Ethical Values and Financial Reporting Quality of Commercial Banks in Nigeria

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BEING A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc.) IN ACCOUNTING, UNIVERSITY OF BENIN, BENIN CITY.

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DECLARATION

I, Patience OKOIRHON hereby declare that this thesis is based on a study conducted by me, under the supervision of Professor J. Odia of the Department of Accounting, University of Benin, Benin City. This thesis has not been submitted elsewhere for the award of a degree. The ideas and views contained therein are products of a research taken by me. Where the ideas and views of another author has been expressed; they have been duly acknowledged.

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Patience OKOIRHON **DATE**

CERTIFICATION

We, the undersigned, hereby certify that this thesis 'Ethical Accounting and Financial Reporting Quality of Commercial Banks in Nigeria' was carried out by Patience OKOIRHON of the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City under our supervision and approved as adequate in scope and quality in partial fulfilment of the requirements for the award of Master of Science (M.Sc.) Degree in Financial Accounting.

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PROFESSOR O. OBARETIN. **DATE**

(Head of Department)

DEDICATION

This thesis is dedicated to God Almighty for His faithfulness and grace towards me. And to my lovely husband Rev. Jonathan Okoirhon and children for being supportive even in the tough days.

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ABSTRACT

The recent challenges in financial accounting report requires the accounting profession to uphold transparency in the preparation of financial statements for users of such financial information. One of these challenges includes the application of unethical accounting in the presentation of financial report by management of an organization. Therefore, it is the responsibility of accountants in producing a standard, accurate, concise, and timely financial report applying accounting ethics in order to prevent frauds and misleading to the users of such information.

The study's main objective was to examine the role of ethics on the quality of financial report in commercial banks while the specific objective was to evaluate how integrity, objectivity, professional competence, confidentiality and professional behaviour relates with the quality of financial reports of commercial banks in Nigeria. The research design employed in this study was cross sectional survey. Target population received copies of questionnaire and 102 responses were subsequently collected.

The findings highlight the significant role of ethical principles particularly integrity, objectivity, and professional competence in enhancing financial reporting quality. This finding underscores the crucial role of integrity in certifying correct and reliable financial report, aligning with prior studies that highlight integrity as a cornerstone of ethical financial management. The relationship between integrity and the quality of financial reports is significant. Objectivity and professional competence showed significant relationship with financial reporting quality. While confidentiality and professional behaviour showed negative associations with financial reporting quality, their effects were not statistically relevant. This indicates that although confidentiality is vital for protecting sensitive financial information, excessive secrecy may hinder transparency and accountability, ultimately affecting financial reporting quality. In light of the results, the study recommends the necessity for organisations to strengthen ethical governance and ensure that financial professionals adhere to good ethical principles to improve credibility of financial reporting.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Serious criticism has emerged in accounting profession as a result of breakdown and folding up of some organizations which financial reports were prepared and presented by accountants and notable auditors respectively. Olatunde and Olayinka (2014) asserted that the practice of unethical accounting is one of the major causes of accounting scandals and corporate breakdowns. Financial reporting is an important component needed by corporate establishments to operate effectively. It provides relevant information in assisting investors, shareholders, and other parties who have interest on the financial report in making vital economic decisions. Therefore, the society can be misguided if there is ethical misconduct from the accountant, leading to lack of trust from the public and may breed inefficient capital market operations.

The role of an accountant is to guarantee that the information generated in the statement of account is reliable, accurate and relevant to users. Reliability implies that the content displayed in the financial report by the accountant should be credible for interested parties without element of misleading, it should be free from error and bias while relevance signifies that the information must be available on time to enable users make prompt decisions.

There is an increase in the practice of unethical accounting in Nigerian banking sector in recent years (George & Gbandi, 2021). In an attempt to portray a robust financial statement to invite potential investors and other interested parties, management of companies indulge in presentation exaggerated financial reports (Sanusi & Izedonmi, 2016). According to Anam et al. (2014), the practice in accounting profession allows certain level of flexibility regarding the choice of accounting techniques and policies to be applied in preparation of financial reporting for corporate organization. This has created a loophole within the accounting profession, managers with interior motives capitalizes on the elastic nature of the accounting policy to carry out their selfish motives. Integrity, objectivity, professional competence, confidentiality and professional behaviour are five ethical code in accounting profession that can result to ethical dilemma when not applied faithfully in presentation of financial reporting. (Giriraj 2020)

The practice of ethical accounting is necessary for proper and transparent financial statement, which are core components for effective decision-making by shareholders and interested parties in a company (Etuh et al., 2025) Ethics in accounting is essential for sustaining trust from shareholders and investors, since it has the ability to reduce fraudulent activities and improper financial management.

Unethical accounting is used by most managers in manoeuvring the financial statement (Mulford & Comiskey, 2002). This could lead to abuse in the formalities specified in the financial accounting presentation. Unethical accounting could be an intellectual modification in the presentation of financial reports to enhance its attractiveness. This idea is becoming an acceptable method among managers who may have interior motives. Nevertheless, the idea is unlawful and misleading to any one that needs the information for vital purpose. Essien et al. (2021) in their contribution pointed out that application of irregularities in Accounting policies during the preparation of financial statements by taking for granted existing loopholes in accounting rules can be termed as unethical accounting.

Ethics is linked with standards and moral values which gives direction to professional accountant to guarantee the quality of accounting and to declare financial statement as true and fair (Mariana & Maria 2016)

Omurgonulsen and Omurgonulsen (2009) asserted that practice of unethical accounting becomes effective due to the following reasons such as: flexibility in the legal frameworks in accounting profession; lack of outright punishment or inefficiency in the implementation of core ethical standards due to inadequate judicial system and selfish motive of business owners and managers of companies. Kencana et al. (2018) noted that managers in other to present a robust financial statement implement unethical accounting with aim of reducing differences in accounting information to meet up with acceptable requirements in accounting profession. Akapanuko and Umoren (2018), asserted that unethical accounting from most studies viewpoint should be discontinued because it lacks ethical standards; while others studies acknowledge that, even though it has contributed to decline in profitable businesses and the economic problems, it is important and legal. Example is when the manager manipulates the accounting statement for tax reduction purposes. Failure experienced by firms in most Nigeria commercial banks which led to the prosecution of some Chief Executives of banks by Economic and Financial Crimes Commission (EFCC) are as a results of unethical financial statements (Akenbor & Ibanichuka 2012).

There is increase in practice of unethical accounting in Nigerian commercial banks which has led to much deceptive situation in banking system. Osazevbaru (2012) opined that ethical standards in accounting and auditing profession has been violated due to degree of application of unethical accounting methods in financial statement in banking sector

1.2 Statement of the Research Problem

The application of irregularities in accounting policies in preparation of financial statements due to existing flexibility in accounting standards could be misleading to users of such financial information and loss of credibility on the part of accounting profession. Companies and banking sector in Nigeria that has gone out of business is on the increase. According to

Bakre (2007), occasionally some banks had been rescued by Central Bank of Nigeria (CBN) from the menace and this has propelled investors and researchers to doubt the confidence and trust on the audited financial statements. Deliberate application of unethical accounting principles and policies by accountants and professional bodies taking undue advantage of lapses in the accounting rules is a key issue. Distressed bank officials and directors who indulged in unethical behaviours and cosmetics accounting practices have been facing trials (Bakre, 2007). Hammarback and Karlsson (2020) added that banks may engage in unethical accounting to appease stakeholders and other interested parties that uses financial reports. Several investors has suffered and some loss their investments due to crisis in commercial bank in Nigeria. In consideration of the challenges, this study aims to proffer answers to the dispute ethical values and financial reporting quality:

1. How does integrity relate to financial reporting quality of commercial banks?
2. How does objectivity relate to financial reporting quality?
3. Does professional competence relate with quality of financial report of commercial banks?
4. How does confidentiality relate to financial reporting quality of commercial banks?
5. How does professional behaviour relate to financial reporting quality of commercial banks?

1.3 Objectives of the Study

The study's main objective was to empirically investigate the role of ethics on financial reporting quality in commercial banks. Furthermore, the specific research objectives were to;

1. examine the relationship between integrity and quality of financial reports of commercial banks in Nigeria;
2. ascertain the relationship between objectivity and the quality of financial reports in commercial banks in Nigeria;

3. determine how professional competence and quality of financial reports relates competence in commercial banks of Nigeria;
4. examine the relationship between confidentiality and financial reporting quality of commercial banks in Nigeria; and
5. determine the relationship between professional behaviour and quality of financial reports of commercial banks in Nigeria.

1.4 Research Hypotheses

The following null hypotheses were tested with the aim to achieve the objectives of the research:

1. The relationship between integrity and quality of financial reports is not significant.
2. Objectivity has no significant relationship with financial reporting quality.
3. Professional competence and financial reporting quality has no significant relationship.
4. Confidentiality do not have a significant relationship with financial reporting quality.
5. Professional behaviour and quality of financial reporting has no significant relationship.

1.5 Scope of the Study

This study examine the impact of ethical values on financial report quality of commercial banks in Benin City, Nigeria. To ensure this objective was realised, emphasis was on implementation of effective ethical principles on accounting procedures;; as such, questionnaire was administered to workers in accounting and finance section of selected commercial banks. The total size of the population of this study comprised 102 respondent of convenient sample.

1.6 Significance of the Study

Decision making process in any organization may find this research useful. First, this research may add to the current work on application of ethics on financial reporting practices. Secondly, it may be beneficial to policy makers, investors, management, regulators, and other stakeholders in commercial bank. This thesis may enhance reliability by users of the financial report. It may also help in motivation of investors in making reasonable investments in commercial banks. To the employees, the aspect of job security is guaranteed. Revised may be the case if the relationship proves negative. This investigation may also serve as a guide for other researchers.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Analysis of conceptual, empirical and theoretical frameworks of related literature that are significant to this research are discussed in this chapter.

2.2. Financial Reporting Quality

The process by which financial activities are documented and communicated within a specific period usually quarterly or yearly is termed financial reporting (Oliver, 2025). Financial report is a standard accounting practices through which a company discloses its financial information and its performance for interested parties to enable them make prompt decisions. Financial reporting helps stakeholders to get a clue about the position of the financial results of a company to enable them make prompt decisions (Adeleke et al., 2025).

Therefore, quality of financial reporting is vital to every organization. Tri Wahyuni et al. (2020) opined that financial report entails identifying, collating, and assessing financial transactions.

Financial reporting quality differs among companies. An analyst should get an access to comprehensive financial report in an organization to enable him critically review the disclosures in the financial statement and discern any element of inaccuracies and effect adjustment where necessary. It is essential for business organizations to produce a reliable and trustworthy financial statements to enhance an effective decisions (Ivungu et al., 2019). Serious lapse in financial reporting quality is one major cause of increase in scandal in organizations that lead to loss of confidence in financial statement by users. The financial reporting analysts who were able to assess financial reporting quality had the privilege of averting losses. Relevant and useful information are realized through qualitative financial report, these could be useful for making economic decision and also reveals the financial state of a company within a stipulated period. A qualitative financial report denotes that the financial statement is accurate and contains explicit financial and nonfinancial data which is not geared to mislead and misinform users of such information (Agienohuwa & Ilaboya, 2018). Mabil (2019) also asserted that corporate organizations collapsed shortly after the publication of annual financial statement which reduced the credibility of the financial reports.

2.2.1 Fundamental and Enhancing Qualitative Characteristics of Financial Reporting

Kythreotic (2014) asserted that financial reporting quality characteristics are grouped into two headings. These heading includes, enhancing and fundamental characteristics. The characteristics that helps disclose useful acts about an organization are known as fundamental. International Accounting Standard Board (IASB) stated that fundamental characteristics comprises of relevance and faithful representation of financial statements. Other enhancing characteristics in financial reporting quality, includes comparability, verifiability, timeliness, and understandability (IASB, 2015). Herath and Albarqi (2017) asserted that financial reporting covers information that are financially non-financially inclined which are useful for decision making in an establishment. Elliott et al. (2020) opined that investors and other interested parties are willing to subscribe for more shares in organization with high quality in its financial report than organisations with poor financial reporting quality. Financial reports is significant, transparent and reliable when it is prepared in compliances with accounting policies and standard, more so when the opinions formed in accordance with audit principles. Annual reports of companies are prepared in order to provide relevant information that will guide shareholders and investors and not expected to be misleading (Hasan et al., 2020). IIA 2017 asserted that independence and objectivity increases the rate of accuracy and reliability on financial statement and also users confidence on financial reports can be up graded.

Relevance: The usefulness of the information presented on the financial statement for decision making purposes is known as relevance. The content should be confirmatory and predictable in values, that is, the information should possess the quality about past events and possible insight about future events.

Faithfulness Representation: Faithful representation otherwise known as reliability means that the information presented should show the true picture of the firm's resources, transactions, liability etc. The financial statement should display content that are accurate, unbiased and free from error.

Comparability: Extent at which the accounting rules, standards and policies are used consistently within a particular time is comparability. It also enables different companies to compare their financial performance and take measures where there are lapses.

Verifiability: Verifiability helps to know if information disclosed in the financial statement can be reproduced when same assumptions and data are presented.

Timeliness: This implies that the information generated in the financial statement should be available when needed by users for prompt decision making. The timely the information, the more relevance the financial statement becomes to prospective users. According to Amah (2015) for financial report to remain relevant, it has to be available on time to users.

Understandability: This implies that the content disclosed in the financial statement can be comprehended by users of such financial statement. The report should not be ambiguous to an average users.

2.3. Ethical Values in Financial Reporting

Value of ethics and morals are often neglected, however, the importance cannot be denied because of the long run benefits that the management derives from it if the principles are given due consideration. Investors can be misguided through deliberate manipulation of financial records by some companies and managers. The idea of tampering the figures in financial statements has no base in the study of ethical accounting (Vladu & Cuzdriorean, 2013). Ethics is the Deoxyribonucleic Acid (DNA) of accounting profession, it means professional accountants are expected to lay emphasis on right action, having the interest of the public in mind in all that they do.

Accounting ethics presents the standards of behaviour that are required from accountants in profession. Luca Pacioli, known as the "Father of Accounting", presented ethics in his first book in 1494 and it has remained a major part of training in accounting profession today. Set of values such as integrity, objectivity, professional competence, confidentiality and professional behaviour are known as accounting ethics. For efficient and effective presentation of financial statements, every accountant is expected to uphold core accounting ethics. According to the contribution of past scholars, financial reporting quality can be affected in various forms as a result of ethical issues (Bahrum et al., 2024; Olubusola et al., 2024).

2. 4. Fundamental Principles of Ethics

A trained accountant is expected to adhere to the basic principles in accounting profession. According to International Federation of Accountants (IFAC), integrity, objectivity, professional competence, confidentiality and professional behaviour are the basic ethical codes to be globally recognized.

Ethical codes should be applied in public and business practices by professional accountants, (IFAC, 2005). Ethical environmental and procedures has the ability to curtail financial report manipulation. According to Etuh et al. (2025) ethics in accounting profession is not just merely a legal procedure but a moral duty to ensure credible financial report.

2.4.1 Integrity

Transparency, straightforwardness and honesty are qualities of integrity that should be found in all professional and business relationships as an accountant. Financial report integrity can be referred to a state in which financial reports are being prepared adhering to relevant accounting guidelines and regulations. According to Himawan (2019), integrity generates a condition where information provided in the financial statement are reliable and understandable to users for prompt decision making. Integrity of financial reports is the responsibility of every organization when presenting the financial statements, more importantly if the organization is publicly listed on the Stock Exchange (Asfeni et al., 2022). Honesty and fairness are qualities of integrity that should be exhibited in both professional and business relationships. It helps an accountant to disclose relevant information in course of preparing financial report.

2.4.2 Objectivity

An accountant should be guided when discharging his responsibility to prevent clash of interest, being biased or unwarranted influence of people in tampering with his professional judgments. The state of mind where a professional accountant does not allow his opinion to be influence by any third party to compromise professional judgement is in dependence, at this stage he acts with honesty, fairness and exercise objectivity and professional skepticism. Professional accountants are accountants who are intellectually honest and fair in their dealings and does not permit undue influence and bias to affect their actions (Emuze & Igbodo 2018).

2.4.3. Professional Competence

Qualified Accountants is expected to maintain professional skill and knowledge that is beneficial to a client through professional competence with due care. Setiyawati and Iskandar (2015), asserted that a competent management accountant has the ability to improve the quality of financial report of an organization. The technical and professional standards should be strictly adhered to on the course of rendering professional services. According to Nkuranga and Tarus (2023) listed various means of evaluating professional competence and due care viz; training of accountants, professional standards and regulations, professional knowledge and skills.

2.4.4. Confidentiality

Confidentiality in handling information received in course of professional or business connections is expected to be held in high esteem. Professional accountant should not disclosed information obtained to any third party except it is legally required. It is also not ideal for such information to be used for personal interest. Ogoun and Epibayerin (2020) asserted that confidentiality is demanded from a professional accountant in all social dealings.

2.4.5. Professional Behaviour

Accounting as a discipline, is highly esteemed and recognized generally, it is expected that the character and behaviour of the Professional Accountants to be standards (Kartika & Pramuka, 2019). The principles of Professionalism helps the professional accountants to understand their profession better and more also it reflects in their behaviours. Laws and regulations that are relevant to the profession should be complied with by the accountant while any actions that are capable of bringing discretion to the profession should be avoided.

Furthermore, Ikpefan and Ayeni (2018) in their study on the effect of ethics and professionalism in the Nigerian banking industry observed that ethics is focused on set of principles and values that helps people to make right decision among several alternatives. These principles are code of conduct that are established by accounting governing bodies. It is paramount to note that ethics is beyond a list or set of rules to be adhered to. Ethics is not just a list of rules that needs to be followed but it is inherent with the profession itself. Ethics in business enables people to understand the precepts about what is right or wrong within a business environment. Ethical values of a business helps to know the right application of financial statement. There is no immutable truths, rules and regulations in accounting as a social concept. The rules, regulations, and principles which are made in numerous ways are liable to different interpretation mostly by preparers and the users of financial reports. Because of uniformity, these differences in interpretation will lead to increase in different modalities for a particular condition. As a result of this, the Accountant's moral responsibility and professional duty is to ensure that ethics is being reflected in organizational mode of operation and the integrity of accounting profession is held in high esteem. Therefore, ethical behaviour of the accountant determines the degree of acceptable accounting principles to apply in preparation of financial report. Legal and professional steps has been enacted to control the use of unethical accounting. Rules, regulations, concepts and principles are very crucial for the purpose of uniformity and coherency from the perspective of accounting as a discipline. Some forms of legal and professional guidelines or rules are required in order to ensure compliance to the generally accepted doctrines or principles.

2.5 Impact of Ethical Values on Quality of Financial Report

Akpanuko and Umoren (2018) explained the effect of ethical accounting on financial reporting, laying emphasis on major financial distress of enterprises that employed the idea. Despite that unethical accounting may increase the financial position of the business, it is a tool for misleading the users of financial reporting, it motivates the management in reporting profits in accordance to their interest and desire of the enterprise. These includes shareholders, investors, and the public. Unethical accounting could be deceptive and lead to increase in unfair reporting of company's operations. Greed is one of the factors that could motivate unethical accounting practices which increases the rate of failures in business organizations. However, Akapanuko and Umoren (2018) noted that several regulations without adequate checks and balances motivates the indulgence of most managers in the act of unethical financial reports, it leads them to generate unscrupulous, unfair report. In addition, unethical accounting encourage and helps most unscrupulous accountant to generate information that goes in line with what they want to achieve. Financial pressure could be another main factor, managers who are desperate for quick result without considering ethical values easily use unethical accounting as an means to achieve their desired results. Therefore, element of fraud could be traced when the information presented are not fully disclosed in the financial reports. Marlina and Corina (2012) stated that management on the freedom of choice to interpret economic, legal and financial creativity for issues that cannot be handled yet by ordinances, resolved to the use of unethical accounting and the outcome is changing the contents of the financial information to suit their needs. Radu (2013), explained that in as much as there are differences between unethical accounting and deliberate manipulation of the financial statement, however, both cases happens in period when the economy is in a difficult condition and are based on the intention to deceive. As a result, though unethical accounting may not be illegal it reveals the state of financial pressure of the management, whereby the manager seeks immediate solution without considering the implication. Belo et al. (2019)

asserted that there is significant relationship between unethical accounting and the structure of the financial results of the company.

Maria and Hina (2016) opined that when accountants adopt unethical accounting in preparing financial reporting, they could be tempering with relevant figures in the financial statements. Where the asset worth of the company are overstated, or stock of inventory is increased and the expenses are reduced, in short run the business could be making profit but on the long run, it begins to experience losses like insolvency, fall in share price and bankruptcy as a result of creativity.

2.6 Empirical Review

According to Agbejule (2005), one of the ways managers of companies can present information to shareholders and other stakeholders about their stewardship is through financial report. Eginiwin and Dike (2014) noted that the extent to reliability on quality of financial report depends on the ethical values adopted. Research on effect of ethical accounting on financial report quality was conducted on few oil producing firm in Nigeria as sample. The questionnaires administered to twenty selected oil manufacturing companies were 133 while 118 questionnaires was completed, the techniques used in data analysis was multiple regression method. The research revealed some crucial variables such as competence and accountability independence, integrity, and Objectivity. Positive relationship between accounting ethics and quality of financial report was revealed. Babayanjua et al. (2015) investigated the contributions of accounting bodies such as Institute of Charted Accountants of Nigeria (ICAN) and Financial Reporting Council of Nigeria (FRCN), these regulatory bodies determines the effectiveness of ethics on financial reports. According to the research survey carried by Babayanjua et al. (2015), out on 120 respondents in which senior executives of four accounting organizations, the Institute of Chartered Accountants of Nigeria

(ICAN) and Financial Reporting Council of Nigeria (FRCN) were involved revealed that there is significant relationship between ethics and financial reporting quality. It was recommended in the study that one way to improve financial reporting quality is to create ethical values and its awareness through intensive training within the accounting profession which includes the students in institutions of higher education in Nigeria. In same vein, Enofe et al. (2015) through the medium of primary data, using questionnaires examined the role of ethics on financial reporting quality. Significant relationship between accounting ethics and financial report quality was shown on the result. It was recommended in the research investigation that people with good ethical standard should be given due consideration during employment. Using Korean firms as case, Choi and Pae (2011) investigated on the impact of Ethics on financial reporting qualities. They discovered that companies whose ethical value are high, secures more reliability in their cash flow forecast than those with low ethical standards. One of the main purposes of ethical code of conduct is to outline a vivid ethical standard for the operation of firm in such a way to convince stakeholders and other interested parties (Kenny & Samuel, 2025). Huang et al. (2020) carried out a research on the relationship between integrity and financial reporting quality in a Chinese commercial bank and found out that applying the principles of integrity in financial reporting will result to a positive relationship. On another hand, Tahir et al. (2019) conducted a research on impact of accounting integrity on financial reporting quality and found out that integrity has a negative impact on financial reporting quality. Mabil (2019) conducted an investigation on the impact of Objectivity on financial reporting quality using descriptive survey of 8 selected commercial banks in South Sudan. With 81 respondents to the questionnaires that were distributed, it was revealed that objectivity has a positive impact on quality of financial report. Contrarily, Barykin and Khramtsov (2018) in their study using commercial bank in Russia in their research discovered that objectivity has a negative impact on financial reporting quality.

Almilia and Syafrudin (2018) in their study using Indonesian commercial banks discovered that professional competence and due care of accountant has significant impact on the quality of financial reporting. However, Shaban et al. (2019) discovered in their research that accountants professional competence and due care has no significant relationship on financial reporting quality. Aifuwa et al. (2018) conducted a research and the result shows that confidentiality has a positive relationship on financial reporting quality.

In another point of view, Salaudeen et al. (2015) carried out an examination on unethical accounting practice and financial reporting quality in Nigeria. Employing explanatory methods of investigation in which the respondents were majorly accountants and auditors, the study showed that when the audit tenure is extended, this could weaken auditors' ability to welcome professional skepticism. The study recommend that the integrity and corporate experience should be guiding principles among directors of companies and members of audit committee. Ogbonna and Ebimobowei (2012), conducted a research on the effect of ethical accounting practices on the quality of financial reports of banks in Nigeria, using primary data with the aid of questionnaires being administered to respondents of twenty four banks in Nigeria. Significant relationship between ethics and quality of financial report was revealed using econometrics model method of data analysis. Furthermore, the investigation revealed that ethics in accounting are major significant tools used by accountants to produce qualitative financial reports and it is void of all forms of financial misrepresentation. It was also recommended that professional codes that are issued by relevant bodies should be strictly adhere to. The study also recommended that ethics department should be developed in banks in Nigeria to ensure that all transactions follows ethical codes to enable them minimize failure in banking organization. Mubaraq et al. (2019) conducted empirical research, the study found that professional behaviour has positive relationship with financial reporting quality.

2.7 Review of Theories

This thesis is underpinned by relevant theories such as agency, utilitarian, and stakeholder's theories.

2.7.1 Agency Theory

A relationship where owner of business is separated from the management is known as agency theory. The management is expected to render an impressive result to owners of business and other stakeholders through financial report. This system is not applicable in a sole proprietary business where there is direct control of the business by the owner. This theory is based on principal and agent relationship, where the owner of the business is known as principal and the manager of the firm known agent (Atu, et al., 2016). The separation of management from ownership in modern business gives place for application of theory. Management of modern businesses have successfully replaced ownership with shareholders. The shareholders are not committed in the daily affairs of the business. The management uses the asymmetry to tamper the quality of the financial report (Aslam & Baron, 2021).

Alchian and Demsetz (1972) initially propounded Agency theory and extended by Jensen and Meckling (1976). Cost is a major restraint on the self-interest character of the agent and not ethics. The agents are concerned in high benefit in order to impress the investors and this prompt them in giving exaggerated reports against the value of ethics.

2.7.2 Stakeholders Theory

Edward R. Freeman propounded Stakeholders Theory. Freeman (1984) asserted in his work that stakeholder's theory is the "systematic attention to stakeholder interests is critical to firm success". This theory stresses on the connection between a company and various parties viz; the investors, employees, customers, suppliers, community in which the business operates and other concerned entities who have stake in the organization. Stakeholder’s theory encourages equal opportunity for both the stakeholders and the shareholders. This theory is essential in combination of economy and ethics. The business may not thrive in an environment where it works for the financial interest of the shareholders alone. The organization has to receive feedback from customers, employees, suppliers, and creditors. The entire business will benefit from the system if management keep stakeholders in mind. Barde (2009) noted that the stakeholder’s theory considers an organization as an entity and should be responsible to all stakeholders including the general public when preparing the financial reporting. To ensure that this is done, the financial report should be ethically prepared to avoid all forms of misleading to all users of the information.

2.7.3 Utilitarian Theory

Utilitarian Theory is adapted from ethical theory which states that in order to get maximum satisfaction a good action should be employ (Miles, 1998). This theory was founded by Jeremy Benham (1747-1832) and John Stuart Mills (1806-1873) they explained that this theory views an act to be right if it has an intension to bring happiness and wrong if there is an intention to bring sadness. Utilitarian theory is a theory that determines right from wrong by focusing on results of the choices and actions. It promotes actions that generates happiness and does not support whatever that gives sadness. However, the major weakness of utilitarian is that it does not consider the good virtues of an action of people. Since the study is on the effect of ethics on financial report quality, utilitarian theory is applicable as a result of unethical accounting practices. It speaks of the consequences of the actions of those who implore unethical accounting in financial accounting presentation.

2.8 Summary of Some Selected Empirical Studies

Table 2.8.1 Some Selected Empirical Studies

Name of Author	Year	Population/ Sample	Objectives	Data Collection	Research Design	Data Analysis	Results
Choi and Pae	2011	Korean firms as case	Impact of Ethics on financial reporting qualities	Primary data	Survey	Regression analysis	Companies whose ethical value are high, secures more reliability in their cash flow forecast than those with low ethical standards
Ogbonna and Ebimobo wei	2012	Respondents of twenty four banks in Nigeria	Effect of ethical accounting practices on the quality of financial reports of banks in Nigeria	Primary source of data collection	Survey	Econometric models	investigation revealed that ethics in accounting are major significant tools used by accountants to produce qualitative financial reports and it is void of all forms of misrepresentation.
Eginiwin and Dike	2014	118 selected oil manufacturin	Impact of accounting ethics on	Primary data	Research survey	Multiple Regression	There is positive relationship between accounting ethics

		g companies	quality of financial reporting				and financial reporting quality
Babayanjua et al	2015	120 senior executives of four accounting organizations, Institute of Chartered Accountants of Nigeria (ICAN) and Financial Reporting Council of Nigeria (FRCN)	Determine the effectiveness of ethics on financial reports.	Primary data	Survey	Qualitative	There is positive relationship between ethics and financial reporting quality
Enofe et al	2015	140 practicing accountants in Nigeria manufacturing firms	Examined the role of ethics on financial reporting quality.	Primary data	Survey	Quantitative	Significant relationship exists between accounting ethics and quality of financial report.
Salaudeen et al.	2015	Accountants and auditors	Examination on unethical	Explanatory methods	Survey	Quantitative	when the audit tenure is extended, this could weaken

			accounting practice and financial reporting quality in Nigeria.				auditors' ability to welcome professional skepticism
Aifuwa et al.	2018	54 respondents	Examine the relationship between confidentiality and financial reporting quality	Primary data	Survey	Quantitative	Confidentiality has a positive relationship on quality of financial report
Almilia and Syafrudin	2018	Indonesian banking industry	Investigate the relationship between professional competence and financial reporting	Primary data	Survey	Regression	Professional competence has positive relationship on financial report quality
Barykin	2018	commercial	Impact of	Primary	Survey	Regression	There is negative

and Khramtsov		bank in Russia	Objectivity on financial reporting quality	data			relationship between objectivity quality of financial report
Mabil	2019	81 respondents of 8 selected banks	Impact of Objectivity on financial reporting quality	Primary data	Descriptive Survey	Quantitative	There is positive relationship between objectivity and quality of financial report
Mubaraq et al.	2019	215 practicing accountants of manufacturing firms in Nigeria	Relationship between professional behaviour with financial reporting quality	Primary data	Survey	Multiple Regression	Professional behaviour has positive impact on quality of financial reports
Shaban et al	2019	120 respondents	Examine the relationship accountants professional competence on financial reporting quality	Primary data	Survey	Descriptive and inferential statistics, including regression analysis	There is no significant relationship between accountants professional competence and quality of financial reports

Huang et al.	2020	Chinese commercial bank	The relationship between integrity and financial reporting quality	Primary data	Survey	Quantitative	There is positive relationship between integrity and financial reporting quality

Source: Researcher's Compilation (2025)

2.9 Research Gap

This study focused on examining ethical accounting and financial reporting quality of commercial banks in Nigeria. Prior studies Huang et al. (2020), Tahir et al. (2019) , Mabil (2019), Barykin and Khramtsov (2018), Nkuranga and Tarus (2023), Shaban et al. (2019), on this topic provided some understanding on ethical principles of accounting and their impact on financial reporting quality focusing on integrity, objectivity and professional competence with little emphasis on confidentiality and professional behaviour.

This study extends it frontier to include confidentiality and professional behaviour and their impacts on quality of financial report. It was discovered by the researcher that though confidentiality as one of the ethical principles of accounting is essential, however, excessive restrictions may hinder transparency in financial disclosure.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

Techniques and procedures of data collection and analysis in carrying out the research work are discussed in this section. It also focused on the research design applied, population and sample size used, sources of data collected, theoretical framework adopted, model specification employed, preliminary and descriptive statistics used, method of analyzing the data and the operationalization of variables in achieving the objectives of the study.

3.2 Research Design

Cross sectional research design was applied in this study. This design is suitable as a result of observations of the same variables within a short time. One of the advantages of this design is that the dependent and independent variables used in measuring ethics and financial reporting may not be easily influenced to suit the researchers' interest because the variables cannot be manipulated by the researcher.

3.3 Population and Sampling Technique

This research objective was to ascertain whether ethical accounting practices affect financial report quality in commercial banks. The research included the nine (9) commercial banks listed on the Nigeria Exchange as at 2023 which formed the total population and convenient sample size of 102 respondents.

3.4 Sources of Data Collection

Primary data was used in this research, it was directly sourced by the researcher. The data was generated using well-constructed questionnaires. Self-administered questionnaires was distributed to the respondents as a research instrument and the necessary information was extracted.

3.5 Construction and Administration of the Research Instrument

Yomere and Agbonifoh (1999), noted that requesting for information from respondents on subject matter through a document containing set of questions for research investigation is questionnaire. The research instrument is the questionnaire which were administered to 102 respondents using delivery and collection approach. Being a quantitative research design using the survey strategy, the questionnaire is considered appropriate. The content of the questionnaire is patterned after the Likert-style rating. Rating questions are used to collect the opinion of the respondents on ethical accounting and quality financial report of commercial banks. Respondents are required to rate the magnitude to which they agree or disagree with the dynamics of ethical accounting and financial reporting quality statements as specified on five-point rating scale. The questionnaire was self-developed and it was divided into two sections which include: the covering letter, explaining the importance of this research. Section A to C respectively. Section A contained questions on the respondent's demographics and personal data such as age, gender, marriage, educational qualification, work experience, tribe and religion. Section B was designed to provide information about financial reporting quality while section C was to get the respondents information on ethical accounting practices.

The questionnaires are coded on a scale of 1 – 5. Scale 5 represents strongly agree, scale 4 represents agreed, scale 3 represents not sure, while scale 2 and 1 represents disagreed and strongly disagree respectively. The administration of questionnaire was facilitated by the help of some staff within the commercial banks visited in person.

3.6 Validity and Reliability of Research Instrument

Validity and reliability of research instruments was ascertain by pilot test. The degree to which the set of questions in the questionnaire measures the intended variables was tested through validity test, reliability test measures degree of dependency on the questionnaire. Pilot test was administered to respondents across population. The questionnaire collated passed through Cronbach's Alpha test. To justify the reliability of the questionnaire, the reliability coefficient values was used. The benchmark is achieved when Cronbach' s $\alpha > 0.7$

3.7 Theoretical Framework and Model Specification

3.7. 1. Theoretical Framework

In line with utilitarianism theory which states that good behaviour will not have a negative effect on others rather it has tendency to foster happiness and productivity. This theory proves relevant in ethical accounting practices which was a major factor in this study, it also possess the ability to predict the outcome of ethical accounting practices on financial statements. IFAC code of conducts promotes financial reporting quality and harmonizes financial accounting practices and standards over the globe.

Some researchers, Beest et al. (2009); Ogbonna and Ebimobowei (2012); Eginiwin and Dike (2014); Enofe et al. (2015) in their studies asserted that integrity has positive relationship on the quality of financial reporting. Therefore, the relationship between integrity and financial reporting quality can be seen as;

$FRQ = f(INT)$…………………….…………… …(1)

The principle of objectivity according to Ogbonna and Ebimobowei (2012); Eginiwin and Dike (2014) could improve the quality of financial reporting since it provides reasonable proofs that the transaction is legal, as such the relationship between objectivity and quality of financial reporting can be expressed as;

FRQ = f(OBJ)……………………..………(2)

Professional competence can also improve financial reporting qualities if followed strictly. IFAC (2005) codes noted that professional accountants has the responsibility to exhibit professional skill and knowledge ensuring that their clients gets competent services in line with current legislation. Therefore the relationship can be expressed as;

FRQ = f(PCD)……………………..………(3)

According to IFAC (2025) professional accountants are advised not to treat confidential information acquired through professional and business affairs as personal. On the other hand, some researchers such as Ogbonna and Ebimobowei (2012); Enofe, et al. (2015) argued that the effect of this principle on the quality of financial report is minimal. This relationship can be expressed as;

FRQ = f(COF)……………………..………(4)

The qualities of financial report can be improved if professional accountants strictly adhere to professional behaviours. These professional behaviours as specified in IFAC (2005) are relevant regulations and statues and it also specified that contrary behaviours which discredits the Accounting profession should be avoided. Confidence and trust can be built on the public through the behaviour of professional accountants. This relationship can be shown as; FRQ = f(PRB)……………………..………(5)

Flowing from the above function, equation 1 to 5 represents a functional relationship of a model for the study. The model is expressed below;

Financial Reporting Quality = f (Ethical Accounting Practices)---------------------(6)

FRQ = *f* (Integrity, Objectivity, Professional Competence and Due Care,

Confidentiality, Professional Behaviour) ----------------------------(7)

3.7. 2. Model Specification

This research modifies the model employed by Aifuwa et. al., (2018) in examining how accounting ethics can help improve ethical accounting and financial reporting qualities in commercial banks. Aifuwa specified his model thus;

$FRQ = \beta0 + \beta1ING + \beta2OBJ + \beta3PCD + \beta4COF + \beta5PRB + \varepsilon.1$

From the theoretical work above, putting equation one to five, the composite functional relationship between the dependent and explanatory variables is expressed using the regression model as follows;

$FRQ_1 = \beta0 + \beta_1 1Gi + \beta_2 OB_i + \beta_3 PC_i + \beta_4 CF_i + \beta_5 PB_i + \varepsilon$ --------------------- (8)

Where;

FRQ = Financial Reporting Quality (relevance, understandability, comparability, timeliness, and faithful representation)

IG = Integrity

OB = Objectivity,

PC = Professional Competence

CF = Confidentiality

PB=Professional Behaviour,

$\beta0$ = Slope

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Coefficients ε = Error term

β1, β2, β3, β5≥ 0, β4,< = 0 (a priori Expectation)

Table 3.1: Measurement of Variables

S/N	Variables	Code	Status	Measurement	Source	Apriori sign
1	Financial Reporting Quality	FRQ	Dependent	Variable was captured using statement number FRQ 1 – FRQ21 on the questionnaire	Eginiwin and Dike (2014)	+/-
2	Integrity	IG	Independent	Captured on statement number IG1- IG6 on the questionnaire	Huang et al. (2020)	-
3	Objectivity	OB	Independent	Captured on statement number OB1- OB4 on the questionnaire	Mabil (2019)	-
4	Professional competence and due care	PC	Independent	Captured on statement number PC1- PC8 on the questionnaire	Almilia and Syafrudin (2018)	-
5	Confidentiality	CF	Independent	Captured on statement number CF1 – CF4 on the questionnaire	Aifuwa et al. (2018)	-
6	Professional behaviour	PB	Independent	Captured on statement number PB1-PB4 on the questionnaire	Mubaraq et al. (2019)	-

Source: Researcher's Compilation (2025)

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The survey aimed to assess ethical accounting and financial reporting quality of Commercial Banks. Questionnaires were distributed to 102 respondents. The variables contain in the research are Financial reporting quality (dependent variable) and integrity, objectivity, professional competence, confidentiality and professional behaviour (independent variables).

This chapter presents demographic data, diagnostics tests such as serial correlation (Breusch-Godfrey Serial Correlation LM Test), Linearity (bivariate analysis), Constant residual error test (Breusch-Pagan-Godfrey Heteroskedasticity test), and Multicollinearity (variance inflation factor test) were carried out determine the relationship between the variables, discussion of findings, below are the following outcome of the analysis.

4.2 Demographic Data

The sample for this analysis comprised 102 respondents. Proportion of each gender category in relative to the total sample size of 102 is represented by percentage. The tables below shows an overview of the variables used and number of respondents.

Gender Categories

In Table 4.1, there are 44 male respondents, which accounts for 43.1% and 53 number of female respondents accounts for 52.0% of the entire sample size. This distribution suggests a slight female predominance in the sample. There are some respondents that were not classified as either male or female, 3 of them (4.9% of the total) fell into this category.

Table 4.1 Gender Distribution

	Frequency	**Percent**
Male	44	43.1
Female	53	52.0
Not classified as male or female	3	4.9
Total	**102**	**100.0**

Source: Field Survey 2025

Marital Status Categories

In Table 4.2, there are 53 single respondents, which accounts for 52.0% while 43 married respondents accounts for 42.2% of the entire sample size. This distribution suggests that more than half of the respondents are single, while a significant portion is married. The category that were not identified as single or married includes 6 respondents (5.9% of the total). This could represent individuals who are divorced, widowed, in a domestic partnership, or other statuses not specified.

Table 4.2 Marital Status

	Frequency	**Percent**
Single	53	52.0
Married	43	42.2
Not classified as single or married	6	5.9
Total	**102**	**100.0**

Source: Field Survey 2025

Educational Qualification Categories

In Table 4.3, there are 8 respondents with a diploma or NCE (National Certificate in Education), accounting for 7.8% of the total sample. First degree or HND (Higher National Diploma) has the highest group of 57 respondents which represents 55.9%, Masters Degree holders has 16 respondents which represents 15.7% of the entire sample size while only small number of 2% with Ph.D represents the total sample size.

The sample shows a significant majority of respondents with a first degree or HND (55.9%), the next in rank is master's degree (15.7%) and a small number with a Ph.D. (2.0%). A notable portion of respondents (18.6%) does not fit into the specified educational qualifications. It indicates that the sample comprised of persons with at least first degree holders, which suggests relatively high level of educational attainment. Group that identified as non-specific qualifications includes 19 respondents (18.6% of the total) who do not fall into the specified educational qualifications (diploma/NCE, first degree/HND, master's degree, or Ph.D).

Table 4.3 Educational Qualification

	Frequency	**Percent**
Diploma/NCE	8	7.8
First Degree/HND	57	55.9
Master’s Degree	16	15.7
Ph.D	2	2.0
Non specified qualifications	19	18.6
Total	**102**	**100.0**

Source: Field Survey 2025

Work Experience Categories

In Table 4.4, respondents with 1-5 years of work experience has the highest number, accounting for 47.1% of the entire sample size. Respondents with 6-10 years work experience represents 16.7% of the entire sample size, which were 17 in number, 11-15 years work experience represents 5.9% of the entire sample size were 6 in number while 17 respondents with more than 16 years of work experience, also representing 16.7% of the total sample.

The sample shows a significant majority of respondents with relatively low work experience, specifically 1 to 5 years (47.1%). This is followed by those with 6 to 10 years (16.7%) and those with more than 16 years (16.7%). A smaller percentage with 11 to 15 years work experience (5.9%). Additionally, 13.7% of respondents do not fit into the specified work experience categories. This distribution indicates that the sample comprised of persons who are beginners in their careers, with a notable portion having less than 5 years work experience. The category of non-specified work experience includes 14 individuals (13.7% of the total) who do not fall into the specified work experience categories. This could represent individuals who are unemployed, students, or those without formal experience in a work sector.

Table 4.4 Work Experience

Age	**Frequency**	**Percent**
1-5years	48	47.1
6-10years	17	16.7
11-15years	6	5.9
16years and above	17	16.7

Non specified work experience	14	13.7
Total	102	100.0

Source: Field Survey 2025

Tribe Categories

In Table 4.5, respondents identified as Yoruba tribe was 23 in number accounting for 22.5% of the entire sample size, while 24.5% of entire sample size were Igbo respondents which represents 25 in number. The largest group consists of 40 respondents who identify as belonging to "Others," making up 39.2% of the total sample. This category likely includes various other tribes or ethnic groups not specifically listed.

The sample shows a diverse tribal representation, with the largest group identifying as "Others" (39.2), followed by Igbo (24.5%) and Yoruba (22.5%). A notable portion of respondents (13.7%) do not fit into the specified tribal categories. This distribution suggests that while there is representation from the Yoruba and Igbo tribes, a significant number of respondents identify with other tribes or ethnic groups, indicating a diverse cultural background within the sample. The category non specified tribe includes 14 respondents (13.7% of the total) who do not fall into the specified tribal categories. This could represent individuals who identified with a tribe not listed or those who prefer not to disclose their tribal affiliate.

Table 4.5 Tribe

	Frequency	Percent
Yoruba	23	22.5
Igbo	25	24.5
Others	40	39.2

Non specified tribe	14	13.7
Total	102	100.0

Source: Field Survey 2025

Religion Categories

In Table 4.6, Christians are the largest group, they consists of 76 respondents, accounting for 74.5% of the total sample size. Muslim respondents were 7 in number, which represents 6.9% of the entire sample size and 1 respondent (1.0%) who identifies with a religion categorized as "Others," which likely includes various other religions or belief systems not specifically listed.

The sample shows a significant majority of respondents identifying as Christians (74.5%), followed by a small percentage identifying as Muslims (6.9%) and a very small number identifying with other religions (1.0%). A notable portion of respondents (16.7%) do not fit into the specified religious categories. This distribution suggests that Christianity is the predominant religion among the respondents, with Islam being a minor representation and a small fraction identifying with other belief systems. The category non specified religion includes 17 respondents (16.7% of the total) who do not fall into the specified religious categories. This could represent individuals who identify with a religion not listed, are agnostic, atheist, or prefer not to disclose their religious affiliation.

Table 4.6 Religion

	Frequency	Percent
Christianity	76	74.5
Islam	7	6.9

Others	1	1.0
Non specified religion	17	16.7
Total	**102**	**100.0**

Source: Field Survey 2025

Table 4.7 Descriptive Statistics

	FRQ	IG	OB	PC	CF	PB
Mean	3.478214	3.186275	2.909314	3.536765	2.919118	2.774510
Median	3.722222	3.400000	3.250000	4.000000	3.000000	3.000000
Maximum	6.888889	5.000000	5.000000	5.000000	4.500000	4.500000
Minimum	0.944444	0.000000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	0.979410	1.131812	1.096681	1.172286	0.986394	0.940369
Skewness	-0.540579	-0.933605	-0.881073	-1.101196	-1.109543	-0.878774
Kurtosis	4.124321	3.735950	3.288267	3.945448	3.989493	3.729909
Jarque-Bera	10.34025	17.11939	13.55008	24.41371	25.08960	15.39241
Probability	0.005684	0.000192	0.001142	0.000005	0.000004	0.000455
Sum	354.7778	325.0000	296.7500	360.7500	297.7500	283.0000
Sum Sq. Dev.	96.88368	129.3808	121.4737	138.7996	98.27022	89.31373
Observations	102	102	102	102	102	102

Note: FRQ= Financial Reporting Quality, IG= Integrity, OB= Objectivity, PC= Professional competence, CF= Confidentiality, PB= Professional behaviour

The descriptive results in Table 4.7 revealed that, financial reporting quality (FRQ) showed an average of 3.478214 within the period under review with a standard deviation of 0.979410. Integrity averages 3.186275 with standard deviation of 1.131812. Objectivity averages 2.909314 with standard deviation of 1.096681. Professional competence averages 3.536765 with standard deviation 1.172286. Confidentiality averages 2.919118 with standard deviation of 0.986394. Professional behaviour averages 2.774510 with standard deviation of 0.940369. The residual clustered around the mean indicates a low standard deviation shows a good fit of the model.

The Skewness measure the asymmetry of the distribution of the values in a dataset. From the result above its indicated that the distribution is negatively skewed since the values are lesser than zero.

The Kurtosis measure the presence of outliers, from the result above the distribution for each variable except OB is leptokurtic(more outliers) because the values are greater than 3 while OB is mesokurtic (normal) because the value is approximately equal to 3

Table 4.8 Correlation Analysis

Correlation Probability	FRQ	IG	OB	PC	CF
FRQ	1.000000 -----				
IG	0.542087 0.0000	1.000000 -----			
OB	0.560052 0.0000	0.618778 0.0000	1.000000 -----		
PC	0.682555 0.0000	0.506326 0.0000	0.514275 0.0000	1.000000 -----	
CF	0.313159 0.0014	0.401629 0.0000	0.408455 0.0000	0.489583 0.0000	1.000000 -----
PB	0.366390 0.0002	0.363587 0.0002	0.392802 0.0000	0.571742 0.0000	0.543867 0.0000

Note: significance at 1% 5% and 10 %

The relationship between dependent and independent variables were investigated by using correlation analysis. All the variables employed in this study are being emphaised in their relationship using correlation matrix. There is positive and strong relationship between quality of financial report and integrity since the correlation between FRQ and IG is 0.542087. The probability value 0.0000 indicates that it is statistically significant. There is positive and strong correlation between financial reporting quality and objectivity since the correlation between FRQ and OB is 0.560062. The probability value 0.0000 indicates that it is statistically. There is positive but strong correlation between financial reporting quality and professional competence since the correlation between FRQ and PC is 0.682555. The value of probability is 0.0000 which means that it is statistically significant.

There is positive but weak correlation between financial reporting quality and confidentiality since the correlation between FRQ and CF is 0.313159. The value probability 0.0014 shows that it is significant statistically.

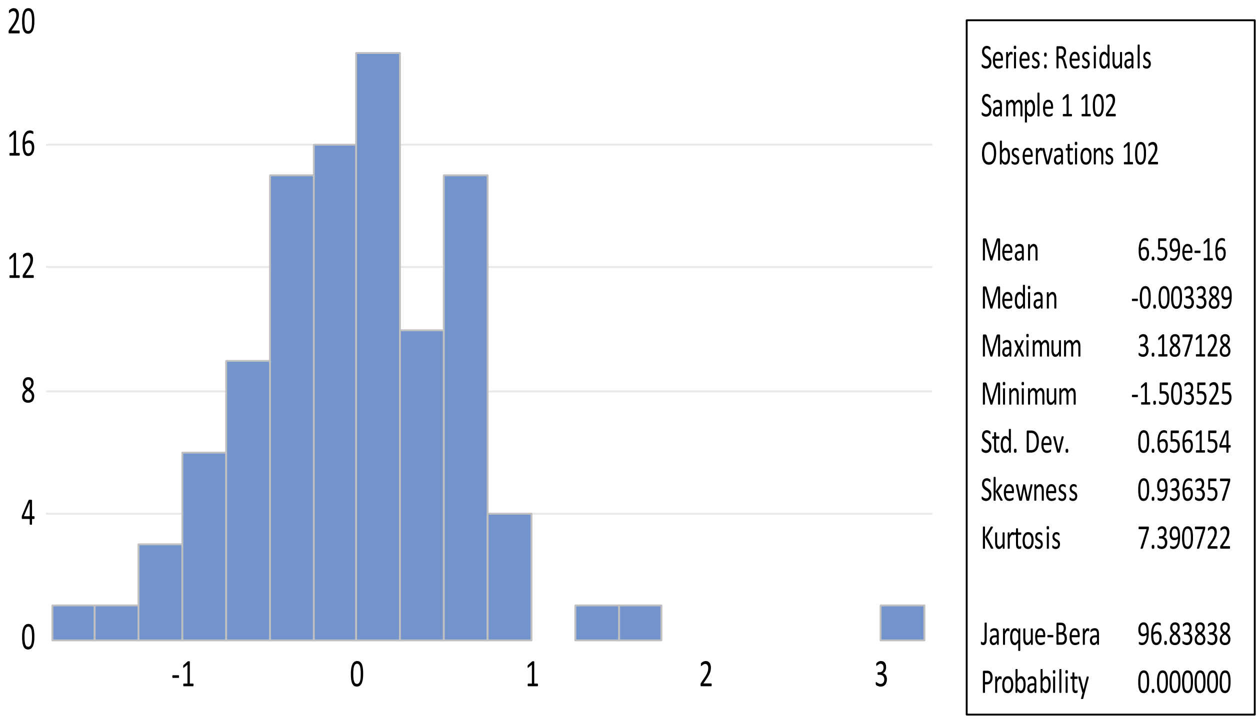
There is positive but weak correlation between financial reporting quality and professional behaviour since the FRQ and PB is 0.366. The probability value 0.0002 indicates that it is statistically significant.

Table 4.9 Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.068700	15.47009	NA
IG	0.006243	16.05626	1.783274
OB	0.006763	14.70442	1.813745
PC	0.006151	19.21002	1.884758
CF	0.007323	15.64115	1.588795
PB	0.008764	16.92024	1.728084

The variance Inflation Factor (VIF) of Table 4.9 is use to test for multicollinearity. From Table 4.9, there was no collinearity among the variables as the centered VIF values are all less than 10.

Figure 1 Histogram



The model is not normally distributed when tested with Jarque Bera statistic for normality, the value of probability is 0.000 which is less than 0.05

Table 4.10

Autocorrelation Test

F-statistic	1.572789	Prob. F(2,94)	0.2129
Obs*R-squared	3.302765	Prob. Chi-Square(2)	0.1918

The presence of autocorrelation was tested with Breusch-Godfrey Serial Correlation LM Test, Observed R-squared and the probability F-value of this test are greater than 0.05 which signifies an absence of serial correlation in the model.

Table 4. 11 Heteroskedasticity Test

F-statistic	1.268936	Prob. F(5,96)	0.2837
Obs*R-squared	6.323312	Prob. Chi-Square(5)	0.2760
Scaled explained SS	17.89809	Prob. Chi-Square(5)	0.0031

The presence of heteroskedasticity was with Breusch-Pagan-Godfrey test, the result showed that the probability F-value is greater than 0.05 which signifies an absence of heteroskedasticity in the model.

Table 4.12 Linearity Test

	Value	df	Probability
t-statistic	1.717586	95	0.0891
F-statistic	2.950101	(1, 95)	0.0891
Likelihood ratio	3.119291	1	0.0774

Linearity is tested with Ramsey RESET Test, the result shows the value of probability greater than 0.05 which means that the model are well specified.

Table 4.13 Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.188871	0.262106	4.535840	0.0000
IG	0.156820	0.079014	1.984713	0.0500
OB	0.198692	0.082239	2.416034	0.0176
PC	0.460474	0.078427	5.871382	0.0000
CF	-0.091444	0.085576	-1.068568	0.2879
PB	-0.054078	0.093617	-0.577652	0.5649

R-squared	0.551169	Mean dependent var	3.478214
Adjusted R-squared	0.527793	S.D. dependent var	0.979410
S.E. of regression	0.673025	Akaike info criterion	2.102952
Sum squared resid	43.48435	Schwarz criterion	2.257363
Log likelihood	-101.2506	Hannan-Quinn criter.	2.165478
F-statistic	23.57784	Durbin-Watson stat	1.628784
Prob(F-statistic)	0.000000		

Noted: FRQ= Financial Reporting Quality, IG= Integrity, OB= Objectivity, PC= Professional competence, CF= Confidentiality, PB= Professional behaviour.

The IG coefficient value, which was found in table 4.13 above shows a positive association between FRQ and IG, the result from the analysis reveals 0.157. It means that one unit increase in integrity, will lead to 0.157 increase in quality of financial report. The coefficient value of OB which is 0.199 shows there is positive relationship between OB and FRQ. It means one unit increase in OB will lead to 0.199 increase in FRQ.

The PC coefficient value is 0.460, it shows there is positive relationship between PC and FRQ. It means one unit increase in PC will lead to 0.460 increase in FRQ. The CF coefficient value is 0.091, it shows negative association between CF and FRQ. It means one unit increase in CF will lead to 0.091 decrease in FRQ. The PB coefficient value is 0.054, it shows that PB has a negative impact on FRQ. It implies that a one unit increase in PB will lead to 0.054 decreases in FRQ. The t-value calculated as 1.985 for the relationship between IG and FRQ with an associated p-value of 0.050. Integrity (IG) has significant impact on the financial reporting quality (FRQ) since the p-value is 0.05 at 5% level of significance. The t-value calculated as 2.416 for the relationship between OB and FRQ with an associated p-value of 0.017. Objectivity (OB) has significant impact on financial reporting quality (FRQ) since the p-value is less than 0.05 at 5% level of significance. The t-value calculated as 5.87 for the relationship between PC and FRQ with associated p-value of 0.000. Professional competence (PC) has significant impact on financial reporting quality (FRQ) since p-value is less than 0.05 at 5% level of significance. The t-value calculated as -1.068 for the relationship between CF and FRQ with associated p-value of 0.288. Confidentiality (CF) has no significant impact on financial reporting quality (FRQ) since p-value is greater than 0.05 at 5% level of significance. The t-value calculated as -0.578 for the relationship between PB and FRQ with associated p-value of 0.565. PB has an insignificant impact on FRQ since the p-value is greater than 0.05 at 5% level of significance.

Captured by the error term is 44.9 percent while about 55.1 percent of the R-squared (R2) value shows changes in FRQ as explained by the independent variables. It reveals that the model has a good fit. The overall regression model is significant for data as confirmed in the result and captured by the F-statistic value of 23.578 with associate probability value of 0.000 at 5% level of significance. Thus, there is no evidence of autocorrelation as indicated by DW statistic of 1.629 as shown in the fitted regression line result.

4.3 Test of Hypotheses

The model of the study being accepted, the significance of the impact of the independent variables was tested using p-value. The guiding rule is that where probability value (p-value) is greater than 5% ($p>0.05$), null hypotheses is accepted. But where p-value is less than 5%, null hypotheses is rejected while the alternative hypotheses is accepted. The results of this study was interpreted from the result of the ordered regression.

1. There is no relationship between integrity and financial reporting quality. From the Table 4.13, the coefficient for integrity is 0.157 and the p-value is 0.05, since the p-value is less than the significance level (0.05). The null hypothesis is rejected implying that there is significant relationship between integrity and financial reporting quality.
2. Objectivity do not have relationship with financial reporting quality. The coefficient for Objectivity is 0.199 while the associated p-value is 0.018. This indicates that objectivity has a significant relationship with financial reporting quality, the null hypotheses is rejected since the p-value is less than 5% (0.05) level of significance.
3. Professional competence do not have relationship with financial reporting quality. From Table 4.13, the coefficient for professional competence is 0.460 and the associate p-value is 0.000. Since the p- value is less than the significance level of 5% (0.05), the null

hypotheses is rejected. Professional competence has significant relationship with financial reporting quality.

4. Confidentiality has no relationship with financial reporting quality. Table 4.13 shows the coefficient for confidentiality as -0.091 and the associate p-value is 0.288. Since the p-value is greater than the significance level of 5% (0.05), the null hypothesis is accepted. Confidentiality has no significant relationship with financial reporting quality.

5. Professional behaviour has no relationship with financial reporting quality. Table 4.13 reveals the coefficient for professional behaviour as -0.054 and the associate p-value as 0.54. Since the p- value is greater than the significance level of 5% (0.05), the null hypothesis is accepted. It indicates that there is no significant relationship between professional behaviour and financial reporting quality.

4.4 Discussion of Findings

In line with the Researcher's objectives, this section discusses the findings. The impact of ethical principles on financial reporting quality (FRQ), with emphasis on integrity (IG), objectivity (OB), professional competence (PC), confidentiality (CF), and professional behaviour (PB). The findings gives valuable understanding on the relationship between these variables and FRQ.

Objective One: The coefficient of integrity (IG) was found to be 0.157, indicating a positive association with FRQ. The corresponding t-value of 1.985 and p-value of 0.050 suggest that IG has significant effect at the 5% level statistically. This finding underscores the crucial role of integrity in enhancing reliable and trustworthy financial reports, aligning with prior studies that highlight integrity as a cornerstone of ethical financial management. Integrity has significant relationship with quality of financial report. This finding is in line with Huang et al. (2020) which states that there is a positive relationship between integrity and financial reporting quality. However, Tahir et al. (2019) findings does not support this findings because it reveals that integrity has a negative impact on financial reporting quality.

Objective Two: Objectivity (OB) exhibited a coefficient of 0.199, signifying a positive influence on FRQ. The p-value 0.017 and t-value 2.416 confirm its significance statistically, suggesting that maintaining impartiality in financial reporting enhances transparency and credibility. This reinforces the argument that objectivity is essential in preventing bias and manipulation in financial statements. Objectivity has significant relationship with financial reporting quality. This findings collaborate with the finding of Mabil (2019) which reveals that objectivity has positive impact on financial reporting quality. However, it contradicts the finding of Barykin and Khramtsov (2018) which states that objectivity has negative impact on financial reporting quality.

Objective Three: Professional competence (PC) demonstrated the strongest positive relationship with FRQ, with coefficient of 0.460. The corresponding t-value -0.577 and p-value 0.000 indicates statistical significance at 5% level. This suggests that financial professionals who exercise due diligence and professional competence contribute significantly to high quality financial reporting. The result is in consistent with existing literature, emphasizing that adherence to competence minimizes errors and enhances compliance with reporting standards. Professional competence has relationship with quality of financial report. This finding supports the finding of Almilia and Syafrudin (2018) which states that professional competence and due care has significant relationship with financial reporting quality. This finding contradicts the finding of Shaban et al. (2019) which states that there is no significant relationship between professional competence and due care with financial reporting quality.

Objective Four: Conversely, there is negative association between confidentiality (CF) and quality of financial report, with a coefficient of -0.091. However, the t-value of -1.068 and p-value of 0.288 indicate that this relationship is insignificant statistically. This suggests that while confidentiality is vital for protecting sensitive financial information, excessive secrecy may hinder transparency and accountability, ultimately affecting financial reporting quality. This finding does not support Aifuwa et al. (2018) findings which says that confidentiality has a positive relationship on financial reporting quality.

Objective Five: With coefficient -0.054 professional behaviour (PB) exhibited negative relationship with financial reporting quality (FRQ). The t-value -0.578 and p-value 0.565 indicates that this effect is statistically not significant. This finding implies that while professional behaviour is crucial in ethical financial practice, its direct impact on financial reporting quality may be limited, potentially due to varying interpretations and enforcement of ethical conduct in different organizational. Professional behaviour has no significant relationship with financial reporting quality. This finding is contrary to the finding of Mubaraq et al. (2019) which states that professional behaviour has positive relationship with financial reporting quality.

The R-squared model with 0.551 value suggests that 55.1% variations in FRQ can be explained by the independent variables, while 44.9% is attributed to other factors not captured in the model. It indicates reasonably good model fit. The overall statistical significance of the regression model at 5% level is confirmed with F- statistic value 23.578 and associated p-value 0.000, reinforcing the reliability of the results. Furthermore, the Durbin-Watson (DW) statistic of 1.629 suggests there is no evidence of autocorrelation, indicating the robustness of the model.

In summary, the findings highlight the significant role of ethical principles particularly integrity, objectivity and professional competence in enhancing financial reporting quality. While confidentiality and professional behaviour showed negative associations with FRQ, their effects were not statistically significant. These results emphasize the need for organizations to strengthen ethical governance and ensure that financial professionals adhere to high ethical standards to improving the credibility of financial reporting.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, summary of key findings, conclusion, recommendations and contribution to knowledge based on the study's objectives were discussed. It provides a concise overview of the effect of ethical principles such as integrity, objectivity, and professional competence, confidentiality, and professional behaviour on financial reporting quality. The chapter also discusses the implications of the results and suggests practical recommendations for organizations, regulatory bodies, and financial professionals. Additionally, recommendations for further research are outlined to provide direction for future studies in this area.

5.2. Summary of Findings

The findings are;

1. The relationship between integrity and quality of financial report was found to be positive.

2. Objectivity was found to have positive relationship with quality of financial report.

3 .Professional competence was found to have positive relationship with financial reporting quality.

4. Confidentiality was found to have a negative relationship with financial reporting quality.

5. Professional Behaviour was found to have negative relationship with quality of financial report.

5. 3 Conclusion

The research concludes that integrity, objectivity, and professional competence positively influence financial reporting quality, with integrity and objectivity showing statistical significance at the 5% level. This underscores the critical role of ethical principles in enhancing transparency and accuracy in financial reporting. Conversely, confidentiality and professional behaviour were found to have negative impact on financial reporting quality, though their effects were not statistically significant. This suggests that while these factors may pose challenges, their influence is not strong enough to be conclusive. Overall, the findings emphasize the relevance of standard of ethics and professional diligence in ensuring high-quality financial reporting.

5.4 Recommendations

1. Organizations should reinforce integrity, objectivity, and professional due care through continuous ethical training and stringent compliance measures to enhance financial reporting quality. Regulatory bodies should ensure strict enforcement of professional ethics and accountability frameworks to maintain accuracy and transparency in quality of financial report.

2. While confidentiality is necessary, excessive restrictions may hinder transparency. Companies should balance confidentiality with the need for accurate and verifiable financial disclosures.

3. Efforts should be made to align professional behaviour with financial reporting standards, ensuring that ethical dilemmas do not compromise reporting quality.

4. Regulatory bodies should regularly monitor and review ethical compliance among financial professionals to guarantee that reporting practices are in line with industry standards and best practices.

5.5 Contributions to Knowledge

1. This study contributed in making empirical and theoretical contribution to the study of ethical accounting principles and their relationship with quality of financial report of commercial banks in Nigeria.

2. Taking into consideration the various constructs documented in this study, this study have contributed to literature in several ways and this include ethical accounting literature within the context of commercial banks in Nigeria establishing significant influence on quality of financial report.

3. This study produced result that contributes to knowledge in numerous ways and this include exposing the importance of integrity, objectivity, professional competence, confidentiality and professional behaviour (Ethical Accounting) as an important requirement in financial report presentation.

5.6 Recommendation for Further Studies

1**.** Similar studies may be done on Ethical Accounting and Financial Reporting Quality, the sample size could be increased to achieve a more robust outcome

2. Research is a continuous exercise, it is hereby recommended that further research be carried out in this thesis as important facts could be determined by it’s researcher in view of

limited circle while sourcing for such sensitive information that is often regarded as exclusively confidential.

3. Lastly, this study focused on Nigeria commercial banking sector. Further studies could be done in other financial institutions because of the importance of ethical values in accounting.

5.7 Limitation to the Study

The research was based on ethical accounting and financial reporting quality of commercial banks in Nigeria. The target respondents were commercial banks, due to confidentiality of information in banking industry, many were reluctant to fill the questionnaire. However, the researcher was able to persuade the respondents that the information provided was strictly for academic purposes and would be treated with utmost confidentiality. As a result, only 102 respondents filled the form.

Time is another major constraint as it limits the researches' ability to source adequate materials needed for the study. Accuracy of the study is limited to the honesty of the respondents.

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APPENDIX 1

QUESTIONNAIRE

Department of Accounting,

Faculty of Management Sciences,

University of Benin,

Benin City.

Dear Respondent,

You have been carefully selected as a sample respondent to contribute your opinion to the subject matter; "Ethical Perspectives of Ethical Accounting and the Financial Reporting Quality of Commercial Banks in Nigeria". I'm a M.sc Accounting student in the school of Postgraduate, Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City. This questionnaire is for the purpose of generating responses which be used as data for the study.

It is important to clarify that findings of this research may be published in any local or international journal articles. Please be assured that utmost confidentiality will be taken into account in treatment of your contribution.

Yours Faithfully,

Patience OKOIRHON

SECTION A

Instruction: please, answer the following information with respect to the company you work for:

Kindly Tick<×>

Gender: Male ( ) Female ( )

Marital Status: Married ( ) Single ( ) Separate ( ) Divorced ( )

Education Qualification: PhD ( ) Master's Degree ( ) First Degree/HND ( ) Diploma/NCE

Position held in office:

Work Experience: 1 to 5 years ( ) 6 to 10 years ( ) 11 to 15 years ( ) 16 to above ( )

Tribe: Hausa ( ) Yoruba ( ) Ibo ( ) Others ( )

Religion: Christian ( ) Islam ( ) Others ( )

SECTION B: Financial Reporting Quality

The lists below are statement that may affect your assessment on financial reporting quality in Commercial Banks in Nigeria. Kindly indicate the extent you agree or disagree with the statements using the questionnaire guide;

Questionnaire guide: Strongly Disagree (SD), Disagree (D), Not Sure (NS), Agree (A), Strongly Agree (SA).

S\N	Statements	SD 5	D 4	NS 3	A 2	SA 1
FRQ 1	The information in annual reports are very useful.					
2	The annual reports disclose information in term of business opportunities and risk					
3	The firms in Nigeria uses fair value measurement basis					
4	The annual report provides feedback information on how various market events					
Relevance						
5	The information in annual reports are very useful.					
6	The annual reports disclose information in term of business opportunities and risk					
7	The firms in Nigeria uses fair value measurement basis					
8	The annual report provides feedback information on how various market events					
Understandability						
9	The annual report is well organized					
10	The notes to the balance sheet and the income statement are clear					
11	Graphs and tables clarify the information presented					
12	The use of language and technical jargon is easy to follow					

	in the annual reports					
Comparability						
13	The notes to changes in accounting policies explain the implications of the change					
14	The notes to revisions in accounting estimates and judgments explain the implications of the revisions					
15	The result of current accounting period are compared with results in previous accounting period					
16	Information in the annual reports is comparable to information provided by other organizations					
Timeliness						
17	The annual reports are published in time					
	Previous reports are easily retrieved when needed					
Faithful representation						
18	The annual report explains the assumptions and estimate made clearly					
19	The annual reports explains the choice of accounting principles clearly					
20	The reports includes an unqualified auditor's reports					
21	The annual reports extensively discloses information on corporate governance issues					

SECTION C : Ethical Accounting Practices

Below are lists of statements that may affect your assessment on ethical accounting practices. Questionnaire guide: Strongly Disagree ((SD), Disagree (D), Not Sure (NS), Agree (A), Strongly Agree (SA).

S\N	Statements	SD 5	D 4	NS 3	A 2	SA 1
Integrity						
IG 1	Integrity is an ethical standard that helps boost the quality of financial statement.					
2	The integrity of the Financial reports can be compromised when the Accountants is involved in illegal dealings with insiders.					
3	Integrity is not essential in the presentation of financial statement.					
4	Acceptance of gift items by professional accountants affects the integrity of financial report					
5	The integrity of the financial report can be threatened if the ethical core values is disrupted.					
Objectivity						
OB 1	Professional Accountants are unbiased in the presentation of financial statement.					
2	The Accountants Objectivity in preparation of financial statements is often affected when the ethical values in an organization is not recognized.					

3	Ethical guidelines have been duly observed in the presentation of financial reports in the organization.					
4	Objectivity is irrelevant in the preparation of financial reports.					
Professional Competence and due care						
PC 1	Professional competence and due are duly observed in the preparation of financial reports.					
2	Faithful disclosures of items in financial reports is an evidence of professional competence and due care.					
3	Private interest of the Professional Accountants can hinder disclosure of significant items in the financial report.					
4	Compliance with the ethical standards is often reflected in the quality disclosure in the financial reports					
Professional Competence and due care						
5	Professional competence and due are duly observed in the preparation of financial reports.					
6	Faithful disclosures of items in financial reports is an evidence of professional competence and due care.					
7	Private interest of the Professional Accountants can hinder disclosure of significant items in the financial report.					
8	Compliance with the ethical standards is often reflected in the quality disclosure in the financial reports					
Confidentiality						
CF	Accountants should not use information acquired in					

1	professional and business relationships for private purposes.					
2	Business issues should be handled confidentially.					
3	Confidentiality is not observed by Professional Accountants.					
4	There is high level of mismanagement of information by Professional Accountants					
Professional Behaviour						
PB 1	Professional rules and standards are strictly observed by Professional Accountants.					
2	The area and locality in which the Accountants resides affects the professional behaviour.					
3	The value system of professional behaviour affects the quality of financial reports.					
4	Government laws and regulations guiding the accounting profession are often neglected by Professional Accountants.					

APPENDIX II

Statistics						
	Gender Distribution	**Marital Status**	**Educational Qualification**	**Work Experience**	**Tribe**	**Religion**
Respondents	102	102	102	102	102	102

Gender distribution		
	Frequency	**Percent**
Male	44	43.1
Female	53	52.0
Not classified as male or female	3	4.9
Total	**102**	**100.0**

Marital status		
	Frequency	**Percent**
Single	53	52.0
Married	43	42.2
Not classified as single or married	6	5.9
Total	**102**	**100.0**

Educational Qualification		
	Frequency	**Percent**
Diploma/NCE	8	7.8

First Degree/HND	57	55.9
Master	16	15.7
's Degree		
Ph.D	2	2.0
Non specified qualifications	19	18.6
Total	**102**	**100.0**
Age	**Frequency**	**Percent**
1-5years	48	47.1
6-10years	17	16.7
11-15years	6	5.9
16years and above	17	16.7
Non specified work experience	14	13.7
Total	102	100.0

Tribe		
	Frequency	Percent
Yoruba	23	22.5
Igbo	25	24.5
Others	40	39.2
Non specified tribe	14	13.7
Total	102	100.0

Religion

	Frequency	Percent
Christianity	76	74.5
Islam	7	6.9
Others	1	1.0
Non specified religion	17	16.7
Total	**102**	**100.0**

	FRQ	IG	OB	PC	CF	PB
Mean	3.478214	3.186275	2.909314	3.536765	2.919118	2.774510
Median	3.722222	3.400000	3.250000	4.000000	3.000000	3.000000
Maximum	6.888889	5.000000	5.000000	5.000000	4.500000	4.500000
Minimum	0.944444	0.000000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	0.979410	1.131812	1.096681	1.172286	0.986394	0.940369
Skewness	-0.540579	-0.933605	-0.881073	-1.101196	-1.109543	-0.878774
Kurtosis	4.124321	3.735950	3.288267	3.945448	3.989493	3.729909
Jarque-Bera	10.34025	17.11939	13.55008	24.41371	25.08960	15.39241
Probability	0.005684	0.000192	0.001142	0.000005	0.000004	0.000455
Sum	354.7778	325.0000	296.7500	360.7500	297.7500	283.0000
Sum Sq. Dev.	96.88368	129.3808	121.4737	138.7996	98.27022	89.31373
Observations	102	102	102	102	102	102

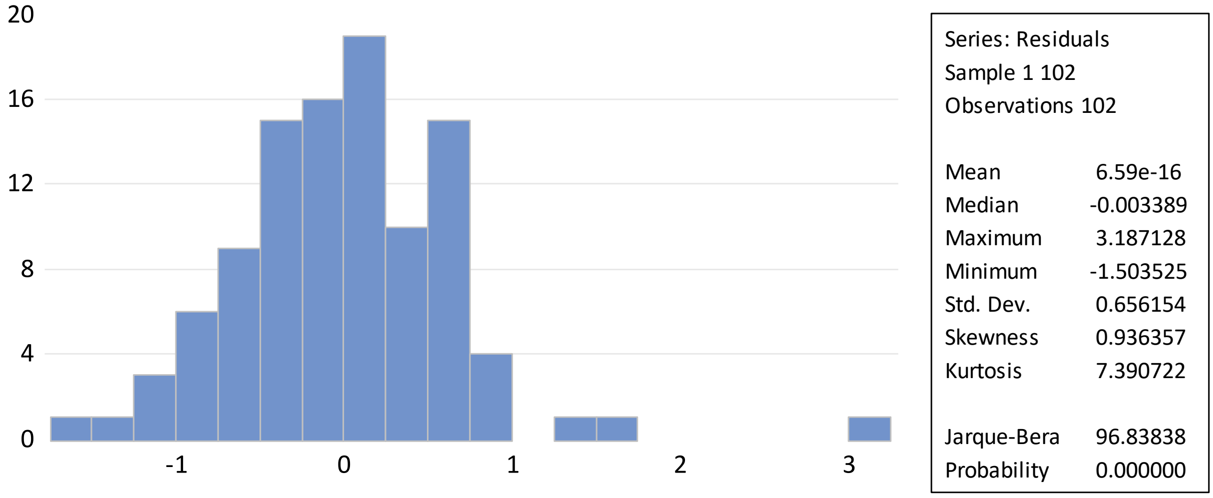
Correlation Probability	FRQ	IG	OB	PC	CF
FRQ	1.000000				

IG	0.542087	1.000000			
	0.0000	-----			
OB	0.560052	0.618778	1.000000		
	0.0000	0.0000	-----		
PC	0.682555	0.506326	0.514275	1.000000	
	0.0000	0.0000	0.0000	-----	
CF	0.313159	0.401629	0.408455	0.489583	1.000000
	0.0014	0.0000	0.0000	0.0000	-----
PB	0.366390	0.363587	0.392802	0.571742	0.543867
	0.0002	0.0002	0.0000	0.0000	0.0000

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.188871	0.262106	4.535840	0.0000
IG	0.156820	0.079014	1.984713	0.0500
OB	0.198692	0.082239	2.416034	0.0176
PC	0.460474	0.078427	5.871382	0.0000
CF	-0.091444	0.085576	-1.068568	0.2879
PB	-0.054078	0.093617	-0.577652	0.5649

R-squared	0.551169	Mean dependent var	3.478214
Adjusted R-squared	0.527793	S.D. dependent var	0.979410
S.E. of regression	0.673025	Akaike info criterion	2.102952
Sum squared resid	43.48435	Schwarz criterion	2.257363
Log likelihood	-101.2506	Hannan-Quinn criter.	2.165478
F-statistic	23.57784	Durbin-Watson stat	1.628784
Prob(F-statistic)	0.000000		

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.068700	15.47009	NA
IG	0.006243	16.05626	1.783274
OB	0.006763	14.70442	1.813745
PC	0.006151	19.21002	1.884758
CF	0.007323	15.64115	1.588795
PB	0.008764	16.92024	1.728084



F-statistic	1.572789	Prob. F(2,94)	0.2129
Obs*R-squared	3.302765	Prob. Chi-Square(2)	0.1918

F-statistic	1.268936	Prob. F(5,96)	0.2837
Obs*R-squared	6.323312	Prob. Chi-Square(5)	0.2760
Scaled explained SS	17.89809	Prob. Chi-Square(5)	0.0031

	Value	df	Probability
t-statistic	1.717586	95	0.0891
F-statistic	2.950101	(1, 95)	0.0891
Likelihood ratio	3.119291	1	0.0774