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CORPORATE SOCIAL RESPONSIBILITY AND EARNINGS MANAGEMENT IN NIGERIA: MODERATING ROLE OF AUDIT COMMITTEE GENDER DIVERSITY

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Abstract

The study examined the moderating effect of audit committee gender diversity on the relationship between corporate social responsibility and earnings management of quoted consumer goods companies in Nigeria. Based on ex-post facto research design, panelised data set was collected from sixteen (16) quoted consumer goods companies within a ten (10) year period spanning from 2010 to 2019 fiscal years. The hypothesis was formulated with the dependent variable as earnings management and the independent variable as corporate social responsibility. Furthermore, the study employed a moderator variable of audit committee gender diversity together with a control variable of firm leverage. Robust least square regression analyses revealed that inclusion of more female folks into audit committee teams will significantly restrain managers from engaging in earnings management practices perpetuated through corporate social responsibility activities. In the light of the result obtained, we advocate that board of directors of various quoted consumer goods companies in Nigeria should consider amidst other policy options, corporate governance monitoring policies that will promote the inclusion of more female representation in audit committee teams.
Keywords: Corporate Social Responsibility, Earnings Management, Moderation Analyses

Introduction

Rapid technological growth and social change have increased public awareness of broader corporate issues such as human rights, climate change, and environmental pollution. Thus, more importance has been attached to the roles of corporations in the economy and society which has led to the growing significance of corporate social responsibility (CSR). Information obtained from the study of Abdelhalim and Eldin (2019) attributes this growing trend to the rise in globalization and international trade noting that in an ever-interconnected world, environmental and social footprint of transnational corporations has gone beyond employees to influence the livelihood of consumers and communities. As a result, policy makers are enforcing more responsible and transparent corporate behavior that considers the environmental, social and economic concerns of their constituencies. Accordingly, such improved accounting information quality can have significant impact on the decision-making behavior of stakeholders, the level of trust and efficiency of the capital market and proper allocation of scarce economic resources. Even

though CSR reporting involves complex and 'hard to quantify' issues, it is generally seen as a positive endeavor for companies themselves. Therefore, greater CSR practices and reporting studies documents that a firm can expect to achieve lower cost of capital, increased market share, good reputation with stakeholders and so forth (Agyei-Mensah & Buertey 2019; Suyono & Farooque, 2018). However, despite the benefit of CSR to both corporations and their stakeholders, there is a concern that they are sometimes being used for more sinister goals, of which earnings management being one.

In prior literature, accounting information quality is measured via various proxies the most popular being that of earnings management (Marett, 2020). Earnings management commonly refers to managerial activities aiming to influence positively their bottom-line earnings (net profits) so as to avoid reporting small losses and even report small positive income (Dimitropoulos, 2020). This deliberate influence of the financial reporting process is exercised for self-interest reasons such as receiving performance-associated compensation, avoiding debt covenants or avoiding regulatory scrutiny (Hickman et, al. 2021; Choi & Byun 2018). Managers manipulate earnings primarily through accruals; thus, accounting information quality can be inversely represented by accruals level. The higher the accruals level, the higher is the earnings management behavior and the lower the accounting information quality (Hong & Andersen, 2011; Walker, 2013). Earnings management is the practice of manipulating financial reports by managers to fit a specific and predetermined goal. It is generally seen as harmful since the resulting financial information about the company fails to capture the company's true worth (Al-Haddad & Whittington, 2019). The concern is that studies are finding more earnings management practices to be positively linked to CSR reporting. This suggests that managers are using the good reputation they get from being involved in CSR reporting to hide their less-than-acceptable financial reporting practices (Liu & Lee, 2019). In this regard, Prior et al. (2008) reports that managers use CSR as a tool to protect their own career, they employ CSR practices as a shield to hide earnings management (Mohmed et al., 2020). This tactical move by managers which results in a positive link between CSR reporting and the practice of earnings management is usually explained with the agency theory.

To curb earnings management, corporations take a wide range of actions one among which is setting up committees whose roles include watching closely the contents of corporate disclosure from compilation to publication and beyond (Johana, 2017). One of such committees is the audit committee which according to Eyenubo, Mudzamir and Ali (2017) consists of a selection of members of an organization saddled with the duty of oversight of the company's accounting and financial reporting. Audit committee attributes specifically its gender compositions' influence on earnings management have been given serious attention in the past. In the business contexts, women are more ethical in the workplace and less likely to engage in unethical behavior to gain financial rewards (Khazanchi, 1995). In this sense, Gul, Fung, and Jaggi (2009) argue that not only do females demonstrate greater risk aversion and ethical behavior, but they are also better at obtaining voluntary information which may reduce information asymmetry between female directors and managers. Women are more cautious and less aggressive than men in a variety of decision-making contexts (Byrnes, Miller, & Schafer, 1999), and are less likely to take risks particularly in financial decision environment. Therefore, there is a greater likelihood of a restrained approach to earnings management (Gul et al., 2009). As female's conservatism level is higher than those of males, females tend to avoid exaggerating the good news. Hence, having more female in the audit committee will influence CSR reporting style by

practicing more conservative behaviour. Conservative CSR reporting style can be interpreted as "avoiding misleading financial statement user, delaying the good news, and tends to disclose the bad news or avoid the exaggeration of CSR disclosure". Specifically, Krishnan and Parsons (2008) found that the quality of earnings management is higher for firms with more female directors, and argued that women are likely to be more ethical in their judgement and behavior than men.

Nevertheless, there are also arguments to support that greater gender diversity may have negative effects on the management of the firm and, consequently, may not improve its information environment. Some research indicates that greater gender diversity among board members generates more opinions and critical questions or could lead to the formation of barriers within the group as well as potential discrimination (Orlitzky & Benjamin 2010; Blau, 1977), increasing the likelihood of conflict (Huseynov & Klamm 2012), and reducing cohesion, satisfaction and commitment (Maqbool & Zameer 2018; Pfeffer, 1983). Consequently, gender diversity on boards may result in lower effective monitoring or management (Lau & Murnighan, 1998; Carter et al., 2003). However, in contrast, Sun, Liu, and Lan (2011) finds no evidence that female representation on audit committees reduces earnings management. This school of thought provides evidence of female directors being more likely to be considered as tokens on boards (Zelechowski & Bilimoria, 2004), with a significant number of female directors designated with the aim of matching the demographic characteristics of the employees or meeting social or legal expectations (Farrell & Hersch, 2005). A direct consequence of this tokenism is that women directors merely play a simple institutional role with an irrelevant influence on boards. Therefore, accepting this perspective, female presence on boards would not guarantee more efficient monitoring and, consequently, a gender diverse board may not significantly affect a firm's financial information quality and transparency.

However, with the existence of all such monitoring committees' (audit committee) corporate scandals have continued to soar (Suyono, 2012). For example, the collapse of Enron and World Com. earlier in the 1980's and 1990's, global giants such as John Mathews Bank (JMB), Bank of Credit and Commerce International (BCCI), Barring Brothers, Nomura Securities, Brex and Long-Term Capital Management (LTCM) all failed as a result of earnings management related factors (Okaro & Okafor, 2013) Nigeria is not spared from incidences of earnings management. Perhaps, the greatest audit failure in Nigeria has been associated with Cadbury Nig. Plc accounting scandal which came to the fore in 2006. This scandal has since been euphemistically dubbed Nigeria's Enron equivalent (Okaro & Okafor, 2013) which resulted from fraudulent practices of the board of directors and intentional misconduct of managers (Musa, Jide & Victor, 2013).

A cursory survey of prior related studies such as those of Fali, Aminu, Macauley & Yahaya (2019); Adagye (2019); Isa & Farouk (2018); ThankGod & Onukogu (2018) revealed that the moderating role of audit committee gender diversity as a mitigator of earnings management arising from CSR activities have been seriously ignored hence, this study contributes to the growing earnings management literature by recognizing the role of audit committee gender diversity on the relationship between corporate social responsibility practices and earnings management in the Nigerian context. In this study, firms within the manufacturing concerns were sampled partly due to the argument of Suyono and Farooque (2018) who posited that managing earnings is more pronounced in manufacturing firms compared to firms in other sectors and tend to have more complex financial transactions and high volatility in cash flows (Marschinski & Martinez, 2019). Hence, from the foregoing,

this study is poised to ascertain the moderating effect of audit committee gender diversity on the relationship between corporate social responsibility performance and earnings management of listed manufacturing firms in Nigeria. The rest of the article is organized as follows: Section Two discusses the literature review and hypothesis development; Section three describes the data, variables, and econometric models; Section four provides the empirical analysis and discussion; while section five presents conclusion and recommendations.

Literature Review

Earnings Management

There are two broad ways in which managers can influence the content of their financial reports that result in unrealistic numbers (Hartwig, 2018). The first is through lobbying – managers hire lobbyists to change the guidelines of accounting in order to end up with a favorable result in their balance sheet. This is usually known as macro manipulation. On the other hand, when managers directly influence their financial reports, it is called micro accounting manipulation. In this case, the manipulation takes place without any systematic help from the outside. According to Hartwig (2018), earnings management is the most common form of micro accounting manipulation. Earnings management is said to occur "when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers" (Healy & Wahlen, 1999). More contemporarily, Al-Haddad and Whittington (2019) document that the alteration of financial reports can take place without violating general accounting standards. Hartwig (2018) identifies two types of earnings management – accrual earnings management where income statements are influenced by changing accounting methods, and real earnings management where actual business operations are influenced in order to keep cost down in the short run, for instance in the current year.

The commonest ways of undertaking accrual earnings management include reporting a cost as an asset, and using longer expected asset useful life in order to decrease reported costs (Hartwig, 2018). There are also other judgments managers make such as salvage value of long-term assets, obligations for pension, deferred taxes, losses from bad debts and so on that may be used as tools for accrual earnings management (Healy and Wahlen, 1999). Real earnings management, in contrast, includes decreasing investment in research and development, advertising, and employee training (Kothari, Miziki and Roychowdhury (2016). According to Kothari, et. al, (2016) detecting real earnings management is more challenging since it, going beyond the choice of accounting methods, involves the managers' investment and operational decisions but accrual earnings management is employed in this study due to its wide spread applicability and availability of data. More than this, one motive for the existence of earnings management is to elevate the performance of management in hopes of getting benefits such as job security and good reputation. This is especially true in corporations that have management compensation contracts that are aligned with the corporations' yearly performance (Healy & Wahlen, 1999). Earnings management can also be undertaken in the hopes of skewing a firm's stock price upwards (Kothari et al., 2016). To comply with regulations such as capital adequacy requirements is another important motive behind earnings management (Healy & Wahlen,

1999). But whatever the motive behind it is, widespread earnings management threatens the credibility of financial reports and may lead to misallocation of business resources.

Corporate Social Responsibility

The definition of corporate social responsibility lacks universality, and different interpretations have been given to it. It is a multifarious concept that lends itself to multiplicity of meanings. Uwuigbe and Egbide (2012) describe corporate social responsibility as disclosures relating to the interaction between an organization and its physical and social environment inclusive of disclosures relating to human resources, community involvement, natural environment, energy, and product safety. Nwanne (2016) define corporate social responsibility as the act of taking care of one's' immediate community which could be through provision of electricity, pipe bore water, building of good roads and ensuring security in the society or environment where the organization is operating. According to Ohiokha, Odion and Akhalumeh (2016), the concept of corporate social responsibility requires that companies should map out and give effect to specific programs in accordance with a well-defined social policy. World Bank defined CSR as the commitment of businesses to contribute to sustainable economic development by working with employees, the local community and the society at large to improve their lives in ways that are good for business and for development. However, in this study, corporate social responsibility is described as a collection of activities which are of direct benefit to society which a firm voluntarily or discretionally undertakes. These activities form part of the overall corporate duties that the firm owes its stakeholders and the natural environment within its scope of operations (Duke & Kankpang, 2013).

Audit Committee Gender Diversity

Audit committee plays significant roles in financial reporting ensuring compliance with the regulatory requirements and auditing standards. Particularly, the primary purpose of their formation is to enhance the credibility of audited financial statements. Audit committees are formed to provide critical oversight of companies' financial reporting process. The committee is expected to act independently to resolve conflicts between management and external auditors (Klien, 2002). In particular, audit committee can act as an arbiter between management and the auditors by providing a formal communication channel between the board, management and the external auditor (Cohen et al, 2008, Turley & Zaman, 2004). Prior related literature suggest that audit committee characteristics are significant factors that may positively influence their effectiveness by lowering earnings management practices (Song & Windram, 2004; Klein, 2002; Bedard et al., 2004; Gul et al 2007 and Sun et al 2011).

Gender Diversity, Corporate Social Responsibility and Earnings Management; A Theoretical Perspective

According to Dani et al., (2019); Maglio et al., (2020), gender diversity plays a vital role in improving the quality of reporting suggesting that representation of more female directors enhances board effectiveness (Arioglu, 2020), improves boards monitoring and advisory roles, increases their ethical behaviors and deter opportunistic behavior in earnings management practices (Fan et al., 2019; Harakeh et al., 2019), thereby promoting the quality of reporting. According to agency theory, monitoring is one of the main functions performed by corporate boards (Jensen & Meckling, 1976) which purports that female executives are more likely to improve monitoring effectiveness over the quality of reporting practices, therefore prevent manipulation activities. Orazalin (2019) proposes that female participation means that a board is less likely to engage in unethical practices such as

earnings management, while Maglio et al. (2020) argue that the earnings quality of firms increases with the proportion of female directors on corporate boards. Orazalin (2019) finds that firms with more females in corporate boards are more effective in curbing accrual earnings management in the Kazakhstan market, suggesting that female directors are less likely to engage in unethical activities. The result is consistent with those of Harakeh et al. (2019) who find that the likelihood of earnings management practices is lower in firms with more female directors in the UK market. But, scholars such as Abdullah & Ismail, 2016; Arioglu, (2020) find no significant association between female directors and earnings management practices measured by discretionary accruals in Turkey and Malaysian markets, respectively.

Although the majority of previous studies comprehensively try to investigate the direct relationship between CSR activities and earnings management (Almahrog et al., 2018; Buertey et al., 2020; Grougiou et al., 2014; Habbash & Haddad, 2019, this relationship can be differentiated based on diversity level of female executives (Kim et al., 2012; Kumala & Siregar, 2020; Mohmed et al., 2019). Researchers argue that female executives tend to focus on solving social concerns more than male executive do (Hussain et al., 2018). Few studies have investigated the moderating effects of board diversity on the CSR-earnings management relationship especially in an emerging market where earnings management practice is more pervasive than in developed markets (Zweig, 2019).

Recent studies provide evidence of a positive effect of corporate female directors in improving CSR disclosure suggesting that their presence is strongly related to firms' non-financial reporting and performance (Hussain et al., 2018; Kachouri et al., 2020; Nekhili et al., 2017; Vacca et al., 2020). Similarly, Al-Shaer and Zaman (2016) provide evidence for a positive association between board gender diversity and the quality of sustainability reports. The number of female directors on the board is positively significantly related to the level of CSR reporting (Issa & Fang, 2019). Boards with female directors' boost CSR performance and exhibit lower earnings management (Maglio et al., 2020). Hence, relying on agency theory and the studies discussed above which emphasizes the positive role of female executives in enhancing CSR activities and reducing earnings management, this study makes an interesting contribution by investigating the moderating effect of audit committee gender diversity on the relationship between CSR reporting and earnings management in the Nigerian stock exchange market. It provides additional evidence that may explain the inconsistency in the CSR and earnings management results. Therefore, the study posits that audit committee gender diversity effectively helps in reducing accrual earnings management. Accordingly, the following hypotheses is proposed

Hypothesis: B*ased on prior related studies, i hypothesize that the presence of more women in audit committees reinforces the external governance of the firm which leads to reduced earnings management that may arise from CSR practices and its associated disclosure.*

Empirical Literature Review

In South Korea, Buertey, Sun, Lee and Hang, (2019), investigates the relationship between corporate social responsibility (CSR) and earnings management (EM) and examines whether corporate governance (CG) mechanisms can moderate the CSR–EM relation. Fixed-effect regression is used to estimate the coefficients of the variables. The independent variable of the study is corporate social responsibility score by provided by CSRHub. The dependent variable of the study is earnings management via discretionary accruals measurement. Board Size, Board independence, Institutional ownership and block

ownership were taken as the mediating variables. The authors find a significant positive relation between CSR and EM. The authors confirmed managerial opportunistic use of CSR explained within the agency theoretical framework.

ThankGod and Onukogu (2018) investigate the impact of audit committee expertise and earnings management practices of quoted food & beverages manufacturing firms in Nigeria for the period 2006 to 2016. Secondary data were collected from annual reports of 15 sampled firms using convenience sampling method dictated by data availability. The study period covered 2006 to 2016. Earnings management was measured by discretionary accruals, using modified Jones (1991) model. Ordinary Least Square regression technique was applied on the cross-sectional estimates of the discretionary accruals, taking cross-section of audit committee quality dimensions (i.e., committee expertise, committee size and meeting frequency) as independent variables while firm size was used as the contextual variable. It was found that, meeting frequency failed the test of statistical significance at 5% level, while the relationship between committee expertise and earnings management was not significant at 5% level. The authors concluded that audit committee expertise can restrain earnings management practices of quoted food & beverages manufacturing firms in Nigeria.

In Nigeria, Uyagu and Dabor, (2017) conducted a studied to find out the influence of corporate social responsibility on earnings management. Secondary data set employed in the study were extracted from the annual reports and accounts of selected fifty-two (52) manufacturing companies in Nigeria covering a period of 15 years (2001 – 2015). Discretional accrual was used to measure the dependent variable of earnings management, while corporate social responsibility score index was used to measure corporate social responsibility as the independent variable. The model was control by firm size and leverage and the results from the ordinary least square regression techniques show that there is a positive relationship between CSR and earnings management. The authors concluded that statutory bodies should put a ceiling on the amount to be expended on CSR which must be exceeded by any firm.

Mishra and Malhotra (2016) examine the effectiveness of audit committees in constraining earnings management among Indian quoted companies. Secondary data was collected for a sample of 130 companies for a three-year period 2013-2015. Univariate correlations, multivariate linear regression, and logistic regression models were employed to analyses the data of which evidence suggests significant impact of audit committee size, multiple directorships of audit committee members and frequency of audit committee meetings on earnings quality. Other audit committee characteristics were not found to have significant impact on the level of earnings management. The authors recommended that regulators and company boards should evaluate the efficacy of board audit committees and implement additional governance measures to help preserve the integrity of financial statements.

Gras-Gil, Manzano and Fernández (2016) investigate the relationship between corporate social responsibility and earnings management. The study used discretionary accruals to measure the extent of earnings management as the dependent variable and employed MERCO index to measure the extent of CSR as the independent variable. Using multivariate regression analysis technique for a sample of Spanish non-financial companies for the period 2005 to 2012, they find a negative impact of corporate social responsibility practices on earnings management. The authors noted that the results show some increase of accruals for companies with a medium-high profile of CSR activities, and suggested that it

may be due to a potential non-linear relationship (maybe quadratic) between CSR and earnings management.

Muttakin and Arifur Khan (2015) examine the relationship between corporate social responsibility (CSR) disclosures and earnings quality proxied by earnings accruals. The independent variable corporate social responsibility is proxied by community, environment, employee, product and service and value-added information. Controlling for leverage and firm age effects, Ordinary Least Square regression technique reveal that managers in an emerging economy manage earnings when they provide CSR disclosures. Such earnings management is achieved through income increasing discretionary accruals. Furthermore, companies from export-oriented industries dominated by powerful stakeholders (international buyers) disclosing more CSR activities, provide transparent financial reports through constraining earnings management. The authors suggested that policymakers need to be cautious about opportunistic behavior of managers and enhance monitoring mechanism to enforce social compliance.

Research Methodology

Research Design

Specifically, in this study, *ex-post facto* research design is employed. Kerlinger (1970) notes that *ex post facto* research is one in which inference is drawn from events that has already occurred. The population of this study is made up of all consumer goods firms that are listed on the floor of the Nigerian stock exchange market for the period between 2010 and 2019. As at 31st December, 2019 the total number of listed consumer goods manufacturing companies was eighteen (18) (NSE Factbook, 2019). However, the researcher sampled sixteen (16) listed consumer goods companies that had complete relevant information required of the researcher.

Variables

Earnings management is the dependent variable while the independent variable is corporate social responsibility. In this study, the moderator variable is audit committee gender diversity together with a control variable of firm leverage.

Dependent Variable

In this study we employ discretionary accruals method which is computed as the sum of total accruals and nondiscretionary (Kothari et al. 2005) as a measure of earnings management

Independent Variable

Corporate social responsibility score of a company as provided by Machame Ratios in the website CSR database. This CSR score is the weighted averages of the scores on five dimensions. The combined value of the five dimensions is denoted in this study as CSR score following the study of Cui et al. (2018).

Moderator Variable

Audit committee gender diversity is employed as the moderator variable and computed as the ratio of female audit committee members to total audit committee members within a given year.

Control Variable

The model is controlled using firm leverage following the study of Mohmed et al., (2020) and computed as total debt divided by total asset.

Method of Data Analyses

First, we conducted some pre-regression analysis; descriptive and correlation analyses in a bid to test the moderating effect of audit committee gender diversity on the relationship between corporate social responsibility and earnings management in Nigeria. Second, we estimated the moderated regression model. The moderation model tests whether the prediction of a dependent variable, Y, from an independent variable, X, differs across levels of a third variable, Z. According to Aiken & West, (1991), most often, the Z variable does affect the strength and/or direction of the relationship between a predictor and an outcome: enhancing, reducing, or changing the influence of the predictor.

Hence, in this study we test whether the moderator variable of audit committee gender diversity affects the and/or direction of the relationship between CSR and earnings management of listed consumer goods firms in Nigeria. Furthermore, Gujarati (2003) suggests some critical assumptions that must be met in validating the least square regression estimates. Hence, some regression diagnostic test which include; test for heteroscedasticity (P = 0.000), test for model specification (P = 0.586) and test for appropriate functional form (P = 0.334) were conducted to improve the credibility of the resulting coefficients. Robust Panel Least Square regression estimator was employed to test the hypotheses of the study since the diagnostic test revealed that the initial model (Panel Ordinary Least Square POLS) estimator exhibited significant concerns of heteroscedasticity. The study specifies the econometric model which helps to reveal the moderating effect of audit committee gender diversity on the relationship between corporate social responsibility and earnings management.

Earnings Management Econometric Model

$$\mathbf{emgt_{it} = \pi_0 + \pi_1 csr_{it} + \pi_2 csr_{it} * acgendiv_{it} + \pi_3 fin_lev_{it} + e_{it}}$$

Where;

emgt = Earnings Management
csr = Corporate Social Responsibility
acgendiv = Audit Committee Gender Diversity
Fin_lev = Financial Leverage
'[i]' = Cross Section (Sample Companies)
't' = Time Frame (2006 to 2019)
e_{it} = Stochastic error term

Descriptive Statistics

The table below presents the descriptive statistics for this study. From the table, it is observed that on average the variable of earnings management (emgt) for the firms under consideration is -0.067 with a standard deviation of 0.204. Also, the table show that corporate social responsibility score (csr) during the period is 0.65 which indicates that about 65% of the firms in our sample engaged in corporate social responsibility disclosure. Furthermore, the table suggests that women representation in audit committee team (acgendiv) make up only about 13% which imply that audit committee teams of quoted consumer goods firms in Nigeria are male dominated. As regards the control variable, we find that firm leverage (fin_lev) reveal an average value of 61.010 with a standard deviation of 27.013 during the period under investigation.

Table 1 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
emgt	158	-.0672595	.2037452	-.985	.698
csr	159	.6540843	.2533476	0	1
acgendiv	159	12.7866	15.48389	0	60
fin_lev	160	61.09987	27.01257	-17.15667	224.11

Authors' Computation (2021)

Specifically, the table below reveals that the correlation between the variable of corporate social responsibility disclosure and earnings management is positive (0.1040 or 10%). A closer look at the table also reveals that the association between audit committee gender diversity and earnings management is negative (-0.0583 or -6%). This negative sign is also reflected in the association between the control variable of firm leverage and earnings management (-0.1644 or 16%) during the period under study. Overall, the table show that the correlation coefficients among the variables of interest are less than 0.8, or 80% which is the limit or cut off correlation point commonly suggested by prior studies after which the consequences of collinearity is suspected (Gujarati, 2003).

Table 2: Correlation Matrix Analysis

Key: rho / Number of obs / Sig. level

	acc_earn	csrscore	acgendiv	fin_lev
acc_earn	1.0000			
	157			
csrscore	0.1040	1.0000		
	157	157		
	0.1949			
acgendiv	-0.0583	0.3435	1.0000	
	157	157	157	
	0.4681	0.0000		
fin_lev	-0.1644	0.0982	0.0353	1.0000
	157	157	157	157
	0.0396	0.2210	0.6603	

Authors' Computation 2021

Regression Analysis and Discussion

The table below presents the results from ordinary least square estimation techniques and robust standard estimator. The robust standard estimator is adopted since the assumption of homoscedastic in panel least square regression is violated. Furthermore, following the null (Ho) hypothesis of 'no model specification error' (P-value: 0.556) there is an assurance to carry out further analysis.

Table 3: Panel Ordinary Least Square & Robust Standard Error Estimations

	CSR	Audit Committee Gender Diversity	Financial Leverage
POLS Estimator			
Coefficient **t_ Statistics** **Probability_t**	0.1567 (2.20) {0.030} **	-0.0007 (-0.54) {0.593}	-0.0014 (-2.05) {0.042} **
Robust Standard Error Estimator			
Coefficient **t_ Statistics** **Probability_t**	0.1567 (2.14) {0.034} **	-0.0747 (--2.65) {0.004}	-0.0014 (-1.87) {0.063} *

No. of Obs = 157 F-Statistics (3, 153) = 2.79; Prob.>F = 0.0425

Note: t-statistic and probability statistics are represented in () and {} respectively

Where:

*** represents 10% & ** represents 5% level of statistical significance**
Source*: Authors' Computations, 2021*

From the regression results in the table above, the probability of the F statistic (0.0425), is statistically significant at 5% level hence the overall model can be considered as good. Hence the entire model is accepted indicating that the regression model has some explanatory power. The table presents a summary of unmoderated and moderated CSR models. The result provided in the table above indicates that the variable of CSR before its moderation had a coefficient of 0.1567, t-statistics of 2.14 and Probability of t = 0.034. This implies a positive statistically significant effect on earnings management at 5% level. This finding is in line with the agency theory Hemingway and Maclagan (2004); Martínez-Ferrero et al. (2016) Mohmed et al. (2020).

However, the introduction of the moderating variable of audit committee gender diversity reveals a coefficient of -0.0747, t-statistics of -2.65 and probability of t = 0.004. This implies that audit committee gender diversity significantly moderates the relationship between corporate social responsibility performance and earnings management during the period under investigation. The negative significant moderating effect of audit committee gender diversity on the relationship between earnings management and corporate social responsibility as obtained in this study is consistent with the view that female audit committee representative are tougher monitors and they tend to align more with shareholders' interests (Siridhi et al. ,2011; Clatworthy & Peel, 2013: Eweje & Brunton, 2010: Halpern, 2000). Hence, the author reinterates that it becomes substantial to believe that more women in audit committees will improve firm's reporting discipline and increase investor confidence in financial statement as they could impact positively on the accuracy of financial information.

Conclusion and Recommendation

The foremost motivation for this study is the fact that so many similar studies carried out in Nigeria have focused on the platonic relationship that exist between corporate social responsibility and earnings management with no similar study taking cognizance of the possible moderating effect of audit committee characteristics; (audit committee gender diversity). According to Prior et al. (2008), managers who are engaged in earnings management practices may resort to corporate social responsibility activities to divert the attention of stakeholders from monitoring their opportunistic behaviour, thereby protecting their positions. In this study the author document that more gender diversified audit committee team does infact weaken the opportunistic behavoiurs of such managers. Therefore the author carefully recommend that board of directors of various quoted consumer goods companies in Nigeria should consider admist others corporate governance monitoring policy that will drive more female representation in audit committee team. This policy is capable of unmasking sharp practices (earnings management) been perpetuated by managers. The findings have significant implication for both policy makers, firm managers, and other stakeholders. Insights from the study will help develop policies that will strengthen corporate governance structures, especially in underdeveloped markets (such as in Nigeria) protect the interest of shareholders and improve market confidence.

Limitation of Study

No study is without its limitations. The study sample is restricted only consumer goods listed firms in Nigeria while other non-financial firms were excluded. Firms operate within the context of society and culture, so it would be interesting for future research to explore international context and also employ other non-finacial firms in their sample. Future related studies may consider how country-specific culture could impact the relationship between CSR and earnings management. More control variables such as firm size and firm growth may be considered as it has shown that firm visibility (firm size) can incentivise managers oportunistic tendencies.

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