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Article

Ethical accounting practices and financial reporting quality : evidence from listed firms in Nigeria

Accounting and taxation review

Provided in Cooperation with:

University of Benin, Benin City, Nigeria

Reference: Mubaraq, S./Abdulrasaq, M. et. al. (2019). Ethical accounting practices and financial reporting quality : evidence from listed firms in Nigeria. In: Accounting and taxation review 3 (2), S. 97 - 110.

This Version is available at:

<http://hdl.handle.net/11159/4433>

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ISSN: 2635-2966 (Print), ISSN: 2635-2958 (Online).

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Original Research Article

Ethical Accounting Practices and Financial Reporting Quality: Evidence from Listed Firms in Nigeria

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Received: 16/04/2019

Accepted: 23/07/2019

Abstract

Incessant widespread of corporate financial scandals have been matters of concern among corporate stakeholders. This has been largely attributed to unethical Accounting practices across the globe in the last decade. This study examines the effect of ethical Accounting practices and financial reporting quality of listed manufacturing companies in Nigeria. Primary data were collected through self-administered questionnaires, the population of the study is two hundred and fifteen (215) practicing accountant of those listed manufacturing firms in Nigeria of which they have at least minimum of five (5) engagement partners in each firm from the totality of forty three (43) manufacturing companies, sample size is one hundred and forty (140), random sampling technique was employed and statistically analyzed using Multiple regression analysis Results of the study show that: integrity of accountants has positive significant relationship with financial reporting quality of the listed manufacturing firms in Nigeria; objectivity of accountants has positive significant relationship with financial reporting quality of the listed manufacturing firms in Nigeria; professional behaviour was statistically significant and positively related with financial reporting quality of the listed manufacturing firms in Nigeria. The study concluded that, ethical Accounting practices affect financial reporting quality of the listed manufacturing firms in Nigeria. The study therefore recommended that professional Accountants should design more strategy that would encourage their members to continue abide by the ethical standards; and that the professional value system must be devoid of familiarity threat addressed to ethical standards.

Keywords: Integrity, Objectivity, Confidentiality, Professional Behaviour, Financial Reporting Quality

JEL Classification Codes: M410, M490

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Citation: Mubaraq S., Abdulrasaq M., & Saidu M. (2019). Ethical Accounting Practices and Financial Reporting Quality: Evidence from Listed Firms in Nigeria. *Accounting and Taxation Review*, 3(2): 97-110

1. INTRODUCTION

Incessant unethical accounting practices and compliance have been a major concern across the globe in the last decade. In recent years, widespread moral lapses and corporate financial scandals have brought the issue to the forefront. The global debacles on the accounting profession have impeded the confidence of users of accounting information. The fall of the so-called too-big-to-fail firms, evidenced by the collapse of notable firms in the world such as Enron, WorldCom in USA in 2001, Parmalat, Lehman Brothers, One Tel's in Australia, Barclay Bank in UK, Polly Peck, Tyco, Cadbury and MTN in Nigeria to mention a few, together with their respective external auditors have raised doubts on the integrity of the profession (Cortese, 2009; Monem, 2011).

The huge and embarrassing corporate failure and high profile frauds in the last two decades have called to question the integrity of the accounting profession both within and outside the country, leading to increased demands for ethics within the auditing profession. Ever since then, researchers have delved into knowing the main reason for the failures of these big firms, and have attributed it to low ethical standard. (Ogbonna & Ebimobowei, 2012; Enofe, Edemenya & Osunbor, 2015; Aifuwa, Embele, & Saidu, 2018).

In developed economies, the issue of ethical practices in workplace is a must comply rule for all as to effectively discharge their duty. As an Accountant, one has to be ethically sound. Cowton (2009) recounted that ethics should be, an everyday feature of professional's life, and not just to prevent major wrongdoings but also promoting ethical behaviour of professional bodies. That is having integrity, objectivity and confidentiality principle at the finger-tips,

these distinctive qualities might be reasons why the citizens in developed countries have huge respect for workers' organizations and the government.

In developing climes, ethical compliance is still in process, which means ethical compliance has not achieved success. This could be attributed to culture, or sentiments, even after the Committee of the International Accounting Standards Board (IASB) mandated all countries to establish standards that would lead to the increase in the degree of relevance, faithful representation, comparability, timeliness, verifiability and understandability in the financial statements. This will eventually fashion high quality standards in order to produce quality financial statements (Kythreotic, 2014). Just like ethical compliance situation, the board is still trying to cope with regulatory frameworks put on the ground to ensure high quality financial reporting.

In Nigeria, ethical compliance is still a huge issue, as professionals tend to derive personal benefits, and the process of doing this. Codes of ethics are breached and professionals tend to be too sentimental.

Therefore, this study investigates the effect of ethical accounting practices and financial reporting quality of listed firms in Nigeria.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Conceptual Review

Immediately after the International Federation of Accountants (IFAC) was formed, the body rolled out a twelve-point (12) agenda which would guide the activities of her members. The code of ethics was one of the agenda which her members should subscribe to. This code of ethics was for both practicing Accountants

in private and public sectors of the economy, which can also be applied to the quasi or hybrid sector of the economy (Dakwanbo & Izedonmi, 2018).

The phrase “Ethical Accounting Practices” is a mix of two words - Ethics and Accounting practices. Ethics have been defined by various authors from various disciplines. Oseni (2011) noted that ethics is a philosophical term derived from the Greek word "ethos" meaning character or custom. This definition is germane to effective leadership in organizations in that it connotes an organization's code conveying moral integrity and consistent values in service to the public. Fleet (1991) defined, ethics as those standards or morals a person sets for himself or herself regarding what is good and or right and wrong.

Offiah (2000) postulates that ethics is a system that relates to morality in which people and corporate entities conform to acceptable good behaviour. Unethical behaviour can simply mean unacceptable behaviour. Ethics is the personal criteria by which an individual distinguishes right or wrong (Ogbonna & Ebimobewe, 2011).

Therefore, ethical Accounting practices can be defined as fundamental principles which a professional Accountant is required to comply with in carrying out his professional duties. IFAC (2006), Oseni (2011), and Aifuwa, Embele, and Saidu, (2018) highlighted these fundamental principles as integrity, objectivity, confidentiality, professional behavior and professional due care and competence. These fundamental principles will increase investors' confidence on the professions' end product-the financial statements or reports. However, Bonu and Kitindi (2015) opined that ethics in Public Accounting has increasingly become an issue in the Accounting profession viewing the various corporate scandals.

Oseni (2011) identified the following as unethical behaviours by professional Accountants in reporting financial information: monetary gratification, sexual harassment, sales of employment to employees, poor storage of financial records, and inadequate employment of qualified accounting staff to handle financial records.

Oseni (2011) also gave multiple reasons why Accountants will succumb to behaving unethically. The first major reason is for self-interest—greed, an Accountant may embezzle funds from his or her employer for financial gain. Another reason could be the pressure from his or her client to report false information or may be a Chief Financial Officer is experiencing demand for improvements from the board of directors, the company's president, owners, or stockholders; or he or she may be in fear of losing his job.

The financial statement of any firm is expected to have the required qualitative attributes as stated by international financial reporting standards which include relevance, reliability, comparability and timeliness. The financial statement should always depict the detailed information about the economic performance of firms (in terms of income statement), the statement of financial position, statement of cash flows and statement of changes in equity (IAS 1). This is to ensure that the information provided is of high quality.

Verdi (2006) defines financial reporting quality as the exact manner in which it shows information as regards a business activity as it relates to its anticipated cash flows, with the aim of informing the shareholders about a company's operation. Financial reporting quality is the degree of which financial statement provides us with information that is fair and authentic about the financial position and performance of an enterprise (Tang, Chen & Zhijun, 2008). It could be deduced from the definitions above

that for a financial statement to be regarded as possessing high quality attribute, it must have present authentic/ genuine information about the economic performance, financial position and the activities of the business in relation to its cash flows generation with the main purpose of informing the shareholders and other stakeholders that have relationship/ interest in the financial reporting of the organisation.

Martínez-Ferrero, Garcia-Sanchez, and Cuadrado-Ballesteros (2013) also defined financial reporting quality as the faithfulness of information conveyed in financial reporting process and this definition mainly focused on the financial aspect of an organization. Financial statements of firms at the end of a financial year should have some element of truth in it. Therefore, it is imperative that the financial reports of firms should have high quality so as to increase the confidence of the users.

Beest, Braam, and Boelens (2009) assert that financial reporting quality could be assessed directly which it could be measured using accruals model, value relevance models, using specific elements in the annual reports and operationalizing the qualitative characteristics. Barth, Landsman, and, Lang, (2008); Schipper and Vincent (2013); Cohen, Hoitash, Krishnamoorthy, & Wright (2014) reiterated that it could be indirectly measured using earnings management, financial restatements and timeliness.

The method of operationalizing the qualitative characteristics of financial reports could also be called the International Accounting Standard Board (IASB) qualitative model. Kythreotic (2014) observed that the qualitative characteristics are divided into fundamental characteristics and enhancing characteristics.

The fundamental characteristics are designed to separate the information or non-useful and/or misleading information

(Kythreotic, 2014). The enhancing characteristics as defined by IASB (2008), cannot alone determine the quality of financial reports, so the fundamental characteristics is key to determining the quality of financial reports. The enhancing characteristics are relevance, comparability, timeliness, understandability, faithful representation and verifiability.

Financial statement is relevant when the information in the financial report can assist users in evaluating, correcting and confirming past and current events as well as influencing their economic decisions (Beestet *al.*, 2009). Relevance characteristics means that the financial statement can and influence decisions of users. More so, the information in the financial report must possess the attribute of reliability in order to make it useful for decision making. Information is said to be reliable when the information is free from material misstatement and biasedness and its neutral, verifiable and faithful representation of the entity (Cheng, Evans & Wright, 2010). Another attribute of financial report is faithful representations. This means that the financial report should reflect and represent the real economic position of the financial information reported, that is the information must show high level of objectivity and balance. Faithful representation feature asserts that financial statements should present faithfully and economic event devoid of manipulations.

Furthermore, another critical attribute that is required of a financial report is comparability. According to Beestet *al.*, (2009), comparability requires that the same or identical situations in two events should be reflected by identical accounting fact and figures while different events should be reflected by different facts and figures in such a way that the information quantitatively reflects the differences in a comparable and easily interpretable manner. Comparability is therefore the concept of

following users to compare financial statement in order to (assess the economic performance, financial position and cash flows of the firm) allow users to compare financial report across time and among other companies in the same period.

Timeliness enhances the quality of financial reporting as it shows that the information provided must be available to decision makers before it loses its good and powerful influences. It is evaluated as the differences between the year- end and the issuing date of the auditor`s report (Beestet *al.*, 2009). When this is released on time, it should be understandable. For a financial report to be understandable, it must be able to pass across effective information because the better understanding of the information from users, the higher the quality it will possess (Cheng *et al.*, 2010)

This study presents utilitarian theory as a theoretical framework. This is an ethical theory which states that the best action is the one which maximizes satisfaction (Bentham & Mill,1984). The theory was propounded by Jeremy Bentham and John Stuart Mill 1984. Jeremy Bentham was the founder of this ethical theory, which describes satisfaction as sum of all pleasure that results from an action excluding the suffering or pain of anyone involved in such action. This theory is in agreement with the conformity of rules by the agents in an organization that maximizes satisfaction in work place. Utilitarian theory suggests that action or practice is right when compared with any alternative action or practice, if it leads to the greatest possible balance of beneficial consequences or to the least possible balance of bad consequences. The concepts of duty, obligation, and right are subordinated to, and determined by, that which maximizes benefits and minimizes harmful outcomes (Mill, 1998). The principle of utility is an absolute principle which makes beneficence the one and only supreme principle of ethics (Githui, 2012).

The theory of utilitarianism states that morally appropriate behaviours will not harm others but instead increase happiness or utility. It further states that an action is right if it tends to promote happiness and wrong if it tends to promote the reverse of happiness and not just the happiness of the performer of the action but also that of everyone affected by it.

Saidu, (2017) asserts that the theory of utilitarianism has received considerable attention in the behavioral literatures, especially in the area of Ethical Accounting Practice on financial reporting quality in Nigeria which is the key purpose of this study and secondary objectives are to explore the applicability of the theory of utilitarianism in predicting effect of Ethical Accounting Practices which can be seen in two perspectives:

Justification of doing good which intended to reward whoever does good by way of motivation in order to encourage others to emulate such actions that will be good for the greatest number of people. Motivation can be through bonus and incentives so employees are expected to be perceived in ethical manner in order to increase an organisational productivity.

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

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

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

Mahdi and Mohsen (2011) carried out a study on the impact of professional ethics on financial reporting quality in Iran. The statistical population in this study includes 440 listed companies in Tehran Stock Exchange (TSE) in 2010. Using Krejcie and Morgan's table for determining sample size, 205 companies were selected as the statistical sample and a 24-item questionnaire was designed to study professional ethics and qualitative characteristics of financial reporting based on code of ethics of International Federation of Accountants (IFAC) and qualitative characteristics of financial reporting of International Accounting Standards Board (IASB), then the questionnaires were distributed among the financial managers of companies. The study adopted Spearman's correlation coefficient. The findings showed that professional ethics (integrity, objectivity and professional behaviour) has a significant impact on the quality of financial reporting.

Ogbonna and Ebimobowei (2012) examined the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria. The primary source was a well-structured questionnaire of four sections of sixty seven questions administered to a sample of eight banks systematically collected from the twenty four banks in Nigeria. The data generated from the questionnaires was analysed using econometric models such as diagnostic test, Augmented Dickey-Fuller, ordinary least square and Granger Causality. The study

revealed that ethical accounting standards (Integrity, objectivity and professional behaviour) is significantly related to the quality of financial reports of banks in Nigeria, while confidentiality has insignificant and positive related to the quality of financial reporting, and concluded that ethical accounting standards are fundamentally necessary for accountants to produce quality financial reports free from material misstatements.

Masoud and Mahbude (2013) investigated the impact of professional ethics on financial reporting quality in Iran. The study employed 55 item questionnaires and worked with a sample of 418 in Iranian companies. The study found that professional ethics (integrity, objectivity) has a significant impact on the quality of financial reporting; also that developing professional ethics in accounting will help promote financial reporting quality. The integrity and objectivity of accountants serve as an obligation to shareholders, creditors, employees, suppliers, the government, the accounting profession and the public at large. The study also indicated that obligations go beyond their immediate client and decisions made on information provided by accountants can materially affect the lives of any or all of these stakeholders. Therefore, behaving ethically is an essential and expected trait. The study concluded that expectations of society is very much from the Professionals and people need to have confidence in the accounting profession by providing quality of complex services and this information provided by accountants should be significantly efficient, reliable, realistic and are unbiased. Lack of professional ethics accompanied with qualitative characteristics of financial reporting can make an unrealistic picture of financial reporting. The study suggests that combination of professional ethics and qualitative characteristics of financial reporting must be used and developing professional ethics in

the accounting profession will lead to promoting the quality of financial reporting.

Enofe *et al.*, (2015) investigated the effect of ethics on financial reporting quality. Primary data was used for the study. The data were sourced from questionnaires, administered to respondents. The analysis of the data showed that accounting ethics (integrity, objectivity and professional behaviour) had a significant relationship with financial reporting quality, while confidentiality has insignificant and positive relationship with financial reporting quality. The study recommended that the employment processes of companies should be improved upon so as to ensure that men and women with high level of ethical standing would be employed. Ethics and compliance department should be put in place by firms to direct and monitor ethics implementation in their day-to-day operations. Also, Accountants as custodians of good financial reports should adhere to the codes of professional practice issued by the Institute of Chartered Accountants of Nigeria (ICAN) in carrying out their everyday responsibility.

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

between professional ethics (confidentiality) of financial managers and financial performance of listed companies in Tehran Stock Exchange.

Marjan, Mateja, Anton and Slavka (2017) investigated the accountants' ethical perceptions from several perspectives: evidence from Slovenia. The study adopted survey design of which a questionnaire was distributed to accounting professionals and the analysis is made on a large sample of 451 accountants. The probit regression analysis was used. The results show that integrity of accountants on quality reports has statistical and positive significance. This implies that ethical perceptions proxy by integrity, objectivity, confidentiality and professional behaviour among internal accountants and those working in companies operating as providers of external Accounting services in companies are not specifically regulated by the profession and also more lenient to ethically-sensitive scenarios. Moreover, the study also analyses that ethical perceptions differ between accountants having a professional certificate and those that do not. The study believes those that have a certificate are harsher towards ethically-sensitive scenarios.

Paul (2017) examined the ethics in the accounting profession to uphold transparency and provide accurate financial reporting in the United States of America. The study adopted a qualitative descriptive research design. A survey method was used to collect primary data. A descriptive survey was ideal for this study due to its ability to consolidate qualitative and quantitative data. The research sample was picked using the simple random sampling method. Samples of 500 people were selected. The chosen respondents were contacted and questionnaires were presented to them to ensure 100% response rate. Given that the study focused on the views of financial professionals such as Accountants, Financial Managers, Auditors, Financial

Consultants, and other professionals who were directly engaged in the accounting role on a frequent basis, participants were randomly chosen from this group only. The Chi-Square statistic technique was used. The findings indicate that the Accountant's role is dependent on the accounting profession ethics. Accountants therefore, who are responsible for producing accurate, concise, and timely financial reports, must uphold the highest standards of ethical responsibility. However, ethical behaviour among accounting professionals is not always assured.

Aifuwa *et al.*, (2018) investigated the effect of ethical accounting practices on financial reporting quality. Primary data was used for the study. The data were sourced from questionnaires administered to respondents. The analysis of the data showed that accounting ethics (integrity, objectivity and professional behaviour) had a significant relationship with financial reporting quality, while confidentiality and technical competence has insignificant relationship with financial reporting quality. The study recommends that accountants should uphold high ethical standards and that further work should be done on this subject area taking into account religiosity.

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

on integrity, objectivity and professional behaviour has positive and significant effect on financial reporting quality.

Against the background of the above the study tested the following hypotheses stated in null form: Ho₁: Integrity of Accountants has no significant effect on financial reporting quality of the listed

Manufacturing companies in Nigeria. Ho₂: There is no significant relationship between objectivity of Accountants and financial reporting quality of the listed manufacturing companies in Nigeria.

Ho₃: There is no significant relationship between confidentiality of Accountants and financial

reporting quality of the listed manufacturing companies in Nigeria. Ho₄: Professional behaviour has no significant effect on financial reporting quality of the listed manufacturing companies in Nigeria.

3. METHODOLOGY

For this study, survey research design was used. Self-administered questionnaire is used to collect data from literate respondents of the practicing accountant of those listed manufacturing firms in Nigeria of which they have at least minimum of five (5) engagement partners in each firm from the totality of forty three (43) manufacturing companies. A total number of 215 practicing accountant serves as population for this study. Out of this population, 140 practicing accountants were selected as determined by Taro Yamane's (1967) size formula. This number was selected using random sampling technique in order to ensure that all respondents have equal chance of been selected. Descriptive statistics of the variables as well as multiple regression analysis was carried out to assess the relative predictive power of the independent variable integrity, objectivity, confidentiality and professional behavior on

the dependent variable that is financial reporting quality.

The model for this study was adopted from (Ogbonna & Ebimobowei, 2012; Aifuwa *et al.*, 2018), but was however modified in order to provide an insight about the direct association between the six IFAC's code of ethics for professional Accountants'- Integrity (INT), Objectivity (OBJ), Confidentiality (COF) and Professional behaviour (PRB) as a function of financial reporting quality. The functional form of the model is presented thus:

$$FRQ_{IASB-I} = F(INT, OBJ, COF, PRB) \dots \dots \dots (i)$$

Where integrity (INT), objectivity (OBJ), confidentiality (COF) and professional behaviour (PRB) are used as function of financial reporting quality measured by IASB (FRQ). This can be further expressed in an econometric model as follows:

$$FRQ_{IASB-I} = \beta_0 + \beta_1 INT_i + \beta_2 OBJ_i + \beta_3 COF_i + \beta_4 PRB_i + \varepsilon_i \dots \dots \dots (ii)$$

Where:

FRQ_{IASB} = Financial Reporting Quality as measured using IASB qualitative model;

β_0 = Constant;

INT = Integrity;

OBJ = Objectivity;

COF = Confidentiality;

PRB = Professional Behaviour

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficient of explanatory variables

ε = Standard error

i = Crossectional (Individuals)

4. RESULTS AND DISCUSSION OF FINDINGS

Results of the Preliminary and Basic Analysis

The final questionnaires sent to a random sample of 140 practicing accountants, 131 copies were returned which represent 94% response rate. All questionnaire successfully retrieved was valid and free from outliers.

The reliability of the instrument used in the study was established using the Cronbach's Alpha test for internal consistency scale. As seen in Table 1, the result yielded a Cronbach Alpha statistic of .708 for the 46 items included as recommended by George and Mallery (2003) and Pallant (2008) that a Cronbach Alpha statistic of .700 is acceptable, leaning on this fact, which implies that the research instrument has a high level of internal consistency.

Table 1 Reliability Statistics for each variable

Variables	No. of Items	Cronbach's Alpha
Relevance	4	.766
Understandability	4	.708
Comparability	4	.789
Timeliness	2	.783
Faithful representation	4	.712
Integrity	10	.719
Objectivity	10	.708
Confidentiality	4	.701
Professional behaviour	4	.741

Table 2 Reliability Statistics for all variables

Variables	No. of Items	Cronbach's Alpha
Financial Reporting Quality	18	.717
Ethical Accounting Practices	28	.702
All Variables	46	.708

A multi-collinearity test was performed in regards to four independent variables. A tolerance of 0.10 or lower and a VIF of 10 or higher suggest a multicollinearity problem. As shown in Table 3, all the

tolerance values exceeded 0.10 and the VIF values are less than 10 which is the recommended cut-off (Tabachnick & Fidell, 2007), this simply implies that the data is free from multicollinearity problems.

Table 3 *Multicollinearity Test*

Variables	N	VIF	Tolerance
Relevance(R)	131	0.251	6.941
Understandability(U)	131	0.128	5.114
Comparability (C)	131	0.174	4.224
Timeliness(T)	131	0.651	6.345
Faithfulrepresentation (F)	131	0.413	7.954

Regression Analysis

As shown in Table 4. Model summary, multiple correlation coefficients (R) of 0.410 and the adjusted R-squared was 0.39 respectively. This implies that integrity,

objectivity, confidentiality and professional behaviour only explains about 41% of the systematic variations in financial reporting quality, while the remaining 61 are caused by other factors not included in the model.

Table 4 *Coefficient Determination of R²*

Variables	R ²	Adj. R ²
Financial Reporting Quality	0.410	0.389

Table 5 Regression Results

Summary of Structural Equation Model: significant of path coefficient

Constructs	Beta	Standard Deviation	T Statistics	P Values
Integrity -> Financial reporting quality	0.562	0.091	6.176	0.000
Objectivity -> Financial reporting quality	0.205	0.045	4.556	0.001
Confidentiality -> Financial reporting quality	0.137	0.884	0.155	0.089
Professional behaviour -> Financial reporting quality	0.129	0.041	3.146	0.003

Discussion of Findings

Based on the result shown in the table 5, the first objective and hypothesis of the study ascertain the level at which integrity of Accountants affect financial reporting quality of the listed manufacturing companies in Nigeria. Integrity of accountants which has significant relationship on financial reporting quality of

the listed manufacturing companies in Nigeria as indicated by coefficient of 0.562, ($t = 6.176$, $p\text{-value} < 0.000$) showed that there is positive and significant relationship between integrity and financial reporting quality at 0.05% level of significant. This result is consistent with the findings of prior research study such as (Mahdi & Mohsen, 2011; Ogbonna & Appah, 2011; Ogbonna &

Ebimobowei, 2012; Masoud & Mahbude, 2013; Enofe, *et al.*, 2015; Reyhaneh Abed., 2016; Aifuwa *et al.*, 2018) and Azona (2019). All the studies had earlier reported a positive relationship between integrity and financial reporting quality. This implies that integrity of accountant provide a strong relationship on the financial reporting quality. Indicating that the level of integrity in terms of adherence to ethical standard, avoidance of insider dealings, refrain from familiarity threat, non-valuation of ethical core values, to a large extent explain variation in the level of financial reporting quality of the studied firms.

But this study's finding support the assumption of the utilitarian theory as it asserted by (Aifuwa, *et al.*, 2018), that ethical code of conducts issued by IFAC tends to serves the purpose of increase financial reporting quality and to promote the harmonization of the accounting practices and standards across the globe.

The positive effect between objectivity of accountants and financial reporting quality predicted in hypothesis two is also confirmed by this study's result as shown by the regression coefficient of 0.205 of the independent variables (objectivity of accountants) indicating the extent to which professional accountant avoids bias in the discharge of their responsibility influence the quality of financial reporting. The positive relationship between the objectivity of accountants and financial reporting quality is also significant ($t = 4.556$, $p < 0.001$) at 0.05 level of significance as indicated in Table 5. Also, similarity is achieved between this study's findings and that of (Mahdi & Mohsen, 2011; Ogbonna & Appah, 2011; Ogbonna & Ebimobowei, 2012; Masoud & Mahbude, 2013; Enofe, *et al.*, 2015; Reyhaneh Abed., 2016; Aifuwa *et al.*, 2018) and Azona (2019) whose studies have also shown the influencing effect of objectivity of accountants on the quality of financial reporting.

The empirical evidence also lends credence to the utilitarian theory prediction asserted by (Aifuwa, *et al.*, 2018), that ethical code of conducts issued by IFAC tends to serves the purpose of increase financial reporting quality and to promote the harmonization of the accounting practices and standards across the globe.

Thirdly, Confidentiality of Accountants on financial reporting quality of the listed manufacturing firms in Nigeria. From the empirical analysis and hypothesis conducted, the study found that confidentiality of Accountants has statistically insignificant and positively related to financial reporting quality at 0.5 level of significance as indicated by coefficient of 0.137, ($t = 0.155$, $p\text{-value} < 0.089$). This implies that objectivity of Accountants do not provide any strong relationship on the financial reporting quality. This result is in line with the findings of (Ogbonna & Ebimobowei, 2012; Enofe *et al.*, 2015; Reyhaneh Abed., 2016; Aifuwa *et al.*, 2018; Azona, 2019). They found that confidentiality of Accountants has statistically insignificant and positively related to financial reporting quality

Lastly, Professional behaviour on financial reporting quality of the listed manufacturing firms in Nigeria. From the empirical analysis and hypothesis conducted, the study found that professional behaviour has statistically significant and positively related to financial reporting quality at 0.5 level of significance as indicated by coefficient of 0.129, ($t = 3.146$, $p\text{-value} < 0.003$). This implies that the level of professional behaviour in terms of adherence to professional standard and rules, display high professional competence in doing their work influence the quality of financial reporting of the studied firms.. This result is in line with the findings of (Ogbonna & Ebimobowei, 2012; Enofe *et al.*, 2015; Aifuwa *et al.*, 2018) and Azona, 2019. They found that objectivity of Accountants has statistically significant and positively related

to financial reporting quality. This result is supported with the assumption of the utilitarian theory as it asserted by (Aifuwa, *et al.*, 2018), that ethical code of conducts issued by IFAC tends to serves the purpose of increase financial reporting quality and to promote the harmonization of the accounting practices and standards across the globe.

5.0 CONCLUSION AND RECOMMENDATIONS

Based on the results of the hypotheses tested, the study concluded that integrity and objectivity of accountants has significant positive relationship with financial reporting quality of listed manufacturing firms in Nigeria. This implies that adequate compliance with the ethical accounting standards will help manufacturing firms in Nigeria in creating better competitive advantage among its competitors both locally and internationally. This is also ensuring that ethical code of conducts issued by IFAC tends to serves the purpose of increase financial reporting quality and to promote the harmonization of the Accounting practices and standards across the globe. The study also concluded that low quality of financial reporting observed could be traced to a number of dysfunctional behaviours engaged in by the preparers of financial reports. It therefore behoves the professional bodies to seek alternative forms of ensuring compliance with accounting rules and regulations.

Based on the findings in this study, the study recommended the following; that professional Accountants should design more strategy that would encourage their members to continue abide by the ethical standards; also that professional association should design training and seminars that would encourage the sustenance of their member integrity in the discharge of their professional responsibilities; that in order to sustain professional Accountants' objectivity, they should ensure that their professional competences play major roles

in the discharge of their professional duties; lastly, the professional value system must be devoid of familiarity threat addressed to ethical standards.

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