Journal of Accounting and Financial Management E-ISSN 2504-8856 P-ISSN 2695-2211
Vol 10. No. 5 2024 www.iiardjournals.org Online Version

Creative Accounting and Entrepreneurship Opportunities

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DOI: 10.56201/jafm.v10.no5.2024.pg175.190

Abstract

This study investigated creative accounting and entrepreneurship opportunities in the manufacturing enterprise in Nigeria from 2011-2022 using Panel Data from annual financial statement of quoted companies. Data for the study were obtained from secondary sources and analysed using Eview10 statistical package namely: Unit Root Test, Cointegration test; among others. Data for the work were drawn with purposive sampling techniques from samples of observations in Nigeria stock exchange statistical Bulletins. The co-integration .test revealed a long-term relationship among the explanatory variable (discretionary accruals and related party transaction) and response variable (return on equity). Therefore, overall we reject null hypothesis and alternate that there is significant (short-run and long-run) relationship between employed variables but in favour with creative accounting and creative entrepreneurship strong correlates. It can be recommended that

Keywords: *Creative Accounting, Return on Asset, Entrepreneurship Opportunities, Discretionary Accruals, Related Party Transactions*

Introduction

The term "creative accounting" was first used in 1968 in the film "The Producers" by Mel Brooks (Stanwick & Stanwick, 2013 cited in Bhargava & Khaneja, 2017). Since the numerous researchers have tried to define creative accounting, however no universal definition has been accepted. In Nigeria, the word" cosmetic accounting was recently used by Maduagufor (2008) as creative accounting euphemism in reporting that the accounts of some notable companies were meddled with financial report overstatement. In the expose on the concept of creative accounting, Smith (1992) recounts how a private company Brentford Nylon collapsed shortly after reporting a profit of 130,000 pounds sterling. A study by Leung and Cooper, 1995) highlighted that creative accounting is considered one of the major ethical problems of the accounting profession. Retrospectively, references to the creative accounting practices and fundamentals were also made for the first time in 1494 within the famous treatise by Luca Paciolo: "Suma de arithmetica, geometria, proportioni et proportionalita". It refers to creative accounting techniques used in Venice in terms of a foreign trade very well developed (Lucian, *et al.* 2016).

The definition of creative accounting is so broad that some authors include fraudulent

financial reporting in the use of creativity in reporting (Mulford & Cominsky, 2002); others, like the UK Chartered Institute of Management Accountants, propose a much narrower definition of such a manipulation to be founded on the goal to give a favourable impression of the company's results. Jones (2011) posits that creative accounting does not include fraud as it is qualified by the use of flexibility to manage the measurement and presentation of accounts in a way that benefits the accounts' preparers instead of the users. A similar approach is adopted by Billing (2011) who states that "the difference between creative accounting and fraud is analogous to the distinction usually made between tax avoidance and tax evasion. In both cases, the former is legal and the latter not". This meaning of creative accounting is very similar to the definition of window dressing", a practice in which "accounting still comply with the letter of the law and accounting standards, although not necessarily their spirit" (Breton & Taftler, 1995).

Creative accounting as a matter of approach is not objectionable per se. However, when unethical elements make intrusion, the resultant accounting details becomes anything but true and fair (Akenbor, & Ibanichuka, 2012). Creativity in such context is like referring to a half-glass of water as half-full instead of describing it as half-empty. While both statements are factually correct, they paint different pictures and thus convey different images. Revsin as in alignment with Stella and Uchenna (2019) offered a discussion on the "selective financial misrepresentation hypothesis" which was a defence for the practice of "creative accounting" at least in the private sector based on agency and positive accounting theories. Revsin considered the problem of creative accounting in relation to both managers and shareholders, and argued that each can draw benefit from "loose" accounting standards which provide managers with latitude in timing the reporting of income. Revsin stated the benefits to managers in being able to manipulate income between years so as to maximise their bonus entitlements and that shareholders also benefit from the fact that mangers can manipulate reported earnings to "smooth" income since this may decrease the apparent volatility of earnings and so increase the value of their shares.

Therefore, the term creative accounting is widely used to describe accepted accounting techniques which permit corporations to report financial results that may not accurately portray the substance of their business activities (Akenbor & Ibanichuka, 2012). Creative accounting equally refers to 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 management wants to tell the shareholders (Shah, *et al.* 2011).

Ishmael (2017) examined the impact of creative accounting on the reliability of financial reporting from auditors and academics point of view. Using primary data source administered on 100 auditors and academics, the test results show that creative accounting techniques used by management negatively affect the reliability of financial reporting.

These empirical studies though not completely of Nigerian origin employed creative accounting methods such as accounting policy choice, artificial transactions, seasonal trading reports, accrual estimation and the financing of genuine transactions. Past studies scarcely used transfer pricing (movement of interdivisional sales), off-balance sheet financing, related party transactions (activities with associates), revenue recognition, corporate takeover, movement in capital employed, discretionary accrual measures and movement in the allowance for provisions which are noted as more veritable means of creative accounting

techniques by corporate entities. Most importantly, previous empirical studies almost not investigated the effect of an 'industry policy' like corporate governance mechanisms in Nigeria on the relationship between creative accounting techniques and financial performance of listed manufacturing entities. Also, past empirical studies hardly examined the geographical location of their studies. They scarcely included the tool of statistical interaction and the modified jones 1995 discretionary accrual model. Thus, this research fills these gaps as it investigates the correlation between creative accounting techniques and financial performance of listed manufacturing firms in Nigeria.

Importantly, most organizations in Nigeria have closed down due to poor financial performance (Adeniyi, 2004). This poor financial performance may be attributed to liquidity problem, poor assets utilization and insolvency. Management problem in terms of poor assets utilization in fact, may be a significant factor resulting to the failure of some manufacturing firms.

Assets stimulate performance of manufacturing companies, reduce cost of operations and increase their profitability level. However, poor development of assets has been a great challenge to the manufacturing sector in Nigeria (Ogwo & Agu, 2016). Over the years electricity which plays very crucial role in the capacity utilization of manufacturing sector have not been regular and stable (Onuaha, 2010).

The World Bank enterprise survey in 2017 shows that average number of times of power outage in a month in Nigeria is 33 and that most of the time this last for upward of 12 hours in a day. The percentage of income lost to total sales as a result of this was on the average about 16%. About 78% of manufacturing companies operating in the country experience this power outage, the survey revealed further that 71% of these companies own their generators with about 59% of electricity required coming from this source.

The challenge of the manufacturing firms in Nigeria vis-à-vis asset returns is no doubt evident in the high costs of fund. The stringent listing requirements and high floatation costs in the Nigerian capital market put at risk 5.4% of the returns (Michael, 2012), the deposit money banks (DMBs) on the other hands is even a dead trap for manufacturing companies with a frightening interest rate of 25% on loans assets with deplorable infrastructures of the economy (Olatundun, 2011). Basically, these challenging factors reduce the ability of the enterprise to raise assets through equity issues or debt and or combination of both and therefore undertake changes to their financial structure which may not be to the wealth maximization objective. The limited sources of assets (financial structure) and difficulties in accessing them by the manufacturing firms significantly affected the productivity capacity of the manufacturing sector in Nigeria. The compulsory requirement of tangible assets by the fund-providers, especially the deposit money banks, and the continued decline in the profitability trends of manufacturing firms have further constrain capital formation in the sector. The evaluation of the past reputation of a company (the firm's size and its credit worthiness) by the creditors hinders the flow of capital to the manufacturing firms in Nigeria thereby affecting their outputs with negative impact on the Nigerian economy. The essential contributions of the manufacturing firms in Nigeria cannot be over emphasized and problems affecting them have remained enormous (Sangosanya, 2011). Undoubtedly, the access and supply of assets have immensely threatened the corporate existentiality of many companies and firms in Nigeria.

Objective of the Study

In line with the study objective, the following are stated

i. Examine the relationship between discretionary accruals and return on asset of the enterprise in Nigeria;
ii. Identify the relationship between related party transactions and return on asset of enterprise in Nigeria

CONCEPTUAL/THEORECTICAL FOUNDATION

Conceptual Review

Many terms have been used to describe the practices of changing the facts in accounting, for instance, cooking the books, aggressive accounting, massaging the numbers, window dressing, earnings management, income smoothing (Mulford & Comiskey, 2002). The term as generally understood also refers to the systematic misrepresentation of the true income and assets of corporations or organizations (Asuquo, 2011). It would also be construed as window dressing of account, cooking of account, creating of figures or manipulating of figures being reflected in financial statement. Creative accounting is at the root of a number of accounting scandals and many proposals for accounting reform, usually centring on an updated analysis of capital and factors of production that would correctly reflect how value is added (Asuquo, 2011). It is problematic to discern between creative accounting and fraud. This view is further reinforced in the corporate scandals involving Enron, Worldcom, Xerorx, African Petroleum, Afribank Nigeria Plc, Oceanic bank Nigeria Plc and many others. Creative accounting is a deliberate act perpetuated by management through the utilization of loopholes in accounting regulations for slashing profit variation in order to make financial statements look appealing to users of financial statements (Okoro & Okoye, 2016). The concept has also been viewed as a way of reducing profit or income stream variability at the discretion of company directors.

Pointedly, Defond and Park in 1997 said that both creative accounting and earnings management alternatively are known as smoothing company's income while Amat and Gowthrope (2004) claim that creative accounting is a European term and earnings management in U, S.A. It is also known as windows dressing, makeover of financial reports and bath accounting. Whatever term used, the purpose behind is decorating financial reports to deceive the stakeholders, most commonly external stakeholders so as to expose the business entity as a highly attractive investment opportunity. Due to the dilemma of creative accounting, it is still undecided as to whether its practice is legal or illegal.

2.2.3 Discretionary Accruals

Discretionary accruals refer to the portion of total accruals that can be manipulated easily by managers hiding behind accounting rules and principles. That portion of total accruals is not incurred in the ordinary course of business activity and is not directly discernible but has impact on the quality of earnings. In Literature, many researchers have given considerable attention to the study of accruals because they hold the belief that accruals are a key tool of earnings' manipulation, hence their interests in estimating accruals precisely (Adeniyi & Mieseigba, 2013). Discretionary accruals do reflect the true value of the financial performance of the organisation; hence, this sometime is not reliable resource to use as a tool for financial decision-making factor. This practice may misguide the stake holders while

making financial decision. If the managers' opportunistic behaviour is avoided, the practice of discretionary accruals may create reliable financial report, hence, may help in right decision making to the investors and shareholders (Cheng & Leung, 2014). The implications of discretionary accruals can have impact on stock markets regulators, shareholders, creditors, suppliers, investors, and other concerned stakeholders.

2.2.4 Related Party Transactions

Related party transactions can be considered as one of the most common opportunistic behaviours by management, while commercial activities common features are held, it can also dramatically affect the performance of a firm (Rafizadeh, 2016). Recent corporate scandals around the world have highlighted the expropriation of firm assets through related-party transactions (Munir, *et al.* 2013). These transactions normally involve diverse, complex and undisclosed business transactions between a firm and parties such as directors, controlling shareholders and other business affiliates. Related party transactions present opportunities to expropriate firm resources and provide managers with incentives to exercise earnings management (Gordon, *et al.* 2004). Moreover, users of financial reports agree that related party transactions indicate aggressive accounting practices that allow firms to arbitrarily increase or decree\\se earnings (Sherman & Young, 2001). Related party transactions are considered difficult to audit (Johnstone & Bedard, 2004) and are one of the causes of firms restating financial reports (General Accounting Office, 2003).

According to Fozzoli and Venuti (2014), related party transactions reflect to a very large extent, business connections that tend to accomplish economic desires of firms, while at the same time offering itself as a channel through which firms' resources are manipulated. Similarly, Huang and Liu (2010) reiterated that related party transactions are business connections between any identified corporate entity and the associates. While the term associates as seen by Gordon, Henry and Pali (2004) describe entities with the following traits: first, they regulate the activities of the firm; second, they are regulated by the firm or by another entity which also regulate the activities of the firm. Given the above scenario, one may not overrule the possibility of such identified corporate entities apportioning fragments of their operation to an investor who has momentous power over the firms polices.

Theoretical Review

Efficient Market Hypothesis

The idea of market efficiency initially appeared in the 19th century. It reached its academic maturity in the eighties, however, since then its popularity and empirical validity has declined. Similar thoughts to the random walk theory were first expressed in the 17th–18th centuries. However, the very first ideas of random walk came from other fields than finance: mathematics, botany, physics, logic (Sewell, 2011). In turn, the economic terms of the efficient market theory were found at the end of the 19th century. According to De Moor,*et al*. (2013), the founder of the efficient market theory was G. Gibson. In 1889, he published a book on London, Paris and New York stock exchanges, arguing that stock prices reflect the views of the smartest market participants. Gibson saw stock valuation as a voting process in which the participants vote on in which direction the stock price will change. Smartest participants would eventually gain more votes for their correct guesses which would allow them to accumulate more funds (De Moor, *et al.*2013).

Another pioneer in the efficient market theory was a French mathematician L. Bachelier who

published "Speculation theory" in 1900 where he argued that the expected return of an investment is always equal to zero (Sewell, 2011). In the first half of the 20th century, a number of significant works attempted to demonstrate the randomness of stock prices. In 1905, K. Pearson became the first to use the concept of "random walk", but he used it in the context of botany, not finance. In 1925, F. MacCauley compared the stock market to the coin-tossing game. A little later, in 1933, the U.S. economist A. Cowles, after having analysed trade statistics of professional investors, concluded that professional investors were unable to predict future prices and earn excess profit. Cowles came to the same conclusion again in 1944, having analysed the U.S. stock market data. However, the works published right after the Great Depression were significantly influenced by the prevailing distrust in financial analysts and financial markets in general. At that time, the economic theory developed rapidly and was heavily influenced by the work of J. M. Keynes. While Keynes intended primarily to explain the developments in the real economy, he also provided some insight about the financial market and asset prices. In 1923, Keynes argued that the gain of investors is not associated with the better ability to predict the future but is a consequence of higher risks taken. On the other hand, in 1936, in "The General Theory of Employment, Interest and Money", Keynes argued that trades in stock market are driven by "wild instincts" rather than rational considerations. These assumptions in turn, may fit better in behavioural finance rather than in the efficient market theory.

In 1964, S. Alexander concluded that the S&P index does not follow the random walk, while W. Steiger concluded that stock prices are predictable. Thus, in the post-war period, the number of studies on the EMH increased, but not all of them affirmed the hypothesis. In addition, over that period, the EMH remained in the shadow of the rational expectations theory and the CAPM. The EMH reached its peak of popularity in the eighties (Shan & Xul, 2012). It was the U.S. economist E. Fama who contributed most and whose works have become classic in the field of market efficiency. In 1965, E. Fama confirmed the randomness of stock prices and for the first time defined the "efficient market" concept. Further, he claimed that the evidence on the EMH was so strong that it could only be neglected by large-scale empirical studies (Fama, 1965). In 1967, H. Roberts first coined the concept "efficient market hypothesis" and divided market efficiency into the strong and the weak forms. In 1970, this division was expanded by Fama who added the semi-strong form of market efficiency. Fama defined an efficient market as the market where information is "fully reflected", and proposed to carry out market efficiency tests in line with the asset pricing tests (Fama, 1970). At that time, the idea of market efficiency was popular among the academics but still little known to professionals. This situation changed in 1973 when B. Malkiel published his book "A Random Walk down Wall Street". According to Shiller (2003), after the appearance of Malkiel's book, fascination with the EMH spread from academics to professionals. However, in 1976, S. Grossman pointed to the market efficiency paradox: the more investors believe in market efficiency, the less efficient market becomes. Grossman claimed that if there is a general consensus that the market is efficient, the participants begin to act passively and cease to collect information, which would lead to inefficiency.

In the last decades of the 20th century, many studies on the EMH concluded inefficiency. In 1980, S. Grossman and J. Stiglitz claimed that markets could not be efficient since the cost of information existed. Return on investment must be therefore higher than the cost of information, otherwise the propensity to invest would disappear. Later, the U.S. economist R. Shiller opposed the EMH with the concept of excess volatility. He concluded that the actual volatility of stock prices had been higher than that calculated on the basis of fundamental

information.

De Bondt and Thaler (1985) reconfirmed Shiller's hypothesis of excess volatility. According to them, people tend to overreact to company announcements, the result of which is reflected in stock prices. In addition, De Bondt and Thaler (1985) first noticed that in January stock returns were generally higher than in other months, which could not be explained by fundamental information only. In 1986, F. Black was the first author to define "noise traders". Unlike some authors presented above, Black claimed that noise traders could make a considerable influence on market prices. In 1990, the EMH was rejected by B. Lehmann and N. Jegadeesh (Sewell, 2011). Fama (1991) claimed that it was not obvious whether returns seemed predictable due to market inefficiency or whether this was driven by misleading assumptions in asset pricing models. Even though the opposition to the EMH became stronger, a number of studies still proved the validity of the EMH. In 1997, K. Chan concluded that global stock markets were weak-form efficient. In 1998, Fama argued that an overreaction in stock markets was as common as underestimation which therefore did not lead to inefficiency. Criticism reduced the popularity of the EMH, but the idea of market efficiency remained relevant in modern finance.

METHODOLOGY

The study adopted descriptive study and correlation design. The descriptive study is based on quantitative analysis in order to achieve the desired research objectives. The researcher utilizes secondary data from the published annual reports and accounts of manufacturing listed companies in the Nigeria` stock. This method is consistent with other research in the literature. The use of secondary data is justified by the fact that written or printed document are more accurate and reliable in ascertaining compliance to principles in research work than primary data gathered through personal interview or questionnaire administration.

Thus, this study will be base on time horizon with longitudinal design because it is structure on the stochastic models and pool empirical data from value added statement of companies. The sample frame of this study entails the selected period of the pool data in form of staked and empirical data. This period is slated from 2011-2022 with data generated from the six selected firms annual financial position. The study adopted the co-integrated method to analyze the panel data on the predictor variable dimensions (discretionary accruals, related party transactions), while the criterion variable measure is return on asset.

The population of this study comprises of all the listed companies in the manufacturing companies of Nigeria that are quoted firms with the Nigeria Stock Exchange. The study targeted population is generated from corporate quoted companies listed and included in the Nigeria Stock Exchange as per December 31st 2022. Non-probability sampling method in form of availability sampling technique was used in selecting the listed quoted companies as only companies that meet the criteria of being listed on the Nigeria Stock. A reasonable size of the population of firms' space was randomly selected for the study using purposive sampling techniques. This includes manufacturing enterprise that exhibits high level of creativity and innovativeness in their product, process, service, market and administrative. This study covers 22years financial statements using 22years financial statements from 2011 – 2022. The six years each represents a sufficient time period to factor in seasonality and full reporting cycles.

Model Specification

The Multiple Regression Model is appropriate for our analysis because all the variables in this study are measured in ratio scale.

Where; Return on Asset (ROA), Discretionary Accruals (DAC), Related Party Transactions (RPT)

Thus, $ROA_t = f(DAC_t, RPT_t,)$……(1)

-Linear Equation

$ROA_t = a_o + a_1(DAC_t) + a_2(RPT_t) + U_t$…..equ(2)

-Log Linear Equation

$\log ROA_t = \log a_o + a_1 \log(DAC_t) + a_2 \log(RPT_t) + U_t$…equ(3)

The dimension of the predictor variable being used in the study is DAC and RPT, whereas the determinant of the criterion variable is based on the ROA. The subscript *t* represents the time period whereas Logn indicates natural log - the parameters to be estimated and u_t is an error term. The variables are transformed into logarithmic form if necessary to minimize the scale effect of numbers. The test of relevant research hypotheses is also carried out trying to give answers to the research questions. Using tools such as the descriptive statistics utilizing charts and graphs, the ordinary least square regression estimate, the co-integration estimation.

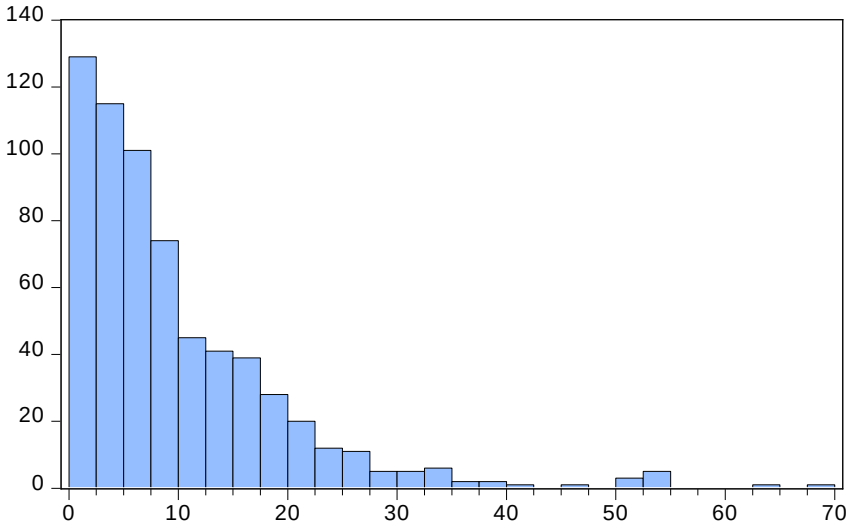
4. RESULTS AND DISCUSSION

The results and discussion are as followed

4.1 Data Analysis (Stochastic Statistics)

In analysing the above data set, it is just right to determine the successful capture of the model by the employed variable towards determining the relevance and worthiness of employed variables. We therefore utilize the Preceded by unit root testing, and proceed towards the Co-integration..

Normality Test



Series: ROA	
Sample 1 650	
Observations 647	
Mean	9.809985
Median	6.890000
Maximum	68.99000
Minimum	0.000000
Std. Dev.	9.831134
Skewness	2.260637
Kurtosis	10.28575
Jarque-Bera	1982.086
Probability	0.000000

In analysing the above data set, it is just right to determine the successful capture of the model by the employed variable towards determining the relevance and worthiness of employed variables. We therefore utilize the Preceded by unit root testing, and proceed towards the Co-integration..

Date: 11/28/23 Time: 09:48
Sample: 1 650
Included observations: 643

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob
**|. |	**|. |	1	-0.315	-0.315	63.931	0.000
.|. |	*|. |	2	-0.064	-0.181	66.569	0.000
.|. |	*|. |	3	-0.008	-0.102	66.616	0.000
.|. |	*|. |	4	-0.018	-0.078	66.818	0.000
.|. |	.|. |	5	-0.001	-0.050	66.819	0.000
.|. |	.|. |	6	0.041	0.016	67.916	0.000
.|. |	.|. |	7	-0.015	0.000	68.063	0.000
*|. |	*|. |	8	-0.098	-0.111	74.293	0.000
.|. |	.|. |	9	0.030	-0.055	74.866	0.000
.|. |	*|. |	10	-0.031	-0.079	75.476	0.000
.|. |	*|. |	11	-0.042	-0.111	76.613	0.000
.|* |	.|. |	12	0.082	0.004	81.029	0.000
.|. |	.|. |	13	-0.062	-0.065	83.565	0.000
.|. |	.|. |	14	0.005	-0.038	83.581	0.000
.|. |	.|. |	15	0.029	-0.004	84.119	0.000
.|. |	.|. |	16	0.001	-0.009	84.121	0.000
.|. |	*|. |	17	-0.052	-0.069	85.901	0.000
.|. |	*|. |	18	0.009	-0.066	85.950	0.000
.|. |	.|. |	19	0.013	-0.042	86.070	0.000
.|. |	.|. |	20	-0.025	-0.055	86.500	0.000
.|. |	.|. |	21	0.009	-0.055	86.556	0.000
.|. |	.|. |	22	-0.016	-0.060	86.731	0.000
.|. |	.|. |	23	0.044	0.014	88.052	0.000

.|.	|	.|.	|	24	-0.022	-0.031	88.388	0.000
.|.	|	*|.	|	25	-0.029	-0.067	88.957	0.000
.|.	|	*|.	|	26	-0.005	-0.069	88.973	0.000
.|.	|	*|.	|	27	-0.023	-0.100	89.322	0.000
.|.	|	.|.	|	28	0.053	-0.033	91.200	0.000
.|.	|	.|.	|	29	-0.028	-0.063	91.738	0.000
.|.	|	.|.	|	30	0.048	-0.002	93.288	0.000
.|.	|	*|.	|	31	-0.060	-0.072	95.728	0.000
.|.	|	.|.	|	32	0.030	-0.031	96.336	0.000
.|.	|	.|.	|	33	0.020	-0.017	96.596	0.000
.|.	|	.|.	|	34	0.017	-0.007	96.801	0.000
.|.	|	.|.	|	35	0.072	0.065	100.31	0.000
*|.	|	.|.	|	36	-0.075	-0.026	104.13	0.000

Results of Co-integration Test (Johansen Co-integration)

Date: 11/28/23 Time: 09:54
Sample (adjusted): 6 650
Included observations: 627 after adjustments
Trend assumption: Linear deterministic trend
Series: ROA RPT DAC
Lags interval (in first differences): 1 to 4

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value
None *	0.399131	746.8141	159.5297
At most 1 *	0.180909	427.4342	125.6154
At most 2 *	0.129015	302.3100	95.75366
At most 3 *	0.095225	215.7023	69.81889
At most 4 *	0.084326	152.9588	47.85613
At most 5 *	0.061286	97.72356	29.79707
At most 6 *	0.046571	58.06925	15.49471
At most 7 *	0.043930	28.16753	3.841466

Trace test indicates 8 cointegratingeqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value

None *	0.399131	319.3799	52.36261
At most 1 *	0.180909	125.1242	46.23142
At most 2 *	0.129015	86.60768	40.07757
At most 3 *	0.095225	62.74356	33.87687
At most 4 *	0.084326	55.23522	27.58434
At most 5 *	0.061286	39.65431	21.13162
At most 6 *	0.046571	29.90172	14.26460
At most 7 *	0.043930	28.16753	3.841466

Max-eigenvalue test indicates 8 cointegratingeqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Date: 11/28/23 Time: 09:54
Sample (adjusted): 6 650
Included observations: 627 after adjustment
Trend assumption: Linear deterministic tren
Series: ROA RPT DAC
Lags interval (in first differences): 1 to 4

Unrestricted Cointegration Rank Test (Trac

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic
None *	0.399131	746.8141
At most 1 *	0.180909	427.4342
At most 2 *	0.129015	302.3100
At most 3 *	0.095225	215.7023
At most 4 *	0.084326	152.9588
At most 5 *	0.061286	97.72356
At most 6 *	0.046571	58.06925
At most 7 *	0.043930	28.16753

Trace test indicates 8 cointegratingeqn(s) a
* denotes rejection of the hypothesis at the
**MacKinnon-Haug-Michelis (1999) p-val

Unrestricted Cointegration Rank Test (Max

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic
None *	0.399131	319.3799
At most 1 *	0.180909	125.1242
At most 2 *	0.129015	86.60768
At most 3 *	0.095225	62.74356
At most 4 *	0.084326	55.23522
At most 5 *	0.061286	39.65431
At most 6 *	0.046571	29.90172
At most 7 *	0.043930	28.16753

Max-eigenvalue test indicates 8 cointegrati
* denotes rejection of the hypothesis at the
**MacKinnon-Haug-Michelis (1999) p-val

Source: E-view 10 Output (Authors Computation).

The co-integration test seeks to empirically define the Long-run association/relationship between a given set of variables i.e. identifying the stochastic drift amongst variable (to know

if the variables move together). Carried out using the johansen cointegration output. Assuming all study variable as endogenous using the trace and Eigenvalue test.

From the trace test output above, it can be seen that the exists more than one credibility of co-integrating equation, which were all signed respectively, judging by the signed rank, there exist a long run association and movement amongst employed variables, indicating that there is a presence of long run cointegration amongst employed variable since the probability level exhibit values greater than 0.05 level of significance in which case we do not proceed to Vector Error Correction.

Although the Maximum Eigenvalue denotes rejection of the null hypothesis at all cointegration equation level going against the output of the Trace statistics, as it could therefore be established that there exist evidence of long run relationship amongst employed variables, the study therefore chooses the trace statistics.

Testing of Hypotheses One

Ho_1: Discretionary accruals does not significantly relates to return on asset in Nigeria

Hi_1: Discretionary accruals does significantly relates to return on asset in Nigeria

Interpretation of Results

From the result of the regression estimates the outcome is less than the 0.05 alpha level of significance; when considering on the plight of co-integration output. This shows that asset based oriented enterprise performance is sustainable. This becomes a point of targeted entrepreneurship opportunities to climb high growth. The presence of long-term impact of the explanatory variable on response variable. Hence, it is advisable in the long-term consideration to reject the null hypotheses and accept the directional hypotheses which states that discretionary accruals does significantly relates to return on asset in the long-term.

Testing of Hypotheses Two

Ho_2: Related party transactions not significantly relates to return on asset in Nigeria

Hi_2: Related party transactions does significantly relates to return on asset in Nigeria

Interpretation of Result

From the result of the regression estimates the outcome is less than the 0.05 alpha level of significance; when considering on the co-integration output. This shows the presence of long-term impact of the explanatory variable on response variable which show high asset based and capital asset p[ricing model in the enterprise with application of creative accounting. Hence, it is advisable in the long-term consideration to reject the null hypotheses and accept the directional hypotheses which states that related party transactions does significantly relates to return on asset in the long-term.

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusions

This study examined the relationship between creative accounting and entrepreneurship opportunities to scan and grab possibilities to excel business excellence in the market environment. The study investigated the long run and short run relationship between the variables by using Johansen Co-integration approach. It was strongly believe that the tough turbulence and dynamism in the business environment can be managed by the enterprise by recognizing entrepreneurship opportunities via application of creative accounting.

5.2. Recommendations

Base on the findings of this study, the following recommendations are advanced:

1. Accountants should learn how to use creativity with accounting modalities to search and grab opportunities to excel.
2. Enterprise should be creative with idea that pursuit the business opportunities in the entrepreneurship world.
3. Creative accounting should adopt by the management of enterprise as measures to seize opportunities that world transform the enterprise to her dreams and visions.

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