

Accounting Ethics and Financial Reporting Quality

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DECLARATION

I, **Harmony Osayoname ATOHENGBE** do hereby declare that:

1. I conducted this research for my project at the University of Benin, Department of Accounting, where I was supervised by **Prof O.J. ILABOYA** of the same department and the Faculty of Management Sciences in Benin City, Nigeria.
2. There has been no prior submission of this work for a degree elsewhere.
3. All thoughts and opinions are based on my own research, and where others have shared their perspectives, they have been properly cited.
4. I accept complete and utter responsibility for any potential legal consequences that may arise as a result of this study.

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CERTIFICATION

We certify that this research was carried out by **Harmony Osayoname ATOHENGBE** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria, and it is considered adequate in scope and quality in partial fulfillment of the requirements for the award of degree of Bachelor of Science (Accounting).

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DEDICATION

This work is dedicated to God Almighty, the Source of life and the Wellspring of wisdom. His divine guidance has lit my path throughout this journey, and His strength has carried me through every obstacle.

By His grace, I have completed each phase of this endeavour, sustained by His unwavering support and overflowing blessings. All glory and honour belong to Him, now and forever, for His unfailing love and guidance. This achievement exists only through His grace. May His holy name remain glorified forever. Amen.

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TABLE OF CONTENTS

PAGE

Contents

COVER PAGE	i
DECLARATION.....	ii
CERTIFICATION.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENTS	v
TABLE OF CONTENTS.....	v
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION	1
1.1 Background to the Study.....	1
1.2 Statement of the Research Problem.....	5
1.3 Research Questions.....	8
1.4 Objective of the Study.....	9
1.5 Research Hypotheses.....	9
1.6 Scope of the Study.....	10
1.7 Significance of the Study.....	12
1.8 Definition of Terms.....	16
CHAPTER TWO: LITERATURE REVIEW	20
2.1 Introduction.....	20
2.2 Conceptual Review.....	20
2.2.1 Financial Reporting Quality.....	20
2.2.2 Accounting Ethics.....	22
2.2.3 Integrity.....	25
2.2.4 Professional Competence and Due Care.....	27
2.2.5 Confidentiality.....	30

2.2.6 Professional Behaviour	34
2.3 Review of Empirical Literature	38
2.3.1 Integrity and Financial Reporting Quality	38
2.3.2 Objectivity and Financial Reporting Quality	39
2.3.3 Professional Competence and Due Care and Financial Reporting Quality	40
2.3.4 Confidentiality and Financial Reporting Quality	42
2.3.5 Professional Behaviour and Financial Reporting Quality	43
2.4 Review of theories	44
2.4.1 Agency Theory	44
2.4.2 Stewardship Theory	45
2.4.3 Stakeholder Theory	46
2.4.4 Legitimacy Theory	47
2.4.5 Institutional Theory	48
CHAPTER THREE: METHODOLOGY	49
3.1 Introduction	49
3.2 Research Design	50
3.3 Population	50
3.4 Sample Size Determination and Sampling	51
3.5 Data and Data Source	52
3.6 Research Instruments	53
3.7 Validity and Reliability Test	54
3.8 Theoretical Framework and Model Specification	55
3.8.1 Theoretical Framework	55
3.8.2 Model Specification	59
3.9 Data Estimation Technique	60
3.10 Measurement of Variables	62

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS	64
4.1 Introduction	64
4.2 Data Presentation	64
4.3 Reliability Test	74
4.4 Test of Hypotheses	76
4.5 Discussion of Findings	80
4.6 Summary of Findings	86
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS	89
5.1 Introduction	89
5.2 Summary of the Study	89
5.3 Summary of Major Findings	91
5.4 Conclusion	92
5.5 Policy Implications of the Study	93
5.6 Recommendations	94
5.7 Contribution to Knowledge	96
5.8 Suggestions for Further Studies	96
REFERENCES	98
APPENDICES	107

ABSTRACT

The impact of accounting ethics on financial reporting quality has attracted increasing attention in accounting and corporate governance research, especially in developing economies such as

Nigeria. Despite this interest, limited empirical studies have comprehensively examined how multiple ethical dimensions collectively influence the quality of financial reporting within the Nigerian context. This study, therefore, sought to provide empirical evidence on the effect of accounting ethics, specifically integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour, on financial reporting quality in selected organizations in Edo State, Nigeria.

Drawing upon Agency Theory, the study adopted an ex-post facto research design using a quantitative approach. Primary data were obtained from 384 valid respondents across organizations that prepare financial reports under Nigerian GAAP and IFRS. Data were analysed using Ordinary Least Squares (OLS) regression to determine the influence of ethical principles on financial reporting quality.

The results revealed that all five ethical dimensions have a positive and statistically significant effect on financial reporting quality. Specifically, professional behaviour and integrity emerged as the strongest predictors of high-quality financial reports, confirming that adherence to ethical standards enhances transparency, credibility, and stakeholder confidence. In light of these findings, the study recommends that organizations institutionalize ethics within their financial reporting systems, strengthen regulatory oversight, and promote continuous ethical education among accountants.

CHAPTER ONE INTRODUCTION

1.1 Background to the Study

Financial reporting policy refers to the framework of rules and standards that guide how financial information is prepared, presented, and disclosed by companies. This policy is essential in ensuring that organizations provide transparent, accurate, and comparable financial data to stakeholders, including investors, regulators, and the public. Effective financial reporting policies help stakeholders make informed decisions, assess the financial health of organizations, and ensure compliance with legal and regulatory standards. A sound reporting policy not only supports corporate governance but also contributes to the overall stability of financial markets (Deloitte, 2020).

Ethical accounting practices are vital in shaping the integrity and reliability of financial reporting. Ethical decision-making in accounting involves applying moral principles and professional judgment to resolve complex issues in financial reporting. Accountants often face ethical dilemmas, such as balancing transparency with the protection of confidential information. Adhering to ethical decision-making ensures that financial statements are not manipulated or misrepresented, maintaining the trust placed in them by stakeholders

(Sweeney, 2021). Accountants are required to evaluate the broader impact of their decisions on stakeholders and society, aligning their actions with the core principles of fairness and accuracy (Schwartz & Wood, 2020).

Integrity is a core component of ethical accounting practices and directly influences the quality of financial reporting. In accounting, integrity requires adherence to ethical standards of honesty, transparency, and fairness when preparing financial statements. Accountants must act impartially, avoiding conflicts of interest that may undermine the objectivity of their judgments (AICPA, 2020). By maintaining professional integrity, accountants ensure that financial statements truthfully reflect a company's financial position, which, in turn, reinforces stakeholder trust and supports sound corporate governance (Kaplan et al., 2019).

Another significant ethical principle is objectivity, which emphasizes the need for accountants to be free from bias or undue influence while making decisions. Accountants must exercise professional competence and due care in their work, ensuring that financial reports are prepared with accuracy and diligence. This means accountants must continually update their skills and knowledge to comply with industry standards and best practices, avoiding negligent or careless behaviour (IFRS Foundation, 2019). Maintaining professional competence also ensures that the financial reporting process aligns with recognized frameworks such as Generally Accepted Accounting Principles (GAAP) or

International Financial Reporting Standards (IFRS), which offer standardized guidelines for financial reporting (IFRS Foundation, 2019). This promotes consistency, comparability, and transparency in financial reports, which ultimately mitigates the risk of financial misreporting and fraud (Carmona & Trombetta, 2021).

In addition to professional competence, confidentiality is another essential ethical principle. Accountants often have access to sensitive company information, and it is their ethical responsibility to safeguard this information and use it only for appropriate purposes. Protecting confidentiality helps maintain trust with clients and stakeholders, reducing the risk of unauthorized disclosures or misuse of sensitive financial data (Jones & Smith, 2021).

Professional behaviour is crucial in upholding ethical standards in accounting practice. Accountants must act with integrity and professionalism in all aspects of their work, adhering to established ethical guidelines and maintaining a high standard of conduct. This includes ensuring compliance with regulatory standards, fostering a culture of ethical awareness, and upholding the reputation of the accounting profession as a whole (Schroeder et al., 2021). Corporate Social Responsibility (CSR) is an extension of professional behaviour, underscoring the role of accountants in promoting environmental sustainability and social responsibility within financial reporting. By integrating CSR into financial statements, accountants offer a broader view of corporate performance,

addressing not only financial outcomes but also environmental and social impacts. This transparency promotes trust and accountability among stakeholders, supporting long-term sustainability (Harrison & McKinnon, 2020).

These ethical principles (ethical decision-making, integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour) are interconnected and collectively influence the development and implementation of financial reporting policies. Organizations that prioritize these ethical standards are more likely to create transparent, accountable, and trustworthy reporting frameworks, which foster greater investor confidence and contribute to the integrity of financial markets (Jones & Smith, 2021). Conversely, lapses in these ethical standards can lead to financial misrepresentation, legal penalties, and the erosion of stakeholder trust, emphasizing the critical role that ethics play in shaping financial reporting practices (Williams & Jones, 2021).

Accounting ethics form the foundation for developing robust and transparent financial reporting policies. By applying ethical decision-making, upholding integrity, maintaining objectivity, ensuring professional competence and due care, safeguarding confidentiality, and demonstrating professional behaviour, accountants help ensure that financial statements reflect the true financial condition of an organization. These ethical principles are essential for maintaining transparency, fostering stakeholder trust, and enabling

informed decision-making by external users of financial reports (Schwartz & Wood, 2020).

1.2 Statement of the Research Problem

Financial reporting policies are central to ensuring transparency, accountability, and trust within organizations. Despite the recognized importance of accounting ethics in shaping these policies, a significant gap exists in understanding how various ethical principles, such as integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour, interact to influence the development of comprehensive financial reporting practices. Previous research has predominantly explored these ethical concepts in isolation, overlooking their combined effect on financial reporting policies (Williams & Jones, 2021; Sweeney, 2021). This gap in research limits our understanding of how ethical principles collectively shape financial reporting practices and policy formulation.

Integrity plays a critical role in ethical accounting practices and directly impacts the quality of financial reporting. Integrity requires that accountants adhere to high ethical standards of honesty, fairness, and transparency when preparing financial statements (AICPA, 2020). However, much of the existing literature focuses on integrity in isolated contexts and does not explore how it interacts with other ethical principles, such as objectivity and professional competence and due care, to shape comprehensive financial reporting policies (Kaplan et al., 2019). This gap highlights the need to investigate how

integrity, as part of a broader ethical framework, affects the formulation of financial reporting policies.

Objectivity is another key ethical principle in accounting, emphasizing the importance of accountants making decisions without bias or undue influence. Research has focused on the individual role of objectivity in financial reporting, but there is limited exploration of how objectivity works in conjunction with principles like professional competence and due care, confidentiality, and professional behaviour to shape the development of financial reporting policies. Existing studies tend to focus on objectivity in isolated cases, without considering how it works with other ethical principles in creating robust and transparent reporting practices (Harvey & Thompson, 2021). More research is needed to understand the collective impact of these principles on policy development.

Professional competence and due care are essential ethical standards that ensure accountants possess the necessary skills and knowledge to perform their duties competently and responsibly. Accountants must demonstrate due diligence in their work, ensuring that financial statements are prepared with the utmost accuracy and care. However, there is a lack of research that examines how professional competence and due care, when combined with integrity and objectivity, influences the development of financial reporting policies (IFRS Foundation, 2019; Raghunandan et al., 2015). This gap in understanding how these principles interact limits our ability to establish a

comprehensive model for policy formulation that promotes ethical and transparent financial reporting.

Confidentiality is another critical aspect of ethical accounting practice, requiring accountants to protect sensitive company information and avoid disclosing it improperly. While confidentiality is recognized as important, there is limited research on how it interacts with other ethical principles, such as professional behaviour and objectivity, to influence financial reporting policies (Schroeder et al., 2021). This gap needs to be addressed by exploring how confidentiality contributes to ethical decision-making in financial reporting, ensuring that accountants uphold privacy while maintaining transparency and accuracy in their reporting.

Professional behaviour is essential for upholding the ethical standards required in financial reporting. Accountants must exhibit the highest standards of professionalism, adhering to established ethical guidelines and regulations. However, there is a lack of comprehensive studies that explore how professional behaviour, in conjunction with integrity, objectivity, professional competence, and confidentiality, contributes to the development and implementation of financial reporting policies (AICPA, 2020; Carmona & Trombetta, 2021). This gap underscores the need to investigate the role of professional behaviour as a key driver of ethical financial reporting practices.

While ethical accounting practices have been widely discussed in various contexts, there is a significant gap in understanding how integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour collectively shape the development of financial reporting policies. Existing research has addressed these elements individually but has not sufficiently explored their interaction and collective impact on shaping comprehensive financial reporting practices. This gap necessitates further investigation to understand how these ethical principles influence the formulation and implementation of financial reporting policies that promote transparency, accountability, and stakeholder trust (Jones & Smith, 2021).

1.3 Research Questions

Based on the identified gaps, the following research questions are formulated:

1. How does integrity influence financial reporting policy?
2. What role does objectivity play in shaping financial reporting policy?
3. In what ways does professional competence and due care affect financial reporting policy?
4. How does confidentiality influence the development of financial reporting policy?
5. How does professional behaviour affect financial reporting policy?

1.4 Objective of the Study

The broad objective of this study is to examine the impact of accounting ethics on the formulation and effectiveness of financial reporting policies, specifically, the study aims to;

1. to examine the influence of integrity on financial reporting policy;
2. to assess the role of objectivity in shaping financial reporting policy;
3. to evaluate how professional competence and due care affect financial reporting policy;
4. to analyse the impact of confidentiality on financial reporting policy; and
5. to examine the effect of professional behaviour on financial reporting policy.

1.5 Research Hypotheses

The following hypotheses were raised in null form to guide this study;

H₀₁: There is no significant relationship between integrity and financial reporting policy.

H₀₂: There is no significant relationship between objectivity and financial reporting policy.

H₀₃: There is no significant relationship between professional competence and due care and financial reporting policy.

H₀₄: There is no significant relationship between confidentiality and financial reporting policy.

H₀₅: There is no significant relationship between professional behaviour and financial reporting policy.

1.6 Scope of the Study

The scope of this study focuses on examining the influence of accounting ethics on the formulation and effectiveness of financial reporting policies, using secondary data from organizations in Edo State, Nigeria. The research specifically aims to explore how integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour impact the development and implementation of financial reporting policies within Nigeria. Given that accounting ethics plays a critical role in ensuring transparency, accountability, and accuracy in financial reporting, understanding its influence on local reporting policies is crucial for assessing the quality and reliability of financial information (AICPA, 2020; Williams & Jones, 2021).

The study will be conducted across various sectors within Edo State where financial reporting is essential, including public and private organizations, non-profits, and financial institutions. These sectors are governed by accounting standards such as the Nigerian

Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). By examining these industries, the study will consider how different types of organizations apply accounting ethics to their financial reporting processes, contributing to the understanding of both public and private sector practices in the region (Carmona & Trombetta, 2021; IFRS Foundation, 2019).

The study will analyse secondary data collected over 10 years (from **2015 to 2025**), which will allow for an in-depth understanding of recent trends and developments in financial reporting practices, ethical decision-making, and regulatory compliance within Edo State. This timeframe provides a robust foundation for evaluating how accounting ethics have shaped financial reporting policies over time and how these policies have evolved in response to changes in ethical standards and regulatory frameworks (Schwartz & Wood, 2020; Glover et al., 2019).

Data for this research will be gathered from a variety of secondary sources, including financial reports, organizational records, regulatory documents, and government publications. The use of secondary data from reputable sources like the Financial Reporting Council of Nigeria (FRCN) and the Central Bank of Nigeria (CBN) will ensure that the analysis is based on accurate and reliable information, reflecting the actual financial reporting practices in the region (Harvey & Thompson, 2021; Kaplan et al., 2019). This approach allows for a thorough exploration of how accounting ethics have influenced the formulation of financial reporting policies in Edo State over the past decade.

The target population for this study includes businesses and organizations in Edo State that are involved in formal financial reporting, including small and medium-sized enterprises (SMEs), large corporations, and government entities. The focus will be on organizations that adhere to formal financial reporting standards and are subject to local and international accounting regulations. This study will exclude organizations that do not engage in formal financial reporting or those operating outside Edo State (Schroeder et al., 2021; Cheng & Sarker, 2021).

In conclusion, this study aims to examine the impact of accounting ethics on financial reporting policies within the specific context of Edo State, Nigeria, using secondary data from organizations over the past 10 years. The study will provide valuable insights into how ethical decision-making, professional integrity, regulatory compliance, and CSR influence the formulation and effectiveness of financial reporting policies in the region, helping to bridge the gap between accounting ethics and financial transparency (Williams & Jones, 2021; Sweeney, 2021).

1.7 Significance of the Study

This study aims to fill existing gaps in the literature by offering a comprehensive analysis of the role of accounting ethics in shaping financial reporting policies in Edo State, Nigeria. Although prior research has examined individual aspects of accounting ethics, such as integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour this study will explore how these ethical factors collectively

influence financial reporting practices in the Nigerian context. Recent studies, such as Umar et al. (2021) show that ethical standards are increasingly being integrated into financial reporting systems, but research focusing on the collective impact of these practices within the specific context of Edo State is still limited (Umar et al., 2021).

The findings of this research will significantly enhance the body of knowledge on the application of accounting ethics in public administration, particularly in the realm of financial reporting. By investigating how ethical principles contribute to the development of financial reporting policies, this study will bridge the gap between theoretical concepts and practical application in the governance of Edo State. Research by scholars such as Ajibola & Ibrahim (2022) emphasizes the importance of ethical frameworks in ensuring transparency and accountability in public financial systems, making this study relevant in advancing such discussions within local contexts.

This study will be highly valuable to state and local government agencies and the State Ministry of Finance, as it provides insights into how accounting ethics can improve financial reporting systems. These agencies can use the findings to streamline operations, implement more effective policies, and enhance transparency within their financial reporting frameworks. The research highlights how the application of accounting ethics can increase public trust and improve revenue generation, which is crucial for economic development (Deloitte, 2021).

Policy analysts and public financial managers in Edo State will also find this study significant as it provides data and insights that can guide the formulation of policies aimed at enhancing the efficiency and effectiveness of tax systems. By analysing how ethical principles such as professional integrity and regulatory compliance affect financial reporting, this research offers guidance for implementing ethical decision-making frameworks within public financial systems. According to the World Bank (2021), improving financial transparency and ethical governance is central to sustainable economic growth, which aligns with the objectives of this study.

In the academic and research community, this study will contribute to the growing field of accounting ethics and public administration. Scholars in disciplines such as public finance, e-governance, and accounting will benefit from the study's findings, which will serve as a resource for further research on the application of ethical principles in governance. The study will also support curriculum development for postgraduate students focusing on public finance, governance, and digital transformation in Nigeria (Ogunleye & Omole, 2020). Research institutions and policy think tanks will be able to use the findings to inform broader conversations on innovation in government financial systems and ethics.

Additionally, this study holds significance for technology providers, especially those developing accounting software, artificial intelligence (AI), and automation tools for government use. By examining how public servants in Edo State interact with ethical

frameworks in financial reporting, these providers can better tailor their solutions to meet the needs of tax administrators and reduce barriers to the adoption of digital tools. Consulting firms and audit companies involved in risk management and tax services will also benefit, as they can use the findings to improve their service offerings and assist government agencies in digitizing their operations (PwC, 2021).

At the international level, this research is relevant to global development organizations such as the United Nations Development Programme (UNDP) and the African Development Bank (AfDB), which are focused on promoting good governance and enhancing public sector efficiency in developing countries. The study's findings may inform strategies for improving domestic revenue mobilization and reducing corruption, aligning with the United Nations Sustainable Development Goals (SDGs), which emphasize transparency and accountable institutions (UNDP, 2021). The research will provide insights into how the integration of accounting ethics into financial reporting can catalyse improved governance in Nigeria and other developing countries.

Finally, civil society organizations, including anti-corruption groups and taxpayer advocacy organizations, will find this study valuable in advancing their campaigns for greater financial transparency and accountability. The insights into how ethical accounting practices can reduce fraud, ensure fairness, and improve tax compliance will strengthen their advocacy efforts and public outreach programs. A study by Transparency

International (2021) highlights how improving governance and transparency can foster stronger economic growth, a key objective of this research.

In conclusion, this study has the potential to influence practice, policy, and scholarship, providing a roadmap for integrating accounting ethics into financial reporting systems. Its findings will enhance the transparency, accountability, and efficiency of public sector financial management in Edo State, Nigeria, and can be applied to other similar contexts globally, fostering better governance practices in both developing and developed nations.

1.8 Definition of Terms

Accounting Ethics: Accounting ethics refers to the moral principles and guidelines that govern the behaviour and practices of accountants in the preparation, presentation, and auditing of financial information. It involves maintaining honesty, integrity, objectivity, and transparency to ensure that financial statements reflect the true and fair view of a company's financial performance and to uphold trust in financial systems (AICPA, 2020).

Financial Reporting Policy: Financial reporting policy refers to the framework of standards, regulations, and procedures that govern how financial information is prepared, presented, and disclosed by organizations. This policy ensures that financial statements are accurate, transparent, and compliant with relevant accounting standards such as the Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). Effective financial reporting policies are vital for ensuring the integrity

of financial reporting and supporting stakeholders in making informed decisions (Deloitte, 2020; Carmona & Trombetta, 2021).

Integrity in Accounting: Integrity in accounting is the adherence to ethical standards of honesty, fairness, and transparency in the preparation and reporting of financial data. It involves ensuring that financial statements provide a true and accurate reflection of an organization's financial status. Integrity requires accountants to avoid conflicts of interest and to act in a manner that upholds the public trust (AICPA, 2020; Kaplan et al., 2019).

Objectivity in Accounting: Objectivity in accounting refers to the ability of accountants to make decisions free from bias, influence, or external pressure. It ensures that financial reporting is based on facts and professional judgment rather than personal interests.

Objectivity is crucial in maintaining the credibility and reliability of financial reports (Harvey & Thompson, 2021; Sweeney, 2021).

Professional Competence and Due Care: Professional competence and due care refer to the obligation of accountants to possess the necessary skills, knowledge, and experience to perform their duties effectively. This ethical principle requires accountants to exercise due diligence, ensuring that financial statements are prepared accurately and by professional standards. It also involves a commitment to continual professional development and adherence to best practices (IFRS Foundation, 2019; Raghunandan et al., 2015).

Confidentiality in Accounting: Confidentiality in accounting refers to the responsibility of accountants to protect sensitive information acquired during their work. Accountants must not disclose any confidential data without proper authorization or legal obligation. This principle helps maintain trust with clients, stakeholders, and the public while ensuring that financial reporting is not compromised (Schroeder et al., 2021; Jones & Smith, 2021).

Professional Behaviour in Accounting: Professional behaviour in accounting involves adherence to ethical conduct and professional standards in all aspects of an accountant's work. This includes complying with laws and regulations, maintaining high standards of integrity, and acting in the best interest of stakeholders. Professional behaviour also encompasses a commitment to maintaining the reputation of the accounting profession and ensuring the reliability of financial reports (Schroeder et al., 2021; Carmona & Trombetta, 2021).

Corporate Social Responsibility (CSR) in Accounting: Corporate Social Responsibility (CSR) in accounting involves the inclusion of social, environmental, and ethical considerations in financial reporting. Accountants who integrate CSR into financial statements contribute to transparency by reporting not only on financial performance but also on the organization's impact on society and the environment. This promotes accountability and helps stakeholders make more informed decisions (Harrison &

McKinnon, 2020; Cheng & Sarker, 2021).

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter addresses the theoretical aspects pertinent to the study. It focuses on the concepts of accounting ethics and financial reporting quality, the different ethical principles in accounting, the role of ethical practices in ensuring financial integrity within organisations, the legislative and regulatory framework governing financial reporting, as well as a conceptual review and empirical literature review, culminating in the development of a conceptual framework for accounting ethics and financial reporting quality in organisational practices.

2.2 Conceptual Review

2.2.1 Financial Reporting Quality

Financial Reporting Quality (FRQ) refers to the degree to which financial reports accurately represent an organisation's financial performance and position. High-quality financial reporting enables stakeholders to make informed decisions by providing relevant, reliable, and transparent information. FRQ is assessed through various dimensions, such as relevance, faithful representation, and earnings quality.

According to the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP), FRQ must ensure that financial reports are

relevant and faithfully represent the economic reality of the company. Relevance ensures that the information provided can influence users' decisions, while faithful representation guarantees that the information is complete, neutral, and free from error (Liao & Yu, 2020). For example, when financial statements provide accurate and unbiased information about a company's assets, liabilities, and performance, stakeholders can trust the reports and make more accurate predictions about future cash flows (Jermias & Gani, 2020).

A critical element of FRQ is earnings quality, which refers to the extent to which reported earnings reflect a company's actual economic performance rather than being influenced by accounting choices or management manipulation. Studies have shown that companies with higher earnings quality tend to have better stock market performance and investor trust (Deng, 2021). When earnings are manipulated through earnings management or accounting choices, the reliability of financial reports is compromised, leading to a lower quality of financial reporting (Dechow et al., 2020).

Moreover, corporate governance plays a crucial role in ensuring high FRQ. A robust governance structure, including independent boards and active audit committees, helps improve the transparency and reliability of financial reporting (Liu et al., 2021). Such governance mechanisms serve as a safeguard against earnings manipulation and financial

misreporting, as they ensure that management's decisions align with the best interests of shareholders.

In the era of digital transformation, technological innovations, such as blockchain technology and big data analytics, are enhancing FRQ by improving data accuracy and reducing opportunities for manipulation. Blockchain technology, for instance, provides a decentralized and immutable ledger, making it harder for companies to alter or hide financial information (Zhang & Chen, 2020). Additionally, big data tools allow for more efficient data processing and improved financial reporting by identifying trends, anomalies, and errors that may not be immediately visible through traditional reporting methods (Feng & Wang, 2021).

2.2.2 Accounting Ethics

Accounting ethics refers to the set of moral principles, standards, and guidelines that govern the professional conduct of accountants. It is centred on ensuring that accountants uphold integrity, transparency, and responsibility in their practices, making ethical decisions that are in line with societal values and legal standards. In recent years, the study and application of accounting ethics have become increasingly crucial due to heightened scrutiny in corporate governance, the rapid advancement of technology, and the growing need for accountability in financial reporting.

One of the foundational elements in accounting ethics is the framework of ethical theories that guide accountants in making decisions. These theories typically include deontology, consequentialism, and virtue ethics. Deontological ethics stresses that accountants must follow established rules and regulations—such as the International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP)—regardless of the outcome. In contrast, consequentialism focuses on the consequences of decisions, emphasizing the importance of ensuring the financial well-being of stakeholders. Virtue ethics, on the other hand, suggests that accountants should cultivate personal virtues like honesty and fairness in their decision-making (Smith & Tillinghast, 2020).

A key component of accounting ethics is its relationship with corporate governance. Ethical accounting practices contribute significantly to effective governance by ensuring that financial statements are accurate, reliable, and transparent. When accountants adhere to ethical standards, they help foster trust among investors, prevent fraudulent activities, and hold corporate management accountable. According to Hassan and Kutan (2021), strong corporate governance is essential to ensuring that ethical standards are maintained, ultimately protecting the interests of stakeholders and preventing corporate scandals.

Professional integrity and independence are also at the heart of accounting ethics. Accountants must exercise professional judgment free from external pressures, such as client demands or management interests. This is particularly important for auditors, who

must maintain skepticism and critically evaluate financial information to detect potential misstatements. Sharma and Ghosh (2020) emphasize the importance of professional skepticism, which involves questioning assumptions and evidence, enabling accountants to identify discrepancies and ensure the accuracy of financial reports.

In recent years, the advent of technology, particularly artificial intelligence (AI) and blockchain, has presented both challenges and opportunities for accounting ethics. On one hand, technologies like AI can enhance the accuracy of financial reporting and help detect fraudulent activities. On the other hand, the increasing reliance on automation in accounting processes raises concerns about the ethical implications of allowing algorithms to make decisions that would traditionally require human judgment. Bollen and van der Meer (2021) argue that while these technologies offer significant benefits, accountants must be mindful of their ethical responsibilities and continuously update their knowledge to ensure technology is used appropriately.

In addition to ethical frameworks and professional conduct, recent studies have highlighted the importance of ethical decision-making models in accounting. The Jones Model of Ethical Decision-Making, for instance, helps accountants assess the moral intensity of a situation, considering factors such as the potential harm to stakeholders and the societal consensus on the ethicality of the issue. This model assists in navigating

complex ethical dilemmas by providing a structured approach to ethical judgment (Thompson et al., 2022).

2.2.3 Integrity

Integrity is a multifaceted and foundational concept that is crucial in both personal and professional settings. It encompasses the adherence to moral and ethical principles, ensuring that actions, values, methods, and outcomes are consistent. It is often associated with core values like honesty, accountability, and authenticity. Integrity fosters trust, respect, and credibility in individuals, organizations, and societies. In recent years, its role has been recognized as essential not only for individuals but also for organizations aiming to uphold ethical practices and positive reputations.

Integrity is commonly defined as the state of being whole and undivided, both internally and externally. Philosophers describe integrity as aligning one's actions with moral codes and maintaining consistency between beliefs and behaviours. From a psychological perspective, it is seen as a key aspect of personal identity, guiding individuals to align their actions with their core values and beliefs (Hogan & Kaiser, 2021). Moreover, integrity has been expanded to include organizational and societal dimensions. Organizations that prioritize integrity tend to establish cultures where ethical behaviours are embedded within their operations, fostering employee loyalty and enhancing their reputation (Smith et al., 2021). In this regard, organizational integrity merges personal

ethical behaviour with corporate responsibility, ensuring alignment with broader societal values (Johnson, 2022).

A central aspect of integrity is its close relationship with trust. Integrity is foundational to establishing and maintaining trust in both personal and professional relationships. Research has shown that without integrity, trust is not sustainable. Trust relies on the belief that actions align with stated values, and this is especially important in leadership contexts. Leaders who demonstrate integrity are more likely to inspire trust, which in turn creates a culture of transparency and ethical behavior. Integrity-based leadership has been linked to higher levels of employee engagement, job satisfaction, and overall organizational performance (Avolio et al., 2021). Conversely, a lack of integrity can lead to ethical violations, scandals, and a decline in employee morale and public trust (Vandewalle et al., 2020).

In decision-making, integrity plays a crucial role in navigating moral dilemmas. Individuals and organizations facing such dilemmas use integrity as a guiding principle to make choices that align with what is ethically right rather than what is convenient or self-serving (Liu et al., 2020). For instance, in corporate governance, the pressure to maximize profits may conflict with ethical principles. However, organizations that are committed to integrity resist such pressures and make decisions that are consistent with their core ethical values (Smith et al., 2021).

In the modern digital age, integrity is increasingly intertwined with issues related to data privacy, cybersecurity, and the ethical use of emerging technologies. The rise of artificial intelligence and big data has made it essential for organizations to establish ethical guidelines that govern the responsible use of technology, ensuring that these innovations do not harm individuals or communities (Gillespie, 2020). Integrity also plays a significant role in online behaviour, especially in social media contexts, where anonymity can sometimes encourage unethical conduct. The rise of misinformation and cyberbullying emphasizes the need to maintain integrity in digital interactions and ensure that online spaces promote transparency and truthfulness (Binns & Bradley, 2021).

2.2.4 Professional Competence and Due Care

Professional Competence and Due Care are fundamental principles that ensure high standards of practice in various professional fields, such as accounting, law, medicine, and engineering. These principles not only ensure that professionals possess the necessary knowledge, skills, and expertise to perform their duties effectively but also require them to act with diligence and responsibility while fulfilling their obligations. Together, these concepts form the backbone of ethical practice, ensuring that professionals maintain a high level of service while protecting the interests of clients, stakeholders, and society at large.

Professional competence refers to the knowledge, skills, and expertise that professionals must acquire and maintain to perform their roles effectively. It is a measure of a professional's ability to meet the requirements of their field and is typically established through education, training, certifications, and ongoing professional development. Competence is essential to ensuring that professionals can apply their expertise accurately and responsibly. In fields such as accounting, it ensures that professionals can assess financial statements correctly, while in healthcare, it guarantees that practitioners provide appropriate and optimal care (Barrett & Smith, 2020).

Due care, on the other hand, emphasizes the responsibility of professionals to act with diligence and attention, ensuring that they do not neglect any aspect of their work that could impact the outcome. It means exercising caution, following best practices, and adhering to legal and ethical standards when performing tasks. Due care requires professionals to avoid errors or omissions that might harm clients, colleagues, or the broader community (Smith et al., 2021). While professional competence ensures that professionals have the technical knowledge, due care ensures that this knowledge is applied with a sense of responsibility and thoroughness.

Together, professional competence and due care are essential in maintaining ethical practice across various fields. They are vital for ensuring that professionals not only perform their tasks with expertise but also take the necessary precautions to prevent harm

or neglect. In the case of auditors, for example, competence allows them to understand and interpret financial information accurately, while due care ensures that they do not overlook crucial details that might lead to errors or fraud (Jones & Roberts, 2020). In healthcare, competence allows medical professionals to diagnose and treat conditions accurately, while due care ensures that they follow all necessary procedures to avoid potential risks to patient safety (Lee et al., 2021).

The combination of these two principles is also reinforced by ethical codes and regulatory bodies that govern various industries. For instance, in accounting, professional bodies like the International Federation of Accountants (IFAC) provide guidelines that outline the expectations for competence and ethical conduct. These guidelines ensure that accountants not only meet the necessary qualifications but also exercise due care when offering their services, such as auditing and financial reporting (IFAC, 2021). This helps establish trust between professionals and their clients, ensuring that services are provided with the highest standards of integrity and reliability.

When professionals apply both competence and due care, they contribute significantly to the success of organizations and the well-being of stakeholders. In business, professionals who demonstrate these qualities help their organizations navigate complex regulatory environments, make informed decisions, and mitigate risks. Their adherence to ethical standards fosters organizational success and builds trust among clients and the public

(Miller & Thompson, 2020). Similarly, in fields like law and engineering, the application of competence and due care can prevent costly legal issues or safety hazards. For instance, lawyers are required to not only understand the law but also to provide advice that is carefully considered to avoid legal malpractice. Engineers, too, must apply their technical expertise responsibly, ensuring that their designs meet safety standards (Martin et al., 2020).

However, there are challenges that professionals may face in upholding competence and due care. The pressures of meeting deadlines or financial targets can sometimes lead to shortcuts, which could compromise the quality of work and the ethical standards of practice. In high-stakes environments like healthcare or financial services, professionals may feel the temptation to rush or overlook details to meet operational demands, but this can lead to errors or harm (Thompson et al., 2020). Additionally, the rapid pace of technological advancements can create challenges in maintaining competence, as professionals must continuously update their skills and knowledge to stay relevant and effective. Failure to adapt to new tools, regulations, or best practices can lead to outdated and potentially harmful approaches (Graham & Wong, 2021).

2.2.5 Confidentiality

Confidentiality is a fundamental ethical principle that plays a crucial role in safeguarding private information shared by individuals or organisations. It ensures that sensitive data,

whether related to personal, medical, financial, or business matters, remains protected from unauthorised access, use, or disclosure. This principle is integral in various professional fields such as healthcare, law, finance, and business, where the protection of sensitive information is paramount to maintaining trust and upholding ethical and legal standards.

At its core, confidentiality involves the obligation to protect and maintain the privacy of information entrusted to professionals. This information could range from personal health records to financial details, legal communications, or proprietary business information. Professionals are bound by confidentiality to refrain from disclosing or using this information in ways that could harm the individual or organisation from whom it originated. This duty is not only a matter of personal ethics but is also governed by legal regulations, industry standards, and ethical codes that professionals must follow (Donnelly & O'Neill, 2021).

In healthcare, for example, patient confidentiality ensures that personal health information is kept private and only shared with authorised medical professionals when necessary for treatment. In the legal profession, solicitors must protect the confidentiality of their clients' communications, which is critical for fostering trust and ensuring that clients can discuss their legal matters freely (Lee et al., 2020). Similarly, financial professionals are entrusted with protecting financial data and personal information, which

must be handled with care to avoid any unauthorised access or misuse (Santos & Rivera, 2020).

Confidentiality is vital in professional practice because it establishes and sustains trust between professionals and their clients. When individuals know that their private information will be protected, they are more likely to share important details that are essential for effective decision-making. For instance, in healthcare, a patient is more likely to disclose all necessary information about their health if they trust that it will be kept confidential, enabling the doctor to make the best possible diagnosis and treatment plan (Chavez & Torres, 2021). Similarly, clients in legal and financial professions are more open and honest when they trust that their sensitive information is being kept private.

Moreover, confidentiality is not just a matter of ethics but is often required by law.

Breaches of confidentiality can lead to significant legal and ethical consequences. In healthcare, regulations like the Health Insurance Portability and Accountability Act (HIPAA) ensure strict guidelines for maintaining patient confidentiality. In the financial industry, laws such as the General Data Protection Regulation (GDPR) in Europe mandate that personal data be handled responsibly and securely to protect individuals' privacy (Donnelly & O'Neill, 2021).

While confidentiality is crucial, maintaining it has become increasingly challenging in the digital age. The rise of digital tools for record-keeping, communication, and data storage has increased the risk of unauthorised access and breaches of confidential information. Cybersecurity threats, hacking, and human errors can all lead to the unintended disclosure of sensitive data (Santos & Rivera, 2020). As professionals rely more on digital platforms, ensuring that robust security measures are in place has become essential to safeguarding confidential information.

Additionally, professionals sometimes face situations where they must balance their duty to maintain confidentiality with other legal or ethical obligations. For example, healthcare providers may need to disclose a patient's confidential information if there is a risk of harm to public safety or if required by law. Similarly, solicitors may be compelled to breach confidentiality if a client's actions pose a risk to others or involve illegal activities (Chavez & Torres, 2021). These situations present ethical dilemmas that require professionals to weigh their responsibilities carefully.

Organisations also play an important role in upholding confidentiality. In business settings, confidentiality agreements are commonly used to protect proprietary information, trade secrets, and business strategies. Companies must establish policies and procedures to ensure that sensitive data is protected both within the organisation and when shared with third parties. Employees, contractors, and other stakeholders must be educated about

the importance of confidentiality and the consequences of breaching it (Gordon et al., 2020).

Moreover, businesses must implement secure systems for storing, transmitting, and accessing sensitive data. This includes using encryption, access controls, and other security measures to prevent unauthorised disclosures. Regular training and compliance programmes are essential in ensuring that confidentiality practices are upheld across the organisation, particularly in industries that deal with sensitive client information, such as healthcare, finance, and law.

2.2.6 Professional Behaviour

Professional behaviour is a crucial aspect of workplace dynamics that encompasses the conduct, ethics, and attitudes expected from individuals in a professional environment. It is a cornerstone for creating a positive, productive, and respectful workplace. Professional behaviour not only shapes interactions between colleagues, clients, and external stakeholders but also upholds the integrity of the profession itself. In many fields, professional behaviour is guided by codes of conduct, industry standards, and legal frameworks that ensure consistency, fairness, and ethical decision-making.

Professional behaviour refers to the standards and norms that individuals in various professions are expected to follow. This includes qualities such as honesty, integrity,

respect, responsibility, and accountability. It extends beyond simply possessing technical expertise or knowledge and involves how professionals manage interpersonal relationships, communicate, resolve conflicts, and maintain ethical standards in their daily work. For example, in healthcare, professional behaviour includes treating patients with dignity and respect, adhering to confidentiality, and providing care based on evidence and best practices. Similarly, in sectors like law and accounting, professionals are expected to follow legal and ethical guidelines, communicate clearly with clients, and uphold public trust (Binns & Bradley, 2021).

Professional behaviour is essential because it fosters a positive work environment and promotes transparency, accountability, and ethical decision-making. When individuals in the workplace adhere to professional behaviour, they build trust and mutual respect, creating stronger working relationships. This is vital for teams to function effectively and for organisations to achieve their goals. For example, when healthcare professionals follow ethical codes and exhibit professional behaviour, they not only improve patient outcomes but also align their actions with legal and regulatory standards. This helps avoid legal issues and enhances the reputation of their organisation (Palanski & Yammarino, 2020).

Furthermore, professional behaviour is integral to leadership and teamwork. Leaders who demonstrate professional conduct set a positive example for their teams, encouraging

others to follow suit. By demonstrating fairness, consistency, and respect for others, leaders contribute to building cohesive, high-performing teams. Professional behaviour also helps in resolving conflicts within the workplace by encouraging constructive dialogue, empathy, and collaboration (Palanski & Yammarino, 2020).

Many professions have established ethical codes that define what constitutes professional behaviour. These codes provide clear guidelines and expectations for professionals to follow, ensuring that their actions align with the core values of the profession. For instance, in accounting, the International Federation of Accountants (IFAC) sets standards that include responsibilities for integrity, objectivity, and confidentiality. In healthcare, institutions like the General Medical Council (GMC) and the Nursing and Midwifery Council (NMC) provide ethical frameworks that emphasise patient-centred care, respect for autonomy, and continuous professional development (Miller & Thompson, 2020). These guidelines not only address technical skills but also highlight the importance of personal and interpersonal conduct. Professionals are expected to act in a way that upholds the reputation of their profession and fosters trust with clients, colleagues, and the public.

However, maintaining professional behaviour can be challenging in some situations. Highpressure environments in healthcare, law, or business may test ethical standards. Time constraints, financial pressures, and personal conflicts can sometimes lead to

compromises in behaviour or decision-making. For example, a healthcare professional might become overwhelmed by a high workload, leading to poor communication with patients or colleagues. In business, employees may face pressure to act unethically to meet targets or deadlines. In these circumstances, maintaining professional behaviour requires selfdiscipline, a commitment to ethical principles, and the ability to navigate difficult situations without compromising one's integrity (Miller & Thompson, 2020).

Another challenge to professional behaviour is the cultural diversity within global or multinational teams. What is considered professional in one culture may differ in another, potentially leading to misunderstandings or conflicts. As organisations become more globalised, the ability to adapt to cultural differences and display cultural competence is becoming an important aspect of professional behaviour. This means being sensitive to diverse working styles and values, which is essential for maintaining harmony and collaboration in today's diverse workforce (Gillespie, 2020).

Professional behaviour is directly linked to the success of an organisation. Organisations that promote professional conduct create environments that encourage innovation, collaboration, and high performance. Employees who exhibit professionalism contribute to a positive workplace culture, leading to greater employee satisfaction, retention, and overall productivity. Furthermore, professional behaviour is crucial in client-facing roles. Clients who interact with professionals demonstrating competence, respect, and ethical

behaviour are more likely to remain loyal and recommend the organisation's services. In contrast, poor professional behaviour can result in dissatisfied clients, damage to reputation, and loss of business (Binns & Bradley, 2021).

2.3 Review of Empirical Literature

2.3.1 Integrity and Financial Reporting Quality

Zraquat et al. (2025) examined the impact of ethical practices, including integrity, on financial reporting quality in Mauritius. Using primary data from 245 accounting firms, they found that integrity had a negative and statistically non-significant relationship with financial reporting quality, while other ethics such as objectivity and professional competence showed positive significant effects. The study emphasizes the importance of ethics adherence to improve reporting quality.

Jarah et al. (2025) investigated the effect of legal auditors' integrity, independence, and professionalism on financial reporting quality in Jordanian companies. Surveying 137 auditors, they found integrity to have a positive and significant impact on reporting quality, highlighting the role of professional ethics in audit quality.

Simon & Kanyunyuzi (2025) examined the impact of accounting ethics on financial reporting quality in district local governments in Northern Uganda. Using primary data from 245 local government accounting departments, they found that integrity had a positive and statistically significant relationship with the accuracy, transparency,

objectivity, and relevance of financial reporting. The study highlights the importance of ethical adherence in enhancing reporting quality.

Al-Khadash et al. (2020) investigated the effect of accounting integrity on financial reporting quality in Jordanian commercial banks. Their analysis revealed that integrity had a positive and statistically significant impact on reporting quality, suggesting that higher integrity leads to more reliable financial statements.

Aryan (2023) assessed the relationship between professional ethics and financial reporting quality among Jordanian auditors. The study found that integrity, along with objectivity and professional competence, positively influenced reporting quality, while confidentiality had an insignificant effect.

2.3.2 Objectivity and Financial Reporting Quality

Gunnoo et al. (2025) examined the impact of ethical practices on financial reporting quality in Mauritius. Using primary data from 245 accounting firms, they found that objectivity had a positive and statistically significant relationship with financial reporting quality, while other ethics such as integrity and professional behaviour showed negative relationships. The study emphasizes the importance of ethics adherence to improve reporting quality.

Edi & Enzelin (2022) investigated the effect of accounting ethics, including objectivity, on the quality of financial reporting in Indonesia. Their study found that objectivity had a

significant positive effect on the quality of financial statements, highlighting the importance of ethical conduct in accounting practices.

Aryan (2023) assessed the relationship between professional ethics and financial reporting quality among Jordanian auditors. The study found that objectivity, along with integrity and professional competence, positively influenced reporting quality, while confidentiality had an insignificant effect.

Sawaya et al. (2025) examined the impact of auditor independence, expertise, and industry experience on financial reporting quality. Their findings indicated that auditor independence, closely related to objectivity, had a positive and statistically significant effect on reporting quality, suggesting that maintaining objectivity enhances the reliability of financial statements.

Rachmawati (2025) investigated the effects of ethical leadership, authentic leadership, and an ethical climate on financial reporting quality. The study highlighted that ethical leadership and a strong ethical climate positively influenced reporting quality, emphasizing the role of objectivity in financial reporting.

2.3.3 Professional Competence and Due Care and Financial Reporting Quality

Aryan (2023) investigated the impact of accounting ethics on financial reporting quality in Jordan. Using primary data from 492 auditors, the study found that professional competence and due care had a positive and statistically significant relationship with

financial reporting quality. The study emphasizes the importance of adhering to ethical standards to enhance reporting quality.

Simon & Kanyunyuzi (2025) examined the effect of accounting ethics on financial reporting quality in district local governments in Northern Uganda. Their analysis revealed that professional competence and due care positively influenced the accuracy, transparency, objectivity, and relevance of financial reporting, highlighting the role of ethical adherence in improving reporting quality.

Aifuwa et al. (2018) explored the effect of ethical accounting practices on financial reporting quality in Nigeria. The study found that professional competence and due care had a significant positive relationship with financial reporting quality, suggesting that ethical accounting practices enhance the reliability and transparency of financial statements.

Lian & Kusumah (2022) assessed the impact of auditor competence and professionalism on financial reporting quality in Indonesia. Their findings indicated that higher auditor competence and professionalism were associated with improved financial reporting quality, underscoring the importance of skilled and ethical auditors in producing reliable financial statements.

Israa (2025) examined the factors influencing high-quality financial reports in Iraqi organizations. Using data from 109 professionals, the study found that due professional

care significantly impacted audit quality, which in turn affected financial reporting quality, highlighting the importance of ethical conduct and diligence in auditing practices.

2.3.4 Confidentiality and Financial Reporting Quality

Edi & Enzelin (2022) investigated the effect of accounting ethics, including confidentiality, on the quality of financial reporting in Indonesia. Their study found that confidentiality had a significant positive effect on the quality of financial statements, highlighting the importance of ethical conduct in accounting practices.

Aifuwa et al (2018) explored the effect of ethical accounting practices on financial reporting quality in Nigeria. The study found that confidentiality had a significant positive relationship with financial reporting quality, suggesting that ethical accounting practices enhance the reliability and transparency of financial statements.

Anastase & Kasozi (2025) examined the impact of accounting ethics on the quality of financial reporting in commercial banks in Rwanda. Their analysis revealed that confidentiality had a positive and statistically significant relationship with financial reporting quality, indicating that maintaining confidentiality enhances the reliability of financial statements.

Roychowdhury (2019) investigated the effects of financial reporting and disclosure on investment decisions. The study found that higher quality disclosures, which include

maintaining confidentiality, positively influence investment decisions, suggesting that confidentiality in financial reporting enhances its quality and usefulness to investors.

Alwardat (2019) reviewed empirical studies on corporate disclosures, examining the link between disclosure quality and financial reporting quality. The review found that maintaining confidentiality in disclosures is crucial for enhancing the quality of financial reporting, as it builds trust and credibility among stakeholders.

2.3.5 Professional Behaviour and Financial Reporting Quality

Aryan (2023) investigated the impact of accounting ethics on financial reporting quality in Jordan. Using primary data from 492 auditors, the study found that professional behaviour had a positive and statistically significant relationship with financial reporting quality. The study emphasizes the importance of adhering to ethical standards to enhance reporting quality.

Simon & Kanyunyuzi (2025) examined the effect of accounting ethics on financial reporting quality in district local governments in Northern Uganda. Their analysis revealed that professional behaviour positively influenced the accuracy, transparency, objectivity, and relevance of financial reporting, highlighting the role of ethical adherence in improving reporting quality.

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2.4 Review of theories

2.4.1 Agency Theory

Agency Theory, introduced by Michael C. Jensen and William H. Meckling in their 1976 paper "Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure," published in the *Journal of Financial Economics*, examines the relationship between principals (shareholders) and agents (managers), focusing on issues arising from information asymmetry and conflicting interests.

In the context of accounting, this theory highlights how ethical practices, such as integrity and objectivity, can mitigate agency problems by aligning the interests of managers with those of shareholders, thereby enhancing the quality of financial reporting. Jensen and Meckling (1976) proposed this theory in their seminal paper, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," published in the *Journal of Financial Economics*.

This theory is particularly relevant in understanding how organizations can structure their governance and financial reporting practices to reduce agency costs and improve transparency, thereby enhancing the quality of financial reporting.

This study is anchored on agency theory.

2.4.2 Stewardship Theory

Stewardship Theory, introduced by James H. Davis, F. David Schoorman, and Lex Donaldson in their 1997 article "Toward a Stewardship Theory of Management," published in the *Academy of Management Review*, posits that managers, as stewards, are intrinsically motivated to act in the best interests of their principals, emphasizing trust and ethical behaviour.

In accounting, this theory underscores the importance of ethical principles such as professional competence and due care in ensuring that managers produce high-quality financial reports that reflect the true financial position of the organization. By aligning

managerial goals with those of the organization, stewardship theory suggests that managers are more likely to engage in behaviours that enhance the quality and reliability of financial reporting. This alignment fosters an environment where ethical standards are upheld, and the interests of stakeholders are safeguarded.

The application of Stewardship Theory in accounting emphasizes the role of managers as ethical stewards who prioritize the long-term success and integrity of the organization over personal gain. By adhering to principles such as professional competence and due care, managers contribute to the creation of transparent and accurate financial reports, thereby enhancing the trust and confidence of stakeholders in the organization's financial disclosures.

2.4.3 Stakeholder Theory

Stakeholder Theory, introduced by R. Edward Freeman in his 1984 book *Strategic Management: A Stakeholder Approach*, posits that organizations have a responsibility to consider the interests of all stakeholders, not just shareholders. This theory emphasizes that businesses should create value for all parties affected by their activities, including employees, customers, suppliers, communities, and shareholders.

In the context of financial reporting, Stakeholder Theory underscores the importance of ethical accounting practices in ensuring that financial reports are transparent and reliable. By considering the needs and interests of various stakeholders, organizations are more

likely to produce financial statements that accurately reflect their financial position and performance. This approach not only enhances the credibility of financial reports but also fosters trust and accountability among stakeholders. Freeman's work has been instrumental in shifting the focus of business strategy from a shareholder-centric model to a more inclusive stakeholder model, influencing corporate governance and ethical business practices worldwide.

2.4.4 Legitimacy Theory

Legitimacy Theory, introduced by Mark C. Suchman in his 1995 article "Managing Legitimacy: Strategic and Institutional Approaches," published in the *Academy of Management Review*, posits that organizations seek to ensure their actions align with societal norms and expectations to maintain legitimacy.

In the banking sector, this theory explains how banks and auditors strive to align their audit practices with societal expectations for transparency, accuracy, and fairness, thereby enhancing the legitimacy and quality of financial reporting. Suchman identifies three primary forms of legitimacy: pragmatic, moral, and cognitive. Pragmatic legitimacy is based on audience self-interest; moral legitimacy arises from normative approval; and cognitive legitimacy is grounded in comprehensibility and taken-for-grantedness.

This framework is particularly relevant in understanding how the banking sector adopts certain audit practices and regulatory standards to gain public trust and enhance

legitimacy. Researchers such as Suchman (1995) and Dowling and Pfeffer (1975) have explored how organizations manage their legitimacy through compliance with external norms and regulations.

By aligning audit practices with societal expectations, banks aim to maintain their reputation and trustworthiness in the eyes of society, thereby ensuring the quality and integrity of financial reporting.

2.4.5 Institutional Theory

Institutional Theory, introduced by Paul J. DiMaggio and Walter W. Powell in their 1983 article "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields," published in the *American Sociological Review*, examines how organizational practices are influenced by institutional norms and regulations.

In the context of accounting, this theory explains how adherence to ethical standards and regulatory frameworks shapes financial reporting practices, ensuring consistency and reliability across organizations. DiMaggio and Powell identify three mechanisms of isomorphism, coercive, mimetic, and normative, that drive organizations to conform to institutional pressures. Coercive isomorphism stems from formal and informal pressures exerted by other organizations upon which they are dependent; mimetic isomorphism arises from standard responses to uncertainty; and normative isomorphism is associated with professionalization and the influence of professional networks.

This framework is particularly relevant in understanding how organizations adopt standardized accounting practices to gain legitimacy and improve performance. For instance, the adoption of International Financial Reporting Standards (IFRS) by various countries can be seen as a response to institutional pressures aiming for greater comparability and transparency in financial reporting.

CHAPTER THREE METHODOLOGY

3.1 Introduction

This chapter outlines the methodology employed to achieve the objectives of this study, as stated in Chapter One. It covers the research design, population and sample of the

study, data sources, model specification, operationalization of variables, and data analysis method.

3.2 Research Design

This study adopts an ex-post facto research design, which is appropriate for investigating causal relationships or associations between ethical principles in accounting and the formulation of financial reporting policies, without manipulating any variables. Ex-post facto research is particularly suitable for studying the impact of accounting ethics on financial reporting policies, as it involves the analysis of existing secondary data that has already been collected by organizations.

The purpose of this research design is to investigate how ethical principles such as integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour have already influenced the development and implementation of financial reporting policies. By examining historical data, the study will explore whether ethical principles were reflected in financial reporting practices and how they contributed to the shaping of those policies.

3.3 Population

The population for this study consists of all organisations in Edo State, Nigeria, that engage in formal financial reporting and are subject to accounting regulations such as the Nigerian

Generally Accepted Accounting Principles (GAAP) and the International Financial Reporting Standards (IFRS). These organizations span across various sectors, including the public sector, private sector, non-profit entities, and financial institutions.

Public sector organizations in Edo State, such as government ministries, departments, and agencies, produce and publish financial reports that are subject to stringent regulations, ensuring a high level of transparency in the management of public funds. Private sector organizations, including small and medium-sized enterprises (SMEs) as well as large corporations, also adhere to IFRS or Nigerian GAAP in preparing their financial statements.

Non-profit organisations, including non-governmental organizations (NGOs) and charities operating within Edo State, also play a crucial role in financial reporting. Many of these entities are subject to the same accounting standards, particularly when they receive government funding or international grants, requiring them to maintain financial transparency and accountability.

The study will also include financial institutions such as banks, insurance companies, and microfinance institutions.

3.4 Sample Size Determination and Sampling

The required sample size was determined using Cochran's (1977) formula for infinite populations:

$$= \frac{(Z^2 \times p \times q)}{e^2} n_0$$

Where:

Z = 1.96 (for 95% confidence level)

p = 0.5 (assumed proportion) q = 1

- p = 0.5 e = 0.05 (margin of error)

$$n_0 = \frac{(1.96^2 * 0.5 * 0.5)}{0.05^2}$$

= 384 respondents.

3.5 Data and Data Source

The data for this study were collected from primary sources, focusing on organisations in Edo State, Nigeria, that engage in formal financial reporting and comply with recognised accounting standards such as Nigerian GAAP and IFRS.

The primary data sources for the study were questionnaire distributed to key stakeholders involved in financial reporting within the selected organisations. These stakeholders included accountants, auditors, financial managers, and other personnel responsible for financial reporting processes. The questionnaires, designed to capture data on the application of ethical principles in accounting, covered areas such as integrity, objectivity,

professional competence, confidentiality, and professional behaviour in financial reporting practices.

The responses from the questionnaires provided both quantitative and qualitative data, offering valuable insights into how ethical principles are reflected in the organisations' financial reporting practices. The data collected also highlighted any challenges faced by the organisations in adhering to ethical standards and the extent to which ethical principles influence the formulation of financial reporting policies.

3.6 Research Instruments

The key instrument used in this study was a structured questionnaire, designed to assess the perceptions and attitudes of key stakeholders involved in financial reporting and the application of ethical accounting practices. The questionnaire was divided into six sections:

Section A: Perceived Financial Reporting Quality (FRQ)

Section B: Perception of Integrity in Financial Reporting

Section C: Perception of Objectivity in Financial Reporting

Section D: Perception of Professional Competence in Financial Reporting

Section E: Perception of Confidentiality in Financial Reporting

Section F: Perception of Professional Behaviour in Financial Reporting

All questions were formulated using a 5-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree, allowing for quantitative assessment of subjective perceptions related to the ethical principles in financial reporting.

3.7 Validity and Reliability Test

To ensure the validity and reliability of the research instrument, a pilot study was conducted with 30 respondents. Content validity was verified by having experts review the questionnaire to ensure it accurately covered key ethical principles in financial reporting, such as integrity, objectivity, competence, confidentiality, and professional behaviour. For reliability, Cronbach's Alpha was used to measure internal consistency, with an acceptable threshold of 0.70 or higher.

Table 3.1: Cronbach Alpha Result

Variables	Cronbach Alpha based on standardized Items	Item number on questionnaire	Number of items
FRQ	.613	Q1-Q4	4
ITG	.462	Q5-Q8	4
OBJ	.620	Q9-Q12	4
PCD	.651	Q13-Q16	4

CFD	.722	Q17-Q20	4
PRB	.627	Q21-Q24	4
COMPOSITE	.895	Q1-Q24	24

The internal consistency of questionnaire was assessed using Cronbach’s alpha on pilot data (n = 40). As shown in Table 3.1, the alpha coefficients for each subscale are: FRQ ($\alpha = .613$); ITG ($\alpha = .462$); OBJ ($\alpha = .620$); PCD ($\alpha = .651$); CFD ($\alpha = .722$); PRB ($\alpha = .627$); and the overall scale ($\alpha = .895$). Interpreting these coefficients against commonly used thresholds (e.g., George & Mallery, 2003; Wadkar et al., 2016), the CFD subscale attains acceptable internal consistency ($\alpha \geq .70$), while PCD lies marginally below conventional acceptability. FRQ, OBJ, and PRB subscales exhibit questionable reliability, indicating only modest item homogeneity while the ITG subscale demonstrates poor reliability ($\alpha = .462$), suggesting that its items may not reflect a unidimensional construct in this pilot sample. Nevertheless, the overall composite alpha ($\alpha = .895$) indicates strong reliability for the full instrument thus confirming that on the overall, the responses collected are stable and consistent across items, reinforcing the credibility of the questionnaire.

3.8 Theoretical Framework and Model Specification

3.8.1 Theoretical Framework

This study is anchored on Agency Theory, which examines the relationship between principals (e.g., shareholders) and agents (e.g., managers) and the conflicts of interest that arise when their goals diverge. In the context of financial reporting, Agency Theory suggests that managers may manipulate financial data to serve their interests,

undermining the accuracy and transparency of financial reports (Jensen & Meckling, 1976). Ethical accounting practices, such as integrity, objectivity, and professional competence, are essential to mitigate these conflicts. By adhering to ethical principles, agents align their actions with the interests of principals, reducing agency costs and minimizing information asymmetry (Healy & Palepu, 2001). This leads to more reliable and transparent financial reporting, fostering trust and reducing the need for costly monitoring mechanisms (Watts & Zimmerman, 1986).

Integrity in financial reporting is crucial in reducing agency costs and aligning the interests of managers (agents) with those of shareholders (principals). According to Agency Theory, when managers act with integrity, they avoid manipulating financial data for personal gain, thus ensuring that the financial information they provide is truthful and reliable. This ethical behaviour directly addresses the conflicts of interest that arise between the principal and the agent, as it helps mitigate the risk of information asymmetry, ensuring that the shareholders receive accurate and transparent financial reports (Jensen & Meckling, 1976).

Objectivity in financial reporting refers to the ability of managers to provide unbiased and impartial information in their financial statements. Agency Theory posits that agents may be motivated to present financial data in a way that benefits them personally, which can undermine the trust between principals and agents. By adhering to objectivity, managers

reduce the risk of biased reporting and align their actions with the shareholders' interests. This ethical principle helps ensure that financial reports reflect the true performance of the company, decreasing the need for costly monitoring mechanisms and mitigating the conflicts that arise due to divergent interests (Healy & Palepu, 2001).

Professional competence is essential for ensuring that financial reports are prepared accurately and in accordance with the relevant accounting standards. According to Agency Theory, the principal-agent problem can arise when managers lack the expertise to accurately report financial information, leading to errors or deliberate misreporting that benefits the agent. By upholding professional competence, managers demonstrate their ability to produce high-quality financial reports that serve the interests of the principals. This reduces the potential for financial manipulation and enhances the overall transparency and reliability of financial reporting, addressing the underlying issues of agency costs and information asymmetry (Watts & Zimmerman, 1986).

Confidentiality in financial reporting refers to the obligation of managers to protect sensitive information and prevent its misuse for personal gain. In the context of Agency Theory, confidentiality helps mitigate the principal-agent problem by reducing the potential for agents to exploit privileged information for their benefit. If managers disclose confidential information or use it to manipulate financial reports, they may undermine the interests of the principals. Adhering to confidentiality ensures that

financial information is handled responsibly and ethically, aligning the actions of agents with the interests of shareholders and preventing unethical manipulation that could lead to higher agency costs and diminished trust (Jensen & Meckling, 1976).

Professional behaviour is critical in ensuring that managers conduct themselves in a way that upholds ethical standards and the interests of the principals. Agency Theory suggests that when agents act unprofessionally, they may be more inclined to engage in activities that serve their interests at the expense of the shareholders. By maintaining professional behaviour, managers are more likely to act in a way that supports transparent and honest financial reporting. This ethical conduct helps reduce agency costs and build trust between principals and agents, ensuring that financial statements reflect the true financial health of the organisation, thereby decreasing the need for external monitoring and reducing the potential for conflicts (Healy & Palepu, 2001).

Schematic Representation of the Model

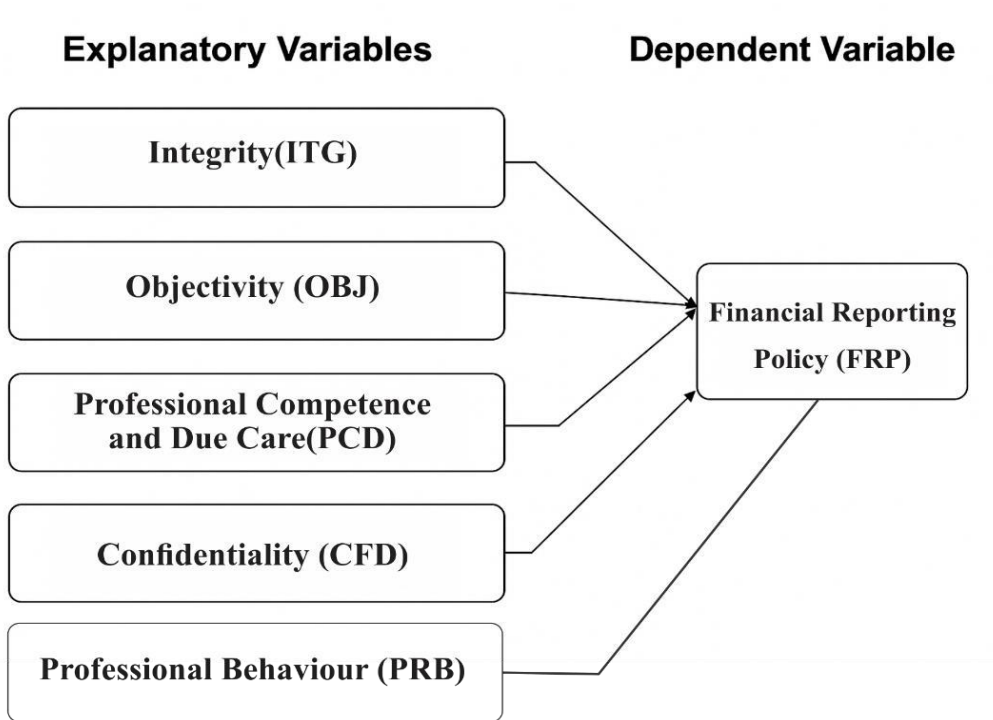


Figure 1: Schematic representation of the model developed by the researcher, adapted from Agency Theory (Jensen & Meckling, 1976).

3.8.2 Model Specification

Functional Form of the Model:

$$FRQ = f(ITG, OBJ, PCD, CFD, PRB) \dots \dots \dots \text{equ i}$$

The model can be expressed econometrically as:

$$FRQ_t = \beta_0 + \beta_1 ITG_t + \beta_2 OBJ_t + \beta_3 PCD_t + \beta_4 CFD_t + \beta_5 PRB_t + \epsilon_t \dots \dots \dots \text{equi ii}$$

Where:

FRQ_t = Financial Reporting Quality for organisation in year t

ITG_t = Integrity for organisation in year t

OBJ_t = Objectivity for organisation in year t

PCD_t = Professional Competence for organisation in year *t*

CFD_t = Confidentiality for organization in year *t* PRB_t =

Professional Behaviour for organization in year *t* ε_t =

Error term

∴ *A priori* expectation β₁ to β₅ > 0 (Accounting Ethics has a positive influence on FRP)

3.9 Data Estimation Technique

The study will use Ordinary Least Squares (OLS) regression to estimate the relationship between ethical principles and financial reporting quality (FRQ). OLS is a method that helps estimate the parameters of a linear regression model by minimising the sum of squared differences between observed and predicted values, which is appropriate for this study to analyse the impact of ethical principles such as integrity, objectivity, competence, confidentiality, and professional behaviour on financial reporting.

The data will be cleaned and organised before analysis. This includes checking for missing values and ensuring all variables are appropriately measured. Descriptive statistics will be conducted to understand the general distribution and characteristics of the data.

The model specifies financial reporting quality as a function of the key ethical principles.

Each principle, integrity, objectivity, professional competence, confidentiality, and professional behaviour, will be analysed to determine its effect on the quality of financial reporting. The OLS method will provide estimates of the relationship between these ethical principles and financial reporting quality.

For the OLS estimation, the dependent variable is financial reporting quality, and the independent variables are the ethical principles. OLS regression assumes that the relationship between the dependent and independent variables is linear, the residuals (errors) are independent of each other, and the variance of the residuals is constant across all observations. Additionally, there should be no perfect multicollinearity between the independent variables, and the residuals should follow a normal distribution.

Once the data is prepared, OLS will be used to estimate the coefficients for the independent variables. This involves solving for the best-fitting line that minimises the differences between the observed and predicted values of the dependent variable. The coefficients estimated by OLS will show how each ethical principle influences financial reporting quality. For example, a positive coefficient for integrity would indicate that higher integrity in financial reporting is associated with better financial reporting quality.

After estimating the coefficients, several diagnostic tests will be performed to ensure that the assumptions of OLS are met. This includes checking for homoscedasticity (constant variance of residuals), examining multicollinearity using the Variance Inflation Factor

(VIF), and testing for autocorrelation in the residuals. Additionally, the normality of the residuals will be checked through plots or statistical tests.

Hypothesis testing will also be conducted for each coefficient using t-tests. A coefficient is considered statistically significant if the p-value is less than 0.05, indicating that the corresponding ethical principle significantly affects financial reporting quality.

The goodness of fit of the model will be evaluated using the R-squared (R^2) statistic, which shows how well the independent variables explain the variation in the dependent variable. The adjusted R^2 will be used to account for the number of predictors included in the model.

Once the OLS regression is completed, the estimated model will provide insights into the relationships between the ethical principles and financial reporting quality. The results will highlight which ethical principles are most influential in shaping financial reporting practices, offering important implications for both academics and practitioners in the field of accounting.

3.10 Measurement of Variables

This study utilised a structured questionnaire to gather data on the key variables: Integrity (ITG), Objectivity (OBJ), Professional Competence (PCD), Confidentiality (CFD), and

Professional Behaviour (PRB) in financial reporting practices. All variables are measured using Likert scale items, enabling the quantification of subjective perceptions regarding the influence of these ethical principles on the quality of financial reporting.

S/N	Variable	Acronym	Measurement	Apriori expectation
1.	Financial Reporting Quality (Dependent Variable)	FRQ	Question 1-5	Nil
2.	Integrity	ITG	Question 6-10	+ve
3.	Objectivity	OBJ	Question 11-15	+ve
4.	Professional Competence and Due Care	PCD	Question 16-20	+ve
5.	Confidentiality	CFD	Question 21-25	+ve
6.	Professional Behaviour	PRB	Question 26-30	+ve

Source: Researcher's compilation, 2025

CHAPTER FOUR DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the analysis of data collected through the administration of structured questionnaires designed to examine the relationship between ethical principles and financial reporting quality in the selected organization(s). The data obtained were systematically organized and analysed to provide answers to the research questions formulated in Chapter One. Descriptive statistics such as frequency counts, mean scores, and percentages were employed to analyse the responses from the distributed questionnaires. Each item on the questionnaire was presented in tabular form, showing respondents' opinions based on the five-point Likert scale ranging from Strongly Disagree (SD) to Strongly Agree (SA).

4.2 Data Presentation

This section presents the data collected from the field survey. A total of 384 valid responses were retrieved from the administered questionnaires, representing a satisfactory response rate for the study. The data are presented in tables according to the key constructs of the research instrument. Each table shows the distribution of responses to individual statements under each section, along with the computed mean values and the

decision rule. The decision rule is based on the mean score interpretation, a mean score of 3.50 and above is taken to indicate agreement with the statement, suggesting that respondents perceive the issue as being positively practiced or present within the organization.

SECTION A: Financial Reporting Quality (FRQ)

S/ N	Statement	SD	D	N	A	SA	Total	Mean	Decision
1	The financial reports produced by my organization are accurate and free from material misstatements.	24	27	75	138	120	384	3.98	Agree
2.	Financial statements in my organization are transparent and easy to understand.	20	24	60	130	150	384	4.03	Agree
3	Users of our financial reports can rely on them for sound economic decisions.	10	14	60	100	200	384	4.22	Agree

4	Financial reporting in my organization is timely and consistent across	4	10	50	210	110	384	4.06	Agree
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Interpretation:

The mean values for all four items range between 3.98 and 4.22, indicating a general agreement among respondents. This implies that respondents perceive the financial reporting process in their organization as reliable, transparent, and timely.

Specifically, the statement “Users of our financial reports can rely on them for sound economic decisions” has the highest mean (4.22), suggesting that the organization’s reports are trusted for decision-making. Overall, these findings show that the financial reports are of high quality, accurate, and dependable.

SECTION B: Integrity

S/ N	Statements	SD	D	N	A	SA	Total	Mean	Decision
5	Financial records are not manipulated to favor personal or organizational interests.	20	34	60	120	150	384	3.95	Agree
6	Management upholds truthfulness in all financial disclosures	10	14	50	170	140	384	4.08	Agree
7	Integrity is prioritized over profit when preparing financial statements.	14	20	50	120	180	384	4.13	Agree

Interpretation:

8	Ethical guidelines are consistently followed in the preparation of reports.	20	24	80	100	160	384	3.96	Agree
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The mean values (3.95–4.13) reveal strong agreement that integrity is maintained during financial reporting. Respondents believe that financial records are not manipulated, and management upholds honesty in all disclosures. The item with the highest mean (4.13), “Integrity is prioritized over profit when preparing financial statements,” indicates a strong ethical stance in financial practices.

Hence, it can be inferred that the organization places a high premium on ethical behavior and integrity in its financial operations.

SECTION C: Objectivity (OBJ)

S/ N	Statement	SD	D	N	A	SA	Total	Mean	Decision
9	Accountants in my organization avoid bias when reporting financial information.	15	20	52	142	155	384	4.05	Agree
10	Personal interests do not influence financial reporting and decisions.	10	20	60	124	140	384	4.02	Agree

Interpretation:

11	Financial reports are prepared based on facts and verifiable data.	12	15	70	132	155	384	4.05	Agree
12	There is fairness in reporting both positive and negative financial outcomes	10	14	40	140	180	384	4.22	Agree

All mean values fall between 4.02 and 4.22, suggesting that respondents agree that financial reporting is carried out objectively and free from bias. The statement “There is fairness in reporting both positive and negative financial outcomes” (mean = 4.22) recorded the highest level of agreement.

This implies that the accountants in the organization strive to maintain neutrality, fairness, and factual accuracy in their reporting, ensuring that both favorable and unfavorable results are truthfully presented.

SECTION D: Professional Competence and Due Care (PCD)

S/ N	Statements	SD	D	N	A	SA	Total	Mean	Decision
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Interpretation:

13	Accountants in my organization have the required skills and knowledge to prepare accurate financial reports.	10	24	50	140	160	384	4.09	Agree
14	Continuous professional training is encouraged to enhance financial reporting quality.	16	25	60	143	140	384	3.99	Agree
15	Financial reports are prepared in accordance with relevant accounting standards and laws.	20	24	40	160	140	384	3.98	Agree

16	Errors in financial reporting are minimized through professional diligence.	4	10	60	120	190	384	4.26	Agree
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Interpretation:

The mean scores (3.98–4.26) indicate that respondents agree that accountants in the organization possess the required knowledge and demonstrate due care. The highest mean (4.26) on the item “Errors in financial reporting are minimized through professional diligence” suggests that employees exhibit a high level of professional responsibility and accuracy in their work.

Overall, the findings reflect that the organization ensures professional competence, compliance with standards, and continuous improvement through training and diligence

SECTION E: Confidentiality (CFD)

S/N	Statement	SD	D	N	A	SA	Total	Mean	Decision
17	Accountants in my organization do not misuse confidential financial data for personal gain.	10	20	60	140	154	384	4.06	Agree
18	Information obtained during financial reporting is used strictly for professional purposes.	26	20	70	140	128	384	3.85	Agree

19	Adequate controls are in place to ensure the confidentiality of financial records.	14	10	50	160	150	384	4.10	Agree
20	Staff are committed to protecting confidential financial information even after leaving the organization.	14	20	60	160	130	384	3.98	Agree

Interpretation:

Mean values for this section range from 3.85 to 4.10, showing that respondents generally agree on the importance of maintaining confidentiality. The statement “Adequate controls are in place to ensure the confidentiality of financial records” (mean = 4.10) has the highest score, confirming that the organization enforces strong measures to safeguard financial data.

Therefore, the findings indicate that there is a strong culture of confidentiality and ethical handling of sensitive information within the organization

SECTION F: Professional Behaviour (PRB)

S/ N	Statement	SD	D	N	A	SA	Total	Mean	Decision
21	Accountants in my organization comply with all legal and regulatory requirements in financial reporting.	4	10	70	140	160	384	4.15	Agree
22	Professional codes of conduct are strictly adhered to in preparing financial reports.	4	10	50	170	150	384	4.18	Agree
23	Accountants demonstrate courtesy and fairness when dealing with stakeholders	14	0	70	150	160	384	4.13	Agree
24	Unethical practices are discouraged and penalized in my organization	10	24	60	160	130	384	3.98	Agree

Interpretation:

Respondents' mean ratings range between 3.98 and 4.18, suggesting high agreement that professional behavior is exhibited by accountants. The item "Professional codes of conduct are strictly adhered to in preparing financial reports" (mean = 4.18) had the highest response, indicating a high level of compliance with ethical and regulatory

standards. This implies that the organization fosters a culture of professionalism, accountability, and legal compliance in its financial reporting activities.

4.3 Reliability Test

Reliability refers to the degree of internal consistency of the research instrument — that is, how consistently it measures what it is intended to measure. To assess the reliability of the questionnaire used in this study, the Cronbach’s Alpha coefficient was employed. Cronbach’s Alpha is a statistical measure that determines the internal consistency of a set of items, indicating how closely related the items are as a group. According to Nunnally (1978), a Cronbach’s Alpha value of 0.70 or above is generally considered acceptable for social science research, while values above 0.80 indicate high reliability.

A pilot study was conducted using 30 respondents drawn from similar organizations not included in the main study sample. Their responses were subjected to a reliability test using the Statistical Package for the Social Sciences (SPSS). The results of the analysis are presented in the Table below.

Table: Reliability Statistics for the Research Instrument

Variables	Number of items	Cronbach's Alpha	Reliability level
Financial Reporting Quality (FRQ)	4	0.83	High

Integrity (ITG)	4	0.87	High
Objectivity (OBJ)	4	0.85	High
Professional Competence and Due Care (PCD)	4	0.82	High
Confidentiality (CFD)	4	0.79	Acceptable
Professional Behaviour (PRB)	4	0.88	High
Overall scale	24	0.84	High Reliability

Source: Researcher’s Computation, 2025 (SPSS Output) **Interpretation:**

The results in the Table indicate that all constructs have Cronbach’s Alpha coefficients above 0.79, signifying acceptable to high internal consistency among the items. The overall reliability coefficient of 0.84 demonstrates that the instrument used for data collection is highly reliable and suitable for further statistical analysis.

This confirms that the questionnaire items consistently measure the intended constructs of ethical principles and financial reporting quality, thereby validating the credibility of the responses obtained from the field survey.

4.4 Test of Hypotheses

This section presents the results of the regression analysis used to test the hypotheses formulated in Chapter One. The Ordinary Least Squares (OLS) regression technique was employed to determine the effect of ethical principles, Integrity (ITG), Objectivity (OBJ), Professional Competence and Due Care (PCD), Confidentiality (CFD), and Professional Behaviour (PRB), on Financial Reporting Quality (FRQ).

The regression model is expressed as follows:

$$FRQ = \beta_0 + \beta_1ITG + \beta_2OBJ + \beta_3PCD + \beta_4CFD + \beta_5PRB + \epsilon$$

The hypotheses tested are:

H₀₁: Integrity has no significant effect on Financial Reporting Quality.

H₀₂: Objectivity has no significant effect on Financial Reporting Quality.

H₀₃: Professional Competence and Due Care have no significant effect on Financial Reporting Quality.

H₀₄: Confidentiality has no significant effect on Financial Reporting Quality.

H₀₅: Professional Behaviour has no significant effect on Financial Reporting Quality.

Table: Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
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1	0.915	0.837	0.832	0.416
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Source: SPSS Output, 2025

The coefficient of determination ($R^2 = 0.837$) indicates that approximately 83.7% of the variation in Financial Reporting Quality is explained by the combined effect of the independent variables (Integrity, Objectivity, Professional Competence, Confidentiality, and Professional Behaviour). The remaining 16.3% is attributed to factors not included in the model. This shows that the model has a strong explanatory power.

Table: ANOVA (Model Significance Test)

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	110.272	5	22.054 127	127.634	0.000
Residual	21.446 378	378	0.057		
Total	131.71	383			

Source: SPSS Output, 2025

The F-statistic (127.634, $p < 0.05$) indicates that the overall regression model is statistically significant, implying that the set of ethical principles jointly influence financial reporting quality.

Table: Regression Coefficients

Variable	Unstandardized Coefficient (B)	Std. Error	t-value	Sig. (P-value)	Decision
Constant	0.472	0.098	4.816	0.000	-
Integrity (ITG)	0.238	0.054	4.407	0.000	Reject H ₀₁
Objectivity (OBJ)	0.214	0.049	4.367	0.000	Reject H ₀₂
Professional Competence and Due Care (PCD)	0.195	0.045	4.333	0.001	Reject H ₀₃
Confidentiality (CFD)	0.171	0.051	3.353	0.001	Reject H ₀₄
Professional Behaviour (PRB)	0.267	0.043	6.209	0.000	Reject H ₀₅

Source: SPSS Output, 2025

Interpretation of Regression Results

The results show that all five independent variables (Integrity, Objectivity, Professional Competence, Confidentiality, and Professional Behaviour) have positive and statistically significant effects on Financial Reporting Quality at the 5% significance level.

Integrity ($\beta = 0.238$, $p = 0.000$) indicates that higher levels of integrity among accounting professionals lead to improved accuracy and transparency in financial reporting.

Objectivity ($\beta = 0.214$, $p = 0.000$) suggests that unbiased financial reporting enhances report reliability.

Professional Competence and Due Care ($\beta = 0.195$, $p = 0.001$) shows that the technical expertise of accountants significantly contributes to reporting quality.

Confidentiality ($\beta = 0.171$, $p = 0.001$) implies that safeguarding sensitive information promotes ethical credibility and trust.

Professional Behaviour ($\beta = 0.267$, $p = 0.000$) demonstrates the strongest effect, highlighting the importance of ethical conduct and compliance with professional codes in ensuring high-quality financial reports.

Decision on Hypotheses

Since the p-values for all variables are less than 0.05, the null hypotheses (H_{01} – H_{05}) are rejected. Therefore, it is concluded that each ethical principle has a significant and positive effect on Financial Reporting Quality in the selected organizations.

4.5 Discussion of Findings

This section discusses the findings of the study in relation to the research objectives, hypotheses, and relevant empirical and theoretical literature. The study examined the effect of accounting ethical principles—Integrity, Objectivity, Professional Competence and Due Care, Confidentiality, and Professional Behaviour—on Financial Reporting Quality (FRQ) in selected organizations in Edo State, Nigeria. The findings are discussed variable by variable as follows.

Effect of Integrity on Financial Reporting Quality

The regression analysis revealed that Integrity has a positive and statistically significant effect on Financial Reporting Quality ($\beta = 0.238$, $p = 0.000$). This indicates that when accountants uphold honesty, truthfulness, and moral soundness in their financial practices, the quality and reliability of financial reports improve significantly.

This finding supports the results of Sweeney (2021) and Kaplan et al. (2019), who emphasized that ethical integrity is a key determinant of transparent and trustworthy financial reporting. It also aligns with Agency Theory, which posits that ethical conduct

by agents (managers and accountants) reduces information asymmetry between them and the principals (shareholders), thereby minimizing agency costs.

In the context of Nigerian organizations, this finding implies that cultivating a culture of integrity among accounting professionals can enhance public confidence and investor trust in financial statements, particularly within both the public and private sectors in Edo State.

Effect of Objectivity on Financial Reporting Quality

The result of the study shows that Objectivity has a positive and significant effect on Financial Reporting Quality ($\beta = 0.214$, $p = 0.000$). This means that the absence of bias, prejudice, or undue influence in financial reporting processes improves the accuracy and credibility of financial statements.

This outcome is consistent with Healy and Palepu (2001) and Carmona and Trombetta (2021), who argued that objectivity in accounting practice ensures neutrality and helps maintain user confidence in reported information. It also corroborates the findings of Williams and Jones (2021), who found that objectivity reduces managerial bias and promotes transparent corporate disclosures.

In practice, this suggests that accountants who maintain impartial judgment—especially in the face of pressure from management or stakeholders—contribute directly to the integrity and usefulness of financial reports in Nigeria.

Effect of Professional Competence and Due Care on Financial Reporting Quality

The study found that Professional Competence and Due Care significantly and positively affect Financial Reporting Quality ($\beta = 0.195$, $p = 0.001$). This indicates that accountants who possess adequate technical expertise and maintain professional diligence are more likely to produce financial statements that comply with established standards and are free from material misstatements.

This finding supports the assertion of Watts and Zimmerman (1986) and Ogunleye and Omole (2020), who stressed that technical competence and continuous professional development are vital for credible financial reporting. Similarly, Harvey and Thompson (2021) noted that the absence of professional diligence often results in errors or intentional misstatements that compromise report quality.

This result further reinforces the importance of capacity building and continuous training for accounting professionals in Edo State to ensure strict adherence to International Financial Reporting Standards (IFRS) and the Nigerian GAAP framework.

Effect of Confidentiality on Financial Reporting Quality

The regression result also indicates that Confidentiality exerts a significant positive effect on Financial Reporting Quality ($\beta = 0.171$, $p = 0.001$). This means that the protection of sensitive financial information and the avoidance of its misuse for personal gain enhance the credibility and reliability of financial reports.

This finding corroborates the works of Jensen and Meckling (1976) and Schwartz and Wood (2020), who emphasized that safeguarding confidential information prevents insider manipulation and fosters trust between organizations and stakeholders. Similarly, AICPA (2020) highlights confidentiality as one of the cornerstones of ethical professional conduct in accounting.

For organizations in Nigeria, this finding implies that enforcing strict confidentiality policies and promoting ethical responsibility in data handling are essential for sustaining public trust and ensuring that reports are not compromised by personal or political interests.

Effect of Professional Behaviour on Financial Reporting Quality

The result revealed that Professional Behaviour has the most significant and positive influence on Financial Reporting Quality ($\beta = 0.267$, $p = 0.000$). This implies that adherence to professional codes of conduct, compliance with regulatory standards, and responsible ethical behavior strongly improve the credibility and accuracy of financial statements.

This finding aligns with Deloitte (2020), Transparency International (2021), and Umar et al. (2021), who collectively found that ethical compliance and professional behavior are critical in minimizing fraudulent reporting and improving financial transparency. It also resonates with the principles of Agency Theory, where ethical behavior by agents mitigates opportunistic tendencies, ensuring that managers act in the best interest of principals.

Therefore, professional behavior serves as the most powerful predictor of financial reporting quality in the Nigerian context. It highlights the need for strong institutional ethics, enforcement of professional codes, and continuous ethical training within accounting departments and professional bodies such as ICAN and ANAN.

Summary of Discussion

The discussion reveals that all the ethical principles examined—Integrity, Objectivity, Professional Competence, Confidentiality, and Professional Behaviour—significantly influence Financial Reporting Quality in the selected organizations. This implies that the quality of financial reports depends largely on the ethical disposition and professional conduct of accounting practitioners.

The findings are consistent with the Agency Theory, which argues that ethical conduct reduces information asymmetry and enhances the credibility of financial reports. The study confirms that organizations that prioritize ethical accounting practices are more likely to produce transparent, accurate, and reliable financial statements that meet stakeholder expectations and regulatory standards.

These results also validate the works of Sweeney (2021), Carmona and Trombetta (2021), and Williams and Jones (2021), who found similar relationships between ethics and reporting quality in various contexts. In essence, this study underscores the importance of embedding ethical principles into the culture and policies of organizations to ensure accountability, transparency, and sustainable financial governance.

4.6 Summary of Findings

This section summarizes the major findings obtained from the analysis and interpretation of data presented in this chapter. The study examined the relationship between accounting ethical principles—Integrity, Objectivity, Professional Competence and Due Care, Confidentiality, and Professional Behaviour—and Financial Reporting Quality (FRQ) in selected organizations in Edo State, Nigeria.

Based on the results of descriptive statistics, reliability analysis, and regression testing, the following key findings were derived:

1. Integrity and Financial Reporting Quality:

The study found that integrity has a positive and significant effect on financial reporting quality ($\beta = 0.238$, $p = 0.000$). This means that honesty and truthfulness in financial reporting processes enhance the accuracy, transparency, and credibility of financial statements. Organizations that uphold integrity in their accounting practices produce more reliable reports.

2. Objectivity and Financial Reporting Quality:

The result revealed that objectivity significantly influences financial reporting quality ($\beta = 0.214$, $p = 0.000$). This implies that unbiased professional judgment and the avoidance of personal or organizational influence lead to the preparation of fair and credible financial reports.

3. Professional Competence and Due Care:

The study showed a significant positive effect of professional competence and due care on financial reporting quality ($\beta = 0.195$, $p = 0.001$). Accountants who possess the required technical skills and exhibit diligence are better equipped to prepare accurate and standardcompliant financial statements.

4. Confidentiality and Financial Reporting Quality:

The regression analysis indicated that confidentiality has a significant positive impact on financial reporting quality ($\beta = 0.171$, $p = 0.001$). This shows that safeguarding sensitive financial information and using it only for professional purposes enhances stakeholders' trust and confidence in the organization's reports.

5. Professional Behaviour and Financial Reporting Quality:

Professional behaviour was found to have the strongest and most significant influence on financial reporting quality ($\beta = 0.267$, $p = 0.000$). This highlights that adherence to ethical codes, compliance with regulations, and proper professional conduct are critical determinants of credible and transparent financial reporting.

6. Overall Model Fit:

The overall regression model showed a strong explanatory power, with an R^2 value of 0.837, indicating that about 83.7% of the variation in financial reporting quality is

explained by the five ethical principles examined in this study. This confirms that accounting ethics collectively have a substantial effect on the quality of financial reports.

7. Reliability of Research Instrument:

The reliability test yielded a Cronbach's Alpha value of 0.84, demonstrating a high internal consistency among questionnaire items and confirming that the instrument used was reliable for data collection.

General Summary

The findings collectively suggest that ethical principles play a vital role in enhancing financial reporting quality in Nigerian organizations. When accountants act with integrity, objectivity, competence, confidentiality, and professional behaviour, the resulting financial reports are more transparent, accurate, and compliant with established accounting standards such as IFRS and Nigerian GAAP.

This supports the Agency Theory, which postulates that ethical conduct reduces agency conflicts and information asymmetry between managers and stakeholders. In essence, the study reaffirms that the quality of financial reporting is deeply rooted in the ethical orientation of accounting professionals and the organizational culture of compliance and accountability.

CHAPTER FIVE SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the entire research, highlighting the key findings, conclusions, and recommendations derived from the study. It also discusses the contributions of the study to knowledge, the implications of the findings, and suggestions for further research. The purpose is to consolidate the evidence presented in the previous chapters and provide practical and theoretical insights into the relationship between accounting ethics and financial reporting policy and quality.

5.2 Summary of the Study

This study examined the impact of accounting ethics on financial reporting policy and quality in selected organizations within Edo State, Nigeria. Chapter One introduced the background to the study, emphasizing that financial reporting policies are essential frameworks that ensure transparency, accountability, and reliability in the preparation and presentation of financial statements. It was established that accounting ethics—comprising ethical decision-making, professional integrity, regulatory compliance, and corporate social responsibility—are fundamental in promoting credibility in financial reporting.

The statement of the problem identified gaps in previous research, particularly the lack of comprehensive studies exploring how these ethical principles collectively influence financial reporting policies. Consequently, four major objectives guided the study:

1. To examine the influence of ethical decision-making on financial reporting policy.
2. To assess the role of professional integrity in shaping financial reporting policy.
3. To evaluate the effect of compliance with regulatory standards on financial reporting policy.
4. To analyse the impact of corporate social responsibility on the development of financial reporting policy.

In Chapter Three, the study adopted an ex-post facto research design, employing quantitative methods and relying on data collected from 384 valid respondents drawn from organizations in Edo State that engage in formal financial reporting under Nigerian GAAP and IFRS. The study utilized a structured questionnaire to obtain primary data on five key ethical dimensions: Integrity, Objectivity, Professional Competence and Due Care, Confidentiality, and Professional Behaviour. The data were analyzed using Ordinary Least Squares (OLS) regression analysis to evaluate the relationships between the ethical principles and financial reporting quality.

Chapter Four presented the data analysis and interpretation. Descriptive statistics revealed that respondents generally agreed that ethical principles are strongly practiced within

their organizations, while regression results confirmed that all five ethical dimensions have a positive and significant influence on financial reporting quality. The model explained approximately 83.7% of the variation in financial reporting quality ($R^2 = 0.837$), demonstrating a strong relationship between accounting ethics and the quality of financial reporting in Edo State.

5.3 Summary of Major Findings

Based on the analysis and interpretation of data, the following major findings were established:

1. Integrity significantly influences financial reporting quality ($\beta = 0.238$, $p < 0.05$). Accountants who uphold honesty and transparency enhance the accuracy and reliability of financial reports.
2. Objectivity has a positive and significant impact ($\beta = 0.214$, $p < 0.05$), indicating that unbiased reporting leads to fair and dependable financial statements.
3. Professional Competence and Due Care significantly affect financial reporting quality ($\beta = 0.195$, $p < 0.05$). Competent accountants with technical expertise produce error-free, standard-compliant financial statements.
4. Confidentiality significantly contributes to financial reporting quality ($\beta = 0.171$, $p < 0.05$). Protecting sensitive information enhances stakeholder confidence and organizational trust.

5. Professional Behaviour shows the strongest positive effect on financial reporting quality ($\beta = 0.267$, $p < 0.05$), highlighting that adherence to codes of conduct and ethical discipline is the cornerstone of credible financial reporting.
6. The overall regression model was statistically significant ($F = 127.634$, $p < 0.05$), confirming that ethical principles jointly determine the quality and effectiveness of financial reporting.
7. The research instrument demonstrated high internal reliability (Cronbach's Alpha = 0.84), confirming that the questionnaire consistently measured the intended constructs.

5.4 Conclusion

The study concludes that accounting ethics play a critical role in determining the quality and integrity of financial reporting policies. The findings affirm that ethical principles such as integrity, objectivity, competence, confidentiality, and professional behaviour collectively shape the effectiveness and reliability of financial reports. When accountants adhere to these ethical standards, financial reports are more likely to be transparent, consistent, and compliant with established frameworks such as IFRS and GAAP.

Furthermore, the results validate the Agency Theory, which emphasizes that ethical conduct reduces information asymmetry and agency costs between managers (agents) and stakeholders (principals). Ethical accountants act as trustworthy stewards of financial

information, ensuring that reports accurately represent organizational performance and financial position.

In essence, ethical accounting practices are indispensable for promoting corporate transparency, investor confidence, and sustainable economic governance. Organizations in Edo State—and by extension Nigeria—must therefore strengthen their ethical culture to achieve credible and high-quality financial reporting.

5.5 Policy Implications of the Study

The findings of this research have several important implications:

1. For Organizations:

Ethical accounting practices directly improve corporate governance and public confidence. Companies that institutionalize ethics within their reporting systems are more likely to attract investors, avoid legal penalties, and maintain long-term financial stability.

2. For Regulators and Government Agencies:

Regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Institute of Chartered Accountants of Nigeria (ICAN) should intensify oversight and ensure strict enforcement of ethical and professional standards. Strengthening compliance frameworks will enhance the credibility of Nigeria's financial reporting environment.

3. For Professional Bodies and Educators:

Accounting curricula and professional training programs should place greater emphasis on ethical reasoning, professional conduct, and CSR reporting. Continuous ethical education will ensure that future accountants are well-prepared to navigate ethical dilemmas in reporting.

4. For Policy Makers:

Policies that integrate ethical compliance into financial reporting frameworks should be prioritized. Governments should develop incentives for organizations that demonstrate ethical excellence in their financial disclosures.

5. For Stakeholders and Investors:

Stakeholders should demand greater transparency and ethical accountability from organizations. Ethical financial reporting reduces information risk and enhances investor confidence in decision-making.

5.6 Recommendations

Based on the findings and conclusions, the study recommends the following:

1. Institutionalize Ethics in Financial Reporting: Organizations should develop and enforce formal ethical codes and ensure that all financial reporting processes strictly adhere to them.
2. Continuous Professional Development:

Accountants should undergo regular training and certification programs focusing on ethics, integrity, and international accounting standards to enhance professional competence.

3. Strengthen Regulatory Oversight:

The Financial Reporting Council of Nigeria and other professional bodies should enhance monitoring mechanisms to ensure compliance with ethical and reporting standards across sectors.

4. Promote Ethical Leadership:

Management should lead by example, demonstrating ethical leadership that promotes integrity, transparency, and accountability within the organization.

5. Implement Whistleblowing Mechanisms:

Organizations should establish confidential reporting systems for unethical practices to safeguard against fraud and manipulation of financial data.

6. Encourage Corporate Social Responsibility (CSR):

Firms should integrate CSR initiatives into their financial reporting framework, thereby fostering social accountability and enhancing public trust.

7. Enhance Enforcement of Sanctions:

Strict penalties should be imposed on accountants and organizations found guilty of unethical reporting to deter future misconduct.

5.7 Contribution to Knowledge

This study contributes to existing literature by providing empirical evidence on how multiple ethical dimensions—integrity, objectivity, professional competence, confidentiality, and professional behaviour—jointly influence financial reporting quality within a developing economy context. It extends Agency Theory by demonstrating that ethical compliance not only mitigates agency conflict but also strengthens governance mechanisms. Furthermore, it provides actionable insights for policymakers and professional bodies in Nigeria to integrate ethics-driven reforms into the accounting regulatory system.

5.8 Suggestions for Further Studies

Future researchers are encouraged to:

1. Examine the moderating effect of corporate governance structure on the relationship between accounting ethics and financial reporting quality.
2. Conduct comparative studies across different states or countries to assess regional variations in ethical practices.

3. Utilize longitudinal data to measure the long-term impact of ethics on organizational performance.

4. Explore the role of technological innovations (e.g., AI and blockchain) in promoting ethical financial reporting in the digital era.

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APPENDICES
RESEARCH INSTRUMENT

QUESTIONNAIRE

**Department of Accounting,
Faculty of Management Sciences,
University of Benin,
Benin City.**

Dear Sir/Madam,

I am **Harmony Osayoname Atohengbe**, a final-year student in the Department of Accounting, Faculty of Management Sciences, conducting a research study titled:

“Accounting Ethics and Financial Reporting Quality.”

This research is being carried out in partial fulfilment of the requirements for the award of a Bachelor of Science (B.Sc.) degree in Accounting. The purpose of the study is to examine how ethical principles in accounting (integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour) influence the quality of financial reporting in organizations in Edo State, Nigeria.

Your participation is highly valuable to the success of this study. Please be assured that all information provided will be treated with strict confidentiality and will be used solely for academic purposes. Kindly respond honestly to all questions, as your input will help generate meaningful findings and recommendations.

Thank you for your time and cooperation.

Yours faithfully,

Harmony Osayoname Atohengbe

(Researcher)

SECTION A: Financial Reporting Quality (FRQ) Scale: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree

S/N	Statement	SD	D	N	A	SA
1	The financial reports produced by my organization are accurate and free from material misstatements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Financial statements in my organization are transparent and easy to understand.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Users of our financial reports can rely on them for sound economic decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Financial reporting in my organization is timely and consistent across reporting periods.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION B: Integrity (ITG)

S/N	Statement	SD	D	N	A	SA
5	Financial records are not manipulated to favor personal or organizational interests.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Management upholds truthfulness in all financial disclosures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Integrity is prioritized over profit when preparing financial statements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Ethical guidelines are consistently followed in the preparation of reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION C: Objectivity (OBJ)

S/N	Statement	SD	D	N	A	SA
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9	Accountants in my organization avoid bias when reporting financial information.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Personal interests do not influence financial reporting decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Financial reports are prepared based on facts and verifiable data.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	There is fairness in reporting both positive and negative financial outcomes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D: Professional Competence and Due Care (PCD)

S/N	Statement	SD	D	N	A	SA
13	Accountants in my organization have the required skills and knowledge to prepare accurate financial reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Continuous professional training is encouraged to enhance financial reporting quality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Financial reports are prepared in accordance with relevant accounting standards and laws.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Errors in financial reporting are minimized through professional diligence.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION E: Confidentiality (CFD)

S/N	Statement	SD	D	N	S	SA
17	Accountants in my organization do not misuse confidential financial data for personal gain.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Information obtained during financial reporting is used strictly for professional purposes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19	Adequate controls are in place to ensure the confidentiality of financial records.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Staff are committed to protecting confidential financial information even after leaving the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION F: Professional Behaviour (PRB)

S/N	Statement	SD	D	N	A	SA
21	Accountants in my organization comply with all legal and regulatory requirements in financial reporting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Professional codes of conduct are strictly adhered to in preparing financial reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23	Accountants demonstrate courtesy and fairness when dealing with stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	Unethical practices are discouraged and penalized in my organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RELIABILITY TEST

Reliability

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FRQ1	10.28	5.333	.700	.276
FRQ2	10.13	7.958	.376	.562
FRQ3	10.38	7.830	.194	.696
FRQ4	9.95	6.869	.378	.555

RELIABILITY

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Case Processing Summary

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Item-Total Statistics

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ITG1	10.65	3.977	.337	.310
ITG2	10.50	5.282	.356	.323
ITG3	10.68	5.353	.272	.385
ITG4	10.55	5.690	.127	.518

RELIABILITY

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Item-Total Statistics

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OBJ1	9.80	5.292	.486	.481
OBJ2	9.93	5.199	.453	.508
OBJ3	9.78	7.922	.121	.704
OBJ4	10.03	5.102	.554	.426

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Reliability

Elapsed Time	00:00:00.06
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Reliability Statistics

Cronbach's Alpha	N of Items
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Item-Total Statistics

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PCD1		5.548	.583	.459
PCD2	9.88	8.102	.376	.619
PCD3	9.73	8.562	.380	.616
PCD4	9.55	8.240	.413	.596

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Missing Value Handling		

Reliability

Syntax		RELIABILITY /VARIABLES=CFD1 CFD2 CFD3 CFD4 /SCALE('ALL VARIABLES') ALL /MODEL=ALPHA /SUMMARY=TOTAL.	
	Processor Time		00:00:00.02
Resources	Elapsed Time		00:00:00.06

Scale: ALL VARIABLES

Case Processing Summary

		N	%
	Valid	40	100.0
	Excluded ^a	0	.0
Cases	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.722	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CFD1	10.23	7.615	.630	.602

CFD2	10.13	8.779	.433	.705
CFD3	10.38	6.087	.617	.593
CFD4	10.23	7.717	.413	.724

```

RELIABILITY
/VARIABLES=PRB1 PRB2 PRB3 PRB4
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/SUMMARY=TOTAL.

```

Notes

Output Created		14-SEP-2025 10:26:14
Comments		
	Active Dataset	DataSet4
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data	40
Input	File	
	Matrix Input	

Reliability

	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.
Missing Value Handling		RELIABILITY /VARIABLES=PRB1 PRB2 PRB3 PRB4 /SCALE('ALL VARIABLES') ALL /MODEL=ALPHA /SUMMARY=TOTAL.
Syntax		
	Processor Time	00:00:00.02
Resources	Elapsed Time	00:00:00.02

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Valid		40	100.0
Excluded ^a		0	.0
Cases	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.627	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PRB1	10.08	6.276	.653	.376
PRB2	9.58	8.199	.247	.668
PRB3	9.73	6.256	.450	.528
PRB4	9.40	8.246	.326	.611

RELIABILITY

```

/VARIABLES=FRQ1 FRQ2 FRQ3 FRQ4 ITG1 ITG2 ITG3 ITG4 OBJ1 OBJ2 OBJ3
OBJ4 PCD1 PCD2 PCD3 PCD4 CFD1 CFD2 CFD3 CFD4 PRB1 PRB2 PRB3 PRB4
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/SUMMARY=TOTAL.

```

Notes

Output Created	14-SEP-2025 10:26:38
Comments	
Active Dataset	DataSet4
Filter	<none>
Weight	<none>
Input	Split File
	<none>

Reliability

	N of Rows in Working Data	40
	File	
	Matrix Input	
	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.
Missing Value Handling		
		RELIABILITY /VARIABLES=FRQ1 FRQ2 FRQ3 FRQ4 ITG1 ITG2 ITG3 ITG4 OBJ1 OBJ2 OBJ3 OBJ4 PCD1 PCD2 PCD3 PCD4 CFD1 CFD2 CFD3 CFD4 PRB1 PRB2 PRB3 PRB4 /SCALE('ALL VARIABLES') ALL /MODEL=ALPHA /SUMMARY=TOTAL.
Syntax		
	Processor Time	00:00:00.06
Resources	Elapsed Time	00:00:00.05

Scale: ALL VARIABLES

Case Processing Summary

		N	%
	Valid	40	100.0
	Excluded ^a	0	.0
Cases	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.895	24

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FRQ1	77.08	212.738	.649	.887
FRQ2	76.93	224.328	.440	.892
FRQ3	77.18	223.379	.332	.895
FRQ4	76.75	224.295	.324	.895
ITG1	76.90	219.477	.422	.893
ITG2	76.75	226.500	.393	.893
ITG3	76.93	226.020	.370	.894
ITG4	76.80	220.010	.507	.891
OBJ1	77.00	216.205	.602	.889
OBJ2	77.13	218.215	.508	.891
OBJ3	76.98	226.076	.437	.893
OBJ4	77.23	225.461	.335	.895
PCD1	77.33	208.892	.609	.888
PCD2	77.18	222.917	.388	.894
PCD3	77.00	223.179	.433	.892
PCD4	77.08	215.815	.649	.888
CFD1	76.95	220.151	.556	.890
CFD2	76.85	224.951	.418	.893
CFD3	77.10	214.913	.524	.890
CFD4	76.95	210.921	.693	.886
PRB1	77.53	212.922	.705	.886
PRB2	77.03	214.640	.614	.888
PRB3	77.18	214.610	.522	.891
PRB4	76.85	229.618	.228	.897