IOSR Journal of Economics and Finance (IOSR-JEF)
e-ISSN: 2321-5933, p-ISSN: 2321-5925.Volume 11, Issue 2 Ser. III (Mar – Apr 2020), PP 01-10
www.iosrjournals.org

Empirical Examination of Accounting Professional Etiquettes and Quality of Financial Statements Disclosure

Idor, Roy Michael[1], Odumusor, Charles Joseph[2], Isek, Friday Cosmos[3]
[1]*Department of Accountancy, Faculty of Management Sciences, Cross River University of Technology, Calabar*
[2]*Department of Accountancy, Faculty of Management Sciences, Cross River University of Technology, Calabar*
[3]*Department of Accountancy, Faculty of Management Sciences, Cross River University of Technology, Calabar*

Abstract: *The study centers on the empirical examination of accounting professional etiquettes and Quality of Financial Statements Disclosure of listed companies in the Nigerian Stock Exchange. Specifically, the research paper investigates the influence of accountants'independence, objectivity and competence on quality of financial Statements Disclosure of firmsin Nigeria. Extant literatures where reviewed and a survey design was adoptedfor the study. The target population of this study was 150 staff in the accounting section of the 10 firms in Nigeria. Stratified random sampling was applied in arriving at the sample size of 100. The work revealed that accountant's independence, objectivity and competence had positive and significant effect on the quality of financial statements disclosure. The study recommended that firms should employ professional accountants to ensure that the preparation and presentation of financial statements are in conformity with ethical principles as this will enhance the effective and efficient running of their day-to-day activities, The Nigerian Accounting Standard Board (NASB) now known as Financial Reporting Council of Nigeria (FRCN) and other regulatory agencies should amplify effort to enforce that firms adhere strictly to the financial reporting framework and ethical awareness of professional accountants, regulators and other stakeholders is necessary to instill ethical values in them.*

Keywords: *Financial statements, Accounting ethics, Independence Objectivity, Competence and Integrity.*

Date of Submission: 10-03-2020 Date of Acceptance: 24-03-2020

I. Introduction

In evaluating the link between accounting ethics and the quality of financial statements disclosure of quoted companies in the Nigerian Stock Exchange, it is appropriate to appreciate the need for relevant and faithfully represented financial statements of quoted companies in Nigeria since the preparation and presentation procedures of financial statement is regulated by accounting standards, concepts, principles, policies, methods. Any transaction or event not specifically recorded by an official declaration; accountants must exercise professional judgment in the determination of the treatment that is considered most credible and consistent with generally accepted accounting principles. This understanding is also necessary to appreciate the need for comparable, understandable, timely and verifiable financial reports of quoted companies. Providing financial information of high quality is necessary because of its influence on capital providers who rely on such information to arrive at investment decisions. According to Morton (1974) relevant financial information bears on the economic decisions for which it is deployed or used whereas Chen, Hope, & Wang, (2011) where of the opinion that the quality of financial reports is positively related to investment efficiency.

Failure of several companies and increased levels of sophisticated frauds over the past years resulting to the question of competence, objectivity and independence in accounting profession. The global scandals, such as Sony, Enron, WorldCom, Bank of Credit, Global Crossing, Commerce International, Cadbury, Parmalat, and Polly Peck have questioned the efficiency in corporate mechanisms of governance (Zeghal&Mhedhbi, 2016). Equally, questions on the quality, credibility of financial statements disclosure and audit functions respectively has been raised. This questions have led to increased demands for accounting ethics in financial statements disclosure. Ethics is ascertained from the analysis of moral content of behaviour or an action.Nwagboso (2008) advocates that accounting is a profession that depends totally on the need to displace a high degree of accountability and stewardship, thus, the emphasis that all members be regulated by the profession codes of conduct. Beverly, Barry, Philomena and Stephen (2007) highlights that as a result of different accounting services and the current business failures, due consideration has been given to ethical standards accepted within the accounting profession. To fight the unfavorable judgment and avoid fraudulent accounting,diverse businesses and governments have instituted regulations for improved ethics among accounting profession. This is considering that the objectives for ensuring the performance of firms,dependsentirely on the corporate financial statements disclosure. Asa result of the nature of finance and accounting professions, it is imperatively necessary to be ethical in the profession (Ramanna&Sletten, 2014). The attitude of an accountant's job placesthem in a special manner for a trusting relationship with stakeholders that depends on their professional guidance and judgment for decision making. Similarly, the decisions will affect the process of resource allocation not only in a particular industry but also in the whole economy. Accountants are mandate to be reliable as a result of their professional requirements. Hence, ethics and professionalism are important factors for sustainability of stakeholder's confidence.

According to Kalshoven, Hartog&Hoogh (2011) chartered accountants are mandated to adhere to certain principles and ethics in financial statements disclosurein order to improve and promote public assurance and confidence for the reliability and credibility of financial statements. In the past, issues of ethics in the accounting profession have manifested into emerging trends like operation decision, creative accounting, bribery, executive compensation, kickbacks, lobbying, auditors' independence, and audit quality. In general, issues of accounting ethics rely on the principles of objectivity, independence, confidentiality, integrity, specialized behavior, competence and due care. The absence of due negligence by the accountant in the discharge of his duties may invalidate his credibility. However, the absence of integrity will shade on an accountant credibility and so is their financial statements. The duties mandatedby accountants needs high degree of ethics. These high degree of ethical requirements as supported by the several parties of the firm are expected to inform the accountant in the preparation and presentation of financial statements (IFRS Foundation, 2015). Stakeholders like government, financial institutions, shareholders, creditors, potential shareholders, employees, host communities, competitors and other users of financial statements depend solely on the reliability, truthfulness and integrity of the financial statements published periodically by the firm. The users of financial statementsrequire accountants who prepare these financial statements to follow ethical standards as they depend on the financial statements to make informed andappropriate investment decisions. With an appropriate and comprehensive understanding of the ethical norms, accountants will be able to overcome ethical challenges, thereby making informed decisions and right choices, which may out-rightly not benefit the company but the public who relies on the report from the accountant (Ramanna&Sletten, 2014). In Addition, the accounting profession is informed by service to the public and therefore it prescribes to its own ethical requirements.

Livingston (2012) denotes that certain issues have been defined to contribute to unethical behaviors. These factors are individualistic and lack objectivity and independence, wrong professional judgment decisions, ethical insensitiveness, ill culture and improper leadership, notwithstanding advocacy for threats, incompetence, and lack of peer organizational or professional body's support.

Based on the IFAC (International Federation of Accountants) report of 2015 that had its focus on transforming public assurance in regard to financial statements disclosureafter the collapse of WorldCom and Enron in 2002, there was an agreement which recognized that the financial scandals that had been witnessed in recent times had deeper underlying problems that were related to unethical practices. IFAC observed ethical standards' improvement, reporting mechanisms, availability of financial management, quality audit and improvement of regimes' governance would as well improve the confidence of the public in financial statements disclosure. Accountants have duties on areas whose improprieties have risen to either collapses or corporate scandals. Instilling ethical practices in accounting would eliminate negative practices and accounting scandals. In today's accounting profession, ethical behavior has become an issue of necessity by users of financial statements. The failure of several companies in the past years have led to serious financial consequences to stakeholders, thus leading to issues of believability.Ogbonna (2010) any entity that neglects the relevance of professional ethics may not be in operation for a long duration to ascertain its stated objectives and that of stakeholders. The failures of business in the Nigeria economy such as Oceanic bank, Cadbury Plc and African Petroleum have been attributed to accountants' not strictly adhere to the ethics of the profession seen not only in the contents of financial statements but equally in its reliability by stakeholders. Empirically, there has been limited research work on accounting ethics and adoption of IFRS in Nigeria. The Zeghal and Mhedhbi (2016) research encompassed 21 African countries with samples across sixty-four states. Ramanna and Sletten (2014) studies sample 24 African countries from 102 non-European Union states. Jaggi and Low (2010) sampled 22 African countries from 109 countries. Poor financial statements disclosure has afflicted several jurisdictions in the developing nations but yet, there are few works emphasizing on accounting ethics and quality of financial statements disclosure in Nigeria. IFRS Foundation (2015) established that many financial institutions, including quoted companies, had poor quality financial statements disclosure which put into question the reliability of financial statements disclosure of the firm in the hyperinflation economy. As a result of this, the research is carried out to examine the degree to which accounting professional etiquettes affect the quality of financial statements disclosure of listed companies in the Nigerian Stock Exchange.

1.1 Objectives of the Study

This research is carried out toexamine the effect of accounting ethics on quality financial statements disclosure of quoted companies in the Nigerian stock exchange.

Specifically, the following objectives are as follows:
1. To investigate the effect of accountants' independence on quality of financial Statements Disclosure of listed companies in the Nigerian Stock Exchange.
2. To determine the effect of accountants' objectivity on quality of financial Statements Disclosure of listed companies in the Nigerian Stock Exchange.
3. To ascertain the effect of accountants' competence on quality of financial Statements Disclosure of listed companies in the Nigerian Stock Exchange.

1.2 Significance of the study

The relevance of accounting information is its influence on the judgments made by users, particularly the investors; how they conclude on investment choices. Therefore, the disclosure of relevant accounting information is ethically significant. The study of how accounting ethics affect quality financial statements disclosure in terms of relevance is necessary in assisting managements, accountants, auditors, regulatory bodies, policy makers and investors. Also the finding of this study adds to the existing literature on ethics and its relationship with the quality of financial statements disclosure of quoted companies in the Nigerian stock exchange. The study is to remind chartered accountants who provide the technical expertise in financial reporting to remember and apply their profession's code of ethics.

II. Theoretical review

2.1.1 Agency theory

The agency theory was formulated by Jensen and Meckling in 1976. This theory is used to understand the relationship that exist where a person or a group of person (employer) employs the services of another (employee) to perform some activities on their behalf, this is generally known as agency relationship. This theory connotes that agency costs arises as a result of management and control separation. The theory also postulates that the appointment of accountantsshould be based on the usefulness of its services to both internal and external parties.

Agency relationship may have a lot of disadvantages as a result of self-interest and opportunity of the agent where he may fail to discharge his duties in accordance with law (Adams, 2014). Also, there are severalways in relation to this, where the agent misuses the power for financial or other advantages or he may refuse to take necessary risks in line with the principal's interest. The cause of this can be the fact that agents perception of risks and that of the principal differs.

Another issue that may arise inagency relationship is the information asymmetry whereby managers have more information about current and future prospects of the business and can decide when and how to pass this information. For an entity as well as the issue of corporate control, the agency theory sees corporate governance especially, financial statements disclosure as being an important mechanism to reduce the problem that may occur in the agency relationship. The cost incurred to monitor and impose discipline to those trying to safeguard against abuse and mismanagement of power is regarded as agency cost.

In relation to an entity, agency theory is designed to distinguish the ownership and control (Nagy and Cenker, 2012). To this end, the principals are owners and the agents are managers. For efficient, effective and quality financial statements disclosure, independence, objectivity and competence of the accountants are vital. For proper understanding of agency one needs both parties to see institutional structures as well as incentives, Steven and (Mitnick, 2016). The agency theory recognizes that, the benefit ofcorporate governance emerges from the need to harmonize management interests with that of other stakeholders in an entity with the sole aim of reducing agency cost and improving the effectiveness in financial statements disclosure. It is to this end that this work is anchored upon the agency theory in order to examine the relationship between independence, objectivity and competence of the accountants and quality of financial statements disclosure.

2.1.2 Institutional Theory

The institutional theory formulated by Powell and Dimaggio in 1991 has been used extensively in management literature and is increasingly applied in accounting investigation to comprehend the effects of organizational structures. It takes into consideration how rules, norms and routines become established as authoritative guidelines and considers how these components are created, adopted and adapted overtime. Compliance occurs in many circumstance because other types of behavior are inconceivable, routines are followed because they are taken for granted. For survival, an entity needs to be in conformity with the rules and belief system that is predominant in the society as this will make the entity to be legitimate.

Previous studies in financial statements disclosureapply institutional theories to explain their results regarding the determinants of financial statements disclosure efficiency in entities. Mihret and Woldeyohanes (2011) are of the opinion that institutional theory is apowerful model for investigating the effectiveness of financial statements disclosures in corporate entities and the factors affecting it. This theory examines the relationship between independence, objectivity and competence of accountant and the resultant quality of financial statements disclosure. The institutional theory postulates that an institution is structured to meet social expectation since its operation is always visible to the public. To this end, complex entity internal operations that may not be identify easily may focus on the issue of external legitimacy through the exhibition of competency. Smith (2015) states that the analysis by external auditors may not be consider useful by the entity if the right structures are instituted. Weakintegration of technologyhelps the institutions to show their results in external measures whilegiving room for flexibility at the time of operational procedures. Entities should be able to account for high cost of adopting new ideas in the accounting department to ensure that the staffs are well trained to improve financial statements disclosure quality. This study therefore, uses the institutional theory as it addressesindependence, objectivity and competenceof accountants in relation to financial statements disclosure.

2.2 Conceptual review

2.2.1 Accounting ethics

In business organizations, ethics are paramount. Ethics are the rules that an individual use in controlling or regulating his/her behaviour. It is the personal standard by which an individual differentiate "right from wrong". Nwagboso (2008) sees ethics or morality as matters of good and evil, right and wrong and subscribes to the fact that "we are living today in an ethical wilderness" - meaning a wild, untamed, and unpredictable landscape. According to him ethics is in ferment and chaos among all people. Equally, he stressed that ethics is not about what we are or what we were, or even about what we will be. He maintains that ethics is about what ought to be that is, the standard by which we judge character and action. Ethics involves living by norms and rules of the society. In business, those norms and rules identify appropriate behavior for managers, employees, investors and other stakeholders. Keeping the investors and other stakeholders fully informed about the activities of the business is an important ethical norm for managers. Managers who conceal their activities or who misrepresent those activities make it difficult for stake holders to access how well a business is performing. Overstating profit for instance may result in investors allocating more resources to a firm than actual results would justify. This misallocation results in a loss of value to society and often lead to financial harm to those who use this information.

Ethical behavior is particularly important for accounting because the reliability of accounting information depends on the honesty of those who prepare, report and audit this information. An important role of accounting is to evaluate whether appropriate rules are being followed in accounting for disclosing business activities. Failure to follow these rules can result in significant economic damages as seen in the collapse of Enron Corporation. Generally accepted accounting principles (GAAP) and other accounting and auditing rules have been created to help ensure that entities fairly disclose their business activities (Albright and Ingram, 2007).

2.2.2 Fundamental principles of ethics

These are drawn from the duties owed by all members of the profession, whether in practice or not. They constitute basic advice on professional behaviour. A professional accountant shall comply with the following fundamental principles:

Integrity

The principles of integrity impose an obligation to all professional accountant to be straight forward and honest in profession and business relationship. In its simplicity, integrity means fair dealing and truthfulness. A professional accountant should not be associated with reports, returns or other information where they believe that the information contains a materially false or misleading statements, contain statements or information furnished recklessly or omits information required to be included where such omission would be miss leading Osit (2008).

Objectivity

A professional accountant should not allow bias, conflict of interest or undue influence of others to override his or her professional or business judgments. ICAN (2014). IFAC (2006) Code of Ethics for professional accountants sees that the objectivity of the accountancy profession is to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement. The code identifies that the objectivity principle requires four basic needs to be met: (i) credibility (ii) professionalism (iii) quality of service (iv) confidence.

Competency

A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receive competent professional services based on current development in practice, legislation and techniques. Accountants should abstain from accepting to perform professional services which they are not competent to carry out unless competent advice and assistance are obtained. A professional accountant should be diligent in accordance with applicable technical and professional standards when providing professional services.

Confidentiality

A professional accountant should respect the confidentiality of informationacquired during the course of performing professional services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose. The Accountant has the obligation to respect the confidentiality of information acquired as a result of professional and business relationships. He should therefore, neither disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for his personal advantage or that of third parties.

The need to comply with the principle of confidentiality continues even after the end of relationships between a professional accountant and a client or employer. However, when a professional accountant changes employment or acquires a new client, the professional accountant is entitled to use prior experience.

A professional accountant shall maintain confidentiality, including in a social environment, being alert to the possibility of inadvertent disclosure, particularly to a close business associate or a close or immediate family member.

A professional accountant shall maintain confidentiality of information disclosed by a prospective client or employer.

A professional accountant shall maintain confidentiality of information within the firm or employing organization.

A professional accountant shall take reasonable steps to ensure that staff under the professional accountant's control and persons from whom advice and assistance is obtained respect the professional accountant's duty of confidentiality. The professional accountant shall not, however, use or disclose any confidential information either acquired or received as a result of a professional or business relationship.

Independence

The professional accountant is expected to be independence both in theory and practice, in his own attitude and his approach to the work. The auditor must be fully convinced as to his independence. Independence in auditing means having a position to take an unbiased viewpoint in the performance of audit tests, analysis of results, and the attestation in the audit report. Independence is essential for the auditor to express an objective opinion in his report. Objectivity is critical to the report of the auditor since his report is relied upon by the public as the opinion of a specialist with high integrity.

2.2.3 Financial statements disclosure

Financial statements, by features, can be disclosed both in numeric and words. Financial statements represent a report that shows the performance of activities and financial position of an entity for a given period of time or at any given point in time. It is a summary report that shows how a firm has used the fund entrusted to it by its shareholders and lenders, and what is its current financial position. In effect, these accounting figures must be faithfully represented (complete, neutral and error-free) and be decision-useful. The conceptual framework for financial statements disclosurereveals fundamental qualitative characteristics as well as enhancing qualitative characteristics. The fundamental qualitative characteristics are faithful representation and relevance, while the enhancing qualitative characteristics are understandability, verifiability, comparability and timeliness (IASB, 2010).

Financial statements disclosure can be seen as the only way by which managers of entities give account of their stewardship to their owners and other stakeholders. He added that financial statement shall be disclose in clear terms and languages what resources are acquired and available, how they are used and achieved results from such usage (Adebayo 2005).

2.2.4 Accountant independence and quality of financial statements disclosure

Independence is seen as the principle of being free from the interference of management when professional accountants are discharging their accounting duties and reporting to management (Belay, 2017).

There is independence when professional accountants are able to work with integrity, objectivity, impartiality and free from disagreement of interest between managers and other stakeholders. The accountant is expected to be independence in mind and independence in character. In essence, the auditor is required to be independence in theory and in in practice. The principle of independence is vaguebecause it does not have singular interpretation or meaning across the people.

Independence principleis paramount to the auditor's report reliability because, if they are seen not being independence in mind and character, the credibility of their reports will be in doubt and this will generate to loss of confidence and trust by creditors and investors. The assurance services rendered by auditors gain their credibility and value from the basic principle of independence in mind and character.

Cohen &Sayag (2010) accountants are required to beindependence from those they are reporting about for the sole aim of performing their duties without intervention. Independence coupled with objectivity enhances accuracy and viability of accountants' duty and gives employers assurance that they can trust their reports and results. This principle allows accountants to report objectively and independencely.

2.2.5 Accountant objectivity and quality of financial statements disclosure

The encouragement for enhanced objectivity and independence in internal auditing could be related with the expansion and evolving roles of internal accounting as important tool for corporate governance. To this effect,internal auditors hold a vital position of renderingboth services of quality confidence and trust or management consultancy services. The objectivity of accountants is therefore vital in improving the quality of financial statements disclosure (Stewart and Subramaniam, 2010).

Yosep (2016) investigates the effect of accountant's objectivity on financial report's quality in Indian publicly listed commercial banks. The author discovered that Institute of Internal Auditors(IIA) India had emphasized the relevance of objectivity in the practice of accounting and internal auditing internal. The principle stressed that professional accountants must carry out their duties objectively i.e. there must notfavour any party in the disclosure of financial statements. The study reveals that banks which had objective professional accountants rarely disclose qualified financial statements and concluded that objectivity of professional accountants positively influenced quality of financial statements disclosure.

2.2.6 Accountant competence and quality of financial statements disclosure

A professional accountant who has accepted to renderprofessional services means that he is competent to discharge such duties. Accountants should abstain from accepting to render professional services which they are not competent to carry out unless competent advice and assistance are obtained (Ogbonna and Appah, 2011). The development of these skill is not aimed to enhance the accountants' potential, but to improve the quality of financial statements disclosure. In addition, competency of professional accountants in an entity is an important feature of achieving quality in the financial statements disclosure process. Competency of professional accountants requires them to possess accounting skills and knowledge so as to discharge their duty effectively.

Stewart and Subramaniam (2010) suggested that proper management of employees is critical for effective and efficient operation. Financial statements disclosure needs knowledgeable employee with the proper education, experience and professional qualification to dischargebroad accounting tasks. The competence of professional accountants is valued on the basis of experience, academic level, compliance with accounting standards and their efforts to continue professional development (Nagy &Cenker, 2012).

2.3 Empirical review

Azona (2019) examined the effects of accounting ethics on quality of financial reporting of an organization: case of selected commercial banks in South Sudan. The researcher adopted a descriptive survey design while the target population was 190 accountants distributed over the head offices of 8 commercial banks that were domiciled in South Sudan and the stratified sampling was employed incorporating each segment of the population sample. The study targeted 129 respondents to participate in the study where questionnaires were used as data collection tool. He found out that competence of accountants, independence of accountants, objectivity of accountants and integrity of accountants all had positive and significant effect on financial reporting quality. He recommends that management of the commercial banks should professionalize their accounting departments and enhance competence by ensuring that hiring is on merit and have on the job training opportunities. Moreover, the commercial banks should continually develop their accounting staff both internally and sponsoring them for educational seminars or workshops.

Odesanya, Enyi, Adegbei andSalawu (2019) researched onethical principles and relevance of financial reports of quoted companies in Nigeria. The work adopted a survey research design based on a population of 4893 accountants and auditors of 169 quoted companies and four regulatory bodies in Nigeria. Four hundred copies of the research instrument with a reliability test coefficient of 0.830 using the Cronbach's alpha statistics were distributed with a 92.5% return rate. Data analysis employed the use of descriptive and inferential statistics. The results indicate that ethical principles influence the relevance of financial reports significantly and further recommended that continuous ethical orientation for accountants, managers and auditors of Nigerian quoted companies.

Agwor and Ruth (2018) investigated the nexus between accounting ethics and financial reporting quality, using tourism and hospitality industry in Rivers State as a case study. The study adopted empirical research design with a positive research approach. Questionnaire was distributed, and relevant data obtained. Accounting ethics was measured with professional independence and professional competence, while financial reporting quality was measured using the qualitative attribute of reliability and understandability. Ordinary

Least Square was used to develop a theoretical equation model to test the formulated hypotheses. The findings of the study support the proposition that variability in accounting ethics can account for, between 79% and 91% of the variability in the quality of financial reporting in the tourism & hospitality industry in Rivers State. Although understandability was significant at 5% level in associating with both competence and independence respectively, reliability was found to be significant at 5% level, only with independence. On the basis of these findings, they recommended that corporate bodies should establish ethics compliance units or department to boost the enforcement of ethical compliance, among others.

Al-Matari, Al-Swidi and Fadzil (2014) evaluated the influence of accountant independence on financial reporting quality. Financial reporting quality in this regard was measured using qualitative and quantitative measures of effectiveness and efficiency. The study revealed that financial reporting quality is perceived to be the core of corporate accounting since as a section it maintains track with businesses related with the sector. Efficiency in financial reporting could assist with the development of the company's work since the reports presents the outlook of the company performance. Independence of accounting team was found to significantly and positively influence quality of financial reports. This implies that as accounting team becomes more independence from the influences of management, the efficiency of the output of accounting department improve.

Setiyawati (2013) investigated on the effect of internal accountant's competences to improve quality financial reports in Indonesia." The research on Bogor District Local Government used survey method to survey 31 local government units. Questionnaires were used as data collection tools. The study's findings showed significant influences of competent internal accountants' in regard to financial reports' quality.

Gras, Marin. and Lema (2012) conducted a study on the objectivity of accountants and the extend of fiscal reporting in the Spanish banking industry. The aim of the study was to assess the connection between a firm's accountants' objectivity and the quality of its financial reporting. The study relied on the data collected from the Spanish banks' internal audit directors. The findings established that banks with more objective accountants and auditors provided high quality financial reporting. An extensive involvement of internal auditors in reviewing internal financial reports boosted the quality financial reporting.

Hutchinson and Zain (2009) investigated on the effect of accountant independence and quality of financial reports, firm performance and growth opportunities. This study focused on 60 Malaysian companies from the financial and services sector. The study established that accountant independence is associated with quality financial reporting, firm performance and growth opportunities. However, the findings indicated that financial reporting efficiency was negatively related with accountant independence.

III. Research methodology

The investigation relies on a descriptive survey design. It was adopted because the work tends to evaluate how independence, objectivity and competence of accountants could affect the quality of financial statements disclosure. The design was used in this work to account on the state of accounting ethics at selected quoted companies in Nigeria and how its affect quality of financial statementsdisclosure. The study targeted 150 accountants and accounting officers distributed over the 10qouted entities in the Nigerian stock exchange. The target population comprises financial accountants and internal auditors. The investigationadopted a stratified sampling techniques in arriving at a sample size of 100. Questionnaires were used to obtain primary data. The designing of the questionnaire was done after a thorough empirical and theoretical review of current literature relation to accountingprofessional ethics and quality of financial statements disclosure. The designed questionnaire had four sections. The first section requested bio data of the respondents. The other three sections comprise questions in regard to the threeindependence variables which are independence, objectivity and competence. Five-point likert scale questions were used to analyze the accounting professional ethics and quality of financial statements disclosure. The questionnaire was pilot tested before the final drafting. This was done to ensure questionnaire's reliability to obtain the required information (Babbie, 2011). The pilot study consisted ten staff from the quoted companies who did not partake in the final study. The questionnaires were delivered to quoted companies in Nigeria, before distributing the to the accountant respondents. A follow-up was done through telephone calls and e-mail as was seen of ought most importance for ensuring that the respondents filled the questionnaires appropriately and on time. The questionnaires were then collected from the respondents by the researcher physically. Statistical Package for Social Sciences (SPSS) was used to analysis the data. Inferential and descriptive data analysis techniques were considered in the analysis. These wasadopted to enhance a description of data collected and regression analysis was used to test the formulated hypotheses which helped in ascertaining the effects of professional accounting ethics in accounting regarding the quality financial statements disclosure.

Model specification

$Y= \beta o+ \beta 1X1 + \beta 2X2 + \beta 3X3 +\varepsilon$

Where, Y= Quality of financial statements disclosure

$\beta 0$ = Constant
$\beta 1$= Regression coefficients relating to the professional accounting ethics
X1 = Independence
X2 = Objectivity
X3 = Competence
ε = Error term

IV. Data Analysis and Discussion of Findings

Hypothesis one
$H0_1$ Accountants independence does not have significant effect on the quality of financial statements disclosure
HA_1 Accountants independence have significant effect on the quality of financial statements disclosure

TABLE 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979[a]	.958	.956	.28349

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	172.155	4	43.039	535.527	.055[b]
	Residual	7.635	95	.080		
	Total	179.790	99			

The result in table 1 shows that, the R is .979 with a positive regression result, R Square .958, the adjusted R Square .956 and standard Error of the estimator is .28349 of the variable in hypothesis. The higher sum of square with 172.155 regression, mean square of 43.039, the residual value also shows that there is a positive relationship between dependent and independence variables since the level of significance give us a strong result with .055 more than the minimum standard. So therefore, we accept the result as a positive type. Mean score on a variable indicate a solid agreement that variables used here are strong enough to provide credibility to the audited financial statement of firms.

Hypothesis one
$H0_2$ Accountants objectivity does not have significant effect on the quality of financial statements disclosure
HA_2 Accountants objectivity have significant effect on the quality of financial statements disclosure

TABLE 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986[a]	.973	.971	.22808

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	174.848	4	43.712	840.251	.085[b]
	Residual	4.942	95	.052		
	Total	179.790	99			

The result in table 2 shows that, the R is .986 with positive regression result, R Square with .973, the adjusted R Square .971 and standard Error of the estimator is .22808 of the variable in the hypothesis. The higher sum of square with 174.848 regression, mean square of 43.712 and the residual value also shows that there is a positive relationship between the dependent and independence variables since the significancelevel give us a strong result with .085 more than the minimum standard. Hence, we accept the result as a positive type. Mean score on a variable indicate a solid agreement that variables used here are strong enough to provide credibility to the audited financial statement of firms.

Hypothesis three

$H0_3$ Accountants competence does not have significant effect on the quality of financial statements disclosure

HA_3 Accountants competence have significant effect on the quality of financial statements disclosure

TABLE 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.985[a]	.970	.969	.23861

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	174.381	4	43.595	765.703	.095[b]
	Residual	5.409	95	.057		
	Total	179.790	99			

The result in table 3 shows that, the R is .985 with positive regression result, R Square with .970, the adjusted R Square .969 and standard Error of the estimator is .23861of the variable in the hypothesis. The higher sum of square with 174.381regression, mean square of 43.595 and the residual value of 5.409 also shows that there is a positive relationship between dependent and independence variables since the significant level shows a strong result with .095 more than the minimum standard. Hence, we accept the result as positive. Mean score indicates a solid agreement that variables used here are strong enough to provide credibility to the audited financial statement of firms.

V. Concluding remarks and recommendations

The study on effectiveness of accounting ethics on quality of financial statements disclosure was carried out to examine the effect of accounting independence, objectivity and competence on quality of financial statements disclosure.

The work reveals that independence of accountants had a positive and significant effect on the quality of financial statements disclosure. This is in conformity with the notion of Agworetal (2018) in their investigation on Accounting ethics and financial reporting quality of tourism and hospitality firms in Rivers State.The study further shows that financial statements are published on time and the information contained in the financial statements are relevant and comparable.

Again, the workdiscovered that objectivity of accountants had a positive and significant effect on quality of financial statements disclosure. In addition, the work shows that accountant are not bias in the preparation of financial statements and equally they discharge their duties in a manner that stakeholders have confidence in their work this in line with the view of Gras etal. (2012) where they conducted a study on the objectivity of accountants and the extend of fiscal reporting in the Spanish banking industry with findings establishing that banks with more objective accountants and auditors provided high quality financial reporting.

Finally, the work concludes that accountant’s competence havepositive and significant effect on quality of financial statements disclosure. Also, accountants in the firms keep themselves updated with current issues and information in financial statements disclosure.Competence of accountants was also considered to be at equilibrium in regard to their professional knowledge and skills, being proactive rendering professional services in relation to financial statements disclosure.

Based on the findings and conclusion, the following recommendations were made:

- As a matter of urgency, firms should employ professional accountants to ensure that the preparation and presentation of financial statements are in conformity with ethical principles as this will enhance the effective and efficient running of their day-to-day activities.
- Firm should continually develop their accounting staff by training through sponsors for seminars and workshops. There is high degree of risks in firms, it is to these accountants need to have high competence in the detection and preventionof fraud.
- Moreover, accounting staff should become continually developed in use of IT in accounting and auditing as most functions of the commercial banks are being carried out in an IT environment.
- Relevance is an important future necessary to add value to financial statements disclosure, hence, ethical awareness of professional accountants, regulators and other stakeholders is necessary to instill ethical values in them.
- The Nigerian Accounting Standard Board (NASB) now known as Financial Reporting Council of Nigeria (FRCN) and other regulatory agencies should amplify effort to enforce that firms adhere strictly to the financial reporting framework.

References

[1]. Adams, M. B. (2014). Agency theory and the internal audit. Managerial Auditing Journal, 19 (8): 8-12.
[2]. Adebayo, A., (2005). Financial reporting: An aid to efficient economic management in the public sector. The Nigerian Accountant, 38(1): 33-38.
[3]. Agwor T. C. & Ruth O. (2018) Accounting Ethics and Financial Reporting Quality of Tourism and Hospitality Firms in Rivers State. Journal of Accounting and Financial Management, Vol. 4 (3): 1-14
[4]. Albright, T. L. and Ingram, R. W. (2007). Financial Accounting with Journal Entries. China Translation And Printing.
[5]. Al-Matari, Al-Swidi and Fadzil (2014). The management of firms' performance dimensions. Asian Journal of Accounting and Finance. 6 (1): 4-49.
[6]. Azona, N. M. (2019). Investigating Effects of Accounting Ethics on Quality of Financial Reporting of an Organization: Case of Selected Commercial Banks in South Sudan Mediterranean Journal of Social Sciences Vol 10 No 1: 177-191
[7]. Babbie, E. (2011). The Practice of Social Research (13th ed.). Belmont: Wadsworth Thomson.
[8]. Beverly, J., Barry, J.C., L. Philomena and D. Steven, 2007. Professional accounting bodies' perception of ethical issues, causes of ethical failure and ethics education. Manage. Audit. J., 22(9).
[9]. Chen, F., Hope, O., Li, Q., & Wang, X. (2011). Financial reporting quality and investment efficiency of private firms in emerging markets. The Accounting Review, 86(4): 1255-1288.
[10]. Coetsee, D. (2010). The role of accounting theory in the development of accounting principles. Meditari Accountancy Research, 18(1): 1-16.
[11]. Cohen &Sayahg (2010). Effectiveness of Internal Auditing: An Empirical examination of its Determinants in Israeli Organization. Australia Accounting Review: 297-307
[12]. Gras-Gil, E., Marin-Hernandez, S., &Lema, D. G. (2012). Internal audit and financial reporting in the Spanish banking industry. Managerial Auditing Journal, 27(8): 728-753.
[13]. ICAN (2014): Advanced Audit and Assurance Study text. UK: Emile Woolf International
[14]. International Accounting Standards Board. (2010). The Conceptual Framework for Financial Reporting.
[15]. Retrieved from www.ifrs.org/issued-standards/list-of-standards/conceptualframework/
[16]. IFRS Foundation. (2015). IFRS application around the world. Available at: http://www.ifrs.org/Use- around-theworld/Pages/Jurisdiction-profiles.aspx [Accessed 23 August 2016).
[17]. Jaggi, B. & Low, P. Y. (2010). Impact of culture, market forces and legal system on financial disclosures.
[18]. The International Journal of Accounting, 35(4): 495–519.
[19]. Jensen, M. C. &Meckling, W. H. (1976). Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure. Journal of Financial Economics, 3(4): 305–360.
[20]. Kalshoven, K., Hartog, D., &Hoogh, A. (2011). Ethical leadership at work questionnaire (ELW):
[21]. Development and validation of a multidimensional measure. The Leadership Quarterly, 22(1): 51–69
[22]. Livingston, P. (2012). We were there: FEI's role in shaping the Sarbanes-Oxley Act of 2002. Financial Executive, 28(6): 42.
[23]. Mihret, D. G. &Woldeyohanes, G. Z. (2011). The role of the internal audit function in the disclosure of material weaknesses. The Accounting Review, 86(1): 287-323.
[24]. Mitnick, D. G. (2016). Value-added role of internal audit: an Ethiopian case study. Managerial Auditing Journal, 23(6): 567-95.
[25]. Morton, J. (1974). Qualitative objectives of financial accounting: A comment on relevance and Understandability. Journal of Accounting Research, 12(2): 288-298.
[26]. Nagy, A. &Cenker, W. (2012). An Assessment of the Newly Defined Internal Audit Function. Managerial Auditing Journal, 27(3): 130-137
[27]. Nwagboso, J. (2008). Professional Ethics, Skill and Standards. Inspirationz Media, Jos.
[28]. Odesanya, O. S., Enyi, P. E., Adegbie, F. F., &Salawu, R. O. (2019). Ethical Principles and Relevance of Financial Reports of Quoted Companies in Nigeria. European Journal of Accounting, Auditing and Finance ResearchVol.7 (2): 38-47
[29]. Ogbonna, G. N., &Ebimobowei, A. (2012). Effect of Ethical Accounting Standards on the Quality of Financial Reports of Banks in Nigeria. Current Research Journal of Social Sciences, 4(1): 69-78.
[30]. Ogbonna, G. N., &Ebimobowei, A. (2011). Ethical Compliance by the Accountant on the Quality of Financial Reporting and Performance of Quoted Companies in Nigeria. Asian Journal of Business Management 3(3): 152-160
[31]. Osita, A. (2008). Fundamentals of Auditing. Institute of Development Studies, University of Nigerisa.
[32]. Ramanna, K. &Sletten, E. (2014). Why do countries adopt International Financial Reporting Standards?
[33]. Harvard Business School Working Paper: 9-102
[34]. Setiyawati, H. (2013). The effect of Internal Accountants' Competence, Managers' Commitment to Organizations and the Implementation of the Internal Control System on the Quality of Financial Reporting. International Journal of Business and Management Invention, 2(11): 19-27.
[35]. Smith, G., (2015). Communication skills are critical for internal auditors. Managerial Auditing Journal, 20(5): 513-519
[36]. Stewart J .and Subramaniam N. (2010). Internal Audit Independence and Objectivity: Emerging Research Opportunities. Managerial Auditing Journal: 1-39
[37]. Yosep, M. (2016). Effect competencies, independence, objectivity of the function of internal audit (implications for quality financial reporting). European Journal of Accounting, Auditing and Finance Research, 4(5): 57-72.
[38]. Zeghal, D. &Mhedhbi, K. (2016). An analysis of the factors affecting the adoption of international accounting standards by developing countries. The International Journal of Accounting, 41(4): 373-386.

Idor, Roy Michael,etal. "Empirical Examination of Accounting Professional Etiquettes and Quality of Financial Statements Disclosure." *IOSR Journal of Economics and Finance (IOSR-JEF)*, 11(2), 2020, pp. 01-10.