IMPACT OF ETHICAL CODES ON PROFESSIONAL ACCOUNTING PRACTICES IN NIGERIA: PROFESSIONAL ACCOUNTANTS PERCEPTIONS

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DECLARATION

I hereby declare that this dissertation titled 'Impact of Ethical Codes on Professional Accounting Practices In Nigeria: Professional Accountants Perceptions' is my own work and has not been previously submitted by me and to the best of my knowledge, by any other person for any course or qualification at this or any other academic or research institutions. I also declare that the information provided herein are mine and those that are not are duly acknowledged by means of references.

MOHAMMED ABDULKAREEM DAYO ………………..

Date/Sign

CERTIFICATION

This is to certify that this dissertation written by Abdulkareem Mohammed Dayo with matriculation number; 15/27/MAC002, titled 'Impact of Ethical Codes on Professional Accounting Practices In Nigeria: Professional Accountants Perceptions' has been read and approved as meeting the requirements for the award in Master of Science (M.Sc.) Degree in Accounting Kwara State University, Malete, Nigeria.

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DEDICATION

This project work is dedicated to my lovely mother, Mrs Abdulkareem Bola Sikirat.

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ABSTRACT

The failure of organizations in most part of the world has once more increased the need for accounting professionals to adhere strictly to the ethical codes of professional practice. High-profile corporate accounting scandals have been attributed to accountants and auditors not adhering to the codes of professional ethics. The main objective of this study is to examine the impact of ethical codes on professional accounting practices in Nigeria. To achieve this objective, the specific objectives were to (i) Investigate the extent to which the integrity of accountants affects professional accounting practices in Nigeria; (ii) Examine the impact of independence of accountants on professional accounting practices in Nigeria; and (iii) Determine the extent to which professional competence of accountants affects professional accounting practices in Nigeria. The study employed survey research design with the population consisting of one hundred and fifty three (153) chartered accountants in Kwara State and the sample size of one hundred and eleven (111) using Taro Yamane to select the sample size. However, eighty four (84) questionnaires were returned out of the one hundred and eleven (111) administered. The Data collected were analysed and the stated hypotheses were tested using Pearson's correlation co-efficient and regression. The study found that integrity is an important predictor of professional accounting practices (T=1.083 P=0.01) at 5% level of significance, this implies that the accounting profession becomes more credible when the concept of integrity is applied. The study also revealed that independence (T=0.067 P=0.02) and professional competence (T=.053 P=0.04) have significant impact on professional accounting practices in Nigeria. From the results obtained, the study concluded that ethical codes is a significant factor that determines the quality of professional accounting practices in Nigeria using variables such as integrity, independence and professional competence as the independent variables. Based on the discussion of findings, it was recommended that the concept of integrity should be applied often by accountants as this will improve transparency and accountability in the quality of professional accounting practices.; also accountants as custodians of financial reports should engage in more investigative reporting for the interest of the stakeholders rather just the management. Furthermore, organizations should provide ethics training programs for employees and there should be more emphasis on financial managers explaining the underlying ethical and legal principles as this will help build their professional competence in carrying out their various assignments.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The failure of organizations in most part of the world has once more increased the need for accounting professionals to adhere strictly to the ethical codes of conduct. According to Ogbonna and Appah (2012), the widespread of financial malpractice in the business environment seems to be prevalent in most societies. Users of the services of accountants want to receive efficient and reliable information from those they regard as experts. Users of accounting information want to be sure that accounts convey a true and fair view of the financial position of a company, in other words, they are concerned about competence and integrity of external auditors (Bukola and Famous, 2013).

In contemporary times, there has been a series of corporate failures, ethical negligence, auditing and accounting scandals globally, broadcasted cases of the recent past such as Ernon Corporation, a gas line, electricity and commodities trading company which was given a national recognition as one of the America's best companies for the years 1996 to 2001, became one of the largest bankruptcies in United States history and the focus of a major scandal due to accounting fraud and non-compliance with Generally Accepted Accounting Principles (GAAP) and ethical codes. In the WorldCom's saga, a telecommunications giant worth approximately $200 billion dollars in shareholder value was first created and then destroyed (Ajibolade, 2008).

The United States Security and Exchange Commission (SEC) filed suit against the company immediately following the company's admission that its earnings had been overstated by more than $3.8 billion dollars to make the company appear profitable when it had actually lost $1.2

billion dollars during the period, this was seen as one of the biggest accounting frauds aside the Enron scandal. Among others is Xerox Corporation, a photocopying and printing giant that overstated its revenues by $1.5bn.

These high-profile corporate accounting scandals have been attributed to accountants and auditors not adhering to the codes of professional ethics. This has had an adverse and cumulative effect on financial reporting and the auditing profession. In 2002, the United State Congress passed the Sarbanes-Oxley Act (SOX) in effort to reduce the public concern over a number of high profile corporate failures in the US.The Sarbanes-Oxley Act strongly advocates that an organization's management should have accurate and fair financial reporting (Vay, 2006). In addition, the competence levels of an organization's internal control system in disclosing its weaknesses should provide reasonable assurance that there will be accurate and fair reporting. Therefore, the Sarbanes-Oxley Act focuses on preventing organizations from committing misleading or fraudulent acts, specifically in financial information reporting. Damagum and Chima (2014) posits that evidence in prior research shows that poor corporate governance also attributes to such failures, hence the need to keep vigil over corporate entities behaviours as well as need to control the behaviour of managers and professional accountants through effective regulations.

In Nigeria, the Cadbury (Nig) PLC scandal has remained a reference point for fraudulent financial reporting in which one of the big four (4) auditing firm in Nigeria was indicted. The external auditor, Akintola Williams Deloitte (AWD) was directed to pay a penalty of ₦20m within 21 days of the decision for failing in its responsibilities to handle the financial position of the company with due diligence and professionalism. Other incidences of accounting scandal in Nigeria include the fraud at Afribank Plc and Lever brothers (Nig) Plc (Ajayi, 2006). The collapse of banks such as spring bank, Societe general bank, Fin bank, Intercontinental bank among others has raised series of questions on the effectiveness of professional accounting practices. Furthermore, Ogbonna (2010) indicated that any organization that lacks ethical consideration such as integrity may not survive for a long time to achieve its desired goals and objectives and that of its stakeholders. These failures of corporate entities have been attributed to accountants not adhering to the codes of ethics evidenced not only in the contents of financial statements but also in its reliability by end users. Hence adequate care has to be taken on how these financial statements are presented.

The accounting professionals who are responsible for the preparation of financial statements need to adhere strictly to the codes of integrity, independence, objectivity and professional competence to produce reliable, relevant, timely, accurate, understandable and comprehensive financial statements that gives true and fair view of the firm financial position and performance. This is because such financial statements and reports form the basis upon which the stakeholder should have confidence to make an informed decision.

Damagum and Chima (2014) posits that corporate regulators in different countries including Nigeria usually adopt the use of specially designed codes to facilitate the regulation and control of firm and their behaviours with a view of attaining good corporate governance. As such, regulatory bodies have been setup in different apart of the world to oversee the practice and the conduct of the accounting profession. For instance, the International Federation of Accountants IFAC (2015) has continued to maintain the formulation of accounting guidelines to enhance the reliability and the integrity of corporate financial reporting. Ethical codes are the reference point for professional accountants. But in Nigeria, many professional accountants violate ethical code of independence, confidentiality, integrity andprofessional competence and abuse the use of professional judgment in corporate financial reporting (Ayodele, 2005).

As the world has now become a global market, the emphasis on the adoption of the International Financial Reporting Standards (IFRS) has increasingly receive attention towards a common set of comprehensive financial statements across the globe and this is being anchor by The International Accounting Standards Board (IASB). In Nigeria, Companies and Allied Matters Act 2004 (as amended), Financial Reporting Council of Nigeria (FRC), Institute of Chartered Accountants of Nigeria (ICAN) and other industrial specific bodies in usually issue guidelines relating to the ethical and professional standards to be observed. Accounting is a profession that rests heavily on the need to exhibit a high sense of accountability and stewardship, hence the emphasis that all members be guided by professional code of conduct (Nwagboso, 2011).Due to the sensitivity around a company's financials, a study of ethical codes of conduct is required as it is an essential aspect of the roles of accountants in preparation of financial statements. It is on this context that this study focuses on the extent to which ethical codes has impacted on professional accounting practices in fulfilling the obligations to the public expectations.

1.2 Statement of the Problem

Financial malpractices such as fraud, embezzlement, defalcation as well as falsification of financial records clearly indicate a violation of ethical standards in accounting practices.This evidenced in the collapse of Societe Generale Nigeria Plc., Intercontinental Bank Plc., Lever Brothers (Nig) Plc., Cadbury (Nig) Plc., who involved themselves in unethical practices (Ajayi, 2006). The various corporate collapses have led to increased scrutiny of deficiencies in the financial reporting process and corporate disclosure requirements of corporate organizations. The effect of this has led to a negative cumulative impact on the perceived credibility of financial reporting. This concern is now at the forefront of public debate about the accounting profession and its effectiveness (IFAC, 2015). The implication of these problems is that despite claims of accountability in the accounting profession, Nigeria is still confronted by a complete failure of accountability and financial impropriety (Agwor and Okafor,2018).

It has been observed that professional accountants violate ethical concepts of integrity by receiving gifts and undue hospitality from their clients. Accountants that lack ethics can easily alter company financial records and manoeuver numbers to paint false pictures of company successes. This may lead to short-term prosperity, but altered financial records will ultimately spell the downfall of companies when auditorsdiscover the falsification (Lister, 2016).

Furthermore, these failures of organizations have been attributed to accountants not been independent of their clients evidenced not only in the contents of financial statements but also in its reliability by end users.

There are only few studies in Nigeria that have evaluated the issue of accounting ethics and its implications on the accounting practice in Nigeria. This has created a gap in the stock of knowledge and enhances the need and relevance of a study of this nature. Most of the studies on the subject matter, such as Bukola and Famous (2013); Akenbor and Onuoha (2013); Cletus (2013); Adeyanju (2014); Veschor (2014); Augustine, Chukzy and Ewaen (2015); Marie, Anna and Robin (2016) among others, have shown conflicting results (positive, negative and no relation). A critical review of all these cases shows that there are violations of ethical codes. This studyseeks to appraise ethical issues in an organization and how they affect accounting practises in general.

1.3 Research Questions

The aforementioned issues led to the following research questions.

(i) To what extent does accountant's integrity affect professional accounting practices in Nigeria?

(ii) What is the impact of accountant's independence on professional accounting practices in Nigeria?

(iii) To what extent does accountant's professional competence impact on professional accounting practices in Nigeria?

1.4 Research Objectives

The general objective of this research is to examine the impact of ethical codes on professional accounting practices in Nigeria. The specific objectives of this study are to;

(i) Investigate the extent to which the integrity of accountants affects professional accounting practices in Nigeria.

(ii) Examine the impact of independence of accountants on professional accounting practices in Nigeria.

(iii) Determine the extent to which professional competence of accountants affects professional accounting practices in Nigeria.

1.5 Research Hypotheses

In line with the specific objectives stated above, the following research hypotheses were stated in null form to answer the research questions and to achieve the research objectives:

(i) Ho_1: There is no significant effect of integrity on professional accounting practices in Nigeria.

(ii) Ho_2: Independence has no significant impact on professional accounting practices in Nigeria.

(iii) Ho_3: Professional competence has no significant impact on profession accounting practices in Nigeria.

1.6 Significance of the Study

This research serves as an excellent reference material to person(s) who would like to carryout research in this area and form a basis for future research on perception of professional accountants on the impact of ethical codes on professional accounting practices as this forms a foundation for further research on ethical codes. This study is important because it contributes not only to theory building on the concept of ethical codes but also act as theoretical reference point for academicians and students. Also researchers who wish to carry out further study in this area can review the literature and establish gaps in this regard.

Furthermore, this study shall be of great importance to public policy makers in Nigeria such as the Institute of Chartered Accountants of Nigeria, it provides knowledge on the ethical codes for professional accountants which would enhance and also improve their performance. The findings of study shall provides a basis for policy development that would improve accounting practices globally by upholding proper ethical codes which in turn addresses the effectiveness and efficiency on the system of polices relied upon.

The study is also important to the Government as it excavates practical issues related to perception of professional accountants on the impact of ethical codes on professional accounting practices. The government through are agencies such as Ministry of Finance, Financial reporting council of Nigeria, Company and Allied Matter Act and Corporate Affairs Commission will find this work beneficial as accountants support the government in respect their to public affairs in realizing maximum trustworthiness and prudent use of public resources as well as bringing improvement in operations which cultivate trust among stakeholders.

1.7 Scope of the study

The study focused on the impact of ethical codes on professional accounting practices in Nigeria. The study is restricted to responses and views of accountants in relation to their dependency or independency on the ethical codes of conduct as embedded in the organizational culture. Furthermore, the research laid more emphases on the views of financial professionals such as accountants, financial managers, auditors, financial consultants, and other professionals who are directly engaged in the accounting role on a frequent basis. Thus, views from other professionals who do not actively and directly play a role in the accounting field are not included in the study.

CHAPTER TWO

LITERATURE REVIEW

Literature from prior studies on perception of professional accountants on the impact of ethical codes on professional accounting practices exists. Meaning that similar research on this topic has been done before. However, existing studies have focused on other perspectives of the ethics debate in relation to the accounting profession. This section reviews the existing literature, providing conceptual, theoretical and empirical literature to inform the research process.

2.1 Conceptual Framework

This section contains the concepts of ethics, ethical codes and professional accounting practices.

2.1.1Ethics

Ethics represent a set of moral principles, rules of conduct or values. Hayes, Schilder, Dassen and Wallage (2004), states that ethics is apply when an individual has to make a decision from various alternatives regarding moral principles. Aguolu (2006) defined ethics has body of rules, principles, properties and morals of personal conduct and the unwritten regulations governing the behaviour and conduct of an individual or a group of people or a community in their dealings with one another or as it relates to other people with whom they may have business or other social relationships. Ethical behaviour is necessary for society to function in an orderly manner. The need for ethics in society is sufficiently important that many commonly held ethical values of a society such as integrity, loyalty and pursuit of excellence can be incorporated into law.

Ethics is a branch of philosophy which is concerned with the study of what is good and right for human beings. According to (Hayes,*et. al.,* 2004) the essence is to ascertain and continuously review how human beings should behave in order to lead a fulfilling life. It is not sufficient to think of what one consider as right or good but the interest of others who may be affected by one's behaviour must be taken into consideration. This is what ethic advocates for. It is interesting to know that, the development of these moral values is philosophically seen as dependent on the uniqueness of man that makes it possible for him to look for solution to the problems in his environment. In his quest for solutions some standards of morality are developed consistently adhered to and become acceptable to the whole group.

Ethics are the moral principles that an individual uses in governing his or her behaviour. It is the personal criteria by which an individual distinguishes "right or wrong" (Ogbonna & Appah, 2012). According to Ogbonna (2010) when we talk about ethics and ethical values, we mean our concern about things, which we think, say and/or practice that may not necessarily violate the rules of the organization or infringe the law of the land or amount to outright crime or felony, but which borders on our sense of morality, our sense of right and wrong. They concern issues like conflict of interest, insider's dealings, compromising integrity, objectivity, independence, confidentiality, disclosure of official secret and destruction of official documents for financial benefits and other similar acts that are against moral principles and ethical standards.

A review of existing literature such as Akenbor and Onuoha (2013); IFAC (2006) and Herbert (2001) revealed that the accounting ethics is centred on independence, integrity, objectivity, competence and confidentiality refers to the degree of freedom with which the professional accountant is allowed or able to examine the client's records and express an opinion on the records without any undue influence from interested parties within the organization. Nwagboso (2011) argues that ethics or morality as matters of good and evil, right and wrong, subscribe to the fact that "we are living today in an ethical wilderness". He believes that ethics is in ferment and chaos among all people. Ajibolade (2008) states that the field of ethics can be divided into meta ethics, ethical theories and applied ethics. Meta ethics is the reflection upon ethics concepts and theories. Ethical theories is the substantive proposals regarding those considerations that would determine morally acceptable conduct and applied ethics is the deliberation related to a specific field of enquiry. Examples include business ethics, public service and general professional ethics.

2.1.1.2 Accounting Ethical Codes of Conduct

Accountants have unique ethical responsibilities. A professional accountant auditing a firm's financial statements has an ethical obligation to be independent of the company issuing the statements. According to Holmes (2011), an accountant preparing an income tax return has an ethical obligation to prepare the return honestly, even if the tax payer paying the accountant's fee may want the return prepared in a manner that understates taxable income.

The accounting profession has developed codes of professional ethics. The basic purpose of these codes is to provide professional accountant with guidelines for conducting themselves in a manner consistent with the responsibilities of the profession, particularly when the accountant exercises professional judgment. According to Madsen and Safritzi (1999), a professional accountant owes certain ethical duties to his clients, his profession, and the society at large even if at various times such duties may conflict with his personal interest. In exercising professional judgment, the accountant must not allow his greed, selfish interest, or management pressure over-rules his professional and societal requirements. The professional codes of ethics in accounting practice include – integrity, independence, professional competence, confidentiality, and objectivity, (Solomon, 2002).

2.1.1.3 Integrity

One of the important concepts in accounting professional code of ethics is that in the performance of any professional engagement, an accountant shall not knowingly misrepresent facts (Moore, 2009). This is the quality of being honest and having strong moral principles. It implies not merely honest but fair dealing and truthfulness. This principle of integrity imposes an obligation on all accountants to be straight forward and honest in professional and business relationships. This concept goes to the very heart of the accountant's responsibility to the public interest. William (2005) stated that facts may be misrepresented even if the facts themselves are correctly reported. For example, facts may be misrepresented if the accounting document does not contain adequate of information necessary for the proper interpretation of those facts. William (2005) further reported that to uphold integrity in accounting profession, accountant must not be associated with misleading financial statements, income tax returns, or other accounting reports. If a client insists upon preparing an accounting document in a misleading manner, the accountant must resign from the engagement.

According to (Akenbor, 2013), the integrity of professional accountant centred on the following:- He must communicate information fairly and objectively; He must disclose fully all relevant information that could reasonably he expected to influence an intended user's understanding of the reports, comments and recommendations presented; He must avoid actual or apparent conflict of interest and advise all appropriate parties of any potential conflict; He must refrain from engaging in any activity that would prejudice their ability to carry out their duties ethically; He must refuse any gift, favour, or hospitality that would influence or would appear to influence his actions; He must recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity; He must communicate favourable and unfavourable information and professional judgments or opinions; He must refrain from engaging in or supporting any activities that would discredit the profession (Robertson, 1996).

2.1.1.4 Independence

When the financial statements of a company are audited, the auditor (professional independent accountant) expresses his professional opinion as to whether the financial statements represent a true and fair view of the company's financial position and the results of its operations. Independence means having a position to take an unbiased viewpoint in the performance of professional assignments. Accountants must not only maintain an independent attitude in fulfilling their responsibilities, but the users of financial reports must have confidence in that independence (Ikoh, 2013).

All stakeholders rely upon these audited financial statements in deciding their financial commitment to the company. (Madsen and Safritzi, 1999) asserted that if the auditor's report is to lend credibility to audited financial statement, where professional judgment could be exercised, users of the statements must view the auditor as being fair and impartial. For an auditor to be viewed as impartial, he must be independent of the company issuing the financial statements. By "independent", we mean that the auditor must not be perceived as being under the company's influence or control, or as having any vested interest in the result reported in the financial statements (Moore, 2009).

Assume that an auditor owned a large equity investment of an audit client. Many users of the financial statements might believe that the auditing firm would be reluctant to insist upon the disclosure of facts that might lower the company's share price. Thus, the auditor would not be regarded as impartial by these users of the statements. Professional accountants take extensive measures to be independent in part and also to appear independent of their audit clients. This concept of independence places a number of constraints upon the auditor's relationship with audit clients. The auditor must not have any financial interest in a client's firm, must not accept expensive gifts from the client and must not be an employee of the client organization (Robertson, 1996). Other restrictions require that close relatives of the auditor must not have a major investment in the client's firm. However, accountants need to be independent only when they are expressing an opinion on the representations made by another party. Thus the concept of independence applies primarily to the accountant's role as an auditor. In rendering income tax services and consultancy, accountants are not required to be independent of their clients. (Ikoh, 2013) posited that though management accountant performs many different types of accounting services, he cannot perform independent audits of his employer's financial statements.

2.1.1.5 Professional Competence

A professional accountant, in agreeing to provide professional services implies that he is competent to perform the services. He must be thoroughly grounded in all matters concerning accounting and auditing principles and standards. Accountants should refrain from agreeing to perform professional service which they are not competent to carry out unless competent advice and assistance are obtained. He must possess a level of competence necessary to perform the services and his knowledge, skills and experience will be applied in the performance of his duties such (Nwagboso, 2011).This code of ethics specifies that professional accountants have a responsibility to; (i) maintain an appropriate level of professional competence, through training and development of their knowledge and skills. This can be achieved by attending seminars, workshops and conferences; (ii) perform their professional duties in accordance with relevant laws, regulations, and technical standards; (iii) prepare complete and clear reports and recommendations after appropriate analysis of relevant and reliable information. (Magmu, 2010) revealed that professional competence minimizes the risk of biases in making professional judgment.

2.1.2 Professional Accounting Practice

From a layman understanding, accounting profession could be seen as such a profession whose primary responsibility is to determine, record, analyze and presents financial information to users. Although the meaning of accounting which is the main concern has been stressed, the understanding of accounting profession goes beyond that (Ibrahim, Ombugadu and Aku2015).

Ajayi (1997) understands accounting profession to be a measurement and reporting information system, which cover both micro and macroeconomic activities, which consists of various subsystems with related economic events and decisions. These subsystems are identified as the major accounting fields. They include; business accounting, government accounting, social accounting, auditing and taxation. Accounting can be included in those disciplines concerned with aspects of human society because, clearly, it is a “system of thought” designed by humans to assist human decision making and influence (human) behaviour (Gaffikin, 2005). Accounting profession provides qualitative financial information about economic entities that is intended to be useful in economic decisions. This information allows users to make reasoned choices among alternative uses of scarce resources in the conduct of business and economic activities. The need for accounting therefore arose in response to the desire to make judicious use of scarce resources, accumulate wealth and produce high quality of goods and services in a competitive economy. (American Accounting Association, 2014).

Accounting profession therefore, has been widely acknowledged as an important facet of our society (Wyatt, 2004). According to Hines (1988), accounting emerged from society and can be said to be socially constructed and constructing and can be taken to mean that accounting influences society and as well influenced by society. This concept of influence therefore means that the professional accounting practice does not just benefit the practitioners but impact on public governance. The development of accounting profession and practices therefore relates to activities in the societies.

A distinguishing mark of the accounting profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountants' responsibility is not exclusively to satisfy the needs of an individual client or employer.

2.1.2.1 The Imperatives of Accounting Profession

In a long narrative Burchell, Clubb, Hopwood, Hughes, and Nahapiet (1980) stated that the roles of accounting which grace the introductions to accounting texts, professional pronouncements and the statements of those concerned with the regulation and development of the profession is a clear manifestation of functionalism. In such contexts, accounting is seen to have an essence, a core of functional claims and pretentions. It is believed that accounting profession is essentially concerned with the provision of "relevant information for decision making", with the achievement of a "rational allocation of resources" and with the maintenance of institutional "accountability" and "stewardship". Such functional attributes are seen as being fundamental to the accounting endeavour Burchell, Clubb, Hopwood, Hughes, and Nahapiet (1980) further stressed by justifying the existence of the skills, provide rationales for continued accounting action. Another rather different set of imperatives for accounting has originated from those scholars who have seen accounting systems as mirrors of the societies or organizations in which they are implicated.

At the societal level, this has involved seeing accounting as essentially reflective of the organization of social relationships. Feudal societies are seen to require feudal accounting systems; capitalist societies, capitalist modes of accounting (Rose, 1977); and the era of the post-industrial society necessitates a new framework for the accounting craft (Gandhi, 1976). The translation of such thinking to the organizational level has been more recent, influenced by the emergence of contingency schools of thought in the study of organizational behaviour (Bruns & Waterhouse, 1975). The fact that they are largely silent about the mechanisms that might create such an essential relationship between accounting and its presumed organizational and social determinants has not been seen as problematic by those who wish to point to either the necessity for change or the elegance of design which underlies accounting in action, Nor has the fact that so many of the underlying organizational theories depend for their validity on the presumption that such contingent designs further the achievement of higher order but defined, consistent and agreed organizational goals which are in part made objective by the very accounting systems which they are supposed to explain (Meyer, 1978).

A number of professional accounting and non-accounting organizations have come together to assure that companies improve their financial, social, and environmental performance (Lusher, 2012). The accounting profession's role in providing comprehensive accounting information is therefore evolving. This information essentially impacted on economic development and creates transparency. The quality of corporate accounting information determines the level of transparency in governance and management. High quality corporate reporting is key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, thus promoting financial stability. A strong and internationally comparable reporting system facilitates international flows of financial resources while at the same time helping to reduce corruption and mismanagement of resources. It also strengthens international competitiveness of enterprises in attracting external financing and taking advantage of international market opportunities (IFAC, 2012).

2.2 Theoretical Background

There are various theoretical approaches which can be used to conceptualize accounting practices. The theoretical review of this study presents the utilitarian theory stakeholder theory, agency theory and stewardship.

2.2.1 Utilitarian Theory

Utilitarian theory is an ethical theory which states that the best action is the one which maximizes satisfaction (Bentham, 1984). The theory was propounded by Jeremy Bentham and John Stuart (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 (2019) asserts that the theory of utilitarianism has received considerable attention in the behavioural literatures, especially in the area of Ethical and Accounting Practice 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 other 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, 2019).

2.2.2 Stakeholder theory

Stakeholder theory was first advanced by Edward Freeman in 1984 (Emerson, Alves, &Raposo, 2011). Stakeholder theory promotes a practical, efficient, effective, and ethical way to manage organizations in a highly complex and turbulent environment (Freeman, 1984; Freeman, Harrison and Wicks, 2007). It is a practical theory because all firms have to manage stakeholders – whether they are good at managing them is another issue. It is efficient because stakeholders that are treated well tend to reciprocate with positive attitudes and behaviours towards the organization, such as sharing valuable information (all stakeholders), buying more products or services (customers), providing tax breaks or other incentives (communities), providing better financial terms (financiers), buying more stock (shareholders), or working hard and remaining loyal to the organization, even during difficult times (employees). It is effective because it harnesses the energy of stakeholders towards the fulfilment of the organization's goals. It is useful in a complex and turbulent environment because firms that manage for stakeholders have better information upon which to base their decisions and, because they are attractive to other market participants, they have a degree of strategic flexibility that is not available to competitors that do not manage for stakeholders. All management decisions contain an ethical component, and the ethical arguments in defence of managing for stakeholders are as important to the theory as are the practical considerations.

Scholars have defended stakeholder theory using a wide variety of theoretical perspectives. Stakeholders typically are defined as individuals, groups and organizations that have an interest in the processes and outcomes of the firm and upon whom the firm depends for the achievement of its goals (Freeman, 1984; Freeman, Harrison & Wicks, 2007). Some individuals, groups and organizations are easily defined as stakeholders because of their involvement in the value producing processes of the firm. They include employees and managers, shareholders, financiers, customers and suppliers. These stakeholders may be referred to as primary stakeholders or legitimate stakeholders (Phillips, 2003). Stakeholder theory suggests that "managing for stakeholders" involves attending to the interests and well-being of these stakeholders, at a minimum (Harrison, Bosse & Phillips, 2010).

However, frequently other stakeholder groups are included, such as communities, special interest or environmental groups, the media, or even society as a whole. This latter group, society, is a little difficult to comprehend in terms of the core ideas of stakeholder theory because it is, from a practical perspective, impossible to determine what is in the best interests of such a vast and heterogeneous group.

An interesting and important aspect of stakeholder theory is that it is comprehensive in its approach. Stakeholder theory advocates for treating all stakeholders with fairness, honesty, and even generosity. As Harrison, Bosse and Phillips (2010) put it, "A firm that manages for stakeholders allocates more resources to satisfying the needs and demands of its legitimate stakeholders than what is necessary to simply retain their wilful participation in the productive activities of the firm." Other business disciplines tend to focus on one or a subset of stakeholder groups: human resource theory focuses on employees, marketing theory focuses on customers, financial theory focuses on shareholders and financiers, and so forth. Stakeholder theory proposes that treating all stakeholders well creates a sort of synergy (Parmar, Freeman, Harrison, Wicks, Purnell & de Colle, 2010; Tantalo & Priem, 2014).

Stakeholder theory is not the same as corporate social responsibility (CSR) theory (Hillman & Keim, 2001). From its inception, it was not developed to promote policies or organizational behaviour associated with social goals such as corporate philanthropy or taking care of the environment. It is a management theory based on moral treatment of stakeholders and not a moral theory that also happens to be relevant to management. This was the initial position (Freeman, 1984), although we recognize that the theory has now splintered in a number of directions and is interpreted in a number of different ways. Nonetheless, the distinction between stakeholder theory and CSR is important in the business disciplines because a large number of business scholars and practitioners still reject stakeholder theory as a core management theory simply because they believe it is about CSR, and thus they see it as something firms might do if they can afford it or if they are compelled to do so, rather than understanding that following stakeholder precepts actually helps firms create more value, even value measured in financial terms (Phillips, Freeman & Wicks, 2003; Harrison, Bosse & Phillips 2010).

2.2.3 Agency Theory

As cited in Kristen (2014) agency theory is one of the most widely used theories in management. Agency theory is about the relationship between two parties, the principal (owner) and the agent (manager) (Eisenhardt, 1989; Jensen and Meckling, 1976; Ross, 1973). More specifically, it examines this relationship from a behavioural and a structural perspective. Theory suggests that given the chance, agents will behave in a self-interested manner, behaviour that may conflict with the principal's interest (Chrisman, Chua, & Litz*,* 2004; Eisenhardt, 1989; Jensen and Meckling, 1976; Wiseman, Cuevas-Rodríguez, and Gómez-Mejía, 2012). As such, principals will enact structural mechanisms that monitor the agent in order to curb the opportunistic behaviour and better align the parties' interests (Cruz,*et al.,* 2010; Eisenhardt, 1989; Fama and Jensen, 1983).

Agency model is considered as one of the oldest theory in the literature of the management and economics (Daily, Dalton, & Rajagopalan, 2003; Wasserman, 2006). Adam Smith (1776) is perhaps the first author to suspect the presence of agency problem and since then it has been a motivating factor for the economists to cultivate that aspects of agency theory. Smith forecasted in his work The Wealth of Nations that if an organisation is managed by a person or group of persons who are not the real owners, then there is a chance that they may not work for the owners' benefit.

Firm performance by way of cost minimization and greater efficiencies is the desired outcome of the agency theory perspective (Corbetta and Salvato, 2004; Fama, 1980). When the ownership and management of a firm are separated, theory suggests that agency problems are created, and agency costs are incurred to alleviate these problems (Eisenhardt, 1989; Jensen and Meckling, 1976; Karra, Tracey and Phillips, 2006; Lee and O'Neill, 2003; Wasserman, 2006). To elaborate, separation of ownership and management is a key component of agency theory; the principal authorizes or delegates work to the agent, and the agent is expected to act in the best interest of the principal (Ross, 1973; Wiseman, *et al.,* 2012). An agency problem is created when the interest of the principal and agent are misaligned and the principal lacks the information to accurately assess the behaviour of the agent (Eisenhardt, 1989; Karra,*et al.,* 2006; Lee and O'Neill, 2003; Ross, 1973). It is considered a form of opportunistic behaviour that includes free-riding, shirking, and perk-consumption (Chrisman, Chua, & Litz*,* 2004; Chua*, et al.,* 2009; Karra, *et al.,* 2006).

Theory suggests the principal has two options for reducing agency problems (Eisenhardt, 1989), both of which can curb the agent's opportunistic behaviour. The first is to create a governance structure that enables the monitoring and assessment of the actual behaviour of the agent (Anderson and Reeb, 2004; Chrisman, *et al.,* 2007). This structure includes for example, reporting procedures, additional management, or a board of directors (Donaldson and Davis, 1991). The second is to create a governance structure where the contract is based on the actual outcome of the agent's behaviour (Eisenhardt, 1989). An example of this type of structural mechanism is compensation incentive pay (Chrisman, *et al.,* 2007), where pay is provided as an incentive for high performance.

However, agency theory has been subject to criticism. Perrow (1986) criticised that positivist agency researchers have only concentrated on the agent side of the 'principal and agent problem', and opined that the problem may also happen from the principal side. He observed that this theory is unconcerned about the principals, who deceive, shirk and exploit the agents. Furthermore, he added that the agents are unknowingly dragged into work with the perilous working environment and without any scope for encroachment, where principals act as opportunistic. He believed in another way that humans are noble and work ethically for the betterment of the firm.

2.2.4 Stewardship Theory

As cited by (Karns, 2011), stewardship theory is a relatively new concept and assumes that the manager is a steward of the business with behaviours and objectives consistent with those of the owners. The theory suggests that the firm's purpose is to contribute to humanity by "serving customers, employees and the community" (Karns, 2011). At the centre of the theory's foundation is the concept that the business is here to serve rather than produce a profit. However, to be able to serve, the firm must be able to sustain itself economically and this theory promotes efficient use of resources through working with stakeholders. It views profits as necessary and an important funding mechanism to the primary objective of meeting the service-oriented mission.

A stewardship focused firm aligns itself with the needs of society and through risk taking and innovation, attempts to improve the life of others utilizing a business approach (Karns, 2011).The managers of such a firm are not motivated by personal needs and desires, but rather see themselves as stewards with the same motives and objectives as the owners of the firm (Davis, Schoorman, & Donaldson, 1997). Integrity, justice, and respect are the core values of the firm and serve as the foundation for management's actions on all decisions. The pursuit of wealth building is secondary to service for the common good from sustainable business functions focused on the betterment of people and planet.

Underlying this philosophy of service is the perception that management is composed of trustworthy individuals working together with all levels of employees and other stakeholders (customers, suppliers, communities) who share the same philosophy (Davis, Schoorman, & Donaldson, 1997). This behaviour is a collective effort and will result in positive benefits to the owners of the business through increased sales and profits. Decisions are made by management based on the perception of what is best for the group rather than the individual. The more groups satisfied, the more profits will be created, and the greater the financial rewards. Consequently, stewardship theorists build structures that empower and facilitate management believing that it is not necessary to develop control or monitoring mechanisms since management has the same intrinsic values as the owners (Davis, Schoorman, & Donaldson, 1997).

Relating to the foregoing discussion of the study undertaken, the stewardship theory helped the researcher to visualize the fact that ethical codes are the core values of the firm and serve as the foundation for management's actions on all decisions. This theory therefore supports professional accounting practices.

2.3 Empirical Studies

Various studies have been carried out in relation to ethical codes and professional accounting practices. These studies have shown different results ranging from positive, negative and no correlation at all. The present study reviews the empirical results of the previous studies in developed economies, developing economies and the studies carried out in Nigeria in order to clearly identify the gap in the literature.

2.3.1 Empirical Review from the Developed Countries

Berrone and Tribo (2009) examined corporate ethical identity as determinants of firm's performance in Spain. Data were collected through questionnaire administered to five hundred and fifteen (515) respondents and was analysed using OLS regression analysis. Their study reveals that a strong corporate ethical identity was positively related to high levels of stakeholder satisfaction. In turn stakeholder satisfaction had a positive influence on the financial performance of the firm.

D'Asquilla (2010) carried out study on financial accountants' perceptions of management's ethical standards. Data were sourced using questionnaire and interview to four hundred (400) certified public accountants (CPA's) in USA. The research reveals that accountants have more positive attitudes about management expectations of them more than they do about management own actions in terms of ethical behaviour and the majority of accountants reported that some pressure to achieve short-term performance report.

Aquack and Lipe (2010) conducted a survey in re-examining the accounting ethics. They stated that while the duty of fidelity continues throughout the period of working for an organization, it also applies when members wish to change employment. This duty prevents an employee from using the skills acquired while working for a former employer in undertaking a new role with a different organization. More so, a professional accountant is expected to conduct himself in a manner that promotes good relationship with other professional members. He must avoid undue publicity and advertisement, accord co-operation to incoming auditors, and seek arbitration with relevant institute when he feels that a colleague has treated him unfairly.

Jinhan and Tae (2011) examined the effect of business ethics on financial reporting quality using Korea firms. Data were generated through questionnaire administered to two hundred and fifty eight (258) financial officers, it was analyzed using frequency distribution. They found out that companies with a higher level of ethical commitment are engaged in less earnings management, report earnings more conservatively, and predict future cash flows more accurately than those with a lower level of ethical commitment. We also find that corporate commitment to business ethics has perpetuating effects on future financial reporting quality.

Webley and More (2012) sampled forty one to sixty (41-60) companies in UK using OLS regression analysis. Data were collected through administration of questionnaire and interview. The study reveals that those companies in the sample with code of ethics over the period 1997-2011 out-performed those who said they did not have a code of ethics and the general conclusion from their study is that there is a strong evidence to indicate that large UK companies with codes of ethics out-perform in financial and other indicators than those without ethics.

Verschor (2012) proved in an article that contains an assessment of the results of the application of Sarbanes-Oxley Act (SOX). It pointed out that the performance of auditors has not improved over the past ten years since the promulgation of the law. The first annual meeting address by the chairman of Public Companies Accounting Oversight Board (PCAOB), which is the first formal assessment of the quality of audit firms' performance stated: "In 2011 the Board examined 2800 audit engagements and discovered and analysed hundreds of cases that represent audit failure, which is a dangerous deviation from proper audit or proper audit functioning. The case continued on the same pace during 2012, and it turned out that the same situation prevails globally". An analysis of the performance of audit firms conducted by PCAOB inspectors shows that the proportion of audit failure at Ernst & Young reached 20% in 2010; more than double the cases that occurred in 2009. The ratio for Klynveld Peat Marwick Goerdeler (KPMG) was 22%, 39% for PricewaterhouseCoopers PWC, and 45% for Deloitte.

Verschor, (2014) surveyed daily US newspapers for one month from which he found more than 200 cases of fraud which underscores the extent of violations taking place in the profession. In another study of the Director of the Certified Managerial Accountant (CMA), it was found that the number of economic crimes is on the rise Verschor, (2014). A report published by PWC, (2014) showed that economic crimes reached 37% globally with the highest levels reported in Africa with 50%, North America with 28%, and the lowest is the Middle East with 22%. It would have been good if the author had analysed the reasons for the different levels of crime in various societies. Verschor, (2014) led the researcher to conclude: "the research suggests that the code of conduct is not applied effectively in many companies."

Flugrath, Bennie and Chen (2015) concluded using one hundred and twelve (112) professional accountants using interview and questionnaire in United State of America. The results indicate that the presence of ethics has a positive impact on the quality of the judgments made by professional accountants.

Paul (2017) examined ethics in accounting. Data were sourced through questionnaire administered five hundred (500) respondents in USA and was analyzed using Chi-Square statistic technique. The research reviews the influence of personal attitudes towards the adherence to ethical codes by accounting professionals. The study established that ethics dimensioning for the accounting profession is essential for national professional bodies in increasing business reputation, and usefulness of financial statements, while decreasing criminal activities and fraud.

Kevin, Weidenmier, Vincent and Kern (2018) explored accounting ethics case from multiple perspectives in United State of America. The study used a qualitative approach and data were collected through personal interviews with the individuals involved. The study suggested that increase understanding of ethical frameworks and professional codes of conduct will enhance decision making in an organization.

2.3.2 Empirical Review from the Developing Countries

Mahdi and Mohsen (2011) carried out a study on the impact of professional ethics on financial reporting quality in Iran. They employed a 24 item questionnaire and worked with a sample of 205 Iranian companies. The result of their findings showed that professional ethics have a significant impact on the quality of financial reporting.

Makhabane (2015) examined the accounting ethics in the accounting profession in Bloemfontein, South Africa. Data were collected through the questionnaire administered to one hundred and forty-eight (148) respondents was analyzed using Chi-Square. The study shows that accounting ethics are critical for the accounting profession because of the fundamental and indispensable role accountants play in business reporting processes, be these for compliance purposes or for corporate governance purposes.

Yousef, Ahnaf, Lina, Mohammed and Elrajabi (2016) carried out study on the accounting profession between religious and professional ethical codes. The study explored whether there is room for an alternative approach to solving the problem of fraud. The study analysed books, periodicals and a qualitative approach that examined published literature. The study found that adopting Islamic ethics could be a good governance mechanism to eliminate fraud in accounting profession.

Zhatkin (2017) address ethical matters in accounting practice, evidence from Ukraine. The data sourced through questionnaire administered to three hundred and fifteen (315) accountants and auditors, it was analyzed using frequency distribution. The result of the findings provide an empirical evidence towards examination of accounting ethics in Ukraine and occurrences of pressure in accounting practice to behave unethical happen very or quite often.

Gatu (2017) investigate the factors that influencing compliance with accountants' code of ethics in county governments of Kenya. Data were sourced through questionnaire administered to one hundred and fifty one (151) accountants in Kanya and was analyzed by use of frequency distributions, percentages, mean and standard deviation and Regression analysis. From the findings of the study it was established that internal controls, remuneration and independence of accountants influenced compliance with accountants' code of ethics by 72.3%.

2.3.3 Empirical Studies on Nigeria

Nwanyanwu (2010) concluded using one hundred and twenty (120) questionnaires to 30 accounting firms and chi Square was used for data analysis. The objective of the study is to investigate the extent to which stipulated ethical standards are significant in accounting professional practice. The study reveals that a large difference exists between observed and expected acceptance of the significance of ethical standards in accounting practice.

Adeyemi and Fagbemi (2011) examined the perception of ethics in auditing profession in Nigeria. Data were sourced through questionnaire administered to one hundred and forty three (143) respondents Kwara state and was analyzed by use of analysis of variance ANOVA. They concluded that there is the need for the profession to direct its efforts towards shaping the views of new entrants to the profession. This can be achieved through sound ethical training as results from the study suggested that this is an important step towards restoring the integrity of financial reporting process. Adherence and enforcement of high ethical standard for members of the profession will go a long way in maintaining diligence in the way members of the profession carry out their duties.

Ogbonna and Appah (2011) assessed ethical compliance by the accountant on the quality of financial reporting and performance of quoted companies in Nigeria. They concluded using one hundred and twenty-three (123) accountants using questionnaire and Spearman Rank Correlation Coefficient with descriptive statistical tools for analysis. The result shows that ethical compliance by the accountants is positive and has significant effects on the quality of financial reports and performance of organizations.

Ogbonna and Appah (2012) assessed the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria. The questionnaire was pre-tested using thirty (30) respondents in the selected banks and a reliability test was done on the data collected using Cronbach Alpha model. The hypotheses were tested using data from the administered questionnaires with granger causality test, multiple regression and Augmented Dickey - Fuller test. The analysis of the data showed that ethical accounting standards affect the quality of financial reports of banks in Nigeria.

Ogbonna and Ebimobowei (2012) evaluated the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria. Data for the study were generated through the administration of questionnaire to one hundred and eighteen (118) respondents and ordinary least square OLS was adopted for the purpose of hypothesis testing. They came to the conclusion that the analysis of the data showed that ethical accounting standards affect the quality of financial reports of banks in Nigeria.

Bukola and Famous (2013) assessed ethical practices of the professional accountant in Nigeria. They concluded using one hundred and fifty (150) accountants using questionnaire. Z-score test was used in testing the hypotheses and it was analysed using computer software (SPSS). The major finding from the study is that in the development of professional practices, compliance with well-grounded ethical values are a good prerequisite for an enduring practice and that penalties meted out to erring members are grossly inadequate

Akadakpo, Bukola, Enofe and Augustine (2013) assessed the impact of accounting ethics on the practice of accounting profession in Nigeria. The data were collected primarily from questionnaire and oral interviews and a sample size of two hundred and fifty (250) chartered accountants in public practice and ministries was used. It was found that there are other major influence which accountants believe have impact on their professional conducts like policies and rules of companies where accountants work, religion were found not to have major influence in the profession conduct of accountants. The legal system, societal value systems and beliefs in not harming the society also inter-played in the accountants' professional conduct.

Cletus and Oghoghomeh (2014) investigated ethics of accounting profession in Nigeria. Data was obtained through questionnaire administered to One hundred and twenty-five (125) professional accountants was analysed with Chi-square tested and Spearman's rank correlation co-efficient. The study revealed that there is a low degree of adoption of accounting ethics by professional accountants in Nigeria. This study revealed several reasons for the low degree of adoption, which include greediness and self-interest, pressures from employers/clients, price of ethical behaviour, poor societal values, lack of complete information, lack of clearly defined ethical conduct, lack of competence in complex environment, effect of cultural change, self-protection activities, and self- deception and rationalization. The most prevalent of these factors is greediness and self- interest of the accountant while the least factor is lack of clearly defined ethical conduct.

Augustine, Chukzy and Ewaen (2015) investigate the effect of accounting ethics on the quality of financial reports of Nigeria firms. The research design adopted for this study was the survey research designs as it enabled the researcher elicit information from the respondents on the subject matter under investigation. The study found that accounting ethics had a significant relationship with financial reporting quality.

Babayanju, Animasaun, and Sanyaolu (2017) determine the level of compliance with ethical standards among professional accountants in Nigeria. Data was obtained through questionnaire administered to one hundred and twenty (120) chartered accountants. The study used multiple regression analysis to analyse data. The study concluded that there is a need to improve on ethical awareness and training among professional accountants in Nigeria as well as accounting students in institution of higher learning in order to improve the quality of financial reporting in Nigeria.

Agwor and Okafor (2018) examined accounting ethics and financial reporting quality of tourism and hospitality firms in rivers state. The survey research design was employed with the use of questionnaire to obtained relevant data. The study used multiple regression model for data analysis. Findings of the study revealed that corporate bodies establish ethics compliance units or department to boost the enforcement of ethical compliance, among others.

2.4 Summary and Gaps Identified in the Literatures

This study discussed the various definitions of ethical codes in relation to professional accounting practices. The review of literature indicated that some questions still remained unanswered as there seems to no standard or agreed definition of ethical codes. Therefore, this study provides further evidence to fill the gaps identified in the literature. Previous studies such as (Cletus 2013; Adeyanju, 2014; Veschor, 2014; Augustine, Chukzy & Ewaen, 2015; Marie, Anna & Robin, 2016; Kevin, Weidenmier, Zhatkin, 2017; Vincent & Kern, 2018 and Agwor & Okafor, 2018) among others reviewed two or three economic and accounting theories such as sequential decision-making theory, capital asset pricing theory, agency theory, institutional theory as well stakeholder theory. This study however, was guided by four theories of utilitarian theory, stakeholder theory, agency theory and stewardship in relation to ethical codes and professional accounting practices that has not been used together from previous studies.

In Nigeria, to the best of researcher's knowledge, majority of the studies on ethics and accounting practices such as (Adeyemi and Fagbemi2011; Akenbor and Onuoha, 2013; Bukola and Famous 2013) surprisingly focused more on banking sectors as their study area. However, it seemed, very few of them have considered the role of Auditor's perception on ethical compliance, by the Accountants, while preparing financial report for the end users. It is believed that aside setting the standards, there is need for these bodies to ensure compliance through enforcement and constant monitoring of the conducts on the practitioners.

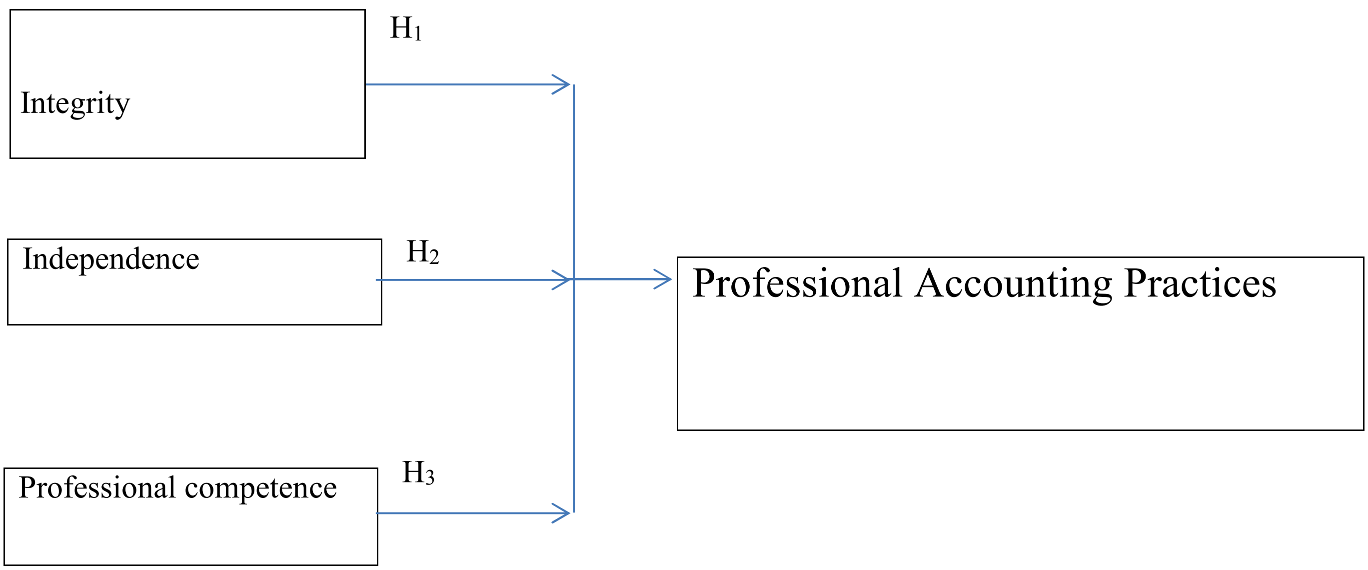
Furthermore, it was observed in review of relevant literatures that despite the level of research that has been carried out in developed countries, the body of research work available in developing countries like Nigeria on the perception of professional accountants on the impact ethical codes and professional accounting practices is quite few as this study will contribute to existing empirical studies in Nigeria using regression for data analysis.

2.5 Theoretical Framework

This study uses the stewardship theory as the theoretical background to develop an empirical framework to examining the impact of ethical codes on professional accounting practices in Nigeria; professional accountants perceptions. The contractual relationship between the stakeholders, who are the owners of an organization and the upper echelon, board of directors and external auditors, is purely a stewardship relationship (Adelegan, 2009). Stewardship theory provides a natural framework of this study because professional accounting practices concerns arose as result of divorce of company management from owners of company and as such those who are entrusted to oversee and manage the company on behalf of the owners are expected to render integrity and professional competence in their responsibilities and financial reports which must be validated by independence professional accountant (External Auditors). Consequently, those users who desire to assess the professional competence of management do so in order that they take economic decisions; these decisions may include, for instance, whether to hold or sell their investment in the enterprise or whether to reappoint or replace the management. The stewardship objective has been considered as being about information that provides a foundation for a constructive dialogue between management and investors. This is deemed to be essential response to the development of a contemporary company and a fundamental building block of corporate financial reporting

2.6 Conceptual Framework

Independent variables **Dependent variable**



Source; Author's Conceptualization, 2019

Figure 2.1 *Conceptual framework of impact of ethical codes on professional accounting practices.*

The conceptual framework above explains the relationship between the independent and dependent variables. The dependent variable in this study is professional accounting practices while the independent variables are ethical codes proxy by probity, freedom of opinion experience and technical skills.

CHAPTER THREE

METHODOLOGY

This section presents the methodology employed in collection of data, research design, population choice, sample size, sampling technique and model adopted in analysing the data collected for the purpose of testing the hypotheses.

3.1 Research Design

The purpose of the study was to investigate the professional accountant's perception of the impact of ethical codes on professional accounting practices in Nigeria. The basic idea behind this research is to measure the impact of one variable on the other.Thus, the study employed survey research method in collecting primary data since it helps in capturing phenomenon as it is, by collecting both qualitative and quantitative information from a representative sample of the target population on the subject matter under investigation.

3.2 Population of the Study

The study was designed to assess the impact of ethical codes on professional accounting practices in Nigeria. The population of the study ideally should comprise of all chartered Accountants in Nigeria. However, considering the near impracticality of observing the entire country, the population of the study comprised chartered Accountants in Kwara State. According to ICAN Ilorin and District Society (2018), there are one hundred and fifty three (153) chartered Accountants in the state, which form the basis of the population of the study.

3.3 Sample Size and Sampling Technique

A proportion sample formula of Taro Yamane (1973) was employed. The Formula adopt the use of assumed sample frame which represents and assumed mean of the true population. The assumed sample mean is taken as 153 and is presented as:

$$n = \frac{N}{1 + N(e)^2}$$

Where

n = the sample size sought;

N = the population size (which is taken as the assumed sample frame)

e = is the level of confidence (taken as 95%).

The sample size (n) was calculated as: $\frac{153}{1+153(0.05)^2} = 110.669$

From the calculation above, the sample size of the study was one hundred and eleven (111) respondents. The study used convenience sampling technique so as to enable the researcher use his judgments to select targeted respondents which could best enable him answer his research questions and meet his objectives. In order to avoid accessibility difficulty, the researcher attended ICAN district meeting Ilorin, to administer the questionnaire to chartered Accountants in Kwara State. The respondent's included independent professional Accountants (External auditors), Managing Directors of different Organizations and Heads of Internal Audit in the Kwara state. They were selected to take part in the study as they are perceived to be knowledgeable on the issues under study.

3.4 Instrumentation

This study was conducted using primary data. The primary data was collected through administration of a well-structured questionnaire. The questionnaires were broadly categorised into two sections. The first section contains questions relating to the respondent's Bio-data such as Sex, Age, Educational qualification and Work experience. The second section relates to ethical codes and accounting practices which seek to find out the respondent's knowledge of ethical issues and how they have been dealing with them in their everyday practice. In order to guarantee participants' anonymity, the questionnaire did not ask for personal identification. The questionnaire administration was done personally and retrieved almost immediately from some participants. A total number of one hundred and eleven (111) questionnaires were administered and eighty four (84) of them were retrieved.

The layout of the questionnaire was kept very easy and simple in order to encourage meaningful participation by the respondents. The questionnaires was designed to have 5-point likert scale measure which is a measurement with five response ranging from ''Strongly agree'' to ''Strongly disagree''. This requires a respondent to indicate a degree of agreement or disagreement with each of a series of statement related to code of ethics.

3.6 Data Analysis Technique

The study employed both descriptive and inferential statistics to analyse the data collected through questionnaire. The descriptive statistics provide the summary of socio-demographical characteristics of the respondents. The data collected was analysed using Pearson Product Moment correlation and regression analysis. The Pearson Product Moment correlation was used to measures the statistical relationship between the dependent and independent variables.

Multiple regression analysis was conducted for the inferential statistics. The p-values in the regression analysis helps to determine whether the relationship that was observe in sample also exist in the larger population. The p-value for each independent variable tests the null hypothesis that the variable has no correlation with the dependent variable.

3.7 Measurement of variables

There are two variables in this study which are dependent and independent variables. The dependent variable is measured by professional accounting practices. The main variable for the study are ethical codes which is the independent variables and this are measured or proxy using integrity, independence and professional competence.

Table 3 Measurement of dependent and Independent Variables

S/N	Variables	Definition	Type	Measurement
1	PAP	Professional Accounting Practices	dependent	Measured by high quality auditing standards, profession-wide quality assurance, active regulatory oversight.
2	Int	Integrity	Independent	Level of compliance with ethical code of integrity.
3	Ind	Independence	Independent	Proxy by the acceptable level of influence, freedom of speech and objectivity.
4	Prof c	Professional Competence	Independent	Proxy by level of Experience and professional judgement and technical skills.

Source: Author's Survey, 2019

3.8Model Specification

This study examined the impact of ethical codes on professional accounting practices in Nigeria; professional accountant's perceptions. The model for the study was adopted from the work of (Akenbor, 2013). The model has been used to identify the direct association between code of ethics for professional Accountants' – Integrity, Objectivity, Independence, Confidentiality and Professional Competence as independent variable which could determine professional accounting practices. This model was adopted, due to the facts that three of the variables in the model were used in this study. In view of this, the modification from Akenbor (2013) model adopted for this study will be; Akenbor (2013) model as specified below;

$PJ = \alpha_0 + \beta_1 COM + \beta_2 IND + CONF\beta_3 + \beta_4 INO + \ldots\ldots + \mu i$……………………………3.1

Where;

PJ = Professional Judgment

COM = Competence

CONF = Confidentiality

IND= Independence

INO = Integrity/objectivity

α= Regression Constant

$\beta_1 \ldots . \beta_4$= Regression Co-efficients

μ= Error term.

The model was further modified as follows.

$PAP_i = \alpha_0 + \beta_1 INT_i + \beta_2 IND_i + \beta_3 PROFC_i \ldots\ldots + \Sigma_i$…………………………………3.2

Where:

PAP_i = Professional Accounting Practices

INT_i= Integrity

IND_i= Independence

$PROFC_i$ = Professional competence

$\beta_{0\,=}$ constant, $\beta 1$, β_2, β_3, are the coefficient of the explanatory variable

E_i = the error term (assumed to have zero mean and independent across time period)

3.9 A-priori Expectation

At the end of this study it is expected that the independent variables with the coefficient $\beta 1$, β_2, and β_3 should have a positive impact on the dependent variable (Y) with the value greater than zero but less than 1 i.e.

$\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$,

CHAPTER FOUR

DATA ANALYSIS AND RESULT PRESENTATION

This chapter presents data collected, analysis and interpretation of the results obtained in the field. In view of the above and in order to achieve the study objective, the hypotheses were tested and the results were presented in tables and discussed.

4.1 Descriptive Statistics Analysis

4.1.1 Response Rate of the Questionnaires Distributed

The target number of respondents was of one hundred and eleven (111) ICAN chartered accountants. According to Mugenda and Mugenda (2003), a response rate of 50% is an adequate representative for analysis and discussion while a 70% response rate is considered excellent. As shown in the table 4.1 below, eighty four (84) questionnaires were retrieved representing 76% from the respondents. The 76% response rate was therefore excellent and sufficient for this type of study.

TABLE 4.1: *Response rate of the Questionnaires*

Response	Frequency	Percentage
Returned	84	76%
Not Returned	27	24%
Total	111	100%

Source: Author's computation, 2019

4.1.2 Demographic Information of the Respondents

This section describes the demographic profile of the respondents in the sample. The demographic characteristics examined in the study include gender, age, academic qualification and working experience. Table 4.2 indicates the information about the respondents.

Table 4.2: *Demographic Information of the Respondents*

S/N	Characteristics	Frequency	Percentage %
1	**GENDER:**	**F**	**%**
	Male	49	58.3
	Female	35	41.7
		84	**100%**
2	**AGE OF THE RESPONDENT:**		
	Below 25 years	11	13.1
	26-35 years	39	46.4
	36-45 years	20	23.8
	46 years and above	14	16.7
		84	**100%**
3	**HIGHEST QUALIFICATION:**		
	SSCE/NCE/ND	0	0.0
	HND/BSC	48	57.1
	M.Sc/MBA/PH.D	36	42.9
		84	**100%**
4	**YEARS OF WORKING EXPERIENCE:**		
	1-5	30	35.7
	6-10	29	34.5
	10-15	15	17.9
	15 and Above	10	11.9
		84	**100%**

Source: Author's computation, 2019

The survey results as shown in the table 4.2 above reveal that 58.3% of the respondents were male while 41.7% were female. Previous studies have also demonstrated similar distribution regarding the gender of the respondents. From the distribution, 11 of the respondents representing 13.1% are within the age range of 25 years, 39 of the respondents representing 46.4% are between 26-35 years, 20 of the respondents representing 23.8% are between 36-45 years and 14 of the respondents representing 16.78% are between 45 years of age and above, These shows that the largest population is between the age range of 26–35 years. The survey also reveal that most of the respondent have sounds formal education as 48of the respondents representing 57.1% have HND/BSC as their highest qualification while the remaining of the respondent with the total of 36 representing 42.9% have their M.Sc/MBA/PH.D, which implies that they will be able to arrive at a better judgement. In addition, the survey also indicate that respondents with working experience between 1-5 years were 30 respondents representing 35.7% while 6-10 years constitute 29 respondents representing 34.5% and 10-15 years are15 respondents representing 17.9%, the remaining 10 respondent representing 11.9% are 15 years and above respectively. The overall result of the survey indicates that the respondents have the versatile requisite requirement to provide the required answers to the questionnaire.

4.1.3 Descriptive Statistics for Statements related to Professional Accounting Practices

Table 4.3: *Professional Accounting Practices*

S/N	Items	Min	Max	Mean	S.Dev
1	Professional organizations of accountants worldwide do not undertake many initiatives and communications to further increase the attractiveness of the accountancy profession.	1	5	3.56	.923
2	Organizations should have written accounting policies and procedures for accounting practices.	1	5	4.68	.920
3	Professional accounting practices often requires preparation of financial reports.	2	4	3.95	.877
4	The demand for professional accountants on quality assurance is not high in almost all sectors in which professional accountants are active.	1	5	3.95	.805
5	Professional accountants do not perform other services to client.	2	5	3.49	.745

Source: Author's computation, 2019

The mean and standard deviation of professional accounting practices is shown in table 4.3 The highest mean score of items for professional accounting practices is 'organizations should have written accounting policies and procedures for accounting practices' (M = 4.68, SD = .920), whereas 'Professional accountants do not perform other services to client' recorded the lowest mean in the range (M = 3.49, SD = 0.745) respectively. This result shows that 'organizations should have written accounting policies and procedures for accounting practices' is the main characteristic representing the professional accounting practices.

4.1.4 Descriptive Statistics for Statements related to Integrity

Table 4.4:*Integrity*

S/N	Items	Min	Max	Mean	S.Dev
1	Accounting documents do contain adequate disclosure of information necessary for the proper interpretation of facts.	1	5	3.17	.876
2	Professional accountants communicate both favourable and unfavourable information to users of financial statements.	1	5	3.89	1.030
3	In the performance of their professional engagement, professional accountants knowingly exemplify facts.	1	5	3.55	.974
4	Adherence to high ethical standards does not boost the reliability of financial statements.	1	5	4.62	1.040
5	Pressure to behave ethically is greater in larger organisation.	1	5	3.42	.852

Source: Author's computation, 2019

The mean and standard deviation of integrity is shown in table 4.4 The highest mean score of items for integrity is 'adherence to high ethical standards does not boost the reliability of financial statements' (M = 4.62, SD = 1.04), whereas 'accounting documents do contain adequate disclosure of information necessary for the proper interpretation of facts' recorded the lowest mean in the range (M = 4.68, SD = .920). In essence, 'adherence to high ethical standards helps boost the integrity of financial statements' is the main characteristic representing the integrity of a professional accountant.

4.1.5 Descriptive Statistics for Statements related to Independence

Table 4.5:*Independence*

S/N	Items	Min	Max	Mean	S.Dev
1	Users of financial statements perceived professional accountants as being autonomous of their client.	1	5	4.21	.892
2	Professional accountants take extensive measures in carrying out their duties.	1	5	3.55	.924
3	Professional accountants do not accepted gifts and other financial favours from clients.	1	4	3.10	.754
4	Professional accountants are perceived not to be under the influence of their clients.	1	5	4.01	.885
5	Professional accountants are objective in reporting financial transactions.	1	4	3.04	.713

Source: Author's computation, 2019

The mean and standard deviation of independence is shown in table 4.5. The highest mean score of items for independence is 'Users of financial statements perceived professional accountants as being autonomous of their client' (M = 4.21, SD = .892), whereas 'Professional accountants are partial in reporting financial transactions' recorded the lowest mean in the range (M = 3.04, SD = .713) respectively. This result shows that 'Professional accountants are perceived not to be under the influence of their clients' is the main characteristic representing the independence of a professional accountant.

4.1.6 Descriptive Statistics for Statements related to Professional Competence

Table 4.6: *Professional Competence*

S/N	Items	Min	Max	Mean	S.Dev
1	Professional accountants maintain appropriate level of technical skills.	2	5	4.24	.814
2	After appropriate analysis of relevant and reliable information by the accountant, the reports being prepared are often accepted by clients.	3	5	4.50	.881
3	Accountants have to belong to a professional body before they can accept job from clients.	2	5	4.04	.702
4	Accountants perform their professional duties in accordance with relevant laws, regulations, and technical standards.	2	5	4.44	.923
5	Training and development through seminars, workshops and conferences are usually the watch dog of professional accountants.	1	4	3.27	.750

Source: Author's computation, 2019

The mean and standard deviation of professional competence is shown in table 4.6. The highest mean score of items for professional competence is 'After appropriate analysis of relevant and reliable information by the accountant, the reports being prepared are often accepted by clients' (M = 4.5, SD = .881), whereas 'training and development through seminars, workshops and conferences are usually the watch dog of professional accountants' recorded the lowest mean in the range (M = 3.04, SD = .713) respectively. This result shows that 'after appropriate analysis of relevant and reliable information by the accountant, a complete and unambiguous reports are usually prepared' is the main characteristic representing the professional competence of a professional accountant.

4.2 Preliminary Analysis of Data

The techniques used in analysis of primary data of this study are statistical techniques design to cater for the inherent assumption of normality and multicollinearity.

4.2.1 Normality

The study used the (Q-Q) plot as recommended by Field (2009) to determine the normality of variables. He also noted that it is more important to look at the shape of the graphical distribution rather than looking at the value of the kurtosis and skewness statistics when a sample is 200 and above. Field reiterated that a larger sample decreases the standard errors which in turn inflate the value of the kurtosis and skewness statistics. Since our sample size is less than 200, we only used the (Q-Q) plot to determine the normality of our variables. The normal probability plot (Normal Q-Q plot) was done for the entire variable (constructs) of the model. The observed value for each score of the variable is plotted against the expected value from the normal distribution. A reasonably straight line suggests a normal distribution (Pallant, 2008). The normal probability plots indicated that all the research variables are normally distributed.

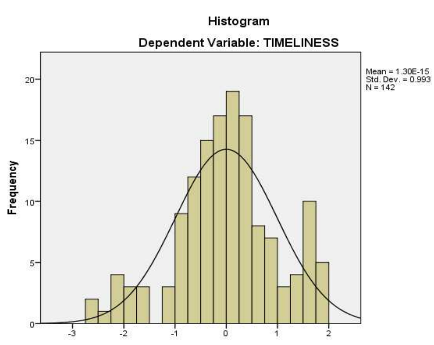


Figure 4.3 *Histogram showing Normality Diagnostics Test*

4.2.2 MulticollinearityTest

The presence of multicollinearity among the exogenous constructs tends to increase the size of standard errors which often leads to confusing and misleading results as it distorts the estimates of regression coefficients as well as their statistical significance test (Tabachnick & Fidell, 2007). According to (Hair, Black, Babin & Anderson, 2014), a correlation matrix of the exogenous latent constructs should also be examined and a correlation coefficient of 0.90 and above indicates multicollinearity between the exogenous variable. As shown in Table 4.7 below, the correlations between the exogenous latent constructs were sufficiently below the suggested threshold values of 0.9. This shows that Ethical codes and professional accounting practices are independent and are not highly correlated.

Table 4.7:*Pearson-Correlations analysis of the variables*

	PAP	Int	Ind	Prof.C
PAP Pearson Correlation	1			
Sig. (2-tailed)				
N	84			
Int Pearson Correlation	.71	1		
Sig. (2-tailed)	.05			
N	84	84		
Ind Pearson Correlation	.63	.57	1	
Sig. (2-tailed)	0.034	.023		
N	84	84	84	
Prof. C Pearson Correlation	.51	.40	.96	1
Sig. (2-tailed)	.029	.041	.03	
N	84	84	84	84

Source: Author's computation, 2019

As shown the Table 4.7, a correlation analysis was done between the dependent variable (professional accounting practices) against the independent variables (integrity, independence and professional competence). The findings revealed that there is a positive relationship between professional accounting practices and integrity (rho =0.71, $P<0.05$); independence (rho=0.630, $P< 0.05$); and professional Competence (rho=0.51, $P=0.05$). These findings indicate that with every increase in integrity and competence, there is a significant increase in professional accounting practices ($P< 0.05$).

To further strengthen this, Tabachnick & Fidell (2007) suggested that researchers should compute for tolerance value and variance inflation factor (VIF). Tolerance represents the amount of variance of a predictor variable not explained by the other predictor variables in the model while VIF is the degree to which the standard error has been inflated due to the presence of collinearity and therefore, it is the reciprocal of tolerance. A tolerance of 0.10 or lower and a VIF of 10 or higher suggest a multicollinearity problem. As shown in Table 4.8, all the tolerance values exceeded 0.10 and the VIF values are less than 10 which is the recommended cut-off, this simply implies that the data is free from multicollinearity problems.

Table 4.8 *Multicollinearity Test*

Variables	N	VIF	Tolerance
Integrity	84	0.117	3.9114
Independence	84	0.214	4.324
Professional Competence	84	0.401	6.9274

Source: Author's Computation, 2019

4.3 Regression Analysis

The results of the regression analysis are useful when making inference about relationship between the variables under study. The research aimed at establishing the impact of integrity, independence and professional competence on professional accounting practices. The regression result shows that a change in integrity (INT) will lead to 0.1 improvements in the level of professional accounting practices in Nigeria and it is significant at 5% with the value of 0.00. Independence (IND) is also significant at 5% with the value of 0.002 while the coefficient value shows that a change in level of independence of chartered accountant will improve the level of professional accounting practices by 0.064. This implies that Independence of an accountant has a significant implication on professional accounting practices. The result below depicts that a change in the level of Professional competencies (PROF.C) by 0.041 will improve professional accounting practices by 0.004 percent. Professional competencies is also significant at 5% with a ($p<0.004$). Given that all the variables are significant at 5%,it was therefore concluded that ethical codes have significant impact on professional accounting practices.

Table 4.9: *Dependent Variable: PAP*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.352	.752		1.798	.076
Int	.119	.094	.101	1.083	.009
Ind	.064	.094	.087	.067	.020
Prof. C	.041	.107	.063	.053	.040

Source: Author's computation, (2019)

4.3.1Coefficient of Determination (R^2)

Table 4.10: *Coefficient Determination of R^2*

Variables	R^2	Adj. R^2	Std. Error of the Estimate
Professional Accounting Practices	0.641	0.594	0.4291

Predictors: (Constant), integrity, independence, professional competence

The coefficient of determination represents the exogenous latent constructs combined effects on the endogenous latent constructs. It is a measure of the goodness of fit against the empirically manifest items obtained with values ranging from 0 to 1. Chin (1998) calibrated the R^2 value for endogenous latent variables as 0.67 (substantial), 0.33 (moderate) and 0.19 (week). However, (Hair *et al.,* 2014) argued that the acceptability and non-acceptability of the R^2 value varies from one field of study to another. The higher the R^2 value, the bigger the percentage of explained variance. As shown in Table 4.10above, the R^2 value was 0.641 and the adjusted R-squared was 0.594 respectively. This implies that integrity, independence and professional competence only explains about 64% of the systematic variations in professional accounting practices, while the remaining 36% are caused by other factors not included in the model.

4.4 Discussion of findings

As shown in the empirical tests and analyses carried out, the study revealed that ethical codes are crucial and has positive impact on professional accounting practices in Nigeria. From the empirical analysis and the hypothesis conducted, the study found that ethical codes are an indispensable factor in professional accounting practices, as all the variables were significant at 5%. Preliminary analysis was done for primary data and various assumptions for inferential statistics employed was duly met. The findings of this study are discussed below;

4.4.1 Integrity and Professional Accounting Practices

From the hypothesis one (H_{01}), the study found that integrity have positive effect and significant at 0.05 level of significant on professional accounting practices in Nigeria. Result from Regression analysis (β=0.119, t=1.083 and p <0.000). Thus, the null hypothesis one (H_{01}) on integrity and professional accounting practices failed to accept, indicating that integrity in terms of adherence to ethical standard and non-valuation of ethical core values explain variation in the quality of professional accounting practices to a larger extent. This implies that the accounting profession becomes more credible when the concept of integrity is applied. The result is consistent with the study conducted by (Ogbonna and Appah 2012). They found out that ethical accounting standards of integrity/objectivity is fundamental in the production of quality financial reports. The result also concurs with the a-priori expectation that integrity has a positive impact on professional accounting practices.

4.4.2 Independence and Professional Accounting Practices

The second objective was to examine the impact of independence of an accountant on professional accounting practices in Nigeria. In pursuit of this objective, empirical analysis and hypothesis was conducted. It was gathered in this research work that independence of the accountant has a positive significant effect at 0.05 level of significant on professional accounting practices in Nigeria. The result from the regression analysis (β=0.064 t=.067 and p<0.002). The result therefore leads to failure to accept the null hypothesis of independence has no significant impact on professional accounting practices in Nigeria and accepting the alternate hypothesis (H_{01}).The implication of this result is that, if an accountant is independent of his client, there will be transparency in the statement being prepared and will be subjected to more reliance from the users of the financial statement being prepared.

Cletus (2013) supported this finding by asserting that if an accountant is independent of his client, a better judgment in financial reporting is assured. However, the findings are in contrast with the result of Bukola and Famous (2013) where results showed that there are a number of situations in which the ethical codes appear not too relevant. They revealed in such situations that accountants attempt to resolve such issues by making alternative references to their actions. Many accountants are likely to resolve conflict of interest and situation that border on loss of revenue or job, personal interest and beliefs cultural background and double standards in the application of sanctions without reference to the expectations of the accountancy profession.

4.4.3 Professional Competence and Professional Accounting Practices

The third objective of this study investigates the impact of professional competence on professional accounting practices in Nigeria. From the empirical analysis and hypothesis conducted, the study found that professional competence have positive impact and significant at 0.05 level of significant on professional accounting practices in Nigeria. Result from regression analysis (β=0.041, t=.053 and p<0.004). This implies that as the accountant becomes more competent in the course of his work, the better the quality of services that will be provided.

The outcome of the foregoing analysis therefore tends to suggest the notion that financial statement users' perception of the competence level of accountants determines the users' understandability of the financial statement. This notion underscores why membership to professional accounting body (ICAN) should be determined by rigorous assessment of competency test, not only at entry point, but also existing members to undergo mandatory continuous competency training. The result is in line with Agwor and Okafor (2018) that examined accounting ethics and financial reporting quality of tourism and hospitality firms.

The results is supported by with the assumption of stewardship theory that professional accounting practices concerns arose as result of divorce of company management from owners of company and as such those who are entrusted to oversee and manage the company on behalf of the owners are expected to render integrity and professional competence in their responsibilities and financial reports which must be validated by independence professional accountant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary, conclusions and recommendations of the study. The chapter is divided into sub-sections. It begins with the introduction of the chapter follow by the summary of the study. The next section provides the conclusion, recommendation and limitations of the study. The final section presents the suggestion for future research.

5.1 Summary

The widespread corruption in the society and the failure of organizations in every part of the world have once more increased the need for accounting professionals to adhere strictly to the ethical codes of professional practice. According to Ogbonna and Appah (2012), the widespread corruption in the business environment seems to be the order of the day in all societies. Users of the services of accountants want to receive efficient and reliable service from those they regard as experts. Users of accounting information want to be sure that accounts convey a true and fair view of the financial position of a company, in other words, they are concerned about competence and standards Bukola and Famous (2013). In contemporary times, there has been a series of corporate failures, ethical negligence, auditing and accounting scandals globally, broadcasted cases of the recent past such as Ernon Corporation, a gas line, electricity and commodities trading company which was given a national recognition of one of the America's best companies for the years 1996 to 2001, became one of the largest bankruptcies in United States history and the focus of a major scandal due to accounting fraud and noncompliance with Generally Accepted Accounting Principles (GAAP) and ethical conducts.

This study review literature in relation to ethical codes and professional accounting practices. The review were divided into three; conceptual review; theoretical review and empirical review. The study vividly examined the concept of ethical code of integrity, independence, professional competence and professional accounting practices. The study was guided by the utilitarian theory, stakeholder theory, agency theory and stewardship theory. Therefore, the stewardship theory grounded theory for this study. The result of the empirical reviewed were divided into international and local studies. The international studies were further divided into developed and developing nations to bring out the gap on previous studies about ethical codes and professional accounting practices.

The study adopted a survey research design method with the population consisting of one hundred and fifty three (153) chartered accountants in Kwara State. The sample size was determined using Taro Yamane formula. The study employed a convenience sampling technique so as to enable the researcher to use his judgement to select the respondents which could best enable him answer his research questions and meet his research objectives. The Data collected were analysed and the stated hypotheses were tested using Pearson's correlation co-efficient and regression.

The findings from the investigation of the study are discussed in accordance with the objective of the study stated in chapter one. The main objective of this study is to examine the impact of ethical codes on professional accounting practices in Nigeria. The study found that integrity is an important predictor of professional accounting practices (β=0.11 P=0.00) at 5% level of significance, this implies that the accounting profession becomes more credible when the concept of integrity is applied. The study also revealed that independence (β=0.064 P=0.02) and professional competence (β=0.041 P=0.04) have significant impact on professional accounting practices in Nigeria. The R^2 and Adjusted R Square were 0.641 and 0.591 respectively. Ethical codes being the independent variable determine 64% of professional accountants in Nigeria. Ideally, one would expect all these variables to have positive impact on ethical codes which is what this empirical study revealed exact result as expected in the a priori expectations.

5.2 Conclusion

The following conclusions were made from the result of the study to evaluate the impact of ethical codes on professional accounting practices in Nigeria.

It was concluded from the first specific objective of the study that integrity has a positive significant implication on professional accounting practices which implies that accounting profession becomes more credible when the concept of integrity is been applied as this will improve transparency and accountability.

On the second specific objective of the study, the conclusion reached was that if an accountant is independent of his client, there will be transparency in the statement being prepared and will be subjected to more reliance from the users of the financial statement being prepared.

In the same token, professional practice requires some measure of ground rules to which the members of the profession are expected to comply with. Compliance with such professional codes of practice tends to instil some positive perception of reliability on the Accountant by the society, the lack of which elicits suspicion of compromised independence.

The third conclusion emanated from the third objective of the study. Result of the analysis indicated that professional competence has a positive significant impact on professional accounting practices. According to this finding, an improved professional accounting practices can be achieved through continuous training and skill acquisitions offered by ICAN on their members as this will enhance the positive competency perception of accountants by the general public, thereby leading to enhanced reliability of his/her final product (i.e. financial statement).

It was further concluded that the relationship between ethics and the accounting profession is symbiotic i.e ethics is an integral part of accounting profession and the accounting profession is standing on the foundation of ethics. The result is consistent with the study conducted by D'Asquilla (2010), Ogbonna and Appah (2012) and Flugrath *et al*., (2015), Animasaun, and Sanyaolu (2017) and Agwor and Okafor (2018) that ethics in the accounting profession is fundamental in the quality of financial reports of organizations.

5.3 Recommendations

Based on the findings above, the study recommends the following:

i. Based on the findings which state that integrity of an accountant has significant positive effect on professional accounting practices in Nigeria, the study recommends that the concept of integrity should be applied often by accountants as this will improve transparency and accountability in the quality of professional accounting practices.
ii. Accountants as custodians of financial reports should engage in more independent reporting for the interest of the stakeholders rather than subject to influence by the management as this will be subjected to more reliance by the end users.
iii. Organizations should provide ethics training programs for employees and there should be more emphasis on financial managers explaining the underlying ethical and legal principles as this will help build their profession competence in carrying out their various assignments.

5.4 Contributions to Knowledge

This study has examined the impact of ethical codes on professional accounting practices in Nigeria; Professional accountant's perception. This section present areas in which this study contributes to ethical codes. Most studies in this area assessed the effect of ethical codes and accounting practices of banking sector. Based on the review of literature, it was discovered that very few of them have considered the role of Auditor's perception on ethical compliance, by the Accountants, while preparing financial report for the end users. Various aspects of ethical codes discussed in this paper should be considered by organizations in Nigeria, as well as business executives who works in or influences accounting activities. Application of research findings may involve different reforms in education, reviewing of methodology and national standards.

5.5 Limitation and Delimitation of the Study

The current study is subject to number of limitations. The sample of this study may not be fully representative of the population of all chartered accountants in Nigeria (ICAN). Thus, any generalization of the results of this study cannot be made without caution.

The data was collected at one point in time rather longitudinally. Thus, the research could not account for time-lag effect of how ethical codes have impact on professional accounting practices. Despite these limitations the results have extended our understanding of the implementation of ethical codes on professional accounting practices. Nevertheless, these limitations does not affect or contradict the findings of the study in any ways, due to the adequate supportive evidences available in the study as the results are reliable and fit for policy formulation.

5.6 Suggestions for Further Studies

This study examined the impact of ethical codes on professional accounting practices in Nigeria. Hence, the following are suggested: This study focus mainly on ICAN members, future research may be conducted to cut across other relevant professional bodies to contribute more to the existing knowledge; Future studies should extend the areas of coverage beyond Kwara state and increase the sample size in order to increase the generalizability of the results; This study is cross-sectional in nature, therefore, future studies should consider longitudinal research design, where the data will be collected over extended period of time; Finally, this study used quantitative research design such as survey research design, further research may employ triangulation type of research, (mixed mode).

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APPENDIX

ACADEMIC RESEARCH QUESTIONNAIRES

Department of Accounting,

Faculty of Management Science,

Kwara State University,

Malete.

Dear Sir/Madam,

REQUEST FOR YOUR COOPERATION IN COMPLETING THIS QUESTIONNAIRE

I am a postgraduate student undergoing a Master degree program in Accounting from Kwara State University, Malete. As part of the requirement for the program, I am undertaking a study on the THE IMPACT OF ETHICAL CODES ON ACCOUNTING PRACTICES IN NIGERIA. In this regard, you have been duly selected as a member of the sample.

I wish to appeal to you to assists this study by kindly sparing few minutes to complete this questionnaire. You are not required to disclose any identification. I also wish to assure you that your answer will be treated in strict confidence and used for the stated academic purpose only.

Thanks in anticipation.

Yours faithfully,

Abdulkareem Mohammed
07030494635

INFORMATION

The questionnaire comprises of two sections. Section A represents the demographic information while Section B consist of questions on Professional Accounting Practices, Integrity, Independence and Professional Competence of an accountant.

SECTION A:

DEMOGRAPHIC INFORMATION

1. Sex: Male [ ] Female [ ]

2. Age: Below 25 years [ ] Between 26 and 35 years [ ] Between 36 and 45 [ ]46 and above []

3. Highest Educational Qualification: WAEC/SSCE/GCE/NECO [] OND/NCE [ ] HND/B.SC [ ] M.SC/MBA[ ] PH.D [ ]

4. Working Experience : 1-5 [ ] 6-10 [ ] 10-15 [ ] 15 and above [ ]

SECTION B

Kindly indicate the extent which you agree or disagree with the statement using the following.

SA	Strongly Agree
A	Agree
UD	Undecided
D	Disagree
SD	Strongly Disagree

A	**Integrity (**Impartiality, Fairness, Probity)	SA	A	UD	D	SD
1	Accounting documents do contain adequate disclosure of information necessary for the proper interpretation of facts.					
2	Professional accountants communicate both favourable and unfavourable information to users of financial statements.					
3	In the performance of their professional engagement, professional accountants knowingly exemplify facts.					
4	Adherence to high ethical standards does not boost the reliability of financial statements.					
5	Pressure to behave ethically is greater in larger organisation.					
B	**Independence (**freedom of opinion, influence, objectivity)					
1	Users of financial statements perceived professional accountants as being autonomous of their client.					
2	Professional accountants take extensive measures in carrying out their duties.					
3	Professional accountants do not accepted gifts and other financial favours from clients.					
4	Professional accountants are perceived not to be under the influence of their clients.					
5	Professional accountants are objective in reporting					

	financial transactions.					
C	**Professional Competence**(Experience, professional judgement, technicalskills)					
1	Professional accountants maintain appropriate level oftechnicalskills.					
2	After appropriate analysis of relevant and reliable information by the accountant, the reports beingprepared are often accepted by clients.					
3	Accountants have to belong to a professional bodybefore they can accept job from clients.					
4	Accountants perform their professional duties in accordance with relevant laws, regulations, and technical standards.					
5	Training and development through seminars, workshops and conferences are usually the watch dog of professional accountants.					
D	**Professional Accounting Practices (**effectiveness, high quality auditing standards, profession-wide quality assurance, active regulatory oversight)					
1	Professional organizations of accountants worldwide do not undertake many initiatives and communications to further increase the attractiveness of the accountancy profession.					

2	Organizations should have written accounting policies and procedures foraccounting practices.					
3	Professional accounting practices often requirespreparationof financial reports.					
4	The demand for professional accountantson quality assurance is not high in almost all sectors in which professional accountants are active.					
5	Professional accountants do not perform other services to client.					