

**EFFECT OF UNETHICAL ACCOUNTING PRACTICE OF  
FINANCIAL REPORTING QUALITY IN NIGERIA**  
*(A CASE STUDY OF ACCESS BANK OF NIGERIA ILORIN BRANCH)*

*BY*

**AMUDA MUJIDA FOLASHADE**  
**ND/23/ACC/PT/0129**

**BEING A RESEARCH PROJECT SUBMITTED TO  
ACCOUNTANCY, INSTITUTE OF FINANCE AND MANAGEMENT  
STUDIES (IFMS) KWARA STATE POLYTECHNIC ILORIN.**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE  
AWARD OF NATIONAL DIPLOMA (ND) IN ACCOUNTANCY.**

**JUNE, 2025**

## **CERTIFICATION**

The project has been read and approved as meeting part of the requirements of the Department of Accountancy, Institute of Finance and Management Studies, for the Award of National Diploma (ND) in Accountancy Kwara State Polytechnic, Ilorin.

\_\_\_\_\_  
**MR MUHAMMED K.A.G**

*(Project Supervisor)*

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**MR. HASSAN A.O**

*(Project Coordinator)*

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**MR. ELELU M.O**

*(Head of Department)*

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**IKHU OMOREGBE SUNDAY (FCA)**

*External Examiner*

\_\_\_\_\_  
**DATE**

## **DEDICATION**

This project is dedicated to the almighty Allah, the most merciful, the completer and originator of my faith, whose grace has made this work a success, and for sailing me through my academic's year.

This project is also dedicated to my beloved and caring parents **MR.** and **MRS. AMUDA** whose financial support in addition to prayer made it possible to carry out this research successfully; accolades to them.

I also appreciate the immense efforts of my supervisor, who happen to be my role model. I thank you for making this project a reality and other lecturers in the department of Business Administration and management department, at large.

## ACKNOWLEDGEMENTS

My intensive gratitude goes to the almighty Allah, the originator of all things. For his grace, favor, mercy and faithfulness towards us from the beginning of my ND to the end, and for a successful project.

My undiluted gratitude goes to my dearest and loving parents, **MR.** and **MRS. AMUDA** who have always been there for me, due to their love and: desire for education, and above all their prayers which brought me this farther, I thanks the Almighty Allah for making you my parents.

Inestimable appreciations go to my extraordinary supervisor, a wonderful father and great lecturer, **MR MUHAMMED K.A.G .**, for his immense support. Despite all stress and tight schedule, he still found time to go through my work, correcting all mistakes therein. He never gave up on me; instead he encourages me to carry on to the end. I pray that almighty Allah reward you in manifold.

My gratitude goes to my head of department **MR. ELELU M.O** for his fatherly advice. I pray that the Almighty Allah increase you in your entire good endeavor.

## ABSTRACT

*Franchising has emerged as a dynamic and widely embraced business model, offering significant implications for both franchisors and franchisees. This research aims to thoroughly analyze the impact of franchising on business performance, focusing on aspects such as sales performance and sustainability. By synthesizing existing literature and empirical data, the study seeks to clarify the complex relationship between franchising and business performance. Employing a quantitative approach, this research examines the various effects of franchising. Preliminary findings suggest that franchising often enhances business performance through multiple mechanisms. The study utilized a survey design, gathering data through questionnaires from a sample of 161 respondents, calculated using the Taro Yamane formula. Results indicate that intellectual property plays a significant role in influencing the sales performance of Shoprite in Ilorin. Additionally, it has a notable impact on sustainability. Furthermore, trademarks were found to significantly affect sales performance and contribute to sustainability efforts. In conclusion, this research highlights the intricate relationship between franchising and business performance, underscoring both the potential benefits and challenges of this business model. As franchising continues to shape the contemporary business landscape, understanding its effects on performance is essential for informed decision-making and strategic planning. The study recommends that organizations actively enhance the recognition of intellectual property to boost their sales performance.*

## TABLE OF CONTENTS

TITLE PAGE	i
CERTIFICATION	ii
DEDICATION	iii
ACKNOWLEDGMENT	iv
ABSTRACT	vi
TABLE OF CONTENTS	vii
<b>CHAPTER ONE</b>	
INTRODUCTION	
1.1 Background To The Study	1
1.2 Statement Of The Problem	3
1.3 Research Questions	3
1.4 Objective And Purpose Of The Study	4
1.5 Research Hypothesis	4
1.6 Significance Of The Study	5
1.7 Scope Of The Study	5
1.8 Limitation Of The Study	6
1.9 Operation Definition Of Terms	7
<b>CHAPTER TWO</b>	
LITERATURE REVIEW	8
2.1 Conceptual Framework	10
2.2 Theoretical Framework	12
2.3 Empirical Review	15
<b>CHAPTER THREE</b>	
RESEARCH METHODOLOGY	15
3.1 Design Study	16
3.2 Source Of Data	17
3.3 Population Of The Study	17
3.4 Sample Size And Technique	18
3.5 Research Instrument	18
3.6 Method Of The Data Analysis	19
3.7 Model Specification	19
<b>CHAPTER FOUR</b>	
ANALYSIS AND DISCUSSION	20
4.1 Introduction	20
4.2 Demographic Characteristic Of Respondents	21
4.3 Statistical Result	28
4.4 Test Of Hypothesis	26
4.5 Summary Of Findings	29
<b>CHAPTER FIVE</b>	
SUMMARY, CONCLUSION AND RECOMMENDATION	
5.1 Summary	30
5.2 Conclusion	31
5.3 Recommendation	31
REFERENCES	32

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND TO THE STUDY**

As Nigeria progresses in her vision to become one of the top 20 economies in the world by the year 2025, one prevailing issue that remains on the front flame is how to build investors' confidence in the national economy through ethical accounting and auditing standards that enhances transparent financial reporting. The catastrophic failures and scandals of some corporate giant and the extensive corruption in the society highlights the critical need to focus on the anchors of sound professional ethics in the accounting & auditing profession both in developed and developing countries (Omoyele, 2010; Fodio, Ibikunle & Oba, 2013; Ogbonna & Ebimobowei, 2012). Furthermore, it is an understandable phenomenon that, the accounting and auditing professionals who are responsible for the preparation of financial statements need to adhere strictly to the codes of ethical accounting and auditing standards to produce reliable, relevant, timely, accurate, understandable and comprehensive financial statements in a true and fair view of the firm financial position and performance. This is because such financial statements and reports form the basis upon which the stakeholder should have confidence to make an informed decision.

Recently, there has been growing concern about ethical and integrity issues in the accounting & auditing profession in public and private on questionable acts. As such, this era has been branded by series of corporate failures, ethical negligence, auditing and accounting scandals both in developed economies and developing economies. Damagum & Chima, (2014) posits that evidence in prior research shows that poor corporate governance also attributes to such failures, hence the need to keep vigil over corporate entities behaviors as well as need to control the behavior of managers and professional accountants through effective regulations. Broadcasted cases of the recent past, such as Enron, Satyam, WorldCom, Global Crossing, paramalat, Xerox, Tell one and some firms from Nigeria (such as, Cadbury and NAMPAK, Afri-bank) of which one of the big four (4) auditing firm in Nigeria was indicted , these cases has drawn aggregate attention to

the auditing profession. However, the failures of these corporate entities have been attributed to accountants and auditors not adhering to the codes of professional ethics. This has had an adverse and cumulative effect on financial reporting and the auditing profession. All these happening around the globe has brought the question of trustworthiness and integrity of the auditing & accounting profession (Bakre, 2007;

Financial reporting is a key ingredient required for the corporate governance system to function successfully. The accountants and auditors who are the main providers of information to capital market participants are expected to exercise high degree of due care and exhibit professional competence in the accounts audited by them. The directors of the company will expect that management prepare the financial statements are in compliance with statutory and ethical obligations, and bank on auditors' competence and creditability (Dignam & Lowry, 2006 Adeyemi & Fagbemi, 2011). Ogbonna (2010) debated that any society that lacks ethical thoughts may not survive for a long time to achieve its desired goals and objectives and that of its stakeholders.

As the world has now become a global market, the emphasis on the adoption of the International Financial Reporting Standards has increasingly receive attention towards common set of comprehensive financial statements across the globe and this is being anchor by The International Accounting Standards Board. In Nigeria, Companies and Allied Matters Act 2004 (as amended), Financial Reporting Council (FRC), Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN) and other industrial specific bodies in which auditors and accountants provide services usually issue guidelines relating to the ethical and professional standards to be observed. However, the effectiveness of this regulatory bodies in Nigeria in ensuring that ethical standards are maintained by corporate managers and professional accountants still remain questionable and in doubt.

Ethics is an important aspect of the accountant in business enterprise's work and profession. Professional ethics in this context can be summed up as the commitment of the management accountant to provide a useful service for management. This commitment means that the management accountant has the competence, integrity,



confidentiality and objectivity to serve management effectively (Blocher et al, 2005: 23-25).The standard of competence for example, requires the accountant to develop and maintain the skills necessary for his or her area of practice and to continually reassess the adequacy of those skills as the firm grows and become more complex, though it can be purportedly concluded that that “greed and fear” ,the two most powerful forces in modern capitalism, are the major causes of unethical practices by professionals.

Moreover, the potential for individuals and organizations to behave unethically is limitless. Unfortunately, this potential is too frequently realized. Consider, for example, how greed overtook concerns about human welfare when the Manville Corporation suppressed evidence that asbestos inhalation was killing its employees, or when Cadbury has had its share price on the increase over the years and patronage has never declined. Despite its achievements, it was observed that Cadbury Nigeria has not had the interest of the public in the true sense of it. This is because the company tries to influence public perception by overstating profits and understating losses .In this case, the British confectionery giant expressed their embarrassments which led to the sack of the managing director and his finance director. It is against this backdrop that this research study tends to study and analyze the effect of unethical accounting practices on financial reporting quality in Nigeria.

## **1.2 STATEMENT OF PROBLEMS**

Despite the high premium of trust and expectation the society places on professional accountants and auditors, and need of the general public to have confidence in the financial reports being prepared/audited by them in making an informed decision, it is imperative therefore, that the information being provided by accountants and auditors should be meaningfully efficient, reliable, and realistic and unbiased, but yet this accountants, amongst others, who are knowledgeable of the world’s financial systems are the one who are involved in the manipulation of complex transactions which make it difficult to identify and trace the origins and the ultimate destiny of the illicit funds or, when acting as auditors, are reluctant to reveal and report such activity, thereby making it difficult to uphold good professional ethical standard.

Despite the accounting standards and ethical codes guiding the accounting profession, morality and ethics has gone down the drain based on the occurrence of scandals in Enron, World Com, Nigerian Cadbury and similar scandals that have surfaced. The above antisocial and fraudulent behaviour of the elite and multinational companies cannot be easily perpetrated in any nation or economy without the advice, collaboration, or at the very least, connivance of professional accountants, who, acting in violation of their statutory duties to the public, provide their professional services to wealthy individuals, the ruling elite, private and public companies and multinational companies by assisting them to transfer the illicit wealth gained to the licit sector, thereby removing any possible criminal links associated with the wealth acquired, which indirectly negatively affect the public perception of auditor's independence and the audit expectation gap the society have towards their professional ethical standards.

For the past two decades, a wave of high profile accounting scandals have cast the profession into the limelight, for examples, the case of Aruwa & Atabs (2011) provided instances of creative accounting and fraudulent financial reporting in Nigeria to include Alpha Merchant Bank Plc (accounting problem and market manipulation) or the Lever Brothers Plc (exaggerated profit through the use of questionable accounting methods) and AP Petroleum Plc (false financial reporting) all these act were perpetrated in collaboration with the professionals (Accountants, Auditor).

### **1.3 RESEARCH QUESTIONS:**

The following research questions were asked in the project study, providing answers to them will help achieve the aim of this research study.

These questions includes;

1. What are the effects of Unethical Accounting practices on financial reporting quality in Nigeria?
2. Are there any effect of unethical accounting practices on financial reporting quality in Nigeria capital Market?

3. Common unethical practices by accountants, auditors, directors and company secretaries who are key players in the market economy?
4. What are the major causes of unethical practices by professionals, directors and market operators/participants when carrying out their various activities?
5. What are the possible remedy in reducing the effect of unethical practice by professional accountants on financial reporting in Nigeria?

#### **1.4 OBJECTIVES OF THE STUDY**

The Major Objectives of this study are:

1. To determine the effects of Unethical Accounting practices on financial reporting quality in Nigeria economy.
2. To Explore the effects of Unethical Accounting practices on financial reporting quality in Nigeria capital Market.
3. To Identify some common unethical practices by accountants, auditors, directors and company secretaries who are key players in the market economy.
4. To Determine what motivates professional accountant to committing unethical accounting practices.
5. To Examine the major causes of unethical practices by professionals, directors and market operators/participants when carrying out their financial activities.

#### **1.5 RESEARCH HYPOTHESIS**

**HO<sub>1</sub>:** There is no effect of Unethical Accounting practices on financial reporting quality in Nigeria.

**HO<sub>2</sub>:** Some common unethical practices by accountants, auditors, directors and company secretaries who are key players in the market economy are not identified.

**HO<sub>3</sub>:** What motivates professional accountant to committing unethical accounting practices are not determine

## **1.6 SIGNIFICANCE OF STUDY**

Unethical accounting practices occur when a company does not follow the rules of generally accepted accounting principles or GAAP. The rules of GAAP are established by the federal government, though Unethical accounting practices motivated by bonus incentives, pressure to obtain financing or a desire to appear successful are not always illegal, but they almost always have an adverse effect on your business. Furthermore, this research study will attempts to identify some common unethical accounting practices on financial reporting quality by accountants, auditors, directors and company secretaries who are key players in the market economy, and also suggest possible recommendation for them.

This study will also looked into the opinions of accounting lecturers on whether the teaching of ethics among student accountants can facilitate in instilling ethical behaviour in future accountants, it will also be of great benefit to the corporate world as the effective work of accountant and auditors in an organization who in turn helps to promote good ethical accounting practice and financial reporting quality. This study will continue to be of interest to management of companies, auditors and other users of financial statements. It will enable a better understanding of common ethical and unethical accounting practices on financial reporting standard and quality. The study will also be of importance to government agencies, companies, regulators and policy makers who are involved in regulating the ethical practice of accounting Standards and guidelines, it will also educate people on unethical accounting practices, why they occur, and how we as a nation can promote ethical behaviour. Finally this study will be of great significance to schools and students, it will serve as a reference point for future researchers who will want to research more on the topic. Unethical Accounting Practice

## **1.7 SCOPE OF THE STUDY**

Since the study focus on the effects of unethical accounting practices and financial reporting quality, For the purpose of carrying out a detailed analysis of the effect unethical practice by professional accountants could have on financial reporting, the research will be restricted to the Afribank plc companies in Nigeria.

## **1.8 LIMITATION OF THE STUDY**

The limitation of the study includes:

1. Financial Constraint: the success of every research work depends largely on finance availability, and this affected the researcher because there was little or average finance at his disposal to cover the research study and the ones available was not sufficient to carry out the research effectively.
2. Time:- this has to do with the time-frame given for the completion of the study and also other challenges; activities and engagements forcing me as a final year student reduced my time-frame.
3. Inability to generate required material from the secondary sources, such as textbooks and internets.

## **1.9 DEFINITION OF TERMS**

**Ethics:** These are the moral principles that an individual uses in governing his or her behaviour. Ethics refers to a discipline in which matter of right and wrong, good and evil, virtue and vice are systematically examined (Brinkmann, 2002; Ogbonna & Appah, 2012).

**Accountant:** this is an individual whose work involves the application of accounting in performing some or all of the following: preparing financial statements; conducting financial investigations; preparing, reporting and advising on the purchase and sale of businesses, business combinations, obtaining capital for enterprises, changes in partnerships, fraud and insolvency, preparing tax returns; giving advice on tax administration and other services.

**Objectivity:** refers to the need to maintain impartial judgment (e.g. not developing analysis to support a decision that the accountant knows is not correct.

**Auditor:** these are individual, a partnership firm, or an organization carrying out an audit of an enterprise or an undertaking. Such persons are not usually employed by the accounting entity or by its managers and is, as far as possible, independent of the persons who manage the entity, hence they are often referred to as ‘external auditors’; or ‘accountants in practice, Unethical Accounting Practice

**Directors:** this is defined under section 244(1), CAMA 2004 as ‘persons duly appointed by limited liability company to direct and manage the business of the company. Every registered company must have at least two directors for private limited, and at least seven for public limited company. Unethical Accounting Practice

**Confidentiality:** A professional accountant should the information obtained in the course of professional services without explicit permission of the employer or the employer’s confidential and disclose such information unless or without the professional legal duty exposing the information on be permitted.

**Unethical accounting practices:** this refers to a situation when a company does not follow the rules of generally accepted accounting principles or GAAP. Unethical Accounting Practice Professional ethic refers to the professional behavior and characteristics that identifies professional accountants as members of a profession.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

Verdi (2006) defines financial reporting quality as the exact manner in which it shows information as regards a business activity as it relates to its anticipated cash flows, with the aim of informing the shareholders about a company's operation. Financial reporting quality is the degree of which financial statement provides us with information that is fair and authentic about the financial position and performance of an enterprise (Tang, Chen & Zhijun, 2008). It could be deduced from the definitions above that for a financial statement to be regarded as possessing high-quality attribute, it must have genuine information about the economic performance, financial position and the activities of the business in relation to its cash flows generation aimed at providing information that are useful to shareholders and other stakeholders of the organization. Martínez-Ferrero, Garcia-Sanchez, and Cuadrado-Ballesteros (2013) also defined financial reporting quality as the faithfulness of information conveyed in financial reporting process. This definition mainly focused on the financial aspect of an organization, thus, we further expanded and modified the definition. We defined Reporting quality as the faithfulness of information conveyed in both financial and non-financial reporting process. Financial statements of firms at the end of a financial year should have some element of truth in it. This is termed "quality", it is therefore crucial that the financial reports of firms should have high quality so as to increase the confidence of users. Financial reporting quality could be assessed directly and indirectly. Directly, it could be measured using accruals model, value relevance model, using specific elements in the annual reports and operationalizing the qualitative characteristics (Beest, et al., 2009). It could be indirectly measured using earnings management, financial restatements and timeliness (Barth, Landsman & Lang, 2008; Schipper & Vincent, 2013; Cohen, Krishnamorthy & Wright, 2004). Accruals model focuses on the quality of earnings measured and the major assumptions it holds is that managers use discretionary accruals to manage earnings (Healy & Wahlen, 1999; Dechow, Sloan, Sweeny, 1995). Earnings management is assumed to negatively affect the quality of financial reports by reducing its decision usefulness. The main merit of this model is that

it uses accruals to measure earnings management, and its calculated based on the information present in the financial statement (Beest et al., 2009). However, it has some demerits, one of which is the problem of distinguishing between discretionary and non-discretionary accruals (Healy & Whalen, 1999 as cited in Beest et al., 2009). Another demerit is that it excludes non-financial components in the financial statement (Beest et al, 2009) thus, in an era of human accounting and environmental accounting, this model may not report the true and fair view of financial statements. The value relevance model measures the quality of financial reports by focusing on the correlations between accounting figures and stock market reactions (Barth et al., 2008; 1997; Nichols & Whalen, 2004). The prices of stocks are believed to represent the market value of the firm, while accounting figures represent the firm's value based on accounting procedures (Beest et al, 2009). The model is quite useful but has some drawbacks in ascertaining the accuracy of stock prices and market value of a firm. The method of operationalizing the qualitative characteristics of financial reports could also be called the International Accounting Standard Board (IASB) qualitative model. Kythreotic (2014) observed that the qualitative characteristics are divided into fundamental characteristics and enhancing characteristics. The fundamental characteristics (Relevance and Faithful Representation) are key to determining the quality of financial reports. However, these characteristics are further enhanced with other qualifying characteristics such as comparability, timeliness, verifiability and understandability in order to produce high-quality financial statements. Financial statements are said to be relevant when the information in the financial report can assist users in evaluating, correcting and confirming past and current events as well as influencing their economic decisions (Beest et al, 2009). Relevance characteristics mean that the financial statement can influence the decisions of users. More so, the information in the financial report must possess the attribute of reliability in order to make it useful for decision making. Information is said to be reliable when the information is free from material misstatement and biasedness and its neutral, verifiable and reflects a faithful representation of the entity (Cheung, Evans & Wright, 2010). Faithful representation means that the financial report should reflect and represent the real economic position of the financial information reported i.e. the information should show a high level of objectivity and balance. Faithful representation feature asserts that



financial statements should present faithfully all economic events devoid of manipulations. Beest et al. (2009) noted that comparability as an enhancing characteristic requires that the same or identical situations in two events should be reflected by identical accounting fact and figures while different events should be reflected by different facts and figures in such a way that the information quantitatively reflects the differences in a comparable and easily interpretable manner. Comparability is, therefore, the concept which allows users to compare financial statement across time and among different companies in the same period. Timeliness also enhances the quality of financial reporting as it ensures that the information provided are made available to decision makers before it loses its good and powerful influences. It is evaluated as the differences between the year-end and the issuing date of the auditor's report (Beest et al., 2009). Financial statements are also expected to be understandable. For a financial report to be understandable, it must be able to pass across effective information because, the better understanding of the information from users, the higher the quality it will possess (Cheng et al 2010). Lastly, the quality of verifiability is quite important as financial reports have to be validated by independent parties for it to be relied upon by users. This current study used the IASB qualitative characteristics model to measure financial reporting quality.

## **2.2 CONCEPTUAL FRAMEWORK**

### **2.2.1 ETHICAL ACCOUNTING PRACTICES**

Immediately after the International Federation of Accountants (IFAC) was formed, the body rolled out twelve-point (12) agenda expected to guide the activities of her members. The code of ethics was one of the agenda which her members are expected to subscribe to. This code of ethics was for both practising accountants in the private and public sectors of the economy, which can also be applied to the quasi or hybrid sector of the economy (Dankwanmbo & Izedonmi, 2018). The codes of ethics include integrity, objectivity, professional behaviour, confidentiality and professional competence and due care.

### **2.2.2 PROFESSIONAL BEHAVIOUR AND FINANCIAL REPORTING QUALITY**

The principle of professional behaviour imposes an obligation on professional accountants to pertinent laws and to evade from any activity that may convey disrepute to

the profession (Nwagboso, 2008). Such activities could be stock market manipulations, insider dealings and creative accounting practices. These activities sure do have personal benefits to the management at the expense of the quality of financial reports expected by users. D'Asquilla (2001) advised that accountants should have positive attitudes in respect to quality financial reports. As it is conspicuously observed that the quantum of pressure management puts on them may impede on their professional behavior principle towards reporting the true and fair view of financial statements.

### **2.2.3 OBJECTIVITY AND FINANCIAL REPORTING QUALITY**

The principle of objectivity imposes an obligation on all professional accountants not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others to override professional or business judgments. A professional accountant may be exposed to situations that may impair objectivity. It is impracticable to define and prescribe all such situations. Relationships that causes bias or unduly influence the professional judgment of the professional accountant should be avoided. According to Oraka and Okegbe (2015), this principle requires basic needs of credibility, professionalism, quality of service and confidence. An accountant that holds high the objectivity of the profession will produce quality financial reports, than those who impair objectivity (Ogbonna & Ebimobowei, 2011). This is to say that objectivity has a significant relationship on financial reporting quality, therefore accountants compliance on objectivity in financial reporting will go a long way in ensuring organizations have quality financial reports (Enofe et al., 2015; Eginwin & Dike, 2014).

### **2.2.4 INTEGRITY AND FINANCIAL REPORTING QUALITY**

The fundamental principles require that a member should behave with integrity in all professional, business and financial relationships. Integrity implies not mere honesty but fair dealing and truthfulness. Oraka and Okegbe (2015) sees integrity as the value of supreme importance for a Code of Ethics and this can be measured in terms of what is right and just. The principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in professional and business relationships. Integrity also implies fair dealing and truthfulness. Eginwin & Dike, (2014) are of the view that integrity has a positive relationship with financial reporting quality, this is in tandem with the findings of (Enof et al., 2015). Their generalization was based on their

estimation techniques (parametric test) and use of e-views tool. So, for better clarity and generalization, a non-parametric test using SPSS was done. 2.2.4 Confidentiality and Financial Reporting Quality

A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties. The need to comply with the principle of confidentiality continues even after the end of the relationship between a professional accountant and a client or employer. Ogbonna and Ebimobowei (2011), in their study, did not see any relationship between confidentiality and financial reporting quality in banks. In a similar study (Enofe et al., 2015) found a negative and significant relationship between confidentiality and financial reporting quality using disclosures as a proxy. These two findings prompted the researcher to know the reason for this. It could be because of the small sample size used in the study.

## **2.3 THEORETICAL FRAMEWORK**

Theories have been formulated with regards to ethical practices and behaviours of professionals in an organization. These theories are discussed below.

### **2.3.1 THE THEORY OF PLANNED BEHAVIOR**

The theory of planned behaviour (Abbreviated TPB) is a psychological theory that links beliefs and behaviour. The concept was propounded by Icek Ajzen in 1980 to improve the predictive power of the theory of reasoned action by including perceived behavioural control. Psychologically, explaining human behaviour in all its complexity is a difficult task. It can be approached at many levels, from concern with physiological processes at one extreme to concentration on social institutions at the other. Social and personality psychologists tend to focus on an intermediate level, the fully functioning individual whose processing of available information mediates the effects of biological and environmental factors of behaviour. The theory of planned behaviour states that attitude towards behaviour, subjective norms, and perceived behavioural control, together shape an individual's behavioural intentions and behaviours.

### **2.3.2 UTILITARIAN THEORY**

This is an ethical theory which states that the best action is the one that maximizes satisfaction (Bentham, 1984; Miles, 1998). Jeremy Bentham was the founder of this ethical theory, which describes satisfaction as the sum of all pleasure that results from an action excluding the suffering or pain of anyone involved in such action. This theory is in agreement with the conformity of rules by the agents in an organization that maximizes satisfaction in the workplace. This theory is relevant in other fields such as governance, politics, economics and social welfare (Wikipedia, 2018). However, a major flaw of this theory is that it misses the moral standing of individuals and also does not acknowledge the qualitative differences in pleasures

### **2.3.3 AGENCY THEORY**

This theory was propounded by Jensen and Meckling in 1976, since then it has been a widely used theory in the field of management and social sciences (Ezelibe, Nwosu & Orazulike, 2017). This theory explains the separation of ownership and management, also the relationship that exists between them in an organization. The theory states that in the presence of information asymmetry, the agent is likely to pursue his personal interest that may negatively affect the owners of the organization (Sanda, Mikailu, & Garba, 2005). The major philosophical stance of this theory as stated by Ezelibe et al. (2017) is that parties who enter into an agency agreement will act to minimize their own self-interest and also these parties have right and freedom to enter into other agreements. Agency theory is relevant to our study because it explains and ensures that the agent who is the employee or the board acts in the best interest of the principal in carrying out his ethical duties and boardroom functions. This theory can also be applied to other fields such as engineering, politics and governance. Agency theory has been used to anchor several studies, implying its general acceptability and practicality. However, this theory has been criticised for only focusing on the agent-principal relationship, and totally ignoring the stakeholder's in an organization, such as the suppliers, creditors and the environment where the organization operates.

### **2.3.4 STAKEHOLDER'S THEORY**

Against the backdrop of the Agency theory, Stakeholder's theory was propounded by Edward Freeman in 1984. Freeman (1984) used this theory to explain the tripartite

relationship that exists in an organization – Between the agents (employees and the board), the principal

Ethical Accounting Practices and Financial Reporting Quality (owners) and the stakeholders (creditors, suppliers, government, customers and so on). The stakeholder's theory also addresses morals and values in managing an organization. This theory is relevant to our current study because it will broaden our horizon in understanding the concept of "stakeholders" in an organization. This theory is also relevant to other fields such as ethics, law, and organizational management. The stakeholder's theory provided remedy in the lapses identified in agency theory, however the concept of "stakeholders" is vague and not well spelt out (Miles, 2012), flowing from this even if an organization tries to identify its stakeholders, they assumed equal interest of stakeholders on the organization, which negates the term "social contract" in an organization (Mansell, 2013).

## **2.4 EMPIRICAL REVIEW**

Studies exploring the effects of ethical accounting practices on the quality of financial reporting reviewed include (Babayanjua, Animasaun & Sanyaolu, 2017; Enofe et al., 2015; Ogbonna & Ebimobowei, 2012; Eginwin & Dike, 2014; Salaudeen et al 2015). Babayanjua et al. (2017) examined the role of regulatory bodies in relation to financial reporting and ethical compliance in Nigeria. They determined the impact of accounting ethics on quality of financial reporting. A survey research design was adopted with a target population of 120 respondents consisting of top executives of the big four accounting firms, the Institute of Chartered Accountants of Nigeria (ICAN) and Financial Reporting Council of Nigeria (FRCN). The result showed that accounting ethics significantly impacted on the quality of financial reporting in Nigeria. The study recommended the need for ethical awareness and training amongst professional accountants in Nigeria as well as accounting students in institutions of higher learning in order to improve the quality of financial reporting in Nigeria. In an opposing view, Salaudeen et al. (2015) carried out a study on unethical accounting practice and financial reporting quality in Nigeria. Data was sourced through explanatory case study approach with auditors and accountants as major respondents. The findings of the study revealed that extended audit tenure could impair auditor's ability to employ professional

scepticism and recommended that the composition of the board of directors and audit committee members should be made up of people of proven integrity and corporate experience. Enofe et al. (2015) investigated the effect of ethics on financial reporting quality in Nigeria firms. Primary data was used for the study with the aid of questionnaires. The analysis of the data showed that accounting ethics had a significant relationship with financial reporting quality. The study made recommendations that the employment processes of companies should be improved upon so as to ensure that men and women with a high level of ethical standing could be employed. Ethics and compliance department should be put in place by firms to direct and monitor ethics implementation on a routine basis. In addition, accountants as custodians of good financial reports should adhere to the codes of professional practice issued by the Institute of Chartered Accountants of Nigeria (ICAN) in carrying out their responsibility.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

The method used in the generation of ideas and collection of data for this research as well as the methods employed in the analysis of the data shall be discussed briefly in this chapter. The researcher employed various method and procedures to achieve the objectives of this research. The methods that were used in the collection and analysis of data are outlined together with how these methods led to the conclusion drawn with regards to the research question.

#### **3.1 RESEARCH DESIGN**

This section which could be referred to as either research design or research method is very critical to the entire research process. It is in this section that the research stamps his scientific status on the process. A research design therefore is a blue print or scheme that is used by the research for specific structure and strategy in investigating the relationship that exist among variables of the study so as to enable him or her collect the data which will be used for the study. Research designs are basically of four types, which are experimental, historical, survey and case study research design. For the purpose of this study, I adopted the case study approach in evaluating the impact of financial accounting on the corporate performance of business organizations.

#### **3.2 SOURCES OF DATA**

Both primary and secondary sources of data were adhered to on the course of this study and the attitude and responses of those interviewed were noted.

**Primary Sources of Data:** The primary sources of data are the sampling or study unit from which information is obtained on a first hand basis (Eboh, E.S.1998:68). It is very important to note here that the researcher did not adopt any rigid method in the collection of data; rather the data for the research were collected in response to the requirements of the research problem. Creativity and judgment also played a vital role at this stage of the project, bearing in mind that the final judgment will be partly constrained be the type and

value of information collected. The primary data were gathered from the following sources.

- a. **Oral Interview:** personal interviews were conducted in addition to the questionnaires which were duly administered. The information obtained through the oral interview was use in cross-checking the responses to the questionnaire. It either affirmed or disproved the data collected
- b. **Unstructured Interviews:** unstructured interviews were also collected out through informal discussions with various staff members at different levels of operations. This gave the researcher the opportunity to structure the questionnaire wordings in order to gain the understanding of the subjects and enabled him receive the more accurate and reliable information. This in no little way contributed the objectivity on the part of the respondents.
- c. **Actual field investigation:** The researcher was privileged to see the annual reports in order to fully comprehend their performance as well as its reporting style.

**Secondary Sources of Data:** Library materials provided the bulk of the secondary research data collected by the researcher. These resource materials were used to review extensively the facts and the reporting components of Afri bank plc. For the purpose of obtaining these secondary data, the following academic libraries were used:

- a. Central Bank of Nigeria
- b. National Library, independence layout Enugu.
- c. University of Nigeria Enugu Campus Library

In the summary these sets of data were gathered which includes:

- Data from oral interview and library materials.
- Data from the compilation of other related research work previously conducted.

**The Data Gathered Was Used At Three Different Stages As Follows:**

- In anticipation of these data the question on the questionnaires were designed in order to ensure that the respondents will confirm these data.



- The data also formed the basis upon which the review of related literature was carried out.
- They also formed part of the analysis carried out in chapter four which led to conclusion which were later arrived at in chapter five.

### 3.3 POPULATION OF THE STUDY

Whenever a researcher is planning to carry out a study, he or she must consider carefully those things that will constitute the object of his focus-those people or things constitute his study population simply put, a study population is the total of the critical analysis on aggregate of which is the total of the number of persons on objects for investigation. However, our population size for this study constitute the staff members of Afri bank plc who are knowledgeable in the preparation of the financial reports of the company. The population is arrived at by a census of the population components. The study population is one hundred (100).

### 3.4 SAMPLE SIZE AND TECHNIQUES

A sample is a representative subset of the population. The sample size is thus determined using the formula: 
$$n = \frac{z^2 s^2}{e^2}$$

Where  $s = 1.96$ ,  $z = 95\%$ ,  $e = 5\%$   $n$  = sample size to be determined.

$z$  = the confidence level desired

$e$  = the sampling error permitted

$s$  = the standard deviation of the population substituting the values into the formula, the sample size can be derived thus

$$\begin{aligned} n &= \frac{(1.96)^2 (13)^2}{5^2} \\ &= \frac{658.56}{25} \end{aligned}$$

$$\begin{aligned}
&= \frac{3.8416 \times 169}{25} \\
&= 25.96 \\
&= \mathbf{26}
\end{aligned}$$

In order that sample adequately represents the population and to enable the research to draw a valid conclusion based on the sample studied, the non-random sampling method was used by the researcher, this enabled me to reach certain persons who had the knowledge about the subject matter.

### **3.5 RESEARCH INSTRUMENT**

A questionnaire is a composition of carefully selected and ordered questions and statements presented to the respondents in order to obtain information or data required to test the hypothesis. This test will provide answers to the questions raised in the research problem.

The questionnaires were administered based on the non-random selection of the persons as contained in the sample. This was done in such a way as to get the desired result. The questionnaire contains a total of twenty-seven (27) questions. The questions are of the form of closed-ended, where the responders are only expected to choose from alternatives and open-ended where respondents are expected to give their opinion freely without having to choose from any alternative.

### **3.6 METHOD OF DATA ANALYSIS**

I translated the data collected into simple percentages. This was to enable an inferential statement to be made about any relationships. The formulated hypothesis were tested using chi-square ( $\chi^2$ ) test statistics which measures the significance of the difference between the observed set of frequencies. The computations were done using the chi-square formula which is

$$X^2 = \frac{\sum (of - ef)^2}{ef}$$

Where; of = observed frequency

ef = expected frequency

The research hypothesis earlier formulated in the chapter one were tested in chapter four for acceptance or rejection using the chi-square statistical technique. In using percentage and frequency distributions, a number of tables will be used in analyzing the responses of the questions asked and the percentage calculated and based on the total number of responses.

### 3.7 MODEL SPECIFICATION

The research hypothesis will be tested accordingly so as to achieve the objectives of the study. Each of the four sets of hypothesis was tested and the result in each case was used to determine whether or not the alternate hypothesis should be rejected or accepted. Based upon the degree of freedom (df) and the level confidence derived, a critical value of chi-square is determined from the chi-square table ( $\chi^2$ ).

The decision rule therefore is to reject the null hypothesis if the critical value ( $\chi^2_e$ ) obtained from table of chi-square is greater than the chi-square value ( $\chi^2$ ) computed using the formula; if otherwise do not reject the null hypothesis.

## CHAPTER FOUR

### DISCUSSION AND ANALYSIS

#### 4.1 DATA PRESENTATION

In the process of this research work, the researchers have been able to establish the place of the accountancy profession in Nigeria economy. This is enhanced through some research questionnaire distributed to a cross-section of people who are knowledgeable in their field of specialization and the economy from their response; it was observed that the accountancy profession is actually involved in the running of the national economy.

The research involved in the running of the national economy. Those who have idea and relevant information to the topic of this study, professional accountant and staff of Afribank Nig Plc.

Twenty (20) sets of research question were distributed. Table to reflect the response of the respondent will now be drawn up and followed by an analysis.

QUESTION: Accountancy profession has created a place for itself in the affairs of Nigeria economy.

RESPONSE	NUMBER RESPONDENT	OF	PERCENTAGE (%)
Agree	20		100
Disagree	----		-----
No option	----		-----
<b>TOTAL</b>	<b>20</b>		<b>100</b>

Source: Field survey, 2025

From the table above, the researchers deduced that accountancy profession has created a place for itself in the affair of Nigeria economy. The whole number of respondent indicated positive response, this being the 100% value of respondent

QUESTION: Professional accountants have been living up to expectation in economic structure process

RESPONSE	NUMBER RESPONDENT	OF PERCENTAGE (%)
Agree	20	100
Disagree	----	----
No option	----	----
<b>TOTAL</b>	<b>20</b>	<b>100</b>

Source: Field survey, 2025

The table above simply shows that professional accountants have been up to expectation in economic structure process. Twenty (20) respondent representing 100% of the total respondents indicated positive response on the non- relenting efforts of professional accountants.

QUESTION: Professional accountants have championed anti-corruption crusade.

RESPONSE	NUMBER RESPONDENT	OF PERCENTAGE (%)
Agree	13	65
Disagree	7	35
No option	----	----
<b>TOTAL</b>	<b>20</b>	<b>100</b>

Source: Field survey, 2025

Out of the twenty (20) respondents, thirteen responded positively this represent sixty-five percent (65%) while thirty-five percent (35%) are of negative response considering the data, the accountancy profession have championed anti-corruption crusade in Nigeria.

QUESTION: Accountancy profession will continue to be relevant in the economic response activities.

RESPONSE	NUMBER RESPONDENT	OF PERCENTAGE (%)
Agree	20	100
Disagree	----	----
No option	----	----
<b>TOTAL</b>	<b>20</b>	<b>100</b>

Source: Field survey, 2025

The response that accountancy profession will continue to be relevant in the economic activities. It can be deduced that the profession has created an impact that will continue to be reckoned within the economic activities of the country.

QUESTION: Nigeria economy is suitable enough for two (2) accounting bodies

<b>RESPONSE</b>	<b>NUMBER RESPONDENT</b>	<b>OF</b>	<b>PERCENTAGE (%)</b>
Agree	15		75
Disagree	5		25
No option	---		---
<b>TOTAL</b>	<b>20</b>		<b>100</b>

Source: Field survey, 2025

From the derived, it has been seen that some agree with the idea that Nigeria economy is developed enough to accommodate two (2) professional accounting bodies. While others maintained that the economy is not suitable enough for two accounting bodies. Comparing the two responses, it shows that the majority of the respondents representing seven-five percent (75%) are in the agreement with the idea that Nigeria economy is suitable enough for two professional accounting bodies.

QUESTION: Institute of chartered Accountants of Nigeria (ICAN) mandatory continuing professional education programme is serving the desired purpose.

<b>RESPONSE</b>	<b>NUMBER RESPONDENT</b>	<b>OF</b>	<b>PERCENTAGE (%)</b>
Agree	16		80
Disagree	2		10
No option	2		10
<b>TOTAL</b>	<b>20</b>		<b>100</b>

Source: Field survey, 2025

From the above table, it means that ICAN mandatory continuing professional education programme is serving the desired purpose. Eighty percent (80%) agree, ten percent (10%) disagree while ten percent (10%) have no option.

QUESTION: The Nigeria College of accountancy, courtesy of Association of National Accountant of Nigeria (ANAN) is a welcome and great development

RESPONSE	NUMBER OF RESPONDENT	PERCENTAGE (%)
Agree	10	50
Disagree	8	40
No option	2	10
<b>TOTAL</b>	<b>20</b>	<b>100</b>

Source: Field survey, 2025

This shows that the Nigeria College of accountancy established by the Association of National Accountant of Nigeria (ANAN) is a welcome and great development. Ten (10) respondents agree, which represent fifty percent (50%) of the total respondent, forty percent (40) disagree while ten percent (10%) have no option.

QUESTION: Computer cannot take the role of professional accountants but can only complement it.

RESPONSE	NUMBER OF RESPONDENT	PERCENTAGE (%)
Agree	20	100
Disagree	----	----
No option	----	----
<b>TOTAL</b>	<b>20</b>	<b>100</b>

Source: Field survey, 2025

From the response, it is obvious that the role professional accountants cannot be taken by computer rather it will serve as a complement to their roles.

## 4.2 SUMMARY ANALYSIS OF UNSTRUCTURED QUESTION

It has been observed from the response to the unstructured question that Nigeria is suitable for two (2) accounting bodies while the issues of legal battle is seen as a continuous rivalry which can deprive the profession of immense benefit and resource which can be pulled together for the general upliftment of the profession.

The response indicate that, considering the position of the Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountant of Nigeria (ANAN), a professional accountant still remain a person who has a professional qualifications in addition to his academic qualification.

The professional have been taking part in the seminars and workshops organized by accounting bodies both at the national and international levels and at time they send their staff to participate. This is in response to the question of their contribution to the anti-corruption crusade.

Professional accountants firms have been training their audit staff in application of computer. They also trained secretary in the use of computer for audit purpose. All these are being tone to suit the present computer age.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 SUMMARY OF FINDINGS**

Due to the following desire of the researchers to arrive at a result oriented work, he has gained more knowledge regarding accountancy profession. This is enhanced by the conducted on relevant materials and the response of the cross-section of the respondent.

The researchers have made conscious efforts to look at the history of accounting. Function that can be rendered by accountants in the society. Formation of professional bodies, challenges and relevance of the profession in Nigeria economy.

Accountants have a good role to play in the world affair. It is his mission to perceive it, analyze it, bring order to it, portray I and the more complex the society the more demanding the profession task. Accounting is an essential tool in economic development then becomes more relevant in the Nigeria situation, since the reserve is available (in term of quality and quantity) are, by the definition of under-development limited.

The impact of accounting in economic development has never been doubt. What would appear to be the new idea today is, therefore not the relevance of accounting to the development process but the urgent need to find a lasting solution to fierce battle between the two professional accountings bodies in Nigeria.

#### **5.2 CONCLUSION**

In the study of data analysis and presentation, the research's used questionnaire and personal interview for the analysis of this study, and for easy interpretation, the data collected are presented and analysis showing accurate picture of the situation.

Accounting profession, as reflected in the response to the questionnaire and personal interview has continued to make positive and encouraging impact on Nigeria economy. Accountants and auditors are part of this vibrant and dynamics society which is

leaving that by intelligent planning based on reliable data many social, economic and political problem could be overcome.

Conclusively, accountants need not only to be specialist in a highly important technical skill, but also as citizen of culture and wide ranging interest will and are there to take part in an effort to help the nation which requires their skill, the measurement of and communication of financial and economic data.

### **5.3 RECOMMENDATIONS**

In the light of the research carried out so far, the following could be considered as the researcher's recommendations in the direction of making accountancy an ideal profession in Nigeria.

- a) Accounting bodies should ensure that there is enough publication to enhance public perception of the function to be discharge by the professional.
- b) The individuals of timber and caliber of accounting in Nigeria should come together to find a lasting solution to the fierce battle between the two professional accounting bodies in Nigeria.
- c) The contribution of professional accounting bodies to the development of Nigeria economy needs to be further enhanced and improved by enlighten members of the accountancy profession to up-date their accountancy knowledge, be highly conscious of their ethical conduct and take part in the governance of this nation.

The profession must make good education, at all level, its cardinal principle; the idea of having their professional joining accountancy profession at the top level should be reviewed.

Constitutional backing should be granted by professional accountants to enhance more fruitful results in their anti-corruption crusade.

Government accounting body to co-ordinate the accounts of all the agencies of government (corporation and parastatals) at all levels should be established to achieve prudent management of available limited resources, accountability and probity.

## REFERENCE

- Alexander, D., & Britton, A. (2000): Financial Reporting. (5th Ed.). London: Thomson Learning.
- Arowoshegbe, A.O., Uniamikogbo, E., & Atu, G. (2017): Accounting ethics and audit quality in Nigeria. *Asian Journal of Economics, Business and Accounting*
- Babayanju, G. A., Animasaun, R. O., Sanyaolu, W. A. (2015): Financial Reporting and Ethical Compliance: The Role of Regulatory Bodies in Nigeria. *Account and Financial Management Journal*
- Barth, M., W. Landsman, and Lang. M. (2008): International Accounting Standards and Accounting Quality. *Journal of Accounting Research*, 46 (3): 467-498.
- Beest, F. V., Braam, G., & Boelens, S. (2009): Quality of Financial Reporting: measuring qualitative characteristics. NiCE Working Paper 09-108, Institute for Management Research, Netherlands.
- Cheung, E., Evans, E., & Wright, S. (2010): An historical review of quality in financial reporting in Australia. *Pacific Accounting Review*, (0114-0582).
- Cohen, J. R., Krishnamoorthy, G. and Wright, A. (2004): 'The corporate governance mosaic and financial reporting quality'.
- D'Asquilla, J. M. (2001): Financial accountants' perceptions of management's ethical standards. *J. Business Ethics*, 31(3), 233-244.
- Dankwanmbo, I. H. & Izedonmi, F. O. I. (2018): Accounting: A sectoral approach (unedited). Unpublished manuscript, department of Accounting, Igbinedion University, Okada, Edo, Nigeria.
- Dechow, P.M., Sloan, R.G. and Sweeny, A.P. (1995), Detecting earnings management, *The Accounting review*, 70(2): 193-225.
- Eginiwin, J. E., & Dike, J. W. (2014). Accounting ethics and the quality of financial reporting: A survey of some selected oil exploration and producing companies in Nigeria. *Journal of Business and Management*, 16 (7), 26-36.
- Erin, O., & Ogudele, I. (2016). Whistle-blowing and quality of financial reporting in the Nigeria banking sector. *Conference on Africa development issue*, 1(2), 103-107.

Enofe, A. O., Edemenya, C.C., & Osunbor, E.O. (2015): The effect of accounting ethics on quality of financial reports in Nigeria. *Research Journal of Finance and Accounting*, 6 (12), 123-130.

## QUESTIONNAIRE

### SECTION A

1. Gender: (a) Male ( ) (b) Female ( ).
2. Marital status: Single ( ) Married ( ) Divorce ( )
3. Age Group: (a) 20-29 years ( ) (b) 30-39 years ( ) (c) 40 and above ( ).
4. Academic Qualification: (a) WAEC/SSCE/NECO ( ) (b) OND/NCE ( ) (c) First Degree.

### SECTION B

5. Accountancy profession has created a place for itself in the affairs of Nigeria economy. Agree ( ) Disagree ( ) No option. ( )
6. Professional accountants have been living up to expectation in economic structure process. Agree ( ) Disagree ( ) No option. ( )
7. Professional accountants have championed anti-corruption crusade. Agree ( ) Disagree ( ) No option. ( )
8. Accountancy profession will continue to be relevant in the economic response activities. Agree ( ) Disagree ( ) No option. ( )
9. Nigeria economy is suitable enough for two (2) accounting bodies. Agree ( ) Disagree ( ) No option. ( )
10. Institute of chartered Accountants of Nigeria (ICAN) mandatory continuing professional education programme is serving the desired purpose. Agree ( ) Disagree ( ) No option. ( )
11. The Nigeria College of accountancy, courtesy of Association of National Accountant of Nigeria (ANAN) is a welcome and great development. Agree ( ) Disagree ( ) No option. ( )
12. Computer cannot take the role of professional accountants but can only complement it. Agree ( ) Disagree ( ) No option. ( )