theory, and policeman theory. This integrative perspective allows for a richer conceptualisation of board structure not merely as a monitoring mechanism, but as a system shaped by reputational concerns, informational dynamics, stakeholder expectations, and institutional constraints. Within this framework, board attributes such as size, independence, financial expertise, multiple directorships, and gender diversity are conceptualised as interacting governance mechanisms whose effectiveness is contingent rather than absolute.

Accordingly, the primary objective of this study is to examine the effect of board structure on earnings management in listed consumer goods companies in Nigeria. Specifically, the study seeks to: (i) assess the impact of board size on earnings management; (ii) evaluate the effect of board independence; (iii) determine the influence of board members' financial expertise; (iv) examine the role of multiple directorships; and (v) analyse the effect of board gender diversity. By jointly modelling these variables within a longitudinal panel framework, the study aims to provide a more elaborate understanding of how board structures operate in practice so as to contribute to the corporate governance literature by challenging linear assumptions about board effectiveness and demonstrating the conditional nature of governance mechanisms in emerging markets to improve financial reporting quality in Nigeria.

Board Structure

Board structure is a central term within corporate governance, broadly conceptualised as the configuration of the board of directors in terms of its size, composition, independence, diversity, leadership roles, and committee arrangements, through which oversight and control of managerial activities are exercised. Contemporary scholarship emphasises that board structure is not merely a formal arrangement but a multidimensional governance mechanism that shapes how firms are directed, monitored, and held accountable (Larcker & Tayan, 2020). From an institutional and functional perspective, board structure defines the distribution of authority between executive and non-executive directors and determines the extent to which boards can effectively supervise management and protect stakeholder interests (Gornall & Strebulaev, 2023). Empirical and review studies further conceptualise board structure as a bundle of interrelated attributes such as board size, independence, gender diversity, and leadership duality that jointly influence corporate outcomes rather than operating in isolation (Lu et al., 2022; García-Sánchez et al., 2021). This configurational view challenges earlier linear assumptions by demonstrating that board effectiveness depends on the interaction of these attributes within specific institutional contexts (García-Sánchez et al., 2021). Moreover, recent governance literature highlights that the effectiveness of board structure is contingent on external factors such as regulatory quality, cultural norms, and market conditions, reinforcing the idea that "one-size-fits-all" governance prescriptions are inadequate (Filatotchev et al., 2013). Thus, board structure is best

understood as a dynamic and context-dependent governance system that integrates structural attributes and environmental influences to shape monitoring effectiveness and corporate decision-making.

Earnings Management

Earnings management is a multifaceted accounting and governance construct generally defined as the deliberate use of managerial judgment in financial reporting and operational decisions to influence reported earnings, either to mislead stakeholders or to achieve specific contractual or strategic outcomes. While the foundational definition by Healy and Wahlen (1999) remains widely accepted, recent scholarship has expanded the concept by distinguishing between accrual-based manipulation and real activities manipulation, both of which reflect managerial discretion exercised within or at the boundary of accounting standards (Gong et al., 2023; Nguyen et al., 2022). Contemporary perspectives further emphasise that earnings management is not purely opportunistic but can also be interpreted through informational and efficiency lenses, where managers adjust earnings to communicate private information about firm prospects, albeit with varying degrees of transparency (Bui, 2024; Coram et al., 2024). However, in emerging market contexts characterised by weak regulatory enforcement and concentrated ownership structures, earnings management is more frequently associated with opportunistic behaviour that distorts financial reporting quality and undermines investor protection (Gokhale & Pillai, 2024). Recent studies also highlight that earnings management is shaped by broader economic and behavioural factors such as investor sentiment, short-term performance pressures, and institutional constraints, reinforcing its dynamic and context-dependent nature (Galek et al., 2025; Zhang, 2024). Thus, earnings management is best conceptualised as a spectrum of managerial actions ranging from informative adjustments to opportunistic manipulation whose implications depend on intent, context, and governance effectiveness.

Effect of Board Structure and Earnings Management

Earnings management, defined as the discretionary manipulation of financial reports, is theoretically mitigated by effective board oversight, particularly through independence and structural efficiency. A substantial body of research finds that boards with a higher proportion of independent or non-executive directors are more effective in constraining opportunistic reporting practices across diverse settings such as Australia, Portugal, East Africa, and the Middle East (Saona et al., 2020; Davidson et al., 2005; Fitrasari, 2023; Turshan, 2025; Alrawashedh et al., 2025). This aligns with agency theory, which emphasises the monitoring function of independent directors in reducing information asymmetry. However, contradictory findings from some emerging markets indicate insignificant or even positive relationships between board independence and earnings management (Mardianto & Dwiyanti, 2024; Tanjaya & Prajitno, 2021; Ideh et al., 2021), suggesting that formal independence hardly translate into substantive oversight in weak institutional environments. Beyond independence, board size and leadership structure further complicate this relationship due to the fact that larger boards are often associated with higher levels of earnings management due to coordination inefficiencies, although some studies report non-linear or context-dependent effects (Kao & Chen, 2016; Ulfah et al., 2022; Githaiga et al., 2022; Xie et al., 2001). Similarly, CEO–chair duality tends to increase earnings manipulation by concentrating power and weakening board monitoring (Saona et al., 2020; Rajeevan & Ajward, 2019; Azeez et al., 2019). These mixed findings highlight that while board structure is a critical governance mechanism, its effectiveness is neither uniform nor guaranteed, necessitating consideration of complementary attributes.

Complementary board characteristics like; financial expertise, audit committee effectiveness, and gender diversity alongside contextual moderators significantly shape the extent to which boards can curb earnings management. Empirical evidence consistently shows that boards and audit committees with financially literate members and frequent meetings are better positioned to detect and constrain earnings manipulation (Chtourou et al., 2001; Davidson et al., 2005; Xie et al., 2001), highlighting the importance of cognitive competence and diligence beyond mere structural composition. Additionally, gender-diverse boards are often linked to lower earnings management, reflecting enhanced ethical sensitivity and improved decision-making processes (Saona et al., 2020; Azeez et al., 2019). However, the effectiveness of these mechanisms is strongly moderated by contextual factors such as crisis periods, firm size, ownership structure, and institutional environments. During the COVID-19 crisis, larger boards in Indonesia became more effective in reducing earnings management, suggesting a shift from monitoring to resource advisory roles under uncertainty (Ulfah et al., 2022). Similarly, firm size and ownership concentration influence how board characteristics operate, while national legal and regulatory frameworks determine the strength of governance enforcement (Davidson et al., 2005; Turshan, 2025; García-Meca & Sánchez-Ballesta, 2009; Abo-Ras, 2025). Overall, the literature indicates that board structures characterised by independence, optimal size, expertise, diversity, and separation of leadership roles are generally more effective in constraining earnings management but their impact remains contingent on contextual and institutional dynamics, reinforcing the argument that board structure functions as part of a broader, integrated governance system rather than a standalone solution.

Effect of Board Size on Earnings Management

The relationship between board size and earnings management is characterized by theoretical ambiguity and empirical inconsistency, reflecting competing governance logics and contextual contingencies. While board size is a central structural mechanism in corporate governance, the literature presents three dominant but conflicting patterns where larger boards may exacerbate, constrain, or have no significant effect on earnings management. A substantial stream of recent studies finds that larger boards are associated with higher levels of earnings manipulation, attributing this to weakened monitoring efficiency and coordination challenges (Fitrasari, 2023; Githaiga et al., 2022; Kao & Chen, 2016; Dokas, 2023; Ali et al., 2025; Alrawashedh et al., 2025). These findings are consistent across diverse contexts such as S&P 500 firms, East African markets, and MENA regions, suggesting that oversized boards dilute accountability and facilitate managerial opportunism. In contrast, other studies including meta-analytical evidence argue that larger boards enhance monitoring capacity and reduce earnings management by providing diverse expertise and broader oversight (García-Meca & Sánchez-Ballesta, 2009; Daghsni et al., 2016; Lusi & Swastika, 2013; Tanjung & Syahzuni, 2023). This perspective aligns with resource dependence theory, which emphasises the advisory and knowledge-based benefits of larger boards. Adding further complexity, some studies report insignificant or mixed relationships, particularly in MENA firms and Indian banking sectors (Almarayeh, 2021; Mangala & Singla, 2021; Githaiga et al., 2022), which indicated that board size alone is not solely a decisive determinant of financial reporting quality. Methodologically, these inconsistencies stem from differences in earnings management proxies (accrual vs. real activities), sample composition, and econometric techniques. It is therefore pertinent to note that these evidences suggest that the effect of board size is neither linear nor universal, reinforcing the need to examine underlying mechanisms and contextual moderators.

The mixed findings on board size can be better understood by examining the underlying mechanisms and contextual moderators that shape its effectiveness in constraining earnings management. One

dominant explanation is that larger boards suffer from coordination inefficiencies, communication barriers, and free-rider problems, which collectively weaken monitoring and increase the likelihood of earnings manipulation (Fitrasari, 2023; Githaiga et al., 2022; Kao & Chen, 2016; Dokas, 2023; Ali et al., 2025). However, an alternative perspective highlights that larger boards can enhance oversight when they incorporate diverse expertise, particularly in environments with strong governance frameworks and active board engagement (García-Meca & Sánchez-Ballesta, 2009; Ramachandran et al., 2015; Lusi & Swastika, 2013; Tanjung & Syahzuni, 2023; Daghsni et al., 2016). This duality suggests a non-linear relationship, where board effectiveness depends on the balance between size and functional quality. Furthermore, contextual factors such as firm size, institutional quality, and regional governance norms significantly moderate this relationship. This evidence indicates that the impact of board size differ between small and large firms or vary across regulatory environments and corruption levels (Githaiga et al., 2022; Dokas, 2023). Importantly, the interaction between board size and independence emerges as a critical condition especially when smaller boards with a high proportion of independent directors tend to be more effective than larger boards with weak information flow and symbolic independence (Fitrasari, 2023; García-Meca & Sánchez-Ballesta, 2009; Kao & Chen, 2016; Tanjaya & Prajitno, 2021; Ali et al., 2025). These findings emphasise that board composition, expertise, and contextual alignment are as important as numerical size. Consequently, the literature converges on the view that board size is not a standalone determinant of earnings management but operates within a broader governance formation, thereby linking structural attributes to functional effectiveness in corporate oversight.

Board Independence and Earnings Management

Board independence as a governance mechanism to curb earnings management is widely supported in theory but empirically contingent on institutional and informational conditions. At its core, the argument consolidates two interrelated points where; independent directors enhance monitoring and reduce both accrual and real earnings management, yet their effectiveness depends on the transparency of the information environment and regulatory context. A substantial body of empirical evidence demonstrates that firms with a higher proportion of independent or non-executive directors tend to exhibit lower levels of earnings manipulation across diverse settings, including the United States, United Kingdom, Jordan, Hong Kong, and S&P 500 firms (Chen et al., 2014; Osma, 2008; Idris et al., 2018; Kapoor & Goel, 2017; Marra et al., 2009; Khalil & Ozkan, 2016; Fitrasari, 2023; Jaggi et al., 2009). These findings are consistent with agency theory, which posits that independent directors mitigate managerial opportunism by strengthening oversight and reducing conflicts of interest. Importantly, the influence of independence extends beyond accrual-based manipulation to real earnings management, such as reductions in discretionary expenditures like R&D, indicating a broader governance impact on operational decisions (Osma, 2008; Wang et al., 2024; Fitrasari, 2023). However, this relationship is not uniform; regulatory interventions that mandate increased independence only reduce earnings management when directors can effectively access firm-specific information, highlighting the importance of informational transparency (Chen et al., 2014). Similarly, stronger accounting regimes, such as IFRS adoption, appear to amplify the effectiveness of independent boards by enhancing comparability and disclosure quality (Marra et al., 2009). A cusory examination shows that these studies benefit from cross-country comparisons and quasi-natural experiments, yet variations in how independence and earnings management are operationalised contribute to mixed findings.

The effectiveness of board independence in constraining earnings management is significantly weakened when independence is merely formal rather than substantive, particularly in concentrated ownership structures and when director quality is compromised. This explains that independence is less

effective in family-controlled or closely held firms, and that the actual competence, incentives, and engagement of independent directors determine governance outcomes. Empirical evidence shows that in family-dominated firms across Italy, India, Jordan, and Hong Kong, independent directors often fail to curb earnings manipulation due to entrenched family influence and relational ties that undermine objective oversight (Bansal, 2021; Lippolis & Grimaldi, 2020; Idris et al., 2018; Khalil & Ozkan, 2016; Jaggi et al., 2009). In some contexts, such as Egypt and Italy, board independence alone is insufficient to reduce earnings management, with effectiveness depending instead on complementary governance mechanisms like audit committee composition and ownership dispersion (Lippolis & Grimaldi, 2020; Khalil & Ozkan, 2016). More strikingly, evidence from Indonesia suggests a positive association between board independence and earnings management, raising concerns about symbolic compliance with governance codes rather than genuine monitoring (Mardianto & Dwiyanti, 2024). These contradictions highlight the limitations of relying solely on structural indicators of independence. Further research highlights that independence is most effective when directors possess relevant financial expertise, are not overcommitted ("non-busy"), are appointed independently of controlling shareholders, and actively engage in firm oversight (Osma, 2008; Musa et al., 2023; Wang et al., 2024). Conversely, labelling directors as "independent" without these attributes often results in ineffective monitoring and persistent earnings manipulation (Musa et al., 2023; Sarkar et al., 2008). These findings extend agency theory by incorporating behavioural and resource-based perspectives, emphasising that governance effectiveness depends on both structural independence and director capability. In conclusion, while board independence generally improves earnings quality, its impact is critically shaped by ownership structures, institutional environments, and the substantive qualities of directors, thereby reinforcing the broader argument that governance mechanisms must be evaluated holistically rather than in isolation.

Board Member's Financial Expertise and Earnings Management

Board and audit committee financial expertise plays a critical role in constraining earnings management by enhancing monitoring capacity and improving financial reporting quality. Financial expertise particularly accounting knowledge reduces earnings manipulation, and second, that this effect is consistently supported by meta-analytic evidence across diverse contexts. Empirical syntheses provide robust support for this relationship. A meta-analysis of 48 studies demonstrates a strong negative association between board financial expertise and earnings management, indicating that financially literate directors are better equipped to detect and prevent opportunistic reporting practices (Lin & Hwang, 2010). Similarly, audit committee expertise alongside independence, size, and meeting frequency has been shown to significantly constrain earnings manipulation, reinforcing the importance of specialised oversight structures (Lin & Hwang, 2010; Inaam & Khamoussi, 2016). Extending this evidence, a larger synthesis of 90 studies finds that audit committee financial expertise is positively associated with earnings quality, particularly when members possess accounting-specific expertise rather than general financial knowledge (Bilal et al., 2018). This distinction is theoretically important, as accounting experts are more capable of scrutinising complex financial statements and identifying subtle manipulation techniques. However, the reliance on meta-analyses strengthens the generalisability of these findings, although variations in measurement proxies for earnings management and expertise still introduce heterogeneity. Hence, the literature converges on the view that financial expertise is a foundational governance attribute that enhances board effectiveness in limiting earnings management, thereby establishing a basis for examining contextual contingencies.

The effectiveness of board financial expertise in reducing earnings management is not uniform but is shaped by contextual moderators, including regulatory environments, director characteristics, and institutional conditions. This implies that the type and quality of expertise matter, governance structures and regulations amplify or constrain its impact, and contextual factors such as ownership and political influence can weaken its effectiveness. Empirical evidence indicates that accounting specialists exert a stronger influence on earnings quality than non-accounting financial experts, highlighting the importance of domain-specific competence in governance roles (Bilal et al., 2018). Furthermore, the benefits of financial expertise are enhanced when directors are independent, less "busy," and supported by high-quality external auditing, suggesting that expertise must be complemented by adequate incentives and engagement (Bilal et al., 2018). Regulatory frameworks such as IFRS and governance reforms further strengthen the role of financial experts by improving transparency and enforcement mechanisms (Lin & Hwang, 2010; Bilal et al., 2018). However, empirical evidence from African settings reveals that the impact of financial expertise is attenuated by political interference and concentrated ownership structures, which can limit the autonomy and effectiveness of board members (Chemmaa et al., 2025). These findings extend agency theory by incorporating institutional and behavioural perspectives, demonstrating that expertise alone is insufficient without supportive governance conditions. In conclusion, while financial expertise consistently enhances earnings quality and reduces earnings management, its effectiveness is contingent on complementary governance mechanisms and contextual alignment, reinforcing the broader argument that board effectiveness is multidimensional and context-dependent.

Multiple Directorship and Earnings Management

The effect of multiple directorships on earnings management is theoretically contested, reflecting a tension between the busyness hypothesis and the resource-dependence perspective where it integrates two central points; that overcommitted directors weaken monitoring and increase earnings manipulation, while experienced and well-connected directors enhance oversight and reduce such practices. Empirical evidence supports both views, as studies grounded in the busyness hypothesis show that firms with a higher proportion of busy independent directors or executives exhibit weaker governance and greater earnings manipulation due to time constraints and divided attention (He et al., 2024). On the other hand, research drawing on resource-dependence theory finds that directors holding multiple board seats contribute valuable expertise, networks, and reputational incentives that help curb earnings management (He et al., 2024; Fayad et al., 2024; Al-Matari, 2022). This duality perspective suggests that director busyness is not inherently detrimental or beneficial but depends on how these competing forces interact, thereby necessitating a closer examination of contextual conditions.

The impact of busy directors on earnings management is ultimately contingent on governance conditions, incentives, and visibility, which determine whether their experience outweighs their time constraints. Empirical evidence from Chinese IPO firms indicates that multiple directorships can significantly reduce earnings management when directors are truly independent and motivated by reputational concerns (He et al., 2024). This constraining effect is stronger when directors are well compensated, operate with greater independence from management (off-site roles), and are subject to high media scrutiny, which increases accountability. Mechanistically, busy directors enhance governance by promoting the engagement of reputable auditors, strengthening internal controls, and activating audit committees (He et al., 2024). These findings extend resource-dependence theory by highlighting how institutional visibility and incentive alignment amplify director effectiveness. Consequently, while multiple directorships can either impair or improve monitoring, their net effect

depends on contextual enablers, reinforcing the broader argument that governance outcomes are shaped by both structural roles and environmental conditions.

Gender Diversity and Earnings Management

Board gender diversity is increasingly recognised as a governance attribute that can enhance monitoring and reduce earnings management, although its effectiveness varies across settings and measurement approaches adopted. This perspective shows that female board representation is generally associated with lower earnings manipulation, and that this relationship is supported across multiple institutional settings but not universally consistent. A substantial body of empirical research finds a negative association between the presence of women directors and earnings management across regions such as the EU, UK, France, Kazakhstan, East Africa, and Indonesia (Alves, 2023; Arun et al., 2015; Damak, 2018; Mnif & Chérif, 2020; Orazalin, 2019; Saona et al., 2019; Ramadan, 2021; Githaiga, 2023). These findings align with behavioural and ethical perspectives suggesting that women contribute to more conservative and transparent financial reporting. However, review-based evidence highlights inconsistencies, with some studies reporting weak or insignificant effects in certain Asian contexts (Li et al., 2021; Hasan, 2024; Karina et al., 2024; Sanad et al., 2022). Such divergence may reflect differences in institutional environments, cultural norms, and proxies for earnings management while gender diversity appears to strengthen governance and reduce manipulation, its impact remains context-sensitive, necessitating further exploration of underlying mechanisms.

The effectiveness of gender diversity in constraining earnings management depends on critical thresholds, director roles, expertise, and broader institutional conditions. This understanding consolidates that the importance of critical mass, the functional role and expertise of female directors, and the moderating influence of institutional and firm-level factors. Empirical evidence suggests that a minimum threshold, often three female directors is required before significant reductions in earnings management are observed, indicating that token representation is insufficient (Alves, 2023). Furthermore, independent female directors and those occupying monitoring roles are more effective in reducing earnings manipulation, whereas family-affiliated or purely advisory roles yield limited impact (Zalata et al., 2019, 2021; Mnif & Chérif, 2020; Yami et al., 2023). Financial expertise further strengthens this effect, as women with accounting backgrounds are better equipped to influence reporting quality (Zalata et al., 2021). At the macro level, stronger governance frameworks, gender equality norms, and regulatory interventions such as quotas amplify the effectiveness of gender-diverse boards (Saona et al., 2019; Kyaw et al., 2015; Damak, 2018; Alves, 2023). Additionally, gender diversity interacts with other governance mechanisms and firm performance, moderating and mediating the relationship with earnings management (Mensah & Onumah, 2023; Mensah & Boachie, 2023; Githaiga, 2023; Karina et al., 2024). These findings demonstrate that gender diversity is not inherently effective but operates through structural positioning and contextual alignment, reinforcing the broader argument that governance outcomes depend on both board composition and environmental conditions.

Firm Characteristics and Earnings Management

Firm size and firm age are frequently examined structural determinants of earnings management, yet their effects remain inconsistent and context-dependent, which clear reveals that larger and older firms often exhibit higher earnings manipulation due to complexity and reputational pressures, but empirical findings are mixed across settings. Several studies aligning to this perspective report a positive relationship between firm size and earnings management, suggesting that larger firms, particularly in Indonesian and Indian contexts, face greater incentives and opportunities to manage earnings due to

political visibility and operational complexity (Nalarreason et al., 2019; Suryaningrum et al., 2025; Gozali et al., 2021; Isha & Mangala, 2023; Fatonah et al., 2022). Similarly, older firms engage more in earnings management to maintain performance consistency and market expectations (Lesmana & Santioso, 2024; Gozali et al., 2021; Isha & Mangala, 2023). However, contrasting evidence shows negative or insignificant relationships, indicating that mature governance systems in larger or older firms can also constrain manipulation (Zurriah et al., 2025; Chowanda & Nariman, 2023; Lavina & Destriana, 2023). These inconsistencies suggest that firm characteristics alone do not determine earnings behaviour, leading to the consideration of financial pressures and growth dynamics.

Leverage and sales growth represent key financial and performance-related pressures that often intensify earnings management, although their effects also vary across contexts especially where; higher leverage generally increases earnings manipulation due to debt-related incentives, while rapid sales growth creates pressure to sustain performance, often encouraging earnings management. Empirical evidence consistently shows a positive association between leverage and earnings management across multiple studies, as firms with higher debt levels may manipulate earnings to meet contractual obligations and avoid covenant violations (Nalarreason et al., 2019; Lavina & Destriana, 2023; Ramadhani & Fauzan, 2025; Isha & Mangala, 2023; Fatonah et al., 2022; Naue et al., 2023). Similarly, higher sales growth is frequently linked to increased earnings management, particularly in manufacturing and non-financial firms seeking to signal sustained performance (Anindya & Yuyetta, 2020; Harahap, 2021; Marchellina & Firnanti, 2021; Lavina & Destriana, 2023). However, some studies report insignificant or even negative relationships, suggesting that strong performance is likely to reduce the need for manipulation (Suryaningrum et al., 2025; Zurriah et al., 2025; Naue et al., 2023). It is therefore noteworthy to conclude that these mixed findings highlight that financial pressures interact with governance and sectoral conditions, reinforcing the broader argument that earnings management is shaped by a combination of firm-specific and contextual factors.

Theoretical Framework

The theoretical framework for this study integrates agency, stakeholder, signalling, information asymmetry, institutional, and policeman theories to provide a multidimensional explanation of how board structure influences earnings management in listed consumer goods companies in Nigeria. Rooted in agency theory (Jensen & Meckling, 1976), board structures—such as independence, size, diversity, and expertise—serve as monitoring mechanisms to mitigate managerial opportunism and reduce earnings manipulation arising from conflicts between managers and shareholders. Complementing this, stakeholder theory (Freeman, 1984) broadens the governance perspective by positing that boards are accountable not only to shareholders but also to a wider set of stakeholders, thereby encouraging transparent financial reporting and discouraging opportunistic earnings practices. Signalling theory (Spence, 1973) further explains how strong board structures act as credible signals of financial integrity and governance quality to investors, reducing uncertainty in capital markets. Closely related, information asymmetry theory (Akerlof, 1970) highlights how effective boards help bridge informational gaps between insiders and external users, thereby limiting the scope for earnings manipulation. Institutional theory (DiMaggio & Powell, 1983) provides contextual grounding by suggesting that board structures are shaped by regulatory frameworks, cultural norms, and governance codes in Nigeria, which in turn influence the effectiveness of monitoring mechanisms. Finally, policeman theory reinforces the board's role as a watchdog responsible for detecting and preventing financial irregularities, aligning with the oversight function of audit committees and independent directors. Collectively, these theories justify the examination of board structure as a critical governance

mechanism for constraining earnings management, offering complementary lenses that capture monitoring, accountability, signalling, and contextual dynamics within the Nigerian corporate environment.

Methodology

This study adopts a quantitative, positivist methodology anchored on an ex-post facto research design to examine the effect of board structure on earnings management among listed consumer goods companies in Nigeria. Consistent with the positivist paradigm, which emphasizes objectivity, measurement, and statistical inference (Burrell & Morgan, 1979), the study relies exclusively on secondary, archival data extracted from audited annual reports and accounts, thereby minimizing researcher bias and enhancing replicability. The population comprises 21 consumer goods firms listed on the Nigerian Exchange Group (NGX) as at 31 December 2006, from which a purposive sample of 16 firms (76% inclusion rate) is drawn based on listing continuity, non-delisting status, and data availability over the study period, following established filtering approaches (Suleiman et al., 2020; Gujarati & Porter, 2017). The resulting dataset spans 2006–2022 and constitutes an unbalanced panel, suitable for longitudinal econometric analysis. Data on governance variables—such as board size, independence, audit committee characteristics, and executive attributes—alongside financial indicators including net income, cash flows, receivables, and fixed assets, are manually extracted due to the absence of comprehensive local databases. This methodological approach ensures robust empirical testing of governance–earnings management relationships within the Nigerian institutional context..

Descriptive Statistics of Board Structure

Table 4.1 presents the descriptive statistics of board structure and earnings management of listed consumer goods companies in Nigeria.

Table 4.1

***Descriptive Statistic of* Board Structure (Obs 242)**

Variables	Mean	Std. Dev.	Variance	Min.	Max.	Skewness	Kurtosis	Coef. of Var.(CV)
Board Structure								
EME	1.1221	0.8208	0.6737	0.0023	5.5787	1.9429	6.3865	73.15%
BSZ	10.4587	2.8736	8.2576	4.0000	18.0000	0.3144	-0.4248	27.48%
BIN	0.6617	0.1486	0.0221	0.2500	0.9231	-0.2656	-0.7276	22.46%
BMF	0.2743	0.2248	0.0505	0.0000	0.7143	0.0910	-1.3152	81.95%
MDI	0.2509	0.1370	0.0188	0.0000	0.5714	-0.6981	-0.2939	54.62%
BGD	0.1411	0.1145	0.0131	0.0000	0.5714	0.6933	0.3834	81.15%
FSZ	54.6074	14.8419	220.2809	20.0000	78.0000	-0.7235	0.2848	27.18%
FAG	7.5180	1.0290	1.0588	2.7163	10.2075	-1.8769	7.2914	13.69%
LEV	0.0375	0.1697	0.0288	0.0000	1.5383	7.9143	65.4838	452.65%
SGW	21.2149	22.6677	513.8266	0.0286	123.0380	2.1189	4.5729	106.85%

Note: EME = earning management, BSZ=Board Size, BIN = Board Independence, BMF= Board Members financial Expertise, MDI = Multiple Directorship and BGD = Board gender Diversity, FSZ = Firm Size, FAG = Firm Age, LEV = Leverage and SGW = Sales Growth.

Based on the descriptive statistics as presented in Table 4.1, it can be seen that the mean (1.1221) of the earnings management of listed consumer goods companies in Nigeria exhibit moderate earnings

management on average but the skewness (1.9429) exhibits that EME is highly positive, which indicates that, most of firms reported low EME even though there are a few extreme cases with high EME. On the other hand, the Kurtosis coefficient of 6.3865 is measurably high due to the extreme values (high or low EME) are common in the data. The examination of the CV (73.15%) of earnings management practices vary significantly across firms, which implies that there is substantial variability in how firms engage in earnings management, with a tendency for a few consumer goods companies to manipulate earnings more aggressively for untold reasons.

The analysis of the BSZ shows that the boards have an average of 10 members as depicted by the mean of 10.4587, which is positioned within the minimum value of 4 and a maximum value of 10.

The standard deviation stood at 2.8736, indicating a low variation between the sampled firms in terms of BSZ since the value is lower than that of the mean 10. 4587. A slight positive skewness (0.3144) indicates that most firms have boards smaller than the average size as further evidenced by the negative Kurtosis (-0.42484) having a flatter distribution suggesting a wide spread in board sizes across listed consumer goods companies in Nigeria.

The descriptive statistics of board independence as presented in Table 4.1 reveals that the mean value of 0.6617 across the listed consumer goods companies in Nigeria. This result also shows that the skewness (-0.2656) value is slightly negative suggesting that more boards have a higher proportion of independent directors while the kurtosis (-0.7276) reveals that the distribution of board independence is relatively flat, with few extreme values across the listed consumer goods companies. The value of standard deviation is 0.1486, indicating a low variation between the sampled companies in terms of BIN.

The descriptive statistics in table 4.1 shows the proportion of board members' financial expertise (BMF) as indicated by the mean of 0.2743 which shows that only 27.43% of board members have financial expertise. The associated standard deviation of 0.2248 is relatively close to the mean. The skewness statistics of 0.0910 which is near-zero indicates a balanced distribution of financial expertise across firms and the kurtosis of -1.3152 suggests a flatter distribution of BMF even though there are few firms with extreme levels of financial expertise across the listed consumer goods companies. The CV of 81.95% depicts that there is high variability in the financial expertise of board members across firms. This implies that firms with less financial experts on their boards might be more prone to higher earnings manipulation.

The descriptive statistics of multiple directorship (MDI) across the listed consumer goods companies shows a mean of 0.2509, which implies that about 25% of board members hold multiple directorships. The negative skewness of -0.6981 reinforces that most boards have fewer directors holding multiple directorships. The kurtosis of -0.2939 shows that, the distribution is relatively normal, with no extreme outliers. The CV of 54.62% shows a moderate variability in multiple directorships across companies.

The Table 4.1 shows that board gender diversity (BGD) has a mean of 0.1411 indicating that the boards have a low level of gender diversity, with only 14% representation on the board being women against the maximum proportion of 57.14% men. This further shows skewness of 0.6933 which is positive, implying that most boards have fewer women than the men. The Kurtosis of 0.3834 is a slightly peaked distribution, indicating some concentration around the mean. The CV of 81.15% clearly shows a high level of variability in gender diversity across consumer goods companies.

Table 4.1 reveals the descriptive statistics of the four control variables used in the study to ensure that the estimated relationship between the core explanatory variables and firm performance is not biased by omitted variable effects that is why the study incorporates four theoretically grounded and empirically validated control variables: Firm Size (FSZ), Firm Age (FAG), Leverage (LEV), and Sales

Growth (SGW). These variables are widely recognised in corporate finance, strategic management, and accounting literature as determinants of firm performance, and their exclusion may confound the estimated effects of the variables of interest. Controlling for firm size therefore ensures that performance changes attributable to organisational or innovation-related variables are not simply reflections of differences in firm scale (Demsetz & Villalonga, 2001; Majumdar, 1997). Firm age captures organisational maturity, accumulated learning, and long-term market experience because older firms may benefit from routinised processes, established customer relationships, and a stable resource base and including firm age controls for lifecycle effects and organisational maturity that could otherwise bias coefficient estimates (Coad et al., 2013; Hopenhayn, 1992). Financial leverage is a critical control variable due to its influence on risk, capital structure, and investment decisions because high leverage can enhance performance through the disciplining effect of debt and excessive leverage can increase financial distress, constrain managerial discretion, and reduce profitability (Gill et al., 2011; Myers, 2001; Jensen, 1986). Sales growth reflects market expansion, competitiveness, and operational effectiveness because the firms experiencing rapid sales growth are often more profitable due to increased economies of scale, improved cash flows, and stronger market positioning. Therefore, sales growth is widely recognised as a predictor of future performance and firm value (Delmar et al., 2003; Markman & Gartner, 2002). The inclusion of FSZ, FAG, LEV, and SGW enhances the validity of the regression model by controlling for major firm-specific characteristics known to influence performance and these controls ensure that the estimated effects of the main independent variables reflect true relationships rather than confounding structural differences across firms.

The analysis as presented in Table 4.1 shows that the mean of 54.6074 is the FSZ of listed consumer goods companies in Nigeria. This implies that the FSZ proxy by total assets have approximately 54.6 units and the standard deviation of 14.8419 indicates a moderate spread of the firm size across the companies. The skewness of -0.7235 exhibits that FSZ exhibits a negative because few of the companies that are small have their total assets less than the mean assets in the panel. The Kurtosis coefficient of 0.2848) is measurably and relatively normal. The CV of 27.18% of FSZ does exhibits relatively normal results across companies, which implies that firm size variability relative to the mean is moderate considering the fact that there are traces of small companies (outliers) that pull the average size downward.

The descriptive statistics of the firm age as presented in Table 4.1 reveals that the Mean of 7.5180 FAG across the listed consumer goods companies in Nigeria is approximately 7.5 years. The standard deviation (1.0290) indicates that variation in FAG is low since it is about 1.03 years and it is attributed to the fact that most of the companies have their age closed to the mean. This result also shows that the skewness value of -1.8769 is strongly negative suggesting that there are only few companies with their FAG below the mean age, while the kurtosis of 7.2914 reveals that the distribution of FAG is relatively peaked around the mean, with few extreme cases exhibited the old firm across the listed consumer goods companies. The value of the CV of 13.69% also demonstrates that the FAG has low variability across companies since most companies are within a close age range.

The descriptive statistics in Table 4.1 shows the leverage value of listed consumer goods companies. The mean of 0.0375 shows that the listed consumer goods companies have on an average a leverage ratio of about 3.75% indicating low level of debt to equity ratio. The corresponding value of standard deviation of 0.1697 is a considerable variation in the LEV from the mean and the skewness of 7.9143 shows a strong distribution that is rightly skewed. The kurtosis of 65.4838 suggests an extremely high kurtotic variability in firm LEV due to the fact that most of the firm have their LEV clustered around the mean with few ones having higher LEV resulting to this dispersion across the listed companies. The

CV of 425.65% shows a high degree of variability in the firm LEV across the companies because some companies have high LEV above the mean.

The analysis of Table 4.1 shows the sales growth across the listed consumer goods companies. The Mean of 21.2149 indicates that the average sales growth is about 21.2%. This indicates that majority of companies experience increased sales growth over the period studied. The standard deviation of 22.6677, which is larger than the mean implies that the variation in sales growth is high because the listed consumer goods companies experience very different growth rates. The analysis of the skewness of 2.1189 exhibits positive skewness, meaning that there are a few companies with extremely high sales growth, pulling the average while the Kurtosis of 4.5729 indicates a distribution that is leptokurtic given that most of the companies shows moderate sales growth. The CV of 106.85% clearly shows that the proportion of SGW across consumer goods companies varies significantly.

Hypotheses Testing

This section provides results for the four (4) null hypotheses including the underlying sub-hypotheses that were jointly tested in accordance with the research objectives of the study.

Following the diagnostic tests for multivariate regression, the study employs Panel Corrected Standard Errors (PCSEs) as the most appropriate estimation technique to address cross-sectional dependence in the panel data. The choice of PCSEs is justified by the presence of serial correlation and heteroscedasticity, which violate classical regression assumptions but can be effectively corrected using this approach (Bailey & Katz, 2011; Reed & Ye, 2009). By adjusting standard errors, PCSEs enables the estimation of Best Linear Unbiased Estimators (BLUE), thereby improving the reliability of coefficient estimates (Gujarati, 2003). This method is suitable regardless of whether the cross-sectional dimension (N) is smaller than, equal to, or larger than the time dimension (T). Consistent with prior studies (Bitzer & Stephan, 2007; Mosca, 2007), the analysis applies Ordinary Least Squares (OLS) with PCSEs to control for common panel data issues, including heteroscedasticity, serial correlation, and contemporaneous correlation across panels. The regression results for the effect of board structure on earnings management are presented accordingly.

Table 4.2

Panel Corrected Standard (PCSEs) Regression of the effect of Board Structure on EMG

Variable	Coefficient (β)	Standard Error (SE)	z-value	p-value
Constant	1.195	0.673	1.78	0.076*
BSZ	0.029	0.023	1.24	0.216
BIN	0.485	0.344	1.41	0.158
BMF	0.636	0.289	2.20	0.028**
MDI	-1.001	0.429	-2.34	0.019**
BGD	-1.980	0.609	-3.25	0.001***
FSZ	0.003	0.005	0.63	0.527
FAG	-0.062	0.081	-0.77	0.441
LEV	0.611	0.312	1.96	0.050**
SGW	-0.002	0.002	-1.26	0.206
Observations		242		
No. of groups		17		
R^2		0.1804		
Wald chi^2 (9)		36.58***		
Prob > chi^2		0.0000		

Notes::*, **, and * represent significant at 1%, 5%, and 10% levels respectively**

Source: Researcher's Computation using STATA 17.

H_{O1}: Board Structure has no significant impact on Earnings Management of listed Consumer Goods Companies in Nigeria.

Table 4.2 shows that, EMG has an R^2 value of 0.1804, which implies that approximately 18.04% of the variations in the earnings management of listed consumer goods companies in Nigeria while the remaining 81.96% is attributed to variables not specified in the model.

The results of the model equation in Table 4.2 show that the board structure variables (BSZ, BIN, BMF, MDI, BGD, FSZ, FAG, LEV and SGW) have joint significant impact earnings management of listed consumer goods companies in Nigeria as evidenced by the Wald Chi-squared (χ^2) = 36.16 with a p-value of 0.0000. This clearly implies that the overall model is statistically significant, and leads to the conclusion that board structure has significant impact on earnings management of listed consumer goods companies in Nigeria.

H_{O1A}: Board Size has no significant impact on earnings management of listed Consumer Goods Companies in Nigeria.

The analysis of the impact of the Board Size (BSZ) component of the board structure on earnings management of listed Consumer Goods Companies in Nigeria as presented in Table 4.2 reveals that Board size has a positive but statistically insignificant effect with Earnings Management ($\beta = 0.0293$, $p > 0.05$). The beta coefficient of 0.0293 means that for every one-unit increase in board size, earnings management is expected to increase by approximately 0.0293 units. However, the value of p-value of 0.216 is above the 0.05 level of significance suggesting that the impact between board size and EM is not significant. This result contradict the a-priori expectation of the study and it leads to the conclusion that board size has no significant impact on earnings management of listed consumer goods companies in Nigeria.

H_{O1B}: Board Independence has no significant impact on earnings management of listed Consumer Goods Companies in Nigeria

The analysis of the impact of the BIN on earnings management of listed consumer goods companies in Nigeria as presented in Table 4.2 reveals that BIN also has a positive and statistically insignificant impact on EM ($\beta = 0.485$, $p > 0.05$). This coefficient implies that as board independence increases by one unit, earnings management is expected to rise by approximately 0.485 units. This leads to the conclusion that BIN has no significant impact on earnings management of listed Consumer Goods Companies in Nigeria since the coefficient of the p-value is not statistically significant.

H_{O1C}: Board Members' Financial Expertise has no significant impact on earnings management of listed consumer goods companies in Nigeria.

The analysis of the impact of the BMF on earnings management of listed consumer goods companies in Nigeria as presented in Table 4.2 shows that it has a positive and statistically significant impact on EM ($\beta = 0.636$, $p < 0.05$). The coefficient clearly shows that as the financial expertise of board members increases by one unit, earnings management is expected to rise by approximately 0.636 units at the 5% level. The positive coefficient, which contradict the null hypothesis indicates that board members with greater financial expertise might be associated in higher earnings management possibly because of their expertise and ability to better manipulate or manage financial records. It is therefore, concluded that board members' financial expertise has significant impact on earnings management of listed consumer goods companies in Nigeria.

H_{OID}: Multiple directorships has no significant impact on earnings management of listed consumer goods companies in Nigeria.

Table 4.2 shows the impact of the MDI on earnings management of listed Consumer Goods Companies in Nigeria follows the study baseline expectation, which is negative and statistically significant ($\beta = -1.001$, $p < 0.05$). The coefficient reflects that as MDI increases by one unit, earnings management is expected to reduce by approximately -1.001 units, implying that when board members hold multiple directorship positions, earnings management tends to decrease, possibly because such members are more likely to adhere to stricter governance practices because of their broader exposure across multiple companies. Hence, it is concluded that multiple directorship has significant negative impact on earnings management of listed consumer goods companies in Nigeria.

H_{OIE}: Board gender diversity has no significant impact on earnings management of listed consumer goods companies in Nigeria.

Table 4.2 reveals that the impact of the BGD on earnings management of listed consumer goods companies in Nigeria follows the direction of the study's baseline expectation, which is negative and statistically significant ($\beta = -1.980$, $p < 0.05$). The coefficient shows that as BGD increases by a unit, EMG reduces by approximately 1.980 units. This result implies that when there is higher BGD, it would significantly lower earnings management thereby creating room for better governance practices and ethical behaviour in financial reporting. Therefore, there is basis to conclude that board gender diversity has significant negative impact on earnings management of listed consumer goods companies in Nigeria.

Discussion

In the analysis of the impact of board structure on earnings management of listed consumer goods companies in Nigeria, this study confirmed that board size has positive and insignificant impact on earnings management in consumer goods companies in Nigeria. Githaiga, Kabete, and Bonareri, (2022), Rahman et al. (2006), also found that board size had a positive and significant effect on EMG. However, there are also cases of contradicted studies such as Damak (2018) and Orazalin (2019), Peasnell, Pope, and Young, (2005) who obtained negative relationship while Jouber and Fakhfakh (2011) had no relationship between board size and EMG. Considering the above, it is evidenced that forestalling the incidence of earnings management especially in larger board size is usually very difficult when compared to the smaller board sizes that are characterised with effective coordination, which intensifies their oversight function and accountability.

This study also established that board independence has positive and insignificant impact on earnings management, which is in the same direction with other studies that also established positive and insignificant effect (Saleh, Takiah, & Grace, 2007; Hashim & Devi, 2008). On the contrary, other studies indicated that board independence show a negative and significant effect on EMG (Githaiga, Kabete, & Bonareri, 2022; Aleqab, & Ighnaim, 2021; Niu 2006; Abdul-Rahman & Ali, 2006; Osma & Noguer, 2007; Jaggi, Leung, & Gul, 2009; Lo, Wong, & Firth, 2010; and Prastiti & Wahyu, 2013; Klein (2002)). Orazalin (2019) and Siregar and Main (2008) found no significant association between board independence and EMG. Beasley (1996) demonstrated that firms with more independent boards are less likely to engage in fraudulent financial reporting.

This study further established that financial expertise of board members has positive and statistically significant impact on earnings management. Tanko, Waziri, and Yusuf, (2022), Aleqab, and Ighnaim, (2021), Ahmed, (2014) acknowledge a positive and significant impact also. Githaiga, Kabete, &

Bonareri, (2022), Alzoubi (2018), Bédard et al. (2004), Peasnell, Pope, and Young, (2005) and Asogwa et al. (2019) on the other hand, put forward that board financial expertise has a negative and significant effect on EMG. Conversely, the results contradict Ghosh et al. (2010) and Yang and Krishnan (2005), who put that the relationship is not statistically significant.

In this study, it is also found that multiple directorships have significant negative impact on earnings management in listed consumer goods companies in Nigeria. This finding implies that directors holding multiple board memberships are likely to hinder the cases of earnings management because of their in-depth skills attributed to better governance practices across different firms capable of promoting corporate transparency and accountability. This study is in agreement with the findings of other studies that also established negative impact between the variables (Aleqab, & Ighnaim, 2021; Chee, & Tham, 2021). This finding is contrary to the findings of some studies who revealed positive impact between multiple directorships and earnings management (Abd Alhadi, Senik, Johari, Said, & Nahar, 2021; Baccouche, Hadriche, & Omri, 2013).

Additionally, this study confirmed that board gender diversity has negative and statistically significant impact on earnings management in listed consumer goods companies in Nigeria. The finding of this study clearly indicated that more gender-diverse boards are less likely to engage in aggressive earnings management when compared to the ones that are gender-skewed often characterised with bad governance practices. The results also indicated that board gender diversity had a significantly negative impact on EMG (Githaiga, Kabete, & Bonareri, 2022; Zalata et al. 2018; Arun et al. 2015). Arioglu (2020) found no effect between board gender diversity and EMG practices. This empirical finding of this study confirms the fact that companies with gender-diverse boards are more effective in suppressing EMG activities especially when there are good proportions of female directors.

Conclusion

This study examines the effect of board structure on earnings management among listed consumer goods companies in Nigeria, with the specific objective of assessing how key board attributes influence the extent of earnings manipulation. Using panel data spanning 2006–2022 and employing robust econometric techniques, the findings reveal that board structure, as a composite governance mechanism, exerts a statistically significant influence on earnings management. The joint significance of board variables confirms that governance configurations matter in influencing financial reporting behaviour. However, disaggregated results show important implications as board size and board independence exhibit positive but statistically insignificant relationships with earnings management, suggesting that their presence alone does not effectively constrain opportunistic reporting in the Nigerian context. In contrast, board members' financial expertise demonstrates a positive and significant association with earnings management, implying that expertise may be used not only for monitoring but also for sophisticated manipulation of financial reports. Conversely, multiple directorships and board gender diversity show significant negative effects, indicating that directors with broader exposure and diverse representation contribute to improved oversight and reduced earnings manipulation.

These findings also offer important contributions by extending agency theory and related governance frameworks, which predicts that stronger monitoring mechanisms should reduce earnings management. Hence, the positive effect of financial expertise challenges this assumption and highlights the dual role of expertise as both a monitoring and enabling mechanism. This positions aligns with more critical perspectives such as resource dependence and information asymmetry theories, which suggest that knowledge and access to information can be used strategically. Additionally, the significant role of gender diversity and multiple directorships supports stakeholder and signalling theories, emphasising

the importance of diversity, reputation, and external linkages in enhancing governance effectiveness. Collectively, the study emphasises that board structure is not merely a formal compliance requirement but a complex system whose effectiveness depends on the interplay of its components.

The study also presents several implications for future research to consider the need for deeper investigation into the behavioural dimensions of board members, particularly how financial expertise translates into either monitoring or opportunistic behaviour. There is need to also explore the interaction effects between board characteristics and external governance mechanisms such as regulatory quality, audit quality, and ownership structure. It is also necessary to conduct comparative studies across sectors or countries to provide broader understanding into how institutional contexts shape governance outcomes. Methodologically, future research may incorporate alternative measures of earnings management, including real activities manipulation, to provide a more comprehensive assessment.

Despite its contributions, this study is not without limitations. The reliance on secondary data from annual reports may constrain the depth of understandings into internal board dynamics and decision-making processes. The focus on a single sector limits the generalizability of the findings across other industries and the use of an unbalanced panel, although appropriate, also introduce potential biases related to data availability. Future studies can address these limitations by incorporating primary data, expanding sectoral coverage, and applying mixed-method approaches to capture both quantitative and qualitative dimensions of governance.

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