American Journal of
Leadership and Governance
(AJLG)

LEADERSHIP and GOVERNANCE

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Abstract

This paper delves into and illuminates on the practices and successes of new and creative governance and accounting practices in Nigeria's oil and gas industry. The purpose of the paper is to find the nexus between corporate governance and creative accounting in Nigerian oil companies. It highlights various management concepts and facets of corporate governance in the Nigerian context that are immoral, but done in the interest of profit maximisation. The study also curiously documents how corporate governance affects the business model of Nigerian companies. This is mostly a doctrinal research that relies heavily on secondary data as obtained from available literature on creative accounting and corporate governance. Finally, there are several corporate governance procedures used in the oil and gas sector of Nigeria which often heavily reflects poorly on the efficiency of the firms, most notably the enforcement of criteria and metrics and their participation in decision-making. Often, the examination of calculation methods, their implementation, their outcomes, and their practical applications in the market environment. It is, without doubt, the reality that Nigerian companies, particularly those in the oil industry, are enmeshed in the practice. The paper finds that there is no guarantee those who are in charge of corporate governance who employ creative accounting will be able to do the best they can to create strategic and financial performance for Nigerian firms, most especially as better decisions are needed for stimulating the economy and recommends that ethical conduct, organizational transparency, accountability and probity be inculcated as an integral policy architecture for corporate governance in Nigeria's oil industry whilst advocating that the concept of separation of powers must be adopted to corporate governance if sustainability, lack of corporate impunity and a culture of unethical conduct in the boardroom would not be perpetually occasioned.

Keywords: *Corporate Governance, Creative Accounting, Company, Oil and Gas, Administration.*

Introduction to Corporate Governance and Creative Accounting

Since concepts and values of corporate governance are difficult to comprehend, they also fail to apply correctly. No one has yet been able to provide a single definition for the fields of Accounting, in terms of finance, economics, and law. Pure old-fashioned British conceptualisation of it has been largely controversial (Cadbury, 2021). More extensive discussion of figures and politics has been found to incorporate accounting with finance. Thus, a careful review of the accounting division is preferred under both sub-heads. In a time of economic trouble, a good corporate governance is thus crucial to a company's ability to survive. In order to deter a financial system that is being vulnerable to volatility and manipulation, effective corporate governance mechanisms, such as good regulatory structures and efficient supervision, must be enforced throughout the financial markets. (Mata, 1999). These three pillars must also be in effect for a well-functioning company: sustainable procedures, accurate accounting and reliable reporting. Using innovative tactics to re-ignite consumers' curiosity in his stagnant client base is like attempting to revive a pork roast after you've tossed it in the garbage (Ayo, 2019). An unclear accounting structure is likely to be a weak governance system (Giroux, 2006). While the oil sector is best thought of as a private company, it's deeply institutionalized to the point that a special kind of interpretation of corporate governance is needed in order to better restrain the actions of management.

When money is looked at as an intangible thing, it may be registered as this or it may be seen in a deceptive way and exchanged for money. "The concept of creative accounting is any financial activity that has little short-term advantage to the company but which can in the long term prove to be harmful to its profitability and survival", Merchant and Rockness claim in a recent study (Presswire, 2019). This could generate a challenge for the firm, as well as create chances of unfair competition. This might then equally lead to a disturbance in the whole administration. This research then submits that an important corporate governance framework that accommodates the administration of such companies in the nation without the allure of deception is needed for sustainable growth and development. This would consist of the structure, measures, processes, and practices including good board representation, increased resource use, and accountability.

Corporate Performance

Corporate Performance typically refers to the composite assessment of how well an organisation or company executes on its most important parameters, which are mostly financial, market and shareholder performance. (Corporate Finance Institute Reports, 2021) It is customary for businesses to employ multiple methods to assess their performance: (how well a company is doing). Profitability requires financial resources to be used for the effective and efficient deployment of company assets in pursuit of corporate goals such as shareholder profit generation, market value growth, and returns on investment. Various methods can be used to judge the successes or otherwise of a company, for example, in its long term results, its profits, but no single one of these indicators may be used to tell precisely whether or not it can succeed. Such measures of the state of the "performance" of the overall scheme which show benefits other than profits would include the company stability: (Zubaidah et al, 2009). According to the research conducted, they relied primarily around the previous official finance method as a basis and this method has been the most widely embraced. Because previous price-to-book valuation figures are the same (price-to-book value meaning the ratio of the market value of a company's shares/share price over its book value of equity), the ratios are straightforward to

work with. At the moment, the price to book value ratio is most workable, this is more particularly so as investors will know how profitable the business will be in the future.

Conceptual Framework of Corporate Governance

Generally, Corporate Governance refers to the way and manner a company is being administered and governed, most especially the inculcation of the promotion of fairness, ethics, transparency and accountability in the running of a corporate entity or organisation. (Junaid Marshall, 2020). Without an understanding of the analytical structures and methods, it is impossible to explore the important principles of corporate governance. It is clear from researching available texts on the subject that the foundational aspects of 'Corporate Governance' properly so-called is founded on such prominent theorising like the agency theory, which is to the effect that all entities have interests, a reliance on resources, and relationships with other entities. This will prove problematic, as a result, only the organization theory will be tested in this analysis.

The Concept of Agency

First and foremost among corporate governance rules is the agency rule, and without it there can be no other rules. A business is formed out of several people wanting to benefit each other, and is almost always for some monetary gain. Many companies are affiliated with this organization. Since shareholders-directors believe that partnerships are competitive, it follows that the importance of the theory is from their agents' efforts to represent shareholders rather than themselves. As a result, the Principal/Agent model's foundation in Law, Economics, Strategic Management, Sociology, and Accounting mirrors the study of Management. (Jensen and Meckling, 1993) claimed that the agency concept should be used where directors - "company owners, board members" - are selected to be the agents. In order to properly define the principle guiding the association surrounding them- the agents and their Principal (The Directors acting as agents on behalf of the Shareholders), it is imperative to include (shareholders, proprietors) too, one would be deemed liable for the action of the other. It is often assumed that because all participants in a business alliance cared about just their gains, it is therefore considered justifiable to opine and correctly so, that the agents would normally behave in line with the best interests of their owners aptly dubbed the shareholders.

Additionally, if an agent sees that it serves his private interests or the corporation's best interests, he can go ahead to influence the board to act so that they can find a resolution because that is clearly for the best of the corporation. But, while directors are thought to put benefit ahead of the welfare of their principal shareholders, they usually breach the law in doing so doing so, according to (Heath and Norman, 2014).

Conceptual Definition of the Agency Theory

A close examination of the internal control system reveals that it is focused on the agency problem, which arises from the separation of management and ownership (Simanjuntak, 2001). The theory claims that in today's business, where individual shareholders own a large portion of the company; managers' decisions are not solely focused on maximizing shareholder returns. Since the 1980s, this principle has been applied to directors and boards of directors. The presumption that people would rather behave in their own self-interest than in the interests of others is implicit in the theory, thus, the reason Directors engage in creative accounting purportedly for selfish reasons and shareholders' presumed interest is not far-fetched. The relationship between directors and stakeholders is presented as a contract in the Agency theory. The directors serve as representatives for the stakeholders, making decisions in their own best

interests and subject to transaction costs for the required checks and balances to minimize non-compliance over enforcement costs. (Simanjuntak, 2001).

The theory is based on a contractual arrangement between the principal and the agent for a finite or indefinite future duration, where the future is unknown. Contracting is supposed to solve the agency dilemma, but it has a lot of drawbacks in practice, such as knowledge asymmetry, logic, fraud, and transaction costs. Shareholders' only interest in the company is to maximize their profit, but their position in the company is often minimal.

Basically, the hypothesis of the Agency theory is that it accurately describes the ongoing partnership between the directors and their staff. The Agency's theory in contradistinction with the organization theory controls the conflict resolution mechanism between directors. This includes the phenomenon that these problems cannot be resolved without some rules of governance. For instance, the Journal's analysis of Seaman's investment and accounting theory was reviewed in 2019 and the theory of the agency is deemed to deal primarily with two major problems:

1.) Challenges arising when the principal and the agents' wishes or corporate goals are in conflict, and the agent cannot verify the actions and decisions of their already empowered representatives owing to the fact that it is very hard or rather costly to carry that out;

2.) The other difficulty arising from a diverging worldview and perception of the principal and the agent has to take risks. The principal may take a different and larger risk of action, while the agent can take a different and smaller risk of action. Due to the lower turnover within the company, the board members can take a significant action to lead the company or to succeed while the head(s) of the company may jeopardize an investor's investment by unwillingness, which may contribute to monetary loss and bankruptcy.

Statutory Roles of Agents

In general, two companies' organizational partnerships are as follows: the firm has organizational relationships with its employees, and the company is represented by third parties, such as those that represent employers in business interactions with third parties. An Agent/Principal union is created when an individual or group of persons recruit another individual to represent him or them as his or their agent or representative to do specific tasks for them, such as trying to sell them products, starting a company, and so on. Principals often delegate decision-making authority to agents, and they impose ownership, regulatory, and managerial control, as well as links to the company's concerns, to the point of managing it. Inefficiencies in agencies may thus arise as a result of a lack of information about the organization and the business. There are two forms of basic agency relationships in the financial market: those between stockholders and management and those between stockholders cum lenders.

Beaudoin (2008) developed the theory of Agency, arguing that the whole idea of Agency gives a theoretical fulcrum for better assimilation on how the coherent adjustment of rewards and the asymmetry of information affect managers' decisions. He assumes that those business leaders who are well-paying and earn other incentives will not resort to the sort of lure that creates problems for agencies. It is interesting to remember that he did not expressly advise the relevant stakeholders; rather, he instructed his audience on how to determine what quantities or measures we could have in order to determine whether they are appropriate or sufficient. The principal is known to have a natural right to monitor the activities of the agents (to impose compliance, assert transparency, and look for unethical actions), but it may also be claimed

that allowing agents to run the business could be seen as a form of checks and balances. Thus, it is restated that if shareholders do not trust the Directors sufficiently to do a good job, be involved in the work of the company for which they are getting well-remunerated, be profitable, and not be untrustworthy, then it is best for the shareholders not to employ such Directors in the first place. Regardless of management concerns, the study model that emerges from this study tends to the principal's point and indeed the shareholder's point of view, and will likely have concerns about how decisions can be made by internal and external agents. As a result, regardless of management concerns, this will likely seek to address the issue by including a governance mechanism to ensure that the agents' interests meet or exceed those of the shareholders. (International Accounting Standards Board, 2007). The property of a person who is responsible for their acts and credentials, as well as their special capacity to only take selfish actions that benefit them, is therefore characterized as agency, thus empowering the Directors (agents) to act in any manner no matter how morally reprehensible to serve the interest of the principal, including falsifying accounting records for pecuniary advantages.

The Problem of Agency

The conflicts, problems, or issues that often arise between the principal(s) and the agent(s) as a result of the incentive scheme is providing the agent with personal costs in order to enable them to meet the principal's (the overall organization's) objectives. As a result, company problems emerge as a result of the fact that arrangements are not carried out at no expense. (Beaudoin and Stephen, 2018). According to Hearth and Norman (2014), the failure of the governance relationship in the well-known Enron controversies, which gave rise to 'Enronomics' otherwise called creative accounting, was at the heart centred on the flaw in the firms, together with their investor’s collective intention to protect their business from agency issues. Once the legislation authorizing stocks to go public displayed a board of Directors that refused to take stockholders’ interests into account, collaboration among corporate boards, proxy advisory firms, regulatory authorities, and stockholders all over the world was created. The report shifted the researcher's focus to a number of major issues, including preventing Nigeria's oil and gas industries from failing as a result of orchestrated massive accounting irregularities which became corporate scandals. The Investors’ Security Act otherwise referred to as (the Sarbanes Oxley Act) was introduced in the United States in response to companies engaged in acts of imaginative accounting that benefited influential owners over large investors, and it is simply the sum total of the rampant neglect of corporate governance among ever-competitive organizations. The Investment and Securities Act of Nigeria, as amended, was close to the US legislation in that it filled a vacuum where previous laws were silent. While the Commission in charge of Security and Exchange in Nigeria, SEC has adopted a rule on the governance of corporate bodies on this and all other issues, the Securities and Exchange Commission is debating the topic with all those concerned, including owners, bureaucrats, and executives, and has finally come up with the new code on corporate governance. (Ayo, 2019). It is therefore suggested that establishing a corporate governance code for a specific sector is essential. The Corporate Affairs Commission, CAC and the Department of Petroleum Resources, DPR are therefore enjoined to initiate a distinct Guide for the Governance of Corporate Actions for the Oil and Gas sector in the Nigerian business space, similar to how the Central Bank of Nigeria, which has supervisory powers over the administration of commercial banks in Nigeria drafted the CCGBN- the Code for Corporate Governance for the regulation of Banks’ boardroom in Nigeria during the sector’s restructuring era. (Code of Corporate Governance for Banks and Discounted Institutions, 2019).

Costs of Agency

Jensen and Meckling, 1993 defined agency costs traditionally as the net liability to be borne by the principal, the provider that made the deal, and the insurance policy that combined both the insurance and the risk expectation, including the agent's missed issues. The cost of controlling the agency's activities to ensure they are conforming to the expectations of their principal (monitoring cost); the cost of assuring the principal is retaining loyalty to the agent (bonding cost); and the disparity in wealth earned by one agent to another must be factored in. In other words, the disturbance of the principal's scheme triggered by a divergence in wealth received by one agent to another, are both fair assessments of the cost of misconduct, otherwise called the loss of Residual Value. Agency cost is described (Gill, McNeil, Pinkerton, & Shoben 2018), (Desai and McNeil, 2018), and (Bhuiyan and Biswas, 2008) as a reduction in the amount of opportunity foregone by the agents or the principal in doing the other's bidding.

There is however a direct expense associated with each execution. Controlling Organization problems, especially when extremely important decisions are being taken, are vital because the policy makers, who assess who wins the game in the same manner as a massive wager is determined, are not the ones who suffer the most after the decision is made. According to a Model by Fama and Jensen (F&J) (1983 and 2013) the situation's representative, the board of Directors, behave in their own self-interest for personal reasons; they behave in disdain for the Principal, to whom they owe a duty of loyalty, and whom they will use for their own "enrichment" and benefit rather than the Principal's. As a result, managers' indifference has a negative impact on decision-making, and the principal could waste capital and incur organization expenses.

Since departments are supposed to be more expensive, department and service relationships are less likely to be confronted by organizational problems such as stock trading and other illegal practices like inadequately recognized historical financial success patterns. The essence of channel relationships may be exacerbating the issue and plausibly provides a possible explanation for the argument that governance programs may have a direct effect on organizational results, (Darren, 2010). According to (Haque, Arun, and Colin, 2008), lowering agency costs could also lead to better operating and spending results for companies. This is because strong corporate governance removes the need for government control of a corporation. The committee members also addressed the nature of a triangular partnership between corporate governance, organization expenses, and corporate productivity during their meeting. Two tests were used to assess the association between board efficacy and corporate earnings, both of which were stock market indexes. This is how the presence of a connection between Corporate Governance, Agency Expenses, and Conflicts of Interest and the performance of these organizations is articulated.

Governance of the Company means literally that the agency's expenses far outweigh the benefits. Business governance is therefore deemed a plausible mechanism for minimizing corporate costs and reducing the possibility of confrontation, enabling a corporation to become more profitable.

A Statutory Recap of the Governance of Corporations in Nigeria

The Securities and Exchange Commission also known as the commission has the task of ensuring that Nigeria's corporate governance system is effective for all businesses. (Compliance Regulations of the Securities and Exchange Commission, 2008). The government has recently emplaced the fulcrum base of corporate governance by enacting a number of economic, legal and economic changes aimed at promoting accountability, fairness,

transparency and the rule of law in the country's business life. The Nigerian brand of corporate governance must therefore seek betterment in order not to be confronted by imminent corporate management failures. This largely because almost all of Nigeria's economic sectors, especially the oil sector, have failed.

Nigeria has been exploited in many aspects of its economy over the years, particularly during the long period of military rule under various rulers, to the point where corruption has become the universal language of corporate governance. The political and business climate had deteriorated to the point where, when the country returned to democracy in 1999, Chief Olusegun Obasanjo's administration inherited a reclusive regime regarded as one of the world's most corrupt. In September 2008, the Nairaland Group established a National Review Committee to help strengthen the company's corporate governance. This Committee's responsibilities include reviewing the existing rules for regulation in Nairaland, clarifying and informing the public about the scope of the rules contained in the Nigerian Guidelines for Corporate Governance, including their consequences on public interest, and offering recommendations on how the Nairaland Code can be revised or amended for better governance. (Ayo, 2019).

The Code's laws are based on international best practice standards, the common good and international law as well as the guidelines provided by the Committee set-up by OPEC on the supervision of Oil and Gas in their issue of an Effective Oil and Gas Corporate Governance. To conduct corporate governance in the petroleum industry in a more comprehensive manner, regard must be given to the performance paradigm of the companies. At first glance, corporate governance may appear to be solely a government or private entity issue, but it is worth noting that a retinue of private organizations were established for the promotion and the adoption of the guidelines of corporate governance, particularly corporate governance in the tense global petroleum sector. The board procedures used in the operation of a business are pleasant, the management environment is clear and the disclosure of shareholders' rights is well established. Accountability, justice, openness, and duty of care are the four most important corporate governance values (Coyle, 2014). While corporate governance can be interpreted in a variety of ways, Ferreira et al. (2007) concluded that it broadly refers to the processes that guide and regulate a business entity organized in a restricted corporate form. The most typical examples concern corporate managers' responsibility for corporate conduct, corporate performance and the way they are appointed to treat such.

As we keep up the support of Ricardo (2000) and as defined in the publication of Oyejide and another (2019), an examination of the stipulations of guidelines governing the administration of corporate action in the Nigerian oil sector from three angles: rules of corporate information freedom and clarity of action, rules of investors’ right and monitoring management. People and assets make up a company, allowing for a management equity split. In order to achieve these objectives, the owners delegate the authority of making their decisions to management, consequently saddled with the authorisation to act in their stead. Ownership of the shares makes it difficult for shareholders to exercise control over managerial decisions, implying that shareholders must relinquish control. The board of directors' primary mission is to try to balance the managers' incentives with those of the stakeholders in this management. By requiring managers to share their decisions with the rest of the committee, this survey will check for managers' proclivity to be arrogant and protect their own ideas.

It was in this guise that the Federal Government of Nigeria appointed committees to find out the setbacks and the challenges of good and effective corporate administration, and to assess

American Journal of Leadership and Governance
ISSN 2519-0857 (online)
Vol.6, Issue 1, pp 8 - 24, 2021

and make valuable recommendations on how to achieve better compliance, as well as to serve on the advisory level on other issues that are critical to the promotion of good corporate administration and governance. The SEC Directors' Board insisted that the recently re-designed corporate governance code would insist on the purest level of openness, disclosure and effective corporate administration while not impeding business and creativity. It's important to remember that the Code's scope has a limit to public corporations, even though the agency of government has implored other firms not originally envisaged to be administered by the Code to employ the Code's standards for the directing of their corporate relations, where applicable and possible, (Code of Corporate Governance, 2011).

A Brief Overview of Nigeria's Oil and Gas Industry

Oil was discovered in 1956 in Oloibiri, now part of Bayelsa province, and later in Rivers state, Nigeria. Nigeria is home to over 190 million people and a plethora of human and natural resources, especially crude oil. Nigeria is the third largest oil producer in Africa, the tenth in the world and the most prolific in Sub-Saharan Africa, according to the 2017 Nation's Fact Book. Nigeria's economy is mostly reliant on hydrocarbon exploration which provides almost half of the country's foreign revenue generation. The economy of Nigeria has been labelled a one phase-economy owing to its near-total reliance on oil sales for survival. Oil revenues dominate Nigeria's foreign exchange earnings, accounting for almost half of the country's earnings. Current daily supply is normally limited by OPEC quota reductions. Nigeria's oil production falls in reaction to OPEC's response to global oil supply as a member of the cartel. (Nigeria's Oil Fact Sheet Reports, 2020).

The bulk of the oil is explored in the oil basin of the Niger Delta. About its perennial challenges with ethnic conflict, boundary tensions and support from government, the nation's oil riches make it a very appealing tourism and wealth multiplication hotspot for oil companies, the majority of which have flourishing businesses in Nigeria, with Shell overseeing the concession contract's current Joint Venture Agreement. According to the Nigerian Bureaucratic fact book, Nigeria also has a variety of administrative entities that are operated by the government as indicated earlier. Nigeria's downstream oil sector is also a significant contributor to the country's economy. In the country, there are 8 oil companies, 4 oil refineries and over 750 independent agents who are engaged in petroleum products' sale. Smuggling across borders is a chronic problem, and large-scale corruption in the delivery and marketing chains is often documented. The government has had all-encompassing influence over the industry through the NNPC, Nigerian National Petroleum Corporation (NNPC), which holds shares of all of the firms concerned and sets wholesale and retail prices. The three key types of threats associated with investment in Nigeria's oil sector are internal violence and civil war, government's unstable economic policies and party boundary disputes. Apart from these, there is also the challenge of ongoing monumental graft, particularly prominent in the oil industry. It is therefore not surprising that the oil and gas sector would suffer economic crunches due to systemic failure, necessitating the rescue of creative accounting and false declaration of profits, (Kajola, 2008).

A Recap of Empirical Research between Corporate Governance and Creative Accounting

Trueman, Brett and Masulis (1988), who argued that the asymmetry of information was a valid prerequisite for managing earnings, conducted the first early studies in accounting field that looked at the existing association between the asymmetry of information and earnings management. This emphasizes the connection between insider knowledge (financial figures) and the ability to exploit them, as well as profitability 'management'. In spite of the

conceptualization of knowledge asymmetry, skewed social system and the cynical nature of man, the research introduced the asymmetry of information into the realm of accounting.

Since it entered accounting jurisprudence, except until in recent times, asymmetry in evidence is deemed as the exact thing in the plentiful calculation jargon in the avalanche of texts on the subject. In ancient times, (Schipper, 1989) studied the relationship between the asymmetry of information and the management of earnings, arguing that where there is a high level of information asymmetry, shareholders and unsuspecting investors become deprived of adequate information, services, incentives, and surveillance access required to effectively control corporate conduct.

Warfield, Wild, and Wild (2015) conducted a research with a broad sample size and through a variety of popular equity offers and came to the same conclusion. The findings revealed a significant, positive and cordial relationship between earnings management and information asymmetry in a large scale of scattered sample setting. These findings back up the theory that greater knowledge asymmetry between managers/directors and shareholders increase the probability and potential for corporate earnings manipulation. Other research findings focusing on well-known stock offers provide a different perspective on the relationship between information asymmetry and earnings manipulation. (Rangan, 1998) observed that before seasoned stock deals, the board of directors and management were automatically tempted to manipulate earnings into an upward review in order to achieve the highest bid prices on the stock of their company. This remains a conclusive proof of the offended corporations' corporate goal, which is to make fast, short-term benefits in lieu of long-term development and company's growth. They prefer making quick cash first without trying to develop a corporation first.

In his own study, Richardson (2002, as retested in 2018) investigated whether the extent of the asymmetry of information asymmetry confers a substantial effect on the quantum of the company's earnings control as operated by business executives. He considered (Dye's 2018) and (Trueman, Brett and Masulis' 1988)'s hypotheses, which he put to the test, arguing that intelligence asymmetry is a valid *sine qua non* for successful management of earnings. He backed up the point by linking the connection between experience asymmetry and the bribery associated with earnings, which he rated in accordance with the Board of Directors' level of participation.

Contextualizing Creative Accounting and Corporate Governance

As critics analyze the dual concepts of creative accounting and corporate governance together, they often discover a significant third theme: knowledge asymmetry between companies and stakeholders. As a consequence, for the former to survive, the two must maintain their relationship. The present literature's analysis looks into how those who guard the gate are themselves deserving of some measure of controls, checks and balances, faced with the critical mission of removing intelligence asymmetry. Among them are financial analysts, institutional lenders (the majority of whom are block shareholders), auditors, directors, company monitors, pressmen and their committees on audit, credit bureaus and investment bankers. The aim of corporate governance tool is to significantly eliminate information asymmetry and ensure that financial reports are in accordance with best accounting practices while the financial records of the company remain correct, "uncooked," and "undoctored." As officers, trustees, and privies of the funds of shareholders, corporate directors and business managers have a responsibility to ensure that financial statements and documentation are in line with appropriate accounting practices while the company's financial accounts remain accurate, "uncooked," and

"undoctored." There is a substantial drawback and justifiable expectation placed on company directors to run the company well or do their best in the best interests of the providers of the capital used to run the company and therefore set sustainable corporate objectives of real time profits as a result of improved business strategies that is devoid of unprofessional deceitful practices, professional company administration and insist on sure-footed corporate sanity.

Aside from experience asymmetry, there are several issues that arise in all or every organizational scenario when it comes to corporate governance and creative accounting. Rather than focusing on sustainable economic growth, directors usually focus on quick-paced selfish agenda and short-term benefits geared towards increasing the stock market value of the shares of the company for shareholders and the desire to clandestinely increase more income-focused compensation for the company's board, for example, so as to receive bonuses or achieve more corporate emolument, (Yao, 2012). The Directors use a range of manipulative strategies to attain the short-term objective of presenting an optimistic picture of corporate success to customers and the public, which is at the core of creative accounting and has since risen to the forefront of study as an aspect of the corporate governance process. Dechow, et al. (2006) shared some of their initial thoughts based on observational observations that showed a strong and substantial correlation existing between the incidence of managing earnings and the absence of successful corporate governance structures. The following features were identified: absence of a working committee on audit; CEO/Chairman duality and mix of office and board functions; absence of an independent auditor to put a restrictive review on the activities of the board of directors and management excesses and corporate recklessness; and insider dealings due to insider oversight of the corporate board of directors. After that, further studies followed up and confirmed their point of view.

The United States of America remains at the forefront of innovative accounting and most of the prominent accounting scandals occurred on American soil. The Sarbanes-Oxley Act, which applies to the publicly quoted entities on the US stock market, initiated the search to transform the landscape of corporate administration systems as at 2002 July in the United States of America, (Davis and Cobb, 2009). The Act requires that the Board of Directors have more autonomous directors than insider directors, as well as moving regulatory limits to the extent that the audit committee's entire membership is made up of independent directors. Non-audit services normally offered by the outside auditor are forbidden, so at least one of them must be highly experienced about finance, accounting and auditing. The aim of these rigid regulations was to ensure there was not a replay of the large American corporations' accounting malpractice. American Express, AMEX, National Association of Securities Dealers Automated Quotations, NASDAQ and the New York Stock Exchange applied the Sarbanes-Oxley Act's creative but strict corporate governance rules to most of their quoted companies so as to put a stop to any more instances of adventurous account manipulation and this Act established the basis for corporate ethics and standards. Nigeria followed suit, revising the Corporate Governance Code to meet the same legal standards.

An empirical analysis was undertaken by Agrawal and Chadha (2005, as reported in 2015) aimed at the evaluation of the relationship existing between corporate administration structures and companies' proclivity to restate earnings in compliance with agreed accounting principles. They looked at an analysis of 159 public companies in the United States that restated their earnings, compared the outcomes to the size of the sector and compared the results to surveys of management companies that matched and concluded that some relevant governance characteristics had a clear correlation with the probability.

Creative Accounting in Nigeria

Creative accounting became a feature of the polity in recent times. After a failed privatization in 2001, the Board of Directors of African Petroleum Plc (AP) made use of creative accounting to conceal a huge 23 billion Naira debt. (Source: Proshare, 2019). It was about the pivotal *locus classicus* case that opened the eye of the public on inventive accounting in the Nigerian oil industry that an analysis of the 'made up' records of AP, African Petroleum Plc, which was set for a public offer in 2001, became public knowledge. Thanks to the Directors' actions, the Auditors were almost successful in concealing the company's unenviable finances in order to present it as a viable going concern. The company's previous stock-market meltdown was triggered by this action. Accounting fraud is all too simple, manipulative and unwanted. (Matar, 2016) contended that apart from African Petroleum Plc, Nigerian commercial banks worked with oil companies to give out loans directly to stockbrokers in order to buy their own shares so as to sustain demand pressure, resulting in a significant rise in the price of the shares without an equal increase in the attendant values of the purchased shares, resulting in a continuous rise in share price without a corresponding increase in the values of the purchased shares. They were therefore painting an untrue picture of the value of their shares for pecuniary advantage. (Oluba, 2009 and Ayo, 2019).

Stockholders have been shown in some surveys to be unable to see past the financial illusion provided by deceptive accounting. According to (Healy and Wahlen, 2019), investors cannot see beyond manipulative presentation of accounts and creative accounting before the advent of equity issues has a huge effect on share prices. Signalling has been reported to be commonly misinterpreted or ignored even by comparatively advanced users, (Breton and Taffler, 2005). Bechow and Skinner (2000) found that some investors were unable to process information contained in the financial statement notes. Consumers would be unable to cope with and explore innovative accounting, they concluded, even though financial statements contain sufficient detail to that end, comprehending same remains an issue to the average shareholder. This view was questioned by Dharan and Lev 1993), who discovered that income accounting changes were related to poor share price performance in the years studied. In a functional and performing market, market operators would not be misled by dressed-up, aesthetic accounting dressing costs, according to analysts (Amat, Blake, and Dowds, 1999). Dsirectors will also use imaginative accounting to reduce access to the release of valuable information to the public, raising the odds of profiting from insider information when engaged in insider dealing and trading abuse, they added. As a result, creative accounting has been a part of corporate accounting since the dawn of time.

Creative accounting scandals are often the source of stock market tremors and customer distrust. Shareholders' fears that the recession would spread to other large oil, banking and telecommunications firms were validated as the crisis spread to other major energy, banking, and telecommunications corporations. The stock prices of the country's major oil companies dropped by more than 33% between 2000 and 2004, while technology stocks fell by 70%. Interestingly, more than over seven hundred companies had to re-list their earnings over the past five years, sarcastically acknowledging that they had equally dabbled in imaginative accounting. Accounting errors cost the top 500 companies almost a fifth of their net earnings between 1997 and 2000, according to (Lindstrom 2009; Ajayi 2019).

Academicians have been debating the concept of creative accounting for quite some time. Through considering it from an ethical perspective, many recent literature found it to be unethical, and therefore frowned upon it as a very untoward and unacceptable accounting

practice (Gowthorpe and Amat 2005). They argued that this kind of dishonest accounting is devoid of fairness, equality, morality and respect for the rule of law, which they believe are social minimum acceptable for determining evidence. They also separated dishonest conduct into two categories: a) macro manipulation, which involves forcing regulators to issue beneficial enabling policies based on available doctored accounts in the form of Goodwill accounting, and b) micro manipulation, which involves manipulating accounting data to create a biased perspective at the enterprise level. On the other hand, both forms were frowned upon as religiously repulsive colours of fraudulent accounting.

Proof of imaginative accounting practice has been found all around the world (Sen and Inanga 2005; Ajayi, 2019). (Izeze, 2008), for example, found signs of innovative accounting in the Nigerian oil industry's books. According to Conner (1986) in the ageless study he carried out, imaginative accounting can easily lead to misleading advertising because it instils a false, yet believable facade that the company to which the falsified accounting records relate is performing well and successful, when in fact it is not. (Sen and Inanga 2005) and (Ayo and Ajayi, 2019).

Rationale for Creative Accounting

Creative accounting is used for a variety of reasons, including covering up theft, dishonest misrepresentation for a fictitious over-bloated share price transaction or ownership transition and so on. Accounts are often times cooked up to meet the needs of a peculiar group of auditors and accountants. According to Schiff (1993), members of the public who are investing should be very cautious in the taking a company's financial statements for it because they might just as well be buying a lie and billed to lose their investment. He claimed that the EPS, earnings per share or the amount paid by investors when they spend their money, could easily be increased. Counting own sub-company's profits and net worth as separate acquisition, cutting down on obligations, capitalizing costs in lieu of paying them down and concealing underlying pension obligations are just a few of the options available. According to a survey conducted with over 1,400 Australian Accountants conducted by Leung and Cooper (1995-2018), innovative accounting is a more difficult and widespread accounting challenge than the evasion of tax. (Merchant and Rockness 1994) conducted their own study into the motivations for cooking up accounts and discovered that creative accounting motivated by strong self-interest and conflict of interest received more criticism than creative accounting motivated by furthering the company's cause. It is frequently 'forgiven' if the motivation was a business goal rather than the offender's own self-interest. Similarly, accountants are typically tougher on accounting code violations than on transaction manipulation.

Gap in Literature Contribution

This study sought to conduct the critical evaluation of the relationship between creative accounting and corporate governance as well as the extent of their effect on the performance of oil companies in Nigeria, after reviewing the literature on the asymmetry of information and the management of earnings, creative accounting and corporate governance, unprofessional standards, lack of ethics and performance of the company. It should be understood that the Directors and management are saddled with the responsibility of running the company well and that the financial statements are not tampered with or any shade of creative accounting employed. The Code of Corporate Governance and other extant legislations governing and relating to corporate behaviour, such as CAMA, 2004 ISA 2007 as amended, provide little defense in cases such managers are deeply engaged in deliberate deception and bribery. As a result, it is proposed that forensic accounting be used by auditors in the course of cross-

checking financial accounts of oil companies in order to distinguish deception from error by detecting the presence of purpose and motivation. In a similar vein, government agencies such as SEC, the Securities and Exchange Commission, NNPC, the Nigerian National Petroleum Corporation, DPR, the Department of Petroleum Resources, CAC, the Corporate Affairs Commission, FIRS, the Federal Inland Revenue Service, NSE, the Nigerian Stock Exchange Commission are also said to need to conduct more surveillance, monitoring and supervision in order to properly check and look out for fraud. Strict sanctions that ascribes criminal culpability to the Directors, beyond the veil of corporate legal personality is equally strongly suggested to serve as deterrence to future defaulters who intend to use creative accounting as a corporate governance tool for clandestine, unwholesome and unsustainable economic advantages.

Summary of Findings on the Relationship between Creative Accounting and Corporate Governance

In summary, it was found that those who guard the gate are themselves deserving of some measure of controls, checks and balances, faced with the critical mission of removing intelligence asymmetry. These guarded guards, mostly directors of the companies are often found to carry out a lot of manipulations to 'set the records straight'.

Equally, it was revealed that the aim of corporate governance tool is to significantly eliminate information asymmetry and ensure that financial reports are imbued with best accounting practices while the financial records of the company remain correct, "uncooked," and "undoctored." However, there is a substantial level of trust placed on the directors to run the company well or do their best in the best interests of the providers of the capital used to run the company and therefore set sustainable corporate objectives of real time profits as a result of improved business strategies that is devoid of unprofessional deceitful practices, professional company administration and insist on sure-footed corporate sanity, but this has not been the case most of the times regrettably.

Concluding Remarks

Corporate Governance includes valid processes such as lively prudential oversight and efficient oversight, functional transparency structures, correct and credible accounting financial reporting systems, adequate savings deposit security scheme and effective marketing policy embodied in the wills and directives of firms in order to safeguard the company's interests. This study therefore further concludes that there is no guarantee those who are in charge of corporate governance as Directors who employ creative accounting will be able to do the best they can to create strategic and financial performance for Nigerian firms, most especially as better decisions are needed for stimulating the economy.

Also, in order to keep the wheels of corporate governance spinning, those in charge (Directors) participate in different ways of insider dealing and creative accounting in some situations. As a result, many of these companies, especially in Nigeria, used creative accounting to get around regulatory checks by either reducing profits to mitigate tax burdens or claiming exaggerated profits to entice potential shareholders. As a consequence, in an effort to solve one problem, they create more problems in its wake.

Recommendations

It is recommended that establishing a corporate governance code for the oil and gas sector is essential because of the sensitivity of the sector. The Corporate Affairs Commission, CAC and the Department of Petroleum Resources, DPR are equally enjoined to initiate a distinct Guide for the Governance of Corporate Actions for the Oil and Gas sector in the Nigerian business

space, similar to how the Central Bank of Nigeria, which has supervisory powers over the administration of commercial banks in Nigeria drafted the CCGBN- the Code for Corporate Governance for the regulation of Banks' boardroom in Nigeria during the sector's restructuring era. (Code of Corporate Governance for Banks and Discounted Institutions, 2019.

It is equally hereby recommended that ethical conduct, organizational transparency, accountability and probity be inculcated as an integral policy architecture for corporate governance in Nigeria's oil industry and that the concept of separation of powers must be adopted to corporate governance if sustainability, lack of corporate impunity and a culture of unethical conduct in the boardroom would not be occasioned.

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