

## **Moderating Effect of Whistleblowing Disclosure on Tax Manipulation and Shareholders' Value of Listed Deposit Money Banks in Nigeria**

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### **Abstract**

*The main objective of the study is to examine moderating effect of whistleblowing disclosure on Tax manipulation and shareholders' value of listed deposit money banks in Nigeria. The study adopted an ex-post facto design, which involves analyzing past events to ensure a comprehensive examination of the research topic. To gather the data, a census sampling technique was applied, selecting all 14 listed deposit money banks from the Nigerian Exchange Group (NGX). The data covered financial statements from 2014 to 2024. For analysis, regression analysis was used, with the Ordinary Least Squares (OLS) regression method specifically employed to assess the impact of creative accounting on shareholders' value in Nigerian listed deposit money banks. The analysis was conducted using STATA 17. The decision to use OLS regression was made due to its ability to minimize residual sums of squares while offering a straightforward and effective methodology. The finding shows that Tax manipulation and changes in accounting policies have similarly been shown to distort the reliability of financial statements, leading to misallocations of resources and poor investment decisions. The study also found that the presence of whistle-blowing mechanisms plays a crucial role in moderating these negative effects. Effective whistle-blowing disclosure enhances corporate transparency, holds managers accountable, and can act as a deterrent against unethical accounting practices, thereby protecting shareholder value. Based on the findings and conclusions of this study, the study recommended that Tax avoidance practices should be more closely monitored, with specific focus on ensuring that tax policies are applied transparently and consistently. Regulators should enhance the scrutiny of deferred tax assets, off-balance-sheet financing, and other tax-related manoeuvres to ensure they are not used to manipulate financial outcomes. Any attempts at aggressive tax planning should be penalized to prevent manipulation and The Nigerian government should enact and enforce stronger protection laws for whistle-blowers in the banking sector. This includes legal protections to ensure that individuals who report financial misconduct are not subjected to retaliation, harassment, or job loss. Encouraging a culture of transparency through such protection will further bolster the role of whistle-blowing in mitigating the effects of creative accounting.*

**Keywords:** Tax manipulation, Shareholders' value, Deposit Money Banks, Whistleblowing Disclosure

### **1. Introduction**

Tax manipulation involves using accounting strategies to reduce tax liabilities, sometimes at the expense of transparent reporting. Francis et al. (2021) and Fakile (2021) highlighted that banks in Nigeria often relied on deferred tax assets or artificial deductions to enhance earnings, which increased regulatory scrutiny and reduced investor trust when uncovered. The extent of this effect

depend on the efficacy of current governance mechanisms such as the 2024 and 2018 Code of Corporate Governance which include the whistleblowing that is intended to protect the shareholder interests. The Whistle-blowing disclosure serves as a governance mechanism that deters unethical behavior by enabling employees and other insiders to report financial misconduct confidentially. It involves the internal or external reporting of unethical or illegal practices within an organization, and its disclosure can serve as a powerful deterrent against the abuse of accounting discretion, (Bankole, et al 2018). The presence of effective whistleblowing mechanisms can deter or limit management from engaging in deceptive or Tax manipulation by increasing the rate of detection, risk of exposure, sanction and accountability.

The Disclosure of whistleblowing outcomes may also enhance the credibility of banks financial reports and corporate governance frameworks, signaling to investors that the bank is committed to ethical practices thereby preserving or restoring investor confidence and protecting shareholder value. Studies by Dyck et al. (2010), Miceli et al. (2023), and Kaptein (2023) have emphasized the role of whistle-blowing in improving market confidence and protecting firm value. In the Nigerian context, Olayungbo & Akinbobola (2023) and Fatoki & Oni (2021) found that the presence of whistle-blower frameworks contributes to transparency and reduced stock volatility. The moderating role of whistleblowing disclosure thus lies in its ability to curb or mitigate the negative impact of Tax manipulation on shareholders' value by promoting ethical behavior and ensuring corrective actions are taken before the damage becomes irreversible, (Fizza, 2015). This is particularly in environments with high incidences of earnings manipulation and regulatory arbitrage, such as Nigeria, whistleblowing disclosure may serve as an effective deterrent and corrective tool against creative accounting.

Theoretically, the relationship between creative accounting and shareholders' value is underpinned by several key frameworks. The Agency Theory explains that managers (agents) may manipulate accounting information such as earnings to serve their interests rather than those of shareholders (principals), exacerbating agency conflicts (Jensen & Meckling, 1976). Positive Accounting Theory suggests that managers use accounting choices strategically to influence reported earnings for personal or organizational benefit (Watts & Zimmerman, 1986). The Stakeholder Theory expands the focus beyond shareholders, highlighting the impact of creative accounting on multiple stakeholders including creditors, employees, and regulators (Freeman, 1984). Legitimacy Theory emphasizes that organizations engage in creative accounting to maintain societal approval or legitimize their existence (Suchman, 1995). While the Signalling Theory interprets financial disclosures as signals to investors, where creative accounting distorts these signals, affecting investment decisions. The Stewardship Theory contrasts agency theory by assuming managers act as responsible stewards, suggesting that whistleblowing may be critical to aligning these interests.

Previous studies such as (Drury, 2015, Hamel, 2022, Iredele, 2022, Lui, 2020, Okoye & James 2020, Omesì & Ordu 2021) have examined the effect of Tax manipulation on Shareholders Value. Most of these studies various studies have investigated aspects of creative accounting and its influence on firm performance and market perception. However, many of these studies focus on developed economies with robust enforcement mechanisms. In developing economies like Nigeria, fewer empirical (Abed, et al 2022, Adaramola 2024) studies have assessed the direct effect of specific Tax manipulation on shareholder value. Most of these studies focus on single techniques (such as earnings management) without integrating a comprehensive range of Tax manipulation. There is also a paucity of studies that consider the moderating role of whistleblowing disclosure,

particularly within the banking sector of Nigeria. As the existing literature often lacks depth in evaluating the interactive effects of governance mechanisms such as whistle blowing on the creative accounting and shareholder value nexus.

The persistent use of these strategies undermines faithful representation of financial statements, misleads stakeholders, and compromises sound corporate governance. This poses a significant threat to the sustainable creation of shareholder value, particularly in contexts where regulatory institutions are under-resourced or compromised, (Lekaram, 2024). Furthermore, the continued prevalence of creative accounting despite strengthened regulatory frameworks raises concerns about the effectiveness of such reforms in deterring unethical financial practices. Although the 2018 Code includes whistleblowing disclosure mechanisms intended to detect and prevent misconduct, their actual impact on curbing creative accounting remains under-researched. Specifically, there is limited empirical evidence on whether whistleblowing mechanisms significantly moderate the relationship between creative accounting and shareholder value, (Garba, 2024).

While existing studies such as, (Bhasin, 2015, Branka, et al 2018, Fizza, & Malik, 2015, Salomen et al, 2018,) have contributed to the body of knowledge on creative accounting and shareholder value, several critical gaps persist. Many of these studies treat creative accounting as a broad or homogenous concept, yet it encompasses a variety of distinct techniques, including earnings management (Dechow et al., 2022; Okolie, 2024), income smoothing (Tucker & Zarowin, 2016), inventory manipulation (Mulford & Comiskey, 2022), related-party transactions (Gordon et al., 2004), capitalization of expenses (Callao & Jarne, 2020), and asset manipulation (Jones, 2011). The lack of disaggregated analysis limits understanding of the specific pathways through which each technique affects shareholder value.

Furthermore, many existing studies overlook the interaction between creative accounting and regulatory frameworks. For example, Uadiale (2022) points out that despite Nigeria's adoption of IFRS, inconsistencies in application and weak enforcement still permit the persistence of manipulative accounting practices. This study contextualizes the issue within Nigeria's evolving regulatory landscape, offering a holistic perspective. Finally, much of the current literature relies on perception-based surveys or general financial ratios that may not fully capture the impacts of specific creative accounting strategies on shareholders' value. The main objective of the study is to examine moderating effect of whistleblowing disclosure on Tax manipulation and shareholders' value of listed deposit money banks in Nigeria. The specific objectives were to: Evaluate the effect of tax manipulation on shareholders' value in listed deposit money banks in Nigeria. AND examine the moderating effect of whistleblowing disclosure on the relationship between tax manipulation and shareholders' value in listed deposit money banks in Nigeria.

## **2. Review of Related Literature**

### **Shareholders' Value**

Shareholders' value refers to the return or benefit derived by equity holders as a result of their ownership in a company. It encapsulates the increase in the value of a shareholder's investment over time, reflecting both capital gains (i.e., appreciation in stock price) and income streams (i.e., dividends) received from the firm. As such, maximizing shareholders' value is considered a

principal objective of modern corporate governance and strategic financial management (Jensen, 2021).

The concept of shareholder value has evolved beyond mere profitability. It now encompasses the long-term sustainability of returns, trust in corporate governance, and confidence in financial transparency. Shareholders assess both current and future earning potential, which hinges heavily on the integrity of financial reports (Odoma, 2022). In the presence of creative accounting, the reported financial outcomes may not reflect the economic reality of a firm's performance. For example, earnings may be temporarily inflated through income smoothing or delayed expense recognition to create an illusion of profitability or stability (Ali, 2021; Jilbrin, 2022). While such manipulations may result in short-term increases in stock prices and perceived value, they often undermine long-term shareholder confidence and market integrity once the manipulations are uncovered.

Moreover, corporate scandals such as Enron, WorldCom, and, locally, Oceanic Bank and Intercontinental Bank in Nigeria, highlight the devastating consequences of misleading financial reporting on shareholders' wealth. These events emphasize the importance of transparent, fair, and faithful representation in financial reporting for protecting and enhancing shareholders' value. In Nigeria, shareholders are becoming increasingly aware of their rights and the importance of accurate financial disclosures. However, limited financial literacy, inadequate investor protections, and weak enforcement mechanisms still place them at risk. Listed deposit money banks in Nigeria are mandated to adhere to the IFRS framework, yet the prevalence of creative accounting remains a concern (Friday, 2025). While short-term manipulations might satisfy quarterly earnings expectations or regulatory benchmarks, they undermine the long-term sustainability of firm value. A firm that routinely engages in aggressive accounting practices may face regulatory sanctions, reputational loss, legal actions, and declining investor confidence all of which reduce market valuation and shareholder returns (Zgarni et al., 2026).

### **Tax Manipulation**

Tax manipulation, often referred to as aggressive tax planning or tax avoidance, is a form of creative accounting that involves using legal and sometimes borderline-illegal strategies to minimize a company's tax liabilities. While companies are entitled to manage their tax obligations within the limits of the law, tax manipulation becomes problematic when firms distort financial reports, engage in transactions lacking economic substance, or exploit regulatory loopholes purely to reduce taxes, thereby undermining tax fairness and earnings quality (Hanlon, 2024). In the context of creative accounting, tax manipulation is not just a matter of tax policy but also a tool for earnings management, as companies often adjust taxable income to align with targeted accounting profits or to reduce tax expenses in financial statements (Ahmed, 2025). The relationship between tax manipulation and shareholders' value is complex. On one hand, minimizing tax obligations may lead to higher after-tax earnings and greater distributable profits, which could temporarily boost dividends and stock prices. However, in the long term, aggressive tax practices can backfire.

Hanlon, (2020) argue that markets penalize firms that are perceived to engage in excessively aggressive tax avoidance due to the risk of enforcement, unpredictability of tax positions, and reputational concerns. Likewise, Omale, (2023) posit that the net benefit of tax manipulation depends on the firm's governance structure poorly governed firms tend to use tax savings for managerial rent-seeking, reducing firm value. In Nigeria, where corporate governance challenges,

regulatory arbitrage, and tax administration inefficiencies persist, tax manipulation has become a prominent creative accounting tool, especially in the banking industry. Banks may use provisions for loan losses, reclassification of investment incomes, and adjustments to deferred tax assets or liabilities to alter their effective tax burden. Studies such as Adegbe and Fakile (2021) and Obigbemi et al. (2022) highlight that some listed Nigerian banks report unusually low effective tax rates or large deferred tax assets, suggesting deliberate efforts to manage tax liabilities through accounting adjustments. Additionally, Uwuigbe et al. (2024) report that listed banks in Nigeria often engage in tax-motivated earnings management by shifting profits across subsidiaries, especially those operating in less-regulated or tax-incentivized sectors.

Frank, Lynch, & Rego (2009) find that firms that engage in tax aggressiveness are also more likely to manipulate earnings and experience lower quality of reported profits. Daniel, (2019) provide empirical support for the “governance hypothesis,” showing that tax avoidance destroys firm value in weakly governed firms. Richardson et al. (2013) conclude that aggressive tax behavior increases the risk of earnings restatements and reduces the persistence of earnings, thus lowering shareholders' trust.

Obigbemi et al. (2022) document a statistically significant relationship between tax manipulation and reduced audit quality in Nigerian deposit money banks. Tax manipulation, though often framed as legal tax planning, becomes a deceptive accounting tool when exploited to mislead stakeholders about a firm's financial performance. In the banking sector, where trust, transparency, and regulatory compliance are paramount, tax manipulation can severely distort shareholder perceptions and erode firm value. Effective oversight by tax authorities, increased transparency in tax disclosures, and stronger governance mechanisms are essential in curbing this form of creative accounting and protecting investors' interests.

### **Whistle-Blowing Disclosure**

Whistle-blowing has emerged as a critical tool for enhancing corporate transparency, accountability, and ethical behavior, particularly in the banking sector where risks of fraud and regulatory infractions are high. In Nigeria, the banking industry, governed primarily by the Central Bank of Nigeria (CBN), has faced challenges relating to financial misconduct, poor risk management, and unethical practices. Against this backdrop, whistle-blowing disclosure serves as an internal control mechanism that enables stakeholders to report fraudulent, unethical, or illegal behavior within the organization, (Musa et al 2025). This study discusses the concept, significance, regulatory framework, and empirical evidence related to whistle-blowing disclosures in Nigeria's Deposit Money Banks (DMBs).

Whistle-blowing refers to the act of exposing wrongdoing within an organization by reporting it to internal or external authorities. Whistle-blowing disclosure, particularly in deposit money banks, is a structured reporting mechanism that allows employees, customers, or third parties to reveal fraudulent or unethical practices (Oko, 2023). It can be either internal (reported within the organization) or external (reported to regulators or the public). Whistle-blowing disclosures can cover a wide range of issues including financial impropriety, breach of internal controls, regulatory violations, and insider trading.

In the Nigerian banking context, the Central Bank of Nigeria (CBN) mandates DMBs to establish robust whistle-blower policies with confidential channels for reporting misconduct (CBN, 2024). This aligns with global best practices in corporate governance and risk management.

### Conceptual Framework

A conceptual framework is a visual or narrative structure that outlines the key concepts, variables, and their presumed relationships in a study. It provides a logical foundation for the research by connecting the theoretical background to the research objectives and methodology. Essentially, it is a blueprint that helps guide the study by clearly showing what is being studied, why it is being studied, and how the variables interact.

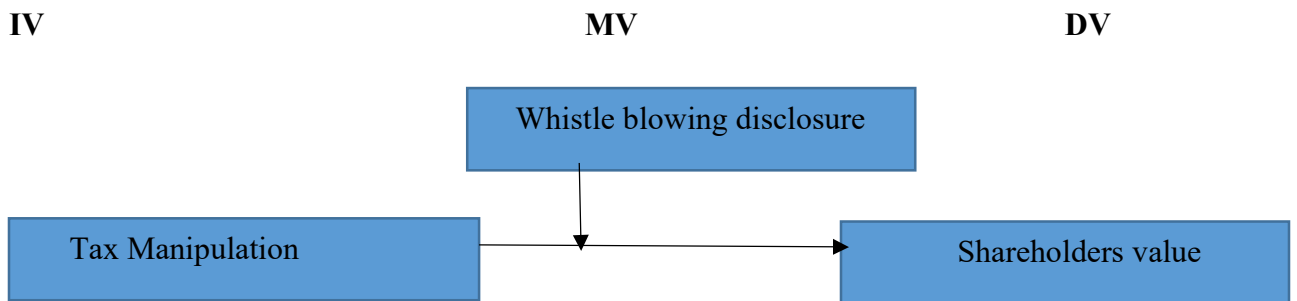


Figure 1: Conceptual Framework

Source: Researchers (2026)

The core assumption is that various Tax manipulation may affect shareholders' value, either positively or negatively. Whistle-blowing disclosure is expected to moderate this relationship by enhancing transparency and deterring unethical financial manipulations. For instance, even if earnings management is present, strong whistle-blowing systems could mitigate its adverse impact on shareholders by increasing the probability of detection and corrective action. The model thus allows for the testing of both direct effects ( $H_{01}$ – $H_{06}$ ) and interaction effects ( $H_{07}$ ).

### Theoretical Framework

Understanding the theoretical foundations for the study on creative accounting and its effect on shareholders' value is essential for situating this study within academic and practical contexts. Several interrelated theories offer insights into why managers engage in Tax manipulation and how such actions affect the value received by shareholders.

Theory and Theorists was Developed by Freeman (1984), Stakeholder Theory asserts that businesses are accountable to all parties affected by their actions not just shareholders. Managers may adopt creative accounting strategies to balance competing interests of stakeholders such as regulators, customers, employees, and investors. This can involve income smoothing, delay impairments, or manipulating reserves to project organizational stability.

Roberts (1992) emphasized the difficulty in balancing the interests of multiple stakeholders simultaneously. Donaldson and Preston (1995) acknowledged the theory's strength in moral argumentation but noted the lack of operational guidelines. Gray et al. (1996) criticized the theory

for being too broad, often lacking clarity on stakeholder prioritization. In Nigeria, deposit money banks may engage in creative accounting not solely to mislead, but to meet perceived stakeholder expectations from preserving public trust to satisfying CBN requirements thereby indirectly affecting shareholder value.

### **Empirical Reviews**

This section reviews prior empirical works on the effect of Tax manipulation on shareholders' value. This is to provide a foundation for the current research and to identify research gaps, methodological issues, and opportunities for further investigation. These studies are reviewed based on the objectives of the study thus:

Francis et al. (2025) examined how aggressive tax planning practices affect firm performance and shareholders' perception, particularly in highly regulated sectors such as banking. The study employed panel data from multinational and emerging market banks, including Nigeria, covering the period from 2010 to 2020. Their analysis found that aggressive tax strategies such as shifting income, exploiting tax havens, and using intricate deferred tax instruments often resulted in short-term improvements in reported earnings. However, these gains were largely superficial and not accompanied by actual improvements in operational efficiency. The study revealed that when tax savings appeared inconsistent with core business performance, they triggered regulatory audits and shareholder skepticism. Investors became wary of the quality of reported earnings, especially when effective tax rates (ETRs) fluctuated sharply without clear justification. The study emphasized that tax manipulation undermines long-term shareholder value by compromising earnings quality, eroding investor confidence, and exposing firms to regulatory penalties.

Danjuma (2025) explored the link between corporate governance weaknesses and tax manipulation in Nigerian banks. Using data from 10 deposit money banks between 2013 and 2020, the study employed a structural equation modeling (SEM) approach to assess the effect of weak governance structures on tax aggressiveness and shareholder outcomes. The study found that in firms with weak governance characterized by CEO duality, insider-dominated boards, and lack of audit committee independence tax savings were not reinvested to enhance shareholder returns. Instead, such savings were used to fund excessive executive compensation and entrench management control. This diversion of economic benefit resulted in low shareholder returns and diminished firm valuation over time. The study highlighted that while tax savings could increase after-tax income, in the absence of governance accountability, they became a form of managerial rent extraction. The study recommended strengthening board oversight and aligning tax strategies with long-term value creation for shareholders.

Dorathy et al. (2025) examined the use of deferred tax assets (DTAs) and timing differences as mechanisms for tax-related earnings manipulation among Nigerian banks. Their analysis focused on how banks reported deferred tax items in periods of earnings volatility, using data from 2024 to 2020. The study found that banks exploited temporary differences in asset revaluation, loan provisioning, and expense recognition to inflate earnings through deferred tax gains. While this improved the appearance of profitability in the short term, it led to valuation corrections once the deferred tax benefits reversed or were written down. Additionally, frequent reliance on DTAs was found to reduce earnings quality and increase the discrepancy between accounting profits and taxable income. This raised red flags among investors and analysts, who discounted the affected firms' valuation metrics. The study concluded that improper use of DTAs contributes to earnings

opacity and undermines shareholder value, especially when tax benefits are not grounded in sustainable business activity.

In this study, Fakile (2025) assessed how tax manipulation affects earnings quality and the predictability of shareholder returns. The research employed a cross-sectional analysis of listed banks in Nigeria from 2012 to 2019, using effective tax rate (ETR) volatility as a proxy for tax manipulation. The results showed that frequent and unexplained variations in ETRs were associated with poor earnings quality and made it difficult for shareholders to assess the sustainability of reported profits. In turn, this reduced the reliability of key valuation tools like price-to-earnings ratios and dividend payout forecasts. The study concluded that tax manipulation, while often perceived as a cost-saving measure, disrupts long-term financial planning for investors, encourages stock volatility, and weakens shareholders' valuation accuracy. Fakile recommended that tax disclosures be disaggregated to show clearly how savings are derived and whether they are tied to real investment or operational efficiency.

### 3. Methodology

The study adopted an ex-post facto design, which involves analyzing past events to ensure a comprehensive examination of the research topic. To gather the data, a census sampling technique was applied, selecting all 14 listed deposit money banks from the Nigerian Exchange Group (NGX). The data covered financial statements from 2014 to 2024. For analysis, regression analysis was used, with the Ordinary Least Squares (OLS) regression method specifically employed to assess the impact of creative accounting on shareholders' value in Nigerian listed deposit money banks. The analysis was conducted using EViews 9 software. The decision to use OLS regression was made due to its ability to minimize residual sums of squares while offering a straightforward and effective methodology

### 4 Result and Discussion

This section presents the descriptive statistics of the dependent and independent variables and the regression results for the study.

For data analysis, several steps were taken to make sense of the data per the study's objectives. The descriptive statistics provided for the variables. Tax Manipulation (TM), Whistle Blowing Disclosure (WBD), and Shareholders' Value (EPS) offer valuable insights into their distribution and central tendencies.

#### Descriptive Statistics

Variables	Min.	Max.	Mean	SD	Skewness	Kurtosis	Obs
TM	0.053	0.198	0.120	0.051	0.359	1.125	140
WBD	51	91	65.5	0.468	0.511	1.431	140
WBD*TM	1.053	91.198	46.1255	0.021	0.243	1.225	140
EPS	5.457	13.772	10.650	2.794	0.272	1.036	140

Source: STATA OUTPUT 2026

For TM, the values range from 0.053 to 0.198, with a mean of 0.120 and a standard deviation of 0.051. The skewness of 0.359 indicates a slight rightward skew, and the kurtosis value of 1.125 suggests the distribution is flat. This variable has 140 observations. WBD varies from 51 to 91,

with a mean of 65.5 and a standard deviation of 0.468. The skewness of 0.511 and kurtosis of 1.431 indicate a distribution that is slightly right-skewed and somewhat platykurtic. This variable includes 140 observations. WBD\*TM ranges from 1.053 to 91.198, with a mean of 46.1255 and a very small standard deviation of 0.021. The skewness of 0.243 and kurtosis of 1.225 suggest a slightly right-skewed distribution with a relatively flat peak. This variable has 140 observations. Lastly, EPS has a minimum value of 5.457 and a maximum of 13.772, with a mean of 10.650 and a standard deviation of 2.794. The skewness of 0.272 indicates a slight rightward skew, and the kurtosis of 1.036 suggests a distribution close to normal. EPS also includes 140 observations.

### Correlation Matrix

The correlation matrix shows the relationships between the variables, providing insight into the degree of linear association between them.

**Correlation Matrix**

Var	EPS	TM	W*TM
EPS	1.		
TM	0.62	1.00	
W*TM	0.61	0.41	1.00

**Source: STATA OUTPUT 2026**

The correlation matrix shows the degree of association among EPS, TM, and the interaction term W\*TM. The relationship between EPS and TM is positive and moderately strong, with a correlation coefficient of **0.62**. This suggests that as TM increases, EPS also tends to increase. In practical terms, the result indicates that the two variables move in the same direction, although the relationship is not perfect. Similarly, EPS and W\*TM have a positive correlation of 0.61, showing that the interaction between W and TM is also moderately associated with earnings per share. This implies that the combined effect captured by W\*TM may have relevance in explaining changes in EPS. The correlation between TM and W\*TM is 0.41, which is positive but weaker compared to the other relationships. This suggests that while the interaction term is related to TM, the association is not excessively high.

### Hausman Test Results

The Hausman Test is a statistical test used to determine whether a Fixed Effects Model (FEM) or a Random Effects Model (REM) is more appropriate for a given dataset in panel data analysis. The test evaluates if the unique errors (or individual-specific effects) are correlated with the regressors in the model. If they are correlated, a Fixed Effects Model should be used; if not, a Random Effects Model is preferred.

**Hausman Test Results**

Test Statistic	Chi-Squared Value	Degrees of Freedom (df)	p-Value	Conclusion
Hausman Test	15.36	5	0.0095	Reject Null Hypothesis; Use Fixed Effects

**Source: Stata output 2025**

The Hausman Test results suggest whether a fixed effects or random effects model is more appropriate for your analysis. The test statistic (Chi-Squared Value) is 15.36, with 5 degrees of

freedom. The p-value is 0.0095, which is less than the typical significance level of 0.05. This means that we reject the null hypothesis, which generally implies that the random effects model is suitable. As a result, we conclude that the fixed effects model is more appropriate for the data

### Fixed Effect Model Regression

The regression model investigates the effect Tax Manipulation (TM), and their interaction terms with Whistle Blowing Disclosure (WBD) on Shareholders' Value (EPS) across 14 banks over 10 years (2015–2024).

Fixed Effect Model Regression without Moderator				
Dep. Var: EPS	Coefficient	Standard Error	t-Statistic	p-Value
EPS	2.345	0.987	2.88	0.039
TM	0.298	0.134	3.22	0.027
WBD	0.213	0.132	3.242	0.005
WBD*TM	4.143	0.654	2.76	0.007
R-squared				0.723
Within R-squared				0.811
F-Statistic				12.45
Prob (F-statistic)				0.000
Number of Observations				140
Number of Panels				14

Source: STATA OUTPUT 2026

The coefficient for EPS is 2.345, which means that for every one-unit increase in EPS, the dependent variable (EPS itself) increases by 2.345 units. The Standard Error is 0.987, indicating the precision of the coefficient estimate. The t-Statistic of 2.88 suggests the coefficient is statistically significant, and the p-Value of 0.039 is less than 0.05, confirming that this coefficient is statistically significant at the 5% significance level. This means that EPS is a significant predictor of itself in the model.

The coefficient for TM is 0.298, meaning that for each unit increase in time management, EPS increases by 0.298 units. The Standard Error is 0.134, and the t-Statistic of 3.22 shows statistical significance. The p-Value of 0.027 is less than 0.05, indicating that time management significantly influences EPS. This suggests that more effective time management positively impacts EPS. The coefficient for WBD is **0.213**, indicating that a one-unit increase in WBD results in a 0.213 increase in EPS. The Standard Error of 0.132 suggests moderate precision, and the **t-Statistic** of 3.242 shows strong significance. The p-Value of 0.005 is below 0.01, indicating that WBD has a statistically significant positive impact on EPS.

The coefficient for WBD\*TM is 4.143, meaning that the interaction between WBD and time management increases EPS by 4.143 units for each unit increase in both WBD and TM. The Standard Error is 0.654, and the **t-Statistic** of 2.76 is significant. The p-Value of 0.007 is below 0.01, suggesting that this interaction term also has a significant positive impact on EPS. The R-squared of 0.723 indicates that approximately 62.3% of the variation in EPS is explained by the model. This suggests a moderately strong fit. The Within R-squared of 0.811 indicates that the

model explains about 71.1% of the variation within the panels (individual units), suggesting a stronger fit for the panel data than the overall fit. The F-Statistic of 12.45 tests the overall significance of the model. With a p-Value of 0.000, it indicates that the model as a whole is highly significant. There are 140 observations and 14 panels, indicating the number of data points and individual entities included in the model. The table shows that all the variables and interaction terms, except for EM, are statistically significant at varying levels. The R-squared and F-statistic indicate that the model fits the data well and explains a significant portion of the variation in EPS.

## **Discussion**

Regarding Tax Manipulation (TM), the positive coefficient of 0.298 and the p-value of 0.027 suggest a significant positive effect on shareholder value. Tax manipulation allows companies to minimize their tax burdens, leading to increased profitability. If shareholders perceive the company as efficiently managing its tax obligations, they may reward the company with higher valuations. Agency Theory suggests that tax manipulation aligns the interests of shareholders and management by increasing profitability, but Stakeholder Theory warns that aggressive tax avoidance may harm the company's reputation in the long run. Desai and Dharmapala (2024) find that tax avoidance can increase profitability, which benefits shareholders in the short term. However, Chen et al. (2010) caution that such practices can lead to reputational damage and harm shareholder value in the long run. This shows the conflicting perspectives on tax manipulation, where short-term gains may not always lead to long-term shareholder value.

For Whistleblowing Disclosure (WBD), the positive coefficient of 0.213 and the p-value of 0.005 indicate a statistically significant positive impact on shareholder value. Whistleblowing disclosures increase transparency by revealing unethical practices within a company, which is valued by investors as it reduces the risks associated with potential fraud or mismanagement. Legitimacy Theory suggests that transparency improves a company's legitimacy, thereby boosting shareholder value, and Stakeholder Theory supports the idea that transparency benefits shareholders by aligning their interests with those of other stakeholders. Liu et al. (2009) argue that transparency through disclosures like whistleblowing improves corporate governance and enhances shareholder value. However, Gong (2016) suggests that while transparency may reduce perceived risks, it can also have unintended consequences, such as increasing perceived instability, which could have a negative effect on shareholder value. This presents a differing view on the impact of transparency, showing that while it generally supports shareholder value, its effect can vary depending on the context.

The coefficient for WBD\*TM is 4.143 with a p-value of 0.007, indicating a positive relationship between whistleblowing disclosure and tax management (TM), which positively impacts EPS. This result indicates that the presence of a whistleblowing system, in combination with effective Tax Manipulation practices, leads to better financial performance. Tax Manipulation refers to strategies that minimize a firm's tax burden while complying with the law. A transparent environment, encouraged by whistleblowing systems, ensures that tax-related strategies are ethically executed, leading to enhanced EPS. Agency Theory fits well with this finding, as it highlights the importance of transparent governance mechanisms like whistleblowing to reduce the agency problem. With better tax management, the firm can avoid penalties and optimize tax-related decisions, improving financial performance. Positive Accounting Theory (PAT) may argue that despite the presence of a whistleblowing system, managers could still engage in aggressive tax management strategies to

maximize personal utility, potentially harming the company in the long run. Gul et al. (2011) support the idea that whistleblowing systems can help reduce unethical tax practices, leading to better financial performance. Teng et al. (2019) also found that transparent governance practices contribute to more ethical Tax Manipulation which enhances firm profitability. Zhang et al. (2015) argue that despite transparency measures, managers may still engage in aggressive tax strategies that could distort earnings and ultimately hurt shareholders in the long term.

## 5. Conclusion and Recommendations

This study has provided a comprehensive analysis of the effect of Tax manipulation on shareholders' value in listed deposit money banks in Nigeria. The research aimed to uncover the nuanced ways in which various creative accounting techniques, such as income smoothing, earnings management, related party transactions, and changes in accounting policies, and tax manipulation, impact shareholder wealth. Furthermore, it investigated the role of whistle-blowing disclosure as a moderating factor in curbing the negative effects of these practices.

Tax manipulation and changes in accounting policies have similarly been shown to distort the reliability of financial statements, leading to misallocations of resources and poor investment decisions. The study also found that the presence of whistle-blowing mechanisms plays a crucial role in moderating these negative effects. Effective whistle-blowing disclosure enhances corporate transparency, holds managers accountable, and can act as a deterrent against unethical accounting practices, thereby protecting shareholder value.

Based on the findings and conclusions of this study, several recommendations are made to enhance the integrity of financial reporting and safeguard shareholders' value in the Nigerian banking sector:

- i. **Tighter Regulations on Tax Manipulation.** Tax avoidance practices should be more closely monitored, with specific focus on ensuring that tax policies are applied transparently and consistently. Regulators should enhance the scrutiny of deferred tax assets, off-balance-sheet financing, and other tax-related manoeuvres to ensure they are not used to manipulate financial outcomes. Any attempts at aggressive tax planning should be penalized to prevent manipulation.
- ii. **Encouraging Whistle-blower Protection Laws.** The Nigerian government should enact and enforce stronger protection laws for whistle-blowers in the banking sector. This includes legal protections to ensure that individuals who report financial misconduct are not subjected to retaliation, harassment, or job loss. Encouraging a culture of transparency through such protection will further bolster the role of whistle-blowing in mitigating the effects of creative accounting

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