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DETERMINANTS OF CREATIVE ACCOUNTING AND FINANCIAL REPORTING QUALITY OF LISTED MICROCREDIT BANKS IN NIGERIA

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Abstract

Creative accounting is a practice that influences financial indicators by using accounting knowledge and rules that do not explicitly violate accounting policies, rules, and laws. This study investigated determinants of creative accounting and financial reporting quality of listed microcredit banks in Nigeria. The study adopted ownership structure and internal control as dimensions of measuring determinants of creative accounting, while relevance and faithful representation were used as measures of financial reporting quality. The study was anchored on ethical theory. The study adopted survey research design. The population of the study comprised ten (10) listed microcredit banks in Nigeria that are listed on the Nigerian Stock Exchange while the sample size consisted of eight (8) managers, accountants, and auditors selected from the listed microcredit banks in Rivers State. Simple random sampling was used to select the respondents. Structured questionnaire was the data collection instrument used. Frequencies, simple percentages and weighted mean scores were used to analyse the demographic data of the respondents and other items of the questionnaire while Pearson Product Moment Correlation was used to test the hypotheses. The finding showed that determinants of creative accounting had a significant positive relationship with financial reporting quality. Also, the findings showed that ownership structure has a positive and significant relationship with relevance and faithful representation of listed microcredit banks in Nigeria. The study recommended that the managerial team at the helm of affairs of listed microcredit banks should take responsibility of bad financial position of microcredit banks.

Keywords: *Determinants of creative accounting, Financial reporting quality, Ownership structure, Internal control, Relevance, and Faithful representation*

INTRODUCTION

Financial statements in contemporary times, and its financial the outputs based on accounting process, are the major avenues by which both the internal and external investors (stakeholders) can gain an adequate and a much clearer understanding about the financial reporting quality of financial firms. However, many of the important decisions put-forward by these investors (stakeholders) are based on financial data extracted from the financial statements of financial institutions (Haruna & Emmanuel, 2017). Therefore, the solid accuracy and reliability of these financial statements are crucial and must portray the financial position in clarity for these people in order to make appropriate decisions. This growing concern has become more important in recent years starting from 2001 by the collapse of Enron and its importance intensified with the recent financial crisis because of the bankruptcy of major financial institutions. To produce transparent, timely and reliable financial statements, accounting process should follow objective and consistent set of rules. Even if there exists strong accounting standards (GAAP and IAS) to guide financial accounting activities, sometimes it becomes impossible to prevent the manipulative behaviour of financial statement preparers, who wants to effect the decisions of the financial statement users in favour of their firms (Leyira & Okeoma, 2017).

However, the major role and most efficient task of financial reporting quality is the provision of information about the steady wealth performance and financial health of a company, especially the microcredit banks. Though it is true that financial statements are likely to be the most effective way of conveying information to the public and potential investors, and it should be noted when reading the financial reports; the figures may not necessarily show a true and fair view and might also be misleading (Adetoso, and Ajiga, 2017). However, the accounting process and regulatory framework prescribed by the different regulatory agencies in the accounting profession gives room for discretionary judgments by the accountants. Trying to resolve conflicts between the competing different approaches in which the results of financial events and transactions are presented, provides opportunity for manipulation, deceit, and misrepresentation. These negatively practiced activities by the less scrupulous elements of the accounting profession are popularly known as creative accounting (Akabom, 2017).

According to Amat and Gowthorpe (2014) creative accounting also known as aggressive accounting is the process that deals with matters of accounting appraisal, conflicts, items and event. This flexibility gives room for manipulation, deceit, and misrepresentation. Hence, the accountants use their knowledge of accounting rules to manipulate the figures reported in the accounts of a business. Creative accounting is also accounting practices that may or may not follow the letter of the rules of accounting standard practices but certainly deviate from those rules and regulations. It may be characterized by excessive complication and using innovative ways of characterizing income, assets and liabilities. It involves the use of accounting knowledge to influence the reported figures, while remaining within the jurisdiction of accounting rules and laws so that instead of showing the actual performance or position of the company, they reflect what the management wants to tell stakeholders (Haruna & Emmanuel, 2017).

A previous study revealed four key variables of determinants of creative accounting: ethical considerations, disclosure quality, internal control, and ownership structure, whether or not the determinants of creative accounting apply to financial reporting remains to be confirmed (Škoda et al. 2017). As a result, the purpose of this research is to assess determinants of creative accounting by measuring the degree to which determinants of creative accounting is entrenched in bank financial reporting quality. Moreover, the causative factors that motivate banks to indulge in creative accounting are also assessed prevailing accounting procedures enable a certain leeway in the application of accounting principles (Yaseen et al. 2018). Determinants of creative accounting and earnings management are euphemisms referring to accounting practices that should follow the letter of the rules of standard accounting practices, but certainly deviate from the spirit of these rules (Akpanuko et al. 2018).

According to Okoye and James (2020), creative accounting are characterized by excessive complication and the use of novel ways of characterizing income, assets or liabilities and the intent to influence readers towards the interpretations desired by the authors. The terms “innovative” or “aggressive” are sometimes used. Financial statement is arguably the most useful and important to all users especially for the shareholders or investors in decision-making process. Based on the financial statement itself, they can obtain useful information about the effectiveness of the organization. However, inadequate or misleading income disclosure may result when income is deliberately and artificially smoothed. The effect of creative accounting may lead shareholders and investors to have inadequate information when evaluating the organization’s effectiveness. The Cadbury saga in Nigeria discovered a significant overstatement of its financial position over a number of years. The story is similar but also not palatable in the United States, where Enron which grew in just 15 years to be America’s seventh largest company went underground after it was discovered that the company has been fiddling with profit figure (Okoye and James, 2020).

However, the real causes of creative accounting according to Akenbor and Ibanichuka (2012) lie in the conflicts of interest among different interest groups. Managing shareholders’ interest is to pay less tax and dividends. Investor-shareholders are interested to get more dividends and capital gains. Country‘s tax authorities would like to collect more and more taxes. Employees are interested to get better salary and higher profit share. Despite this, creative accounting puts one group or two to advantageous position at the expense of others. Notable creative accounting practices variously employed by management or preparers include: deliberate non-recognition of liabilities, aggressive earnings management through the recognition of revenue before they are earned, deliberate recognition of unusual assets, unjustified changes to accounting policies and accounting estimates and profit smoothing through the manipulation of profit figure and off balance sheet financing (Imo, 2022).

On the other hand, the subject of financial reporting quality has received significant attention from scholars in the various areas of business and strategic management. It has also been the primary concern of business practitioners in all types of organizations since financial performance has implications to organization‘s health and ultimately its survival (Ahmed, 2017). Financial reporting quality is a subjective measure of how well a firm can use assets from its primary and non-primary modes of business and generate revenues. The term, financial reporting quality, is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Kewo, 2017).

According to Leyira and Okeoma (2017), after every scam or fraud, the government and regulatory machinery had been strengthened to reduce the number of financial statement frauds that essentially imposed a check on the nexus between the company and professionals and between banks and administrators, which would have been achieved through more disclosures, by imposing and fixing responsibilities on each party involved. The Securities and Exchange Commission (SEC) became more aggressive at pursuing Companies for financial statement fraud in the post-Enron environment. These frauds often crossed several reporting periods, thus creative accounting appears to be a mechanism for boosting reported earnings to appease financial analysts, investors and shareholders (Muraina et al 2020).

Statement of the problem

The world has witnessed failure of large financial institutions, most especially, microcredit banks which has been attributed to large-scale fraudulent practices by directors in connivance with auditors. The failure of microcredit banks brought about lack of shareholders and public investor confidence in the financial reporting quality of commercial/microfinance banks. Poor managerial quality is attributed to inefficient financial reporting quality as it results to low profit, return on asset and return on equity. However good and detailed financial reporting quality guarantees that shareholders and potential investors will get the best performance for their investment resulting in wealth increase and general economic growth (Olojede et al. 2020).

Nonetheless, contemporary accounting policy allows for a lot of flexibility in accounting procedures and the application of objective judgement to set measurement rules, recognition criteria, and, in some cases, the categorization of the accounting body. The ability to pick and choose which accounting components to use allows for deliberate data manipulation or concealing. Such manipulations can increase a company’s perceived desirability by making the company appear more profitable and financially stable than it actually is. Such practices can mislead users and investors by using disinformation, which is a significant hindrance to corporate growth and investment mobilization (Farhan and Nayan 2018). Given that in most listed companies, shareholders only have opportunity to find out about the management of the company only at the annual general meetings, which today are often poorly attend, there is therefore the need to ensure good creative accounting on the part of the managers of these microcredit banks as this will not be

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achieved at the annual general meetings. Hence the need for the study on determinants of creative accounting and financial reporting quality of listed microcredit banks in Nigeria.

Aim and objectives of the study:

The main aim and objective of this study is to investigate the relationship between determinants of creative accounting and financial reporting quality of listed microcredit banks in Nigeria. The specific objectives are to:

1. examine the relationship between ownership structure and relevance of listed microcredit banks in Nigeria.
2. examine the relationship between ownership structure and faithful representation of listed microcredit banks in Nigeria.
3. examine the relationship between internal control and relevance of listed microcredit banks in Nigeria.
4. examine the relationship between internal control and faithful representation of listed microcredit banks in Nigeria.

Research hypotheses:

This research work is guided by the following hypotheses in line with the objectives of the study and research questions:

Ho_1: There is no significant relationship ownership structure and relevance of listed microcredit banks in Nigeria.

Ho_2: There is no significant relationship between ownership structure and faithful representation of listed microcredit banks in Nigeria.

H_{03}: There is no significant relationship between internal control and relevance of listed microcredit banks in Nigeria.

H_{04}: There is no significant relationship between internal control and faithful representation of listed microcredit banks in Nigeria.

CONCEPTUAL REVIEW

Concepts of determinants of creative accounting

Rev. Fr. Luca Paciolo who is widely considered the father of accounting, first introduced the concept creative accounting more than five centuries ago. Summa de Arithmetica, in 1494, was the author's first accounting manual, in which he introduced the practices concerning creative accounting. Recently, accountants, auditors, academics, and other researchers have paid much attention to creative accounting. Such practices originated during the industrial revolution and have continued since then; however, creative accounting has significantly in- creased since the 1980s

(Sanusi and Izedonmi, 2014). It had been shown that creative ac- counting comprises manipulating how revenue is recognised and expenses are accounted for (Susmus and Demirhan, 2013). Such practices lead to the company appearing better on paper than it truly is. Creative accounting does not violate the Generally Accepted Ac- counting Principles (GAAP). Along these lines, the work of (Goel, 2014) opined that the intention of creative accounting is to project more robust financials as one goal. On the other hand, these practices are also used to project a weaker financial position depending on how the management's desires. Creative accounting is a critical challenge that has been the cause of major financial crises (Mudel, 2015).

Companies' earnings are significantly impacted by creative accounting; therefore, this subject is critical for regulators, auditors, researchers, and investors. Moreover, creative accounting comprises the manipulation of both performance indicators and the financial position of the business. Some researchers did not reach an agreement on this view; they consider creative accounting determinants as a "deliberate intervention in the external financial reporting process to benefit specific stakeholders (Ibtihal et al. 2022). Typically, the intention is to work as per the management's expectation or deceive stake- holders by projecting a healthy financial position to outsiders. The manipulation categories of accounts are classified into two different groups: creative accounting (accounting legitimacy is maintained) and accounting fraud (accounting policies and principles are violated) (Paolone and Magazzino, 2014).

Dimensions of Determinants of Creative Accounting

Ownership Structure

The ownership aspect is mentioned in the literature in terms of ownership structure (OS). Two aspects comprise an entity's ownership. First, the level of ownership concentration is a significant factor, as banks have a different ownership structure due to there being relatively high or less dispersion. The nature of ownership is the second factor; considering a similar degree of concentration, there might be a difference at the bank level if the government is the majority stakeholder. Along the same lines, stock-based firms with dispersed ownership and mutual firms are fundamentally different (Mudel, 2015). The Iraqi banking sector has different ownership structures, namely, government- owned banks (GOBs), privately owned stock banks (POBs), and mutual banks (MBs). The literature makes extensive mention of the correlation between financial reporting quality and the entity's ownership structure (Brauweiler et al. 2019). A firm's ownership structure significantly determined business value and provided information about its corporate governance (Nagata and Nguyen, 2017). Research concerning the association between financial reporting quality and ownership has not produced sharp results. Financial disclosure and ownership structure have a negative association (Arthur et al. 2019). In contrast, (Yasser et al. 2017) crunched the data for the top 200 public non-financial firms. The researchers determined that ownership concentration and financial reporting quality are directly correlated. Moreover, there are better avenues for technology transfer, capital support, and experience (Alzoubi 2016; Mousavi Shiri et al. 2018).

The research indicates that family businesses with controlling stakeholders have a higher probability of being run by the stakeholders themselves (as compared to considering external hiring) (Giacosa et al. 2017). Controlling stockholders use the ownership structure to administer member entities using a minimal portion of cash flow rights. Recent research provides enough evidence showing the misuse of insider information by controlling stockholders; these individuals exploit information to exercise greater control and obtain personal benefit at the expense of the minority holders (Sahasranamam et al. 2020).

Internal Control

Internal Control It is presupposed that higher internal control (IC) addresses issues related to governance and financial reporting quality. Management may address agency costs by staying vigilant at the lower level. An internal control process could be an effective regulatory system (Brauweiler et al. 2019). High-quality financial reporting is dependent on creating a robust, effective, and high-quality internal control mechanism. Recent research indicates that poor internal control may lead to higher material errors and inaccurate financial disclosure, which is indicative of the use of creative accounting (Richman and Richman, 2012). Numerous financial scandals led to the passing of the Sarbanes Oxley act. Under this new law, public corporations were mandated to focus on comprehensive and effective internal control schemes. The passage of this Act provides an insight into the weak state of internal control that was prevalent at the time. Corporate governance comprises the organisational processes used to formulate, implement and use internal controls (Alzeban, 2020).

Several works have focused on determining the aspects and effects of weak internal control. Studies have revealed that there is a correlation between specified weaknesses, business aspects such as complexity, organisational change, investment, and profitability (Buallay, 2018). Inadequate internal control is considered a shortcoming, and several studies use such data to assess how internal control is correlated with financial reporting quality (Anthony-Wood, 2019). Preceding assessments indicated that inadequate internal control substantially affects financial reporting quality. Thus, higher unforeseen accruals correlate with weak internal control; the authors attribute management weakness to gaps in accounting (Barandak & Mohammadi, 2020).

Furthermore, it is established that organisations that disclose information about internal control highlight significant weaknesses regarding how the size of the audit firm influences the quality of audit reports (Foster et al. 2013). The researchers determined that large auditing firms dedicate more time to internal control mechanisms than smaller firms. Large renowned auditing firms typically have structured internal control over financial reporting (ICFR) and, therefore, are restricted to lesser changes concerning reporting quality (Lim et al. 2017). Firms disclosing audit and management data earn lesser gross revenue compared to firms disclosing only management reports. However, the disclosure of audit reports offers a comprehensive and accurate overview of the business, for use by analysts and other interested parties (Foster et al. 2013).

Dimension of Dependent Variable

Financial Reporting Quality

Financial Reporting Quality (FRQ) is considered a precise way of representing information pertaining to business processes (Shahzad et al. 2019). It is associated with projected cash flows; the objective is to appraise company shareholders regarding their business operations. Financial reporting quality is the degree of fairness and authenticity of business information and organisation performance (Lim et al. 2017). These definitions suggest that financial statements are considered 'high-quality' when they convey precise information concerning the financial performance, economic position, business operations, cash flows, and other business metrics required by shareholders and other users. Financial reporting quality is the authenticity of the information presented to the users through the financial reports (Hadiyanto et al. 2018). The value relevance model uses accounting indicators and stock market responses to determine the quality of financial statements (Rashid, 2020).

The market value of a business is indicated by stock price; at the same time, a business's value is indicated by accounting figures determined using accounting processes (Kardan et al. 2016). The model has good utility; however, its downsides include accurately predicting stock price and market value. The technique used to operationalize the qualitative aspects of the report may be referred to as the International Accounting Standard Board (IASB) qualitative framework. Thus, enhancements and fundamental characteristics are the two aspects of qualitative characteristics. Relevance and faithful representation are the two fundamental characteristics that are vital to ascertain financial reporting quality (Hadiyanto et al. 2018).

Nevertheless, several other characteristics, such as comparability and understand ability, are used to augment the fundamental characteristics needed to prepare high-quality financial statements. These statements are considered relevant and useful when they present information that allows the users to accurately assess and understand past and present events and make informed economic decisions (Rashid, 2020). Relevance characteristics relate to those that influence the decision-making ability of the users. The fundamental of faithful representation is to document economic activity without any manipulation. Comparability is an enhancing aspect whereby similar or alike events can be reflected using similar or identical accounting processes; different economic events should be reflected using different figures and other indicators to clearly and objectively convey the differences for their straightforward comparability and interpretability (Rashid, 2020).

Dimensions of Financial Reporting Quality

Relevance

The Australian Accounting Standards Board (AASB) Framework attributes a "predictive and confirmatory role" to relevance; this indicates that information should be relevant for decision-makers and other users. Additionally, information is relevant when it helps users make economic decisions (Akpanuko and Umoren, 2018). It is asserted that the materiality and nature of information affects its relevance. Moreover, information is considered material if its misrepresentation or omission can affect the decisions of users who rely on the financial reports (Saleem et al. 2020). The definition specified by the AASB Framework is comparable to other definitions that were suggested in the review period (Kewo, 2017). Authors have used several attributes to characterise relevance. Usefulness and materiality are two critical attributes used to define relevance from the 1960s to the 2000s. Usefulness was subsequently considered decision-usefulness, thereby integrating the concept of timeliness. The predictive value is the most significant aspect concerning relevance because it affects decision usefulness and allows for the measurement of predictive value using three constructs. The first construct assesses the degree to which annual reports are indicative of future business scenarios (Ibtihal et al. 2022).

Faithful Representation

Faithful representation is the second fundamental qualitative aspect of financial reporting quality. Annual reports should be comprehensive, error-free, and neutral so that the information contained within is represented faithfully. Accounting standards specify that the economic processes characterised in the annual report comprise economic resources, transactions, obligations, events with financial implications, and the conditions that modify them. The direct measurement of faithful representing, conducted by evaluating only the annual report, is challenging because it is vital to obtain information concerning real-world economic phenomena to ensure a faithful representation (Muraina and Dandago, 2020). However, (Cernusca et al. 2016) suggest that the estimates and presuppositions concerning economic aspects that are highly indicative of the true economic situation are indicative of faithful representation. Hence, this study emphasises the elements of an annual report that increase the likelihood of faithful representation. These elements do not need to refer to IFRS or US GAAP; however, they are still an indirect means of faithful financial representation, as per particular accounting rules. The first proxy concerns the concept of ‘free of bias’. It is unfeasible for an annual report to be utterly bias-free, since the phenomena stated in such reports are typically determined under uncertain conditions. The annual report comprises several presuppositions and estimates (Cernusca et al. 2016).

Even though a bias-free scenario is infeasible, there needs to be a reasonable accuracy level concerning financial reporting information to allow for meaningful decisions. Neutrality concerns the preparer’s intent; whether they attempt to present events objectively or emphasise only the events that convey positivity and ignore the negative aspects. Another construct used to determine faithful representation is the report of an unqualified auditor. Numerous researchers have studied the effects of audits and audit reports on the economic value of the organisation (Esra et al. 2020). These authors determined that the audit report provides added value for financial reporting by facilitating assurance regarding annual reports; the users are assured to some degree that faithful representation has been adhered to. An unqualified audit report is critical to ensure reliable and faithful financial information reporting (Bean and Irvine 2015).

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Theoretical Review

Ethical Theory

Ethical theory was propounded by Ruland in 1984. According to the theory, companies generally prefer to report a steady trend of growth in profit rather than to show volatile profits with a series of dramatic rises and falls. This is achieved by making unnecessary high provisions for liabilities and against assets values in good years so that these provisions can be reduced, thereby improving reported profits, in bad years. Advocates of this approach argue that it is a measure against the 'short-termism' of judging an investment on the basis of the yield achieved in the immediate following years. It also avoids raising expectations so high in good years that the company is unable to deliver what is required subsequently. Against this is an argument that if the trading conditions of a business are in fact volatile, then investors have a right to know this and that income smoothing may conceal long- term changes in the profit trend. Revinse (1991) considers the problem in relation to both managers and shareholders and argues that each can draw benefits from 'loose' accounting standards that provide manager with latitude in timing the reporting of income. He thinks that the prime role of accounting is a mechanism for monitoring contracts between managers and other groups that provided finance also market mechanisms will operate efficiently, identifying the prospect of accounting manipulation and reflecting the appropriateness in pricing and contracting decisions. However, this study adopted the ethical theory.

Empirical Review

Olojede et al (2020) studied the impact of corporate governance mechanisms on creative accounting practices in the listed companies in Nigeria, by means of a longitudinal design for the reason that repeated observation of the same variables are involved (corporate governance mechanisms and creative accounting) over a 13-year period (2005 -2017). The study population was 166 listed companies on the Nigerian Stock, while 70 companies were drawn as sample size, using multi sampling technique. Data was collected from the companies' annual reports and accounts sourced from African Financials, Nigerian Stock Exchange and individual company websites. The study adopted descriptive statistics, correlation, OLS regression, panel fixed effects model (FEM) and panel random effects model (REM) for the analysis and hypothesis testing. The outcome of the study revealed that corporate governance mechanisms jointly have a great significant impact on creative accounting practices (CAP) in Nigeria, but the level of impact differs among individual corporate governance mechanisms. The study recommended the use of both sanctions and moral suasion in compelling compliance with relevant laws, accounting standards and corporate governance codes.

Siyanbola et al (2020) investigated the effects of creative accounting on investment decision in selected listed manufacturing firms in Nigeria's real sector for the period of 2007 to 2017. The study was empirically carried out by extracting related data from CBN statistical bulletin and NDIC annual reports for the period on which regression analysis was used. The result revealed a

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positive but insignificant effect of creative accounting on investment decisions in listed manufacturing firms in Nigeria's real sector. The study therefore concluded and recommended that proper corporate governance should be applied to ensure that creative accounting is used for stakeholder's benefits.

Nangih (2017) examined empirically the influence of creative accounting practices on the quality of financial statements of oil servicing companies in Nigeria. To achieve the objective of the study, three hypotheses were formulated and stated thus: There is no significant relationship between aggressive earnings management and relevance/verification of financial statements, there is no significant relationship between unjustified changes in accounting policies and estimates and comparability/understand ability of financial statements, and there is no significant relationship between profit smoothing and objectivity/faithful representation of financial statements. Survey research design was adopted for the study. Data were collected through well- structured and validated questionnaire and analysed done using ordinary least squares regression technique. Results of the findings revealed that creative accounting practices by oil servicing companies influenced the quality of their financial statements negatively.

Tassadaq and Malik (2015) investigated the issue of creative accounting in financial reporting. Data has been collected through structured questionnaire from industrial sector. Descriptive and inferential statistics were used to generalize the results and conclude the findings. The study concluded that a company is involved in frauds or scandals because of several factors like unethical behaviours, agency problem and non-professional attitude. Creative accounting is neither an illegal nor legal only the maximum use of it pushes a company in scandals. Creative accounting plays significant role in financial reporting but has been negatively correlated that means more managers involved in it may decrease the value of financial information. Government regulation/international standards have positive and significant role if it is flexible in financial reporting. As auditor's comment also plays positive and significant role in financial reporting. Ethics plays an important and positive role in financial reporting.

METHODOLOGY

The research adopted a survey research design. The study investigated ten (10) listed microcredit banks in Nigeria listed on Nigeria exchange group as at 31st December 2022, and have constantly prepared their annual financial reports from 2012 to 2022 in accordance with all stipulated laws and standards in Nigeria. The study sample size consisted of eight (8) managers, accountants, and auditors selected from the listed microcredit banks in Rivers State. Frequencies, simple percentages and weighted mean scores were used to analyse the demographic data of the respondents and other items of the questionnaire while Pearson Product Moment Correlation was used to test the hypotheses.

DATA ANALYSIS

Table 1: Analysis of Items/Questions on Determinants of Creative Accounting

S/N	Questionnaire Items	VHE (%)	HE (%)	NE (%)	LE (%)	VLE (%)	Mean	Remarks
	Ownership Structure							
1..	The microcredit banks' ownership structure has been increasing for the past seven years.	18 (36.0%)	21 (42.0%)	5 (10.0%)	3 (6.0%)	3 (6.0%)	3.98	High Extent
2.	There is high level of effectiveness in the managerial operations of microcredit banks' ownership structure.	22 (44.0%)	16 (32.0%)	3 (6.0%)	7 (14.0%)	2 (4.0%)	3.92	High Extent
3.	There is constant achievement in ownership structure of microcredit banks.	12 (24.0%)	21 (42.0%)	4 (8.0%)	7 (14.0%)	6 (12.0%)	3.78	High Extent

Source: Researcher Field Survey, 2023.

Table 1 presents the analysis of response rates for ownership structure measured on a 3-item instrument and scaled on a 5-point Likert scale. The results in the table showed that the respondents are in agreement with all the three items on ownership structure. This is because each of the items had the weighted mean ratings (3.98, 3.92 and 3.78 respectively) which are above the criterion mean of 3.0 and are therefore accepted.

Table 2: Analysis of Items/Questions on Determinants of Creative Accounting

S/N	Questionnaire Items	VHE (%)	HE (%)	NE (%)	LE (%)	VLE (%)	Mean	Remarks
	Internal Control							
1..	The internal control system of microcredit banks' has been increasing for the past six years.	23 (46.0%)	15 (30.0%)	6 (12.0%)	2 (4.0%)	4 (8.0%)	3.90	High Extent

2.	There is high level of effectiveness in internal control operations of microcredit banks.	19 (38.0%)	15 (32.0%)	6 (12.0%)	4 (8.0%)	6 (12.0%)	3.62	High Extent
3.	There is constant achievement in internal control of microcredit banks.	19 (38.0%)	16 (32.0%)	4 (8.0%)	2 (4.0%)	9 (18.0%)	3.76	High Extent

Source: Researcher Field Survey, 2023.

Table 2 presents the analysis of response rates for internal control measured on a 3-item instrument and scaled on a 5-point Likert scale. The results in the table showed that the respondents are in agreement with all the three items on ownership structure. This is because each of the items had the weighted mean ratings (3.90, 3.62 and 3.76 respectively) which are above the criterion mean of 3.0 and are therefore accepted.

Bivariate Analysis

The section entails a test of the stated hypotheses.

Table 3: Analysis of Ownership Structure and Relevance

		Ownership Structure	**Relevance**
Ownership Structure	Pearson Correlation	900	.529**
	Sig. (2-tailed)	.	.003
	N	**40**	**40**
Relevance	Pearson Correlation	.529**	900
	Sig. (2-tailed)	.003	.
	N	**40**	**40**

**. Correlation is significant at the 0.05 Level (2-tailed).

Source: Researcher Field Survey, 2023.

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Table 3 above reveals that there is a strong degree of positive relationship between ownership structure and relevance of listed microcredit banks in Nigeria. This is because the correlation coefficient (r) is positive and greater than 0.40 i.e. r=0529. Also, since the significant value (p-value) of 0.003 is less than alphavalue of 0.05, we therefore reject the null hypothesis one (H01) and accept alternate hypothesis one (HA1). The conclusion is that ownership structure has significant relationship with relevance of listed microcredit banks in Nigeria.

Table 4: Analysis of Ownership Structure and Faithful Representation

		Ownership Structure	**Faithful Representation**
Ownership Structure	Pearson Correlation	900	.561**
	Sig. (2-tailed)	.	.003
	N	**40**	**40**
Faithful Representation	Pearson Correlation	.561**	900
	Sig. (2-tailed)	.003	.
	N	**40**	**40**

**. Correlation is significant at the 0.05 Level (2-tailed).

Source: Researcher Field Survey, 2023.

Table 4 above reveals that there is a strong degree of positive relationship between ownership structure and faithful representation of listed microcredit banks in Nigeria. This is because the correlation coefficient (r) is positive and greater than 0.40 i.e. r=0561. Also, since the significant value (p-value) of 0.003 is less than alphavalue of 0.05, we therefore reject the null hypothesis one (H02) and accept alternate hypothesis one (HA2). The conclusion is that ownership structure has significant relationship with faithful representation of listed microcredit banks in Nigeria.

Discussion of Findings

The analysis of this study showed that ownership structure has positive and significant relationship with relevance and faithful representation of listed microcredit banks in Nigeria. This finding relates to that of Abed et al (2020) who found that creative accounting determinants such as ownership structure has significant positive effect on financial performance of manufacturing organizations as measured by return on asset. The finding also relates to that of Imo (2022) who found that creative accounting such as aggressive earnings management and artificial transactions have significant effect on return on equity of food and beverage companies.

Also, the analysis of this study showed that internal control has positive and significant relationship with relevance and faithful representation of listed microcredit banks in Nigeria. This finding relates to that of Ibtihal et al (2022) who found that creative accounting determinants such as internal control has significant positive effect on financial reporting quality in Malaysia.

Conclusion and Recommendations

This study has examined the relationship between determinants of creative accounting and financial reporting quality of microcredit banks in Nigeria. The findings that emanated from the data analysis are: ownership structure has a positive and significant relationship with relevance and faithful representation of listed microcredit banks in Nigeria; and internal control has a positive and significant relationship with relevance and faithful representation of listed microcredit banks in Nigeria. Based on the finding, the study concluded that determinants of creative accounting have a significant positive relationship with financial reporting quality of listed microcredit banks in Nigeria.

Based on the findings that emanated from the study, the following recommendations are made:

1. The managerial team at the helm of affairs of listed microcredit banks should take responsibility of bad financial position of microcredit banks.
2. External auditors should provide adequate information to potential investors who wish to employ their financial resources.
3. Accountants need to restore public confidence on them through integrity and transparency in reporting financial statement.

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