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EFFECT OF BOARD ATTRIBUTES ON EARNINGS QUALITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

The main objective of this study is to examine the effect of board attributes on earnings quality of listed money deposit banks in Nigeria. The study used panel data from selected banks annual reports from 2015 to 2024. Board audit committee, non-executive directors, managerial shareholding, board size and board Gender diversity were used as proxy for board attributes while absolute residual was used as proxy for earnings quality. While the study used a correlational design, the study employed secondary sources for data collection from annual audited reports of the selected sample population. The population include all listed commercial banks listed on the Nigeria Exchange Group as at 31st December, 2024.and the census sampling technique was employed to establish a sampling size of fourteen listed deposit money banks. From a multiple regression analysis, the findings revealed that audit committee financial expertise, board size and managerial ownership have positive and significant influences on earnings quality. However, the number of non-executive directors has no relationship with earnings quality. Furthermore, board gender diversity has a significant but negative effect on earnings management. Therefore, the study recommended that Banks and Other Financial Institution Acts (BOFIA) should be reviewed to strengthen to capture board attributes such as gender diversity and financial expertise of board members. In addition, the Securities and Exchange Group should strengthen the Corporate Governance Act to include specific incentives to the board, to motivate them and also to ensure that there is a proper balance of all the elements of the corporate governance code.

Keywords: board attributes, earnings quality, listed deposit money banks, Nigeria

1. Introduction

Earnings quality has been an issue of concern in the corporate business world, most especially deposit money banks. The truthfulness or fairness of earnings reported in corporate organization has been something not totally reliable due to some unethical practices by entities' management. These practices include earnings management, income smoothening, and financial engineering. Organizations communicate their affairs to interested parties, majorly through their financial statements.

These financial statements contain important information useful to shareholders, creditors, regulatory authorities and other interest groups such as professionals and government. These interested parties have specific and distinctive areas of interest in the

financial statement as each party concentrates on its own area of interest with a view to safeguarding the stakes in the entity (Ibrahim, 2017). Earnings quality is a measure of how dependent the results of an organization's performance are from the utilization of resources at the disposal of management which is invariably used for assessing a company's current and future performance (Shaib et al., 2023).

Financial reporting is mostly targeted at giving information to direct stakeholders' choices in entities. It is therefore the obligation of directors of the entities to present a financial report as prepared by accountants and confirmed by auditors at every annual general meeting for ratification. As agreed by Majiyebo et al. (2018), this report focuses on producing relevant, reliable and accurate information to help users in making the right choice of decision. Panyam (2013) considered earnings quality as one of the most essential features of financial reporting systems.

Bank failures and other financial institutions globally have highlighted the need to strengthen the regulations aimed at preventing financial misconduct. Julius and Marte (2015) posited that accounting forms a fundamental role in understanding what scandals are as they have cause stakeholders' loss in millions of naira, bringing in loss in value of investment and causing mental health havoc to investors. Hence, nations endeavor to present or review codes of best practices to adjust the specialized interest with that of their directors, which is normally wealth maximization.

Financial report presented to users as a means of information management is to help assess the quality of a firm's performance and demonstrate its responsibility to investors, employees, customers, society and government. That is, it helps users make rationale decision. One significance of financial statements is its use to display management performance. However, management of firms have misled investors in their attempt to manage earnings by eroding the quality of earnings.

Audit committee plays a significant role in a firm by ensuring that the financial report is a fair representation of economic activities engaged by the firm. Kuang (2017) depicted that the audit committee's ability as a sub-committee of the board is responsible for precision and dependability of the financial performance presented by the executives.

Non-executive director comprises of individuals from the board that hold no huge authoritative relationship with the organization or its members and liberated from any business or direct relationship which could physically meddle or compel them to act in an autonomous way (Lai & Hat, 2017). They are relied upon to play a significant oversight job in their relationship with the executives. They are the critical individuals from the board expected for free judgment just as vital inspection to the proposition and activity of the executives. Non-executive director's skill and execution of duty improve earnings quality (Shehu, 2013).

Furthermore, managerial shareholding which involves the value of shares held by executive individuals from the board is assumed to be a part of the board's attribute in overcoming insider information and trading. It is normal that when they hold shares, their concern and that of different investors will be at synergy, and that implies that it can assume a more dynamic part in presentation of the financial reporting process. Along these lines, manager with investment in the firm are bound to report solid earnings that mirror the basic financial worth of the firm (Shah et al., 2019).

Board gender diversity is another important variable to be considered in this study where women are generally perceived to be associated with less fraudulent practices. The

inclusion of women on corporate boards may likely reduce the opportunistic tendency of appointed managers and enhance accounting quality. The inclusion of women on the board may therefore serve as a control mechanism towards reducing earnings management from occurring and improving the quality of financial statements and enhancement of sustainable development of corporate entities. It is in the view of the above, that the study aimed to amplify the findings on the benefits and roles of the board attributes on the earnings quality presented by firms in enhancing shareholders'' decision and in improving firm's overall performance.

The continuous rise in the collapse and liquidation of corporate organizations in Nigeria such as Heritage bank, Skye bank and Intercontinental bank. Globally, worldwide corporate financial scandals that brought about the collapse of Silicon Valley bank, Citizen bank, Almena state bank, First City Bank of Florida, Enron, WorldCom, and Cadbury Nigeria have been attributed to poor corporate governance that concern board attributes. The incidences carry colossal damages to corporate partners particularly the financiers. Inadvertently, the above reasons raise global surge about the nature of financial reporting, which result to a call for Global pronouncement of financial reporting statements by the presentation of International Financial Reporting Standards (IFRS).

There are worries and claims of revenue smoothing, window dressing, unscrupulous undertakings, and so forth in financial reporting overall amongst Deposit Money banks specifically in developing economies because of the abrupt falls and embarrassments in certain banks and insurance agencies in Nigeria such as Intercontinental in 2011, Afribank in 2011, Bank PHB and Spring Bank in 2011, NICON insurance in 2008, and Nigeria Reinsurance Corporation in 2021. Most recently, the case of Heritage Bank Plc where it was recorded that bad loans amounted to 65% of loan portfolio in 2023 which was far above the threshold set by CBN as a result of governance gap through board squabbles, auditors' complicity among other issues

Also, the consequences of certain investigations between board attributes and earnings quality of firms were carried out in different sectors which includes studies of (Shehu, 2013; Kumai, 2015; Sara et al., 2016). Nonetheless, the findings from the studies of Aubert and Grudnigt (2011), Peng and Chen (2014), Bplibok (2014), Sara et al. (2016), and Onatuyi and Proso (2016) depict the disappointment of the oversight capabilities of the board in forestalling and controlling misconduct, inaccuracies and controls of financial reports. Likewise, further investigations like Beuren and Klenn (2015), Jarva and Lantto (2012) uncover both positive and adverse consequences.

The study established the following research questions:

i. Does audit committee financial expertise affect earnings quality of listed deposit money banks in Nigeria?
ii. Do non-executive directors affect earnings quality of listed deposit money banks in Nigeria?
iii. How does managerial shareholding affect earnings quality of listed deposit money banks in Nigeria?
iv. Does board size affect earnings quality of listed deposit money banks in Nigeria?
v. Does board gender diversity affect earnings quality of listed deposit money banks in Nigeria?

While the main objective of the study is to investigate the effect of corporate governance attribute on earnings quality of listed deposit money banks in Nigeria, other specific objectives are to:

i. Examine the effect of audit committee financial expertise on earnings quality of listed deposit money banks in Nigeria.
ii. Determine the effect of non-executive directors on earnings quality of listed deposit money banks in Nigeria.
iii. Ascertain the effect of managerial shareholding on earnings quality of listed deposit money banks in Nigeria.
iv. Determine the effect of board size on earnings quality of listed deposit money banks in Nigeria.
v. Examine the impact of board gender diversity on earnings quality of listed deposit money banks in Nigeria.

In an attempt to add meaning to the study objectives, hypotheses were formulated and expressed in a null form:

H_{01}: Audit committee financial expertise has no significant effect on earnings quality of listed deposit money banks in Nigeria.

H_{02}: Non-executive directors have no significant effect on earnings quality of listed deposit money banks in Nigeria.

H_{03}: Managerial shareholding has no significant effect on earnings quality of listed deposit money banks in Nigeria.

H_{04}: Board size has no significant effect on earnings quality of listed deposit money banks in Nigeria

H_{05}: Board Gender diversity has no significant effect on earnings quality of listed deposit money banks in Nigeria

The study covers the duration of ten (10) years from 2015 to 2024). This period saw the progression of migration from GAAP to IFRS. The data for the selected population would be extracted from audited financial reports and accounts of the Deposit Money Banks in Nigeria for the period. The research is stimulated by the likely impact to the users of accounting information (both internal and external stakeholders), scholarly world, and financial service sector including the government in regard to board's attributes and earnings quality of Deposit Money Banks in Nigeria.

The study on board attributes and earnings management shows significant relevance to relevant stakeholders. First, Deposit Money Banks (DMBs) would benefit tremendously from the study, through ensuring strict compliance with laid down regulations as it regards corporate governance on board composition and the role in executing their oversight responsibilities particularly where the independent variables chosen ended up being critical or in any case.

2. Literature Review

Review of Empirical Studies

This section reviews the empirical studies of literatures as it relates to the dependent variable and the independent variables.

Board gender and Earnings Quality

Udoh et al. (2022) investigate the relationship between board characteristics and firm performance in quoted Commercial banks in Nigeria. The population of the study made up of 23 listed banks in the Nigerian stock exchange in 2022. The study adopts judgmental sampling technique to select 10 quoted commercial banks as the sample study. Ex-post facto research design was implemented and secondary data were obtained from quoted commercial banks for the period of five years (2018-2022). The hypotheses were tested using the multiple regression analysis based on Excel Analytical package 2018 and SPSS version 20. The findings are as follows: the first model shows that board diligence and board gender diversity are positively, statistically and significantly correlated with earning per share in commercial banks in Nigeria.

Yahaya (2025) investigates the relationship between the gender composition of audit committees and the quality of reported earnings among 150 publicly listed firms in Nigeria from 2014 to 2023, the study employed a quantitative research design, using secondary panel data from annual reports. The study applied a random effects panel regression model alongside robust diagnostic tests to analyze the impact of gender diversity while controlling for firm-specific characteristics. Findings reveal that gender diversity is positive and significant on earnings quality.

Igbru and Ekokotu (2024) investigate the effect of gender diversity on earning capacity in Nigeria money deposit banks. The study made use of ex-post facto research design for the collection of secondary data. The population for the study consisted of listed money deposit banks in Nigerian Exchange Group (NGX) as at 31st December, 2021 for the period 2012- 2021. Purposive sampling technique was used to select six (6) money deposit banks. Panel regression technique was adopted in the analysis of data. The regression results revealed that gender diversity has positive and statistically significant effect on earning capacity in Nigeria money deposit banks.

Nwankwoeke (2025) Examined the effect of board composition on firm value of deposit money banks in Nigeria. Secondary data was used for data collection. Data was extracted from the annual reports and accounts of the selected companies as compiled by Machame Ratios. The result of correlation analysis showed that there is no statistically significant effect of board composition on firm value of deposit money banks in Nigeria. It was recommended that Board size should not be bogus in order to avoid the issue of redundancy on the side of some members. The composition of the Board should be done in such a way that different experts from both genders are considered.

Board Size and Earnings Quality

Akaolisa and Miko (2024) investigates the effect of board composition and firm characteristics on the financial reporting quality among consumer goods firms that are publicly listed in Nigeria. The research employs collected data from annual reports and accounts that have been archived. The study sample comprises 20 firms, from which 17 firms were selected for the period spanning from 2013 to 2021. The research utilised Panel data and subsequently utilised Fixed Effect (FE), Random Effect (RE), and Hausman techniques for data analysis. The research findings indicate that the financial reporting quality of consumer goods firms listed in Nigeria is significantly influenced by board size.

Udoh, et al. (2024) examine the study between board characteristics and firm performance in quoted Commercial banks in Nigeria. The population of the study made up of 23 listed banks in the Nigerian stock exchange in 2022. The study adopts judgmental

sampling technique to select 10 quoted commercial banks as the sample study. Ex-post facto research design was implemented and secondary data were obtained from quoted commercial banks for the period of five years (2018-2022), making up 50 firm-year sample observations. The hypotheses were tested using the multiple regression analysis based on Excel Analytical package 2018 and SPSS version 20. The findings revealed that board size is positively, statistically and significantly associated with share price in commercial banks in Nigeria.

Helen et al. (2024) examined the impact of corporate governance on financial performance of deposit money banks in Nigeria. The population for this study consists of all the twenty (20) deposit money banks in Nigeria as at February, 2016. The secondary data were sourced from annual report of quoted banks in Nigeria. The data analytical techniques descriptive statistics, correlation matrix and Generalized Panel Ordinary Least Squares (GLS). The empirical results show that board size has positive and significant impact on financial performance in deposit money banks in Nigeria.

Olawale (2025) investigated the impact of corporate governance on the financial performance of deposit banks in Nigeria. The study specifically investigates board size on return on assets of the selected deposit money banks in Nigeria. Data were collected from the published audited annual financial statements of the selected Deposit Money Banks listed in the Nigeria Exchange Group Factbook over a 10-year period, from 2013 to 2024. The research employed descriptive and inferential analysis through correlation analysis and panel regression estimates. The findings indicate a negative and insignificant relationship between board size and return on assets.

None-executive Director and Earnings Quality

Bitrus et al. (2024) sought to assess the effect of Corporate Board Attributes Variables (Board Composition) on Real Earnings Management of listed financial institutions in Nigeria with specific emphasis to non-executive directors. The expo- facto research design was adopted with reliance on secondary data from annual reports of the listed firms. Simple random sampling technique was employed in selecting 31 firms out of 57 firms for 2014-2023 financial years. In achieving the objective of the study, three methods of panel regression estimation were used which are pool, fixed effect and random effect by Hausman test. The analysis was done using E-views 10. The finding disclosed that board composition of non-executive directors has no significant effect on real earnings management.

Aryal & Dhesi (2022) examined the impact of corporate governance on controlling the discretionary accruals based on the FTSE350 by considering the performance matched discretionary accruals model. It has considered the OLS regression model and tested the hypotheses. The findings of this paper reveal the mixed results as board independence, the presence of female in the board, non-executive director's fees and block holder have significant impact whereas board size and board meeting do not have significant impacts on controlling discretionary accruals.

Managerial Shareholding and Earnings Quality

Salawu & Salawu (2024) investigated the role that directors' loans and shareholdings play in the earnings management practices of banks listed on the Nigerian Exchange Group. Employing the ex-post facto research design, the study made use of the discretionary loan loss provision as a proxy to measure the earnings management practices in the eleven listed banks used as its sample. The Ordinary least square regression was

used. The study found that directors' shareholdings has a negative and significant relationship with earnings management practices while directors' loans a negative and significant relationship with earnings management practices.

EL-Maude et al. (2024) examined the moderating impact of managerial ownership on intellectual capital and firm's value of listed deposit money banks in Nigeria. Ex-post facto research design was adopted, while the target population was all the listed deposit money banks in Nigeria as at 31st December, 2022. Out of the 14 banks 11 were purposively chosen based on their complete annual reports and accounts over the period of the study (2012-2022). Panel regression analysis was adopted to analyze the collected data. Thus, the study found managerial ownership was positive and significant moderating impact on structural capital efficiency, human capital efficiency and firms' value.

Esther et al. (2024) examined the effect of ownership structure and dividend policy of selected deposit money banks in Nigeria. A sample of 10 selected deposit money banks under the Nigerian Exchange Group (NGX) was used in the study. The study made use of secondary data extracted from already published financial reports of some selected deposit money banks (DMBs) for the period 2013-2022. The study adopted the ex post facto design and purposive sampling technique. The findings showed that managerial ownership had a negative and insignificant effect on the Dividend Payout Ratio.

Audit Committee Financial Expertise and Earnings Quality

Joe et al. (2024) examined the effect of corporate governance mechanisms on the profitability of listed deposit money banks in Nigeria. The research design adopted for this study was the ex post facto research as the secondary data were employed. The population of this study was fourteen listed deposit money banks in Nigeria. The method of data analysis employed was the ordinary least square regression analysis and the statistical package employed was E-views version 14. Based on the analysis of the data, it was found out that board expertise has a positive but insignificant effect on the return on capital employed; board gender diversity has a significant positive effect on return on capital employed of listed deposit money banks in Nigeria.

Nneka et al. (2021) examined the effect of board attributes on credit risk of listed deposit money banks in Nigeria from 2011-2020. The study adopted Ex-post facto research design. Ex-post facto research design was used because the study relied on secondary data was extracted from listed deposit money banks in Nigerian. The population of this study are all the fourteen (14) deposit money banks listed on the floor of Nigerian Exchange as at December, 2020. Panel regression analysis was used by the study as the technique of analysis. The study found that board financial expertise has a positive and a significant effect on credit risk of listed deposit money banks in Nigeria.

Zalata et al. (2021) examined the financial expertise of female directors, an area which remains largely unexplored in existing literature. The results show that the participation of female directors with relevant financial background improves earnings quality more than the participation of female directors without such background. In addition, findings suggest that only female directors possessing relevant financial background and having fewer outside directorships are able to mitigate earnings management.

Ibe et al. (2025) investigates the effect of board independence on earnings management of listed deposit money banks in Nigeria as moderated by audit committee expertise. The study's population consists of 14 listed deposit money banks in Nigeria as

at 31st December 2023 with a sample size of 10 banks selected through purposive sampling technique. A quantitative research approach was employed, using secondary data from the annual reports and accounts of the selected banks over a 10-year period from 2014 to 2023 and analyzed using the Moderated Multiple Regression (MMR) model and STATA version 12. The study reveals that audit committee expertise significantly moderates this relationship, exerting a negative effect.

Theoretical Review

Agency Theory

Agency Theory turns into a proper idea after crafted by Jensen and Meckling (1976). Agency Theory portrays the connection between parties (management) whose representation is liable to someone else, (shareholders). It clarifies their disparities in conduct or choices by taking note of the two parties frequently have various objectives and, autonomous of their individual objectives, different disposition towards hazard.

Agency Theory clarifies and recommends motivating forces for the board to reduce the propensity. Accordingly, the board could utilize earnings to misdirect investors by showing an alternate picture of the organization's earnings as revealed in the organization's financial reports. Furthermore, Sun and Rath (2008) posited that earnings presented by the board might emerge because of data lopsidedness or issue of personal interest and bias that happen when managerial shareholding is isolated from the administration of the company and managers have an insider information advantage over investors and that this insider information establishes a climate for directors to take part in financial reporting prudence to advance their egotistical premium to the detriment of investors. Simultaneously, they additionally set out an independent director to utilize that financial result manipulated to depict their organizations' performance reveal related data in proper way with investors (Trueman & Titman, 1988; Schipper, 1989).

In light of the above, Agency Theory gives a characteristic scenery to examine the grounds that financial reports present concerns that emerge when there is an irreconcilable circumstance among directors and managers (investors) combined with data deviations (Beatty & Harris, 1998; Kim & Yi, 2006; Richardson, 2000). Without this agency clash, earnings quality is a non-issue since managers don't have the impetus to distort or conceal data. Consequently, compelling corporate governance should bring about high financial reports/earnings quality and better oversight on manager’s shrewd propensities. Without a doubt, Chtourou et al. (2001) give proof that earnings quality and audit committee financial expertise oblige the earnings the executives’ exercises.

With board gender diversity, the theory reflects that bringing in different gender introduces different perspectives and reduces groupthink. In addition, female directors are more conservative in their financial resource management and conservative. The interactions between these variables also depicts a complementary effect on earnings quality despite that larger boards may substitute for the lack of gender diversity or vice versa.

3. Methodology

Research Design

This study embraced correlation and ex-post-facto research plans. The correlation and ex-post-facto research plans are kind of semi test research plan, which has a place with

the sociology research. These plans have the capacity of depicting the measurable relationship between at least two variables and takes into consideration making expectations by testing of anticipated connection between variables.

Population and Sample of the Study

The population of all the listed commercial banks on the Nigerian Exchange Group as at 31st December, 2025 were fourteen (14). Census sampling procedure was used to choose every one of the banks recorded on the floor of Nigerian Exchange Group as at 31st December, 2024 with the end goal of analyzing the data.

Sources and Methods of Data Collection

The study utilized data mostly from secondary sources from the audited financial reports and records of the selected financial firms within the period. These financial reports were gotten from the Nigerian exchange group.

Techniques of Data Analysis

Multiple regression is adopted for this study as a technique of data analysis. Multiple regression is considered appropriate for the study, because of its ability to measure both causes and effect of the relationship between the dependent and independent variables of the study. To improve the validity and reliability of the statistical result, some diagnostics tests such as normality, heteroscedasticity, multicollinearity were conducted.

Table 1

Variable Measurement and Definition

Variables	Measurement	Source
Earning quality (EQ)	Measured by absolute values of the residuals (discretionary accruals) using Cheng *et al.* (2008) model.	Chang et al. (2008)
Audit committee financial expertise (AFE)	Audit committee financial expertise will be measured by taking the number of audit committee members with financial expertise divided by the total number of audit committee members.	Shehu (2011), Shehu & Abubakar (2012)
Non-executive Directors (NED)	Measured using proportion of non-executive directors to total number of Directors on the Board (Mazadu *et al.* 2015).	Beasly (1996), Klein (2002)
Managerial Shareholding (MS)	Measured using proportion of shares owned by executive directors to total number of shares issued, expressed in percentage.	Teshima and Shuto (2008)
Board Size(BDS)	Measured using Number of directors on the Board	Miko et al. (2021); Dabor and Dabor (2015)
Board Gender(BDG)	Measured as the percentage of female directors on the Board	Bala et al. (2021); Osemene et al. (2018), Nguyen (2017)

Source: Compiled by Author 2025

4. Results and Discussion

Descriptive Statistics

Table 2

Summary of Descriptive Results

Variable	Obs	Mean	Std. Dev.	Min	Max
Eq	140	0.018	0.015	0.001	0.114
Afe	140	0.302	0.140	0.013	0.750
Nexd	140	0.575	0.112	0.140	0.790
Bds	140	12.779	2.372	6.000	17.000
Bdg	140	0.231	0.083	0.005	0.333
Mgo	140	0.382	0.076	0.130	0.570

Source: STATA Output, 2025

Table 2 above is a descriptive statistic which shows the nature of the data for the variable. The table gives the average of the entire variables both the dependent variable and all the independent variable of the study. However, the minimum and the maximum were also given to show the minimum of each board attributes variable and the corresponding dependent variable of earnings quality.

Table 2 shows that the measure of earnings quality (EQ) of the deposit money banks listed in Nigeria has a mean value of 0.018 with standard deviation of 0.015, the minimum and maximum values stood at 0.001 and 0.114 respectively. This implies that on average the quality of earnings in deposit money banks listed in Nigeria is 0.018, and the deviation from both sides of the mean is 0.015. This suggests a moderate dispersion of the data from the mean because the standard deviation is close to the mean value. The table also indicate a minimum EQ of 0.001 implying a situation in which the quality of earnings in DMBs using loan loss provision covers only 1%. On the other hand, it reveals a maximum EQ of 0.114 implying a situation where EQ covered 11% of the DMBs earnings quality (EQ).

The measure of audit committee financial expertise (AUC) of the DMBs listed in Nigeria has a mean value of 0.302 with standard deviation of 0.140, and minimum and maximum values of 0.013 and 0.750 respectively. This implies that the average financial expert representative in audit committee of the DMBs listed in Nigeria stood at 30%, and the deviation from both sides of the mean is 0.140. This suggests a moderate dispersion of the data from the mean because the standard deviation is close to the mean value. The table also indicated a minimum audit committee financial expert representation in DMBs for a particular year is 0.013. On the other hand, it reveals a maximum audit committee financial expertise of 0.750 (75%)

The measure of non-executive directors (NEXD) of listed deposit money banks in Nigeria has a mean value of 0.575 with standard deviation of 0.112, and minimum and maximum values of 0.140 and 0.790 respectively. This implies that the average NEXD representation on the board of listed deposit money banks (DMB's) in Nigeria is 58%, and the deviation from both sides of the mean is 11%. This suggests a close dispersion of the data from the mean because the standard deviation is close than the mean value.

The board size (BSZ) of the listed deposit money banks (DMBs) in Nigeria has a mean value of 12.779 with standard deviation of 2.372, and minimum and maximum values of 6.000 and 17.000 respectively. This implies that the average number of board members

in listed Nigeria Deposit firms in Nigeria stood at 12.779, and the deviation from both sides of the mean is 2.372. This suggests that there is no dispersion between the data and the mean because the standard deviation is close to the mean value. The table also indicated a minimum board size of 6 members, and it also reveals maximum board size members of 17 members.

Nevertheless, Table 2 indicated a mean value of board gender (BDG) as 0.231 with standard deviation of 0.083, minimum and maximum values of 0.005 and 0.333 respectively. This implies that, on average the representation of female directors on the board of DMBs is 23% out of the entire board members and the deviation from both sides of the mean is 0.0.083. This suggests the dispersion of the data from the mean because the standard deviation is lower than the mean value. The minimum value of 0.005 means that there are some years that DMBs had lesser female members on the board. The maximum value of 0.333 implies that, the DMBs in Nigeria never had more than 33.3% of their board members as females within the period of study.

Managerial ownership (MGO) showed a mean of 0.382 with standard deviation of 0.076, and minimum and maximum values of 0.130 and 0.570 respectively. This implies that on average managers of DMBs hold a total ownership of 38% out of the total equity holdings of the DMB and the deviation from both sides of the mean is 0.076. This suggests a moderate dispersion of the data from the mean because the standard deviation is close to the mean value.

Table 3

Correlation Matrix

Variables	Eq	auc	Nexd	Bds	Bdg	mgo	Vif	1/vif
Eq	1.000							
Afe	-0.422	1.000					1.070	0.936
Nexd	0.488	-0.245	1.000				2.610	0.383
Bds	-0.341	0.205	-0.729	1.000			2.420	0.414
Bdg	0.082	-0.039	0.268	-0.012	1.000		1.440	0.696
Mgo	0.444	-0.079	0.485	-0.394	0.463	1.000	1.620	0.618

Source: STATA Output, 2025

Table 3 shows that audit committee financial expertise is negatively related to earnings quality (EQ) by -0.422. This signifies that measure of earnings quality (EQ) decreases as the audit committee financial expertise member's increase. It also shows that board size is associated with earnings quality (EQ) by -0.341 (34%), meanwhile as the number of board members increases, earnings quality of the deposit money banks listed in Nigeria will reduce.

In addition, non-executive directors, board gender and managerial ownership was also found to have a positive relationship with earnings quality (EQ) of the deposit money banks (DMBs) listed in Nigeria to the tune of 0.488, 0.082 and 0.444 respectively. This implies that as the relationship between NEXD, BDG and MGO and earnings quality is positive and in the same direction.

Table 3 above shows the result of the multi-collinearity test for the dependent and independent variables. The test result of each variable ranges within the acceptable benchmark. Hence, in this study variance inflation factor (VIF) and tolerance values (TV)

were revealed to be consistently smaller than 10 and less than 1 respectively for all the explanatory variables in the regression result. However, the mean VIF of 1.830 supplements this claim. Therefore, multicollinearity is not a threat to the validity of the study result.

Table 4

Regression Result

Variables	Coef.	T	P>t
Auc	-1.288	-5.020	0.000
Nexd	0.417	3.790	0.000
Bds	0.136	1.680	0.094
Bdg	-0.326	-2.780	0.006
Mgo	4.785	4.740	0.000
_cons	-0.459	-1.080	0.281
F-Statistics			20.590
F-Sig			0.000
R-Square			0.434
Adj R-Square			0.413

Source: STATA Output, 2025.

The cumulative R2 of 0.434 for which is the multiple coefficients of determination gave the proportion of the total variation in the dependent (earnings quality) variable as explained by the independent variables (audit committee financial expertise, non-executive directors, board size, board gender and managerial ownership) on corporate governance jointly. Hence, it signified that 43% of the total variation in earnings quality of listed Deposit Money Banks in Nigeria is accounted for by the proportion of audit committee financial expertise, non-executive directors, board size, board gender and managerial ownership variables used in this study.

The F-Statistics value of 20.590 which is significant at 1%, indicates that corporate governance attributes and earnings quality model is fit. It implies that for any change in corporate governance attributes of the listed Deposit Money Banks in Nigeria, earnings quality (EQ) will be affected directly.

The P-value of the Wald-chi test which is statistically significant at a level of 0.0000 implies that there is 99.9% assurance that the relationships among the variables were not due to mere chance. As such, the results from the regression can be relied upon. In addition, it implies that the independent variables reliably predict the dependent variable of the study.

Hypothesis Result and Discussion of Findings

Audit Committee Financial Expertise and Earnings Quality

Audit committee from the table shows a coefficient value of -1.288 with z-value of -5.020 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that an increase in the number of financial expertise as representation on the board audit committee the quality of earnings in the deposit money banks (DMBs) will decrease significantly. This suggests that audit committee financial expertise significantly monitor the unethical accounting practices of managers which may undermine the quality of the

accounting earnings. The result suggests that a 1% increase in number of financial expert representation in audit committee, the quality of earnings will decrease significantly.

Non-Executive Directors and Earnings Quality

Non-executive directors from the above table shows a coefficient of 0.417 with z-value of 3.790 which is statistically significant at 1% levels of significance (p-value of 0.000). This implies that an increase in the number of non-executive directors (NEXD) on the board will have a significant influence on the quality of earnings of the deposit money banks listed in Nigeria.

Managerial Ownership and Earnings Quality

Managerial ownership in this study shows a coefficient value of 4.785 with z-value of 4.740 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that an increase in the number of shares held by executive directors, the earnings quality increases significantly, suggesting that managerial ownership discourages manager's practice of unethical accounting and therefore, improves the quality of earnings of the DMBs listed in Nigeria.

Board Size and Earnings Quality

Board size has no significant effect on earnings quality of listed deposit money banks (DMBs) in Nigeria. From the result, board size (BSZ) has a positive and significant effect on earnings quality with a (p-value 0.094). This implies that an increase in the number of board size, the earnings quality increases significantly, suggesting that board size discourages manager's practice of unethical accounting and therefore, improves the quality of earnings of the DMBs listed in Nigeria.

Board Gender and Earnings Quality

Board gender has no significant effect on earnings quality of listed deposit money banks in Nigeria. This result shows that board gender has a significant negative effect on earnings quality of the listed deposit money banks in Nigeria at 1% level of significance (p-value of 0.006). Based on the above findings the study therefore rejects the null Hypothesis five (H_{05}), which states that board gender has no significant effect on earnings quality of deposit money banks listed in Nigeria. However practical application indicates that adequate female executive's representation on the board reflects efficient management of relationship with all stakeholders and also promotes the interest of all by contemplating the agency conflict. Female directors are also found to be socially more influential.

5. Conclusion and Recommendations

From the findings of the study, the research concludes that corporate governance significantly affects earnings quality in deposit money banks listed in Nigeria. However, specifically the study concludes as thus;

Audit committee financial expertise significantly affects earnings quality of deposit money banks listed in Nigeria from the findings of the study. On the other hand, non-executive directors on the board were found to have insignificant positive impact on earnings quality of deposit money banks listed in Nigeria. However, managerial ownership significantly influences earnings quality positively. Meanwhile, Board size equally has a positive effect on earnings quality while board gender diversity reflects a significant negative effect on earnings quality.

Consistent with the findings of the study, the study proffers some basic recommendations for policy makers and regulators of the deposit money banks listed in Nigeria. The following are the specific recommendations:

(i) The study recommends that the Securities and Exchange Group, the Banks and Other Financial Institutions should review the code of corporate governance by increasing the proportion of financial expert and appoint more women from diverse background on the board audit committee. This could improve the corporate governance quality and its ability to constrain unwanted earnings management and improve the quality of earnings. It would also do well if these bodies deem it fit to review the codes intermittently in line with current trends in the sector, so that issues not previously addressed would be taken into consideration. This would equally bring the regulatory bodies to being proactive rather than reactive.

(ii) The study recommends that the BOFIA and CAMA should improve monitoring by promoting board independence to address the policy that has to do with the number of non-executive directors on the board by given a limit to their number on the board as too much of their number may lead to poor productivity or negligence of responsibility which may affect the quality of earnings negatively. In addition, strengthening audit committee effectiveness would ensure that the committees are independent, experienced and empowered to oversee financial reporting quality.

(iii) The study's recommendation with respect to managerial ownership in Financial Code of Corporate Governance should also provide a ceiling limit on the number of shares to be held or subscribe by the executive directors as this may lead to entrenchment effect from the part of executive directors which may affect the quality of earnings in a negative direction. At least managers should not possess more than 45% of the total shareholding. This is pertinent because, once managers are not majority shareholders, they would not be inclined to engage in unscrupulous acts and also use available insider information to their advantage.

(iv) Encourage transparency by mandating regular disclosure of board attributes, audit committee composition and financial reporting processes.

(v) Regularly conduct board evaluation and train members based on needs assessment reviewed from the performance of members. Training on financial reporting, risk management and governance are possible suggestions.

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