

IMPACT OF ACCOUNTING ETHICS ON FINANCIAL REPORTING

**Rejoice Success AKHIMIEN
MGS1907599**

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

JUNE 2024

IMPACT OF ACCOUNTING ETHICS ON FINANCIAL REPORTING

**Rejoice Success AKHIMIEN
MGS1907599**

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

JUNE 2024

DECLARATION

I declare that:

1. This project is based on a study undertaken by me in department of accounting, University of Benin, under supervision of Prof Enofe A.O
2. This work has not been previously submitted for the award of of any degree elsewhere.
3. All ideas and views are products of my personal research and where the views of others have been expressed; they have been duly referenced and acknowledged.

Rejoice Success AKHIMIEN

Date

CERTIFICATION

We certified that this work was carried by Rejoice Success AKHIMIEN with the matriculation number MGS1907599 in the department of Accounting, University of Benin, Benin City.

PROF. ENOFE A.O.
Project Supervisor

DATE

DR. G.O IKHU-OMOREGBE
Project coordinator

DATE

DR. O. OBARETIN
Head of Department

DATE

DEDICATION

I dedicate this project to God Almighty, my creator, who has been my source of strength, grace, power, wisdom and understanding through out the duration of this programme and research. Glory to his name.

ACKNOWLEDGEMENT

First and foremost, I wish to express my profound gratitude to my project supervisors, Prof. Enofe A.O., Dr. Ohonba, and Mr Uwaifo. Their invaluable guidance, support, and encouragement throughout the course of this project have been instrumental to its completion.

I am deeply grateful to my parents, Mr. And Mrs J.O.S Akhimien, for their unwavering support and love. Their encouragement has been the bedrock of my academic journey. I would like to extend my heartfelt thanks to my siblings Favour Akhimien and Sharon Akhimien for their wonderful support and assistance, which has been crucial throughout this process.

My appreciation also goes to Mr and Mrs Agugba for taking me in as their own and provided invaluable guidance, encouragement, and companionship. Your support has been a source of strength. I also want to acknowledge Kasarachi Agugba, Chinaza Agugba, and Chima Agugba for their constant care and support.

I also want to express my heartfelt gratitude to Mr and Mrs Oisamoje, Ebenezer Oisamoje, and Divine Oisamoje for their encouragement, support, and advices. To my best friends, Stanley, Blessing, Osas, Augustine, Destiny, Israel, Mark, Bella, Cherry, and David, your great company and unwavering support have been incredibly motivating and comforting.

Lastly, I extend my appreciation to all the lecturers in the Accounting department. Your dedication to teaching and your support have significantly contributed to my

academic success. Thank you all for your immense support and encouragement. This achievement would not have been possible without each and every one of you.

TABLE OF CONTENTS

| | PAGE |
|---------------------------------------|-------------|
| TITLE | i |
| DECLARATION | ii |
| CERTIFICATION | iii |
| DEDICATION | iv |
| ACKNOWLEDGEMENTS | v |
| ABSTRACT | x |
| CHAPTER ONE: INTRODUCTION | |
| 1.1 Background to the Study. | 1 |
| 1.2 Statement of Research Problem | 2 |
| 1.3 Research Questions | 4 |
| 1.4 Research Objectives | 4 |
| 1.5 Research Hypotheses | 4 |
| 1.6 Scope of the Study | 5 |
| 1.7 Significance of the Study | 5 |
| CHAPTER TWO: LITERATURE REVIEW | |
| 2.0 Preamble | 6 |
| 2.1 Conceptual Review | |

| | | |
|---|----|-------------|
| 2.1.1 The Concept of Accounting Ethics | 6 | |
| | | PAGE |
| 2.1.2 Financial Reporting Quality | | 7 |
| 2.1.3 Accounting ethics as professional ethics | 10 | |
| 2.1.4 Accounting Ethics and Financial Performance in Nigeria: | 11 | |
| 2.2 Review of Theories | 13 | |
| 2.2.1 Accounting Theory | | 13 |
| 2.2.2 Theory of Rights | 14 | |
| 2.2.3 Agency Theory | | 15 |
| 2.2.4 Institutional Theory | | 16 |
| 2.2.5 Ethical Theory | | 16 |
| 2.3 Empirical Review | | 17 |
| 2.4 Gap in Existing Literature | 20 | |
| CHAPTER THREE: METHODOLOGY. | | |
| 3.1 Introduction | | 22 |

| | | |
|-----|---|----|
| 3.2 | Research Design | 22 |
| 3.3 | Population of Study | 22 |
| 3.4 | Sampling Techniques and Sample Size | 23 |
| 3.5 | Data Collection Instrument and Validation | 23 |
| 3.6 | Method of Data Analysis | 24 |
| 3.7 | Model Specification | 24 |

| CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS | PAGE |
|---|-------------|
| 4.1 Introduction | |
| 26 | |
| 4.2 Data Analysis | 26 |
| 4.3 Test of Hypothesis | 34 |
| 4.4 Discussion of Findings | 36 |
| CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS | |
| 5.1 Introduction | |
| 38 | |
| 5.2 Summary of Findings | 38 |
| 5.3 Conclusions | |
| 38 | |
| 5.3 Recommendations | 39 |
| REFERENCES | 41 |

ABSTRACT

The objective of this study is to examine the impact of accounting ethics on financial reporting among firms. Specifically, the study focuses on three key dimensions of accounting ethics: relevance, objectivity, and integrity. Using a survey method, data were collected from 100 respondents who are professionals in the accounting and financial sectors. The collected data were analysed to assess the relationship between these ethical dimensions and the quality of financial reporting.

The results of the analysis indicate that relevance, objectivity, and integrity all have significant and positive impacts on financial reporting. Relevance was found to enhance the accuracy and usefulness of financial information, ensuring that stakeholders receive pertinent data for decision-making. Objectivity contributes to unbiased and fair financial statements, fostering trust and transparency. Similarly, integrity was shown to uphold honesty and ethical standards in financial reporting, further bolstering stakeholder confidence.

These findings underscore the critical role of accounting ethics in ensuring high-quality financial reporting. The study suggests that adherence to ethical principles not only improves the reliability of financial statements but also strengthens the overall credibility of the accounting profession. Consequently, organizations should prioritize ethical training and foster a culture of ethical behaviour to enhance their financial reporting practices.

CHAPTER ONE

BACKGROUND TO THE STUDY.

1.1 Introduction

In today's fast-paced business world, financial reports serve as the backbone for crucial stakeholder decisions, demanding unwavering trust and reliability. This necessitates accountants adhering to ethical principles, which, as Rahman et al. (2022) highlighted, function as a 'moral compass' guiding professional towards prioritizing honesty, accuracy, and responsibility in financial reporting.

The gravity of ethical conduct in accounting extends beyond mere data credibility. As Li et al. (2023) demonstrated, robust corporate governance, often emphasizing ethical practices, directly translates to enhanced financial reporting quality, ultimately fostering trust among investors, lenders, regulators, and others who rely on this information for informed choices.

Understanding the intricate link between accounting ethics and financial reporting demands a multifaceted approach. Factors like company culture, leadership style, regulations, and technological advancements, as explored by Hoskin et al. (2020) and Liu et al. (2021), all play a significant role in shaping ethical behavior within the accounting field.

Furthermore, globalization and the emergence of digital finance systems have introduced new layers of complexity and ethical dilemmas. Deng et al. (2020) delve into the ethical challenges surrounding blockchain technology, emphasizing the need for

heightened vigilance and ethical adherence amongst accountants navigating this evolving landscape. As Guthrie et al. (2022) proposed, continuous reflection and adaptation are crucial to maintain high ethical standards in financial reporting amidst these ongoing transformations.

Instances of financial misconduct not only erode stakeholder trust, but also directly impact their well-being. Dhaliwal et al. (2020) underscore the detrimental effects of accounting scandals on investor trust and capital markets, highlighting the importance of ethical behavior in safeguarding stakeholder interests.

Regulatory bodies play a vital role in ensuring ethical compliance. Christensen et al. (2021) analyze trends in enforcement approaches taken by regulators in response to financial reporting fraud, emphasizing the need for robust mechanisms to deter unethical behavior and protect stakeholders.

1.2 Statement of Problem

Accountants from time to time are confronted with ethical dilemmas. Accountants in the course of their operations, encounter situations where they are enticed to choose between right and wrong. The accountants' claim to professionalism is premised on their compliance with ethical principles and the will that they would not allow their responsibilities to public interests to mix with personal interests (Babajanyu, etal, 2017). Every profession has its stipulated ethical standards governing members' behaviors. The reason for this, as espouse by Ogbonna and Appah (2011), is because of the incessant occurrences of corporate scandals in the Nigerian business environment. Lack of ethical

considerations can deter an organization to achieve its goals and objectives. Joseph and Dike (2014) corroborates that failures of some organizations in the corporate scene is traceable to the inability of accountants of such organizations to comply with codes of conduct premised in the content of financial reports and their skepticism by end users. The cases of business failures and scandals have led to greater scrutiny of financial reports provided by accountants.

The code of corporate governance (2011) mandated that every registered organization in Nigeria must have an ethical committee. The ethical committee is faced with the task of deliberating on ethical matters and also promoting ethical principles in an organization. The composition of ethical committees has not produced desirable results as some of the corporate scandals committed over time are linked to ethical matters (Ezeani, etal, 2012; Festus & Temitope, 2016). Few cases of corporate scandals that have occurred in the past decade include Enron Plc manipulation of its financial statements because of lack of autonomy from senior executives; Cadbury Plc overstatement of its audited financial reports; African petroleum excluded its debt burden of N22 billion in its financial reports and banks conspiracy with external auditors to commit fraud (Enofe, etal, 2015). A proper assessment of the aforementioned scandals reveals that their occurrences are outcomes of non- compliance to ethical tenets. It is therefore necessary to evaluate ethical issues in the accounting profession and how they affect the quality of financial reports.

1.3 Research Questions

1. What is the effect of relevance on disclosure of financial reports of Nigerian firms?
2. What effect does objectivity have on the quality of financial reports of Nigerian firms?
3. To what extent do integrity affect the quality of financial reports of Nigerian firms?

1.4 Research Objectives

The primary objective of this study is to examine the impact of accounting ethics on financial reporting in Nigerian firms. The specific objectives are to;

1. Examine the effect of relevance on disclosure of financial reports of Nigerian firms
2. Ascertain the effect of objectivity on the quality of financial reports of Nigerian firms.
3. Investigate the effect of integrity on the quality of financial reports of Nigerian firms

.5 Research Hypothesis

H0₁. Relevance has no significant impact on the quality of financial reports of Nigerian firms

H0₂. Objectivity has no significant effect on the quality of financial reports of Nigerian firms

H0₃. Integrity as an accounting ethical principle does not have significant impact on the quality of financial reports of Nigeria firms.

1.6 Scope of the study

The research covered five deposit money banks known as the systematically important financial institution in Nigeria, which includes First Bank of Nigeria Holdings Plc, United Bank of Africa Plc, Guarantee Trust Holding Bank, Access Bank Plc, and Zenith Bank Plc. The study will cover a period of 10 years from 2013 to 2022.

1.7 Significance of the study

This research will yield significant advantages on multiple fronts. Initially, it will provide guidance to stakeholders within various organizations on maintaining their prescribed ethical standards to prevent instances of business failures and corporate scandals. Secondly, it will encourage accountants to strictly adhere to accounting ethics codes to enhance the reliability of the financial reports they generate. Thirdly, its findings will aid organizational stakeholders in making crucial investment, financial, and dividend decisions to enhance overall corporate performance. Fourthly, it will promote professionalism, truthfulness, honesty, and integrity among accountants by highlighting the repercussions of engaging in fraudulent practices, which can damage personal and professional reputations and undermine the authenticity of financial information. Lastly, this study will serve as a valuable resource for students, researchers, and academics interested in further exploring the subject matter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Preamble

In this chapter, the literature relevant to the investigation of the effect of accounting ethics on financial reporting quality will be thoroughly examined. The chapter will draw on various sources including academic journals, authoritative books, relevant magazine and newspaper articles, and studies previously conducted by researchers in the field of accounting ethics. This literature review is structured to provide a comprehensive background and theoretical grounding for the study

2.1 Conceptual Review

2.1.1 The Concept of Accounting Ethics

As societies evolve and business relationships grow in complexity, the expectations placed on professionals to manage fiduciary relationships ethically also increase (Saghafi et al., 2010). Professional codes of conduct and standards, such as those enforced by the American Institute of Certified Public Accountants (AICPA), delineate expected behaviors and practices within the accounting profession (AICPA, 2020). The AICPA's Code of Professional Conduct emphasizes the duty of accountants to act in the public interest, honoring public trust and demonstrating commitment to professionalism (AICPA, 2020). Recent studies have highlighted the importance of ethical leadership in promoting accounting ethics (Omar et al., 2020).

The conceptual underpinning of accounting ethics can be traced back to the practice of double entry bookkeeping, pioneered by Luca Pacioli (Brown, 1962, citing Foster, 1836). This system, based on the principle that every debit must have a corresponding credit, is fundamental in preventing and detecting fraudulent accounting practices (Curtis et al., 2019). Double entry bookkeeping not only facilitates the accurate reflection of financial transactions but also reflects the ethical implications of accounting—any deviation from this method typically indicates a breach of ethical standards (Curtis et al., 2019).

Recent research has emphasized the importance of moral integrity and competence in ensuring the reliability of double entry bookkeeping (Ahmed et al., 2022). Accountants are expected to transcend personal and client interests to deliver truthful and accurate representations of financial performance (Omar et al., 2020). This professional discipline is crucial as it fosters public trust and confidence in financial reports, reinforcing adherence to ethical and professional standards (Ahmed et al., 2022). The ultimate quality of financial reporting—characterized by the faithful representation of facts, relevance and reliability, understandability, and timeliness—is significantly enhanced by the ethical conduct of accountants (Curtis et al., 2019).

2.1.2 Financial Reporting Quality

The primary objective of financial reporting is to provide stakeholders with high-quality, reliable information about the financial status of economic entities, crucial for informed economic decisions (IFAC, 2020; Ahmed et al., 2022). High-quality financial

data is essential, as it significantly influences investment, lending, and resource allocation decisions (IASB, 2020; Curtis et al., 2022). The quality of financial reporting is measured by the extent to which financial statements accurately reflect a company's fiscal health and operational outcomes over time (Talebnia et al., 2020; Omar et al., 2022).

Recent studies have emphasized the importance of ethical leadership in promoting accounting ethics and financial reporting quality (Omar et al., 2020; Ahmed et al., 2022). Additionally, research has highlighted the role of technology in enhancing financial reporting quality, such as the use of artificial intelligence and blockchain (Curtis et al., 2022; Zhang et al., 2022). Furthermore, the adoption of International Financial Reporting Standards (IFRS) has been shown to improve financial reporting quality (IASB, 2020; Ghasemi et al., 2022).

The reliability and credibility of financial reports depend on robust system-wide processes and individual ethical decisions and actions (Enderle, 2020; Catacutan, 2022). Various sectors, including utilities, finance, and banking, along with professional bodies of accountants and market analysts, play distinct roles in shaping trust and quality within the financial ecosystem (Brenkert, 2020; Mahdavikhou & Khotanlou, 2022). Moreover, the role of auditing in ensuring financial reporting quality cannot be overstated (Omar et al., 2020; Talebnia et al., 2020).

The Integrity of financial reporting transcends individual or organizational ethics (Ahmed et al., 2022; Curtis et al., 2022). In the realm of accounting, where financial statements are prepared for audit, the ethical conduct of accountants becomes even more

critical (Omar et al., 2020; Talebnia et al., 2020). Accountants bear responsibilities not only to their direct clients but also to a wider group of stakeholders, including shareholders, creditors, employees, suppliers, the government, the accounting profession, and the general public (Curtis et al., 2022; Zhang et al., 2022).

Embracing and fostering professional ethics within the accounting sector is not just about adherence to moral principles; it is about enhancing the quality and dependability of financial reporting (IFAC, 2020; Ahmed et al., 2022). As noted by Omar et al. (2020), “ethical leadership is essential for promoting accounting ethics and financial reporting quality.”

Findings from academic journals and research works support the importance of financial reporting quality. For example, a study by Ghasemi et al. (2022) found that the adoption of IFRS improved financial reporting quality in developing countries. Similarly, a study by Zhang et al. (2022) found that the use of artificial intelligence improved financial reporting quality by reducing errors and enhancing transparency.

Financial reporting quality is crucial for informed economic decisions and is influenced by various factors, including ethical leadership, technology, and auditing. The integrity of financial reporting transcends individual or organizational ethics, and accountants play a critical role in ensuring financial reporting quality. Embracing and fostering professional ethics within the accounting sector is essential for enhancing the quality and dependability of financial reporting.

2.1.3 Accounting ethics as professional ethics

Accounting ethics, deeply rooted in professional ethics, play a vital role in promoting societal financial health (Ogundele & Ogundele, 2022). As custodians of financial information, accountants have a unique position in both private and public sectors, making informed, ethical decisions about resource allocation (Buys et al., 2012). The challenge of maintaining ethical integrity in this influential profession is universally relevant, transcending local frameworks to address global standards and expectations (Jamnik, 2011).

Studies have emphasized the importance of ethical leadership in accounting, highlighting its impact on organizational culture and decision-making (Adebayo et al., 2020; Owolabi et al., 2022). Ethical leadership is crucial in promoting accountability, transparency, and good governance (Tantuico & Moldogaziev, 2020). Moreover, research has shown that ethical accounting practices can mitigate financial crises and promote economic stability (Kolstad, 2019).

By defining accountants as “professionals,” Jamnik (2011) emphasizes their profound moral responsibility to possess specialized knowledge and continually update their expertise through ongoing professional development. Accountants must uphold a steadfast commitment to serving the public interest with integrity and competence, securing public trust and fostering confidence in financial reporting and accountability (IASC, 2020). This global perspective on accounting ethics calls for a standard that

ensures accountants worldwide are well-versed in technical skills and deeply committed to ethical principles, strengthening global economic governance (UNEP, 2022).

Furthermore, the importance of ethical considerations in accounting education has been highlighted (Ghosh & Ghosh, 2021). Integrating ethics into accounting curricula can shape the moral development of future accountants and promote ethical awareness (Ghosh & Ghosh, 2021). Additionally, technology and data analytics have transformed the accounting profession, introducing new ethical challenges and opportunities (ICAS, 2022).

In Nigeria, the accounting profession faces unique ethical challenges, including corruption, inadequate regulation, and cultural factors (Ogundele & Ogundele, 2022). To address these challenges, the Nigerian government and professional bodies must prioritize ethical standards, enforcement, and education (Olowokudejo et al., 2022).

2.1.4 Accounting Ethics and Financial Performance in Nigeria:

Nigeria, like many other developing countries, faces significant challenges in promoting ethical accounting practices and achieving robust financial performance. The country's accounting profession has been plagued by issues such as corruption, fraud, and lack of transparency, which have undermined trust in financial reporting and hindered economic growth (Adelopo et al., 2020). The importance of accounting ethics in promoting financial performance cannot be overstated, as it plays a critical role in ensuring the integrity and reliability of financial reports (Nzekwe et al., 2020).

Recent studies have highlighted the significance of accounting ethics in Nigeria's financial sector. For instance, research by Okoye et al. (2021) found that accounting transparency and disclosure are positively related to financial performance in Nigerian listed companies. Similarly, a study by Adeyemi et al. (2020) revealed that ethical leadership and corporate governance are critical determinants of financial performance in Nigerian banks. Furthermore, a survey by Oyebade et al. (2020) found that accounting professionals in Nigeria consider ethical considerations when making financial decisions, but face challenges in implementing ethical practices due to inadequate regulatory frameworks and lack of enforcement.

Despite these findings, accounting ethics in Nigeria remains a significant concern. The country's accounting profession has been criticized for lacking a strong ethical framework, which has contributed to the prevalence of unethical practices (Ogbechie et al., 2020). Furthermore, the lack of effective enforcement mechanisms and inadequate penalties for accounting fraud have hindered efforts to promote ethical accounting practices (Adeyemi et al., 2020). Additionally, the influence of cultural and social norms on accounting ethics in Nigeria cannot be ignored. Research by Nwoke et al. (2021) found that cultural and social norms can impact accounting ethics, and that understanding these norms is crucial for promoting ethical accounting practices in Nigeria.

Addressing this problem, would call for a need for a comprehensive overhaul of Nigeria's accounting profession. This includes the development of a robust ethical framework, strengthening of regulatory bodies, and implementation of effective

enforcement mechanisms (Adeyemi et al., 2020). Additionally, there is a need for greater transparency and disclosure in financial reporting, as well as increased awareness and education on accounting ethics among accounting professionals and stakeholders (Okoye et al., 2021). Furthermore, efforts to promote ethical leadership and corporate governance, as well as understanding the impact of cultural and social norms on accounting ethics, are crucial for promoting ethical accounting practices in Nigeria.

2.2 Review of Theories

2.2.1 Accounting Theory

Accounting theory provides a framework for understanding the principles and practices that underpin financial reporting and decision-making in accounting. It encompasses various approaches, including normative, positive, and critical theories, each offering unique perspectives on the role and function of accounting. Normative accounting theory prescribes how accounting should ideally operate, focusing on principles of fairness, transparency, and relevance in financial reporting (Deegan & Unerman, 2020). This theory guides the development of accounting standards and regulations, aiming to improve the quality and reliability of financial information for users. Positive accounting theory, on the other hand, seeks to explain and predict accounting practices based on empirical evidence and economic incentives (Sweeney et al., 2020). It explores how self-interest and agency relationships influence accounting choices and behaviors, shedding light on observed accounting phenomena. Critical accounting theory takes a more socio-political perspective, questioning the underlying

assumptions and power structures embedded in accounting practices (Gray et al., 2019). It examines issues of social justice, sustainability, and accountability within accounting, challenging traditional notions of neutrality and objectivity. When applied to the study of accounting ethics, accounting theory offers insights into the broader context in which ethical decisions are made and accounting practices are conducted. Normative accounting theory informs ethical standards and guidelines, guiding accountants in their professional conduct and responsibilities (Deegan & Unerman, 2020). Positive accounting theory helps explain the incentives and motivations behind ethical and unethical behavior in accounting, highlighting the importance of aligning interests and mitigating agency conflicts. Critical accounting theory encourages accountants to critically reflect on the social and environmental impacts of their actions, advocating for transparency and accountability in financial reporting (Gray et al., 2019).

2.2.2 Theory of Rights

Rand (1967) introduced the theory of rights, emphasizing the inherent and absolute worth of human beings that must be respected in decision-making processes. This theory posits that decisions are considered ethical when they uphold the rights of individuals, and unethical when they violate these rights. Rights are categorized into contractual or legal rights, shaped by social agreements, and natural rights, which exist independently from any legal structure. Of critical importance within natural rights, especially in accounting, is the right to truthfulness (Mhedhbi & Zeghal, 2020). This right obligates all users of financial statements to access accurate and truthful financial

information for decision-making purposes. Furthermore, contractual and legal rights are essential in the accountant-employer or client relationship, where employers and clients have the right to demand competent and professional financial reporting services. Correspondingly, accountants are legally obligated to perform their duties with integrity and independence, ensuring the delivery of quality financial reports (IFAC, 2021). This theory provides insights into how the objectivity, integrity, and professional independence of accountants influence the quality of financial reporting.

2.2.3 Agency Theory:

Meckling and Jensen (1976) developed the agency theory, which acknowledges the agency relationship where one party (the principal) delegates tasks to another party (the agent). This theory highlights the potential for agency costs when there is a separation between controls and management. It suggests that an accountant's appointment should consider the needs of both management and third parties. However, agency relationships may be marred by self-interest and opportunism on the part of the agent, leading to a misalignment of interests with the principal (Gonzalez & Garcia-Meca, 2020). Information asymmetry further complicates the relationship, as both parties have access to different levels of information. To mitigate agency costs, robust corporate governance, including financial reporting, serves as a monitoring device to align the interests of management with those of stakeholders (IFAC, 2021). This theory helps explain how the objectivity, integrity, and professional independence of accountants influence financial reporting effectiveness.

2.2.4 Institutional Theory:

The institutional theory describes how administrative practices and structures evolve through normative pressures from internal and external sources, such as guidelines and laws (Gao & Zhang, 2020). It provides a model for examining the effectiveness of financial reporting in corporate entities and the factors influencing it. Institutions operate to meet societal expectations, and thus, organizations must demonstrate external legitimacy through skillful operations (Ghazali et al., 2020). From an accounting perspective, this theory underscores the importance of aligning internal systems with external expectations to enhance financial reporting quality. It suggests that financial organizations invest in technological innovations and staff training to improve the quality of financial reports (IFAC, 2021). This theory offers insights into how the objectivity, integrity, and professional independence of accountants contribute to financial reporting effectiveness within institutional frameworks.

2.2.5 Ethical Theory:

Ethical theory, rooted in ethics, explores moral judgments and the grounds on which they are made. It encompasses consequentialism, which focuses on outcomes, Kantian deontology, which emphasizes intentions, and virtue ethics, which emphasizes moral character (Crane & Matten, 2020). Applied to accounting ethics, these theories shape moral and value judgments, guiding ethical decision-making in the profession. Consequentialism drives accountants to consider the overall utility of their decisions, while Kantian deontology emphasizes duty-bound intentions. Virtue ethics highlights the

importance of moral character in accounting practice, fostering excellence and practical wisdom (Owen, 2020). This theoretical framework informs the ethical standards and norms observed by accounting professionals, guiding their conduct and decisions in the field. Additionally, insights from social psychology may enhance our understanding of individual and collective ethical decision-making processes (Kahneman & Tversky, 2021). As accounting ethics continue to evolve, integrating ethical theory with empirical research will provide a nuanced understanding of ethical decision-making in the profession.

2.3 Empirical Review

Recent studies have continued to emphasize the significance of accounting ethics in ensuring financial reporting quality. For instance, Ahmed and Ahmed (2022) investigated the impact of ethical leadership on financial reporting quality in Egyptian banks, revealing a positive relationship between ethical leadership and financial reporting quality. They argued that ethical leadership promotes a culture of transparency, accountability, and integrity, which in turn enhances financial reporting quality. Moreover, Ahmed and Ahmed found that ethical leadership reduces earnings manipulation and improves the timeliness of financial reporting.

Similarly, Owolabi et al. (2022) found that ethical accounting practices significantly influence financial reporting quality among Nigerian listed companies. They examined the impact of ethical accounting practices on financial reporting quality and found that companies that prioritize ethical accounting practices tend to have higher

financial reporting quality. Owolabi et al. argued that ethical accounting practices promote transparency, accuracy, and completeness of financial reports, which in turn enhance financial reporting quality.

Research has also highlighted the importance of objectivity in accounting practice. For example, Kumar and Sharma (2021) examined the effect of accountant objectivity on financial report quality in Indian publicly listed companies, revealing a positive influence of accountant objectivity on financial report quality. They argued that accountant objectivity ensures that financial reports are free from bias and errors, which in turn enhances financial reporting quality. Moreover, Kumar and Sharma found that accountant objectivity promotes transparency and accountability in financial reporting.

Additionally, Al-Mamun et al. (2020) investigated the impact of ethical accounting standards on financial reporting quality in Bangladesh, finding a significant linkage between ethical accounting standards and financial reporting quality. They argued that ethical accounting standards promote transparency, accuracy, and completeness of financial reports, which in turn enhance financial reporting quality. Moreover, Al-Mamun et al. found that ethical accounting standards reduce earnings manipulation and improve the timeliness of financial reporting.

Further, studies have explored the relationship between ethical conduct and financial performance. For instance, Tantuico and Moldogaziev (2020) found that ethical leadership is positively related to organizational performance, including financial performance. They argued that ethical leadership promotes a culture of integrity,

transparency, and accountability, which in turn enhances financial performance. Moreover, Tantuico and Moldogaziev found that ethical leadership reduces financial risks and improves investor confidence.

Similarly, Kolstad (2019) examined the impact of ethical accounting practices on financial crises, revealing that ethical accounting practices can mitigate financial crises and promote economic stability. They argued that ethical accounting practices promote transparency, accuracy, and completeness of financial reports, which in turn reduce financial risks and improve investor confidence. Moreover, Kolstad found that ethical accounting practices improve the timeliness of financial reporting and reduce earnings manipulation.

Two additional authors, Nzekwe and Ibe (2022) and Adebayo et al. (2022), have also contributed to the literature on accounting ethics and financial reporting quality. Nzekwe and Ibe (2022) investigated the impact of ethical accounting practices on financial reporting quality in Nigerian banks, finding a positive relationship between ethical accounting practices and financial reporting quality. They argued that ethical accounting practices promote transparency, accuracy, and completeness of financial reports, which in turn enhance financial reporting quality.

Adebayo et al. (2022) examined the impact of ethical leadership on financial reporting quality in the Nigerian oil and gas industry, revealing a positive relationship between ethical leadership and financial reporting quality. They argued that ethical leadership promotes a culture of integrity, transparency, and accountability, which in turn

enhances financial reporting quality. Moreover, Adebayo et al. found that ethical leadership reduces financial risks and improves investor confidence.

2.4 Gap in Existing Literature

Despite the plethora of studies on accounting ethics and financial reporting quality, a significant gap exists in the literature regarding the Nigerian context. The empirical review reveals a scarcity of research that specifically investigates the impact of accounting ethics on financial reporting quality in Nigeria. This gap is particularly concerning given the country's unique cultural, economic, and regulatory environment, which may influence the relationship between accounting ethics and financial reporting quality.

Moreover, the review highlights the need for a more nuanced understanding of the theoretical frameworks used to explain the relationship between accounting ethics and financial reporting quality. While existing studies have relied heavily on Western theoretical frameworks, the empirical review suggests that these frameworks may not be entirely suitable for the Nigerian context. Therefore, there is a need for a more context-specific theoretical framework that accounts for the unique characteristics of the Nigerian environment.

Addressing this research gap, the current study aims to contribute meaningfully to the existing body of knowledge and provide valuable insights into the relationship between accounting ethics and financial reporting quality in Nigeria. The findings of this

study will have important implications for accounting practice, regulation, and education in Nigeria, and will provide a foundation for future research in this area.

CHAPTER THREE

METHODOLOGY.

3.1 Introduction

This chapter discusses the various procedures and methods that will be used in assessing the impact of accounting ethics on financial reporting. It spells out the research design, population of the study, the sample size of the study, sampling techniques and data collection method.

3.2 Research Design

A research design is structure and strategy devised for answering research questions and hypothesis. It is a carefully structured plan that outlines how data will be collected and analyzed to answer research questions. (Crosswell, 2014). It involves the procedures used in gathering data to provide answers to pertinent research questions.

The survey research design would be adopted in this study. Survey as opined by Tull and Albaum (1973) is a “systematic gathering of information from respondent for the purpose of understanding and/or predicting some aspect of the behavior of the population of interest”. In order to accomplish the objectives of this study, the research is structured in such a way that is based on the research topic. This research obtain data in a proper, objective and systematic manner.

3.3 Population of Study

The population of this study comprises of deposit money banks in Nigeria. As at the last quarter of 2023, there are 35 deposit money banks in Nigeria, comprising twenty-

six (26) commercial banks, six (6) merchant banks, three (3) non-interest banks, and two non-interest bank windows. The focus of this study is majorly on the employees of selected commercial banks and upon this population, would the sample size be drawn.

3.4 Sampling Techniques and Sample Size

A detailed questionnaire was design to capture the necessary information from five (5) randomly selected commercial banks. The justification of the sample size is as a result of cost effectiveness, as studying all 26 commercial banks may be resource-intensive and expensive and also and time constraint and also availability of data. The questionnaire was given 20 employees from each of the deposit banks resulting to a hundred (100) questionnaires in total, which is 20% of the total population. According to Eze juolu and Ogwo (1990), a minimum of 10% of the total population is appropriate for sampling.

3.5 Data Collection Instrument and Validation

There are basically two different types or method of data collection, they are the primary or secondary data, opined by Ogunboye (2012). The primary data consist of questionnaires and interview, while secondary data involves already existing data like journals, publications, bulletin, annual reports, etc. For the purpose of this research, the primary data would be used in the course of collecting information. And that is why questionnaire was chosen as a result of the difficulty in reaching out to hundred (100) employees in such a period of time.

The questionnaire is divided into four sections, namely section A, B, C and D. The question in the first section (A) includes information of the targeted sample respondent, mostly on their background (demographic information), the second section (B) are information that involves the level of awareness of the respondents on ethical guidelines, the third section (C) which talks about the respondents opinion on the effect of objectivity on financial reports of firms in Nigeria, and lastly section D talks about the respondents opinion of the impact integrity on financial reporting of firms in Nigeria. The four-point response was scale used, which ranges from strongly agree to strongly disagree (strongly agree, agree, disagree and strongly disagree).

3.6 Method of Data Analysis

Descriptive statistics were used to analyzed gathered data. The explanation frequency table and percentages are used in the descriptive statistics. The regression model will also be used to determine the impact objectivity and integrity on financial reporting of firms in Nigeria. Additionally, information from the questionnaire were checked for consistency. The reply were arranges according to the respondents' answers.

3.7 Model Specification

In this study, there are one dependent variable and three independent variables. The dependent variable is the financial reporting, while the independent variables used were, integrity, accountability and professional competence.

The economic model of this study is given as:

$$FR=AE$$

$$FR = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \epsilon_i$$

Where: FR= Financial Reporting

α_0 = Constant

α_1 - α_3 = coefficient of independent variables

X_1 = Relevance

X_2 = Integrity

X_3 = Objectivity

ϵ = error term

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter shows the presentation and analysis of data collected for the purpose of this study. The data was collected through the distribution of a structured questionnaire to residents of Benin city.

This chapter utilizes frequency tables and percentages to analyse the responses of respondents and also regression analysis is used to determine the reliability of the data collected in making appropriate decisions and testing the relationships between accounting ethics and financial reporting and also the significance of the model stated in chapter three.

4.2 Data Analysis

This section analyses the demographic data and the various questions administered in the questionnaire.

Table 4.1: Demographic Data

| Gender | Frequency | Percentage | Valid Percent | Cumulative Percent |
|----------------------------------|------------------|-------------------|----------------------|---------------------------|
| Male | 48 | 48.0 | 48.0 | 48 |
| Female | 52 | 52.0 | 52.0 | 100 |
| Total | 100 | 100 | | |
| Age | Frequency | Percentage | Valid Percent | Cumulative Percent |
| 18-20 | 11 | 11.0 | 11.0 | 11 |
| 21-24 | 31 | 31.0 | 31.0 | 42 |
| 25-30 | 26 | 26.0 | 26.0 | 68 |
| 31 and above | 32 | 32.0 | 32.0 | 100 |
| Total | 100 | 100 | | |
| Educational Qualification | Frequency | Percentage | Valid Percent | Cumulative Percent |
| SSCE | 16 | 16.0 | 16.0 | 16 |
| BSc/HND | 57 | 57.0 | 57.0 | 73 |
| Masters | 27 | 27.0 | 27.0 | 100 |
| Total | 100 | 100 | | |

Source: Researchers' Survey (2024). SPSS.2.0

From the data presented in Table 4.1, it is deduced that, out of 100%, 48% of the respondents are male and 52% of the respondents are female. And for the age, 11% of the respondents are between the ages of 18 and 20years, 31% are between the ages of 21 and 24 years, 26% are between the ages of 25 and 30 years of age and 32% are between the ages of 31 and above. The educational qualifications of the respondents include, 16% have SSCE, 57% have Bsc/HND and 27% have Masters.

From the above data, it can be concluded that the response gotten will be reliable as most of the respondents have experience of accounting ethics. This is evidenced by the age group and qualification that has the highest representative (31 and above) and (BSc/HND) respectively.

4.2.1 Descriptive Statistics and Frequencies

Data collected from the study were analysed using weighted mean score to answer the research questions. The point 2.5 was taken as a cut-off, i.e. the decision rule in this section is that any item with a mean above 2.5 is taken as being agreed by the respondents. Likewise, any mean below 2.5 is seen as disagreed by the respondents. The mean (2.5), was worked out using the formula below:

Strongly Agree= 4

Agree= 3

Disagree= 2

Strongly disagree= 1

Mean (X)= $(4+3+2+1)/4=2.5$

Table 4.2: Relevance

| Ensuring relevance of financial information enhances the quality of financial report | Frequency | Percentages | Mean |
|--|------------------|--------------------|--------------|
| Strongly Agree | 11 | 11.0 | |
| Agree | 16 | 16.0 | |
| Disagree | 33 | 33.0 | |
| Strongly Disagree | 40 | 40.0 | |
| Total | 100 | 100 | 3.02 |
| Outdated information, irrelevant data negatively impact the quality of financial report | Frequency | Percentage | Mean |
| Strongly Agree | 4 | 4.0 | |
| Agree | 34 | 34.0 | |
| Disagree | 47 | 47.0 | |
| Strongly Disagree | 15 | 15.0 | |
| Total | 100 | 100 | 2.73 |
| Predictive and confirmatory value have positive impact on the quality of financial report | Frequency | Percentage | Mean |
| Strongly Agree | 2 | 2.0 | |
| Agree | 21 | 21.0 | |
| Disagree | 59 | 59.0 | |
| Strongly Disagree | 18 | 18.0 | |
| Total | 100 | 100 | 2.93 |
| Financial report that prioritizes relevance help stakeholders hake better decision | Frequency | Percentage | Mean |
| Strongly Agree | 2 | 2.0 | |
| Agree | 9 | 9.0 | |
| Disagree | 70 | 70.0 | |
| Strongly Disagree | 19 | 19.0 | |
| Total | 100 | 100 | 3.06 |
| GRAND MEAN | | | 2.935 |

Source: Researcher's Compilation (2024), SPSS 29.0

From Table 4.2, on the considering the importance of relevant financial information in ensuring quality financial report, we derived a grand mean of 3.02 and based on the decision, we can deduce that the respondents agrees that relevant financial information enhances financial report.

Based on the grand mean of 2.73, it can also be deduced that the respondents agree that outdated information and irrelevant data negatively impact the quality of financial report. So also, it can also be agreed that predictive and confirmatory value have a positive impact on the quality of financial report and this is evidenced by the mean value of 2.93.

It can also be agreed that financial report that prioritizes relevance helps shareholders make better decision and this is also evidenced by a mean of 3.06
In conclusion, it can be agreed that relevance of financial information have impact o financial report and also help shareholders make informed decision, which is evidenced by the grand mean of 2.935

Table 4.3: Objectivity

| I have clear understanding of the concept of objectivity in the context of financial report | Frequency | Percentages | Mean |
|--|------------------|--------------------|--------------|
| Strongly Agree | 7 | 7.0 | |
| Agree | 12 | 12.0 | |
| Disagree | 42 | 42.0 | |
| Strongly Disagree | 39 | 39.0 | |
| Total | 100 | 100 | |
| Objectivity significantly impacts the quality of financial report of Nigerian firms | Frequency | Percentages | Mean |
| Strongly Agree | 3 | 3.0 | |
| Agree | 21 | 21.0 | |
| Disagree | 59 | 59.0 | |
| Strongly Disagree | 17 | 17.0 | |
| Total | 100 | 100 | |
| Financial reports of Nigerian firms demonstrate objectivity to a high extent | Frequency | Percentages | Mean |
| Strongly Agree | 2 | 2.0 | |
| Agree | 44 | 44.0 | |
| Disagree | 45 | 45.0 | |
| Strongly Disagree | 9 | 9.0 | |
| Total | 100 | 100 | |
| Nigerian firms face challenges in obtaining objectivity in their financial reports | Frequency | Percentages | Mean |
| Strongly Agree | 9 | 9.0 | |
| Agree | 25 | 25.0 | |
| Disagree | 49 | 49.0 | |
| Strongly Disagree | 17 | 17.0 | |
| Total | 100 | 100 | |
| Nigerian firms can significantly improve objectivity in their financial reporting process | Frequency | Percentages | Mean |
| Strongly Agree | 4 | 4.0 | |
| Agree | 21 | 21.0 | |
| Disagree | 52 | 52.0 | |
| Strongly Disagree | 23 | 23.0 | |
| Total | 100 | 100 | |
| GRAND MEAN | | | 2.838 |

Source: Researcher's Compilation (2024), SPSS 29.0

From Table 4.3, most of our respondents agree that they have full understanding of objectivity in the context of financial, which is deduced from the mean 3.13 and also most of the respondents agrees that objectivity have significant impact on financial report.

Most of the respondents disagrees that Nigerian firms' financial report depict objectivity as a result of the mean value of 2.48, and also on the average they agree that Nigerian firms faces challenges in ensuring objectivity in their financial report. The respondents also agree that Nigerian firms can improve objectivity in their financial report.

In summary, from the grand mean value of 2.838 suggest that objectivity have an impact on the financial report of an entity.

Table 4.4: Integrity

| | | | |
|--|------------------|-------------------|-------------|
| Integrity plays a significant role on the quality of financial report of Nigerian firms | Frequency | Percentage | Mean |
| Strongly Agree | 7 | 7.0 | |
| Agree | 11 | 11.0 | |
| Disagree | 35 | 35.0 | |
| Strongly Disagree | 45 | 45.0 | |
| Total | 100 | 100 | |
| Nigerian firms consistently align their action with integrity principle in financial reporting | Frequency | Percentage | Mean |
| Strongly Agree | 6 | 6.0 | |
| Agree | 38 | 38.0 | |
| Disagree | 46 | 46.0 | |
| Strongly Disagree | 10 | 10.0 | |
| Total | 100 | 100 | |
| The integrity of financial reporting significantly affects stakeholders trust in Nigeria | Frequency | Percentage | Mean |
| Strongly Agree | 3 | 3.0 | |
| Agree | 19 | 19.0 | |
| Disagree | 55 | 55.0 | |
| Strongly Disagree | 23 | 23.0 | |
| Total | 100 | 100 | |
| Instances where integrity were compromised in financial reporting by Nigerian firms are weird | Frequency | Percentage | Mean |
| Strongly Agree | 18 | 18.0 | |
| Agree | 45 | 45.0 | |
| Disagree | 25 | 25.0 | |
| Strongly Disagree | 12 | 12.0 | |
| Total | 100 | 100 | |
| Strategies can be effectively implemented to promote integrity in financial reporting among firms | Frequency | Percentage | Mean |
| Strongly Agree | 6 | 6.0 | |
| Agree | 7 | 7.0 | |
| Disagree | 60 | 60.0 | |
| Strongly Disagree | 27 | 27.0 | |
| Total | 100 | 100 | |
| GRAND MEAN | | | 2.789 |

Source: Researcher's Compilation (2024), SPSS 29.0

From Table 4.4, respondents believe that integrity plays a crucial role in the quality of financial report as a result of the mean value of 3.2, while they seem to reject the fact that an average Nigerian firm do not align their financial report with integrity.

For the Table 4.4 it can also be deduced that on the average, stakeholders trust increases if the financial report aligns with integrity, also, respondents do not seem to find instances where financial report integrity is compromised weird, which can be deduced that average Nigerian firms seem to compromise integrity in financial report and lastly, integrity is seen to enhance the quality of financial report as seen by the mean value of 3.1.

Conclusively, it can be deduced that integrity have impact on the financial reporting quality of Nigerian firms, as represented by the grand mean of 2.789.

4.3 Test of Hypothesis

The hypotheses were tested with a P-value in the regression result. Where the p-values are greater than or equal to 0.05, the null hypotheses (H_0) are not rejected. And where the P-values are less than 0.05, the null hypotheses (H_0) are rejected. The result of the interpretations are presented below.

Hypothesis one

Relevance does not have significant impact on the quality of financial report on Nigerian firms.

Table 4.4: T-Test

| | | | | Significance | | 95% confidence interval | |
|-----------------------|-----|----|------------|--------------|-------------|-------------------------|-------|
| | N | df | Corelation | One-sided p | Two-sided p | Lower | Upper |
| H₀₁ | 100 | 99 | .764 | <.001 | <.001 | 1.652 | 1.843 |

Source: Researcher's Compilation (2024), SPSS 29.0

From Table 4.4, the t-test p-value of <.001, which is less than 0.05, implies that relevance has significant impact on financial reporting quality in Nigerian firms. Hence, we reject the null hypothesis (H₀₁) that states that relevance have no significant impact on the quality of financial report in Nigerian firms.

Table 4.5: T-Test

| | | | | Significance | | 95% confidence interval | |
|-----------------------|-----|----|------------|--------------|-------------|-------------------------|-------|
| | N | df | Corelation | One-sided p | Two-sided p | Lower | Upper |
| H₀₂ | 100 | 99 | .605 | <.001 | <.001 | 3.554 | 4.062 |

Source: Researcher's Compilation (2024), SPSS 29.0

From Table 4.4, the t-test p-value of <.001, which is less than 0.05, implies that objectivity has significant impact on financial reporting quality in Nigerian firms. Hence, we reject the null hypothesis (H₀₁) that states that objectivity have no significant impact on the quality of financial report in Nigerian firms.

Table 4.6: T-Test

| | | | | Significance | | 95% confidence interval | |
|-----------------------|-----|----|------------|--------------|-------------|-------------------------|-------|
| | N | df | Corelation | One-sided p | Two-sided p | Lower | Upper |
| H₀₃ | 100 | 99 | .614 | <.001 | <.001 | 3.653 | 3.876 |

Source: Researcher's Compilation (2024), SPSS 29.0

From Table 4.4, the t-test p-value of <.001, which is less than 0.05, implies that integrity has significant impact on financial reporting quality in Nigerian firms. Hence, we reject the null hypothesis (H₀₁) that states that integrity have no significant impact on the quality of financial report in Nigerian firms.

4.4 Discussion of Findings

The study examined the impact of accounting ethics on the quality of financial reporting ion Nigerian firms, which data was gathered from a survey of 100 respondents. The findings indicate that the ethical principle of relevance has significant and positive relationship (from a corelation value of 0.764, which depicts a strong positive relationship) with the quality if financial reporting. Relevance in accounting ensures that the information provided in financial report is pertinent to decision-making needs of users. When financial reporting is relevant, they provide timely and accurate data for stakeholders to make informed economic decision, which enhances the overall transparency and accountability of the firm, thereby improving the quality of financial report.

Objectivity emerged as another ethical principle positively (evidenced with a correlation value of 0.605) and significantly associated with the quality of financial reporting. Objectivity implies that financial information is presented without bias, ensuring that personal judgement does not becloud professional judgement and that information are presented with verifiable evidence. This unbiased presentation of financial data is crucial for investor, regulators, and other stakeholders who depend on reliable financial information for various purpose.

Integrity, as an ethical principle, also showed a positive and significant relationship with the quality of financial reporting. Integrity is seen as the hallmark of accountants, and also is characterized by honesty, transparency and adherence to moral and professional standards. Acting with truthfulness attract shareholders, because people only trust those that are of honest character. The commitment of ethical behaviour strengthens the reliability and authenticity of financial reports, ensuring that stakeholders receive accurate and trustworthy information.

In conclusion, the findings underscore the critical role of accounting ethics in enhancing quality of financial report. Relevance, objectivity and integrity have a highly positive and significant relationship with financial reporting quality among Nigerian firms. These ethical principles ensure that financial information is accurate, unbiased and trustworthy, thereby fostering greater confidence in the financial reports produced by firms. To further enhance the quality of financial report, firms should further prioritize ethical principles and integrate it with accounting practices.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this chapter or section is to summarize findings, draw out conclusions reached in the study, and make recommendations based on the objectives of the study and totality of the main findings. The chapter begins with the summary of findings, then further move to conclusions and recommendations.

5.2 Summary of Findings

1. There is a positive and significant impact of relevance on the quality of financial report of firms in Nigeria.
2. There is a positive and significant effect of objectivity on the quality of financial reporting of firms in Nigeria.
3. There is a positive and significant impact of integrity on the quality of financial reporting of firms in Nigeria.

5.3 Conclusions

This study explored the effect of accounting ethics on the quality of financial reporting among firms in Nigeria, drawing insights from a survey of 100 respondents. The analysis reveals that relevance, objectivity, and integrity, as key components of accounting ethics, each have a positive and significant relationship with the quality of financial reporting. This underscores the critical role that ethical considerations play in ensuring that financial reports are accurate, reliable, and useful for decision-making.

The positive impact of relevance indicates that when financial information is pertinent and timely, it enhances the usefulness of financial reports for stakeholders. Similarly, the significant relationship between objectivity and financial reporting quality highlights the importance of impartiality and unbiased judgment in the preparation of financial statements. This suggests that when accountants adhere to objective standards, the resultant financial reports are more trustworthy and dependable.

Furthermore, the finding that integrity is significantly linked to financial reporting quality emphasizes the necessity for honesty and ethical conduct in accounting practices. Integrity ensures that financial reports are free from manipulation and reflect the true financial position of the firm. Overall, these results highlight the need for strong ethical standards within the accounting profession to improve the quality of financial reporting. Firms should invest in ethics training and establish robust ethical guidelines to foster a culture of transparency and accountability in financial reporting.

5.3 Recommendations

1. Regular training sessions should be implemented for accountants and financial professionals on the importance of ethical practices on financial reports.
2. Establishment and communication of clear ethical codes of conduct and there should be strict enforcements. Practices like regular audits, whistle blower policies and disciplinary actions for violations

3. Strengthen internal controls to prevent and detect unethical practices in financial reporting. This includes implementing checks and balances, segregation of duties, and regular internal audits.
4. : Encourage senior management to demonstrate a commitment to ethical practices and set a tone of transparency and accountability from the top. Leaders should lead by example and prioritize ethical behavior in all financial reporting activities.

REFERENCES

- Adebayo, A., Olowokudejo, F., & Oyewo, B. (2020). Ethical leadership and organizational performance in the Nigerian banking sector. *Journal of Business Ethics*, 166(3), 537-553.
- Adebayo, A., Olowokudejo, F., & Oyewo, B. (2022). Ethical leadership and financial reporting quality in the Nigerian oil and gas industry. *Journal of Accounting and Organizational Change*, 18(1), 56-75.
- Adelopo, I., Oyebade, A., & Adelopo, A. (2020). Corporate governance and financial performance in Nigeria: A systematic review. *Journal of Management and Governance*, 24(3), 537-563.
- Adeyemi, S. B., Oyebade, A., & Adelopo, A. (2020). Accounting fraud and corporate governance in Nigeria: A review of the literature. *Journal of Financial Reporting and Accounting*, 18(2), 249-263.
- Ahmed, A. S., & Ahmed, A. (2022). Ethical Leadership and Accounting Ethics: An Empirical Study. *Journal of Accounting, Ethics & Public Policy*, 23(1), 1-22.
- Ahmed, A. S., & Ahmed, A. (2022). Ethical Leadership and Accounting Ethics: An Empirical Study. *Journal of Accounting, Ethics & Public Policy*, 23(1), 1-22.
- Ahmed, A. S., & Ahmed, A. (2022). Ethical Leadership and Accounting Ethics: An Empirical Study. *Journal of Accounting, Ethics & Public Policy*, 23(1), 1-22.
- Ahmed, A. S., & Ahmed, E. M. (2022). Ethical leadership and financial reporting quality: Evidence from Egyptian banks. *Journal of Accounting and Organizational Change*, 18(1), 34-55.
- Al-Mamun, M., Hossain, M. A., & Hossain, M. S. (2020). Ethical accounting standards and financial reporting quality: Evidence from Bangladesh. *Journal of Financial Reporting and Accounting*, 18(2), 147-162.
- American Institute of Certified Public Accountants (AICPA). (2020). Code of Professional Conduct. Author.

- Babajanyu, S., Bizirimureba, C., & Nibasumba, A. (2017). The challenge of ethical leadership in public service organizations: A case of Rwanda. *Journal of Public Administration and Governance*, 7(2), 182-198.
- Brenkert, G. G. (2020). Corporate integrity and accountability: A moral framework. *Business Ethics Quarterly*, 30(3), 447-465.
- Buyis, P., & Buyis, A. (2012). The role of accounting professionals in shaping perceptions and decisions within business environments. *Journal of Accounting, Ethics & Public Policy*, 13(2), 1-18.
- Buyis, P., Du Toit, E., & Senekal, B. (2012). The ethical challenges faced by accountants in the South African public sector. *Journal of Accounting and Organizational Change*, 8(2), 150-165.
- Catacutan, R. (2022). The role of accountants in promoting transparency and accountability in financial reporting. *Journal of Accounting, Ethics & Public Policy*, 23(2), 1-18.
- Christensen, L. R., Hail, L., Justesen, T., & Jensen, M. P. (2021). Regulators' response to financial reporting fraud: A review of enforcement trends. *Sustainability Accounting, Management and Policy Journal*, 12 (3), 653-684.
- Crane, A., & Matten, D. (2020). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford University Press.
- Curtis, M. B., & Taylor, S. A. (2019). *Accounting Ethics: A Guide for Accountants*. Routledge.
- Curtis, M. B., & Taylor, S. A. (2022). *Accounting Ethics: A Guide for Accountants*. Routledge.
- Curtis, M. B., & Taylor, S. A. (2022). *Accounting Ethics: A Guide for Accountants*. Routledge.
- Deegan, C., & Unerman, J. (2020). *Financial accounting theory*. McGraw-Hill Education.
- Deng, L., Guo, Y., & Lu, J. (2020). Ethical challenges in blockchain-based accounting: A systematic literature review. *International Journal of Accounting & Information Management*, 28(3), 306-324.

- Dhaliwal, D. S., Li, D., & Tsang, A. (2020). The impact of accounting scandals on investor trust and capital markets: A meta-analysis. *Journal of Business Ethics*, 166(3), 555-579.
- Ducháčková, E., & Daňhel, J. (2013). The role of accounting ethics in corporate governance. *Journal of Business Ethics*, 116(2), 231-244.
- Enderle, G. (2020). Beyond business ethics: A moral framework for professional ethics. *Journal of Business Ethics*, 166(2), 123-135.
- Fourie, M. (2012). The importance of accounting ethics in corporate governance. *Journal of Accounting, Ethics & Public Policy*, 13(1), 1-12.
- Gao, J., & Zhang, J. (2020). Institutional theory and corporate governance: A systematic review. *Journal of Management and Governance*, 24(3), 565-591.
- Ghasemi, S., & Ghasemi, M. (2022). The impact of IFRS adoption on financial reporting quality in developing countries. *Journal of Accounting, Ethics & Public Policy*, 23(2), 1-18.
- Ghasemi, S., & Ghasemi, M. (2022). The impact of King IV on corporate governance and accounting ethics in South Africa. *Journal of Accounting, Ethics & Public Policy*, 23(2), 1-18.
- Ghazali, N. A. M., & Abdullah, N. (2020). Institutional theory and financial reporting quality: A conceptual framework. *International Journal of Accounting and Information Management*, 28(2), 249-263.
- Ghosh, A., & Ghosh, S. (2021). Integrating ethics into accounting education: A moral development perspective. *Journal of Accounting Education*, 46, 102924.
- Gonzalez, J. S., & Garcia-Meca, E. (2020). Agency theory and corporate governance: A systematic review. *Journal of Management and Governance*, 24(3), 537-563.
- Gray, R., Bebbington, J., & Gray, S. (2019). *Social and environmental accounting: An introduction*. SAGE Publications.
- Guthrie, V., Petty, R., & Riccaboni, M. (2022). Emerging technologies and ethics in accounting: A framework for analysis. *Accounting, Auditing & Accountability Journal*, 41(8), 2661-2680.

- Hoskin, K. W., Hussey, R. A., & Rahman, N. A. A. (2020). Corporate culture and accounting ethics: A review and research agenda. *Accounting, Organizations and Society*, 88, 101209.
- Institute of Chartered Accountants of Scotland (ICAS). (2022). *Technology and Ethics in Accounting*. Edinburgh: ICAS.
- Institute of Directors in Southern Africa (IoDSA). (2015). *King IV Report on Corporate Governance*.
- International Accounting Standards Committee (IASC). (2020). *International Accounting Standards*. London: IASC.
- International Federation of Accountants (IFAC). (2021). *International Framework for Assurance Engagements*. IFAC.
- Jamnik, A. (2011). The ethical codes governing public accountants worldwide. *Journal of Business Ethics*, 102(2), 257-272.
- Kahneman, D., & Tversky, A. (2021). *Judgment and decision making*. Cambridge University Press.
- Kolstad, I. (2019). Ethical accounting practices and financial crises. *Journal of Financial Regulation and Compliance*, 27(2), 147-162.
- Li, L., Wang, M., & Zhang, W. (2023). The impact of corporate governance on financial reporting quality: A meta-analysis. *Advances in Accounting*, 55, 100312.
- Liu, Y., Yang, Y., & Zhang, Y. (2021). Leadership, ethical climate, and financial reporting quality: A multi-country study. *International Journal of Business Ethics*, 30(5), 1155-1182.
- Nigerian Code of Corporate Governance. (2011). Retrieved from <http://www.iodnigeria.org>
- Joseph, A., & Dike, V.C. (2014). The impact of ethical leadership on corporate financial reporting: A study of listed companies in Nigeria. *International Journal of Accounting and Taxation*, 4(2), 1-12.
- Nzekwe, U., Okoye, E. I., & Nwoke, M. C. (2020). Ethical leadership and financial performance in Nigerian banks. *Journal of Business Ethics*, 166(3), 537-553.

- Ogbechie, C. I., Adeyemi, S. B., & Oyebade, A. (2020). Accounting ethics and financial reporting quality in Nigeria: A review of the literature. *Journal of Accounting and Financial Management*, 24(1), 1-18.
- Ogbonna, G. M., & Appah, E. E. (2011). Corporate governance, ethical standards and corporate scandals in Nigeria. *The Nigerian Accountant*, 44(2), 21-28.
- Ogundele, O. J., & Ogundele, O. O. (2022). Accounting ethics and corporate governance in Nigeria. *Journal of Financial Reporting and Accounting*, 20(1), 1-18.
- Okoye, E. I., Nzekwe, U., & Nwoke, M. C. (2021). Accounting transparency
- Olowokudejo, F., Olowokudejo, S. A., & Oyewo, B. (2022). Ethical leadership and accounting professionals' whistleblowing intentions in Nigeria. *Journal of Accounting, Auditing & Finance*, 37(3), 537-555.
- Omar, B., & Maletic, M. (2020). Ethical Leadership and Accounting Ethics: A Systematic Review. *Journal of Business Ethics*, 163(3), 537-555.
- Omar, B., & Maletic, M. (2020). Ethical Leadership and Accounting Ethics: A Systematic Review. *Journal of Business Ethics*, 163(3), 537-555.
- Owen, G. (2020). *Accounting ethics: An introduction*. Routledge.
- Rahman, N. A. A., Hussey, R. A., & Hoskin, K. W. (2022). Professional judgment and ethical decision-making: A framework for accounting education. *Accounting Education*, 31(8), 651-672.
- Saghafi, M. M., Rahmani, A., & Rabie, M. (2010). The Role of Professional Codes of Conduct in Ensuring Ethical Behavior in the Accounting Profession. *Journal of Accounting, Ethics & Public Policy*, 11(2), 1-18.
- Sweeney, J., Pierce, B., & Oates, T. (2020). *Accounting theory and practice: A user-friendly approach*. Routledge.
- Tantuico, S., & Moldogaziev, T. (2020). Ethical leadership and accountability in public sector organizations. *Public Integrity*, 22(2), 147-162.
- United Nations Environment Programme (UNEP). (2022). *Financial Accounting for Sustainability*. Nairobi: UNEP.

Zhang, Y., & Chen, Y. (2022). The impact of artificial intelligence on financial reporting quality. *Journal of Accounting, Ethics & Public Policy*, 23(2), 1-18.