ETHICS AND ACCOUNTING PRACTICE IN NIGERIA

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ABSTRACT

The broad objective of the study is to examine the impact of ethics on accounting practice in Nigeria. The survey research design was used for the study with an extensive reliance on primary data. The populations of the study consist of accountants, auditors and management of selected companies. A sample of 147 respondents was utilized. The likert scale questionnaire was used as the research instrument and chi-square parametric was utilized as the data analysis method. The findings indicate that firstly, ethics play a significant role in accounting practice. Secondly corporate governance improves ethical compliance of accounting professionals and thirdly, accounting regulatory bodies influences the level of compliance with ethical standards. The recommendation is that there is a need for ethical standards in accounting practice to extend beyond mere documentation and articulation to effective enforcement of these standards and the concerted efforts by all stakeholders ranging from the accounting professionals, top management of companies, regulatory bodies, government and indeed all users of accounting services is essential in ensuring the sustenance of the campaign for ethicality in accounting practice.

Key words; Ethics, accounting practice, corporate governance, ethical compliance

1.1 INTRODUCTION

In recent times, studies such as Armstrong, (2008) and Leuz & Barth (2008) have all cited evidence of the need for improvements in financial reporting and credibility of financial statements. Fundamentally, the agitation tends to favour migration of local accounting standards to achieve convergence with international standards. This is based largely on expectations that international standards would lead to higher disclosure levels, credibility and improvement in the informativeness of financial reports (Miller and Bradshaw, 2008). However, Ball (2005) opines that standardization of accounting rules is just one of the elements of the on-going requirements which will tend towards accounting professionalism and improvement in reporting standards. Consequently, the roles of ethics in accounting practice have received considerable attention from several studies (Ryan, 2005). This is against the backdrop that cases of corporate failure have been attributed amongst other factors to unethical practices of accounting professionals (Sanusi, 2010; Ryan, 2005). This implies that the functions of the accounting professional as it relates to the accuracy and correctness of accounting records amongst others, is pertinent to the sustainability of the entity.

Furthermore, the importance of maintaining proper accounting records is reflected in the likelihood that some error and inaccuracies in the accounting records may influence the financial statements. Consequently, this has implications beyond the sphere of the reporting entity to the multiplicity of users of accounting information. According to Hale (2005) following major corporate failures and questionable accounting practices at the beginning of the 21st century, the reputation and ethical values of the accounting profession was tarnished, thus affecting considerably the value relevance of accounting estimates reported in financial statements. Studies such as Tigos and Keefe (2004) have also recognized the role of ethics and ethical issues in accounting practice and corporate failure. Ethics as a concept is replete with different definitions since the concept is often viewed from different perspective.

According to Hanekom (1984) the question of ethics is one that is linked with the history of mankind. Ethics deals with the character and conduct and morals of human beings. It deals with good or bad, right or wrong behaviour; it evaluates conduct against some absolute criteria and puts negative or positive values on it. Conversely, Miner (2002) defined ethics as right or wrong actions that stems from the value and expectation of society. Furthermore, Mintz and Morris (2007) notes that ethics are acceptable standards of behaviour that define how people ought to act (i.e. prescriptive) not how people really act (i.e. descriptive). Consequently, a code of ethics outlines a set of fundamental principles. These principles can be used both as the basis for operational requirements (things one must do) and operational prohibitions (things one must not do). It is founded on a set of core principles or values. Those subject to the code are expected to understand, internalize, and apply the examples in situations the code does not specifically address. The effect of ethics and ethical issues on accounting practice cuts across developed and developing economies. In Nigeria, according to Sanusi (2010) fundamental to the issues of corporate failure witnessed in the banking system was the unethical practices of the corporate structure of these institutions of which the accounting system framework is not exclusive.

1.2 STATEMENT OF THE RESEARCH PROBLEM.

According to Leuz & Barth (2008) the Sarbanes-Oxley Act was passed in 2002 in the United States of American to correct amongst other things ethical issues in corporate governance and strengthen accounting practice by promoting transparent financial reporting, discouraging earning manipulation, fraud and falsification of accounting records. Though passed in the United States of American, the contents and issues addressed in the act are either presently existing challenges or foreseeable challenges for developing countries like Nigeria (Leuz & Barth 2008). According to Egwuonwu (2007), there is a long list of corporate casualties across international and national divides on account of variance from ethical standards. In Nigeria alone 54 banks have either failed or forced to close shop between 1994 and 2005. Then there were the cases of the then Lever Brothers Nigeria Plc and Cadbury Nigeria Plc who overstated their earnings through the cooking of accounts. However, when we ask the question "who are behind these figures", we are ultimately exploring to reveal the behavioral quality of the Accountants and their management collaborators who have authored and endorsed the accounts or financial statements presented to the organization. No such financial statements can be reliable if the behavioral accountability of those behind them is not reliable. However, there are only few studies in Nigeria that have evaluated the issue of ethics and its implications on the accounting practice in Nigeria. This has created a gap in the stock of knowledge and hence the need and relevance of a study of this nature. However, most of these studies have been largely anecdotal evidence on the subject matter.

1.3 RESEARCH QUESTIONS

The research questions for this study are as follow:

1. To what extent does an ethic play a significant role in accounting practice?

2. Does corporate governance improve ethical compliance of accounting professionals?

3. To what extent is the role of regulatory bodies in the development and enforcement of accounting ethics?

1.4.1 RESEARCH OBJECTIVE

The main objective of this study is to examine the impact of ethics on accounting practices in Nigeria. The specific objectives are to:

1. Determine if ethics play a significant role in accounting practice.
2. Evaluate if corporate governance improves ethical compliance of accounting professionals.
3. Examine the role of regulatory bodies in the development and enforcement of accounting ethics.

1.5 RESEARCH HYPOTHESIS

The following hypothesis was formulated for this study;

H_{01}: Ethics do not play a significant role in accounting practice.

H_{02}: Corporate governance does not improve ethical compliance of accounting professionals.

H_{03}: Accounting regulatory bodies do not affect compliance with ethical standards.

2. LITERATURE REVIEW

2.1 The Concept of Ethics

The notion of ethics is regularly drawn upon in the context of expected patterns of behaviours written or unwritten, consistent with generally accepted standards for those to whom it may concern. However, there are various perspectives on the concept of ethics. Griffin cited in Agbonifoh (2002) defines the concept as an individual's personal belief about what is right or wrong, good or bad. Conversely, Miner (2002) defined ethics as right or wrong actions that stems from the value and expectation of society. Mintz and Morris (2007) notes that ethics are acceptable standards of behaviour that define how people ought to act (i.e. prescriptive) not how people really act (i.e. descriptive). Nevertheless, the generic sociological meaning of the concept of ethics seems to provide a common ground for most of them. Sociologically speaking, ethics are provided in order to render behavior intelligible and to "prevent conflicts from arising by bridging the gap between action and expectation" (Scott & Lyman, 1968).

In the context of an operational definition with regards to professions, Ethics generally refers to those principles and codes of behaviour that guide the conduct of any profession. The term usually carries along moral values, normative judgments and moral obligations. At any rate, every profession possesses its own ethics. However, there are some commonalities in professional ethics. These ethics that are common derive from the general expectations of the public from either a public officer or a professional practitioner. The issue of ethics usually goes along with allocation of value judgment such as good or bad; right or wrong. Every professional strives to keep to the guiding ethics of his/her profession. A basic theoretical framework for organizational ethics is best explained through the Agency theory.

Fisher (2004) defines the concept as an individual's personal belief about what is right or wrong, good or bad. It is the arbiter of an individual's evaluation of the "rightness" or otherwise of his or her actions. Though often regarded as subjective, it is traceable to the foundation of an individual's belief system and judged within context. Conversely, Logsdon and Yuthas (1997) notes that the ethical stance of a firm is constructed based on the expectation of society, that is, the legitimate claims made by the constituencies to whom the firm interacts. According to Hanekom (1984), the question of ethics is one that is linked with the history of mankind. Ethics deals with the character and conduct and morals of human beings. It deals with good or bad, right or wrong behaviour. It evaluates conduct against some absolute criteria and puts negative or positive values on it. It is the reflective study of what one ought to do, or how one ought to live.

Erondu, Sharland and Okpara (2004) hold that the study of "ethics" focuses on issues of practical decision making, including the nature of ultimate value, and standards by which a human action can be judged right or wrong, good or bad. For Adenubi (1999), ethics applies to any system or theory of moral values or principles. For Beauchamp and Bowie (2001), ethics is the general term referring to both moral beliefs and ethical theory on human conduct.

Guy (1990) notes that ethics is the study of moral judgments and right and wrong conduct. Furthermore, he views ethics as different from law because it involves no formal sanctions. It is different from etiquette because it goes beyond mere social convention. It is different from religion because it makes no theological assumptions. It is different from aesthetics because it is aimed at conduct and character rather than objects. It is different from prudence because it goes beyond self-interests of others. Ethics is both a process of inquiry and code of conduct. As a code of conduct, it is like an inner eye that enables people to see the rightness or wrongness of their actions. Guy (1990) explains further that ethics are about what is fundamentally desirable. They underlie the choices made in work decisions just as the choices made in one's private life.

2.2 The Accounting Practice and the Accountant

Accounting has been defined as an age long tradition that is being shaped by its environment on which it also exerts considerable influence (Anao, 1991). By implication therefore, the changing environment had led to the evolvement of different definition of the subject and the roles of accounting professionals overtime. Accounting as observed in the literature dated back to 4500 BC when stewardship accounting reflecting in mundane book keeping commercial activities blossomed during the renaissance, the need to fine tune the book keeping system gradually led to the evolvement of the double entry principle as published in the treatise by Luca Pacioli in 1494 titled "Summa de Arithmetical, Geometrical Proportioni et

Proportionalita". The publication which was basically an algebra text devoted a chapter to expanding the principles of double entry which had been in existence at that time. Therefore, significance of Pacioli's work was that it systematized and popularized a principle that had probably been haphazardly applied. This was the crucial foundation on which all other subsequent developments in accounting seem to have been based. The double entry system quickly spread across Europe, particularly after the publication of Luca Pacioli's book. Due to its Italian origin, the system was often referred to as the Italian method (Belkasoni, 2003).

The American Institute of Certified Public Accountants (AICPA) has defined accounting "as the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least of a financial character and interpreting the result there of." (AICPA,1961). This definition emphasizes that accounting is skewed towards transactions that portends certain financial implications. The definition also highlights the major activities involved in accounting such as; identifying, recording and summarizing of data, usually expressed in monetary terms and the subsequent interpretation of the resultant Accounting information.

The American Accounting Association (1966) defines Accounting "as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information". The definition highlights the rationale for Accounting; to improve or guide judgment and decision making. However, Anoa (1989) notes that irrespective of the use to which accounting are put, the significance of the broad terms employed to describe the accounting sensitivities should be noted.

2.3 Ethics and the Accounting Practice.

Studies (Woolf, 1979; Alalade, 1987; Shittu, 1992; Olowookere, 2000) in their work have highlighted the peculiar ethics apart from the general ones for professional accountants and auditors. While the general ethical codes include confidentiality, integrity, transparency, accountability, competence, loyalty, honesty, anonymity, impartiality, courtesy and respect, neutrality and such other codes.

Citing classical evidence in Nigeria, Sanusi (2010) notes that, financial institutions made public the information on their operations on a highly selective and biased basis and investors were unable to make informed decisions on the quality of their earnings, the strength of their balance sheets or the risks in their businesses. Without accurate information, investors made ill-advised decisions regarding stocks, enticed by a speculative market bubble which was allegedly partly fuelled by the banks through the practice of margin lending. Some banks even engaged in manipulating their books by colluding with other banks to artificially enhance financial positions and therefore stock prices. Practices such as converting non-performing loans into commercial papers and bank acceptances and setting up off-balance sheet special purpose vehicles to hide losses were prevalent. Recently the CBN put an end to these practices and the collapse of the equity markets effectively put an end to alleged stock price manipulation.

According to Egwuonwu (2007), there is a long list of corporate casualties across international divides on account of behavioral misalignments or diminished behavioral governance and accountability. In Nigeria alone 54 banks have either failed or forced to close shop between 1994 and 2005. Then there were the cases of the then Lever Brothers Nigeria Plc and Cadbury Nigeria Plc who overstated their earnings through the cooking of accounts and were appropriately sanctioned by the Security and Exchange Commission (SEC).Consequently, following these questionable accounting practices witnessed in the operations of these entities, the reputation and ethical values of the accounting Professional seems elusive. Although, accounting regulatory bodies intend that financial statements should be useful to a wide range of users. The preparers of those financial statements act as intermediaries between the regulators and the multiplicity of end users of the statements. They therefore occupy a powerful position as interpreters of the regulations, and, given the complexity of the business world, it is hard to see how some degree of ethical inconsistency can be avoided.

According to Amat and Gwothrope (2004), financial statements provide information that is used by interested parties to assess the performance of managers and to make economic decisions. Users may assume that the financial information they receive is reliable and fit for its purpose. Thus, accounting regulation attempts to ensure that information is produced on a consistent basis in accordance with a set of rules that make it reliable for users. However, communications between entities and end users of accounting estimates as reflected in financial statements may be deliberately distorted by the activities of financial statement preparers who wish to alter the content of the messages being transmitted. This type of distortion is often referred to as ‘earnings management' though often perceived as reprehensible, has led to the presence of an expectations gap arising from the possibility that the accounting estimated reported by accountants may not reflect the true and accurate estimates that actually exist. Ethical values are essential to the progress of any nation. Ethical values are crucial to the functioning of business and society. Business and society depend on individuals making personal ethical decisions that are fundamental to responsible business operations and to an orderly society.

However, in recent times attention has also been shifted to the role of corporate governance in the current expectation gap. The accounting profession and its functions do not exist in isolation; it is part of a wider corporate system of which corporate governance is fundamental. Consequently, that corporate governance fails is often because more effort is devoted at creating and sustaining structures and processes while almost no meaningful attention is given to genuine institutionalization of behavioral and ethical accountability which are accomplished by the hands of genuine integrity. Therefore, we would attempt to examine how the Sarbance-oxley Act impacts ethics in corporate governance. Though passed in the united states of American, the contents and issues addressed in the act are either presently existing challenges or foreseeable challenges for developing countries like Nigeria

3. RESEARCH METHODOLOGY

The research design for the study is the survey research design. It is employed when the researcher is concerned about exploratory analysis of responses and perceptions and as such it is used extensively to collect information on numerous subjects of research especially with regards to primary data studies (Nachmias and Nachmias, 2009). The questionnaire method will be utilized as the research instrument to elicit the necessary primary data for the test of the study hypothesis. The population of the study ideally should comprise of all staffs of Audit firms in Nigeria. However, considering the near impracticality of observing the entire population, the simple random sampling technique was utilized in selecting a sample size of 75 consisting of accountant and auditors. The choice of this group is because they are expected to be knowledgeable about the subject of this research. Primary data was used for the purpose of this research. Basically, primary data sources are those collected or sourced directly by the researcher in the course of the research. The questionnaires were distributed to respondents to elicit the necessary primary data.The chi-square test of independence which is a non-parametric statistical technique will be used as the method of data analysis. The test is used to determine if two categorical variables are related. It compares the frequency of cases found in the various categories of one variable across the different categories of another variable. The assumptions of normality and other data properties as in the case of parametric techniques are relaxed.

3.1 DATA ANALYSIS AND HYPOTHESES TESTING

Test of Hypothesis One

1. H0: Ethics do not play a significant role in accounting practice.

H1: Ethics plays a significant role in accounting practice.

Questions 1, 2 and 3 (appendix 1) will be used in testing the hypotheses. We first produce the contingency table;

Table 1 Observed frequencies

	SA	AG	UD	DA	SD	Total
Statement 1	8	28	32	50	25	143
Statement 2	3	23	34	47	36	143
Statement 3	2	25	46	47	23	143
Total	13	76	112	144	84	429

Source: Researcher's computation, 2014.

Table 2 Contingency table

R_1C_1=(13x143)/429 =4.3	R_1C_2=(76x143)/429 =25.3	R_1C_3=(112x143)/429 =37.3	R_1C_4=(144x143)/429 =48	R_1C_5=(84x143)/429 =28
R_2C_1=(13x143)/429 =4.3	R_2C_2=(76x143)/429 =25.3	R_2C_3=(112x143)/429 37.3	R_2C_4=(144x143)/429 =48	R_2C_5=(84x143)/429 =28
R_3C_1=(13x143)/429 =4.3	R_3C_2=(76x143)/429 =25.3	R_3C_3=(112x143)/429 37.3	R_3C_4=(144x143)/429 =48	R_3C_5=(84x143)/429 =28

Source: Researcher's computation, 2014

Next, we compute χ2 value using the observed and the expected frequencies in the contingency table above and using the formula. $\chi2 = \Sigma (f_o-f_e)^2 / \Sigma f_e$

Table 3 Computation of chi-square (χ2)

Row/column cell	fo	fe	fo-fe	$(fo-fe)^2$	$(fo-fe)^2/fe$
R1C1	8	4.3	3.7	13.69	3.18372093
R2C1	3	4.3	-1.3	1.69	0.39302326
R3C1	2	4.3	-2.3	5.29	1.23023256
R1C2	28	25.3	2.7	7.29	0.28814229
R2C2	23	25.3	-2.3	5.29	0.20909091
R3C2	25	25.3	-0.3	0.09	0.00355731
R1C3	32	37.3	-5.3	28.09	0.75308311
R2C3	34	37.3	-3.3	10.89	0.2919571
R3C3	46	37.3	8.7	75.69	2.02922252
R1C4	50	48	2	4	0.08333333
R2C4	47	48	-1	1	0.02083333
R3C4	47	48	-1	1	0.02083333
R1C5	25	28	-3	9	0.32142857
R2C5	36	28	8	64	2.28571429
R3C5	23	28	-5	25	0.89285714
					12.00703

Source: Researchers computation (2014)

From the result above, we observe that we have not violated one of the assumptions of chi-square concerning the 'minimum expected cell frequency of at least 80 per cent of cells have expected frequencies of 5 or more (Pallant, 2011). The computed chi-square (χ2) value is 12.01 as shown in the table. Next, we compare this computed value of the chi-square (χ2) with the theoretical (table) value at the 5% level of significance and for the available degrees of freedom. We determine the degrees of freedom using the formula: d.f=(r-1) (c-1), d.f= (3-1) (5-1), d.f= 2x4=8. At 5% level and 8 degrees of freedom the theoretical χ2 is 11.507. Juxtaposing the χ2 computed (12.02) with the χ2 theoretical (11.507) reveals that computed χ2 falls outside the acceptance region as it is greater than the χ2 theoretical. Hence, we reject the null hypothesis and accept the alternative hypothesis that ethics plays a significant role in accounting practice.

Test of Hypothesis 2

H_0: Corporate governance does not improve ethical compliance of accounting professionals.

H_1: Corporate governance improves ethical compliance of accounting professionals.

Questions 6, 7 and 9 (appendix 1) will be used in testing the hypotheses. We first produce the contingency table;

Table 5 Observed frequencies

	SA	AG	UD	DA	SD	Total
Statement 6	14	29	37	27	36	143
Statement 7	13	46	36	33	15	143
Statement 9	10	29	42	40	22	143
Total	37	104	115	100	73	429

Source: Researcher's computation, 2014

Table 6 Contingency table

R_1C_1=(37x143)/429 =12.3	R_1C_2=(104x143)/429 =34.7	R_1C_3=(115x143)/429 =38.3	R_1C_4=(100x143)/429 =33.3	R_1C_5=(73x143)/429 =24.33
R_2C_1=(37x143)/429 =12.3	R_2C_2=(104x143)/429 =34.7	R_2C_3=(115x143)/429 38.3	R_2C_4=(100x143)/429 =33.3	R_2C_5=(73x143)/429 =24.33
R_3C_1=(37x143)/429 =12.3	R_3C_2=(104x143)/429 =34.7	R_3C_3=(115x143)/429 38.3	R_3C_4=(100x143)/429 =33.3	R_3C_5=(73x143)/429 =28

Source: Researcher's computation (2014)

Next, we compute $\chi 2$ value using the observed and the expected frequencies in the contingency table above.

Table 7 computation of chi-square (χ2)

Row/Column cell	fo	fe	fo-fe	$(fo-fe)^2$	$(fo-fe)^2$ / fe
R1C1	14	12.3	1.7	2.89	0.2349
R2C1	13	12.3	0.7	0.49	0.0398
R3C1	10	12.3	-2.3	5.29	0.4301
R1C2	29	34.7	-5.7	32.49	0.9363
R2C2	46	34.7	11.3	127.69	3.6798
R3C2	29	34.7	-5.7	32.49	0.9363
R1C3	37	38.3	-1.3	1.69	0.0441
R2C3	36	38.3	-2.3	5.29	0.1381
R3C3	42	38.3	3.7	13.69	0.3574
R1C4	27	33.3	-6.3	39.69	1.1918
R2C4	33	33.3	-0.3	0.09	0.0027
R3C4	40	33.3	6.7	44.89	1.3480
R1C5	36	24.3	11.7	136.89	5.6333
R2C5	15	24.4	-9.4	88.36	3.6213
R3C5	22	24.3	-2.3	5.29	0.2176
R1C1	14	12.3	1.7	2.89	0.2349
				$\Sigma (f_o-f_e)^2 / \Sigma f_e$=	18.8119

Source: Researchers computation (2014)

From the result above, we observe that we have not violated one of the assumptions of chi-square concerning the 'minimum expected cell frequency of at least 80 per cent of cells have expected frequencies of 5 or more (Pallant, 2011). The computed chi-square (χ2) value is 18.81 as shown in the table. Next, we compare this computed value of the chi-square (χ2) with the theoretical (table) value at the 5% level of significance and for the available degrees of freedom. We determine the degrees of freedom using the formula: d.f=(r-1) (c-1), d.f= (3-1) (5-1), d.f= 2x4=8. At 5% level and 8 degrees of freedom the theoretical χ2 is 15.507. Juxtaposing the χ2 computed (18.81) with the χ2 theoretical (11.507) reveals that computed χ2 falls outside the acceptance region as it is greater than the χ2 theoretical. Hence, we reject the null hypothesis and accept the alternative hypothesis that corporate governance improves ethical compliance of accounting professionals.

Test of Hypothesis 3

3. H0: Accounting regulatory bodies do not affect compliance with ethical standards.

H1: Accounting regulatory bodies affects compliance with ethical standards.

Questions 4, 8 and 13 (appendix 1) will be used in testing the hypotheses. We first produce the contingency table;

Table 8 Observed frequencies

	SA	AG	UD	DA	SD	Total
Statement 4	26	24	25	41	27	143
Statement 8	11	29	31	47	25	143
Statement 13	5	40	28	29	41	143
Total	42	93	84	117	93	429

Source: Researcher's computation, 2014

Table 9 Contingency table

R_1C_1=(42x143)/429	R_1C_2=(93x143)/429	R_1C_3=(84x143)/429	R_1C_4=(117x143)/429	R_1C_5=(93x143)/429
=29	=31	=28	=59	=31
R_2C_1=(42x143)/429	R_2C_2=(93x143)/429	R_2C_3=(84x143)/429	R_2C_4=(117x143)/429	R_2C_5=(93x143)/429
=29	=31	28	=59	=31
R_3C_1=(42x143)/429	R_3C_2=(93x143)/429	R_3C_3=(84x143)/429	R_3C_4=(117x143)/429	R_3C_5=(93x143)/429
=29	=31	28	=59	=31

Source: Researcher's computation (2014)

Next, we compute χ2 value using the observed and the expected frequencies in the contingency table above and using the formula. $\chi2 = \Sigma (f_o-f_e)^2/\Sigma f_e$

Table 10 computation of chi-square (χ2)

Row/Column cell	fo	fe	fo-fe	$(fo-fe)^2$	$(fo-fe)^2$ / fe
R1C1	26	29	-3	9	0.3103
R2C1	11	29	-18	324	11.172
R3C1	5	29	-24	576	19.862
R1C2	24	31	-7	49	1.5806
R2C2	29	31	-2	4	0.1290
R3C2	40	31	9	81	2.6129
R1C3	25	28	-3	9	0.3214
R2C3	31	28	3	9	0.3214
R3C3	28	28	0	0	0
R1C4	41	59	-18	324	5.4915
R2C4	47	59	-12	144	2.4406
R3C4	29	59	-30	900	15.254
R1C5	27	31	-4	16	0.5161
R2C5	25	31	-6	36	1.1612
R3C5	41	31	10	100	3.2258
				$\Sigma (f_o-f_e)^2/\Sigma f_e=$	64.399

Source: Researchers computation (2014)

From the table above, we observe that the computed chi-square (χ2) value is 64.399. Next, we compare this computed value of the chi-square (χ2) with the theoretical (table) value at the 5% level of significance and for the available degrees of freedom. At 5% level and 8 degrees of freedom the theoretical χ2 is 15.507. Juxtaposing the χ2 computed (64.399) with the χ2 theoretical (11.507) reveals that computed χ2 falls outside the acceptance region as it is greater than the χ2 theoretical. Hence, we reject the null hypothesis and accept the alternative hypothesis that accounting regulatory bodies affects compliance with ethical standards. The result also shows that the assumptions of the chi-square concerning the 'minimum expected cell frequency of expected frequencies of 5 or more for at least 80 per cent of cells has not been violated (Pallant, 2011).

4. CONCLUSION

The information requirements and environments under which financial reporting is made is both very complex and challenging. It is complex to the extent that there is the likelihood that a conflict of interest might arise due to the multiplicity of end users of accounting information. Consequently, the continuum of interested parties; Management, shareholders, creditors, employees amongst others puts the financial statement and its preparers in a complex environment. Thus, against the background, the need for the enforcement of ethical practices has come to the fore and the role of ethics in accounting practice is becoming more inevitable in the attempts to ensure that information reported is in accordance with the set of professional ethical standards that make it reliable for users. Therefore, the accountant and the accounting practice in general plays a very crucial role in ensuring that there is corporate integrity in the operations of business and even non-profit making organizations. The accountant must be well positioned to mitigate the tendencies for unethical practices and inaccurate financial and non-financial reporting. Our emphasis on the role of accounting practice in restoring systemic confidence in financial estimates is borne out of the fact that the statutory roles of the accounting professional either as a company staff, internal auditor or external auditor positions the accountant as an interface between the reports of corporate entities and the confidence of users of such information. This is because the presence of the accounting function is an indication that proper financial records and documentation are been kept until when proven otherwise. Thus, there is a need for ethical standards in accounting practice to extend beyond mere documentation and articulation to effective enforcement of these standards and the concerted efforts by all stakeholders ranging from the accounting professionals, top management of companies, regulatory bodies, government and indeed all users of accounting services is essential in ensuring the sustenance of the campaign for ethicality in accounting practice.

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