ETHICS AND PROFESSIONALISM IN NIGERIAN BUSINESS ENVIRONMENT;
ANALYSIS OF USERS’ PERSPECTIVE OF ACCOUNTING INFORMATION

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ABSTRACT:

This study examines accounting professional ethics and accounting information users perspectives within Nigeria context. The primary data was sourced through administration of questionnaire on two major categories of respondents, practicing accountants (both in private and public practice) and the users of financial statement. However, data collected were analyzed using descriptive statistic method. Two hypotheses formulated were tested using chi-square method. The researchers found that public has little or no confidence in the ethical standing of the Accountant. Despite the claims by majority of Chartered Accountants that they always adhere to the ethical principles of the profession, users of accounting information believe otherwise. Besides, moral values have much influence on the ethical reasoning of the Accountant, therefore the higher the personal ethical standard of the Accountant, the easier it is to adhere to the spirit of the professional code of ethics. Also, Codes of ethics have little impact on the ethical reasoning of the Accountant as it only acts as a guide for ethical behavior. Auditors’ independence issues need to be revisited and the relationship between a reporting entity and its professional advisers should be more transparent. It is therefore recommended that, members’ rules for professional conduct should be reviewed more often to deal with the changing culture. The various accounting associations should respectively establish procedures to back-up members who face victimization from their employers for upholding high ethical standards.

Introduction

The issue of morality is certainly not new to us as our moral values are being questioned everyday. There appears to be signs of moral deterioration everywhere we turn to in our society. At present, corruption and fraudulent practices have received a lot of attention not only in our local dailies but also in the international arena. According to Vernon, Nigeria is being rated as one of the most corrupt countries in the world. The issue of corruption and fraud borders on ethical problems. The Accountants exist, serve, and work in such environment. This is one of the reasons why the accounting profession has ethical codes established by professional accounting bodies to guide the Accountant in his job. Compliance with ethical codes is crucial to the reputation of the accounting profession as the focus must be towards goals that encompass the values reflected by society.
Globalization, as a necessity for third world countries like Nigeria, comes with its own share of complexities and the Accountant cannot run away from its effects. Now, there seems to be a greater demand for excellent skills, leaving little or no need for the mediocre. As a result, the Accountants are presented with the option of excellence by any possible means irrespective of the cost or consequence. Despite the importance of technical competence, the personal moral standard of the Accountant is likewise important as it has been observed that the same techniques employed by a criminal are those applied by a successful policeman. The only distinguishing factor is the motive, which is greatly influenced by moral values. Therefore, the moral values of individuals acts as determinants for decision making.

Accountants are thus, faced with the challenge of maintaining professionalism amidst increasing competition and other business pressures. The moral standard of the Accountant is then put to test as he is torn between adhering to the codes of ethics of his profession or satisfying his clients. This poses a threat to total compliance to the professions code of ethics and makes one wonder if the term, “accounting ethics”, is a mere juxtaposition of words or a core value of the Nigerian Accountant.

Statement of Research Problem

The “super-hero” picture painted of the Accountant now seems to be gradually fading as cases of fraud perpetuated with the help of Accountants keep coming up. The Accountant, as it is believed, is at the mercy of clients as they may be greatly influenced by what the clients want them to do. This may impede on certain ethical principles, such as independence and objectivity, which invariably influence the output of the Accountant, particularly the Audit report or Accountant report. Also, cases of opinion shopping (when clients search for Accountants that will go along with their selfish desires) and creative accounting (when accountants cleverly manipulate financial information) in the internal and external accounting environment may not be ruled out. Even worse still is the present unemployment problem in the country, which has presented the Accountant with the options of either doing what the client wants and staying on the job or “sticking to his guns” and losing the job.

Objectives of Study

The objectives of the research project includes:

1. To determine if moral values influence the ethical reasoning of the Accountant.
2. To determine the damaging effect non-compliance to ethical codes can have on the Clients and Accountants.
Hypotheses

1. \( H_0 \): Professional Accountants do not adhere strictly to ethical codes in practice.
   \( H_1 \): Professional Accountants adhere strictly to ethical codes in practice.

2. \( H_0 \): Personal values are independent of the Accountants perception of compliance with ethical codes.
   \( H_1 \): Personal values are not independent of the Accountants perception of compliance with ethical codes.

LITERATURE REVIEW

What are accounting ethics? The answer to this question may be as simple as an Accountant that complies with all the relevant rules and regulations. Or it may be more complex detailing the way in which a corporation represents itself to the world. During the past few years, the accounting and business communities have been faced with huge ethical conflicts that shook the related professions to their core values creating the need for a strong ethical foundation.

Ethical values provide the foundation on which a civilized society exists. Without the foundation, civilization collapses. On a personal level, every Accountant must answer the following question: What is my highest aspiration? The answer might be wealth, fame, knowledge, popularity, or integrity. But if integrity is secondary to any of the alternatives, it will be sacrificed in situations in which a choice must be made. No one should ever commit dishonest, destructive, or illegal acts even if directed to do so by a company, nor should we direct others to act improperly. Accountants should not deviate from accounting ethics, policies and instructions even if doing so appears to be to the company’s advantage.

Meaning of Ethics

The word ethics can be taken to mean moral philosophy, as it is a philosophical discipline, which brings the rational and deliberate aspects of human behaviour to light. It focuses on the fact that human beings act freely after weighing the various possibilities open to them and on why, how and what reasons they act in a certain way. Ethics, according to Echekwube (1999:14) “is a philosophical discipline which seeks to examine the rationale for human actions”.

Moral philosophy according to Boss (2005:2) is “the study of values and guidelines by which we live, as well as the justification of these values and guidelines”. Moral philosophy can be sub-divided into
Normative ethics, which is concerned with the study of the values and guidelines by which we live and
Theoretical ethics, which is concerned with the justification of these values and guidelines through skills in
moral reasoning and critical thinking.

**The Impacts of Codes of Ethics**

Generally, codes are one of the ways to encourage ethical conduct. However, despite the credos, ethical codes and ethical programs developed and designed by business organisations, unethical practices do not seem to have been totally dealt with. According to Vernon (1998:165), in a research carried out among 400 business people and graduate students in the United States in 1996, it was discovered that companies code of ethics has had little or no impact on managerial behaviour. Vernon also reported another study conducted on 30 recent graduates of the Havard Business School about the ethical dilemmas that they encountered on their first jobs. These young managers reported that they were constantly exposed to organizational pressures to act unethically.

Vernon purports that the corporate organisations that design codes of ethics is the same organisation that pressurizes the employees to act otherwise. The employees are indirectly informed that what really counts is performance and not ethical behaviour. This contradiction, however, defeats the purpose of the ethical codes as it makes no difference to employees only to the extent to which corporate codes are ethical. Vernon (1998:181) holds that the degree to which employees adhere to ethical standards depends on the culture - an unwritten contract between the company and its employees – adopted by management. Cook and Hunaker (2001:430) observed that though ethical standards can be set it does not mean that people will adhere to them. According to them, “...people may be taught behaviour, but that is no guarantee they will behave ethically...”. From the above arguments, it can be deduced that the impact of codes of ethics among employees is minimal. Codes of ethics, inasmuch as it is important to act as a guide for behavioural conduct in an organisation, can do no more than act as a guide.

**Professionalism and Ethics**

According to Randle (2003:9), “Professionalism is about acquisition of specialized skills in the discharge of duties to clients, employers and all other stakeholders”. Michael Davis (2002:34) viewed professionalism as putting one’s profession first – that is, doing as you profess, whatever you happen to profess.

According to him, to be a professional is to have obligations one would not otherwise have and these obligations are not merely legal but also obligations in honour, in conscience, and in decency, bound to
respect. Professionalism is a moral claim and whatever a profession puts into its standards of conduct is what professionalism requires therefore morality limits what professionalism requires. Professions do not necessarily do more good than other occupational organizations; they are distinguished from others by what they do, or at least what they profess to do. Morality does not require occupational organizations to organize for a particular purpose but a profession, is an occupational group that must be organized to serve a moral ideal. So by definition, professionalism involves a commitment beyond what ordinary morality requires.

However, an organization’s status as a profession should not be made to depend on a perfect fit between the moral ideal it undertakes to serve and what it really does. An organization will be a profession, if it seems reasonably well designed to serve its moral ideal – that is, if the standard of admission is reasonably well designed to assure competence, its code of ethics forbids any abuse that may otherwise occur, its enforcement procedures seem equal to the task of maintaining substantial compliance with its professed standards and so on.

**Professional Ethics and Responsibility**

Often times, professional responsibility is being reduced to doing as the professional code of ethics requires, but like moral responsibility, it is open-ended and includes certain virtues. According to Michael Davis, “…mere rule following is contrasted to acting responsibly because there is something that mere following has to leave out – the ‘mere’

Phillips (2001:42) wrote “much of ethics literature is written from the standpoint of ‘doing’ rather than that of ‘being”’. If professionals should carry out what they profess with regards to moral values and not just because the profession requires them to do so, then we can talk about good being done to the society. Robert Solomon believed in the notion of ‘virtue’ and therefore focused on the character of people with a view to cultivating whole human beings and not good soldiers. He believed that moral virtues should be inculcated and then applied in the profession.

**Cost of Unethical Conducts**

For every action there is a consequence. Therefore, it is imperative that we highlight the penalties that result from unethical practices. Adewunmi (1999:14) identified some of these penalties. They are:

1. Cost of covering up evidence of unethical behaviour
2. Loss of trust: reputation cost, less effective team work, loss of confidentiality, censored communication, loss of self-esteem, lack of commitment, declining loyalty
III. Suicide by some top executives (as in the case of the Vice chairman of Enron)

IV. Forfeiture of bright careers

VI. Loss of patronage

V. Image damage and costly litigation

The Expectation Gap

According to Iyoha (2000:5) “No individual is void of expectation, so also does the public have a matrix of expectation for individuals and organizations”. This obviously involves professional accounting bodies whose members are employed in various sectors of the economy. The Chartered Accountant acts as a mediator between these accounting bodies and the public. Iyoha observes that there is usually a conflict between the role of the Accountants as prescribed by the various instruments regulating the profession and the role the public wants the accounting bodies to play. He highlighted some major expectations of the public from Chartered Accountants. They include:

- Detection and prevention of frauds, errors and sharp practices but according to him, this expectation has not been met as the primary objective of the audit is just the ascertainment of the reliability of financial statements.
- High level of independence, integrity and objectivity but in his view, Accountants and Auditors take refuge in a morass of rules that they are willing to apply whenever the balance of advantage lies in their favour.
- Impeccable confidentiality of the information gathered in the course of professional work except where there is a legal right to disclose, but he poses a rhetoric question if the rule of confidentiality is always in the best interest of the public.
- High level of reliability of financial statement and audited reports. According to him, merely knowing and applying the rules does not assure adequate service to the public as many investors have lost their financial life due to accounting failure.
- Effective communication through readable and understandable financial reports and not reports that are craftily drafted and adorned with graphs and tables of high aesthetic nature.

RESEARCH METHODOLOGY

The methodology of this research is based on the survey method because this method of data collection is useful for the study of non-observable events, such as opinions, attitudes and preferences. Therefore,
this methodology is appropriate for a study of this nature, which examines ethical conduct among Accounting Practitioners. Both primary and secondary data were used. The research population consists of both practicing Chartered Accountants in Public and Private sectors as well as users of accounting information. A sample size of 120 comprising 60 accountants and 60 users of accounting information was taken to enhance drawing of conclusions. Questionnaire and interview were two instruments employed and abstractions were employed to obtain secondary data.

Data analysis was statistical and descriptive. The data collected was analyzed by computing the percentages of the responses, which were tabulated and interpreted. The statistical test to be used to test the hypotheses formulated is the Chi square test because it measures the extent to which, in a given situation, pairs of observed and expected frequencies agree. The questionnaire, being the research instrument used, is considered most appropriate to the researcher’s subjective evaluations and thus has face validity. Each of the statements in the questionnaire was reviewed by an expert to assess the extent to which it relates to ethics. The research instrument is also reliable as the results show consistency when the same research instrument was given.

DATA PRESENTATION AND ANALYSIS

The questionnaires designed for the study were direct and simple to understand.120 copies of questionnaire was administered, personally supervised but only 100 were collected consisting of 50 practicing Chartered Accountants and 50 users of accounting information. The questionnaire was grouped into three sections. The first section covered the bio-statistical data of the respondents, the second section covered close-ended questions relating to the study using the likert scale technique, while the third section covered open-ended questions also relating to the study. In analyzing the data collected, the percentage method was adopted. In testing the hypotheses, the chi-square test was applied.

Analysis and Interpretation of Data Obtained from Questionnaire

Section B

(a) Indicates responses from Chartered Accountants
(b) Indicates responses from users of accounting information

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</tr>
<tr>
<td>A</td>
<td>Agree</td>
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</table>

http://www.ijmsbr.com
U - Undecided
D - Disagree
SD - Strongly disagree

Q1. Moral values influence the ethical reasoning of the Accountants.

**TABLE 1(a) INFLUENCE OF MORAL VALUES ON ETHICAL REASONING**

<table>
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Source: Field Survey 2011

**TABLE 1(b)**

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<td>%</td>
<td>56</td>
<td>32</td>
<td>8</td>
<td>4</td>
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Source: Field Survey 2011

A great number of respondents strongly agree that moral values influence the ethical reasoning of the accountant. This goes to show that indeed the moral values are important determinants to total compliance to ethical codes.

Q2. There is a gap between the public expectation of the Accountant and what the accountants perceive as their responsibility.

**TABLE 2(a) EXPECTATION GAP BETWEEN THE PUBLIC AND ACCOUNTANTS.**

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<thead>
<tr>
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<td>44</td>
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Source: Field Survey 2011

**TABLE 2(b)**

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<td>4</td>
<td>1</td>
<td>50</td>
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<tr>
<td>%</td>
<td>36</td>
<td>48</td>
<td>6</td>
<td>8</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2011
Majority of the respondents either strongly agree or agree that there is indeed a gap between the public expectation of the Accountants and what they (the Accountants) perceive to be their responsibility.

Q3. Clients/employers have much influence on the output of accountants.

TABLE 3(a) **INFLUENCE OF CLIENTS ON THE OUTPUT OF THE ACCOUNTANTS**

<table>
<thead>
<tr>
<th></th>
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<td>%</td>
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Source: Field Survey 2011

Table 3(b)

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<td>%</td>
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<td>6</td>
<td>6</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2011

More than 80% of the respondents agree that clients and employers do have much influence on the accountant’s output.

Q4. The Accountant is first responsible to his profession before his client.

TABLE 4(a) **THE ACCOUNTANTS FIRST RESPONSIBILITY**

<table>
<thead>
<tr>
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<th>D</th>
<th>SD</th>
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Source: Field Survey 2011

Table 4(b)

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<td>7</td>
<td>1</td>
<td>50</td>
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<tr>
<td>%</td>
<td>44</td>
<td>30</td>
<td>10</td>
<td>14</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2011

More than 70% of respondents are of the opinion that the Accountant is first responsible to the accounting profession.

Q5. Accountants adhere strictly to the professional code of ethics when on the job.

TABLE 5(a) **STRICT ADHERENCE TO PROFESSIONAL CODE OF CONDUCT**
About 90% of Accountants claim that they strictly adhere to the codes of ethics when on the job. However, over 50% of users of accounting information disagree with this claim.

Q6. Accountants always display the ethical principle of confidentiality in practice.

TABLE 6(a) DISPLAY OF CONFIDENTIALITY IN PRACTICE

<table>
<thead>
<tr>
<th></th>
<th>S &amp; A</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
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<tr>
<td>%</td>
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<td>4</td>
<td>14</td>
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</tbody>
</table>

Source: Field Survey 2011

More than 80% of claim to always display the ethical principle of confidentiality in practice. However, more than 50% of accounting information users disagrees with this claim.

Q7. Accountants always display the ethical principle of integrity in practice.

TABLE 7(a) DISPLAY OF INTERGRITY IN PRACTICE

<table>
<thead>
<tr>
<th></th>
<th>S &amp; A</th>
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<td>21</td>
<td>0</td>
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<td>50</td>
</tr>
<tr>
<td>%</td>
<td>38</td>
<td>42</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2011.
About 80% of Accountants claim to always display the ethical principle of integrity in practice. However, more than 60% of users of accounting information oppose to this claim.

Q8 Accountants always display the ethical principle of objectivity in practice.

<table>
<thead>
<tr>
<th>TABLE 8(a)</th>
<th>DISPLAY OF OBJECTIVITY IN PRACTICE.</th>
</tr>
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<tbody>
<tr>
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<td>%</td>
<td>42</td>
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Source: Field Survey 2011

More than 80% of Accountants claim to always display the ethical principle of objectivity in practice, whereas more than 60% of users of accounting information disagree to this claim.

Q9 Accountants always display the ethical principle of independence in practice.

<table>
<thead>
<tr>
<th>TABLE 9(a)</th>
<th>DISPLAY OF INDEPENDENCE IN PRACTICE.</th>
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<td>%</td>
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Source: Field Survey 2011.

<table>
<thead>
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<th>TABLE 9(b)</th>
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<td></td>
</tr>
<tr>
<td>Response</td>
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<tr>
<td>%</td>
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</table>

Source: Field Survey 2011.
Over 70% of Chartered Accountants claim to always adhere to the ethical principle of independence in practice. However, over 60% of accounting information users oppose this claim.

Q10 Non-compliance to ethical codes can have a damaging effect on both Clients and Accountants.

**TABLE 10(a) DAMAGING EFFECT OF NON-COMPLIANCE TO ETHICAL CODES**

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<th>SA</th>
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Source: Field Survey. 2011

**TABLE 10(b)**

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<td>%</td>
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<td>6</td>
<td>8</td>
<td>2</td>
<td>100</td>
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</tbody>
</table>

Source: Field Survey. 2011

Over 80% of both Accountants and users of accounting information agree that non-compliance of ethical codes can have a damaging effect on both clients and Accountants.

Q11 Greater emphasis is laid on technical skills of the Accountant as compared to moral values.

**TABLE 11(a) EMPHASIS ON ETHICAL SKILLS AS COMPARED TO MORAL VALUES.**

<table>
<thead>
<tr>
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<th>SA</th>
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<td>%</td>
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<td>56</td>
<td>10</td>
<td>20</td>
<td>6</td>
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</tbody>
</table>

Source: Field Survey 2011

**TABLE 11(b)**

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<tr>
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<th>SA</th>
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<th>Total</th>
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<tbody>
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<td>Response</td>
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<td>28</td>
<td>4</td>
<td>4</td>
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</tr>
<tr>
<td>%</td>
<td>24</td>
<td>56</td>
<td>8</td>
<td>8</td>
<td>4</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey. 2011

These tables show that more than 60% of both Accountants and users of accounting information are of the opinion that greater emphasis is laid on technical skills as opposed to moral values.
Q12 Clients often prefer Accountants that will go along with their desires, even when it is unethical.

**TABLE 12(a) CLIENTS PREFERENCE FOR COMPROMISING ACCOUNTANTS.**

<table>
<thead>
<tr>
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<td>%</td>
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Source: Field Survey.2011

**TABLE 12(b)**

<table>
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<th>SD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
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<td>21</td>
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<td>4</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>38</td>
<td>42</td>
<td>10</td>
<td>8</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey.2011

Over 60% of both Accountants and users of accounting information are of the opinion that clients often prefer Accountants that will go along with their own desires, even when it is unethical.

**Section C**

**Q1.** Have you had any personal experience/challenge as regards the option to comply with ethical codes or carry out clients’ requests that may be unethical? If yes, please briefly narrate.

A good number of respondents admitted to have had personal experiences. The experiences centered on the following:

- Window dressing of audit reports
- Tax evasion
- Manipulating financial statements
- Altering sales figures to reflect higher profit.

**Q2.** In your opinion, what are the areas that Accountants often encounter ethical dilemmas?

(a) As Employees

Some of the points listed by the respondents include:

- Preparations of reports to regulatory authorities
- Profit calculation and presentation
- Carrying out instructions of superiors
- Amending reports to meet with budget considerations
• Profitability of the enterprise  
• Liquidity of the enterprise  
• Taxation matters  

(b) As Auditors  
• Qualification of audit reports  
• Direct or indirect financial interest in client companies  
• Reporting lines  
• Management reports  

Q3. In your opinion, what measures can be adopted to encourage total compliance to the professional code of ethics?  
Some of the listed points include:  
• Legal protection for accountants  
• Streamlining the accounting profession  
• Withdrawal of practicing license  
• Setting up a professional code of conduct bureau  
• Promotion of ethical standards in the society  
• Rewards for observation of ethical standards  
• Introducing and enforcing strict penalties  
• Enhanced welfare packages  
• Peer review  
• Moral education  
• Good corporate governance culture  
• Management support  

Q4. In your opinion, what are the disadvantages of unethical conduct by Accountants to:  
(a) Clients/ Employers  
Loss of credibility  
Eventual collapse of the organization  
Loss of confidence in the validity of reports  
Unreliable accounting information that may lead to bad decisions  
Deteriorating relationships  
Erosion of shareholders funds
Loss of market share
Battered image
Going concern problems

(b) Profession

- Litigations
- Loss of credibility and trust
- Debased professional certificates in the eyes of the public
- High penal charges
- Decreased value of the Professional Accountant
- Declining patronage
- Poor future prospects

TESTING OF HYPOTHESES AND DISCUSSION OF RESULTS

TESTING OF HYPOTHESES

The two operational statements of this research work were tested using chi-square test.

- **Hypothesis One:**
  
  \( H_0: \) Professional Accountants do not adhere strictly to ethical codes in practice
  
  \( H_1: \) Professional Accountants adhere strictly to ethical codes in practice

This test was carried out based on the response received on ‘question 5’ in the questionnaire.

- **Accountants adhere strictly to the professional code of ethics when on the job**

**TABLE 13 SUMMATION OF TABLE 5(a) and (b)**

<table>
<thead>
<tr>
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<th>A</th>
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<th>D</th>
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<th>Total</th>
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</thead>
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<td>29</td>
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<td>5</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Accounting information users</td>
<td>3</td>
<td>12</td>
<td>7</td>
<td>23</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19</td>
<td>41</td>
<td>7</td>
<td>28</td>
<td>5</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey.2011

**TABLE 14 NON PARAMETRIC TEST 1**

<table>
<thead>
<tr>
<th>Observed ((o))</th>
<th>Expected ((e))</th>
<th>((o – e))</th>
<th>((o – e)^2)</th>
<th>((o – e)^2/e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>20</td>
<td>-1</td>
<td>1</td>
<td>0.05</td>
</tr>
<tr>
<td>41</td>
<td>20</td>
<td>21</td>
<td>441</td>
<td>22.05</td>
</tr>
<tr>
<td>7</td>
<td>20</td>
<td>-13</td>
<td>169</td>
<td>8.45</td>
</tr>
</tbody>
</table>
The data presented was analysed using the chi square test statistic, given as:

\[ \chi^2 = \sum \frac{(o - e)^2}{e} \]

Degree of freedom (df) = n – 1, where n is the number of categories.

Degree of freedom (df) = 5 – 1 = 4

Calculated value = 40.78

At \( \alpha \) level of 0.05 we obtained a tabulated value of 9.49. Since the calculated value is higher than the tabulated value; we reject the null hypothesis (H\(_0\)) and accept the alternative hypothesis (H\(_1\)).

The result shows that despite the ethical dilemmas, the organizational pressures to act unethically and the lack of confidence in the ethical standard of the accountants by accounting information users, Accountants do make conscious efforts to adhere strictly to the professional code of ethics.

- **Hypothesis two:**
  
  H\(_0\): Moral values do not influence the Accountants perception of compliance with ethical codes.

  H\(_1\): Moral values influence the Accountants perception of compliance with ethical codes.

This test was carried out based on the response received on ‘question 1’ in the questionnaire.

- **Moral values influence the ethical reasoning of the Accountants.**

<table>
<thead>
<tr>
<th>TABLE 15</th>
<th>SUMMATION OF TABLE 1(a) and (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SA</td>
</tr>
<tr>
<td>Chartered accountants</td>
<td>38</td>
</tr>
<tr>
<td>Accounting information users</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: Field Survey 2011

<table>
<thead>
<tr>
<th>TABLE 16</th>
<th>NON PARAMETRIC TEST 2</th>
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</thead>
<tbody>
<tr>
<td>Observed (o)</td>
<td>Expected (e)</td>
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<tr>
<td>66</td>
<td>20</td>
</tr>
<tr>
<td>26</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Field Survey 2011
The data presented was analysed using the chi square test statistic, given as:

\[ \chi^2 = \sum \frac{(O-E)^2}{E} \]

Degree of freedom (df) = n – 1, where n is the number of categories.

Degree of freedom (df) = 5 – 1 = 4

Calculated value = 136

At \( \alpha \) level of 0.05, we obtain a tabulated value of 9.49. Since the calculated value is higher than the tabulated value; we reject the null hypothesis (H\(_0\)) and accept the alternative hypothesis (H\(_1\)).

The result shows that the moral value of the Accountant affects his perception of compliance with the professional code of conduct. Moral values to a great extent influence the ethical reasoning of the Accountant and are therefore very important in following the ‘spirit’ of the professional code of ethics.

**FINDINGS, RECOMMENDATION AND CONCLUSION**

This study as earlier stated is aimed at analyzing the ethical conduct of Accountants in practice in order to determine how much influence personal moral values have on the ethical reasoning of the Accountant.

**FINDINGS**

The following was observed during the course of this research:

Theoretical findings:

1. There is a gap between the public expectation and what the Accountants perceive as their responsibility as the public expects Accountants to report on the true financial position of a firm but confidence is lost when a firm unexpectedly liquidates thereby leading to the loss of invested funds.
2. Clients often prefer Accountants that will go along with their desires even if it is unethical because the sole purpose of business is profit; therefore clients are searching for that will maximize this objective.

3. Laws, rules and regulations unlike ethics are reactive and only apply when situations have occurred. Therefore, laws are not enough to ensure ethical conduct among accountants.

Empirical findings:

4. The public has little or no confidence in the ethical standing of the Accountant. Despite the claims by majority of Chartered Accountants that they always adhere to the ethical principles of the profession, users of accounting information believe otherwise.

5. Moral values have much influence on the ethical reasoning of the Accountant, therefore the higher the personal ethical standard of the Accountant, the easier it is to adhere to the spirit of the professional code of ethics.

6. Codes of ethics have little impact on the ethical reasoning of the Accountant as it only acts as a guide for ethical behaviour. This makes the Accountant follow it by reason of duty and not because he believes in it.

7. There is more emphasis on technical skills than moral values because businesses are profit-oriented and thus only require the effective technical skills to achieve this goal by all means.

8. The effects of unethical practices are damaging both for clients and the Accountant ranging from eventual winding up of a company to the withdrawal of the Accountant’s license.

9. There are more Chartered Accountants in industry employment (private practice) as compared to those in public practice.

10. Chartered Accountants mostly occupy middle management positions in the organizations under which they are employed.

11. Majority of Chartered Accountants are qualified members of the Institute of Chartered Accountants of Nigeria (ICAN).

RECOMMENDATIONS

The following methods have therefore been recommended to help minimize the unethical conduct among members of the profession.

1. Auditors’ independence issues need to be revisited and the relationship between a reporting entity and its professional advisers should be more transparent.

2. Members’ rules for professional conduct should be reviewed more often to deal with the changing culture.
3. The various accounting associations should respectively establish procedures to back-up members who face victimization from their employers for upholding high ethical standards.

4. The establishment of a Committee for Business Ethics by various industries to create much awareness for ethical conducts in every transaction and issue the appropriate sanctions for defaulting individuals.

5. Publication of erring Accountants and their offenses in daily newspapers and the television.

6. The accounting associations should ensure that the intended users understand the financial reports rendered by members in order to avoid creative accounting.

7. Business/ Accounting ethics should be taught as a separate subject in higher institutions and professional qualifying examinations.

8. Introduction of training programmes to strengthen the independence, integrity and objectivity of the Accountant in order to meet up with the expectation of a professional occupation.

9. Establishment of an “Integrity Concerns” office in every organization to handle seemingly benign cases of unethical conduct before they become too large for the organization to handle.

10. Discussions of various scenarios of ethical dilemmas in forums and holding of seminars on moral development.

CONCLUSION

In view of the foregoing presentation, analysis and interpretation, it can be observed that personal moral values have a great influence on the Accountants’ ethical reasoning. It can also be observed that unethical practices by Accountants have a far-reaching repercussion on the profession and the society at large. There is therefore a need to devise ways to encourage accountants to uphold high ethical standards and issue appropriate sanctions for defaulting accountants.

As obvious as it is that there can be no method of completely eradicating unethical conduct, as human behaviour is unpredictable, it is therefore necessary to examine various ways by which it could be reduced to the barest minimum. We hope that this research work will help in increasing the awareness of the debilitating effect of unethical conduct on the nation and how best to minimize it.

References

http://www.ijmsbr.com
1. Boatright, J.R.(1999), Ethics in Finance, Chicago, Blackwell Publishers,


http://www.ijmsbr.com


APPENDIX 1

QUESTIONNAIRES

(a) Questionnaires for Chartered Accountants

SECTION A

Please tick accordingly in the boxes provided.

1. SEX
   - Male □
   - Female □

2. STATUS
   - Junior Staff □
   - Middle Management Staff □
   - Top Management Staff □

3. PROFESSIONAL MEMBERSHIP
   - Member of ICAN □
   - Non-member of ICAN □

4. How long have you been a Chartered Accountant?
   - Less than 5 years □
   - 5-10 years □
   - 11-15 years □
   - Above 15 years □

5. Indicate, as appropriate, your employment status.
   - Public practice □
   - In Industry (as employees) □
1. Please indicate the number of years you have served/ worked in

<table>
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<th>&lt; 5 years</th>
<th>5 to 10 yrs</th>
<th>11 to 15 yrs</th>
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<tr>
<td>Public practice</td>
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</table>

SECTION B

Please tick accordingly in the boxes provided.

SA - Strongly Agree
A - Agree
U - Undecided
D - Disagree
SD - Strongly Disagree

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</table>

Moral values influence the ethical reasoning of the Accountants.

There is gap between the public expectation of the Accountant and what the Accountants perceive as their responsibility.

Clients/ employers have much influence on the output of Accountants.

The Accountant is first responsible to his profession before his client.

Accountants adhere strictly to the professional code of ethics when on the Job.

Accountants always display the ethical principle of confidentiality in practice.

Accountants always display the ethical principle of Integrity in practice.

Accountants always display the ethical principle of Objectivity in practice.

Accountants strictly adhere to the ethical principle of independence in practice.

Non-compliance to ethical codes can have a damaging effect on both clients and accountants.

Greater emphasis is laid on technical skills of the Accountant as compared to moral values.

Clients often prefer Accountants that will go along with their desires, even when it is unethical.
SECTION C

1. Have you had any personal experience/ challenge as regards the option to comply with ethical codes or carry out client’s requests that may be unethical? If yes, please briefly narrate.

__________________________________________________________________________________

2. In your opinion, what are the areas that Accountants often encounter ethical dilemmas?
   (a) As employees
   __________________________________________________________________________________
   __________________________________________________________________________________

   (b) As Auditors
   __________________________________________________________________________________
   __________________________________________________________________________________

3. In your opinion, what measures can be adopted to encourage total compliance to the professions code of ethics?
   __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________

4. In your opinion, what are the disadvantages of unethical conduct by Accountants to:
   (a) Clients/ employers
   __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________

   (b) Profession
   __________________________________________________________________________________

APPENDIX 2

(b) Questionnaire for accounting information users

SECTION A

Please tick accordingly in the boxes provided.

1. Sex: Male

http://www.ijmsbr.com
Female

2. Educational Qualification:  
   - OND/NCE
   - B.Sc./HND
   - MSC/MBA
   - OTHERS

3. Work experience  
   - Less than 5 years
   - 5-10 years
   - 11-15 years
   - Above 15 years

**SECTION B**

Please tick accordingly in the boxes provided.

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
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<th>SD</th>
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<td>Moral values influence the ethical reasoning of the Accountants.</td>
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<td>2</td>
<td>There is gap between the public expectation of the Accountant and what the Accountants perceive as their responsibility.</td>
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<td>Clients/employers have much influence on the output of Accountants.</td>
<td></td>
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<tr>
<td>4</td>
<td>The Accountant is first responsible to his profession before his client.</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>5</td>
<td>Accountants adhere strictly to the professional code of ethics when on the Job.</td>
<td></td>
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<td>6</td>
<td>Accountants always display the ethical principle of confidentiality in practice.</td>
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<tr>
<td>7</td>
<td>Accountants always display the ethical principle of Integrity in practice.</td>
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<td>8</td>
<td>Accountants always display the ethical principle of Objectivity in practice.</td>
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</table>

http://www.ijmsbr.com
<p>| | |</p>
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<tr>
<td>9</td>
<td>Accountants strictly adhere to the ethical principle of independence in practice.</td>
</tr>
<tr>
<td>10</td>
<td>Non-compliance to ethical codes can have a damaging effect on both clients and accountants.</td>
</tr>
<tr>
<td>11</td>
<td>Greater emphasis is laid on technical skills of the Accountant as compared to moral values.</td>
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<tr>
<td>12</td>
<td>Clients often prefer Accountants that will go along with their desires, even when it is unethical.</td>
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