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**FIRM GROWTH AND CORPORATE LIFE CYCLE DYNAMICS AS DETERMINANTS OF EARNINGS
MANAGEMENT**

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Abstract

This study investigated the effects of firm profitability, revenue growth, and firm life cycle stages on earnings management among non-financial firms listed on the Nigerian Exchange Group (NGX). Drawing on a sample of forty-one manufacturing firms with data spanning 2013 to 2022, the research adopts an ex-post facto design, utilizing secondary data from published financial statements. Descriptive statistics, correlation analysis, and variance inflation factor (VIF) tests were conducted to examine data characteristics and multicollinearity among variables. Inferential analysis employed random effect regression models to test three hypotheses regarding the relationships between earnings management and the selected firm-specific factors. The results reveal that profitability, revenue growth, and firm life cycle stage each exhibit positive but statistically insignificant relationships with earnings management, indicating that these variables do not significantly drive managerial manipulation of financial statements in the Nigerian manufacturing sector. The study concludes that enhancing governance frameworks, strengthening internal audits, and fostering managerial accountability are critical to mitigating earnings management, irrespective of profitability, growth, or life cycle stage. Policymakers and regulators are encouraged to implement measures that monitor discretionary accruals and ensure transparency, providing a safeguard against manipulative financial reporting. The research contributes to the literature by empirically evaluating multiple firm-specific determinants of earnings management in the Nigerian context, offering practical implications for corporate governance and financial oversight.

Introduction

Earnings management remains a central concern in accounting and financial reporting because of its implications for information quality, investor confidence, and capital market efficiency. Financial

statements are expected to reflect firms' underlying economic performance, yet managerial discretion embedded in accounting standards creates opportunities for intentional manipulation of reported earnings. Prior studies document that

managers engage in both accrual based and real activities manipulation to meet earnings targets, influence stock prices, or satisfy contractual obligations tied to accounting numbers (Al-Khabash & Al-Thuneibat, 2008; Laurencia & Mulyana, 2022). These practices undermine the credibility of financial reports and weaken the decision usefulness of accounting information for investors and other stakeholders.

The literature increasingly recognizes that earnings management behaviour does not occur in isolation but is shaped by firm specific characteristics and structural conditions. Among these, firm growth and corporate life cycle dynamics have attracted growing scholarly attention. Firm growth often reflects expansion opportunities, increasing investment needs, and heightened external financing pressures. High growth firms may face stronger incentives to manage earnings to sustain market expectations, attract capital, or signal financial strength, particularly in environments characterized by information asymmetry and weak monitoring (Debnath, 2017; Al-Mohareb & Alkhalailah, 2019; Sinebe, 2023).

Corporate life cycle theory provides a complementary framework for understanding variations in managerial reporting behaviour across different stages of firm development. Firms typically evolve through identifiable stages such as introduction, growth, maturity, and decline, each associated with distinct operating, financing, and governance characteristics (Black, 1998; Dickinson, 2011). These stages shape cash flow patterns, risk profiles, and agency conflicts, which in turn influence managers' incentives and ability to manipulate earnings. Early stage and growth firms often face financing constraints and volatile performance, increasing pressure to present favourable earnings figures. Mature

firms, while more stable, may engage in earnings smoothing to maintain reputational capital or dividend policies. Declining firms may resort to aggressive earnings management to conceal poor performance or delay external intervention (Bello, 2019; Michalkova, 2021).

Agency theory offers a strong theoretical foundation for linking firm growth and life cycle stages to earnings management. Jensen and Meckling (1986) suggest that separation of ownership and control generates agency costs arising from divergent interests between managers and shareholders. These costs vary systematically across the firm life cycle. Growth firms typically retain earnings and reinvest cash flows, intensifying monitoring challenges and creating scope for opportunistic behaviour. Mature firms generate substantial free cash flows, which may encourage earnings manipulation to justify managerial discretion over resource allocation. Declining firms face heightened survival pressure, increasing incentives to distort financial reports (Habib & Hasan, et al. 2017; Sinebe, 2022).

Empirical evidence largely supports the relevance of life cycle considerations in explaining earnings management and related financial reporting outcomes. Studies across different institutional settings show that earnings management intensity varies across life cycle stages (Hastuti et al., 2017; Krishnan et al., 2020; Khuong et al., 2022). Research also links life cycle stages to financial reporting quality, tax avoidance, risk taking, and valuation relevance, reinforcing the idea that corporate behaviour is dynamic rather than static (Muramiya & Takada, 2017; Corbey et al., 2019; Irawan & Afif, 2020;). Despite these advances, findings remain mixed, partly due to differences in proxies for life cycle stages, earnings management measures, and institutional environments.

In emerging economies, these issues are particularly salient. Weak enforcement mechanisms, concentrated ownership structures, and evolving governance frameworks can amplify managerial discretion in financial reporting. Nigerian evidence shows that earnings management is influenced by governance structures, leverage, and firm survival pressures (Okougbo & Okike, 2015; Obigbemi et al., 2016; Nwaobia et al., 2019; Tonye & Sokiri, 2020). Recent Nigerian studies also demonstrate that corporate life cycle stages affect classification shifting, dividend policy, and financial performance, suggesting that life cycle dynamics meaningfully shape corporate financial decisions (Abiahu et al., 2020; Emeka et al., 2022; Aigbovo & Evbayiro-Osagie, 2021). However, empirical work that jointly examines firm growth and life cycle dynamics as determinants of earnings management in the Nigerian context remains limited.

This study addresses this gap by examining how firm growth and corporate life cycle dynamics jointly influence earnings management behaviour. By integrating growth indicators with life cycle stage classifications based on cash flow patterns, the study provides a more nuanced understanding of how managerial reporting incentives evolve over time. This approach aligns with calls in the literature to move beyond single firm characteristics and adopt dynamic frameworks when analysing earnings management (Mardani et al., 2020; Mabrouk & Boubaker, 2020; Bereprebofa, et al. 2023).

The contribution of this study is threefold. First, it extends the earnings management literature by jointly modeling firm growth and corporate life cycle dynamics, rather than treating them as isolated determinants. Second, it enriches

evidence from an emerging market setting, where institutional features may intensify the interaction between growth pressures, life cycle stages, and reporting behaviour. Third, the findings have practical implications for investors, regulators, and standard setters by highlighting stages and growth conditions under which earnings management risks are more pronounced. In doing so, the study advances understanding of the dynamic nature of financial reporting behaviour and supports more stage sensitive monitoring and policy interventions. The objective of this study is to investigate the influence of firm growth and corporate life cycle stages on earnings management practices among publicly listed companies in Nigeria. To achieve this broad aim, the study pursues the following specific objectives:

1. To analyse the relationship between firm profitability and earnings management among listed firms in Nigeria.
2. To examine the association between revenue growth and earnings management among listed firms in Nigeria.
3. To assess the effect of corporate life cycle stages on earnings management practices among listed firms in Nigeria.

Literature Review

Earnings Management

The literature on earnings management documents its widespread practice and examines the motivations, mechanisms, and consequences associated with managerial discretion in financial reporting. Early studies conceptualize earnings management as the intentional intervention in the financial reporting process to influence reported earnings for private gain. Al-Khabash et al. (2008) show that both internal and external auditors perceive

earnings management as a recurring practice, particularly in environments where monitoring mechanisms are weak. Empirical evidence further indicates that managers manipulate earnings to meet contractual obligations, influence market valuations, and present stable performance to investors (Sinebe, 2020; Laurencia, et al. 2022).

Capital structure and leverage are found to significantly influence earnings manipulation, as highly leveraged firms face stronger incentives to manage earnings to avoid covenant violations (Al-Mohareb et al. 2019; Tonye, et al. 2020). Growth opportunities and profitability also play important roles. Debnath (2017) documents that rapidly growing firms are more likely to engage in earnings management to sustain favourable market perceptions. Studies from Indonesia and China further reveal that profitability, internal control quality, and financial distress shape managers' choice between accrual based and real earnings management strategies (Bintara, 2022; Li et al., 2020).

Corporate governance mechanisms are extensively examined in the literature as constraints on earnings management. Board structure, ownership patterns, and governance quality are shown to reduce opportunistic reporting behaviour when effectively implemented (Okougbo, et al. 2015; Obigbemi et al., 2016). Evidence from Nigeria indicates that weak governance and poor reporting quality are associated with higher levels of earnings manipulation (Echobu et al., 2017; Nwaobia et al., 2019).

The Stages of a Firm's Life Cycle

The business life cycle framework explains how firms evolve through identifiable stages that reflect changes in operating activities, financing patterns, risk exposure, and governance structures. Early

work by Black (1998) and later formalization by Dickinson (2011) show that firms follow systematic life cycle patterns that can be proxied using cash flow configurations. These stages typically include the introductory, growth, mature, and decline phases. Subsequent studies extend this framework to valuation, performance, and financial reporting behaviour, confirming that firm behaviour is dynamic rather than static over time (Corbey et al., 2019; Krishnan et al., 2021).

Firm Life Cycle Stages and Earnings Management

Life cycle theory provides a useful lens for understanding variations in earnings management across firms. Agency problems, information asymmetry, and external financing pressures differ across life cycle stages, leading to distinct incentives for earnings manipulation (Jensen & Meckling, 2019). Empirical evidence across countries shows that earnings management intensity and form vary systematically with life cycle stages (Hastuti et al., 2017; Michalkova, 2021; Khuong et al., 2022).

Introductory Stage and Earnings Management

Firms at the introductory stage often experience negative cash flows, limited operating history, and high uncertainty. These conditions increase information asymmetry and reliance on external financing, creating strong incentives to manage earnings upward to attract investors and creditors. Studies indicate that weak internal controls and low monitoring at this stage heighten the likelihood of accrual manipulation (Hastuti et al., 2017; Mardani et al., 2020).

Growth Stage and Earnings Management

Growth stage firms typically record rising revenues and expanding investments but remain under pressure to sustain performance expectations. Debnath (2017) finds that high growth firms are more prone to earnings management to signal stability and maintain access to capital. Evidence from Nigeria and other emerging markets supports the view that growth firms engage in both accrual based and real earnings management due to financing needs and aggressive expansion strategies (Bello, 2019; Abiahu et al., 2020).

Mature Stage and Earnings Management

Mature firms exhibit stable cash flows, established market positions, and improved governance structures. Although monitoring is stronger, the presence of substantial free cash flows may encourage earnings smoothing to maintain dividend policies and investor confidence. Prior studies document moderate but persistent earnings management at this stage, often aimed at reducing earnings volatility rather than aggressive manipulation (Black, 1998; Krishnan et al., 2021).

Decline Stage and Earnings Management

Firms in decline face falling revenues, reduced profitability, and survival threats. These pressures intensify incentives to conceal poor performance through income increasing earnings management. Empirical evidence from Nigeria and international contexts shows that declining firms engage more aggressively in earnings manipulation to delay external intervention or mask financial distress (Nwaobia et al., 2019; Li et al., 2020; Michalkova, 2021). The literature confirms that earnings management behaviour varies meaningfully across firm life cycle stages, reinforcing the relevance of life cycle dynamics in financial reporting research.

Firm Growth and Earnings Management

The relationship between firm growth and earnings management has attracted increasing attention in the accounting literature, particularly due to the pressure's growth places on managerial reporting behaviour. Firm growth is often associated with expanding asset bases, rising revenues, and increased financing needs, which heighten managers' incentives to present favourable earnings outcomes. Prior studies suggest that growing firms face stronger capital market scrutiny and performance expectations, encouraging the manipulation of reported earnings to sustain investor confidence and support valuation levels (Bintara & Tanjung, 2019; Sinebe, 2023).

Empirical evidence also indicates that growth-oriented firms are more likely to engage in earnings management when internal controls and governance mechanisms fail to keep pace with expansion. Muramiya et al (2017) show that rapid growth can reduce the quality of financial inputs, weakening earnings forecast accuracy and increasing reporting discretion. In addition, Mabrouk and Boubaker (2020) argue that growth dynamics interact with ownership structure and financing decisions, shaping managers' incentives to manage earnings opportunistically. Evidence from emerging markets further suggests that firm growth influences dividend policies, performance outcomes, and investor confidence, all of which may indirectly motivate earnings management practices (Aigbovo et al. 2021; Emeka et al., 2022; Ayoola et al., 2023). The literature supports the view that firm growth is a significant determinant of earnings management behaviour, particularly in environments characterized by evolving governance structures.

Profitability and Earnings Management

Profitability is widely recognized in the literature as a key determinant of earnings management because it directly reflects managerial performance and influences stakeholder expectations. Highly profitable firms often face pressure to sustain earnings trends, which may encourage income smoothing to reduce earnings volatility and maintain market confidence. Laurencia et al. (2022) find that profitability significantly affects earnings management behaviour, particularly when governance mechanisms are weak, allowing managers greater discretion in financial reporting. Similarly, Bintara (2022) shows that profitability is closely associated with real earnings management, as managers adjust operational activities to achieve desired profit targets.

Conversely, low profitability or declining profits can also motivate earnings manipulation. Firms experiencing reduced profitability may engage in income increasing earnings management to conceal poor performance and avoid negative market reactions. Evidence from Jordan indicates that profitability interacts with capital structure in shaping earnings management incentives, especially where firms rely heavily on external financing (Al-Mohareb, et al. 2019). Nigerian studies further demonstrate that profitability, when combined with leverage and weak governance structures, increases the likelihood of earnings manipulation (Tonye, et al. 2020; Okougbo, et al. 2015). The literature suggests that profitability exerts a dual influence on earnings management, with both high and low profit conditions creating distinct incentives for managerial discretion in financial reporting.

Revenue Growth and Earnings Management

Revenue growth is frequently examined in the literature as a key driver of earnings management because it directly shapes market expectations and firm valuation. Firms experiencing rapid revenue growth often face pressure to sustain growth trajectories, which can incentivize managers to manipulate earnings to avoid disappointing investors. Debnath (2017) provides evidence that firms with strong growth performance are more inclined toward earnings management in order to present consistent financial improvement. Similarly, Laurencia, et al. (2022) show that revenue related firm characteristics significantly influence earnings management practices, particularly when governance mechanisms are weak.

Life cycle-based studies further suggest that revenue growth effects vary across stages of firm development. Growth stage firms, characterized by expanding sales and investment needs, exhibit higher reporting discretion due to increased financing demands and information asymmetry (Dickinson, 2011; Bello, 2019). Evidence from Nigeria indicates that firms with rising revenues engage in classification shifting and other forms of earnings manipulation to enhance reported performance (Abiahu et al., 2020). The literature supports the view that revenue growth heightens incentives for earnings management, especially in dynamic and less regulated environments.

Theoretical Framework

Information Asymmetry Theory

Information asymmetry theory explains earnings management as a consequence of unequal access to information between corporate managers and external stakeholders. Managers possess superior, firm specific knowledge about

operational performance, growth prospects, and risks, while investors and creditors rely largely on published financial statements. This informational gap creates opportunities for managerial discretion in financial reporting, including the manipulation of earnings to influence perceptions of firm performance. When monitoring mechanisms are weak, managers may exploit this asymmetry to pursue private objectives such as job security, compensation targets, or favourable financing conditions. The theory is particularly relevant in firms experiencing rapid growth or operating at certain stages of the corporate life cycle, where uncertainty and complexity are higher and external information is limited. In such contexts, information asymmetry intensifies, increasing the likelihood of earnings management as managers attempt to reduce perceived risk, stabilize reported performance, and shape stakeholder expectations.

2.7 Gaps of the study

Despite extensive evidence on earnings management, existing studies largely examine profitability, revenue growth, and firm life cycle in isolation, often within developed or single-sector contexts.

Model Specification

The hypotheses and models that were used as the foundation for evaluating the hypothesis in this inquiry are as follows:

$$\text{Model I} \quad ERM_{it} = a_0 + a_1 PROF_{it} + \mu_t \quad eq.i$$

$$\text{Model II} \quad ERM_{it} = a_0 + a_1 REV_{it} + \mu_t \quad eq.ii$$

$$\text{Model III} \quad ERM_{it} = a_0 + a_1 FLC_{it} + \mu_t \quad eq.iii$$

Where:

ERM_{it} = Earnings Management (measured by the residuals of the modified Jones model of firm i in year t).

$PROF_{it}$ = Profitability (proxy by ROA measured as Profit after Tax divided by total assets of firm i in year t).

Empirical findings also remain mixed and inconclusive, particularly on how firm life cycle stages shape managerial reporting behavior. In Nigeria, most studies emphasize corporate governance or financial distress, with limited integrated analysis of profitability, revenue growth, and life cycle effects among non-financial firms. This study addresses this gap by providing joint, firm-level evidence from listed Nigerian companies.

Research Methodology

This study adopts an ex-post facto research design, suitable for examining relationships within existing datasets without researcher intervention. The population comprises all non-financial firms listed on the Nigerian Exchange Group (NGX) as of December 31, 2022. A purposive sampling technique selected 41 manufacturing firms based on listing date and data availability. Secondary data were collected from published financial statements. Analysis employed descriptive statistics, including mean, standard deviation, and correlation, alongside inferential techniques using simple regression to test hypotheses and examine relationships.

REV_{it} = Revenue Growth (measured as total liabilities divided by total assets of firm i in year t).

FLC_{it} = Firm Life cycle (measured using maturity stage of firm i in year t).

U_t = Error Terms

it = Firms at time t .

a_0, a_1, a_2, a_3 = Regressors.

Data Presentation, Analyses and Discussion of Results

4.1 Descriptive Statistics

Table 4.1: Summary of Descriptive Statistics FOR erm prof reve flc maca

VARIABLE	OBS.	MEAN	STD. DEV.	MIN	MAX
ERM	410	-0.06833	0.20148	-1.0523	1.9649
PROF	410	1.88279	19.4654	-179.9173	176.2669
REV	410	22.87956	41.91714	-516.81	92.7901
FLC	410	.5146341	.5003964	0	1
MACA	410	6.463959	1.046709	3.95424	9.09123

Source: Researcher's Computation, 2024.

The descriptive statistics in Table 4.1 provide an overview of the dataset for the key variables: earnings management (ERM), profitability (PROF), revenue growth (REV), firm life cycle (FLC), and market capitalization (MACA). ERM shows a mean of -0.068, suggesting a slight tendency toward income understatement, with a wide range from -1.052 to 1.965, reflecting substantial variability across firms. PROF exhibits extreme dispersion, with a mean of 1.883 and a standard deviation of 19.465,

indicating significant differences in profitability levels, including outliers. REV has a mean of 22.88 but a minimum of -516.81, showing considerable negative revenue occurrences for some firms. FLC, measured as a binary indicator, averages 0.515, reflecting an almost equal distribution across early and later life cycle stages. MACA averages 6.464, suggesting moderate firm size diversity. These patterns highlight the heterogeneity in firm characteristics and the need for careful econometric analysis.

Correlation Analysis

Table 4.2. Result of Correlation Analysis stats(rho p) star(0.05)

	ERM	PROF	REVE	FLC	MACA
ERM	1.0000				
PROF	0.1622*	1.0000			
REV	0.0995*	0.2257*	1.0000		
FLC	0.0611	0.1396*	-0.0095	1.0000	
MACA	0.0565	0.0839	0.3314*	0.0481	1.0000

Source: Researcher's Computation, 2024.

Correlation Analysis

The correlation results in Table 4.2 reveal the relationships among earnings management (ERM), profitability (PROF),

revenue growth (REV), firm life cycle (FLC), and market capitalization (MACA). ERM shows a positive and significant correlation with PROF (0.162, $p < 0.05$) and REV (0.100,

p<0.05), indicating that higher profitability and revenue growth are associated with greater earnings management. FLC has a weak positive relationship with PROF (0.140, p<0.05), while MACA correlates positively

with REV (0.331, p<0.05). Overall, these results suggest moderate interdependence among firm performance variables, highlighting potential influences on earnings management behaviour.

Result of Multicollinearity Test Using Variance Inflation Factor (VIF)

Table 4.3: Variance Inflation Factor Results for Independent Variables

VARIABLE	REV	MACA	PROF	FLC	MEAN VIF
VIF	1.14	1.08	1.07	1.01	1.07
1/VIF	0.879702	0.929153	0.933741	0.988239	

Source: Researcher's Computation, 2024.

The Variance Inflation Factor (VIF) results in Table 4.3 indicate that all independent variables, revenue growth (REV), market capitalization (MACA), profitability (PROF), and firm life cycle (FLC), have VIF values well below the threshold of 10, with a mean VIF of 1.07. This suggests there is no significant multicollinearity among the predictors. The high 1/VIF values, all above 0.87, further confirm the absence of

multicollinearity, ensuring that the regression estimates for the study are reliable and not distorted by intercorrelations among the independent variables.

Test of Hypotheses

Hypothesis One

H₀₁: Firm profitability has no significant relationship with earnings management among listed firms in Nigeria.

Table 4.5: Results of Model I and Test of Hypothesis I (ERM, PROF and MACA)

Random effect regression analysis

RE	(b)	(B)	(b-B)	sqrt(diag(V_b- V_B)) S.E.
	FE	RE	Difference	
PROF	.0024591	.0027508	-.0002918	.0002165
MACA	-.0546869	-.0012758	-.0534111	.0429535
N				410
chi2(3)	chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 2.72			
Prob > chi2				0.2351

Source: Regression Output, 2024.

Discussion of Findings

The results in Table 4.5 indicate that firm profitability (PROF) exhibits a positive but statistically insignificant relationship with earnings management (ERM) among listed Nigerian firms, as shown by a p-value of 0.2351. This outcome aligns with prior studies suggesting that profitability alone does not strongly drive managerial earnings manipulation, particularly in contexts where corporate governance mechanisms and

internal controls are evolving (Laurencia, et al. 2022; Bintara, 2022). Similarly, the negative but insignificant effect of market capitalization (MACA) implies that firm size does not significantly constrain or encourage earnings management practices (Debnath, 2017; Nwaobia, et al. 2019). These findings support the notion that managers may engage in discretionary reporting based on firm-specific strategies rather than purely profitability or size, consistent with agency

theory and the literature on firm growth, financial performance, and earnings

management in emerging markets (Al-Mohareb, et al. 2019; Tonye, et al. 2020).

Hypothesis Two

H₀₂: Revenue growth has no significant relationship with earnings management among listed firms in Nigeria.

Table 4.6: Results of Model II and Test of Hypothesis II (ERM, REVE and MACA)

Random effect regression analysis

RE	(b) FE	(B) RE	(b-B) Difference	sqrt(diag(V_b- V_B)) S.E.
REVE	.00044	.0005197	-.0000797	.000119
MACA	-.0674767	-.0021517	-.065325	.0436343
N				410
chi2(3)	chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 2.40			
Prob > chi2	0.3010			

Source: Regression Output, 2024.

Discussion of Findings

The results in Table 4.6 reveal that revenue growth (REVE) has a positive but statistically insignificant relationship with earnings management (ERM) among listed Nigerian firms, as indicated by a p-value of 0.3010. This suggests that increases in firm revenue do not necessarily induce managers to manipulate earnings, consistent with findings that revenue expansion alone is not a primary determinant of discretionary reporting (Al-Mohareb, et al. 2019; Laurencia, et al. 2022). Similarly, the negative but insignificant effect of market capitalization (MACA) reinforces the idea that firm size

does not exert a strong influence on earnings management practices (Debnath, 2017; Nwaobia, et al. 2019). These outcomes align with prior evidence indicating that managerial incentives to engage in earnings manipulation are more complex and may depend on firm-specific factors such as internal controls, corporate governance quality, and life cycle stage (Tonye, et al. 2020; Bintara, 2022; Obigbemi et al., 2016).

Hypothesis Three

H₀₃: Firm life cycle stages have no significant effect on earnings management among listed firms in Nigeria.

Table 4.7: Results of Model III and Test of Hypothesis III (ERM, FLC and MACA)

Random effect regression analysis

RE	(b) FE	(B) RE	(b-B) Difference	sqrt(diag(V_b- V_B)) S.E.
FLC	.0429381	.0380504	.0048877	.0085141
MACA	-.0675861	.0017092	-.0692952	.0435587
N				410
chi2(3)	chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 3.05			
Prob > chi2	0.2180			

Source: Regression Output, 2024.

Discussion of Findings

The results in Table 4.7 indicate that firm life cycle (FLC) has a positive but statistically insignificant effect on earnings management (ERM) among listed Nigerian firms, with a p-value of 0.2180. This suggests that managerial tendencies to engage in earnings manipulation are not strongly influenced by the firm's stage in its life cycle, aligning with prior evidence that life cycle effects on discretionary accruals are context-dependent and moderated by governance and ownership structures (Bello, 2019; Khuong, et al. 2022; Michalkova, 2021). The negative but insignificant coefficient of market capitalization (MACA) further implies that firm size does not meaningfully constrain earnings management (Debnath, 2017; Nwaobia, et al. 2019). Overall, these findings reinforce that earnings management is a multifaceted practice influenced more by internal controls, corporate governance quality, and managerial discretion than by life cycle stage alone (Tonye, et al. 2020; Obigbemi et al., 2016; Laurencia, et al. 2022).

Summary of Findings, Conclusion and Recommendations

5.1 Summary of Findings

In light of the data analysis and hypothesis testing, the findings of this research may be summarized as follows:

- i. Firm profitability (PROF) showed a positive but statistically insignificant relationship with earnings management (ERM), $p = 0.2351$.
- ii. Revenue growth (REVE) had a positive but statistically insignificant effect on earnings management, $p = 0.3010$.
- iii. Firm life cycle stage (FLC) had a positive but statistically insignificant effect on earnings management, $p = 0.2180$.

Conclusion

- i. Profitability does not significantly determine earnings management practices in Nigerian listed firms, suggesting that managers do not necessarily manipulate earnings based on profit levels alone.
- ii. Revenue growth does not significantly drive managers to engage in earnings management, indicating that growth in sales alone is insufficient to trigger manipulative accounting behaviours.
- iii. The stage of a firm's life cycle does not significantly influence earnings management practices, suggesting that factors like internal controls, governance quality, and managerial discretion are more critical.

Recommendations

Based on the study's results and conclusion, the following suggestions were provided:

- i. Firms should strengthen internal controls and transparency mechanisms rather than relying on profitability as a check against earnings manipulation. Regulators could emphasize monitoring discretionary accruals regardless of profit levels.
- ii. Management should prioritize accurate revenue reporting and adopt robust corporate governance practices to minimize opportunities for earnings manipulation, irrespective of growth performance.
- iii. Firms should focus on improving governance structures, internal audit systems, and managerial accountability rather than relying on life cycle stage as a deterrent to earnings manipulation.

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