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Accounting Ethics and Quality of Financial Reporting

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Abstract
In this paper, the effects of accounting ethics on financial reporting quality in Nigeria were investigated. The descriptive survey research design which seek to elicit objective opinion of respondents on accounting ethics and financial reporting quality was used. The population of the study captured twenty-eight (28) consumer goods sector firms listed on the Nigeria stock exchange market as at 31st December, 2018, while a sample of fifteen (15) of these firms was selected based on the simple random sampling technique. In pursuance of a reliable and dependable data needed for the study, 75 well-structured questionnaires were used as the major instrument to gather data from respondents in the accounting departments of the selected companies. The gathered data were analysed using the OLS statistical package. The result revealed that ethics had a positive and significant link with financial reporting quality. Consequently, high ethical standard is vital in achieving objective, reliable and transparent financial reports. The study recommends that in all instances where accounting service is provided, accountants must ensure high ethical standards to remain relevant and to satisfy the decision usefulness objective of accounting practice. Furthermore, Nigerian firms should put in place ethics and compliance department to direct and monitor ethics implementation in their day-to-day operations.

Keywords: Accounting Ethics, Ethical Standards, Financial Reporting Quality, JEL Classification: M41; M49

Introduction

The rectitude of the accounting profession is being queried due to the collapse of some companies and a rise in detectable fraudulent acts in recent times. The effectiveness in incorporated systems of governance has been probed by international bodies such as Enron, Bank of Credit, WorldCom, Commerce International, Global Crossing, Cadbury, Parmalat, and Polly Peck. (Zeghal & Mhedhbi, 2016). Consequently, the United States Congress passed the Sarbanes-Oxley (SOX) Act in 2002 and also constituted the Public Company Accounting

Oversight Board (PCAOB), both of which supported renewed pressure for accountants to have ethics education to improve the chances that practicing accountants make ethical decisions when faced with challenging choices. Therefore, in order to curb unethical choices with their attendant multiplier effects, often manifested in the quality of financial reporting, the set of codes of ethical professional conducts attracted further scrutiny and strengthening. The main purpose of these codes is to provide members of the profession with procedures for directing themselves in a manner that is in alignment with the responsibilities of the profession directed at meeting stakeholders' expectations.

Ogbonna (2010) opined that any organisation that lacks ethical consideration may not last 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 complying with these codes of conduct, demonstrated not only in the contents of published financial statements, but also in its reliability by its end users. Hence, proper care has to be taken on how these financial statements are prepared and presented. Aguolu (2006) asserts that these failures have brought greater examination of the work of the accountant from both within and outside the profession. In recent times, diverse ethical matters have been debated varying from insider's dealings, conflict of interests, acceptance of gifts, objectivity, among others. Scholars are of the view that all these ethical matters affect financial statements quality.

The code of corporate governance (2011) offered the composition of an ethics committee in an organisation where the ethics committee is accountable for deliberating on ethical issues, as well as upholding ethical standards in the organisation. But unfortunately the desired anticipated outcome is yet to be achieved, as some of the unethical behaviours over the past decagon have been tracked down to crossing ethical fault lines, where in most cases management and auditors ditched decency for personal and selfish gain to the impairment of the organisation. Thus, the lacuna between theory and practice has necessitated the analytical appraisal of ethics in organisations and their effect on financial reporting quality.

Furthermore, gaps in earlier studies (by Rest and Narvaez, 1994; Abdol Mohammadi and Reeves, 2000; Peterson, Rhoads, & Vaught, 2001; Haas, 2005; Ryan, 2005; Dellaportas, 2006; Harris, Feder, & Taman-Maitis, 2006; Alleyne, Devonish, Nurse, & Cadogan-McClean, 2006; Ajibolade, 2008; Luftig and Quellete, 2009; Sanusi, 2010; Ogbonna and Appah 2012; Enofe, Utomwen & Ganjuma, 2014) have triggered further studies all over the world. The current study is premised on the need to cross-examine the concept along business type, as well as the need to build up domestic research in the field, using the consumer goods industrial sector, which is one of the most indispensable sectors of the Nigerian economy. This paper thus aims to explore the effect of accounting ethics on financial reporting quality of consumer goods sector in Nigeria.

Review of Related Literature

Conceptual Framework

- *Accounting Ethics*

The Oxford Advance Learners Dictionary defined ethics as the moral principles that control or influence a person's behaviour. This re-affirms that ethics is a field of philosophy that deals with principles and moral. It implies as well, that ethics is all about rules governing the manner in which we ascertain what is 'right' or 'wrong', 'good' or 'bad'. Besides, ethics can be viewed as a moral concern or standard of conduct as it pertains good, right, bad, evil and wrong, with respect to managing situational circumstances that may arise. Ethics is the standard by which we judge character and action; and intention to advance at a fair choice or decision. Ethics denotes a set of values, rules of conduct and moral principles. Ethics relates to a situation where an individual has to make a decision from diverse alternatives regarding moral principles (Harris, Feder & Tamar-Mattis, 2006).

Aguolu (2006) states that ethics are a body of rules, principles, properties and morals of personal conduct and unwritten regulations governing the actions of an individual or a group of individuals or a community in their dealings with one another or as it relates to other individuals with whom they may have business or other social connections. As a matter of fact, ethical behaviour is vital for society to function in a well-ordered manner. The need for ethics in society is so vital that many commonly held ethical principles of a society such as honesty, fidelity and excellent pursuits can be integrated into law. Ethics is an arm of philosophy concerned with the study of what is good and right for people. Its aim is to verify and perpetually analyze how humans should comport themselves so as to live a life of fulfilment; this will necessitate the consideration of others as well as oneself. It is insufficient to dwell on only what one feels is proper. But the effect of one's behaviour on others must also be taken into consideration. This is what ethics champions. The advancement of these noble values is philosophically viewed as being dependent on the distinctiveness of man that enables him find solutions to his environmental challenges. In his search for answers, he developed some standards of morality, consistently adhered to them, and the entire group accepts them.

The philosophical approach to ethics is usually viewed from different perspectives, which are cited as different schools of thought. Each school of thought believes that ethics could be formed on the basis of deontology which is a theory of the study of the nature of obligation where the ethical requirement is grounded on the 'act' and whether it is right or wrong. Deontology emphasized that an act that is immoral (wrong) can lead to something good, such as killing the intruder (homicide is wrong) in order to protect a family (protecting the family is right). On the other hand, teleology is concerned not with the act in itself but with the outcomes of the specific act. Also, teleology refers to as 'end-based-ethics' or consequentialism. Utilitarianism is a unique form of teleology that entails maximizing 'welfare'. Usually, it is loosely described as 'creating the greatest good for the greatest number'; Dilemma which is a circumstance in which all existing courses of actions appear to include morally undesirable as well as morally desirable aspects. In view of the above, ethics may be viewed as a science of conduct, which entails learning the right thing and doing the right thing (Nwanyawu, 2018).

Accounting ethics is a branch of applied ethics that seeks to study moral values and judgements as they apply to the accounting profession. Ethics could take the form of business, professional etc. and relates to certain discipline or profession such as accounting, medicine, management, engineering etc. A professional approach to ethical concerns focus on how each professional or organisational unit tackles the difficulties of ethical requirements. Each professional or organisational unit is comprehended as willing to embrace the notion of providing either a code of ethics/professional code of best practices. Ethics as it relates to business is basically concerned with knowing what is right or wrong and doing the right thing in the workplace. Thus, they are values, principles and policies that serve as operational procedures for individuals and organisations for decision regarding what is morally right and wrong (Nwanyawu, 2018).

The express development of social relationships and human society is complex, and therefore demands the constant flux of fiduciary relationship management that is ethically acceptable. One professional improvement needed in response to these changing conditions evolves in the form of professional codes of conduct and standards. Thus, increasing social demands in array of accounting responsibilities in the compound web of social contracts makes the formation of standard practice and professional conduct expected of the accountant, inevitable. This expounds why accounting services are provided under the administration of a professional association (Saghafi, Rahmani, & Rabie, 2010). For instance, according to principle of AICPA code 3, members should admit the responsibility to behave in a way that will serve the public interest, honour the public trust, and exhibit commitment to professionalism. These professional responsibilities in order of priority are responsibility for society, responsibility for client, responsibility for other members of the profession, and responsibility for self. In other words, professional person should agree that after joining the profession, the interests of society take preference over and above client's and personal interests in the performance of his professional services.

The professional accountant is expected to make available true and accurate view of the performance of an entity even when confronted with conflicting interest involving his personal interest. Such demonstration of professional discipline, which is the hallmark of professional objectivity, no doubt, engenders reliability, continued trust and public confidence in the accounting profession, which should further strengthen the intellectual and practical adherence to the professional code of conduct. More so, it is believed that such professional discipline also augments the anticipated quality of the final products of the accounting profession. Such anticipated qualities as faithful representation of facts, relevance and reliability of facts so presented, understanding ability of facts and timeliness of facts, are improved upon when the public accountant is seen to be so professionally disciplined in conduct.

- ***Importance of Accounting Ethics to Organisation***

The basic purpose of a code of ethical conduct is to provide an organisation with a clear standard for ethical behaviour. Accounting ethics assist in shaping the behaviour of accounting professionals towards meeting stakeholders' expectations. Accounting ethics rightly contribute to profit which is distributed to all stakeholders according to their interest in the entity. Oghene and Yomere (2008) stated that the purpose of ethics in organisation is to ensure business men and women operate within a framework of code of conduct that facilitates, if not encourages public confidence in their product and services. As observed by the International Federation of Accountants (IFAC), the introduction of a code of ethics assists in building a value-driven organisation and typically deals with an organisation's fundamental values, commitment to employees, standards for doing business, and its rapport with the wider society.

Accounting ethics can also be seen to have a constructive impact in the reduction of fraud cases, corruption, theft and mismanagement of fund by employee. The study of Abdol-mohammadi and Reinstein (2012) revealed that though ethical education impacted on the attitudes and behaviour of professional accountants, but yet to confirm if ethics education have potential of moderating Enron-like fraud. An ethically-minded corporate entity invests less in advertising and their products and services are of great demand. Accounting ethics help an organisation to build its integrity and culture on a solid ground. Before an organisation can enjoy the benefits of accounting ethics, it must invest both in organisational asset and human capital development. Heysel (2013) opined that the investments in human capital and organisational asset take the form of both financial resource and time.

Arowoshegbe, Uniamikogbo and Atu (2017) in their study unravelled the impact of ethics on audit quality. They discovered that accounting ethics have a positive and significant relationship with audit quality. Their study also showed that accounting ethics play a vital role in improving the auditor's expertise. Therefore, there is a need to regulate and strictly enforce accounting ethics both by the standard setters and other stakeholders such as the organisations, professional bodies and tertiary institutions. Nwanyanwu (2018) in his own study revealed that good accounting ethics can help in alleviating fraud in Nigerian banks.

- Fundamental Principles of Ethical Standards

Mathews and Perera (1996) said, to sustain social regulation, a profession has to develop rules to govern its members. Generally, these rules are encrypted in a code of ethics which is a guide to members of a professional community in carrying out their professional roles. It is well known that the two major professional accounting bodies in Nigeria, like other similar professional bodies in the globe provide essential principles and procedures for professional accountants. These principles include; integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, technical standards and independence.

First, in terms of integrity, a professional accountant should be conventional and truthful in all professional and business relationships. Jenfa (2000) says a professional accountant has a responsibility to avoid actual or obvious conflict of interest. The professionals should be able to abstain from engaging in any activity that would hamper their ability to perform their duties ethically. According to Osisioma (2000), integrity is the final test of professionalism. It is the state of being whole and united. He noted further that integrity is hostile to the spirit of our age. The predominant philosophy of life that guides our culture circles around a materialistic consumer mind-set. A professional accountant should not be related with reports, returns, communications or other information where they consider that the information contains materially false or misleading statements.

Second, the principle of objectivity enforces on all professional accountants to be just, straightforward and free from conflict of interest and should not give room for any bias or undue influence of others to prevail over their sound professional or business judgment. Jenfa (2000) argued that the professional accountant has the duty to communicate information quantitatively and justly and disclose fully all important facts that could sensibly be expected to influence any user's understanding of the reports, observations and recommendations obtainable. The IFAC code of ethics for professional accountants recognizes that the targets of the accountancy professional is to work to an extreme standards of professionalism, to achieve the apex levels of performance and generally to ensure that public interest requirement is being fulfilled.

Third, a professional accountant has an on-going duty to preserve professional knowledge and skill at the level expected to make sure that customer or employer is given good professional services based on current developments in practice, rules and procedures. Skilled professional services call for the application of sound judgment in applying professional understanding and expertise in the execution of such services. Professional competence may be split into two separate segments of attainment of professional competence, and preservation of professional competence. The preservation of professional competence demands a continuing responsiveness and a knowing of germane technical professional and business development (Osisioma, 2000). Continuing professional developments progress and sustain the abilities that empower a professional accountant to execute competently within the professional environs. A professional accountant should behave meticulously and in line with appropriate methodological and professional standards when performing professional services. Being meticulous encompasses the obligation to behave in line with the demands of a task, prudently, systematically and on a suitable basis. An accountant should also desist from assenting to perform professional services which they are not fit to perform, unless professional counsel and support are gotten where applicable, a professional accountant should ensure clients, employers or other users of the professional services are aware of the limitations inherent in the services to prevent the misinterpretations of an expression of opinion as an assertion of fact (Ajibolade, 2008).

Fourth, the principle of confidentiality enforces a responsibility on professional accountants to desist from disclosing their client confidential information acquired as a result of professional or business relationships without appropriate and specific authority or except in a case where there is a legal or professional right or duty to do so. And should also refrain from using confidential information obtained as a result of professional duty and business relation for their personal gain or to the advantage of third parties. A professional Accountant should maintain confidentiality even in a social environment. The professional accountant should be alert to the likelihood of unintentional disclosure, specifically in situations involving long relationship with a business associate and a close family member. A professional accountant must maintain confidentiality of information disclosed by a potential client and also consider the need to sustain confidentiality of information of the client. It is his responsibility to take reasonable strides to ensure that employees under his control and persons from whom advice and assistance is obtained respect the professional accountant's duty of confidentiality. The desire to comply with the principle of confidentiality persists even after the end of relationship between a professional accountant and a client (Aguolu, 2006).

In the event where a professional accountant changes employment or acquires a new client, the professional accountant is allowed to use past experiences. The professional accountant must not however, use or disclose any confidential information either gained or received as a result of a professional or business affiliation. However, the following are circumstances where professional accountants are or may be required to disclose confidential information or when such disclosure may be appropriate. And these are situations where disclosure is permitted by law and authorized by the client; when disclosure is obligatory by law e.g. production of document or provision of evidence in court of law or, disclosure to appropriate public authorities of infringements of the law that come to light and, where there is a professional duty or right to disclose (Nzotta, 2008).

- ***Financial Reporting Quality***

Financial reporting according to Nzotta (2008) is a dire issue which affects decision making process of diverse stakeholders, corporate bodies, existing and potential investors and policymakers. Glautier and Underdown (2001) asserted that the primary objective of financial reporting is to communicate economic measurement of and information about resources and information about the resources held by the entity and performances of the reporting entity, useful to those having right to such information. According to Agwor and Okafor (2018), the fundamental objectives of corporate report is to communicate economic measurements and information about the performance of the reporting entity useful to those having rights to such information. Nzotta (2008) stated that financial reports assist users in assessing past and present performance of the organisation and its ability to maximize wealth of shareholders. Besides, it evaluates the ability of the organisation to create value and objective assessment of value created over time. Financial reports highlight financial information which provide insights into these resources held by an organisation. The claims to these resources including the obligation of the organisation to transfer resources to other entities and owners and effects of transactions, events and circumstances that change its resources and claims to these resources (Glautier & Underdown, 2001; Nzotta, 2008). Also, the primary aim of financial reporting is to offer high-quality financial reporting information regarding economic entities, mainly financial in nature useful for economic decision-making (FASB, 1999; and IASB, 2008).

Belkaoui (2002) noted that qualities of financial reports encompassed relevance, reliability, understandability, objectivity, completeness, comparability and timeliness. But, the most widely used in prior studies to assess financial reporting quality entails accrual models, value-relevance models, research focusing on specific items in annual report and methods of operationalising the qualitative characteristics of financial statements.

First, relevance is the capability of using financial statements to make a difference in decisions by users in their capacity as capital providers (IASB, 2008). Drawing on prior research, relevance is operationalised using four items referring to predictive and confirmatory value. Many researchers have operationalised predictive value as the ability of past earnings to predict future earnings (Schipper&Vincent,2004; Francis, LaFond, Olsson &Schipper,2004). Confirmatory value to relevance of financial reporting information implies if it confirms or changes past (or present) expectations based on previous evaluations (IASB, 2008).

Second, faithful representation is the second fundamental qualitative characteristic in the standard. To faithfully represent economic phenomenon that information must be complete, neutral, and free from material error. Faithful representation is measured using five items of neutrality, completeness, freedom from material error, and verifiability (Maines&Wahlens, 2006; Kim, Simunic, Stein & Yi2007; Willekens, 2008).

Third, the first enhancing characteristic, understandability will improve when information is characterised, classified and presented in a clear and orderly manner. In the view of IASB (2008), understandability refers to a situation when information quality enables users to comprehend their meaning. Courtis (2005) argues that understandability is gauged using five (5) items that accentuate transparency and purity of information in financial reports.

Fourth, comparability explains information quality that enables users identify matches in and variations between two sets of economic phenomena. Comparability is gauged using six (6) items that centre on consistency. Four items refer to consistency in use of the similar accounting policies and procedures from period to period within an organisation (Schipper & Vincent, 2004) and two items are employed to gauge comparability in a single period across organisations (Beuselinck & Manigart, 2007). *Lastly,* timeliness of financial report means having information readily available to users before it loses its capability to influence decisions (IASB, 2008); it refers to the time it takes to reveal the information and is connected to decision usefulness at large.

Theoretical Anchorage

- *Stewardship theory*

Stewardship theory is a theory that makes managers to act as accountable stewards of the assets of the organisation they control. Management pursuing their own self-interest at the expense of the shareholders who can spread their individual portfolio in the activities of companies should make it with a just judgement. This indicates the impact of agency theory as a portion of the growing organisational economic movement. Therefore, such views have been challenged whereby researchers have termed stewardship theory as a structure which assumes the managers are after maximizing organisational objectives (Donaldson, 1990a; Donaldson & Davis, 1991).

Chalaki, Didar and Riahinezhad (2012); Edogbanyaand Kamardin, (2014) supported the acceptance of stewardship theory on financial reporting quality. Also, Donaldson and Davis, (1991) affirmed that the need of stewardship theory is expected to be met within the aim of financial reporting quality. Therefore investors making decision rely on the entities financial reporting quality where managers assigned to prepare accordingly. According to Chalaki, et al. (2012) financial reporting quality objective is to provide information useful to existing and prospective providers of finance to make decision. Therefore, this study is premised on this theory.

Some Prior Related Studies

Oyebisi, Wisdom, Ayodotun, AbimbolaandEche (N.D) examined the link between accounting ethics and performance of accounting firms in Nigeria by means of survey design. Questionnaire was administered to employees of five (5) renowned audit firms: KPMG, Delloitte, Ernst and Young, Akintola Williams and Price Water House Coopers. The Pearson Product Moment Correlation technique was used in analysing the data obtained in the field survey. Findings revealed a significant link between accounting ethics and the performance of accounting firms in Nigeria. In addition, it was found that there is a significant link between the level of awareness of the code of ethics and organisation performance.

The study by Mahdi and Mohsen (2011) investigated the impact of professional ethics on financial reporting quality in Iran. Questionnaire was administered to two hundred and five (205) companies selected in the Tehran Stock Exchange and Spearman correlation coefficient was used in analysing the data obtained. The study found a significant association between professional ethics and the quality of financial reporting.

Similarly, Ogbonna, and Appah (2011) assessed the effects of ethical accounting standards on financial reporting quality of Nigerian banks. Secondary data were employed and econometric models (diagnostic test, augmented dickey-fuller, ordinary least square and granger causality) were employed in the analysis of data. Findings revealed that ethical accounting standard significantly relates to financial reporting quality of Nigerian banks.

Joseph and Jossy (2014) explored the impact of accounting ethics on financial reporting of oil and gas firms in Nigeria. Metrics of return on investment, earnings per share and dividend per share were utilized as proxies for financial reporting. Accounting ethics measure are, namely: independence, objectivity, integrity, accountability and competence. Multiple regression results showed that there is a positive link between accounting ethics and financial reporting with respect to return on investment, earning per share and dividend per share.

In a recent study, Agwor and Okafor (2018) examined the nexus between accounting ethics and financial reporting quality using tourism and hospitality firms in Rivers State. The study adopted the quantitative design and questionnaires were distributed. Accounting ethics were gauged by means of professional independence and competence while financial reporting quality, qualitative attributes of reliability and understandability. The ordinary least square (OLS) estimation technique was used and findings support the assertion that variability in accounting ethics can account for between79% and 91% of the variability in financial reporting quality. Understandability was significant at 5% level in linking with both competence and independence, however, reliability was found to be significant at 5% level, only with independence. This implies that accounting ethics had a significant link with financial reporting quality.

Azona (2019) investigated the effects of accounting ethics on financial reporting quality of commercial banks in South Sudan. Using descriptive survey design and one hundred and twenty nine (129) accountants, the study concluded that accounting ethics have significant effect on financial reporting quality. The empirical literature underscores the relevance of replicating the study in the consumer goods industry, as evidence is indicative of the existence of a relationship between ethics and the quality of professional conduct which dog tales to quality of output of the system. On the basis of the foregoing we propose that:

H$_1$: ***The quality of financial reporting in the consumer goods sector in Nigeria is***

significantly dependent on the level of ethical compliance by the accounting personnel

Methodology

This study adopts the descriptive survey research design, which seeks to elicit the objective opinion of the respondents on ethics and financial reporting quality. The primary source of data was adopted with the questionnaire being the research instrument engaged as a tool for data collection. The population of the study captured twenty-eight (28) consumer goods sector firms listed on the Nigeria stock exchange market as at 31st December, 2018. While, a sample of fifteen (15) of this firms was selected using the simple random sampling technique.

In pursuance of a reliable and dependable data needed for the study, seventy-five (75) questionnaires were administered to the employees in the accounting departments of the selected consumer goods companies based on accessibility. Moreover, the questionnaires were designed on a 5-point Likert scale of strongly agree, agree, undecided, disagree and strongly disagree. The reliability of the instrument was done using Cronbach Alpha and it yielded 0.76 coefficients of reliability. The data obtained in the field survey were analysed using the ordinary least square (OLS) estimation technique and the model is specified as:

Financial Reporting Quality = f(Accounting Ethics) - *eq. 1*

$$FRQ = \alpha_0 + \beta_1 ACCTETI_i + \varepsilon_t \quad - \quad eq.\ 2$$

Where: FRQ = Financial reporting quality; ACCTETI = Accounting ethics; ε= error term; α_0 and β_1 are the regression coefficients.

4. Results

The result of the study is presented below.

Table 1: Accounting Ethics and Financial Reporting Quality

Dependent Var.: FRQ				
Method: Least Squares				
Included observations: 75				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	17.80177	2.394912	7.433164	0.0000
ACCTETI	0.084379	0.240673	0.350597	0.0274
R-squared	0.42554	Mean dependent var		18.6
Adjusted R-squared	0.418226	S.D. dependent var		5.205962
S.E. of regression	5.253189	Akaike info criterion		6.194726
Sum squared resid	1324.608	Schwarz criterion		6.271207
Log likelihood	-152.868	Hannan-Quinn criter.		6.22385
F-statistic	4.122918	Durbin-Watson stat		2.199665
Prob (F-statistic)	0			

Source: *Authors' computation*

The result in Table 1 shows the link between accounting ethics and financial reporting quality. The result shows R-squared of 0.42 indicates that 42 % of systematic variation in the quality of financial reporting is accounted for accounting ethics. The result showed that accounting ethics had a positive and significant link with financial reporting quality. The prob. (F-stat) is 0.0000 suggesting that the model is good enough and significant at 5%. The Durbin-Watson value is 2.1, implying the nonexistence of autocorrelation in the model.

The conclusion is that accounting ethics had a significant link with financial reporting quality. The result is consistent with the works of (Ogbonna & Appah, 2011; Mahdi &

Mohsen, 2012; Agwor & Okafor, 2018; Azona, 2019) amongst others, that ethics in the accounting profession is vital to financial reporting quality of companies. These results clearly support the fundamental role of accounting ethics in enhancing the quality of financial reporting in Nigeria, and the world over.

Conclusion and Recommendations

In this paper, the effect of accounting ethics on financial reporting quality in Nigeria was examined. The descriptive survey design was employed. Questionnaire was the major instrument of data collection administered to employees of fifteen (15) consumer goods firms. The data obtained in the field survey were analysed using the ordinary least square (OLS). The study concludes that accounting ethics had a positive and significant relationship with financial reporting quality. This implies that high accounting ethics and standards are fundamental in realising objective, reliable and transparent reporting. The implication of this is that neither industry type nor accounting jurisdiction takes away the need for high ethical compliance.

Furthermore, it portrays the relevance and pervasiveness of the accounting profession. Therefore, in all instances where accounting service is provided, accountants must ensure high ethical standards to remain relevant and to satisfy the decision usefulness objective of accounting practice. Furthermore, firms in Nigeria should put in place ethics and compliance department to direct and monitor ethics implementation in their day-to-day operations.

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APPENDIX

QUESTIONNAIRE

Dear Respondent,

This questionnaire intends to collect information on ***Accounting Ethics and Financial Reporting Quality***. The information supplied in this questionnaire is hereby required for such purpose only and would be treated with utmost confidentiality. Thanks.

Instruction: Please answer the following questions as objectively as you can, by ticking the answer which you consider appropriate amongst the alternative provided.

Section A

Please tick or mark (√) in the boxes provided or fill where appropriate.

1. Sex: Male ( ) Female ( )
2. Age: Less than 30 ( ) 31- 40 ( ) 41-50 ( ) 51-60 ( ) Above 60 ( )
3. Highest academic qualification: Primary school cert ( ) SSCE/GCE ( )

   HND/B.Sc/BA ( ) M.sc/MBA ( ) PhD ( )
4. Work Experience: 1-5yrs ( ) 6 – 10Yrs. ( ) 11 – 15Yrs. ( ) 21Yrs. And above ( )
5. Position: Top level ( ) Middle level ( ) Lower level ( ) Others ( )

Section B: please tick (√) as appropriately

S/N	ITEMS	SD	A	D	SD
1	Adhering to the principle of integrity by firm improve the financial reporting quality				
2	Timely presentation of financial report enhance its quality				
3	Financial statement providing the investors with complete information enhance the quality of the financial report				
4	Firms faithfully showing both their negative and positive event equally tends to have high quality financial statement				
5	Going by the codes of conduct guiding the activities of the firm improve the financial reporting quality				

Thank you for filling the questionnaire.

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