

**THE EFFECT OF ETHICAL PRACTICES ON THE FINANCIAL  
REPORTING OF DEPOSIT MONEY BANKS IN NIGERIA**

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BENIN CITY**

**OCTOBER, 2023**

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

**OCTOBER, 2023**

## **DECLARATION**

I, **Chuka David DONATUS** do hereby declare that this project is entirely my work and composition. The work embodied in this project has not been submitted by another candidate for any degree and is not currently being submitted for any other degree. All references made to the works of other persons have been duly acknowledged.

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**Chuka David DONATUS**

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**Date**

## CERTIFICATION

We, the undersigned certify that this research work was submitted by **Chuka David DONATUS** and it is hereby approved for the partial fulfilment of the requirement for the award of Bachelor of Science (B.Sc) degree in Banking and Finance, University of Benin, Benin City.

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## **DEDICATION**

This project work is dedicated to the Lord Almighty for knowledge and understanding. He has been my source of strength throughout this project as well as my rock and confidant. I also dedicate this project to my parents (Mr and Mrs Donatus), and my great mentor, Mr David Anuku.

## **ACKNOWLEDGMENTS**

I want give thanks to the Lord Almighty for the grace to successfully complete my project.

Thank you to my supervisor, Dr E. Isibor, for his patience, guidance, support and commitment. I have been positively impacted from your knowledge and meticulous editing. I am very thankful that you took me on as your student and your contribution towards the success of this project cannot be overstated.

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## **ABSTRACT**

The study examined effect of ethical practices on the financial reporting of deposit money banks in Nigeria. The study employed the survey design and the purposive sampling technique to select 450 banks staffs. A well-constructed questionnaire, which was adjudged valid and reliable, was used for collection of data from the respondents. The data obtained through the administration of the questionnaires was analyzed using the Pearson correlation analysis.

The study revealed that; there is positive and significant relationship between loyalty has significant effect on the financial reporting. A positive and significant relationship exists between law abiding and financial reporting. A positive and significant relationship exists between fairness and financial reporting. A positive and significant relationship exists between accountability and honesty and financial reporting. And lastly, A positive and significant relationship exists between integrity and reputation and financial reporting.

The study concluded that; ethical practices has significant effect on the financial reporting of deposit money banks in Nigeria. The study further recommends that; Nigeria banks should work more on their integrity and reputation on the financial reporting. Accountability and honesty should be taking serious by Nigeria banks. Nigeria banks should fair in all their dealings because these will reflect on the financial reporting. Nigeria banks should be law abiding on their financial reporting to avoid suspension, penalties and fine against them, to customers.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The Nigerian banking sector is part of Nigerian financial system which refers to the totality of the regulatory and participating institutions, including financial markets and instruments, involved in the process of financial intermediation. The major objectives of investing in the banking sector are to provide financial services to the economy and earn compensatory returns on capital employed. The evolution of banking in Nigeria has been brought to fore in order to study deep into the history of banking and bring out the challenges that led to the various crisis the industry has been passing through within the past few years. In some times past, the banking industry was affected as a result of the belief of shareholders, stakeholders, managers and others where unethical practices were portrayed (Adekunle & Asaolu, 2013).

Banks are established for the purpose of provided various financial services to the general public. Their intermediation role through financial reporting, credit facility and information is a catalyst for business activities in an economy. Consequently, banks credit for productive endeavours provides the public and real sector with necessary financial resources needed to accelerate the nation's growth and economic sustainability.

Their credit function enhances the ability of investors to exploit desired profitable ventures (Kargi, 2011).

The main drive of ethical practice and ethical values is the upholding of professionalism and good practice. Ethical practice in the business world according to Micewski and Troy (2006) is not holistic, but is a context that considers any phenomenon that influences ones behaviour. In most organisations in the world, the largest ethical practice in the accounting process is accountability, integrity and how an employee can abide to existing rules and regulation in the organisation (Gomez, 2002). The breach of ethical rules in the practice of corporate financial reporting is not fair to users and such action can jeopardize the main objective of the financial reports (Gowthorpe and Amat, 2005). Brinkmann (2002) defined ethics as a discipline in which matter of right and wrong, good and evil, virtue and vice are methodically examined. Ethics looks at human behaviour, moral principles and the attempt to distinguish good from bad. When trying to identify common issues being dealt with within the business environment, professional bodies' codes of ethics is the right place to look. These codes represent what one considers as reflection of business ethics. Codes of ethics should mainly address the particularities of high risk activities and are built on the collective conscience of a profession as a proof for the group's acknowledgment of the moral dimension. According to Smith and Smith (2003), ethical practice provide the foundation on which a civilized society exists. For the financial institutions, the retention of public confidence through the entronement of

good corporate governance remains of almost importance given the role of the industry in the mobilization of fund, the allocation of credit to the deficit sectors of the economy, the payment and settlement system and the implementation of monetary policy.

## **1.2 Statement of the Research Problem**

There is no gainsaying that the present economy deserves a sound, stable and better banking performance following the causative factors, such as unethical and unprofessional practices, poor management quality among others which contributed to low level of bank performance and sometimes lead to failure of bank. Banks and other financial intermediaries play the important role of channeling funds from savers to borrowers. The traditional role of a bank is lending and loans make up the bulk of their assets. Bank failures in Nigeria and other emerging economies have been attributed to different practices on the ethical ground. Ethical practices are rules of behaviour exhibited by managers, shareholders, workers and stakeholders to decide what is right and wrong in the normal course of business to the growth and financial stability of an organisation and to promote the financial markets integrity and economic efficiency of the business (Ogbona and Ebimobowei, 2012). This practice is important for producing quality and reliable financial reports to investors, potential investors and all stakeholders. An ethical dilemma has, overtime bedeviled the Nigerian banking industry couple with poor system in the organisation. Inaccurate/poor reporting of financial performance to shareholders, the government and the public have eroded the level of confidence of these

stakeholders (Chen and Pan, 2012). The lack of proper accountability and transparency in the production of financial returns has also eroded the confidence of investors and the public - leading to lack of accountability, independence, fairness and transparency. There is sufficient empirical evidence that poor financial reporting manifested in banks is as a result of neglect of good ethical considerations which led to lack of transparency, poor accountability, fraud, insider abuse, high levels of credit risk, poor quality loans, limited and or inadequate capitalization, operational inefficiencies, higher incidences of non-performing loans, higher levels of liquidity risk, and so on which in the overall affected financial reporting system (Kargi, 2011). Although, these are mentioned as constraints affecting banks' financial statement, they are based on a few studies and non-elaborate methods to generate sufficient and valid conclusions. This study therefore becomes an extension of the few studies undertaken with a view to generating more and further information based on empirical evidence on deposit money banks, however, this study sought to examine the effect of ethical practices on the financial reporting of deposit money banks in Nigeria.

### **1.3 Research Questions**

1. What is the effect of integrity and reputation on financial reporting of deposit money banks in Nigeria?
2. How do accountability and honesty affect the financial reporting of deposit money banks in Nigeria?

3. Does fairness have effect on financial reporting of deposit money banks in Nigeria?
4. How does law abiding affects the financial reporting of deposit money banks in Nigeria?
5. What is the effect staff loyalty on financial reporting of deposit money banks in Nigeria?

#### **1.4 Objectives of the Study**

The general objective of this study is to examine the effect of ethical practices on the financial reporting of deposit money banks in Nigeria.

The specific objectives are to;

1. examine the effect of integrity and reputation on the financial reporting of deposit money banks in Nigeria.
2. examine the effect of accountability and honesty on the financial reporting of deposit money banks in Nigeria.
3. assess the effect of fairness on the financial reporting of deposit money banks in Nigeria.

4. determine the effect of Law abiding on the Financial reporting of deposit money banks in Nigeria.
5. establish the effect of loyalty on the financial reporting of deposit money banks in Nigeria.

### **1.5 Statement of Hypotheses**

The following hypotheses are to be tested in this study:

- H<sub>01</sub>: Integrity and reputation has no significant effect on the financial reporting of deposit money banks in Nigeria.
- H<sub>02</sub>: Accountability and honesty has no significant effect on the financial reporting of deposit money banks in Nigeria.
- H<sub>03</sub>: Fairness has no significant effect on the financial reporting of deposit money banks in Nigeria.
- H<sub>04</sub>: Law abiding has no significant effect on the financial reporting of deposit money banks in Nigeria.
- H<sub>05</sub>: Loyalty has no significant effect of the financial reporting of deposit money banks in Nigeria.

## **1.6 Significance of the Study**

Good ethical practice provides fundamental information of financial statement to a wide range of use to policy makers in both public and private sectors of the economy banks inclusive – shareholders, management, government, creditors and society at large. This study would be vital input to the effectiveness and efficiency of managers towards their required attention to ethical practices. More specifically, a dynamic and competing financial institution environment calls for improved observations, measurement and transparent disclosure of operations, this study help reduce expected consequences that would lead to institutional failure when considering the multiplier effect of financial institutional failure on the real sector of the economy. This would be beneficial to developing country like Nigeria. Thus, the study would create a governance system that will promote ethical value, professionalism and transparent application of best practices desirable in the financial institutions. This empirical study is also germane to the researcher since it is a partial requirement for the award of an academic certificate which would enable the researcher contributes his or her quota into the academic world.

## **1.7 Scope of the Study**

This study centers on the effect of ethical practices on the financial reporting of deposit money banks in Nigeria. Therefore, the study would focus on the whole deposit money banks in Nigeria and drawing data from the CBN bulletin.

## **1.8 Limitation of the Study.**

This study will make use of primary data derived from respondents across the various money deposit banks in Nigeria. The reliability of that data will certainly effect the validity of the findings in this study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The objective of this chapter was to undertake a critical review of related literature on the subject and examine the works of various authors on the subject of ethical practices and financial reporting, especially as it applies to the banking industry in Nigeria. This chapter therefore examined the meaning of ethics, practices of ethics, accounting ethics, code of ethics and financial reporting as vital concepts in the debate of this study by scholars and researchers in an attempt to provide an ethical organization beneficial to the public, the society and humanity and to deposit money banks in Nigeria. The chapter ended with an examination of the aftermath of literature gaps in distress to the study within Nigeria banking industry.

#### **2.2 Conceptual Review**

##### **2.2.1 The Concept of Ethics**

Ogechukwu (2013) opined that ethics and morals are seen as personal view points and that ethics consist of certain rules and standards of conduct recognized as binding in a professional body, association or organization which are also binding on members. In his analytical review, he explained that it is really difficult to identify what is ethical or

unethical, as this varies from one culture, society, occupation, or institution to another. That everyone whether in business, medical, law, advertisement and more especially now in the commercial banking sector must have a sound ethical base that must apply to the conduct of the banking business. He concluded that sound ethical and moral values are very relevant in the banking industry. Ogbo, Okechukwu and Ukpere (2013) explained that considering the recent corporate governance problem in the banking sector that led to the removal and trial of chief executives of five banks and the subsequent liquidity problem it created, there is the need to look into the business ethics practices in Nigeria especially in the banking industry. Given the financial scandals and the resulting new mandates on business, they explained further that firms found themselves pressed to develop strong codes of ethics to guide the behaviour of board members, managers and employees. Ogbechie (2006) explained that weaknesses identified in corporate governance in the banking industry could be attributed to poor ethical display which has given rise to fraudulent and self-serving practices among members of the board, management and staff; abuse in lending which includes lending in excess of the single obligor limit; technical incompetence; poor leadership; poor risk management practices; non-compliance with internal control measures and operational procedures; ignorance and non-compliance with rules, laws and regulations guiding banking business in Nigeria.

## **2.2.2 The Concept of Accounting Ethics**

Accounting ethics is a code of conduct that applies in the practice of accounting. Like the ethical conduct of a company, the ethical actions of accounting are a collection of accountant's actions. As a member of a profession, accountants have a responsibility, not only to their employers and clients, but also to the society as a whole, to uphold the highest ethical standards. Every accounting board should adopt codes of professional conduct in order to ensure that its members understand the responsibilities of being professional accountants. Fundamental to these codes is responsibility to the public, including clients, creditors, investors, and anyone else who rely on the work of accountants. In resolving conflicts among these groups, the accountant must act with integrity, objectivity, and independence even to the sacrifice of personal benefits. According to Jamnik (2017), the extreme importance of ethics cannot be over emphasized. Therefore, there is a need to adopt thematic approach in educating professional accountants on ethics in order to meet up with the global ethical standards and to accommodate variances in the ethical traditions and practices between nations and culture as this is to enhance the acknowledgement of ethical principles in the conduct of business and professional activities on regular basis (Tweedie, 2013).

The critical initial step in ensuring ethics is building up ethical leaders who can function adequately in every spheres of an organization in which accounting is one of them (Shawver & Miller, 2017). This can be instituted by inculcating moral standards,

awareness, intentions and judgement in the school curriculum in order to enhance learning environment. When leadership and ethical courses are properly handled in accounting perspectives, students of today who will be leaders of tomorrow will be able to face the challenges that may arise in the future. However, practitioners and accounting educators are yet to look into this area critically (Kelly, 2017; Kidwell, Fisher & Braun, 2013).

Failure in accounting ethics has caused the loss of billions to investors globally. This therefore, calls for improvement in ethical behaviour and reasoning of professional accountants which includes intervention in accounting ethics education such as the virtue ethics (Sorensen, Miller & Cabe, 2017) as supported by the study of (Nwanyawu, 2018) “Ethics” is a term subject to numerous, sometimes conflicting interpretations ethical problems which are relevant issues present in many aspects of real life. These situations can be examined through several branches and several grids of analysis, modern or classic. A distinguishing mark of the accounting profession is its acceptance of the responsibility to act in the public interest (IFAC, 2005). Key qualities which appear in the codes of ethics of professional bodies include independence, integrity, objectivity, competence, and judgment. Ethics is based on a set of unbreakable ethical rules which is concerned with the simple notion of right and wrong (Gammie & Gammie, 2009).

### **2.2.3 The Concept of Financial Reporting**

The development of a strong international financial reporting system has been of longstanding interest to and elicits frequent commentary by academics, professional accountancy bodies, regulators, and men of affairs (businessmen, politicians, labour leaders, and governments). This perspective is reinforced by the fact that accounting is shaped by economic and political forces (Watts, 2007). Financial reporting plays a key role in economic development nationally and globally. It is an indication of its impact in ensuring a strong investor confidence which is vital to the optimal functioning of financial markets and consequently, to economic development. While in some countries, accounting standards are set by legal entities, in others they are set by the accounting profession. Yet, in other countries, it is a joint responsibility with other bodies. Meanwhile, in other countries, there appeared to be no discernible accounting standard setting process. These differences are perceptibly due to environmental and cultural differences.

The quality of accounting practice is essential to the needs of the end users who require useful accounting information for investment and other decision making purposes. Accounting information is regarded as useful when it faithfully represents the economic substance of an organization in terms of relevance, reliability and comparability. Useful accounting information which derives from qualitative financial statements, help in efficient allocation of resources by reducing dissemination of asymmetric information

and improving pricing of securities. In an environment of quality accounting practice therefore, there are no deferral of loss recognition, extra reserves are not created and volatility in income is not smoothed away to create an artificial and misleading picture of steady and consistent growth.

#### **2.2.4 Fraud in Deposit Money Banks**

The term fraud is defined in different ways by different authors. Boniface (1991) defined fraud as “any premeditated act of criminal deceit, trickery or falsification by a person or group or persons with the intention of altering facts in order to obtain in due personal monetary advantage. It usually involves the perpetration of some forgery or falsification of documents or illegal authorisation of signature. Adeyemo (2012) defined fraud as illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent on the application of threat of violence or of physical forces. Frauds are normally perpetrated by individuals and organisations to obtain money, property or services to avoid payment or loss of services or to secure personal or business advantage. Fraud is as a deceit, trickery, sharp practice or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage. Ojo (2008) concluded by stating fraud arises when a person in a position of trust and responsibility digresses from some agreed standards, breaks the rules to advance his personal interest at the expense of the interest of the public. From these definitions, it is apparent that fraud is a noticeable unethical practice by a privileged bank worker who takes undue advantage of a vulnerable/weak

customer. Frauds can be described as a conscious premeditated action of a person or group of persons with the intention of altering the truth and or fact for selfish personal monetary gain. It involves the use of deceit and trick and sometimes highly intelligent cunning skill. The action usually takes the form of forgery, falsification of the documents and signatures. It also involves outright theft. Employees and customers of banks engage in certain degrees of fraudulent practices throughout the world. Fraud is not an inhuman behaviour. Customers who for job loss, have not operated their accounts for sometimes, have had their accounts make dormant by some dubious bank workers. To conceal most of these atrocities, commercial bank workers of different cadres engage in the manipulation of book keepers throw-out-items operated unethically and dubiously just for account reconciliation. Many bank directors and top management staff have been prosecuted by the Economics and Financial act of counterfeiting of coin, notes or documents, falsifying a document whether in a material particular or in copying of another person's signature or illegally using another person's signature. Randiwkz (1979) classified fraud with white collar crime and defined them as illegal acts characterized by deceit and concealment, force or violence or threats thereof within the broad class of white collar crime. Young (2002) hunted of the ample evidence which exists to show that individual integrity of those managing/running the commercial banks are not a higher level now. Ogwuma (1985) stated that although the existence of frauds in the banks is not an uncommon or unexpected behaviour, its prevalence now is very worrying.

## **2.3 Theoretical Review**

### **2.3.1 Ethical Relativism Theory**

Ethical Relativism Theory was propounded by Velasques, Andre, Sharks and Meyer (2004) at Santa Clara University, Silicon Valley. The theory assumes that morality is relative to the norms of one's culture. In other word, the theory holds that whether an action is right or wrong depends on the moral norms of the society in which such event or action is practiced. The same activity may be acknowledged to be morally right in one society but believed to be morally wrong in another society; if both events are being practiced differently within the different societies. For the ethical relativist, there are no overall or universal moral measures or standards that can be generally applied to all persons at all times. The only moral standards against which a society's practice can be judged are its own moral standards. If ethical relativism is correct, there could be no common framework for resolving moral disputes or for coming into terms and being on the same page of agreement on ethical matters among members of different societies. Ethical relativism believes that different societies have different moral beliefs and that the belief of an individual is deeply affected by culture. It also encourages one to explore the purpose why one's own belief differs from someone's situations, which is also necessary for someone to have a clue on why such belief or value holds in a society. This therefore holds the fact that Nigerian banking industry has a culture that needs to imbibe ethics that

are relative to the Nigerian banking culture, which will help to produce sustainable performance that will ensure financial stability and resolve financial distress.

### **2.3.2 Resource Dependence Theory**

Resource dependence theory developed by Pfeffer and Salancik in 1978 observed that the board, and in particular the constitution of the non-executive element of a board can provide the firm with a vital set of resources. It is to see the board as a source of resources for a company to open up a very different way and, to think about the board's role in creating high performance. Resources can take a variety of forms each of which can be argued to add to the capital of a company. Non-executive directors can be a source of expertise which executives can draw upon, both in the form of specific skills as well as advice and counsel in relation to strategy and its implementation. They can also serve as important source of contacts, information and relationships that allow executives to better manage some of the uncertainties in the environment. Resource dependence theory allows us to think of the very different needs that companies have at different stages of their life-cycle. This theory is connected to this study in pulling resources together to provide good corporate governance with sound ethical values in an uncertain operating environment like Nigerian banking industry.

### **2.3.3 Theory of Inspired Confidence**

This theory also known as the theory of rational expectations was developed in the late 1920s by Dutch professor Theodore Limperg (Hayes, Schilder, Dassen and Wallage, 1999). It was advanced to addresses both the demand and the supply for audit services. Stakeholders of an entity demand accountability from the management, in return for their investments. Accountability is realized through the issuance of periodic financial reports which are subjected to independent opinion of the external auditor.

However, since this information provided by the management may be biased and outside parties have no direct means of monitoring, audit committees should therefore be the first line of assurance towards inspiring confidence in the quality of financial statements. An audit is required to assure the reliability of this information. The audit committee and the external auditor should therefore act in such a way that they do not disappoint the expectations of a rational outsider, while, on the other hand, the auditor should not arouse greater expectations in his report than his examination justifies. So, given the possibilities of audit technology, the auditor should do enough to meet reasonable public expectations the least of which is giving an independent opinion on the reliability of the financial statements he so audits (Solomon, 2007). This will inspire confidence to the owners of capital as well as other stakeholders especially if the auditor through his unqualified opinion confirms that the financial statements are of high quality.

Eid (2014) employed the theory of inspired confidence to test the impact of accounting information systems on performance measures with value relevance of auditors communications. Sijpesteijn (2011) also used the theory of inspired confidence in analysing the value relevance of auditors communication. Similarly, Ittonen (2011) included the theory of inspired confidence in theoretical examination of the role of auditing and the relevance of audit reports. This theory has been heavily utilized in the field of accounting, however very few studies have used this theory to explain the relationship between audit committees and quality of financial reporting.

According to this theory, audit committees should be the first line of assurance towards inspiring confidence in the quality of financial statements. The theory is further relevant because having properly functioning audit committees will inspire confidence to all shareholders and general public about the credibility of the financial reports and in effect create confidence in the organization.

#### **2.3.4 The Simple Finance Theory**

The simple finance theory was proposed by Arestis, Nissanke and Stein in 2005 as an alternative to the flawed financial liberalization theory that increased the instability of developing countries. In the finance view, the central problem in corporate governance is to construct rules and incentives (that is, implicit or explicit ‘contracts’) to effectively align the behavior of managers (agents) with the desires of principles (owner). The rules and incentives in the finance model refer to those established by the firm rather than to be

legal/political /regulatory system and culture of the host economy or the nature of the owners. The finance view represents a sub-section of the political model of corporate government. The political model interacts with the ‘cultural’ ‘power’ and ‘cybernetics’ models raised in line with the behaviors of managers (agent) and principals owners).

### **2.3.5 The Stewardship Theory**

In the stewardship theory, managers are good stewards of the corporations and diligently work to attain high level of corporate profit and share holders’ returns (Donaldson & Davis, 1994). Donaldson and Davis note that managers are principally motivated by achievement and responsibility needs’ and given the need of managers for responsible. Self-directed wok, organizations may be better served to free managers. From subservience to non-executive directors dominated boards. According to Donaldson and Davis, ‘most researchers into boards have has as their prior belief the notion that independent boards are good and so eventually produce the expected findings. However, supporting, stewardship theory are the individuals who contributes their own money and other resources to non-profits organizations to become a director. In analyzing the welfare distributed to stakeholders through introducing a Tabelini (1996) made provision in their equations to include the welfare contributed by controllers. In commenting on stewardship theory, Hawley and Williams (1996) state that the logical extension is either towards an excusive-dominated board or towards no board at all.

### **2.3.6 The Stakeholders Theory**

The stakeholder theory was prompted by the need of board of directors to take account of the wider interest of the society (Gay, 2002). The essential premises of the stakeholders theory is that corporation or organizations have relationships with many constituent groups (stakeholders) that affect, and are affected by its decisions; that the theory is concerned with the nature of these relationships in terms of both processes and outcomes and focuses on managerial decision making; that the interest of all legitimate stakeholders have intrinsic value and no set of intrinsic value is assumed to dominate the other.

This theory maintains that the objectives and therefore results of the firm should be derived by balancing the conflicting aims of the various stakeholders in the firm: managers, workers, stockholders, suppliers, vendors. It implies that a board will be mainly interested in performance of the company in terms of meeting the expectations of stakeholders and ensuring that the reported results are beneficial to the shareholders. Such a board should be made up of directors with the right background and experience for effectiveness of their service function. Basically, this theory is used to help understand the groups and individuals that can affect, and are affected by, the achievement of an organization's purpose, and those effects may be economic, regulatory, technological, social, political and managerial.

## 2.4 Empirical Literature

Akadakpo and Izedonmi (2013) opined that most regularly breaches codes are those that border on independence, integrity, transparency and objectivity. Members (Institute of Chartered Accountant of Nigeria, ICAN or Association of National Accountant of Nigeria, ANAN) accept jobs without professional clearance from previous auditors/consultants. Some members also breaches accounting ethic codes, such as wrong and false reporting of financial information, embezzlement, fraud and corrupt practices, non-disclosure of conflict of interest and collecting and giving out gifts to influence judgment.

Ogbonna and Ebimobowei (2012), evaluated the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria, and they came to the conclusion that the analysis of the data showed that ethical accounting standards affect the quality of financial reports of banks in Nigeria.

Umoren and Enang (2015) explained that the banking sector forms one of the pillars of economic development through the mobilization of funds thereby stimulating and promoting investments and economic growth and development. Investors separated from management rely on the information supplied by management in the financial statements, in assessing the risk and value of a firm before deciding either to invest or to disinvest. The ability of the financial Statements to effectively and satisfactorily guide investors on investment decisions depends on the value relevance of the information. The value

relevance of financial statements implies ability of the financial information contained in the financial statements to explain the stock market measures. They explained that the adoption of International Financial Reporting Standards have been empirically found to improve the quality of accounting in some countries thereby increasing its usefulness to stakeholders. Using descriptive statistics and least square regression to analyze the effect of International Financial Reporting Standards adoption on the accounting quality, they found out that the equity value and earnings of banks are relatively value relevant to share prices under International Financial Reporting Standards than under the previous Nigerian Statement of Accounting Standards. They concluded that Financial Reporting Council of Nigeria and other accounting standards setters should incorporate measures to enhance the quality of the financial reporting in order to increase the value relevant to financial statements.

Adekunle and Asaolu (2013) examined financial reporting practices among post consolidation banks in Nigeria and the subsequent stability of the banks. The study identified different regulatory provisions for banks information disclosure and report presentation. The disclosure principle in accounting requires that financial statements present the most useful amount of relevant information that is necessary in order not to be misleading. CBN (2009); Adekunle and Asaolu (2013) opined that full disclosure are the mandatory financial, operational and management information which financial institutions are required to disclose in the rendition of their periodic returns to the

regulatory authorities and the public. The process has to do with ensuring the integrity of data in the rendition of reports to the supervisory authorities and the public in order to enable them ascertain the true financial position and performance of deposit money banks. Financial reports of Nigeria companies have been found to be deficient overtime. They analyzed the reports of 13 banks quoted in the Nigerian stock Exchange between 2005 and 2009. They found out a high level of compliance with mandatory requirements for banks. That disclosure has a positive and significant influence on banks stability. The result further showed that though compliance with existing regulatory requirements was high, but it is evident that the existing mandatory information disclosure requirements under Statement of Accounting Standards were inadequate and needed to be strengthened

Brownlee, Ferris and Haskins (1990) opined that the quality of corporate financial reports must be judged against a changing standard that has evolved overtime in response to the information needs, expectations and demands of financial statement users. Considering the globalization of the economies of nations, the need to have a uniform system of preparing financial reports in the global economy was imperative. The principal body within International Financial Reporting Standard is the International Accounting Standard Board (IASB) which has sole responsibility for establishing International Financial Reporting Standards. The International Financial Reporting Standard is harmonizing the global financial reporting systems of business organizations. Ezejelue (2006) believed that the idea of national accounting practices fitting together well is a

more realistic and more desirable objective than having stereotyped accounting systems operating around the world. Standardization would lead to accounting systems being used that incompatible with the environment in which they operate. Through harmonization the varying accounting systems will be brought together but recognition is given to the fact that no single model exists for worldwide application. The single authorized global model that would result from standardization is unlikely ever to be established irrespective of the globalization of trade and industry, and of capital and money markets.

Collings (2012) explained that International Financial Reporting Standards and International Accounting Standards tell accountants and other preparers of financial statements how to account for transactions and events, and what to disclose within the accounts. That the conceptual framework of International Financial Reporting Standards set out the following characteristics of useful financial information: That financial information is relevant which will make the information capable of making a difference in the decision made by users; the financial information is faithful in its presentation which will make it complete, neutral and free from error; the financial information enhances qualitative characteristics when it is comparable, verifiable, timely and understandable. He further explained that International Financial Reporting Standards is fast becoming one of the most used financial reporting frameworks around the world, which many countries have adopted because they want consistency in financial reporting and believe that adopting International Financial Reporting Standards gives access to

more sources of capital because investors, creditors, financial analysts and other users of the financial statements welcome standards that require high-quality, transparent and comparable information. Without common standards, it's inherently difficult to compare financial information prepared by companies located in different parts of the world, particularly in an increasing global economy.

Adeyemi and Fagbemi (2011) concluded that there is the need for the profession to direct its efforts towards shaping the views of new entrants to the profession. This can be achieved through sound ethical training as results from the study suggested that this is an important step towards restoring the integrity of financial reporting process. Adherence and enforcement of high ethical standard for members of the profession will go a long way in maintaining diligence in the way members of the profession carry out their duties.

Ajibolade (2008), in the study "a survey of the perception of ethical behaviour of future Nigerian accounting professionals", indicated that future professional accountants should be properly groomed in ethical standards which is normal for professional growth and improvement of services delivery in financial reporting and auditing in order to maintain the respectability of the profession.

Bakre (2007) expressed his view that accountants, auditors, and the accounting professional bodies in Nigeria for extremely poor level of integrity observed. The study also revealed that there were no significant differences in the perceptions of respondent

groups on the need for auditors to abide by high ethical standard and the need to shape the views of new entrants to the profession.

## **2.5 Empirical Gap Analysis**

Despite the fact that issues on the effect of ethical practices on the financial reporting of deposit money banks have received a lot of research attention worldwide as evidenced by the literature reviewed, it has not been widely researched in Nigeria. Most of the reviewed researches focused on corporate governance issues in service industries in Nigeria. Therefore there is need to conduct a research on how ethical practices could affect the quality of financial data and information of deposit money banks in Nigeria. This would be interesting since there may be a lot of pressure on the originality of commercial banks financial data to show their level of performance in the country. Also, some gaps are that the fact that studies only considered one of the tools of either ethical values or corporate governance but this is never related to financial statement issues of Nigeria banks while this study see a need to examine how ethical practices affects the reporting of financial data in deposit money banks in Nigeria; also this study goes ahead to link international financial reporting theories and connecting it with important concepts being used in the study which would give reality to the implementation of the study recommendations.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter described the methodological framework that was used in attaining the stated objectives of this study. The research design, population of the study and research instruments were examined along with the method of data analysis employed. In particular, focus are on the study sample size and sampling technique chosen and a description of the choice of data collection instruments – secondary data (Central Bank financial report for deposit money banks) and the primary data (questionnaire) used in collecting information for the study for the data presentation and analysis.

#### 3.2 Research Design

The survey research design and *ex post facto* research design are adopted for this study. The survey research design was carried out using primary data collected through the use of questionnaire and *expost facto* design is to justify the use of the required time series data (2013-2022) - annual financial report were not manipulated. Through these designs, the use of questionnaires and annual financial report of deposit money banks by CBN were considered appropriate as a method of retrieving information for data classification. The study sought the views of respondents (staff) from deposit money banks on the effect of ethical practices on financial reporting of deposit money banks in Nigeria.

### **3.3 Population of the Study**

The population for this study was the entire staff (workers, managers, stakeholder and shareholders) of deposit money banks in Nigeria. Respondents from these banks were sampled and information about the effect of ethical practices on financial reporting of deposit money banks in Nigeria.

### **3.4 Sources of Data**

Both primary and secondary data were employed for this study as indicated. Secondary data were sourced from the CBN Statistical bulletin, 2022 Publication (Central Bank financial report for deposit money banks). Primary data were sourced through questionnaires which were used to elicit information from respondents comprising of staff (workers, managers, stakeholder and shareholders) of deposit money banks in Nigeria.

The primary data were sourced using the 5-Scale Likert questionnaire showing – 4 = Strongly Agree; 4 = Agree; 2 = Disagree and 1 = Strongly Disagree. The questionnaire would be design having twenty (20) questions. The questionnaires were administered to the respondents as stratified into the 12 selected banks in Benin City, Edo State.

### **3.5 Sample Size and Sampling Technique**

A sample size of 12 banks – First Bank, Gtb, UBA, Wema, Polaris Bank, Access, Sterling Bank, Zenith, Stanbic IBTC, FCMB Bank and Union Bank in Benin City, Edo State were randomly selected. However, since the population for the primary data consists of majorly staff (workers, managers, stakeholder and shareholders) and this population are pretty too large for this study, the researcher decided to narrow the sample size to 100 respondents using a self-administered questionnaire. The justification for this sample size is primarily based on some researchers in previous studies who considered 450 sample size as not too small or too large for a study. (Modugu & Anyaduba, 2013; Ahmadu, Zayyad & Rasak, 2013 & Kasum, 2012). Also, in considering this sample size, Saunders and Thornhill (2003) suggested that a minimum number of thirty (30) for statistical analyses provide a useful rule of thumb.

### **3.6 Validation and Reliability of Instrument**

Validation of instrument is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform. A content validity was used for the study. Content validity is a process of justifying a questionnaire through its contents and variables. The questionnaire was submitted to the researcher's supervisor for verification and correction in order to establish an accurate criterion of the validity of the instrument and all necessary corrections were made before they were administered.

To ensure the reliability of the instrument, the questionnaire was pre-tested through the staff of the Ministry of Finance Benin City, Edo State. Therefore, internal consistency reliability were used by the researcher to know whether items or questions in the questionnaires are consistent with one another and cronbach's alpha as an index of reliability was used to associate the variation accounted for by true score of the hypothetical variables that were measured.

**3.7 Operationalization of Variables**

The dependent variable is operationalized into one variable which is financial reporting while the independent variable (Ethical Practices) is operationalized into 5 variables which are integrity and reputation, accountability and honesty, fairness, law abiding and loyalty. Therefore;

$$FR = f (IR, AH, FA, LA \text{ and } LO).....(1)$$

Where;

FR = Financial Reporting

IR = Integrity and Reputation

AH = Accountability and Honesty

FA = Fairness

LA = Law abiding

LO = Loyalty

Therefore;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \dots\dots\dots (2)$$

Where;

$\beta_0$  = intercept

$\beta_1, \beta_2, \beta_3, \beta_4$  = coefficients

$\varepsilon$  = error term

Y= Financial Reporting which is the dependent variable will be measured using secondary data i.e CBN Statistical bulletin, 2022 Publication (Central Bank financial report for deposit money banks) - to determine and report the performance of deposit money banks in Nigeria.

$X_1$  = Integrity and Reputation, this is a qualitative variable which will be measured using the questionnaire instrument to address the state of wholesomeness and straightness of staff (workers, managers, stakeholder and shareholders) of deposit money banks in Nigeria.

X<sub>2</sub> = Accountability and Honesty, this will be measured using questionnaire to discover how answerable or liable staff (workers, managers, stakeholder and shareholders) are to their organisations (deposit money banks in Nigeria).

X<sub>3</sub> = Fairness, this will be measured using questionnaire to determine the characters of the workers in terms of being equitable or just towards financial dealing and other events in deposit money banks in Nigeria.

X<sub>4</sub> = Law abiding, this will be measured using questionnaire to determine if staff (workers, managers, stakeholder and shareholders) of deposit money banks in Nigeria keep and maintain rules, laws and regulation of their establishments.

X<sub>5</sub> = Loyalty, this will be measured using questionnaire to determine the faithfulness of staff (workers, managers, stakeholder and shareholders) of deposit money banks in Nigeria.

### **3.8 Definition of Terms**

**Ethical Practice:** Ethical practices are rules of behaviour exhibited by managers, shareholders, workers and stakeholders to decide what is right and wrong in the normal course of business to the growth and financial stability of an organisation and to promote the financial markets integrity and economic efficiency of the business.

**Ethical Behaviour:** Ethical behaviour of employee is referred to as what is morally accepted as “good and right” as opposed to what is “bad and wrong” in a particular situation in an organisation.

**Management:** This is defined as the process of dealing with or controlling things or people, it is the responsibility for control of a company or similar organization.

**Integrity:** This refers to the quality of being honest, wholesome and having strong moral Principles.

**Reputation:** This refers to a widespread belief or opinion held about someone having a particular characteristic.

**Accountability:** This is a state of being accountable, responsible. Required or expected to justify actions or decisions made.

**Honesty:** This refers to the quality of being honest, free of deceit, truthful and sincere.

**Fairness:** This refers to a state of being fair. Treating people equally without favoritism.

**Law abiding:** This refers to the ability and willingness of someone to obey rules or laws in a community or organization.

**Loyalty:** This is the quality of being loyal. Giving or showing firm and constant support or allegiance to a person or company.

### 3.9 Model Specification

$$FR = \beta_0 + \beta_1 IR + \varepsilon \dots\dots\dots \text{Hyp 1}$$

$$FR = \beta_0 + \beta_1 AH + \varepsilon \dots\dots\dots \text{Hyp 2}$$

$$FR = \beta_0 + \beta_1 FA + \varepsilon \dots\dots\dots \text{Hyp 3}$$

$$FR = \beta_0 + \beta_1 LA + \varepsilon \dots\dots\dots \text{Hyp 4}$$

$$FR = \beta_0 + \beta_1 LO + \varepsilon \dots\dots\dots \text{Hyp 5}$$

Where;

FR = Financial Reporting

IR = Integrity and Reputation

AH = Accountability and Honesty

FA = Fairness

LA = Law abiding

LO = Loyalty

$\beta_0$  = intercept

$\beta_1$  = coefficients

$\varepsilon$  = error term

### **3.10 Method of Data Analysis**

The data obtained from the administration of the questionnaires were analyzed using the descriptive statistics techniques such as tables, percentage, frequency and mean. Furthermore, the Pearson Correlation Analysis was employed to empirically ascertain the degree of relationship between ethical practices and financial reporting.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

This chapter delves into the presentation, analysis and interpretation of results based on the data generated from the respondents. Furthermore, the Pearson correlation analysis was employed to test the four hypotheses formulated. Also, the findings were explicitly discussed.

#### 4.2 Presentation of Results

The data obtained from the respondents through the administration of the questionnaire is presented as follows:

**Table 4.1: Gender Distribution of Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	298	66.2%
Female	152	33.7%
<b>Total</b>	<b>450</b>	<b>100.0%</b>

Source: Author's Computation from Field Survey 2023.

Table 4.1 showed the gender distribution of the respondents. Majority of the respondents, which forms 66.2% of the total respondents were male. The remaining 33.7% of the respondents were females.

**Table 4.2: Age Distribution of Respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
Below 30 years	156	34.7%
30-50 years	221	49.1%
Above 50 years	73	16.2%
<b>Total</b>	<b>450</b>	<b>100.0%</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.2 showed the age distribution of respondents. 156(34.7%) of the respondents are below 30 years of age. 221(49.1%) of the respondents are between 30-50 years of age and 73(16.2%) of the respondents are above 50 years of age.

**Table 4.3: Level/Position of Respondents**

<b>Level</b>	<b>Frequency</b>	<b>Percentage</b>
Junior Staff	187	41.6%
Senior Staff	179	39.8%
Management Staff	84	18.6%
<b>Total</b>	<b>450</b>	<b>100.0%</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.3 showed the position distribution of respondents. 187(41.6%) of the respondents are junior staff, 179(39.8%) of them are senior staff and 84(18.6%) of them are management staff.

**Table 4.4: Service Years of Experience of Respondents**

<b>No. of Years</b>	<b>Frequency</b>	<b>Percentage</b>
Below 10 years	225	50.0%
11-20 years	121	26.9%
Above 20 years	104	23.1%
<b>Total</b>	<b>450</b>	<b>100.0%</b>

Source: Author's Computation from Field Survey 2023.

Table 4.4 showed the years of experience distribution of respondents. 225(50.0%) of the respondents had a service experience less than 10 years, 121(26.9%) of them had a service experience between 11-20 years and 104(23.1%) of them had a service experience above 20 years.

**Table 4.5: Respondents’ Opinion on the effect of integrity and reputation on the financial reporting of deposit money banks in Nigeria**

<b>S/N</b>	<b>Items</b>	<b>N</b>	<b>Mean</b>	<b>Std.Dev</b>	<b>Remark</b>
1.	Bankers are not allowed to associate with or do business with people of doubtful character; this is to uphold the integrity of the profession in order to instil public confidence in the banking system	450	3.28	0.42	Effective
2.	Engaging in extraneous activities which compete / interfere with or constrain a bank’s primary responsibility is a way of breaking reputation of bankers	450	3.16	0.41	Effective
3.	Abuse of position and taking advantage of the institution to enrich oneself is classified as an abuse of trust	450	3.29	0.54	Effective
4.	Inappropriate and unauthorized use of foreign exchange, for example, using customers’ names to procure foreign exchange without their request is against bankers integrity	450	3.07	0.83	Effective
5.	Exploiting the ignorance of unsuspecting customers through excessive / unwarranted charges or unnecessary commissions to boost income is unethical in the banking industry	450	3.09	0.59	Effective
	<b>Cluster</b>	<b>450</b>	<b>3.19</b>	<b>0.58</b>	<b>Effective</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.5 shows the opinions of respondents on the effect of integrity and reputation on the financial reporting of deposit money banks in Nigeria in five areas. It should be noted that the benchmark mean-point is 2.50. Items whose mean exceeded the benchmark of

2.50 were considered effective and that whose mean is below 2.50 was considered ineffective.

A look at table 4.5 showed that all the five items were effective. This implies that the respondents agreed that the effect of integrity and reputation on the financial reporting of deposit money banks in Nigeria is potent. The cluster mean of 3.19 indicates that all the respondents collectively agreed that the effect of integrity and reputation on the financial reporting of deposit money banks in Nigeria is potent.

**Table 4.6: Respondents’ Opinion about the effect of accountability and honesty on the financial reporting of deposit money banks in Nigeria**

S/N	Items	N	Mean	Std.Dev	Remark
1.	Transparency in financial reporting in the banking industry is generally low in the country to generate confidence and reliability in reporting	450	3.22	0.63	Accepted
2.	The low transparency in generating good and reliable reports have been the bane of investors investing based of false belief, and making them to lose their investment	450	3.20	0.67	Accepted
3.	There is lost of public confidence even though the Central Bank of Nigeria injected N620billion in post-consolidation syndrome to safe eight bank from total collapse due to accountability problem	450	3.19	0.71	Accepted
4.	The regulatory authorities cannot separate themselves from poor quality reports that arises from poor supervision and auditing of books of accounts	450	3.31	0.34	Accepted
5.	Bankers are allowed to consider complaints from the public and from within the banking system	450	3.16	0.61	Accepted
	<b>Cluster</b>		<b>3.20</b>	<b>0.66</b>	<b>Accepted</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.6 supplied information on the opinions of respondents about the effect of accountability and honesty on the financial reporting of deposit money banks in Nigeria. The mean scores of the items are above the cut-off mark of 2.50 that was regarded as acceptable limit as indicated by the researcher. Therefore, all the items under the effect of accountability and honesty on the financial reporting of deposit money banks in Nigeria were considered acceptable. The cluster mean of 3.20 indicates that the respondents unanimously agreed that the effect of accountability and honesty on the financial reporting of deposit money banks in Nigeria is high.

**Table 4.7: Respondents’ Opinion on The effect of fairness on the financial reporting of deposit money banks in Nigeria**

S/N	Items	N	Mean	Std. Dev	Remark
1.	There are observed ethical issues of governance and financial reporting in the Nigerian banking industry after consolidation exercise of 2005	450	3.19	0.75	Accepted
2.	With the IFRS global standards which was adopted, education and enlighten campaign would boost fairness of financial reporting of the banking sector	450	3.31	0.57	Accepted
3.	Bank officials including management are supervised by relevant regulatory institutions guiding banking activities	450	3.39	0.49	Accepted
4.	Everyone in business must have a sound ethical base that must be applied to the conduct of the banking business	450	3.28	0.62	Accepted
5.	The resulting new mandates on business would develop bankers fairness and make them pressed to develop strong codes of ethics	450	3.27	0.71	Accepted
	<b>Cluster</b>	<b>450</b>	<b>3.28</b>	<b>0.64</b>	<b>Accepted</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.7 provided information on the opinions of respondents the effect of fairness on the financial reporting of deposit money banks in Nigeria. All the items have mean-scores above the benchmark of 2.50. Therefore, all the items under the effect of fairness on the financial reporting of deposit money banks in Nigeria of their host were considered acceptable. The cluster mean of 3.28 connotes that the respondents jointly agreed that there is fairness on the financial reporting of deposit money banks in Nigeria.

**Table 4.8: Respondents’ Opinion on The effect of law abiding on the financial reporting of deposit money banks in Nigeria**

S/N	Items	N	Mean	Std.Dev	Remark
1.	Some banks that were forced into business combinations to keep them afloat breached the codes of ethics in financial manipulations which made Central Bank of Nigeria to take over some banks and changed their names after consolidation	450	3.28	0.42	Effective
2.	There are statutory and/or regulatory codes as well as standards guiding ethical operations in banks	450	3.16	0.41	Effective
3.	The combination of adhering to ethical behavior combined with accounting standards compliance will produce reliable and faithful financial reports	450	3.29	0.54	Effective
4.	Recommending someone for employment by a banker known to be of bad character is against the laws and ethics of the industry	450	3.07	0.83	Effective
5.	One of the law abiding principle of the banking industry is based on poor quality reports that arises from poor supervision and auditing of books of accounts	450	3.09	0.59	Effective
	<b>Cluster</b>	<b>450</b>	<b>3.19</b>	<b>0.58</b>	<b>Effective</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.8 provided information on the opinions of respondents the effect of law abiding on the financial reporting of deposit money banks in Nigeria. All the items have mean-scores above the benchmark of 2.50. Therefore, all the items under the above table were considered acceptable. The cluster mean of 3.28 connotes that the respondents jointly agreed that law abiding has significant effect on the financial reporting of deposit money banks in Nigeria.

**Table 4.9: Respondents’ Opinion about the effect of loyalty on the financial reporting of deposit money banks in Nigeria**

S/N	Items	N	Mean	Std.Dev	Remark
1.	Ethical financial reporting in banks is essentially the responsibility of directors, which is carried out by accountants and verified by internal auditors	450	3.22	0.63	Accepted
2.	Loyalty of bankers would help avoid financial scandals to guide the behaviour of board members, managers and employees	450	3.20	0.67	Accepted
3.	Loyalty is needed in the area of ethical irregularities in banking operations are adequate to discourage unethical practices	450	3.19	0.71	Accepted
4.	Issued codes and standards of practice are the most effective tools in ensuring ethicality in banking operations	450	3.31	0.34	Accepted
	<b>Cluster</b>		<b>3.20</b>	<b>0.66</b>	<b>Accepted</b>

Source: Author’s Computation from Field Survey 2023.

Table 4.9 supplied information on the opinions of respondents the effect of loyalty on the financial reporting of deposit money banks in Nigeria. The mean scores of the items are

above the cut-off mark of 2.50 that was regarded as acceptable limit as indicated by the researcher. Therefore, all the items under the effect of loyalty on the financial reporting of deposit money banks in Nigeria were considered acceptable. The cluster mean of 3.20 indicates that the respondents unanimously agreed that the effect of loyalty on the financial reporting of deposit money banks in Nigeria is high.

### **4.3 Testing of Hypotheses**

The Pearson correlation coefficient is employed to test the three stated hypotheses. Pearson correlation coefficient is used to ascertain the degree of linear interrelationship between two or more variables.

### **4.4 Discussion of Findings**

The results revealed that respondents agreed that loyalty has significant effect on the financial reporting of deposit money banks in Nigeria.. Furthermore, the study showed that law abiding has significant effect on the financial reporting of deposit money banks in Nigeria. Also, the study unveiled that fairness has significant effect on the financial reporting of deposit money banks in Nigeria. The study revealed that accountability and honesty has significant effect on the financial reporting of deposit money banks in Nigeria. And lastly, integrity and reputation has significant effect on the financial reporting of deposit money banks in Nigeria.

This implies that ethical practices is a crucial factors and strong predictors of financial reporting of deposit money banks in Nigeria.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND POLICY**

#### **RECOMMENDATIONS**

##### **5.1 Summary of Findings**

The study examined effect of ethical practices on the financial reporting of deposit money banks in Nigeria. The study employed the survey design and the purposive sampling technique to select 450 banks staffs. A well-constructed questionnaire, which was adjudged valid and reliable, was used for collection of data from the respondents. The data obtained through the administration of the questionnaires was analyzed using the Pearson correlation analysis.

The results that there is positive and significant relationship between loyalty has significant effect on the financial reporting. Furthermore, a positive and significant relationship exists between law abiding and financial reporting. Also a positive and significant relationship exists between fairness and financial reporting. A positive and significant relationship exists between accountability and honesty and financial reporting. And lastly, positive and significant relationship exists between integrity and reputation and financial reporting the results were found to be consistent with empirical findings of past studies in literature.

Thus, ethical practices is a crucial factors and strong predictors of financial reporting of deposit money banks in Nigeria.

## **5.2 Conclusion**

This study has concentrated on the sampled bank staffs responses to the effect of ethical practices on the financial reporting of deposit money banks in Nigeria.

In conclusion, the study hereby concluded that ethical practices has significant effect on the financial reporting of deposit money banks in Nigeria.

## **5.3 Policy Recommendations**

Based on the findings of the study, the following policy recommendations are suggested:

1. Nigeria banks should work more on their integrity and reputation on the financial reporting, so there goodwill can help them remain in the Nigeria Stock Exchange.
2. Accountability and honesty should be taking serious by Nigeria banks, these can help customers, CBN, government agencies understand their confidence in investing in their shares and stocks.
3. Nigeria banks should fair in all their dealings because these will reflect on the financial reporting.

4. Nigeria banks should be law abiding on their financial reporting to avoid suspension, penalties and fine against them, to customers.

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## APPENDIX

**DEPARTMENT OF BANKING AND FINANCE  
FACULTY OF MANAGEMENT SCIENCES  
UNIVERSITY OF BENIN  
EDO STATE, NIGERIA.**

**QUESTIONNAIRE ON THE EFFECT OF ETHICAL PRACTICES ON THE  
FINANCIAL REPORTING OF DEPOSIT MONEY BANKS IN NIGERIA**

Dear Respondent,

I am an undergraduate student of the Department of Banking and Finance of the above named institution. I am currently undergoing a study on “**the effect of ethical practices on the financial reporting of deposit money banks in Nigeria**”. Your sincere views are required as your response shall be used for research purpose and source that will make up this research work.

You are please requested to respond to the questions as honestly as possible. The information gathered will be held in strict confidence and will be used solely for the purpose of this study. Thank you for your esteemed cooperation.

Thank you.

## SECTION A

### SOCIO-DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

1. Gender  
 (a.) Male [    ] (b.) Female [    ]
  
2. Age  
 (a.) Below 30 years [    ] (b.) 30-50 years [    ] (c.) Above 50 years [    ]
  
3. Level  
 (a.) Junior Staff [    ] (b.) Senior Staff [    ] (c.) Management Staff [    ]
  
4. Years of Experience  
 (a.) Below 10 years [    ] (b.) 11-20 years [    ] (c.) Above 20 years [    ]

## SECTION B

### ETHICAL PRACTICES IN DEPOSIT MONEY BANKS

SA= Strongly Agree, A=Agree, D=Disagree, SD=Strongly Disagree

		SA	A	SD	D
	<b>The effect of integrity and reputation on the financial reporting of deposit money banks in Nigeria</b>				
1.	Bankers are not allowed to associate with or do business with people of doubtful character; this is to uphold the integrity of the profession in order to instil public confidence in the banking system				
2.	Engaging in extraneous activities which compete / interfere with or constrain a bank's primary responsibility is a way of breaking reputation of bankers				
3.	Abuse of position and taking advantage of the institution to enrich oneself is classified as an abuse of trust				

4.	Inappropriate and unauthorized use of foreign exchange, for example, using customers' names to procure foreign exchange without their request is against bankers integrity				
5.	Exploiting the ignorance of unsuspecting customers through excessive / unwarranted charges or unnecessary commissions to boost income is unethical in the banking industry				
	<b>The effect of accountability and honesty on the financial reporting of deposit money banks in Nigeria</b>				
6.	Transparency in financial reporting in the banking industry is generally low in the country to generate confidence and reliability in reporting				
7.	The low transparency in generating good and reliable reports have been the bane of investors investing based of false belief, and making them to lose their investment				
8.	There is lost of public confidence even though the Central Bank of Nigeria injected N620billion in post-consolidation syndrome to safe eight bank from total collapse due to accountability problem				
9.	The regulatory authorities cannot separate themselves from poor quality reports that arises from poor supervision and auditing of books of accounts				
10.	Bankers are allowed to consider complaints from the public and from within the banking system				
	<b>The effect of fairness on the financial reporting of deposit money banks in Nigeria</b>				
11.	There are observed ethical issues of governance and financial reporting in the Nigerian banking industry after consolidation exercise of 2005				
12.	With the IFRS global standards which was adopted, education and enlighten campaign would boost fairness of financial reporting of the banking sector				
13.	Bank officials including management are supervised by relevant regulatory institutions guiding banking activities				
14.	Everyone in business must have a sound ethical				

	base that must be applied to the conduct of the banking business				
15.	The resulting new mandates on business would develop bankers fairness and make them pressed to develop strong codes of ethics				
	<b>The effect of law abiding on the financial reporting of deposit money banks in Nigeria</b>				
16.	Some banks that were forced into business combinations to keep them afloat breached the codes of ethics in financial manipulations which made Central Bank of Nigeria to take over some banks and changed their names after consolidation				
17.	There are statutory and/or regulatory codes as well as standards guiding ethical operations in banks				
18.	The combination of adhering to ethical behavior combined with accounting standards compliance will produce reliable and faithful financial reports				
19.	Recommending someone for employment by a banker known to be of bad character is against the laws and ethics of the industry				
20.	One of the law abiding principle of the banking industry is based on poor quality reports that arises from poor supervision and auditing of books of accounts				
	<b>The effect of loyalty on the financial reporting of deposit money banks in Nigeria</b>				
21.	Ethical financial reporting in banks is essentially the responsibility of directors, which is carried out by accountants and verified by internal auditors				
22.	Loyalty of bankers would help avoid financial scandals to guide the behaviour of board members, managers and employees				
23.	Loyalty is needed in the area of ethical irregularities in banking operations are adequate to discourage unethical practices				
24.	Issued codes and standards of practice are the most effective tools in ensuring ethicality in banking operations				