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Abstract

The fraudulent activities have resulted in significant financial losses for the companies, amounting to millions or billions of globally. Furthermore, financial statements fraud significantly undermines the credibility of financial reports and assertions. Fraud in financial statement entails significant manipulation of financial statements with the intention of deceiving users. Despite the contributions of prior studies that sought to determine the CEO demographics and financial statements fraud relationship, the findings are incongruent. Additionally, the study determined whether board gender diversity moderates the relationship between. A sample of 62 listed firms in East Africa partner states. Panel data for the period 2012 -2023 was used. Data was handpicked from financial reports and the study employed the F-score model to measure financial statements fraud. While the hypotheses were tested using probit regression. The findings revealed that CEO age and financial expertise had a negative effect on FSF. While, CEO tenure and gender had a positive effect on FSF age. Finally, the findings revealed that board gender diversity moderated the relationship between CEO age, CEO gender, CEO financial expertise, CEO tenure and FSF. The findings of this study may inform corporate governance setters in developing codes that mitigates the likelihood of firms engaging in fraudulent financial reporting practices. This study was limited to listed firms in EAC, future studies may consider other regions.

Keywords: *CEO Demographics, East Africa, Financial Statements Fraud, Board Gender Diversity*

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1. Introduction

The issue of financial statement fraud has garnered significant attention from the general public, media, and regulatory bodies. The prominent scandals, such as Enron, Qwest, and Lehman Brothers, caused a decrease in public confidence in capital markets (Throckmorton et al., 2015). According to Report to The Nation (ACFE, 2020), fraudulent practices have occurred in 125 countries with 2,504 cases, and have caused losses in global projections reaching 5% of turnover each year with a median nominal loss of US$3.6 billion. These fraudulent practices have a significant impact on organizations and industrial sectors in the world, especially the mining sector. The survey results show that the highest losses due to fraud are in the mining industry, amounting to US$475,000Kenya, classified as a developing economy, is reputed to be at the forefront of corruption and is globally recognized for its high prevalence of occupational fraud, a significant kind of corporate misconduct, with a rate of 66%. This rate is approximately double the global average of 34% (Kimani, 2015). The rise in fraud rates has exerted significant influence on both governmental and non-governmental groups, leading to a substantial impact on the economic environment (Opiyo, 2017).

The fraudulent activities have resulted in significant financial losses for the companies, amounting to millions or billions of Kenyan Shillings. Examples of these companies include Kenya Airways Ltd., which incurred a loss of Ksh. 10 billion, Uchumi Supermarkets Ltd., which suffered a loss of Ksh. 226 million, Mumias Sugar Co. Ltd., which experienced a loss of Ksh. 3.4 billion, and Eveready East Africa Co. Ltd., which recorded a loss of Ksh. 248 million (Kinyua, Gakure, Gekara & Orwa, 2015).

As the agents of the company, CEO and CFO are at the heart of financial reporting. Studies have associated CEOs with corporate misreporting and unethical manipulation of earnings (Buchholz, Lopatta & Maas, 2020). For instance, in the United States, the Chief Executive Officer (CEO) of Tyco, Kozlowski, engaged in fraudulent practices to artificially inflate the company's earnings. This unethical behavior led to a staggering decrease of $100 billion in the market value of the firm, surpassing even the total loss incurred by Enron (Troy et al., 2011). India experienced another case known as the Satyam scandal. The CEO of Satyam assumed full accountability for the accounting misappropriations, as he manipulated the financial records to present the company as a larger entity with a more rapid growth rate and greater profits than it actually possessed. The Satyam scandal sparked a debate regarding the role of a CEO in leading a company to great success (Bhasin, 2016). The upper echelons theory posits that the background qualities and experiences of CEOs can have an impact on their decision-making and subsequently affect the outcomes of the firm (Osei Bonsu, Liu & Yawson, 2023). Although previous research has identified several important factors that influence international behavior, according to the upper echelons theory. These factors include age (Troy et al., 2011; Huang et al., 2012), tenure (Borgi, et al., 2021), the gender of the CEO (Masruroh & Carolina, 2022) and the CEO education (Le et al., 2020). Nevertheless, the limited management proficiency (Graves & Thomas, 2006) and the CEO's reluctance to take risks (Fernández & Nieto, 2006; Gallo & Pont, 1996) are identified as factors that restrict the internationalization process. The board gender diversity is a crucial mechanism that aids a corporation in achieving its strategic objectives (Wang, Yu, & GAO, 2022). The inclusion of board gender diversity will enable the firms to ensure the efficient and effective management of financial matters. Board gender diversity, as proposed by agency theory, is anticipated to facilitate effective

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monitoring and thereby mitigate the agency problem. Prior research has acknowledged that board gender diversity would facilitate vigilant oversight of managers' opportunistic conduct and enhance the quality of financial reporting. This study aims to assess whether board gender diversity moderates the association between CEO demographics and financial statement fraud in listed firms in East Africa Partners State.

The rest of the paper is organized as follows: Section 2 discusses the theoretical foundation and hypotheses development. Section 3 presents the methodology. Section 4 discusses the findings. Section 5 concludes.

2. Theoretical review and hypotheses development

Agency theory, a fundamental concept in corporate governance, explores the relationship between principals (shareholders) and agents (CEOs) within organizations. It suggests that conflicts of interest arise when agents, entrusted with decision-making authority, pursue their interests over those of the principals, potentially leading to agency problems such as moral hazard or adverse selection (Jensen & Meckling, 1976). Agency theory provides valuable insights into how attributes such as age, gender, education, and tenure influence CEO behavior and the likelihood of engaging in unethical or fraudulent activities.

Agency theory posits that CEO characteristics, such as age, gender, education, and tenure, affect their behavior and decision-making processes within organizations (Fama & Jensen, 1983). Older CEOs may exhibit risk-averse behavior, prioritizing organizational stability over short-term gains, which can mitigate agency problems related to managerial opportunism or excessive risk-taking (Serfling, 2014). However, age-related cognitive decline or entrenched leadership may also lead to complacency or resistance to change, potentially increasing the likelihood of agency problems such as managerial entrenchment or empire-building (Finkelstein & Hambrick, 1996). Gender diversity in CEO positions is a key aspect of agency theory, influencing leadership dynamics, communication styles, and stakeholder perceptions within organizations (Eagly & Carli, 2007). Female CEOs may bring different perspectives and leadership approaches compared to their male counterparts, potentially impacting agency relationships and decision-making processes (Carter et al., 2003). Research suggests that gender-diverse leadership teams are associated with improved decision-making and financial performance, which can mitigate agency problems such as groupthink or overconfidence (Rao & Tilt, 2016). Prior studies have demonstrated that the CEO's age can be associated with the rationalization of committing fraud. However, the findings are inconclusive. For example, Troy et al. (2011), Huang et al. (2012) found that older CEO is less likely to commit fraud. They argued that older CEOs are often more knowledgeable and more likely to lose if they fail to carry out their monitoring duties. Also, as the CEO aged, they often get more ethical and more conservative because of the more prolonged exposure to traditional culture and customs (Mudrack, 1989). Ghodrati Zoeram et al., (2021) examine the effect of a CEO's gender criteria on the financial statement fraud of the firm. The sample consists of 86 firms listed in Tehran Stock Exchange over the years 2013-2017. Data are tested using the logistic regression model. The results of the study showed that the CEO's gender diversity increases the financial statement fraud of the company. Luo et al., (2020) investigated the impact of CFO gender on financial-reporting-related corporate fraud. They hypothesized that firms with female CFOs are less likely to commit risky and unethical fraud than otherwise similar firms with male CFOs. Masruroh and Carolina (2022) analyzed the influence of CEO characteristic factors on indications of financial statement fraud using the Dechow Model. Based on the upper echelon theory, the study

proposed six hypotheses which are tested using logistic regression analysis. The study used secondary data derived from financial statements or annual reports of mining companies listed on the Indonesia Stock Exchange from 2015 to 2019. The results of the study showed that CEO characteristics in the form of CEO age, educational background, and work experience cannot be used as indicators that can detect financial statement fraud. Meanwhile, some other characteristics that was still the focus of the study, such as CEO's gender, tenure, and nationality have an influence on indications of financial statement fraud. So, it can be concluded that the CEO characteristics that have a link in detecting financial statement fraud can be considered fraud prevention efforts.

Ngo and Nguyen (2022) aimed to analyze the role of the financial and accounting expertise of the chief executive officer (CEO) on financial reporting quality (FRQ) in an emerging economy. Their study was based on data collected from a large sample of all non-financial companies listed on Vietnamese stock exchanges during the period 2016–2020 with 2,435 observations. FEM-ROBUST standard errors regression model was used to examine the relationship between the financial, accounting expertise of CEOs and FRQ through earnings management by discretionary accruals. The results showed that CEOs with financial and accounting expertise have more influence and intervention on earnings management and thus adversely affect FRQ. Borgi, et al., (2021) examined the effect of some demographic characteristics of the Chief Executive Officer (CEO) on Financial Statement Timeliness (FST) in Saudi Arabia. More particularly, this study aimed to test whether or not CEO characteristics, namely, tenure, accounting financial expertise, and sociability are associated with FST. The sample of the study consists of 119 non-financial firms listed on Tadawul Stock Exchange for a period of four years (2014-2017). The study used panel regressions and two proxies of FST. Their findings reported that a long-tenured CEO are associated with timely financial statements when the IFRS transition is simultaneously considered. The result implied that companies with a long-tenured CEO reduce the period taken to prepare and disclose their financial statements in the period of IFRS transition. Their findings showed that CEO accounting financial expertise is significantly associated with timely financial statement.

Iyoha and Akhor (2022) examined the relationship between Chief Executive Officers' (CEO) attributes and financial statement quality of Deposit Money Banks (DMBs) listed in the Nigerian Stock Exchange as at 31st December, 2020. The study adopted a longitudinal research design, suited for its repetitive observations of the same subjects (DMBs) over a period of time (2010-2020). A census of all thirteen (13) DMBs listed in the Nigerian Stock Exchange during that period provided the study's data, sourced from their audited annual reports. The panel estimation technique was chosen to address the heterogeneity problem associated with cross-sectional studies. The results revealed an inverse relationship between CEO tenure, and financial statement quality. Hence the study formulates the following hypotheses:

H1. CEO age has a significant effect on financial statement fraud

H2. CEO gender has a significant effect on financial statement fraud

H3. CEO expertise has a significant effect on financial statement fraud

H4. CEO tenure has a significant effect on financial statement fraud

According to RDT, organizations are reliant on external resources to survive and thrive, leading to power imbalances and dependencies among various stakeholders (Pfeffer & Salancik, 1978). CEO demographics, such as age, gender, and educational background, can significantly influence the

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Journal of Finance and Accounting
Volume 8||Issue 9||Page 40-54 ||October||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

decision-making processes within an organization (Hambrick & Mason, 1984). In the case of financial statement fraud, certain demographic characteristics of CEOs may create vulnerabilities. For example, younger or less experienced CEOs might be more inclined to engage in unethical behavior due to pressure to meet performance targets or lack of ethical guidance (Mishra & McConaughy, 1999). Therefore, RDT suggests that CEO demographics play a crucial role in shaping the firm's vulnerability to financial statement fraud.

Furthermore, the composition and board gender diversity are pivotal in mitigating the risk of financial statement fraud within organizations (Bedard et al., 2012). RDT posits that organizations rely on external resources, such as expertise and oversight provided by the board gender diversity, to navigate complex regulatory environments and maintain stakeholders' trust. Board gender diversity is better equipped to detect irregularities and ensure compliance with accounting standards and regulations, thereby reducing the likelihood of financial statement fraud.

However, the relationship between CEO demographics, board gender diversity, and financial statement fraud may not be straightforward. RDT acknowledges that power dynamics and dependencies among stakeholders can influence decision-making processes within organizations (Pfeffer & Salancik, 1978). For instance, if the CEO holds significant power and influence over the composition of the board, they may prioritize loyalty over expertise, leading to ineffective oversight and increased susceptibility to fraudulent activities. The study formulates the following hypotheses

H5. Board gender diversity moderates the relationship between:

a) CEO age has a significant effect on financial statement fraud
b) CEO gender has a significant effect on financial statement fraud
c) CEO expertise has a significant effect on financial statement fraud
d) CEO tenure has a significant effect on financial statement fraud

3. Methodology

3.1. Sample and Data

The precise group that has all the study features that are of interest to the study is what is meant as the “target population”. According to (Rinjit, 2020), a population is a specified group of people, services, elements, events, and groups of items or homes that are being researched. The study used a sample of 66 firm listed across EAC partner states stock/securities exchanges: namely Nairobi Securities Exchange (NSE), Uganda Securities Exchange (USE), Dar es Salaam Stock Exchange (DSE), and Rwanda Stock Exchange (RSE) over 2013 and 2023. In total the study had 744 firm-years

3.2. Measurement of variables

The study had three sets of variables: the dependent variable, independent variables, a moderator and control variables. The measurement of the variables in shown in table 1.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 8||Issue 9||Page 40-54 ||October||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table I. Measurement of variables

Type of Variable	Operationalization	Source
Dependent Variable		
Financial statement fraud	F-Score = Accrual Quality + Financial Performance. Coded as "1" fraud "0" nonfraud	(Dechow *et al*. 2011)
Independent Variables		
CEO age	Numeric variable expressing an executive's age adjusted by year	(Huang *et al*., 2012).
CEO gender	In this study, the CEO's gender was defined as a dummy variable expressing an 1 as a value for a female CEO and 0 for a male CEO	(Dah, Jizi & Kebbe, 2020).
CEO financial expertise	Formal training and qualifications acquired by individuals occupying the highest executive positions within organizations.	(Hermalin & Weisbach, 1998).
CEO tenure	Number of years a CEO has held this position in a publicly traded company.	(Ali & Zhang, 2015)
Moderating Variable		
Board gender diversity	Refers to the ratio of female directors in the board divided by the total number of directors in the board	(Brahma, Nwafor & Boateng, 2021)
Control Variable		
Firm Size	The natural log of the total firm's assets	(Wahyuningtyas, (2022)
Firm Age	current year's log minus the incorporation year	(Ghafoor, Zainudin, & Mahdzan, 2019)
Firm Leverage	Debt/Equity	(Rahman, Saima & Jahan, 2020)

3.3. Regression model

The study employed two sets of probit regression equations to test the hypotheses. The first regression equation examined the effect of CEO attributes and board gender diversity of financial statements fraud. The second equation model examined the moderating effect of board gender diversity. The equations are shown below.

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Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 8||Issue 9||Page 40-54 ||October||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

$FSF = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 FL_{it} + \beta_4 CEOage_{it} + \beta_5 CEOgen_{it} + \beta_6 CEOexp_{it} + \beta_7 CEOten_{it} + \beta_8 BGD_{it} + \varepsilon_{it}$ … ….….. (1)

$FSF = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 FL_{it} + \beta_4 CEOage_{it} + \beta_5 CEOgen_{it} + \beta_6 CEOexp_{it} + \beta_7 CEOten_{it} + \beta_8 BGD + \beta_9 CEOage * BGD_{it} + \beta_{10} CEOgen * BGD_{it} + \beta_{11} CEOexp * BGD_{it} + \beta_{12} CEOten * BGD_{it} + \varepsilon_{it}$……………………………………………………………………..………… (2)

Where:

FSF: Financial statement fraud

FA: Firm Age

FS: Firm Size

FL: Firm Leverage

CEOage: CEO age

CEOexp: CEO financial expertise

CEOten: CEO tenure

CEOgen: CEO gender

BGD: Board Gender Diversity

β_0: Constant

$\beta_1 - \beta_{12}$: Regression coefficients

e: Error term

4. Findings and Discussions

4.1. Descriptive statistics

Table 2 reveals that the mean financial statement fraud of firms in the EAC is 0.294 and with a standard deviation rate equivalent to 0.456. The standard deviation shows high variability in FSF across the selected firms. Table 3 shows that the firm size was approximately 30 years (e^3.4156). Firm size had a mean of 9.590 (logarithm of total assets). The mean leverage was 0.4633 indicating moderate use of debt capital. The mean return on assets was 0.068, suggesting low profitability, while the standard deviation of 0.138 shows high variability in profitability among the selected firms. The mean CEO age was approximately 50 years (e^3.9165). The mean CEO gender of 0.070 shows low female representation in executive positions and the standard deviation of 0.2555 show high variation across firms in recruiting female CEOs. The mean CEO expertise of 0.813 indicates that many CEOs have knowledge in accounting and finance. The average CEO tenure was approximately 4 years (e^1.281). The mean board gender diversity of 0.193 suggest women are underrepresented in corporate boards.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 8||Issue 9||Page 40-54 ||October||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 2II. Descriptive statistics results

Variable	Obs	Mean	Std. Dev.	Min	Max
Fscore	744	.2943548	.4560588	0	1
Fa	744	3.415627	.8995946	0	4.844187
fs	744	9.590312	.6910281	7.100887	11.30759
lev	744	.4633926	.2766311	.0003753	1
roa	744	.0683433	.1383198	-.4188305	.5556032
ceoage	744	3.916517	.1891811	3.465736	4.465908
ceogen	744	.0698925	.2551372	0	1
ceoed	744	.813172	.3900356	0	1
Ceoten	744	1.281062	.8942222	0	3.688879
Bgd	744	.1934403	.1523371	0	.6666667

Source: Authors 2024

4.2. Correlation Analysis

Pearson correlation coefficient was used to determine the link between the response variable and the explanatory before estimating the logistic regression model. This was done to assess the strength and nature of the association between the dependent, independent, and moderating variables. The coefficients of the correlation analysis are presented in a matrix, as shown in Table 4.2 shows a weak negative correlation between firm age and financial statement fraud ($r = -0.0151$, $\rho<0.05$). The correlation matrix further indicates a negative correlation between firm size and financial statement fraud ($r = -0.1037$, $\rho<0.05$). Leverage and financial statement fraud have a weak and positive correlation ($r = 0.2124$, $\rho<0.05$). The correlation between ROA and financial statement fraud is negative and significant but weak ($r = -0.4527^*$, $\rho<0.05$). In respect to the independent variable the Pearson pairwise correlation matrix shows that financial statement fraud is positive and significantly correlated with CEO gender ($r = 0.1353$, $\rho<0.05$). and CEO tenure ($r = 0.1420$, $\rho<0.05$). However, financial statement fraud is negatively correlated with CEO expertise ($r = -0.0372$, $\rho<0.05$), CEO age ($r =- 0.1912$, $\rho<0.05$) and board gender diversity($r = -0.124$, $\rho<0.05$). The correlation coefficients are less than 0.8 confirming the absence of multicollinearity.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 8||Issue 9||Page 40-54 ||October||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 3. Pairwise Correlation

	fscore	fa	fs	lev	roa	ceoage	ceogen	Ceoed	ceoten	Bgd
fscore	1.0000									
Fa	-0.0151	1.0000								
Fs	-0.1037*	-0.0869*	1.0000							
Lev	0.2124*	-0.0286	0.0792*	1.0000						
Roa	-0.4527*	-0.1627*	0.0548	-0.1732*	1.0000					
ceoage	-0.1912*	0.0680	0.0531	0.0863*	0.0279	1.0000				
ceogen	0.1353*	0.1024*	-0.0399	0.0449	-0.0454	-0.0062	1.0000			
ceoed	-0.0372	-0.1634*	0.0612	0.1343*	-0.0887*	-0.1303*	0.0367	1.0000		
ceoten	0.1420*	-0.2373*	0.0056	0.0479	-0.0024	0.1317*	-0.0305	0.0705	1.0000	
Bgd	-0.1240*	0.1493*	0.0262	-0.0659	0.0392	0.0575	0.0520	-0.1552*	-0.0106	1.0000

***p<0.05**

4.3. Regression results

The study used probit regression model to assess the relationship between CEO demographics, board gender and financial statements fraud among listed firms in EAC. The results are shown in table 4.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 8||Issue 9||Page 40-54 ||October||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 4III. Probit Regression Results

	Model 1 Coef. (Std. Err.)	Model 2 Coef. (Std. Err.)
_cons	9.487(1.492) **	8.720 (1.539)**
Fa	-.044(0.066)	-.076 (0.068)
Fs	-.234 (0.083) **	-.214 (0.085)**
Lev	1.089(0.226) **	1.015 (0.233)**
Roa	-5.832(0.548) **	-5.917 (0.569)**
Ceoage	-1.989 (0.325) **	-1.794 (0.339)**
Ceogen	.827 (0.214) **	.644 (0.242)**
Ceoed	-.467(0.160) **	-.389 (0.167)**
ceoten	0.323 (0.069) **	.268 (0.073)**
Bgd	-1.339(0.410) **	-1.671 (0.462)**
Ceoage_bgd		6.796 (2.494)**
Ceogen_bgd		-5.047 (1.916)**
Ceoed_bgd		-3.182(1.057)**
Ceoten_bgd		-1.500 (0.549)**
Log likelihood	-309.840	-293.057
Pseudo R-square	0.3128	0.3500
R-square	0.0122	0.008
LR chi2	282.05	315.62
Prob > F	0.000	0.000

Notes(s). **p<0.05, standard error (Std. Err.) in parentheses

The results confirm that the effect of the CEO age on financial statements fraud was negative and significant (β = -2.021554, ρ = 0.001). Therefore, H01 is rejected, and the conclusion is that the as CEO age advances there is less likelihood of fraudulent financial reporting. Several studies support this finding. The findings agree with those of Park et al., (2017) but disagree with those of Girau et al., (2019) who reported a positive and significant effect and St Hadijah, (2022) who found a negative but insignificant effect. While, Conyon and He (2016) revealed no significant difference in CEO age between fraud and non-fraud firms in China and suggested that CEO age is less useful as a predicted probability to engage fraud. Younger executives engage in more risky strategies, maybe referencing the impulsive actions associated with youth. Furthermore, younger managers exhibit a higher propensity for taking risks. Younger managers exhibit higher levels of strategic

aggressiveness compared to senior managers, particularly in periods of crisis. The results confirm that the effect of CEO gender on the financial statement fraud was positive and significant (β = 0.768, ρ = 0.001). Therefore, H01 is rejected, and the conclusion is that the CEO gender influences the likelihood of a firm engaging in fraudulent financial reporting, and the results agree with those of Masruroh and Carolina (2022) among Indonesian firms. However, the findings are inconsistent with those of Maulidi (2023) who reported a negative relationship. Traditionally, white-collar crime has been predominantly linked to male. Nevertheless, the existing gender disparity has gradually diminished, so presenting women with potential avenues to engage in fraudulent activities. Women do not consistently possess superior moral values compared to men. The variations in the commission of fraud mostly stem from disparities in the available possibilities that can be used to carry out fraudulent activities, particularly in the roles of high-ranking executives within a firm. The results confirm that the effect of the CEO expertise on the financial statement fraud was negative and significant (β = -0.368, ρ = 0.000). Therefore, H03 is rejected, and the conclusion is that the CEO financial expertise reduces the likelihood of fraudulent financial reporting, and the results agree with those of previous studies (Hoitash, Hoitash, and Bedard (2008). Results suggest that CEOs of fraudulent firms are less likely to possess skills in accounting and finance. Corporate education, which includes instruction in accounting and finance, imparts knowledge about the principles and standards of financial reporting and ethical corporate conduct. Therefore, CEOs who have received, the results confirm that the effect of the CEO tenure on financial statement fraud was positive and significant (β = .313, ρ = 0.022).

Therefore, H01 is rejected, and the conclusion is that the CEO tenure increases the likelihood of financial statement fraud, and the results agree with those of previous studies (Lara, García Osma, and Penalva, 2016). Early-tenure CEOs possess a comparatively extended career perspective and are more inclined to prioritize the long-term growth of the company. Therefore, it is unlikely that they will participate in fraudulent activities. CEOs engage may engage in fraudulent financial reporting at the end of the period to not only maximize compensation payments, but also to improve implicit compensation, such as the opportunity to take a post-retirement role (Gibbons & Murphy, 1992). The interaction term of board gender diversity and CEO age had a positive and significant effect on financial statement fraud (β= 2.337 and ρ < 0.05). The interaction term of board gender diversity and CEO gender had a negative and significant effect on financial statements fraud (β= -5.047 and ρ < 0.05). The interaction term of board gender diversity and CEO expertise had a negative and significant effect on financial statement fraud (β= 3.182 and ρ < 0.05). Similarly, women in corporate boards are more ethical and risk averse and more effective in exercising oversight. Hence, board gender diversity may enhance the effect of CEO expertise in lessening the likelihood of financial statement fraud. The interaction term of board gender diversity and CEO tenure had a negative and significant effect on financial statement fraud (β= -1.500 and ρ < 0.05). CEOs with a long tenure take less risks as they are concerned about their post-retirement legacies, hence they will avoid engaging in any form of fraud. Similarly, female directors improve board's oversight role in mitigating fraudulent financial reporting. Consequently, an increase in women representation in boards will enhance the effect of CEO tenure on financial statement fraud.

5. Conclusions

This study sought to examine the effect of CEO demographics on financial statements frauds, and the moderating role of board gender diversity. Using a sample of 62 listed firms in EAC over the period between 2012-2023, the study found that CEO age and tenure militated against occurrence of financial statement fraud. On the other hand, the study reported that CEO gender and expertise were positive drivers of financial statements fraud. In addition, board gender influenced the relationship between CEO demographics and financial statements fraud. The findings of this study have practical and policy implications. First, investors may consider CEO attributes and corporate board composition when making investor decisions. Second, policy makers and stock/securities markets regulators need to develop corporate guidelines and codes, on CEO demographics, and other attributes of the board that lessens the likelihood of corporate entities engaging in financial statements fraud. Despite the contributions of this study, there are a few limitations, which may affect generalization of the findings. First, the study only focused on listed firms. Future study may look into unlisted firms, particularly family owned. Second, the sample was drawn from EAC, which is a developing region with weak legal and institutional framework. It would add value if future researchers focused on emerging and developed regions. Finally, financial statement fraud was measured using a probabilistic model, the F-score. Future studies can consider firms that have actually been reported to engage in fraudulent financial reporting.

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