# Effect of Board Meeting Frequency on Earnings Management of Listed Foods and Beverages Firms in Nigeria

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**Abstract**

*The study is an assessment of the effect of Board meeting frequency on Earnings Management of foods and beverages firms in Nigeria. The expo-facto research design was adopted with reliance on secondary data from annual report of listed firms. The simple random sampling techniques were employed in selecting the 12 firms out of 23 firms for 2010-2019 financial year. To carry out this objective three method of panel regression estimation was used which is random effect by Hausman test which was analyzed using E-views 10. The findings show that board meeting frequency has a negative significant impact on earning management. The study concludes that the board is corporate governance mechanism that reduces earnings manipulation. The study recommends that SEC should encourage adherence to at least the minimum requirement (four times in a financial year) by making it mandatory to hold meetings at least four times in a year. Finally, the SEC should encourage more frequent meetings by Board of Directors because; the empirical evidence indicates that Board Meetings are associated with low Earnings Management.*

Keywords: Board Meeting Frequency, Earning Management, Firms, Board of Directors, Investor

## INTRODUCTION

Recently, the modern business environment has been generally acknowledged that it is becomingriskier, more competitive and more uncertain and also it is more difficult to control or predict the factors that will influence the performance of companies (Kuratko and Morris, 2003). As the competitive force increases among companies, some managers may commit frauds for a higher company's earnings performance; hence financial scandals frequently occur due to managers' own interests. Moreover, the financial scandals and frauds cast a doubt on the reliability of the financial statements.Earnings quality has been measured by different researchers and there are many different measures to indicate the earnings quality, such as, investor responsiveness, timeliness, persistence, smoothness, restatements and accruals (Dechow, Ge, and Schrand, 2010). Corporategovernance structures are frequently seen as a major mechanism to guarantee the quality of financial statements, such as the board of directors (Cohen, Krishnamoorthy and Wright, 2002). In order to minimize the number of financial scandals and improve the earnings quality, the board seems more important function its role in organization. Roberts, McNulty and Stiles (2005) stated that the effectiveness and independence of the boards reduce the agency cost by exercising control of decision, which involves monitoring the performance of the management team. The boards should not only control or monitor the management team but also play the role in strategies that include scanning the business environment, developing the business mission, selecting and implementing the choices of the strategies (Hendry and Kiel, 2004). As the boards are increasingly important, it is necessary to classify the characteristics of the boards, and identify the characteristics which make the role of boards in controlling and monitoring more effective. This study seeks to examine the characteristics which can make the boards more effective and contribute a better financial performance for the company.

The basic objective of financial reporting is to provide information about an enterprise that isuseful to a wide range of users in making economic decision. However, the validity of this objective is being questioned by the many users of corporate financial reports because of the probable effects of earnings management on information contents of such reports. Hence, it is a growing issue of concern, threatening the credibility of both the accounting and auditing functions. While the problem of creative accounting is not new, it was one of the key themes in corporate finance and corporategovernance in the 1980s (Merchant & Rocknes; 1994). By the early 1990s, earnings management was well and truly recognized by national and international regulators as one of their major challenges of financial reporting and it has developed geographically both in its practices' complexity and in its nomenclature scarce. Thus, the term preferred in the USA and the most frequent one is that of "earnings management" where as in Europe the phrase "creative accounting" is often used. In the literature, creative accounting can still be found under the name of income smoothing, earnings smoothing, cosmetic accounting or accounting cosmetics, financial crafts or accounting crafts. According to Lin (2006), earnings management involves those techniques which are openly displayed (window dressing) as well as those which are sophisticated ones (off-balance sheet financing). Earnings management as any action from management which can distort profits and which is not a consequence of the economic reality, it actually represents the privilege of the financial engineering. Thus, the economic entity is presenting to the investors or to the prospective investors financial statement passed through the filter of some techniques capable of generating a more favorable image on the market but also the illusion of some more attractive results. A firm can intentionally alter reported financial results, i.e., income statement and statement of cash flows, or reported financial position, i.e., the statement of financial position, in some desired amount and/or some desired direction.

Earnings management is primarily accomplished through accounting transactions that are designed to achieve desired earnings level. Prior research suggests that managers have both personal and business motivations to display impressive or at the very least satisfactory performance in their reports on a consistent basis (DeFond & Park; 1997; Greenfield, Carolyn, Norman, & Wier; 2008). However, due to a variety of reason, the sustainability of such a performance is sometimes impossible. In these circumstances, managers may decide to use their discretions in the application of accounting principles and procedures which can result in alteringthe business operations to a more favorable outcome. In the Nigerian corporate environment, the presence and negative effect of earnings management on credibility of financial reporting and corporate failure has also been experienced. For example, a report of creative accounting scandal in African Petroleum PLC showed that the financial statements of the company did not fairly present the company's financial position (Oyejide & Soyibo; 2001). In November 2006, an accounting scandal in Cadbury Nigeria Plc also raised more questions than answer about creative accounting (Itsueli, 2006). Also, earnings management practice has been increasing in recent years in the Nigerian banking industry to attract unsuspecting investors, or obtain undeserved accounting-based rewards by presenting an exaggerated misleading or deceptive state of bank financial affairs. Earnings manipulation makes financial reporting to be of less quality and reduces the level of confidence of investors in their decision making process (Shehu & Abubakar, 2012). Nowadays, most users of financial statement do not count accounting earnings as a major yardstick for performance evaluation as well as for decision-making. Evidences from literature and financial scandals around the globe prove that Earnings Management reduces investors‟ confidence. On the other hand, Board of Directors are regarded as an important internal corporate mechanism responsible for mitigating agency conflicts between managers and shareholders by helping in constraining the level of Earnings Management. Therefore, one of the major roles of Board of Directors is to monitor and reduce the incidence of Earnings Management (Hashim, Ariff & Salleh, 2013). They are responsible for monitoring managers on behalf of shareholders and overseeing the financial reporting processes.

According to CBN (2006), a survey by SEC indicates that weak corporate governance accounted for the corporate failures in Nigeria, as only 40% of the listed companies recognized the code of corporate governance in place The list of recent cases of creative accounting practices seems to be growing as many more corporate bodies in Nigeria are still being investigated (Akenbor & Ibanichuku, 2012). The collapse of African International Bank, Savannah Bank, Cadbury Nigeria, the account manipulation of African Petroleum (AP) and the sack of five banks‟ managers have all been linked to Earnings Management in Nigerian public companies (Odia & Ogiedu, 2013). The objective of this study is to examine effect of board meeting frequency on earnings management of listed foods and beverages firms in Nigeria

**LITERATURE REVIEW**

## Conceptual Framework

### Concept of Earnings Management

Earnings management occurs when managers intentionally make operating decisions that have actual cash flow consequences with the goal of altering reported earnings. For example, a firm may offer price discounts and offer more flexible credit terms to customers to boost sales revenues temporarily. In addition, managers may opportunistically reduce research and development expenditures in order to reduce expenses in the income statement (Dechow & Skinner; 2000). Further, managers can delay maintenance expenditures to increase reported earnings. Zang (2012) explains this type of earnings management behaviour as purposeful action taken in order to alter reported earnings in a certain direction by means of changing the timing or structuring of an investment, operation, or financing transaction, which is consistent with the definition of earnings management presented by Healy and Wahlen (1999).

To obtain the desired earnings level, firms could choose to manage earnings through deviating from the normal business activities although this may affect the future economic performance of the firm negatively (Rowchowdhury, 2006). Previous studies such as those of Bange and De Bondt (1998), Rowchowdhury (2006) and Pincus and Rajgopal (2002) have identified several methods to manage earnings through deviations fromnormal business activities. These methods can either be divided into deviations from operating and investing activities, and deviations from financing activities. Firms could deviate from operating and investing activities by, for example, altering the level of discretionary expenditures, such as research and development expenditures (R&D) and selling, general and administrative expenditures (SG&A). Under IFRS research and advertising costs are expensed in the period in which they are incurred. Therefore, by reducing these costs reported income is immediately affected. Developments costs are, in first instance, expensed rather than capitalized due to uncertainty issues regarding the developing product or service (IASB 1998, IAS No. 38, para. 57). Therefore, postponing development projects can increase earnings as well. Furthermore, operating and investing activities can be deviated from if firms overproduce, provide price reductions to boost sales volume and build up inventory to lower the cost of goods sold which influence earnings (Rowchowdhury, 2006). If firms overproduce, costs of goods sold per product decrease since the fixed overhead costs will then be spread over a larger number of products. Moreover, firms can also sell fixed assets to manage earnings if the assets are sold with a gain. The last option that researchers identify to alter the operating and investing activities is by restructuring them. For example, firms might enter in business acquisitions or engage either in operational or capital leases with the main objective to increase reported income (Xu. 2007; Dye, 2002).

Firms might also choose to manipulate earnings by deviating from financial activities. Stock options are granted if actual earnings are just below the earnings target as compensation through stock options does not involve cash (Matsunaga 1995). Granting these options results in a decrease of earnings per share (EPS). To avoid this decrease or dilution of EPS, stocks are repurchased which then leads to increase in EPS. Firms also acquire financial instruments to hedge themselves from earnings decreases. Debt-to-equity swaps are used as well so that the swap gain increases reported income (Hand, 1989). Several possibilities exist to alter the level of earnings through influencing the cash flow from operations. Moreover, earnings can be manipulated as well by changing the level of accruals. However, there is evidence that firms engage in earnings management (Daniel, Cohen, Aiyesha,Dey, & Thomas Z-Lys, 2008; Cohen &Zarowin, 2010; Graham, Harvey, &Rajgopal, 2005; Katherine, Ann, Gunny, 2005; Roychowdhury, 2006; Zang, 2011; Zhang, 2008; Zhu, Lu, Shan, &Zhang) and earnings management may have greater effects than accrual earnings management because it alters firms' behavior and not just their accounting records.

### Earnings Management Techniques

There are three broad techniques used to manage earnings: (i) accruals-based earnings management by changing estimates and accounting policies; (ii) activities-based earnings management that has direct cash flow consequences; and (iii) classification shifting-based earnings management such as shifting the classification of core expenses to special items in the income statement.

**i. Accruals-Based Earnings Management**

Accruals are the difference between earnings and cash flows and are a standard component of a firm's transactions. As an illustration, if a firm makes a sale on credit, the sale is recognized as earnings regardless of whether cash has been received or not. This leads to the creation of a receivable which is cancelled when cash is received in the future (McVay, 2006). Accounting practices allow discretion for managers in the financial information provided. Managers can exploit this by recognizing revenues before they are earned or delaying the recognition of expenses which have been incurred, which results in accruals. Accruals-based earnings management occurs when managers intervene in the financial reporting process by exercising discretion and judgment to change reported earnings without any cash flow consequences. Firms can be aggressive with their accounting choices by bringing forward earnings from a future period, through the acceleration of revenues or deceleration of expenses, thereby increasing earnings in the current period. This creates what is called discretionary accruals in the literature. Since accruals reverse over time, earnings will be lowered automatically by the amount of earnings that was brought forward in the previous period.

**ii. Activities-Based Earnings Management**

Cohen and Zarowin (2010) explain activities-based earnings management as the actions managers take that deviate from normal business practices, and that these actions are manipulations that affect cash flows. The commonality between these different explanations is clearly the fact that activities-based earnings management is purposeful in nature and has actual cash flow consequences. Earnings management occurs when managers intentionally make operating decisions that have actual cash flow consequences with the goal of altering reported earnings. For example, a firm may offer price discounts and offer more flexible credit terms to customers to boost sales revenues temporarily. In addition, managers may opportunistically reduce research and development expenditures in order to reduce expenses in the income statement (Dechow and Skinner, 2000). Further, managers can delay maintenance expenditures to increase reported earnings. Zang (2012) explains this type of earnings management behaviour as purposeful action taken in order to alter reported earnings in a certain direction by means of changing the timing or structuring of an investment, operation, or financing transaction, which is consistent with the definition of earnings management presented by Healy and Wahlen (1999).

**iii. Classification-Based Earnings Management**

Classification-based earnings management is an earnings management technique whereby core expenses such as general and administrative expenses are shifted to specific accounts in the income statement (McVay, 2006). While this does not change bottom line net income, it does increase core earnings (i.e. earnings from the firm's main business activities less all expenses and revenues from non-core activities) since core expenses will be shifted to the special items section of the income statement and will not reduce core earnings. While this may not seem effective since bottom line net income remains unaffected, it can in fact mislead users of financial statements interested in the core earnings of a firm since recurring income is the focus of analysts and equity investors.

**Concept of Board Meetings Frequency**

The Nigerian Code of Corporate Governance (Code of Corporate Governance for Public Companies in Nigeria 2011 issued by the Securities and Exchange Commission (replaced 2003 SEC Code); stipulates the required number of times members of the audit committee are expected to meet in a year. It states that the members of the board must meet at least once in a quarter, which means they are expected to meet at least 4 times in a year for the board to be effective in the discharge of its duties. Past research shows that the frequency of board meetings has an effect on earnings management trend in companies (Xie, Davidson, &DaDalt, 2003). Gulzar (2011) found that if the frequency of board meetings is more, then the value of discretionary accruals is lower; they stated that higher frequency of board meetings will improve the board monitoring. Sarkar, Sarkar, and Sen (2006) argued that it is not board independence, but board quality that is important for earnings management; they further identified that diligent boards are associated with lower earnings manipulation, whereas boards that have large number of multiple directors exhibit higher earnings management. This, therefore, connotes that board that meets often and discharges its duty diligently and effectively may help in the reduction of earnings management.

Frequency of Board Meetings is presumed to be a good proxy for the corporate governance to control managers' behaviour. Board that meets frequently are expected to solve the problem effectively. Effective board is expected to meet regularly to stay on top of accounting and control related matter to make sure financial reporting process is functioning properly (Zhou & Chen, 2004). On the contrary, Jensen (1993) argues that most of the Board Meetings are not very effective, since the board is often forced to engage in high frequency activities to resolve corporate matters. Nigerian SEC code provided that board of directors should at least meet four times every financial year. But looking at the meetings held by these companies within the period under review, one can attest that there is a lack of consistency in the number meetings held. Some of them held meetings below the minimum requirement while some above (up to eight times). This inconsistency may be due to the flexibility of the code or based on the matter arises at each firms. This may also affect the magnitude of earnings management of the said firms

**Empirical Literature**

Garba, Ahmeh and Hamisu (2015) examined the effect of audit committee attributes on activities manipulation of listed manufacturing firms in Nigeria for a period of six years (2008-2013). The study used multiple regressions to analyze the data obtained from Annual Reports and Accounts of listed manufacturing concerns in Nigeria using the residuals of Roychowdhury (2006) to determine Activities Manipulation (AM). Audit committees attributes were used as exogenous variables of the study. The finding reveals that audit committee attributes especially financial literacy is effective in restraining AM, but other audit committee characteristics like independence, meeting, and size were found to be less effective in constraining AM practice of listed manufacturing firms in Nigeria. Therefore, it is recommended that listed manufacturing firms should increase the proportion of members with financial acumen in the audit committee, because they are viable in constraining operational manipulative behaviour. Regulatory authorities like Securities and Exchange Commission, Nigerian Stock Exchange and Financial Reporting Council of Nigeria should embark on their surveillance and monitoring and ensure that, listed manufacturing firms are producing credible and reliable financial statements free from deception and window dressing in Nigeria for the consumption of various stakeholders.

Rokiah, Noor and Kamarul (2018), examined firm characteristics and financial reporting quality; Moderating role of Malaysian corporate governance index. The principle role of financial reporting is to provide investors with useful information for investment decision makings. In this study, we examine whether corporate governance moderates the relationship between firm characteristics and financial reporting quality. We use earnings management as measure for financial reporting quality. This study uses secondary data obtained from Thompson Database. The sample is firms listed on the Main Market of Bursa Malaysia from 2012 to 2015. The results of our study reveal that there is a positive value of abnormal cash flow which indicates that companies do practice earnings management through manipulation of cash flow from operations. Large firms are practicing earnings management. Factors such as many business segments and business complexity have encouraged large firms to manage their earnings by manipulating their cash flow from operation. In contrast, firms with high leverage and firms audited by Big 4 are less likely to involve with earnings management. Interestingly, when corporate governance index is used as moderating variable, our result shows that only firms audited by Big 4 are related to earnings management. In terms of the contribution of the study, this study is important for the development of Malaysian capital market and it help investors to better understand how the impact of corporate governance mechanisms on financial reporting quality varies across firms.

Idris Ibrahim (2015), examinedboard characteristics and earnings management of listed foods and beverages firms in Nigeria. As a response to some financial scandals and corporate failures in Nigeria and around the globe which are linked to earnings management, certain characteristics of Board of Directors that can improve their monitoring function are suggested in the literature as corporate governance mechanisms. Thus, the study concentrated on three board characteristics' proxies, namely: Board Competency, frequency of Board Meetings and Gender Mix and their relationships with earnings management (because, they have not yet been studied extensively in Nigeria). Therefore, the study investigated the impacts of Board Competency, frequency of Board Meetings and Gender Mix on Earnings Management (in the context of agency relation) of listed foods and beverages firms in Nigeria from 2007 to 2013. The estimation of discretionary accruals (proxy for Earnings Management) is by using modified Jones (1991) model. The sample size of the population is nine (9) firms. Both correlational and ex-post factors research design were used. A multiple regression technique was employed to determine the impact of Board Characteristics on Earnings Management. The result was interpreted using fixed effect- least square dummy variables. The results reveal that Board Competency has no significant impact on Earnings Management. The impact of frequency of Board Meetings and Gender Mix on Earnings Management were however found to be negative and statistically significant. The study concluded that increase in number of board meetings and the proportion of women directors in the board constrain the level of discretionary accruals; while directors' knowledge of accounting and/or finance (board competency) does not guarantee quality of earnings.

Uwalomwa, Daramola and Anjolaoluwa (2014) examined the effects of corporate governancemechanism on earnings management in Nigeria. To achieve the objectives of thisstudy, a total of 40 listed firms in the Nigerian stock exchange market wereselected and analyzed for this study using the judgmental sampling technique. Thechoice of the selected firms arises based on the nature and extent of corporatefinancial failures and scandals that has been witnessed in the industry overtime.Also, the corporate annual reports for the period 2007-2011 were used for thestudy. The regression analysis method was employed as a statistical technique foranalyzing the data collected from the annual report of the selected firms. Findingsfrom the study revealed that while board size and board independence have asignificant negative impact on earnings management (proxy by discretionaryaccruals); On the other hand, CEO duality had a significant positive impact onearnings management for the sampled firms in Nigeria. Hence the paper concludesthat firms with larger boards and diverse knowledge are more likely to be moreeffective in constraining earnings management than smaller boards since they arelikely to have more independent directors with more corporate or financialexpertise.

Shehu and Garba (2014) examined effect of governance attributes on real activities manipulation practices of listed manufacturing firms in Nigeria. The study used four variables for audit committee characteristic-audit committee independence, financial literacy, audit committee size and audit committee meetings and four features of board of directors- inside directors, outside directors, gray directors and women directors for the purpose of explaining and predicting real activities manipulation practice by managers in the listed Nigerian manufacturing firms. Longitudinal panel multiple regression is used as a tool of analysis. The probability of Hausman specification test became less than 5% for all regressions, fixed effect model is interpreted as a panel specification. Secondary data was extracted from the audited annual reports of the sampled firms from 2007–2012. The results reveal that outside directors; gray directors and women directors have found to be positively associated with real activity manipulation which implies that, managers' opportunistic manipulative accounting can be constrained or deter by them. While the inside directors could not prevent managers from abusive accounting. On the other hand, audit committee independence; financial literacy; audit committee size and audit committee meetings are significant in checkmating real activities manipulation. By management in preparing financial statements of the sampled firms. It is therefore recommended among others that the regulatory authorities like SEC and NSE should enforce strict compliance with corporate governance best practice for shareholders and other stakeholders' interest to be fully protected. Also, the financial reporting counsel of Nigeria should make it mandatory that board of listed manufacturing firms should increase the proportion of inside directors on the board as they appear to be efficient in deterring manipulative accounting practice of their companies.

**Theoretical Review**

**Stakeholders Theory**

Stakeholder theory is considered an extension for the agency theory. The agency theory states that there is an agency relationship between the principal (shareholders) and the agent (management) and that the agent should work on behalf of the principal for their best interest to avoid any conflict that might cause an agency problem (Jensen & Meckling 1976). However, that is a narrow focus that has now developed so managers are now expected to take into account the interests of many different stakeholder groups, like interest groups linked to social, environmental and ethical considerations (Freeman, 1984; Freeman; 2004). So a broader view is created expecting the management to care for the interests of different stakeholders group not only the shareholders in specific (Donaldson and Preston 1995). The stakeholder theory is defined by (Freeman 1984, quoted in Schilling 2000) as any group or individual who can influence or is influenced by the achievement of the organization's objectives. So Carroll 1993, quoted in Schilling 2000) add that the term stakeholder may, therefore, include a large group of participants, in fact anyone who has a direct or indirect stake in the business. Examples for direct stakeholders are the shareholders, employees, investors, customers and suppliers, all whose interests are aligned with the interests of the firm, on the other side, the indirect stakeholders are those who are indirectly affected by the functions of the firm and an example for the is the government (Kiel & Nicholson 2003).

**Stewardship Theory**

Stewardship theory was developed by Donaldson and Davis (1991 & 1993) as a new perspective to understand the existing relationship between ownership and management of the company. Stewardship Theory has been framed as the organizational behavior counterweight to rational action theories of management (Donaldson & Davis, 1991 & 1993). The main assumptions underlying the prescriptions of stewardship theory is that behaviors of the managers are aligned with the interest of the principal. Stewardship Theory places greater value on goal convergence among the parties involved in corporate governance than on the agent's self-interest (Van Slyke, 2006). This theory holds that there is no conflict of interests between managers and owners. In stewardship theory, it stresses top of management as steward whose utility function is maximized when shareholders' wealth are maximized. The steward perceives that the utility gained from interest alignment and collaborative behavior with the principal is higher than the utility that can be gained through individualistic, self-serving behaviors (Davis et al., 1997). Stewardship theory is focused on intrinsic rewards that are not easily quantified, such as growth, achievement, and duty while Agency Theory places more emphasis on extrinsic motivation.

**Agency Theory**

Agency theory is defined by (Jensen and Meckling 1976) as the theory that addresses the relationship where in a contract the principal engages another person called the agent to perform some service on their behalf which involves delegating some decision making authority to the agent. Agency problem occurs when the objectives of the principal and agent contradict and it is difficult and costly for the principal to detect what the agent is actually doing. Also, due to this separation of ownership, managers usually focus on their own personal gains and interests and forget about the shareholder's interest which ultimately leads to the agency problem as well as incurring costs that the owners bare at the end, and this is referred to the agency cost. It is added by (Jensen &Meckling 1976) that these contradictions are because of the inability of the shareholders to monitor the actions and the performance of the management. Moreover, (Leuz;2003) state that the pursuit of self-interest by the managers, increases costs to the firm, like the costs of forming a contract, loss due to decisions being taken by the agents and the costs of observing and controlling the actions of the agents. Therefore the effects of such behavior are ultimately reflected in the company's earnings.

## METHODOLOGY

The methodology employed is the expo-facto research design. Ex post facto design is a quasi-experimental study examining how an independent variable, present prior to the study, affects a dependent variable. The target population of the study comprised twenty three (23) foods and beverage covers 2010-2019, however twelve (12) firm were randomly selected. The study employed secondary data collection. The study variables were obtained from published audited financial report of these institutions on the internet, for the financial periods stated.

### Procedure for Data Analysis and Model Specification

Two method of data analysis will be used in this study. The first method is descriptive analysis. The second method is inferential statistics analysis. This analysis involve; correlation analysis which will be conducted to determine the strength of the linear association between boards meeting frequency on earnings management (EM) of quoted firms in Nigeria. The major reason for using regression and correlation analysis is to be able to model, examine and identify the relationship between the hypotheses. The inferential analyses will also involve the application the appropriate statistical technique of Panel Regression Analysis; this is due to the nature of the data. The Panel regression model consistent with Janeth P. & Swai (2016) was adopted

**Pool Regression Model**

$EM_{it} = \beta_0 + \beta_1 BMF_{it}, +\mu_{it}$

Where:

EM = Earning Management

BMF = Board Meeting Frequency,

$\mu_{it}$ = Error term

**Measurement of variables**

Earning Management = measured using discretionary accruals (DACC)

Board Meeting Frequency = Number of meetings held by the board of directors

**Table 1: Descriptive Statistics Results**

| | BMF | DACC |
|---|---|---|
| Mean | 4.208333 | 0.155840 |
| Median | 4.000000 | 0.117400 |
| Maximum | 6.000000 | 1.559500 |
| Minimum | 3.000000 | 0.010200 |
| Std. Dev. | 0.516872 | 0.171719 |
| Skewness | 2.080539 | 4.909285 |
| Kurtosis | 7.138417 | 38.69018 |
| Jarque-Bera | 172.2053 | 6850.967 |
| Probability | 0.000000 | 0.000000 |
| Sum | 505.0000 | 18.70080 |
| Sum Sq. Dev. | 31.79167 | 3.508983 |
| Observations | 120 | 120 |

**Source: Computed by the Researcher (2021) employing E-Views10**

The table 1 above show the mean, median, standard deviation as well as the skewness and kurtosis measures of our variables of interest are given. The mean values indicate that on the average of Board Meeting Frequency (BMF) Discretionary Accrual (DACC) in foods and beverages firm in Nigeria is 4.208 and 0.1558 billion naira respectively. The highest value for BMF and DACC are 6.000 and 1.5595 respectively during the period of study. However, the lowest value for BMF and DACC are 3.0000 and 0.1020 respectively.

**Hausman Test (Test between Fixed and Random)**

Correlated Random Effects - Hausman Test
Equation: Untitled
Test period random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Period random | 0.204133 | 3 | 0.6582 |

***Source: E-View 10 Output (2021)***

***Decision Rule: At 5% level of Significance**
**$H_0$: Random Effect is most appropriate**
**$H_1$: Fixed Effect is most appropriate**

Based on the probability Cross-section random of 0.65982, the null hypothesis is accepted, thus random effect is most appropriate when compared to fixed effect.

Dependent Variable: DACC
Method: Panel EGLS (Two-way random effects)
Date: 04/18/21 Time: 03:53
Sample: 2010 2019
Periods included: 10
Cross-sections included: 12
Total panel (balanced) observations: 120
Swamy and Arora estimator of component variances

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.270919 | 0.129331 | 2.094773 | 0.0383 |
| BMF | -0.027346 | 0.030502 | -0.896516 | 0.3718 |
| | | Effects Specification | | |
| | | | S.D. | Rho |
| Cross-section random | | | 0.006651 | 0.0015 |
| Period random | | | 0.000000 | 0.0000 |
| Idiosyncratic random | | | 0.169799 | 0.9985 |
| | | Weighted Statistics | | |
| R-squared | 0.006765 | Mean dependent var | | 0.154658 |
| Adjusted R-squared | -0.001652 | S.D. dependent var | | 0.171592 |
| S.E. of regression | 0.171734 | Sum squared resid | | 3.480116 |
| F-statistic | 0.803742 | Durbin-Watson stat | | 1.340891 |
| Prob(F-statistic) | 0.371802 | | | |

***Source: E-View 10 Output (2021)***

From the random effect regression results it is observed that the coefficient of determination for the regression as depicted by the $R^2$ value of 0.006 suggests that the systematic variation of the dependent variable is accounted for by the explanatory variables. The F-statistic of 0.8037 shows that overall the model of the study is well fitted. This can be further confirmed by the significant p-value (F-statistic) of 0.371802 which shows that the cumulative impact of the regressors was significant at 37 percent, which implies that board meeting frequency of foods and beverages firms in Nigeria has strongly and significantly impacted on the earnings management. Board meeting frequency result showed that it has negative significant effect on earnings management with p-value of 0.3718.

**Discussion of Findings**

Board meeting frequency have a negative significant correlation with earning management with the p-value of 0.3718, which suggest that firms which board meeting frequent do not reduces earning management. The empirical evidence revealed that board meeting has greatly reduce earning management which is consistent with the result of Garba, Ahmed and Hamisu (2015); Orjinta, Onuora&Agubata (2018) the board meeting frequency is less effective in constraining earnings management practice.

**CONCLUSION AND RECOMMENDATIONS**

The widespread failure in the financial disclosure has created the need to improve the financial information quality. Consequently, the factors influencing the occurrence of real earning management have been an intense and inconclusive area of research and an interesting issue of discourse. The factors have been identified to be both exogenous and endogenous to the firm. The exogenous factors have been highlighted to include the reporting standards and institutional environment, economic and financial policies and the board spectrum of variables outside of the firm's control. These factors have also not attracted considerable empirical research attention as controlling for the factors to make them amenable for empirical analysis is as a challenge especially in developing economies. The findings show that board meeting frequency has no significant impact on earning management. The study conclude that the board is corporate governance mechanism that reduces earnings manipulation. The study recommends that SEC should encourage adherence to at least the minimum requirement (four times in a financial year) by making it mandatory to hold meetings at least four times in a year. Finally, the SEC should encourage more frequent meetings by Board of Directors because, the empirical evidence indicates that Board Meetings are associated with low Earnings Management.

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