

ETHICAL VALUES AND FINANCIAL REPORTING QUALITY

**Victor Ese FORCADOS
MGS1611384**

**DEPARTMENT OF ACCOUNTING
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN
BENIN CITY**

OCTOBER 2023

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MGS1611384**

**BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING,
FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN, BENIN CITY,
NIGERIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF BACHELOR OF SCIENCE (B.Sc.) DEGREE IN ACCOUNTING**

OCTOBER, 2023

DECLARATION

I, Victor Ese FORCADOS hereby declare that:

- i. This project is based on a study undertaken by me in the department of Accounting, University of Benin, under the supervision of Prof. S.A. Omoye
- ii. This work has not been previously submitted for the award of degree elsewhere.
- iii. All ideas and views are products of my personal research and where the views of others have been expressed, they have been duly acknowledged.
- iv. Any litigation or liability arising from the work is wholly borne by me and not the supervisor.

Victor Ese Forcados

Date

CERTIFICATION

We certify that this project work was carried out by **Victor Ese Forcados** with Matriculation Number: **MGS1611384** in the Department of Accounting, University of Benin, Benin city in partial fulfillment for the award of Bachelor of Science (B.Sc.) degree in Accounting.

Prof. A.S. Omoye (FCA, FCTI)
Project Supervisor

Date

Dr. Osasu Obaretin
Head of Department

Date

Dr Uyi Obazee
Project Co-ordinator

Date

DEDICATION

This project is dedicated to God Almighty for his grace and mercy upon my life and for the strength all through my academic pursuit and aspirations.

ACKNOWLEDGEMENTS

The success and the outcome of this project was made possible by the guidance and support from many people.

First of all, i give gratitude to the Almighty God, for without him, I would not have gotten this far. My sincere gratitude goes to my H.O.D. Dr. OSASU OBARETIN, and my Project supervisor Prof. S.A. OMOYE for his continious support, patience, motivation, and immense knowledge. His guidance helped me all through the period of my research and project completion

I would also want to appreciate Mr. DANIEL ONIMISI JOSEPH for his guidance, contribution and support through out my project research. Despite his busy schedule, he spared time to provide me with regular feed back and encouragement. Thank you sir. My special thanks goes to my Lecturers for their support and encouragement on my academics, for the inculcating of moral values and the impacting of knowledge in me. My heart felt appreciation goes to my Mummy, Mrs. Regina Forcados, my brother, Stanley Forcados, my sister Stella Forcados .A., my aunty Mrs ufuoma ogbayagbona, my heart beat, Helen Forcados, my uncles Mr John Forcados, and Mr. Tony Forcados, for their continious support morally, and mostly financially. I pray that the Lord God continue to bless and uplift you all. Amen.

Finally, I want to thank my friends I came in contact with, during the course of my academic pursuit. Jerry Guobadia, Kelvin Okoshone, Ezeifidikwa, Cynthia chinyere and every other person that I didn't mention their names. May God bless you all for making my academic pursuit amazing and wonderful. Thank you all.

TABLE OF CONTENTS

Title Page	-	-	-	-	-	-	-	-	-	-	i
Declaration	-	-	-	-	-	-	-	-	-	-	ii
Certification	-	-	-	-	-	-	-	-	-	-	iii
Dedication	-	-	-	-	-	-	-	-	-	-	iv
Acknowledgement	-	-	-	-	-	-	-	-	-	-	v
Table of Content	-	-	-	-	-	-	-	-	-	-	vi
Abstract	-	-	-	-	-	-	-	-	-	-	x

CHAPTER ONE: INTRODUCTION

1.1 Background of Study	-	-	-	-	-	-	-	-	-	-	1
1.2 Statement of Research Problem	-	-	-	-	-	-	-	-	-	-	5
1.3 Research Questions	-	-	-	-	-	-	-	-	-	-	8
1.4 Research Objective	-	-	-	-	-	-	-	-	-	-	9
1.5 Research Hypothesis	-	-	-	-	-	-	-	-	-	-	9
1.6 Scope of the Study	-	-	-	-	-	-	-	-	-	-	9
1.7 Significance of the Study	-	-	-	-	-	-	-	-	-	-	10

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction-	-	-	-	-	-	-	-	-	-	-	11
2.2 Accounting Ethics	-	-	-	-	-	-	-	-	-	-	11

2.2.1 Accounting Ethics and Values	-	-	-	-	-	-	-	-	14
2.2.1.1 Ethical Dilemma in Accounting	-	-	-	-	-	-	-	-	16
2.2.1.2 Significance of Ethics in Accounting	-	-	-	-	-	-	-	-	17
2.2.2 Fundamental Principles of Accounting Ethical Standards	-	-	-	-	-	-	-	-	18
2.2.2.1 Integrity	-	-	-	-	-	-	-	-	19
2.2.2.2 Objectivity	-	-	-	-	-	-	-	-	19
2.2.2.3 Professional Competence	-	-	-	-	-	-	-	-	20
2.2.3 Financial Reporting Quality	-	-	-	-	-	-	-	-	21
2.2.3.1 Qualitative Characteristics of Financial Reporting	-	-	-	-	-	-	-	-	23
2.2.4 Effects of Accounting Ethics on Financial Reporting Quality	-	-	-	-	-	-	-	-	24
2.2.5 Impact of Integrity on Financial Reporting Quality	-	-	-	-	-	-	-	-	25
2.2.6 Impact of Objectivity on Financial Reporting Quality	-	-	-	-	-	-	-	-	26
2.2.7 Impact of Competence on Financial Reporting Quality	-	-	-	-	-	-	-	-	27
2.3 Theoretical Framework	-	-	-	-	-	-	-	-	28
2.3.1 Accounting Theory	-	-	-	-	-	-	-	-	28
2.3.2 Utilitarian Theory	-	-	-	-	-	-	-	-	29
2.3.3 Agency Theory	-	-	-	-	-	-	-	-	31
2.3.4 Ethical Theory	-	-	-	-	-	-	-	-	32
2.4 Empirical Review	-	-	-	-	-	-	-	-	36

CHAPTER THREE: METHODOLOGY

3.1 Introduction	-	-	-	-	-	-	-	-	-	41
3.2 Research Design	-	-	-	-	-	-	-	-	-	41
3.3 Population Size	-	-	-	-	-	-	-	-	-	42
3.4 Sampling Method	-	-	-	-	-	-	-	-	-	42
3.5 Research Instrument	-	-	-	-	-	-	-	-	-	43
3.6 Sources of Data	-	-	-	-	-	-	-	-	-	44
3.7 Model Specification and Method of Data Analysis								-	-	44
3.5 Operationalization	-	-	-	-	-	-	-	-	-	45

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.0 Introduction	-	-	-	-	-	-	-	-	-	47
4.2 Respondent profile	-	-	-	-	-	-	-	-	-	47
4.3 Data Analysis on the Effect of Ethical Values on Financial Reporting Quality	-									49
4.4 Regression Analysis on the Effect of Ethical Values on Financial Reporting Quality										54
4.5 Testing of Hypothesis	-	-	-	-	-	-	-	-	-	56
4.6 Discussion of Findings	-	-	-	-	-	-	-	-	-	58

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary	-	-	-	-	-	-	-	-	-	60
5.3 Conclusion	-	-	-	-	-	-	-	-	-	60

5.4 Recommendations	-	-	-	-	-	-	-	-	-	60
References	-	-	-	-	-	-	-	-	-	64
Appendix	-	-	-	-	-	-	-	-	-	72

ABSTRACT

This research delves into investigating the influence of ethical values on financial reporting quality. Despite considerable interest in the relationship between ethical values and financial reporting quality. Prior studies have yielded inconclusive results, indicating a need for further examination, particularly in developing countries like Nigeria, where corruption and financial statement manipulation still prevails

The study focused on two (2) organizations situated in Benin City, Edo state. Primary data was collected through questionnaires administered to 50 top personnels of the sampled organizations, and a survey research design was employed. Data analysis involved descriptive statistics, multiple regression analysis was used to test for the hypothesis.

The research revealed a positive association between, the ethical values of Objectivity, competence, Integrity and financial reporting quality.

As a result, the study recommends that there's a need for accounting regulatory bodies, the government to promote the integration of ethics education within accounting curricula to cultivate ethical awareness from the early stages of professional development, Organizations and practitioners in the field of accounting and auditing should establish and strengthen mechanisms to protect whistleblowers, promoting a culture where individuals feel secure reporting unethical practices without fear of retaliation and finally, management, top executives should foster strong corporate governance structures that prioritize ethical conduct, emphasizing the role of boards and management in upholding integrity.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

In recent times, business ethics has emerged as a subject of renewed global interest, primarily driven by numerous infamous corporate scandals involving companies like Enron, WorldCom, Arthur Anderson, Tyco International, Adelphia, Cadbury PL

C, and Lever Brothers PLC (Ojeka, Ogundana & Iyoha, 2017). Regrettably, the fallout from these collapses has significantly tarnished the reputation of the accounting profession, creating a widespread lack of trust. Moreover, the business ethics challenge has gained even more prominence due to several factors. The increasing importance of government regulations, heightened media scrutiny, and mounting pressure from various stakeholders have collectively propelled the issue of business ethics to the forefront of strategic considerations for virtually all firms (Weaver, Trevino & Cochran, 1999). These factors have compelled companies to reassess their ethical practices and address any deficiencies to restore public trust and safeguard their long-term sustainability in an environment where ethical behavior is increasingly demanded and expected. In the study conducted by (Babayanju et al. 2017), a clear distinction was made between value and ethics. The researchers elucidated that values encompass the beliefs that shape our perception of right and wrong, influencing our everyday actions. On the other hand, ethics provides a framework, derived from ethical theories, that enables critical thinking and

deliberation on moral matters. It is important to note that the concept of ethics transcends disciplinary boundaries, making it an interdisciplinary field of study.

Ethics can be described as the set of values that individuals hold regarding behavior based on notions of good and bad or the consequences of their actions (Yarahmadi & Bohloli, 2015). The accounting ethics code encompasses integrity, objectivity,

competence, confidentiality, and professional behavior of accountants. Establishing trust and confidence among investors is crucial in the accounting sector to attract additional investments from shareholders, thereby necessitating ethical conduct from accountants to present high-quality financial statements (Rashid et al., 2018). Compliance with the code of ethics not only fosters a positive perception of a professional's reliability but also helps to reduce the likelihood of fraudulent financial reporting. Business organizations have high expectations of professional accountants, and failing to meet these expectations can create an expectation gap, which has implications for the accounting profession's social contract (Armstrong, 2013). Consequently, maintaining a high level of ethical behavior is crucial for the credibility and continued existence of the accounting profession (Nathan, 2015). It is essential for people to have confidence in the ethical values of professional accountants in financial reporting, given the complex nature of the services they provide.

Following significant financial crises and scandals such as the Asian Financial Crisis, the Enron debacle, and the global financial crisis, regulators, policymakers, and accounting standards bodies worldwide have emphasized the importance of improved corporate ethics and enhanced

accounting and disclosure requirements (Christian & Wysocki, 2018). The adoption of International Financial Reporting Standards (IFRS) by stock exchanges and accounting standards bodies aims to harmonize and converge accounting rules, safeguarding companies from financial problems and collapse stemming from poor corporate management ethics. The significance of high-quality financial reporting cannot be overstated, as it offers valuable information for analysts to evaluate a company's performance and future potential (cfainstitute.org, 2023). On the other hand, low-quality financial reporting presents inaccuracies, misleading details, or incomplete information (cfainstitute.org, 2023). Such lapses in financial reporting quality have led to well-known scandals that have not only caused financial losses for investors but have also eroded trust in the financial system as a whole (cfainstitute.org, 2023). Accounting ethics play a crucial role in enhancing the quality of financial reporting by ensuring continuous efforts to uphold reasonable and solidly based standards (Leung & Cooper, 2014). Accounting professionals need to understand the potential implications of professional and managerial decisions and be aware of the pressures in adhering to ethical accounting standards, as these factors can impact the quality of financial reporting and decision-making within organizations. Ethics is an integral part of accounting practices, and ethical conduct must be ingrained in accounting activities (Nzorubara, 2020). To meet these high expectations, professional codes of ethics have been adopted by the accounting profession, emphasizing self-discipline beyond legal requirements (Duska & Duska, 2014; Wilson et al., 2016). However, research suggests that accountants often prioritize compliance with legal obligations rather than moral obligations, highlighting the importance of upholding moral principles alongside legal compliance (Cameron & O'Leary, 2015). Accounting professionals and practitioners must report ethically on behalf of

clients and stakeholders (Wyatt, 2004; Low et al., 2008). This code establishes a conceptual framework that outlines fundamental principles, including integrity, objectivity, professional competence, confidentiality, and professional behavior International Ethics Standards Board for Accountants (IESBA, 2020). It provides a comprehensive guideline for accountants to follow, ensuring their compliance with these essential ethical principles. Compliance with the IESBA code means accountants must maintain honesty, avoid conflicts of interest, stay updated on professional knowledge, respect confidentiality, comply with relevant laws and regulations, and uphold the reputation of the profession. The responsibilities of accountants extend beyond their immediate clients and encompass various stakeholders, such as shareholders, debenture-holders, creditors, employees, suppliers, government entities, the accounting profession, and the general public (Appah, 2010; Abiola, 2012). Adhering to the prescribed codes of ethical conduct is imperative for accountants. This is because professional ethics plays a significant role in the ethical behavior of accountants and in providing reliable information to those who rely on their services (Klai & Omri, 2011; Enofe et al., 2015). The establishment and enforcement of professional ethics within the accounting field are likely to enhance the quality of financial reporting. Furthermore, competence plays a vital role as there is a positive relationship between competence and the generation of reliable and high-quality financial reports, which can be achieved through training and skill enhancement (Agwor & Okafor, 2018). Research studies consistently emphasize that ethical accounting standards are fundamental prerequisites for accountants to produce error-free financial reports of superior quality. The attributes of integrity, objectivity, and competence have a positive influence on the overall quality of financial statements. Accountants who adhere to ethical behavior tend to prepare better financial reports,

which significantly impact decision-making processes (Ogbonna & Ebimobowei, 2012). The significance of producing high-quality financial reports is underscored, as such reports provide an accurate and true reflection of a business's performance when the independent variables, such as integrity, objectivity, and competence, are applied effectively (Eginiwin & Dike, 2014). For financial statements to remain accurate and free from manipulation, a deep understanding of professionalism, competence, knowledge, and guidance is imperative (Darwanis et al., 2016). By upholding ethical principles, accountants can contribute to fostering a trustworthy financial reporting environment that is essential for sound decision-making and the overall health of the financial system. This study aims to examine the impact of accounting ethics on the quality of financial reporting.

1.2 STATEMENT OF RESEARCH PROBLEM

Every profession has its own set of ethical standards that govern the behavior of its members. This is particularly crucial in Nigeria, where corporate scandals have become distressingly common in the business environment. Ogbonna and Appah (2011) argue that these ethical considerations are necessary to mitigate the occurrence of such scandals. The lack of ethical considerations can impede an organization's ability to achieve its goals and objectives. Joseph and Dike (2014) support this notion, stating that the failure of some organizations in the corporate sector can be attributed to the accountants' non-compliance with codes of conduct, which are reflected in the content of financial reports and viewed skeptically by end users. The prevalence of business failures and scandals has led to increased scrutiny of financial reports provided by accountants. However, accountants frequently encounter ethical dilemmas in the

course of their work. They often find themselves faced with situations where they must choose between right and wrong. The professional integrity of accountants is based on their adherence to ethical principles and their commitment to prioritizing public interests over personal interests (Babajanyu et al., 2017). The prevalence of corruption in both the private and public sectors, along with the alarming frequency of fraudulent activities, has compelled accounting professionals to place a strong emphasis on adhering to professional codes of conduct. As highlighted by Ogbonna and Appah (2011), corrupt practices have deeply infiltrated the business realm. Consequently, it becomes indispensable for accountants, who bear the crucial task of preparing financial reports, to fully abide by ethical accounting standards. This adherence ensures the production of financial reports that are precise, punctual, impactful, comprehensive, pertinent, and trustworthy. The significance of reliable and accurate financial reporting cannot be overstated. Numerous incidents over the past years (2002-2012) worldwide have demonstrated the dire consequences of compromised financial reports, leading to corporate scandals, reputational damage, and even company liquidation. One notable example is the takeover of Skye bank in Nigeria by the Central Bank of Nigeria, resulting in the withdrawal of its operating license and its subsequent handover to Asset Management Corporation of Nigeria (AMCON) for recapitalization due to unethical financial reporting and manipulation by the bank's management.

Researchers, such as Emeni (2018), Enofe, Edemenya, & Osunbor (2015), and Salaudeen, Ibikunle, & Chima (2015), have diligently investigated this concerning trend in financial reporting ethics. Concurrently, the United States Congress enacted the Sarbanes-Oxley Act in 2002 and established the Public Company Accounting Oversight Board (PCAOB) to ensure that

accountants and auditors receive ethics education, enabling them to make the right choices when faced with ethical dilemmas. In addition, professional accounting bodies like The Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) have implemented codes of ethics for their members. These codes establish clear ethical boundaries within which accountants must operate, as ethical challenges often arise during their professional activities. Failure by these professional accounting bodies to uphold public trust through the ethical conduct of their members can result in a loss of confidence in the accounting profession by the public. It is important to note that despite the numerous research efforts dedicated to accounting ethics, with the aim of preventing financial scandals (Enofe et al 2015; Emeni 2018; Salaudeen et al., 2015), organizations worldwide continue to experience frequent financial scandals and failures. Notable examples include the Independent Insurance and BCCI in the United Kingdom (UK), as well as Enron Corporation, Tyco International, WorldCom, and Global Crossing in the United States (USA). Ogiedu and Odia (2013) have reported that external auditors were implicated in several fraud cases globally, such as Arthur Anderson, found guilty in the collapse of Enron; Akintola Delloite, found culpable in the Cadbury saga involving the overstatement of financial statements by 13 billion naira; and Price Waterhouse Cooper (PWC), found guilty in the Setyam saga.

These alarming instances underscore the critical necessity of absolute compliance with ethical standards. Despite the previous studies conducted in hopes of curbing or eradicating such scandals, the question remains: Why do these financial scandals persist? This study, therefore,

endeavors to ascertain the significance and impact of accounting ethical values in addressing issues related to ethical dilemma.

It aims to achieve this by conducting a comprehensive review of the existing literature on the ethical conduct of accountants and financial reporting quality. By identifying the strengths and weaknesses in the current body of knowledge, Given the critical importance of maintaining ethical standards in professional practice, it is important to know that, studying accounting ethics provides a crucial perspective on the moral considerations within financial practices. It enhances one's understanding of the importance of integrity, transparency, Objectivity, competence and responsibility in financial reporting. This knowledge not only fosters ethical decision-making but also contributes to the overall reliability and credibility of financial information.

1.3 RESEARCH QUESTION

Based on the above problems, the following research questions were raised;

What is the Impacts of ethical values on financial reporting quality?

How has professional competence impacted financial reporting quality?

What are the impacts of Objectivity on financial reporting quality?

How does Integrity affect financial reporting quality?

1.4 RESEARCH OBJECTIVES

The main objective of this study is to determine the impact of ethical values on financial reporting quality. Other broad objectives include;

Determine the impact of ethical values on financial reporting quality

Ascertain the impact of professional competence on financial reporting quality

Investigate the impact of Objectivity on financial reporting quality

Determine the effect of Integrity on financial reporting quality

1.5 RESEARCH HYPOTHESIS

The hypothesis will be stated in their null forms;

There is significant relationship between ethical values and financial reporting quality

There is no significant relationship between professional competence and financial reporting quality

There is no significant relationship between Objectivity and financial reporting quality

There is no relationship between integrity and financial reporting quality

1.6 SCOPE OF THE STUDY

The purpose of this research is to discover the impact of Accounting ethics on the quality of financial reporting. variables considered for this study include; The accounting ethics of Integrity,

Objectivity and professional competence. The population consists of Accounting consulting firm, (Akintola and Williams) and the University of Benin. Fifty (50) Questionnaires will be administered to experienced and long serving staffs. Lecturers from the department of Accounting, Auditors, Managers, Accountants, Directors, Management Consultants and financial Analyst will serve as the respondents for this study. This choice is based on their stability, and proximity to the researcher

1.7 SIGNIFICANCE OF THE STUDY

This study will yield numerous significant benefits. Firstly, it will provide valuable guidance to stakeholders in various organizations, enabling them to uphold their prescribed ethical principles and thereby prevent instances of business failures and corporate scandals. Secondly, it will serve as a catalyst for accountants to strictly adhere to codes of ethics in accounting, ensuring a certain level of reliability in the financial reports they prepare and provide. Thirdly, the study's findings will assist organizational stakeholders in making crucial investment, finance, and dividend decisions, ultimately enhancing overall corporate performance. Fourthly, it will foster professionalism, truthfulness, honesty, and integrity among accountants, as they will recognize that engaging in fraudulent practices tarnishes both their personal and professional reputation, while also compromising the authenticity of the financial information they release. Lastly, this study will serve as a valuable resource for students, researchers, and academics interested in conducting further studies on the subject matter, providing them with a comprehensive guide.

CHAPTER TWO

2.1 INTRODUCTION

The quality of financial reporting is fundamentally rooted in ethical principles. When accountants uphold ethical values such as honesty and impartiality, they increase the likelihood of generating top-notch financial reports. On the flip side, ethical breaches can result in financial inaccuracies, decreased clarity, and a erosion of trust among those invested in the information. To sum up, it's imperative to uphold robust ethical standards in the field of accounting to guarantee the dependability and excellence of financial reporting. This, in turn, nurtures confidence among stakeholders and contributes significantly to upholding the integrity of financial markets. This literature review aims to delve into the diverse body of research that examines the nuanced relationship between accounting ethical values and financial reporting.. By exploring a range of theoretical perspectives, empirical studies, this review seeks to shed light on the ways in which professional ethical values or ethical codes such as Integrity, Objectivity and Professional Competence can influence financial reporting quality for the purpose of decision making as well as the reliability, dependability of the prepared financial statements.

2.2 ACCOUNTING ETHICS

According to Zoran, (2018) in his study, ethics can be understood as some set of the moral rules and norms that influence the individuals and organisations and also determine the ways in which individuals and organisations operate or function in business and personal activities (Todorovic, Zoran, 2018). Ethics may be viewed as a science of conduct, which entails learning the right

thing and doing the right thing (Nwanyawu, 2018). According to Mariana, and Maria Ciurea, in the context of accounting and accounting profession, ethics could be associated with the moral values and standards that provide guidance to professional accountant to ensure the quality of accounting and to report financial statement as “true and fair” (Mariana, & Maria Ciurea. 2016). Studies have also argued that the main purpose of accounting and auditing is to provide the accurate and fair financial status of the company in order to help stakeholders. The basic principle of ethics associated with accounting profession encompasses professional integrity, confidentiality, as well as professional behavior and competence (West Andrew, 2018).

International Federation of Accountants (IFAC) has also recognized the significance of these ethical principles in accounting profession and has informed that association of ethics with accounting profession is not just to fulfil the interest of individual clients, but to act in public interest (Dixon Austin 2018). Addressing the problem of accounting failures and financial frauds is also important because, it has resulted in causing a significant financial loss to countries. Office for National Statistics UK (2019). Ethics is a subject that is relevant to various aspects of life. Accountants have a bond and obligation to prepare reliable and trustworthy financial reports to shareholders, creditors, employees, suppliers, government, all accounting professions, and to the public in general. High ethical standards can result in good financial reports, reliable, transparent, and objective (Enofe et al., 2015). Lack of professional ethics will create an unrealistic picture of financial statements. Without the accounting ethics of an accountant, the tendency of an accountant to manipulate financial statements is not low (Meihami et al., 2013).

Accountants have obligations to shareholders, creditors, employees, suppliers, the government, the accounting profession and the public at large. In other words, their obligations go beyond their immediate client. Decisions made on information provided by accountants can materially affect the lives of any or all of these stakeholders. Therefore, behaving ethically is an essential and expected trait (Carroll, 2005). As a result, an accountant is responsible for the consequences of his moral choices not only for his own life but also on the lives of other people. An accountant who commits fraud not only ruins his own moral being but also harms the interests of the other members of society who depend on him (Catacutan, 2006). Professional ethics is important to accountants and those who rely on information provided by accountants because ethical behavior entails taking the moral point of view. This can be seen as a formal method of declaring to all that the occupation can be trusted (Carroll, 2005). Internalizing and developing professional ethics in accounting profession lead to promoting the quality of financial reporting (Mahdavikhou, 2010).

They are values, principles and policies that serve as operational procedures for individuals and organisations for decision regarding what is morally right and wrong (Nwanyawu, 2018). Arowoshegbe, Uniamikogbo and Atu (2017) in their study unraveled the impact of ethics on audit quality. They discovered that accounting ethics have a positive and significant relationship with audit quality. Their study also showed that accounting ethics play a vital role in improving the auditor's expertise. Therefore, there is a need to regulate and strictly enforce accounting ethics both by the standard setters and other stakeholders such as the organisations, professional bodies and tertiary institutions. Nwanyanwu (2018) in his own study revealed that good

accounting ethics can help in alleviating fraud in Nigerian banks. Ethics is an integral part of accounting practices, and ethical conduct must be ingrained in accounting activities (Nzorubara, 2020). To meet these high expectations, professional codes of ethics have been adopted by the accounting profession, emphasizing self-discipline beyond legal requirements (Duska & Duska, 2014; Wilson et al., 2016). However, research suggests that accountants often prioritize compliance with legal obligations rather than moral obligations, highlighting the importance of upholding moral principles alongside legal compliance (Cameron & O'Leary, 2015).

Ethics can be described as the set of values that individuals hold regarding behavior based on notions of good and bad or the consequences of their actions (Yarahmadi & Bohloli, 2015). The accounting ethics code encompasses integrity, objectivity, competence, confidentiality, and professional behavior of accountants. Establishing trust and confidence among investors is crucial in the accounting sector to attract additional investments from shareholders, thereby necessitating ethical conduct from accountants to present high-quality financial statements (Rashid et al., 2018). Compliance with the code of ethics not only fosters a positive perception of a professional's reliability but also helps to reduce the likelihood of fraudulent financial reporting

2.2.1 Accounting Ethics and Values

In recent times, business ethics has emerged as a subject of renewed global interest, primarily driven by numerous infamous corporate scandals involving companies like Enron, WorldCom, Arthur Anderson, Tyco International, Adelphia, Cadbury PLC, and Lever Brothers PLC (Ojeka, Ogundana & Iyoha, 2017). Regrettably, the fallout from these collapses has significantly

tarnished the reputation of the accounting profession, creating a widespread lack of trust. In the study conducted by (Babayanju et al. 2017), a clear distinction was made between value and ethics. The researchers elucidated that values encompass the beliefs that shape our perception of right and wrong, influencing our everyday actions. On the other hand, ethics provides a framework, derived from ethical theories, that enables critical thinking and deliberation on moral matters. It is important to note that the concept of ethics transcends disciplinary boundaries, making it an interdisciplinary field of study.

Business organizations have high expectations of professional accountants, and failing to meet these expectations can create an expectation gap, which has implications for the accounting profession's social contract (Armstrong, 2013). Consequently, maintaining a high level of ethical behavior is crucial for the credibility and continued existence of the accounting profession (Nathan, 2015). It is essential for people to have confidence in the ethical values of professional accountants in financial reporting, given the complex nature of the services they provide. Following significant financial crises and scandals such as the Asian Financial Crisis, the Enron debacle, and the global financial crisis, regulators, policymakers, and accounting standards bodies worldwide have emphasized the importance of improved corporate ethics and enhanced accounting and disclosure requirements (Christian & Wysocki, 2018).

The adoption of International Financial Reporting Standards (IFRS) by stock exchanges and accounting standards bodies aims to harmonize and converge accounting rules, safeguarding companies from financial problems and collapse stemming from poor corporate management ethics. The significance of high-quality financial reporting cannot be overstated, as it offers

valuable information for analysts to evaluate a company's performance and future potential (cfainstitute.org, 2023). On the other hand, low-quality financial reporting presents inaccuracies, misleading details, or incomplete information (cfainstitute.org, 2023). Such lapses in financial reporting quality have led to well-known scandals that have not only caused financial losses for investors but have also eroded trust in the financial system as a whole (cfainstitute.org, 2023). Accountants who uphold ethical behavior tend to prepare better financial reports to influence decision-making (Ogbonna & Ebimobowei, 2012). Good quality financial reports will provide a true and real view of business performance if the application of these independent variables is carried out properly (Eginiwin & Dike, 2014). Professionalism, competence, knowledge, and guidance must be in depth so that the reporting of financial statements remains in accordance with reality and there is no manipulation (Darwanis et al., 2016).

2.2.1.2 Ethical Dilemma in Accounting

Ethical dilemma in accounting and auditing of firms could be associated with the problem that auditors might face in presenting the true and fair financial statement of the firm and the pressure of protecting the interest of management (Duska et al, 2018). Ethical dilemmas can also occur in producing the fair financial statements because of the agency problem that could occur between the management and stakeholders as well as between the accountants and stakeholders (Hoggett 2018).

Management's pressure, interest and greed could result in production of manipulated financial statements. However, the dilemma could occur as the auditors have to maintain the long term

working relationship with the management of companies, while also required to conduct their duties with scrutiny (West Andrew, 2017). Financial frauds and misstatements could be the main problem in current accounting system because of the non-adherence of the accountants to accounting standards, rules and regulations. Organisational governance and internal control systems are also responsible for affecting the quality of accounting and auditing, as in the case of Enron, WorldCom and Tyco (Jaijairam 2017). All these cases have explained that pressure of management over accountants is one of the main reasons causing ethical issues. The conflict of interest can also occur when the interest of the management of the organisation do not align with interest of its stakeholders. Also, as management hold a significant influence over auditors and also have the power of harming interest of auditors, result in causing ethical dilemmas for accountants (Narayanaswamy, R 2017). Lack of supervision and quality control are also the reasons associated with increased ethical issues in accounting profession (Avdeev et al 2019).

2.2.1.3 Significance of Ethics in Accounting

A wide body of literature has focused on identifying the significance of ethics in accounting and its role in reducing financial misstatements and financial frauds. Steven Mintz has espoused in his book that accounts and auditors have the obligation and duty of working in interest of public and stakeholders of the firms (Mintz et al 2016). He further informed in his work that focus on public interest works as the duty that encompass ethical perspective and allow auditors and accountants to make balanced professional decisions. Aghdammazraeh and Karimzadeh (2017). Argued in their work that ethics in accounting helps in preventing the issues associated with self-interest. However, other studies have espoused that providing ethical education to accounting

students could be significant in moral development of professionals (Arfaoui 2016). The professional principle of integrity implies that accounts are required to display professional honesty and fair conduct, while objectivity implies that accountants are required to apply the professional judgement in conducting audits (Cheng 2016). Principles of professional behaviour and professional competence in accounting are found to be significant for preventing any actions that diminish the reputation of profession and also help auditors and accountants to work by complying to legal and regulatory duties (Shaver et al 2017).

Ethics in accounting is highly important for reducing fraudulent activities. Poor corporate governance and internal control can result in creating loopholes, by which accountants can indulge in unethical activities. This also results in diminishing the reputation of business. Integration of ethical values, standards and principles are significant for ensuring the trust of stakeholders in accounting profession (Aifuwa et al 2018). Compliance with the code of ethics tends to instill a positive perception of the reliability of a professional and the lack of such compliance can raise suspicion of a professional's independence. In addition, competence also serve as a positive relationship because reliable quality financial reports can be achieved through training to improve the competence of an individual (Agwor & Okafor, 2018).

2.2.2 Fundamental Principles of Accounting Ethical Standards

Mathews and Perera (1996) said, to sustain social regulation, a profession has to develop rules to govern its members. Generally, these rules are encrypted in a code of ethics which is a guide to members of a professional community in carrying out their professional roles. It is well known

that the two major professional accounting bodies in Nigeria (ICAN & ANAN) like other similar professional bodies in the globe provide essential principles and procedures for professional accountants. These principles include; integrity, objectivity, professional competence and due care, confidentiality, professional behavior, technical standards and independence. However, this study will focus on Integrity, Objectivity and professional competence.

2.2.2.1 Integrity

First, in terms of integrity, a professional accountant should be conventional and truthful in all professional and business relationships. Jenfa (2000) says a professional accountant has a responsibility to avoid actual or obvious conflict of interest. The professionals should be able to abstain from engaging in any activity that would hamper their ability to perform their duties ethically. According to Osioma (2000), integrity is the final test of professionalism. It is the state of being whole and united. He noted further that integrity is hostile to the spirit of our age. The predominant philosophy of life that guides our culture circles around a materialistic consumer mind-set. A professional accountant should not be related with reports, returns, communications or other information where they consider that the information contains materially false or misleading statements.

2.2.2.2 Objectivity

The principle of objectivity enforces on all professional accountants to be just, straightforward and free from conflict of interest and should not give room for any bias or undue influence of others to prevail over their sound professional or business judgment. Jenfa (2000) argued that the

professional accountant has the duty to communicate information quantitatively and justly and disclose fully all important facts that could sensibly be expected to influence any user's understanding of the reports, observations and recommendations obtainable. The IFAC code of ethics for professional accountants recognizes that the targets of the accountancy professional are to work to an extreme standards of professionalism, to achieve the apex levels of performance and generally to ensure that public interest requirement is being fulfilled.

2.2.2.3 Professional Competence

professional accountant has an on-going duty to preserve professional knowledge and skill at the level expected to make sure that customer or employer is given good professional services based on current developments in practice, rules and procedures. Skilled professional services call for the application of sound judgment in applying professional understanding and expertise in the execution of such services. Professional competence may be split into two separate segments of attainment of professional competence, and preservation of professional competence. The preservation of professional competence demands a continuing responsiveness and a knowing of germane technical professional and business development (Osioma, 2000). Continuing professional developments progress and sustain the abilities that empower a professional accountant to execute competently within the professional environs. A professional accountant should behave meticulously and in line with appropriate methodological and professional standards when performing professional services. Being meticulous encompasses the obligation to behave in line with the demands of a task, prudently, systematically and on a suitable basis.

An accountant should also desist from assenting to perform professional services which they are not fit to perform, unless professional counsel and support are gotten where applicable, a professional accountant should ensure clients, employers or other users of the professional services are aware of the limitations inherent in the services to prevent the misinterpretations of an expression of opinion as an assertion of fact (Ajibolade, 2008).

2.2.3 Financial Reporting Quality

Financial reporting's primary objective is to provide high-quality financial reporting data on economic institutions, mainly financial in nature, that is helpful for economic decision making (FASB, 1999; IASB, 2008). The significance of producing high-quality financial reports is underscored, as such reports provide an accurate and true reflection of a business's performance when the independent variables, such as integrity, objectivity, and competence, are applied effectively (Eginiwin & Dike, 2014). It is essential to provide high-quality financial reporting data because it will favorably impact capital suppliers and other stakeholders in making investment, credit and comparable resource allocation choices that improve general business effectiveness (IASB, 2006; IASB, 2008). The quality of financial reporting indicates a limit that honestly presents a company's financial reports, its economic status, and features that are measured over time (Talebnia, Salehi, Jabbarzade & Kangarluei, 2011). Truthfulness and confidence in the financial reporting scheme rely on much more than individual actions and choices or advanced "processes" for the scheme as a whole (Enderle, 2006).

Companies in the power, accounting and banking sectors and licensed government accountants' professional organizations and investment managers and researchers have influenced the quality and trust in the economic sector in differing degrees, affect the quality of and confidence in the financial reporting systems Truthfulness and confidence in the financial reporting system cannot therefore be a matter of private or institutional ethics alone (Brenkert, 2004). It is more essential to conduct ethical accounting than auditing because the accounting system prepares auditing financial statements (Mahdavikhou & Khotanlou, 2011). Accountants have responsibilities to shareholders, creditors, staff, vendors, government, accounting profession, and the general public. In other words, their obligations extend beyond their immediate client. Decisions taken on accountants' information can have a significant impact on the life of any or all of these stakeholders. Ethical behavior is therefore an essential and expected trait (Carroll, 2005). As a result, an accountant not only meets the moral consequences of their choices in life, but the lives of other people as well, (Catacutan, 2006). Professional ethics is important to accountants and those who rely on information provided by accountants because ethical behavior entails taking the moral point of view. Thus, internalizing and developing professional ethics in accounting profession lead to promoting the quality of financial reporting, (Ball, Robin & Wu, 2003)

Financial reporting according to Nzotta (2008) is a dire issue which affects decision making process of diverse stakeholders, corporate bodies, existing and potential investors and policymakers. Glautier (2001) asserted that the primary objective of financial reporting is to communicate economic measurement of and information about resources and information about the resources held by the entity and performances of the reporting entity, useful to those having

right to such information. According to Agwor and Okafor (2018), the fundamental objectives of corporate report is to communicate economic measurements and information about the performance of the reporting entity useful to those having rights to such information. Nzotta (2008) stated that financial reports assist users in assessing past and present performance of the organisation and its ability to maximize wealth of shareholders. Besides, it evaluates the ability of the organisation to create value and objective assessment of value created over time. Financial reports highlight financial information which provide insights into these resources held by an organisation.

Belkaoui (2002) noted that qualities of financial reports encompassed relevance, reliability, understandability, objectivity, completeness, comparability and timeliness.

2.2.3.1 Qualitative Characteristic of Financial Reporting

Qualitative characteristics are the attributes that make the information provided in financial reports useful to users. The four principal qualitative characteristics are understandability, relevance, reliability and comparability (IASB, 2006). The four principal qualitative characteristics of financial reporting. It is important to note that the aim of financial reports is to provide brief as well as classified data about the financial status, financial functions, and flexibility of the commercial unit so that they can be useful to the users of such reports in making economic decisions (Talebnia et al., 2011). The qualitative characteristics are complementary concepts in achieving decision-useful financial reporting information; their application, in contrast, should maximize the usefulness of financial reports. Each qualitative characteristic

discussed in this chapter makes its own distinct contribution to the decision usefulness of financial reporting information.

2.2.4 Effects Of Accounting Ethics on Financial Reporting Quality

Previous research has not differentiated corporate commitment from Financial Report Content for business ethics. Instead, they typically believed that the quality of the financial report is higher for businesses with a higher level of ethical commitment than for businesses with a lower level of ethical commitment or used a financial report quality measure as a proxy for corporate commitment in business ethics (Huang, Louwers, Moffitt, & Zhang, 2008). Jackling, Philomena & Steven (2006) in their article Professional Accounting Bodies' Perceptions of Ethical issues, Causes of Ethical Failure and Ethics Education, listed the top nine factors that led to ethical failures for accountants based on a survey of 66 members of the IFA International Accountants Federation (Alnasser, Shaban, & Al-Zubi, 2014). The factors include: Self Interest, Non-preservation of objectivity and independence, Professional improper judgment, Inadequate legal awareness, Inappropriate leadership and poor culture, Failure to resist the challenges of activism, The lack of integrity, Lack of support from the company and peers, Lack of professional body support

Accounting ethics play a crucial role in enhancing the quality of financial reporting by ensuring continuous efforts to uphold reasonable and solidly based standards (Leung & Cooper, 2014). Accounting professionals need to understand the potential implications of professional and managerial decisions and be aware of the pressures in adhering to ethical accounting standards,

as these factors can impact the quality of financial reporting and decision-making within organizations. Accounting professionals and practitioners must report ethically on behalf of clients and stakeholders (Wyatt, 2004; Low et al., 2008). This code establishes a conceptual framework that outlines fundamental principles, including integrity, objectivity, professional competence, confidentiality, and professional behavior International Ethics Standards Board for Accountants (IESBA, 2020). It provides a comprehensive guideline for accountants to follow, ensuring their compliance with these essential ethical principles. Compliance with the IESBA code means accountants must maintain honesty, avoid conflicts of interest, stay updated on professional knowledge, respect confidentiality, comply with relevant laws and regulations, and uphold the reputation of the profession.

2.2.5 Impact of Integrity on Financial Reporting Quality

Integrity is defined as the lack of a conflict of interest between the client and the accountant (Aminu & Oladipo, 2016). The integrity of the accounting profession and the reliability of the financial information prepared by the organization have become doubts due to the manipulation of financial statements (Ahinful et al., 2017). Ethics is especially relevant for accountants and professional auditors because the job requires a combination of standards, ethical knowledge, and skills to a large extent. Integrity is the quality of a person's characteristics which indicates consistency between actions, values, steps taken, measures used, principles held, hopes to be directed, and results (Irianto et al., 2018). The tendency to manipulate financial statements can be reduced by the presence of an ethical environment. Every company should further develop a

code of ethics for each accountant with the aim of creating a quality of financial report that is free from errors, irregularities and fraud (Ogbonna & Ebimobowei, 2012).

2.2.6 Impact of Objectivity on Financial Reporting Quality

Objectivity is one of the qualities of an internal auditor who has an impartial and objective attitude. Internal auditors carry out professional work based on the principles of integrity, objectivity, confidentiality and competence, which are the ethical behavior of internal auditors. Lack of objectivity from the internal auditors may affect the possibility of fraud in the financial statements. Internal control will not be optimal if the internal auditors do not have the expertise to detect the signs and symptoms that exist. In an audit environment, the auditor shall report objectively and not be influenced by management's relationship as to what is meant in reporting the audit findings. The characteristics of auditors are fundamental to the sustainability of a company (Denziana, 2013). Auditors must maintain quality and professional ethics to provide maximum audit quality results and avoid misrepresentation of audit reports so as to eliminate the trust of investors and other shareholders (Niyonzima T & Soetan, 2018). The principle of objectivity generally emphasizes accountants to be professional and maintain unbiased and easily influenced judgments and actions from other parties. Research from Aifuwa et al., (2018) shows that professional accountants can face situations that affect objectivity that can cause irregularities in their judgment. Accountants are also advised to uphold a positive attitude with respect to the quality of financial reports. Professional accountants are accountants who do not allow bias and conflicts of interest to influence business judgment and are always intellectually honest and fair in holding their principles as accountants (Emuze & Igbodo, 2018). The problem

of unethical practice has long been a problem in the accounting and auditing profession and has had a negative impact on the quality of financial reports which has reduced the trust of the public. In line with other researchers, (Emuze & Igbodo, 2018) argue that there needs to be an increase and strengthening of ethical standards for members who are accountants in order to maintain persistence in carrying out their obligations.

2.2.7 Impact of Competence on Financial Reporting Quality

Based on research by Darwanis et al., (2016), the higher the competence of Inspectorate officials in auditing financial reports, the region will affect the increase in the quality of financial reports to the Regional Government. The internal audit leader in each examination must assign the person as a whole to have the knowledge, skills, and various disciplines needed to carry out the examination appropriately and appropriately. That is, to produce a good internal audit must be supported by good auditor competence. Research from Palimbong et al., (2018) concluded that the internal control system is an integral process in actions and activities carried out continuously by leaders and all employees to provide adequate confidence in achieving organizational goals through effective and efficient activities, reliability. Financial reporting, safeguarding state assets, and compliance with laws and regulations. With an internal control system, there will be a division of tasks based on expertise or competence for each part of the organization. Therefore, competent human resources can present quality financial reports. Alshfire et al., (2016) argue that the relationship between the competence of the audit committee and the timeliness of reporting is based on whether the audit committee is competent in overseeing the financial

reporting process, so that the competence of the high audit committee will lead to the quality of the timeliness of financial information.

Research developed by Al-Dmour et al., (2018) argues that implementing a good system framework which consists of availability, security, integrity, confidentiality and privacy will improve the quality of financial reports. In addition, this research can also help decision makers to understand more deeply about the organization's business and the implementation of the system framework. The indicators of each principle provide suggestions on how these principles should be influenced by actions from the management.

2.3 THEORETICAL REVIEW

Epistemological interrogation, which ultimately leads to formulation and advancement of theory, is a core theme in accounting ethics literature. This study presents accounting theory, the utilitarian theory, Agency theory and ethical theory as a theoretical framework.

2.3.1 Accounting Theory

Hendriksen (1985) specifies that accounting theory is based on a logical mentality in form of delineated and extensive ideologies which offers a universal referencing frame from which practices in accounting may be gauged upon, and more so, provides a guide for new practices and procedure in development. To be conclusively solving real-world accounting issues, accountants should have enough practical experience facilitated by their theoretical knowledge. The widely accepted principles of accounting, conventions, used customs, procedures, doctrines,

and postulates have accounting theories (Coetsee, 2010). Accounting theory has developed over the years by observation, assessments, scrutiny and scanning, and explanations on daily accounting practices (Waweru, Ntui, & Mangena, 2011). The daily accounting practices have been performed through successful usage of generally accepted and established theories and principles. Because of the changes within any country's socioeconomic structure, accounting patterns of practices could also change. In the event of any change within the accounting pattern, necessary modulations and modifications are needed on the pertinent theories. An accountant cannot contemplate of practicing without adequately getting equipped with the theoretical knowledge. Notwithstanding, that the theories of accounting could also help accountant professionals with solving real world practicing challenges that could arise in their professionalism (Coetsee, 2010). As such, knowledge of accounting, the integrity of the accountant and professional independence depicted by the accountant are important in influencing the quality of financial accounting reports.

2.3.2 Utilitarian Theory

This study presents utilitarian theory as a theoretical framework. This is an ethical theory which states that the best action is the one which maximizes satisfaction (Bentham & Mill, 1984). The theory was propounded by Jeremy Bentham and John Stuart Mill 1984. Jeremy Bentham was the founder of this ethical theory, which describes satisfaction as 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 work place. The principle of utility is an absolute principle which makes

beneficence the one and only supreme principle of ethics (Githui, 2012). The theory of utilitarianism states that morally appropriate behaviors will not harm others but instead increase happiness or utility. It further states that an action is right if it tends to promote happiness and wrong if it tends to promote the reverse of happiness and not just the happiness of the performer of the action but also that of everyone affected by it. Saidu, (2017) asserts that the theory of utilitarianism has received considerable attention in the behavioral literatures, especially in the area of Ethical Accounting Practice on financial reporting quality in Nigeria which is the key purpose of this study and secondary objectives are to explore the applicability of the theory of utilitarianism in predicting effect of Ethical Accounting Practices which can be seen in two perspectives: a) Justification of doing good which intended to reward whoever does good by way of motivation in order to encourage others to emulate such actions that will be good for the greatest number of people. Motivation can be through bonus and incentives so employees are expected to be perceived in ethical manner in order to increase an organisational productivity.

b) Justification of punishment which is intended to make any one that behaves unethically to pay for his / her crime. According to the utilitarian, the rationale of punishment is entirely to prevent further unethical behavior by either reforming the criminal or protecting society from him and to deter others from wrong doing through punishment which will lead to loss of reputation (Saidu, 2017).

2.3.3 Agency Theory

Agency theory recognizes the agency relationship where one party, the principle allots some tasks to another party referred as the agent. The agency theory was conceived in 1976 by Meckling and Jensen. The two posited that agency costs occur when there is separation between controls and the management. The Agency theory suggests that an accountant's appointment should be based on the needs of both the management and third parties. Adams (2014) asserts that the agency relationship may have a number of demerits associated with self-interest and opportunism of the agent where he may fail to perform in the best interest of the principle. There are various dimensions in relation to this where the agent misuses the power for financial or other advantages or he may not take appropriate risks in accordance to the principal's interest. The cause of this can be the fact that agent perception of risks is not appropriate while the principal may have a differing attitude towards risk (Adams, 2014). Another issue that arises in the relationship is the information asymmetry whereby both parties have access to different levels of information. For financial institutions as well as the issue of corporate control, the agency theory perceives corporate governance especially financial reporting as being an important monitoring device to minimize the problem that may arise from the principal-agency relationship. The cost of monitoring and disciplining those people who try to prevent abuse and misuse of power have been referred to as agency cost. In relation to financial institutions, much of agency theory is set to separate the ownership and control as described in the work of Nagy and Cenker (2012). In this context, the principals are stakeholders and the agents are managers.

For quality and effective financial reporting, integrity of the accountant, competence and independence are critical. Steven and Mitnick (2016) indicate that one requires both streams to see institutional structures as well as incentives to fully understand agencies. From agency point of view, the benefit of robust governance arises from the necessity to reconcile the management's interests with the interests of other key stakeholders in an organization for the purpose of minimizing agency cost and improving the effectiveness in financial reporting. For this study therefore, agency theory was used to explain the link between objectivity, integrity and professional independence of accountants and quality of financial reporting.

2.3.4 Ethical Theory

Ethical theory derives from “ethics”, which “denote the abstract and theoretical reflection on moral judgements. Ethics asks for the ground on which moral statements are made. Why do we think something is good, right or acceptable” (Stahl, 2012), The researcher furtherly further documented prominent ethical theories which comprise consequentialism and (Kantian) deontology, the consequentialism approach focuses exclusively on the outcomes or consequences of decisions, which is the reason it is usually called "consequentialist". Kantian deontology, on the other hand, takes a fundamentally different approach and evaluates the ethical quality of a decision according to the intention of the agent. Famously linked to the so-called categorical imperative, the ethical evaluation of a maxim depends on whether it can be universalized or imagined as a universal law. An alternative formulation stipulates that a maxim is ethically suitable if it treats humans as ends in themselves, not simply the means. The

approach is called deontological (from Greek deon, „obligation, and duty“) because it concentrates on the duty-bound intention of the agent with little regard for consequences.

The deontological approach is also referred as „formalism“ (Buys, et al., 2012). Buys, et al. add another approach to ethical theory, namely, ‘virtue ethics’. When applied to accounting ethics, these strands of theory have had far reaching implications for the study and practice of accounting ethics over millennia. Drawing from the compliance theory, at the core of accounting ethics is a set of norms and observed conduct by accounting professionals in relation to these norms and a legitimate expectation that accounting professionals are duty-bound to comply with these norms. These norms form the ethical standards that have been adopted by accounting professionals in different formats, in different jurisdictions, often as specialized applications of general moral standards. This observation links the compliance theory as the base of accounting ethics to ethical theory (Buys, et al., 2012).

When applied to accounting ethics, ethical theory forms the basis upon which moral and value judgements in accounting ethics are posed and determined. It is the basis upon which what is “good”, “right” and “acceptable” in accounting ethics hinges upon. From consequentialism, accounting ethics derive their perpetual concern with the aggregated utility and disutility of every accounting decision and action with the ultimate aim of being able to determine and follow through with the accounting decision and action that exploit overall utility– holistically conceptualized. Consequentialism is at the core of legitimate expectations that the decisions and actions emanating from the accounting profession must and should always serve some form of greater good. From Kantian deontology, accounting ethics derive their perpetual search for

ethical quality of accounting decisions on the basis of the intention of the accounting professional. Put differently, from Kantian deontology, accounting ethics derive their perpetual search from universal standards and benchmarks of ethical performance for the accounting profession. Again, in this sense, accounting ethics are not an end in themselves, but a means – albeit an important one – through which accounting professionals can actualize the ethical quality of their decisions (Rossouw, et al., 2011).

From virtue ethics, accounting ethics draw their emphasis on the moral character of the individual accountant. In this regard, accounting ethics reflect qualities, pride in a way that a classical career of a professional accountant has well-being as a penchant for justice, an abundance of courage in the face of difficult moral questions and judgements, as well as a manner of temperance in the execution of the accounting profession. In sum, from virtue ethics, accounting ethics draw their emphasis on excellence, practical wisdom and flourish as core aspects of the accounting profession. This analysis finds corroboration in literature such as of Buys, et al., (2012) who submit that in the framework of the financial accounting and accounting ethics, there are three methods that could definitely be appropriate. In reality, accounting has played a vital role in stirring the debate and playing a key role making people accountable for what they do and what they have done while being given the responsibility to make financial decisions. It is fitting to say it is because of the opinion of an accountant that a person can go to jail. The profession of accounting shapes individual to become better citizens, as the training is intense and allows for a change in character, believing in oneself and behaving more ethical, just for the sake of being respected. Critical study is similar but is inclined to be extra- normative in

nature by proceeding with specific perspectives, boosting social criticisms and encouraging radical change (Maroun & Jonker, 2014). Because of this, there is a great deal of emergent complexity in the ever- changing corporate world in which accountants operate, such that it can safely be suggested that epistemological concerns will remain at the core of accounting ethics, as this field of applied ethics seeks to provide the moral scope to this noble profession. To characterize the normative power of an ethical call is to characterize to whom it suitably applies and what circumstances must be satisfied for it to be correctly applied (Wong, 2008). In this endeavor, insights from some authors (Celuch & Dill, 2011) on the role of normative influence and ethical judgement in ethical decision contexts may come in handy.

Celuch and Dill (2011), point out that to understand individual-level ethical decision-making and behavior, it is important to undertake theory-driven, programmed research and to develop an understanding that moves beyond mere knowledge of rules or facts to a more nuanced perspective of how individuals weigh and combine various elements of experience related to ethical reasoning. They contend that for these to happen, there is a need to explore social psychological perspectives that explain intention and behavior (Celuch & Dill, 2011). From these insights, it can be deduced that epistemological advances in accounting ethics – in future research and practice – will need to consider and integrate insights from social psychology, especially as to how these impact on individual and collective intention and behavior.

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2.4 EMPIRICAL REVIEW

Eginiwin and Dike (2014) explored the impact of accounting ethics financial reporting quality among some sampled Nigerian oil producing and exploration companies. The research found some important accounting ethics variables that were included in the research which entailed independence, integrity, objectivity, accountability and competence and accountability. One hundred and thirty-three questionnaires were administered to the sampled twenty oil producing and exploration companies, while the analyzed data was tabulated from 118 questionnaires filled from the field work. The multiple regression technique was used to analyze the gathered data using E-view statistical package. The findings indicated that there was positive relationship relating ethics in accounting and financial reporting quality in regard to return on investment, dividend per share, and earnings per share. Aifuwa et al., (2018) investigated the effect of ethical accounting practices on financial reporting quality. Primary data was used for the study. The data were sourced from questionnaires administered to respondents. The analysis of the data showed that accounting ethics (integrity, objectivity and professional behavior) had a significant relationship with financial reporting quality, while confidentiality and technical competence has insignificant relationship with financial reporting quality. The study recommends that accountants should uphold high ethical standards and that further work should be done on this subject area taking into account religiosity.

Stewart and Subramaniam (2010) carried out a study on ethical accounting practices and financial reporting quality of the United Kingdom companies. The aim of the study was to assess the motivation for improved integrity, objectivity, confidentiality and independence of

accountants. Data was sourced from the annual reports of FTSE 350 firms listed on the London Stock Exchange for the periods 2005 to 2009. The result of multivariate regression analysis shows that integrity and objectivity of Accountants has a positive impact on the financial reporting quality of the sample firms. The study also found out that the objectivity of accountants is therefore critical in enhancing the quality of financial reports they prepare.

Ogbonna and Ebimobowei (2012) examined the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria. The primary source was a well-structured questionnaire of four sections of sixty-seven questions administered to a sample of eight banks systematically collected from the twenty-four banks in Nigeria. The data generated from the questionnaires was analyzed using econometric models such as diagnostic test, Augmented Dickey-Fuller, ordinary least square and Granger Causality. The study revealed that ethical accounting standards (Integrity, objectivity and professional behavior) is significantly related to the quality of financial reports of banks in Nigeria, while confidentiality has insignificant and positive related to the quality of financial reporting, and concluded that ethical accounting standards are fundamentally necessary for accountants to produce quality financial reports free from material misstatements.

Enofe et al., (2015) investigated the effect of ethics on financial reporting quality. Primary data was used for the study. The data were sourced from questionnaires, administered to respondents. The analysis of the data showed that accounting ethics (integrity, objectivity and professional behaviour) had a significant relationship with financial reporting quality, while confidentiality has insignificant and positive relationship with financial reporting quality. The study

recommended that the employment processes of companies should be improved upon so as to ensure that men and women with high level of ethical standing would be employed. Ethics and compliance department should be put in place by firms to direct and monitor ethics implementation in their day-to-day operations.

Also, 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 everyday responsibility. Reyhaneh Abed (2016) investigated the effect of professional ethics indicators on financial performance of companies in Iran. The statistical population in this study includes 425 listed companies in Tehran Stock Exchange (TSE) in 2015. Using Taro Yamane formula for determining sample size of 206 companies was selected as the statistical sample. In order to this a questionnaire has been provided and distributed among 206 financial managers of Tehran Stock Exchange. The study adopted ordinary least square (OLS). The findings showed that professional ethics (confidentiality) has an insignificant impact on the quality of financial reporting. This implies that information acquired as a result of professional and business relationships should not be used for the personal advantage. The study concluded that a insignificant relationship can be also seen between professional ethics (confidentiality) of financial managers and financial performance of listed companies in Tehran Stock Exchange.

Marjan, et al., (2017) investigated the accountants' ethical perceptions from several perspectives: evidence from Slovenia. The study adopted survey design of which a questionnaire was distributed to accounting professionals and the analysis is made on a large sample of 451 accountants. The probity regression analysis was used. The results show that integrity of

accountants on quality reports has statistical and positive significance. This implies that ethical perceptions proxy by integrity, objectivity, confidentiality and professional behaviour among internal accountants and those working in companies operating as providers of external Accounting services in companies are not specifically regulated by the profession and also more lenient to ethically-sensitive scenarios. Moreover, the study also analyses that ethical perceptions differ between accountants having a professional certificate and those that do not. The study believes those that have a certificate are harsher towards ethically sensitive scenarios.

Paul (2017) examined the ethics in the accounting profession to uphold transparency and provide accurate financial reporting in the United States of America. The study adopted a qualitative descriptive research design. A survey method was used to collect primary data. A descriptive survey was ideal for this study due to its ability to consolidate qualitative and quantitative data. The research sample was picked using the simple random sampling method. Samples of 500 people were selected. The chosen respondents were contacted and questionnaires were presented to them to ensure 100% response rate. Given that the study focused on the views of financial professionals such as Accountants, Financial Managers, Auditors, Financial Consultants, and other professionals who were directly engaged in the accounting role on a frequent basis, participants were randomly chosen from this group only. The Chi-Square statistic technique was used. The findings indicate that the Accountant's role is dependent on the accounting profession ethics. Accountants therefore, who are responsible for producing accurate, concise, and timely financial reports, must uphold the highest standards of ethical responsibility. However, ethical behaviour among accounting professionals is not always assured.

Azona (2019) investigated the effects of accounting ethics with regards to its financial reporting quality in South Sudan. Specifically, the study examined the influence of accountants' code of ethics on quality of financial reports amongst South Sudanese commercial banks. Descriptive survey design was utilised to conduct the study. The targeted population in the study was 190 accountants distributed over the head offices of 8 commercial banks that were domiciled in South Sudan. Stratified sampling was employed incorporating each segment of the population sample. The study targeted 129 respondents to participate in the study where questionnaires were used as data collection tools. The study shows that competence of accountants based on integrity, objectivity and professional behaviour has positive and significant effect on financial reporting quality.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

This chapter addresses the methodology that will be used in attaining the set objectives of this study stated in chapter one. The issues covered in this chapter are the research design, population, sampling method, sources of data, and the technique employed to analyze the data collected.

3.2 RESEARCH DESIGN

The research design utilized in this study is referred to as a cross-sectional research design or a social survey design (Bryman & Bell, 2011). The cross-sectional research design falls into the category of descriptive research designs, which are structured and intended to measure the characteristics described in a research question. This process typically involves formulating and testing hypotheses based on existing theories (Hair et al., 2003). The design involves gathering data from multiple cases at a single point in time, to collect a body of quantitative or quantifiable data related to two or more variables. Subsequently, these data are examined to identify patterns of association (Bryman & Bell, 2011) This method was chosen to refer to phenomena as they exist in real life and it is relatively economical in terms of time and resources.

3.3 POPULATION SIZE

In this study on the impact of Accounting Ethical values on financial reporting quality The population of this study consists of staff from the department of accounting, university of Benin and staff from Akintola and Williams (Consulting firm). The population size will consist of the 75 (Seventy five) academic staff from the department of accounting, and twenty (20) professional Accountants and Auditors from Akintola and Williams accounting consulting firm.

3.4 SAMPLING METHOD

In this research, convenience sampling has been used to obtain responses to the questions administered. Convenience sampling is a non-probability sampling technique where participants are chosen based on their easy accessibility rather than through a random or systematic method. This method is commonly employed when time, budget constraints, or other practical considerations make obtaining a random sample challenging. The sample size of the study comprises 50 (Fifty) staff from the Department of Accounting, university of Benin and an accounting consulting firm (Akintola and Williams). . The staff has been selected based on their knowledge of accounting ethics and financial reporting quality. Lecturers, Professors, Accountants, Auditors, managers, and other key stakeholders will be our major respondents.

3.4.1 SAMPLE SIZE

The study focuses on a sample of fifty (50) experienced and long serving staffs, from the department of Accounting, University of Benin as well as Akintola Williams and CO, Consulting firm. Selecting a limited sampling frame of Edo state offers the advantage of ensuring that all the samples considered share a similar cultural and institutional context. The above sample

choice was chosen because it is expected that academics in the field of accounting as well as practitioners will give a valid response to the study which will ensure a reliable analysis. The sample size has been selected through a convenience sampling as indicated in the sampling technique used for the study.

3.5 RESEARCH INSTRUMENT

A research instrument is a tool or device used to collect data for a research study. It can take various forms, including surveys, questionnaires, interviews, tests, observations, or any other method designed to gather information relevant to the research objectives. The choice of a research instrument depends on the nature of the study, the type of data needed, and the research questions being addressed. In this study, A likert scale questionnaire will be the survey instrument. A Likert scale questionnaire is a type of survey instrument that uses a rating scale to measure respondents' attitudes, opinions, or perceptions. The scale typically consists of a series of statements or items, and respondents are asked to indicate their level of agreement or disagreement with each statement. The Likert scale is usually a five- or seven-point scale, ranging from "strongly agree" to "strongly disagree" or similar variations. The numerical values assigned to the responses allow researchers to quantify and analyze the participants' attitudes or opinions on a particular topic.

3.6 SOURCES OF DATA

The sources of data for this study will be via the primary data. Primary data will be collected by me through the use of a questionnaire. A questionnaire involves the use of a form on which specific questions relating to the topic of study are enumerated; the respondent will be simply required to give honest answers to the questions which will enable a concise conclusion to be made by the researcher. Multiple-choice questions will be used in obtaining information from the respondents. This was seen as appropriate because the respondents will be forced to choose from the available alternatives which will ensure that a conclusion is accurately drawn from the data collected. Fifty (50) copies of the questionnaire will be distributed among staff in the above organizations. Managers, Accountants, Auditors, Financial Analyst, Directors, Supervisors, Professors, Lecturers in the accounting field and other major stakeholders will be the respondents.

3.7 MODEL SPECIFICATION AND METHOD OF DATA ANALYSIS

The multiple regression method will be used with the aid of E.views version 10 software packages to analyze the data to assess the effect of accounting ethical values on the quality of financial reporting. The functional relation of the model is adopted from Captain and Brown (2014) in a similar context. In this study, Financial reporting quality (FRQ) has been modeled as a function of accounting ethical values (AEV), integrity (INT), objectivity (OBJ), and competence (COM). The functional relation indicates the relationship between the variables.

The model when written as a function is given as:

$$\text{FRQ} = f(\text{AEV}, \text{INT}, \text{OBJ}, \text{COM})$$

Where:

FRQ= Financial Reporting Quality

AEV= Accounting Ethical values

INT = Integrity

OBJ = Objectivity

COM= Professional Competence

When written in mathematical form is given as

$$FRQ = \beta_0 + \beta_1 FRQ + \beta_2 AEV + \beta_3 INT + \beta_4 OBJ + \beta_5 COM$$

To test for the effect of Accounting Ethical values on financial reporting quality, the multiple regression method has been used. The result of the questionnaire will be analyzed by the use of a table, each table will be followed by the interpretation of the result of the table. Simple percentages will be compared and findings will be presented, discussed, and interpreted. Deductive reasoning which is of immeasurable significance to the research objectives and hypothesis will also be used. Multiple regression has been used in testing the hypothesis.

3.8 OPERATIONALIZATION OF VARIABLES

The variables for this study are Financial Reporting Quality, Accounting Ethical values, Integrity, Objectivity, and professional competence. The dependent variable is the Financial Reporting Quality, while others are classified in this study as independent variables. The operational definitions of variables are stated below;

Operationalization of Variables

S\n	Variables	Description	Type
1	Financial Reporting Quality	Financial reports encompasses relevance, reliability, understandability, objectivity, completeness, comparability and timeliness.	Depended
2	Accounting Ethical values	These are code of ethics, ethical behavior or principles that Accountants adhere to, so as prepare better financial reports, which significantly impact decision-making processes.	Independent
3	Integrity	Integrity is defined as the lack of a conflict of interest between the client and the accountant	Independent
4.	Objectivity	The principle of objectivity generally emphasizes accountants to be professional and maintain unbiased and easily influenced judgments and actions from other parties.	Independent
5	Competence	Professional Competence demands that an accountant has an on-going duty to preserve professional knowledge and skill at the level expected to make sure that customer or employer is given good professional services based on current developments in practice, rules and procedures.	Independent

Source: Researchers Compilation (2023).

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This research work aims to investigate the effect of ethical values on financial reporting quality

A total of 50 questionnaires were distributed, and the 50 copies were retrieved and used in this analysis. The Statistical package for the social sciences was used in the analysis of the data. The research questions were answered using item means including their frequencies. The multiple regression was used to test hypotheses at a 0.05 alpha level of significance.

4.2 RESPONDENTS' PROFILE

Section A: Biodata

Table 4.1 Demographic Information on Respondents

Variables	Frequency	Percentage
Gender		
Female	30	60.0
Male	20	40.0
Total	50	100.0
Age		
18-22yrs	23	46.0
23-27yrs	17	34.0

28yrs and Above	10	20.0
Total	50	100.0
Academic Qualification		
MBA/MSC	3	6.0
Bachelors' Degree/HND	30	60.0
Others	17	34.0
Total	50	100.0
Worker's experience		
Less than 5 years	39	78.0
5 – 10 yrs	4	8.0
11 – 15yrs	3	6.0
16 – 20yrs	4	8.0
Total	50	100.0

Source: Researcher's fieldwork survey, 2023

Table 4.1 shows that out of a total of 50 respondents, 30 are female while 20 are male. In terms of age distribution, 23 of the respondents are within the age bracket of 18 to 22, 17 of the total respondents are within the age bracket of 23 to 27, 10 of the total respondents are within the age bracket of 28yrs and above.

In terms of academic qualification 30 of the respondents are BSC/HND holders, 3 of the respondents are MSC/MBA holders, while 17 of the total respondents are categorized under others. Also, in terms of working experience 39 of the respondents have work experience of less than 5 years, 4 of the respondents have work experience of 5 – 10 years, 3 of the respondents

have been in the institution within 11 – 15 years, while only 4 of the respondents have worked for the institution for 16 to 20 years.

4.3 DATA ANALYSIS ON THE EFFECT OF ETHICAL VALUES ON FINANCIAL REPORTING QUALITY

Question 1 How has ethical values affected financial reporting quality?

Table 4.2: Descriptive Results of the impact of ethical values on financial reporting quality

S/No	Questions	N	Total score	Mean	Decision
1.	The quality of financial reporting is influenced by the circumstances and factors that surround the accountant.	50	222	4.44	Agreed
2.	Maintaining high ethical standards helps to enhance the quality of financial reporting.	50	205	4.1	Agreed
3.	Ethical values guide accounting professionals when faced with potential conflicts of interest that could impact the accuracy of financial reporting.	50	182	3.64	Agreed
4.	The presence of ethical principles helps ensure that financial statements are comprehensive and precise, as they promote the transparent and truthful recognition and disclosure of financial transactions.	50	203	4.06	Agreed
5.	Even though there are ethical	50	195	3.9	Agreed

	principles in Accounting, certain financial reports still do not meet the required standards.				
	Grand Mean			4.02	Agreed

Source: Researcher's fieldwork survey, (2023).

Decision rule: There is a unanimous agreement when the mean values of respondents are above 3.0 unanimous disagreement when it is below 3.0, and also respondents are neutral when the mean value is equal to 3.0. Since it is a descriptive statistic, it requires no level of significance, unless it is inferential statistics. The result in Table 4.2 above shows that most of the respondents agreed that there exists a significant relationship between, ethical values and financial reporting quality. since 4.02 is higher than 3.0 which is the accepted mean value.

Question 2: How have professional competence affected financial reporting quality?

Table 4.3: Descriptive results of the Relationship between professional competence and financial reporting quality

S/No	Questions	N	Total score	Mean	Decision
1.	The proficiency of financial analysts and investors plays a significant role in their capacity to accurately interpret financial statements.	50	155	3.1	Agree
2.	The professional expertise of accountants and auditors often facilitates the presentation of a subpar financial report.	50	178	3.56	Agree
3.	Professional competence goes beyond technical expertise and also includes effective	50	186	3.72	Agree

	communication and presentation skills.				
4.	Financial reporting quality improves when professionals have the knowledge and skills to evaluate if accounting policies are suitable and make well-informed decisions	50	194	3.88	Agree
5.	Professionals who possess the necessary skills and expertise are more inclined to follow ethical guidelines, such as being truthful and unbiased, when it comes to their financial reporting methods.	50	155	3.1	Agree
	Grand Mean			3.47	Agree

Source: Researcher's fieldwork survey, (2023).

Decision Rule: There is a unanimous agreement when the mean value of respondents is above 3.0, unanimous disagreement when it is below 3.0, and respondents are neutral when the mean value is equal to 3.0. Since it is a descriptive statistic, it requires no level of significance, unless it is inferential statistics. The result in Table 4.2 above shows that all of the respondents agreed that there exist a significant relationship between professional competence and financial reporting quality because the grand mean value of 3.47 is higher than 3.0 which is the acceptable mean value.

Question 3: How has the ethical value of Objectivity impacted financial reporting quality.

Table 4.4: Descriptive result of the Relationship between ethical Objectivity and financial reporting quality

S/No	Questions	N	Total score	Mean	Decision
1.	The quality of financial reporting relies heavily on objectivity, which guarantees that financial information is unbiased and not influenced by any external factors.	50	206	4.12	Agree
2.	The ethical values within an organization do not impact the unbiased presentation of financial statements.	50	178	3.56	Agree
3.	Accountants can address impartiality in the process of presenting financial information, especially when there are conflicting interests or pressures to manipulate it.	50			Agree
4.	The audit committee and external auditor contribute significantly to maintaining impartiality in financial reporting.	50	144	2.88	Disagree
5.	The majority of organizations lack systems in place to consistently monitor and evaluate the fairness of their financial reporting methods.	50	195	3.9	Agree
	Grand Mean			3.6	Agree

Source: Researcher's fieldwork survey, (2022).

Decision Rule: There is a unanimous agreement when the mean values of respondents are above 3.0 unanimous disagreement when it is below 3.0, and also respondents are neutral when the

mean value is equal to 3.0. Since it is a descriptive statistic, it requires no level of significance, unless it is inferential statistics. The result in Table 4.3 above shows that most of the respondents agreed that Objectivity has a significant effect on financial reporting quality, because the grand mean value of 3.6 is greater than 3.0 which is the acceptable mean value.

Question 4: To what extent has professional integrity impacted financial reporting quality?

Table 4.5: Descriptive results of the relationship between professional integrity and financial reporting quality

S/No	Questions	N	Total score	Mean	Decision
1.	Despite the importance of maintaining integrity in financial reporting, accountants continue to manipulate earnings to present a misleading financial statement.	50	184	3.68	Agree
2.	Ethical code of integrity will ensure the preparation of a quality financial report that is free from error	50	189	3.78	Agree
			194	3.88	Agree
4.	Breaching ethical principles undermines the honesty of financial reports.		199	3.98	Agree
5.	Having an ethical committee within an organization has a beneficial effect on the honesty of financial reports		198	3.96	Agree
	Grand Mean			3.8	Agree

Source: Researcher's fieldwork survey, (2022).

Decision Rule: There is a unanimous agreement when the mean values of respondents are above 3.0, unanimous disagreement when it is below 3.0 and respondents are neutral when the mean

value is equal to 3.0 Since it is a descriptive statistic, it requires no level of significance, unless it is inferential statistics. The result in Table 4.4 above shows that most of the respondents agreed that integrity have a significant effect on financial reporting quality because the grand mean value of 3.8 is higher than 3.0 which is the acceptable mean value.

4.4 REGRESSION ANALYSIS ON THE EFFECT OF ETHICAL VALUES ON FINANCIAL REPORTING QUALITY

The regression analysis is conducted to ascertain the relationship (direction and magnitude) between each independent variable and the dependent variable of the study. The regression output as retrieved from the SPSS statistical app is presented in Table 4.5

Dependent Variable: Financial Reporting Quality

Method: Multiple Regression

Date: 10/06/23 Time: 11:09

Sample: 50

Included observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.882866	0.784407	2.400369	0.0206
AEV	0.105113	0.108643	0.967507	0.0384
COM	0.640624	0.091818	6.977078	0.0000
OBJ	0.321733	0.116357	2.765043	0.0082
INT	0.055044	0.086258	0.638130	0.0002
R-squared	0.508569	Mean dependent var	4.440000	
Adjusted R-squared	0.156954	S.D. dependent var	0.674915	
Durbin-Watson stat	1.992610			

The mathematical representation of the model showing the magnitude of change and the direction of the effect of the independent variables on the dependent variable is as shown below:

$$FRQ = 1.88 + AEV + COM + OBJ + INT + \varepsilon$$

$$FRQ = 1.88 + 0.10AEV + 0.64COM + 0.32OBJ + 0.055INT + \varepsilon$$

The value of R² which is 0.5085 indicates that around 50.85% of the difference in the dependent variable (Financial Reporting Quality) can be accounted for by the independent variable(s) (Ethical Values) used in the regression model. Leaving 49% captured by the error or stochastic term. The Durbin-Watson value of 1.9926 is 2 which indicates the absence of autocorrelation in the model.

The result in Table 4.5 revealed that AEV with a coefficient value of 0.105, t-value of -0.967, and a probability value of 0.0384 which is less than the 5% confidence level positively and significantly affects FRQ.. This implies that the greater the application of accounting ethical values, the higher the positive impact on financial reporting quality.

Also, COM with a coefficient value of 0.640, t-value of 6.977, and a probability value of 0.0000 which is less than the 5% statistically significant level positively affect FRQ. This implies that the greater the level of competence by accounting practitioners, the higher the level of impact on financial reporting quality.

OBJ is seen to have a significant effect on FRQ (Coeff. = -0.321 t-value = 2.7650; & p. value = 0.0082 less than 0.05) implying that the more the Objectivity of financial reporters and

accountants the greater the quality of financial reporting and vice versa. INT is seen to have a significant impact on FRQ (Coeff. = 0.0550, t-value = 0.5266 & p. value = 0.0002 < 0.05). This implies that the higher the ethical value of integrity the higher the quality of financial reporting

4.5 TEST OF HYPOTHESES

The hypotheses that are stated in Chapter One of the study are tested in this section using a 5% level of statistical significance. The probability values for the test of hypotheses are derived from the regression result presented in Table 4.8.

Hypothesis One

Accounting ethical values does not impact financial reporting quality.

In the Regression Results in Table 4. Accounting ethical values have a significant relationship (T – Stat = 2.4003, P = .0384) with Financial Reporting Quality.

The decision rule is to accept the Null Hypothesis if the P – P-value is greater than 0.05, otherwise, the alternative Hypothesis should be accepted. Therefore based on the statistics of accounting ethical values, (T – Stat = 2.4003, P = .0384) the study rejects the Null Hypothesis and concludes that accounting ethical values significantly impacts financial reporting quality at the 5% significant level.

Hypothesis Two

Professional competence does not affect financial reporting quality

In the Regression Results in Table 4., Professional competence have a significant relationship ($T - Stat = 2.7650, P = .0000$) with financial reporting quality.

The decision rule is to accept the Null Hypothesis if the P – P-value is greater than 0.05, otherwise, the alternative Hypothesis should be accepted. Therefore based on the statistics of professional integrity, ($T - Stat = 2.7650, P = .0000$), the study rejects the Null Hypothesis and concludes that professional competence will affect financial reporting quality at the 5% significant level.

Hypothesis Three

Objectivity does not impact financial reporting quality

In the Regression Results in Table 4.8, Objectivity have a significant relationship ($T - Stat = 6.9770, P = .0082$) with financial reporting quality. The decision rule is to accept the Null Hypothesis if the P-value is greater than 0.05, otherwise, the alternative Hypothesis should be accepted. Therefore based on the statistics on objectivity($T - Stat = 6.9770, P = .0082$), the study accepts the Null Hypothesis and concludes that professional Objectivity significantly affect financial reporting quality at the 5% significant level.

Hypothesis Four

Integrity does not impact financial reporting quality

In the Regression Results in Table 4. Accounting software errors have a significant relationship ($T - Stat = 0.6381, P = 0.002$) with SMEs. The decision rule is to accept the Null Hypothesis if

the P – P-value is greater than 0.05, otherwise, the alternative Hypothesis should be accepted. Therefore based on the statistics on integrity (T – Stat =, P = 0.002), the study rejects the Null Hypothesis and concludes that ethical value of integrity influence financial reporting quality at the 5% significant level.

4.6 DISCUSSION OF FINDINGS

The result shows the Effect of accounting ethical values The result shows that most of the respondents agreed that there is a significant relationship between accounting ethical values and financial reporting quality. Specifically, most of the respondents agreed that ethical values guide accounting professionals when faced with potential conflicts of interest that could impact the accuracy of financial reporting, The presence of ethical principles helps ensure that financial statements are comprehensive and precise, as they promote the transparent and truthful recognition and disclosure of financial transactions.

These findings are in line with the result of Darwanis et al., 2016 who reported that Professionalism, competence, knowledge, and guidance must be in-depth so that the reporting of financial statements remain in accordance with reality and there is no manipulation.

Furthermore, the result shows most of the respondents agreed that professional competence will impact financial reporting quality. Specifically, most of the respondents agreed that Financial reporting quality improves when professionals have the knowledge and skills to determine if accounting policies are suitable and make well-informed decisions also, professionals who

possess the necessary skills and expertise are more inclined to follow ethical guidelines, such as being truthful and unbiased, when it comes to their financial reporting methods.

This finding is in tandem with (Aifuwa et al., 2018) who reported that the integration of ethical values, standards and principles are significant for ensuring the trust of stakeholders in accounting profession.

Also, the result shows most of the respondents agreed that the ethical value of Objectivity impacts financial reporting quality. Specifically, most of the respondents agreed that The quality of financial reporting relies heavily on objectivity, which guarantees that financial information is unbiased and not influenced by any external factors. This aligns with the findings of Shaver et al., (2017) who reported that professional competence in accounting are found to be significant for preventing any actions that diminish the reputation of the profession and also help auditors and accountants to work by complying to legal and regulatory duties.

Lastly, the result show that professional integrity impacts the financial reporting quality. Specifically most of the respondents agreed that Ethical code of integrity will ensure the preparation of a quality financial report that is free from error also Breaching ethical principles undermines the honesty of financial reports. This findings aligns with Al-Dmour et al., (2018) who argues that implementing a good system framework which consists of availability, security, integrity, confidentiality, will improve the quality of financial reports.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter takes a look at the concluding section of the research. It highlights the summary of the findings, conclusion as well and relevant recommendations from the studies.

5.2 SUMMARY OF FINDINGS

From the descriptive results presented in chapter four (4), All the tables (4.2, 4.3, 4.4, and 4.5) we're accepted and recorded a grand mean above the 3.0 benchmark. This therefore means that ethical values affects financial reporting quality. This finding is in line with the result of Aifuwa et al., (2018) who confirmed and provided theoretical evidence that Accounting ethics (Integrity, Objectivity, Professional competence) have a significant relationship with financial reporting quality.

This means that professional competence, professional objectivity and professional integrity significantly affect financial reporting quality.

These findings conform to the literature of Aghdamzraeh and Karimzadeh (2017) who Argued in their work that ethics in accounting helps in preventing the issues associated with self-interest. However, other studies have espoused that providing ethical education to accounting students could be significant in moral development of professionals (Arfaoui 2016). The professional principle of integrity implies that accounts are required to display professional honesty and fair conduct, while objectivity implies that accountants are required to apply the professional judgement in conducting audits (Cheng 2016).

Principles of professional competence in accounting are found to be significant for preventing any actions that diminish the reputation of the profession and also help auditors and accountants to work by complying to legal and regulatory duties (Shaver et al 2017). Ethics in accounting is highly important for reducing fraudulent activities. Poor corporate governance and internal control can result in creating loopholes, by which accountants can indulge in unethical activities. This also results in diminishing the reputation of business. Integration of ethical values, standards and principles are significant for ensuring the trust of stakeholders in accounting profession (Aifuwa et al 2018).

The findings of this study show that;

- a). There is a significant relationship between accounting ethical values and financial reporting quality
- b). There is a significant relationship between the ethical value of competence and financial reporting quality
- c). There is a significant relationship between the ethical value of Objectivity and financial reporting quality
- d). There is a significant relationship between the ethical value of integrity and financial reporting quality

5.3 CONCLUSION

In recent times, business ethics has emerged as a subject of renewed global interest, primarily driven by numerous infamous corporate scandals involving companies like Enron, WorldCom, Arthur Anderson, Tyco International, Adelphia, Cadbury PLC, and Lever Brothers PLC. Regrettably, the fallout from these collapses has significantly tarnished the reputation of the accounting profession, creating a widespread lack of trust.

Ethics in accounting is highly important for reducing fraudulent activities. Poor corporate governance and internal control can result in creating loopholes, by which accountants can indulge in unethical activities. This also results in diminishing the reputation of business. Integration of ethical values, standards and principles are significant for ensuring the trust of stakeholders in accounting profession.

Compliance with the code of ethics tends to instill a positive perception of the reliability of a professional and the lack of such compliance can raise suspicion of a professional's independence.

Based on the general review of the study, it is important to note that; Professional Accountants have the duty to communicate information quantitatively and justly and disclose fully all important facts that could sensibly be expected to influence any user's understanding of the reports, observations and recommendations obtainable. The IFAC code of ethics for professional accountants recognizes that the targets of the accountancy professional are to work to an extreme standards of professionalism, to achieve the apex levels of performance and generally to ensure that public interest requirement is being fulfilled.

5.4 RECOMMENDATIONS

Based on the findings of this study, the following recommendations are made;

- a). A professional accountant should ensure clients, employers or other users of the professional services are aware of the limitations inherent in the services to prevent the misinterpretations of an expression of opinion as an assertion of fact
- b). An accountant should also desist from assenting to perform professional services which they are not fit to perform, unless professional counsel and support are gotten where applicable,

- c). There's a need for accounting regulatory bodies, the government to promote the integration of ethics education within accounting curricula to cultivate ethical awareness from the early stages of professional development.
- d). Establish and strengthen mechanisms to protect whistleblowers, promoting a culture where individuals feel secure reporting unethical practices without fear of retaliation.
- e). The role of independent auditors in ensuring the accuracy and reliability of financial reports, reducing the potential for biased reporting should be emphasized
- d). A strengthen regulatory frameworks to enforce ethical standards, with transparent consequences for non-compliance, thereby promoting accountability would suffice
- f). Management, top executives should foster strong corporate governance structures that prioritize ethical conduct, emphasizing the role of boards and management in upholding integrity.
- g). Technology Integration: Leverage technological advancements for transparent and traceable financial reporting processes, this will go along way to reduce opportunities for fraudulent activities.
- h). Ethical Leadership is essential. To promote ethical leadership within organizations, emphasizing the role of leaders in setting the tone for ethical behavior throughout the financial reporting process.

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APPENDIX

Department of Accounting,
Faculty of Management Sciences
The University of Benin,
Benin City,
Edo State.
22nd, Sept 2023

Dear Sir/Madam,

REQUEST FOR YOUR COOPERATION IN COMPLETING THIS QUESTIONNAIRE

I am an undergraduate student of the above-named Institution and as part of the requirements of the academic program for the award of a B.Sc. degree in Accounting. I am conducting research titled " **Ethical Values and its Impact on Financial Reporting Quality**". You have been selected as part of the sample for this study.

I wish to appeal to you to kindly spare a few minutes to complete this questionnaire to the best of your knowledge. You are not required to disclose your identity. I also wish to assure you that your answers will be treated in strict confidence and only for academic purposes.

Thanks for your co-operation.

Yours faithfully,

Forcados Victor Ese

DEPARTMENT OF ACCOUNTING

FACULTY OF MANAGEMENT SCIENCES

UNIVERSITY OF BENIN

BENIN CITY

All respondent information supplied will be strictly used for academic purposes only and confidentially treated.

QUESTIONNAIRE

SECTION A

INSTRUCTION: Please tick appropriately in the box/column as []

SECTION A: Personal Data

1. Sex: Male [] Female []
2. Age: 0 – 25 [], 26 – 30 [], 31 – 40 [], 41 – 50 [], 51 and above []
3. Educational Qualification: ND/NCE [], HND/B.Sc. [], MBA/M.Sc [], Others []
4. Work Experience: 0-5yrs [], 6-10yrs [], 11-15yrs [], 16-20yrs [], 21yrs and above []

SECTION B

Key:

- SA = Strongly Agreed
 A = Agreed
 U = Undecided
 D = Disagreed
 SD = Strongly Disagree

S/N	Items	SA 5	A 4	U 3	D 2	SD 1
	IMPACT OF ETHICAL VALUES ON FINANCIAL REPORTING QUALITY					
1.	The quality of financial reporting is influenced by the circumstances and factors that surround the accountant.					
2.	Maintaining high ethical standards helps to enhance the quality of financial reporting.					
3.	Ethical values guide accounting professionals when faced with potential conflicts of interest that could impact the accuracy of financial reporting.					
4.	The presence of ethical principles helps ensure that financial statements are comprehensive and precise, as they promote the transparent and truthful recognition and disclosure of financial transactions.					
	The trustworthiness of the information presented by Accountants and Auditors is directly influenced by the proficiency of the individuals responsible for preparing and auditing these reports.					
5.	Even though there are ethical principles in Accounting, certain financial reports still do not meet					

	the required standards.					
	IMPACT OF INTEGRITY ON FINANCIAL REPORTING QUALITY					
6.	When accountants participate in insider trading, it often undermines the honesty of financial reports.					
7.	The acceptance of gifts by professional accountants can impact the honesty of financial reports.					
8.	Having an ethical committee within an organization has a beneficial effect on the honesty of financial reports.					
9.	Breaching ethical principles undermines the honesty of financial reports					
10.	Despite the importance of maintaining integrity in financial reporting, accountants continue to manipulate earnings to present a misleading financial statement.					
	IMPACT OF OBJECTIVITY ON FINANCIAL REPORTING QUALITY					
11.	The quality of financial reporting relies heavily on objectivity, which guarantees that financial information is unbiased and not influenced by any external factors.					
12.	The ethical values within an organization do not impact the unbiased presentation of financial statements.					
13.	Accountants can address impartiality in the process of presenting financial information, especially when there are conflicting interests or pressures to manipulate it.					
14.	The audit committee and external auditor contribute significantly to maintaining impartiality in financial					

	reporting.					
15.	The majority of organizations lack systems in place to consistently monitor and evaluate the fairness of their financial reporting methods.					
	IMPACT OF PROFESSIONAL COMPETENCE ON FINANCIAL REPORTING QUALITY					
16.	The proficiency of financial analysts and investors plays a significant role in their capacity to accurately interpret financial statements.					
17	The professional expertise of accountants and auditors often facilitates the presentation of a subpar financial report.					
18.	Professional competence goes beyond technical expertise and also includes effective communication and presentation skills.					
19.	Financial reporting quality improves when professionals have the knowledge and skills to evaluate if accounting policies are suitable and make well-informed decisions.					
20.	Professionals who possess the necessary skills and expertise are more inclined to follow ethical guidelines, such as being truthful and unbiased, when it comes to their financial reporting methods.					