

Spiritual Accounting and Corporate Financial Reporting: A Study of Micro Finance Banks in Delta State, Nigeria

ETIM, Osim Etim, AKPORIEN, Olum Fidelis, & ARCHIBONG, Etim Archibong

Department of Accounting
University of Uyo, Uyo
Akwa Ibom State

DOI: 10.56201/jafm.v8.no4.2022.pg173.179

Abstract

This study was carried out to investigate spiritual accounting and how it has affected corporate financial reporting in Microfinance banks in Delta State, Nigeria. The population of the study consists of accounting staff of 25 Microfinance Banks in Delta State. The study adopted a survey research design hence data were collected by means of a self-designed questionnaire. Data collected were analyzed to bring out the descriptive statistics while the hypotheses formulated were tested using analysis of variance (ANOVA). Findings of the study indicated that the awareness of Spiritual Accounting has enhanced accountability and transparency, in financial reports of MFBs. The study recommends the promotion of spiritual accounting since it will significantly improve the level of accountability and transparency in financial reporting of MFBs.

1. Introduction

In recent decades, in the field of Accounting, Spiritual Accounting (SA) is seen as one of the contemporary innovations that ignite accountants to maintain integrity, probity, decency, uprightness, virtue and godliness. It provides set of capability to resolve problems and to create a new valuable culture that discourages fraudulent act in organization. SA takes accountant from the realm of desire and intellect (rational consciousness) through the (Pscho-spiritual consciousness) to the realm of conscience (Divine consciousness) in the process of recording, classifying, summarizing transaction, communicating and interpreting the results thereof.

SA garnishes ethical symbols that provides most excellent and respectful identify and yields desired perfection (Mahdi et al., 2014). It precipitates the handfull avenue to accomplish the inner life and character of accountants. In this regard integrity in fear and faith in God in the interpretation and application to the letter of accounting standards and pronouncements in order to align with the spirit of accounting practice. (Francis, 2016). For a business to thrive, service of good accountant is needed (Rabbi, 2002). Spirituality and accounting may sound ultravires to one another. But element of spirituality in accounting is good for a conscious investor who want to make something out of nothing. (William, 2021).

The deficiencies in accounting profession can be x-rayed through SA which prevents free-fall of business occasion by unethical professionalism. Absence of spirituality has produced a lot debacles folding up business on daily, weekly, monthly and annually as a result of dishonest practices in recording financial information to the detriment of the firm and providers of fund. Spirituality itself is a safe context and appropriate means of inculcating values within an organisation (Sarah & Hershey, 2015). SA should be built on orientational capabilities to enhance sustained finances, innovations in method of recording transaction and fairness in financial reporting (Bambang et al, 2020). For an organisation to strike balance mutual contributions of individuals and work groups that enhances meaning of work and achieving clarity perception of self-imminence in order to pave way for individuals to the value and completion of life. The spirituality in a trained accountant gives sense of belonging while keeping records, attending to client/ customer and fund providers which prevents organizations from the menace of pitfall. Several corporate failures had occurred as a result of unethical practices in the profession. Because accountant has not followed to the letter the codes although the spirit also downgrades by events directly or indirectly beyond their immediate control (Otuya & Emiaso, 2022).

2. Review of Related Literature

Spirituality concepts is described as organisation behavior to include values and ethics. This was further explained by Robbins (2005), as a concept to entail value, ethics, motivation, leadership, integrity, morality and work/life balance. It also means innate capacity foundations of the brain that gives essential energy inform of meaning, values and beliefs, (Amalia, 2012). Spirituality in the work place is a paramount sense of self, energy and happy with work (Sri, et al., 2018). Sometime the word “spirituality” and “religion” are used interchangeably but they are not the same. An individual may be spiritual and not being religious or without sentiment to any religion group. A good point of being spiritual is the better understanding that life has a higher purpose (Sheep, 2003; Pandey & Gupta, 2008). Spiritual people sense that there is a “connectedness to something greater than the self (McChung, et al., 2006).

Spirituality is distinguished from institutionalized religion by being characterized as a private without affiliation to any denomination, universal human feeling, rather than an adherence to the beliefs, rituals, or practices of a specific organized religious body or segment (Karakas 2010). Also, Spiritual Accounting (SA) is not the same as Religion Accounting (RA). RA is accounting involves package that is designed to serve a religious body while SA does not limit to any religious bodies rather it is applicable to all walks of life. In other words, SA can be applied in RA. An accountant who feel spiritual presence in the working environment are intrinsically motivated and devoted, committed, experience, trusted and have competence related to their work (Chen, 2012). Spiritual is seen as beliefs and values related elements plus religious beliefs (Selman et al., 2011).

Component of Spiritual Accounting

McMullen (2003), accepts that value such as courage, integrity, intuition, and compassion are the essential components of spiritual intelligence that guides an accountant in the place of work and to prevent organsiation from collapse. Vaughan (2002), states that one of the aspects of spiritual

intelligence is designed for people to first understand themselves and control their own emotions; and secondly to possess the attributes such as honesty, precision and openness. Amanuddin *et al.* (2016) examine the impacts of spiritual capital in improving the corporate governance practices in Malaysian businesses. A total of 275 questionnaires were collected and result shows that all the selected attribute of spiritual capital such as culture, ethics, integrity and value have positive association with corporate governance.

Stakeholder and management should not only focus on the returns of their investment (Otuya & Akpoyibo, 2022) but should also implement a moral manner in making a decision by taking into account spiritual capital which prevents unethical behavior in the firm (Transparency International Report, 2005). Spiritual Accounting also enclose responsibility accounting which Niharik (2020) believes in accounting for decision making and performance analyzing system that plays a crucial role in reporting material information to the right person. Spiritual accounting is to prompt an accountant to create something unique, new and different that add values to the profession.

Spiritual awareness shows a mediating effect between organizational spirituality and earnings management. Chen (2012) examines the influences of motivations for earnings management from spirituality perspective in Taiwan's hospitality industry. The findings of the study suggest spirituality helps individual to self and live perception that influence workplace. It is clear that the financial and banking industries have not done their best in upholding the highest ethics and integrity when handling other people's money (Eavis, 2014; Otuya & Omoye, 2021).

3. Methodology

Materials and Methods

Survey design method was used to collect data through the use of structured questionnaires. The population of the study consists of all Microfinance Banks in Delta State. Using a convenience sampling method, two respondents were selected from the accounts department of 25 randomly selected MFBs making a total of 50 observations for the study. The data collected were analyzed to bring out the descriptive statistics while the hypotheses formulated for the study were tested using the analysis of variance (ANOVA) with aid of SPSS.

4. Data Analysis and Results

Table 1: Descriptive Statistics

No.	Item	Respondents' Mean	SD	Decision
1	Spiritual Accounting improves accountability in financial reporting	2.9472	1.02597	Agreed
2	I Spiritual Accounting makes management of corporate organisations more transparent.	3.0000	.77427	Agreed
3	Spiritual Accounting will communicate	2.9472	.80598	

	value relevance to beneficiaries of financial reports.			Agreed
4	Spiritual Accounting enhances fear of God in presenting reports as accurately as possible	2.8015	.81442	Agreed
5	All accountants should imbibe the spirit of SA in conduct of their profession	3.0477	.80629	Agreed
6	The introduction of Spiritual Accounting has improved the overall quality of financial reporting	3.2965	.64079	Agreed
7	Spiritual Accounting will reduced corruption in the accounting profession .	2.9975	.54749	Agreed
8	Most persons in the accounting profession are still abreast with SA	2.1457	.79283	Disagreed
9.	SA should be the basis of all business reports .	3.2090	.52140	Agreed
10.	Spiritual Accounting is not feasible due to religious beliefs in Nigeria	1.9836	.42523	Disagreed

* The acceptance mean point for the items is 2.50, any mean (\bar{x}) that is 2.5 and above is agreed indicating a positive response and below 2.50 is disagreed regarded as a negative response

Source: Field Work (2022)

Table 1 above showed the distribution of the respondents based on their response to issues relating to Spiritual Accounting practices in the MFBs in Delta State, with majority of the responses being positive except two as they were below the mean cut off of 2.5. The most positive response had a mean score of 3.29 which indicates that the introduction of SA will improve the overall quality of financial reporting in MFBs and the least positive response was 2.80 which stated that Spiritual Accounting enhances fear of God in presenting reports as accurately as possible. On the other hand, the most negative response had a mean of 2.14 stating that most persons in the accounting profession are still not aware of SA while the least negative indicating that SA is not feasible due to religious beliefs in Nigeria has a mean score of 1.9. Therefore, the result indicates that Spiritual Accounting to a large extent influences accountability and corporate financial reporting in MFBs in Delta State..

Hypotheses Testing

This section relates to the testing of hypotheses formulated for the study. For the sake of understanding, the hypotheses will be restated before presenting the result analyses. The decision rule is to reject the null hypothesis and accept the alternative if the probability value ($p < 0.05$) otherwise accepts the null hypothesis.

Hypothesis 1:

H₀: Practice of Spiritual Accounting will not improve the quality of corporate financial reporting in MFBs in Delta State.

Table 2: ANOVA table on Spiritual Accounting and Quality of Corporate Financial Reporting

Model	Sum of Squares	Degree of freedom	Mean Square	F	Sig.
1 Regression	91.620	1	91.620	9.665	.000 ^b
Residual	455.016	48	9.480		
Total	546.636	49			

- a. Dependent Variable: Spiritual Accounting Awareness
 b. Predictors: (Constant), Quality of Corporate Reports

In testing hypothesis one, we subject the variables SA awareness and Quality of Corporate reports using the ANOVA. From the table, awareness has a positive and significant influence on financial reporting. The F-stat is 9.665 with a p-value of 0.000. We therefore have enough evidence to reject the null hypothesis and accept the alternative. This means that practice of SA in MFBs in Delta State influences the quality of financial reporting

Hypothesis 2:

H₀: Spiritual Accounting practices will not promote transparency in the MFBs Operations.

Table 3: ANOVA table on Spiritual Accounting and transparency in MFBs operations

Model	Sum of Squares	Degree of freedom	Mean Square	F	Sig.
1 Regression	78.505	1	78.505	1.635	.000 ^b
Residual	368.131	48	7.669		
Total	446.636	49			

- a. Dependent Variable: Awareness of Spiritual Accounting
 b. Predictors: (Constant), Operational Transparency

To test hypothesis 2, variables awareness of spiritual accounting and operational transparency were subjected to empirical test. Given a degree of freedom of 1, 48, F-stat of 1.635; p=0.000, it can be observed that awareness of spiritual accounting significantly influences operational transparency in MFBs. This result provides enough evidence to reject the null hypothesis and accept the alternative which states that Spiritual Accounting practices will promote transparency in the MFBs Operations

Discussion of Findings

The study was carried out to examine the effect of Spiritual Accounting on corporate financial reporting in Microfinance banks in Delta State. In conducting research, a survey was conducted to capture the opinion of staff members of the accounts departments of twenty five MFBs in Delta State on issues relating to Spiritual Accounting, accountability, transparency, and corporate financial statements. The findings of the study revealed that the practice of spiritual accounting

in MFBs will promote the quality of financial reporting. The study findings further indicated that consciousness of SA in Delta State MFBs influences transparency in financial reporting.

5. Conclusion and Recommendation

The aim of this study was to empirically examine the relationship between Spiritual Accounting and corporate financial reporting in Microfinance banks in Delta State. In achieving this objective, the study obtained data through survey on variables related to the study. The factors this study focused on are accountability and transparency in financial reporting in MFBs in the area of study.

The study as part of its findings revealed that spiritual accounting has promoted accountability in the MFB corporate reporting. The study is also able to establish that awareness of Spiritual Accounting will enhance transparency in financial reports of MFBs. Based on the findings, the study recommends that corporate organizations should promote the idea of spiritual accounting since it has significantly improved and enhanced the level of accountability and transparency in operational transparency in MFBs.

REFERENCES

- Amalia, R., & Gunawan, H. (2015). Wages and employees performance: The quality of work life as Moderator. *International Journal of Economics and Financial Issues* 5(1): 349 – 353.
- Amanuddin, S., Nurliyan, Z., Nurhanizah, B., Norayantic, B., & Saidatutazira, C. S. (2016). *Journal of Education and Social Sciences*, 5(2):197 – 204.
- Bambang, A., Kusumawatf, A., Nimran, U., & Suharyono, S. (2020). The Effect of Spiritual Marketing and Entrepreneurship orientation on Determining Suitable Competitive Advantage. *Journal of Asian Finance, Economics and Business* 8(2): 0231 – 0241.
- Cavangh, G. F. (1999). The influence of workplace spirituality on motivations for earnings management: A Study in Taiwan's hospitality industry. *Journal of Hospitality Management and Tourism*, 3(1):1-11.
- Eavis, P. (2014). Regulators size up wall street, with worry. *New York times*. Retrieved from <http://dealbook.nyutimes.com/2014/08/12/questuions-are-asked-of-rot-in-banking-cultures/?hpw&rref-busienss>.
- Fogel, R. W. (2000). *The forth great awakening Chicago*. University of Chicago Press.
- Francis, J. (2018). Spiritual Accounting: In search of path way to priming ethical behaviours. *Business day Financial and business news*, Feb 15.
- Karakas, F. (2010). Spirituality and performances in organizations. A literature reviews. *Journal of Business Ethics*, 9(1):89-106.
- Mcmullen, B. (2003). Spiritual intelligence retrieves from [www student bmj.com](http://www.studentbmj.com).
- Mahdi, E., Hamid, Z., & Mahdi, G. (2014). Spiritual Intelligence. Aspects, Components and Guidelines to promote it. *International Journal of Management, Accounting and Economics*, 1(2):163 – 175.
- McChung, F., Grosseohme, D. H., and Jacobson, A. F. (2006). Collaborating with chaplains to meet spiritual needs. *Journal of Medical. Surgery Nursing*, 15(3):147 – 156.
- Mckinight, R. (1987). Spiritual in the Work place in Adams, J. D. (ed), *Transforming work*. Milles River Press, Alexandria VA. 19(5):23-45.
- Milliman, J. Ferguson, J. Trickett, D. & Condemni, B. (1999). Spirit and community at southwest

- Airlines. *Journal of Organisational Change*, 12(3): 221 – 233.
- Niharika, K. (2020). Importance of Responsibility Accounting in Organisational Framework. *Journal of Business and Management Invention*, 7(3): 24 – 32.
- Otuya, S., & Akpoyibo, G. (2022). Board structure as determinant of corporate governance disclosure practices and compliance: The moderating influence of CEO power. *International Journal of Business and Management Review*, 10(2), 54-71.
- Otuya, S., & Akpoyibo, G. (2022). Corporate sustainable growth in a pandemic period: the role of growth opportunities. *Finance and Accounting*, 10(1), 58-63.
- Otuya, S., & Emiaso, D. (2022). Accounting restatements, multiple directorships and related party transactions. *European Journal of Accounting, Auditing and Finance Research*, 10(2), 52-63.
- Otuya, S., & Omoye, A.S. (2021). Thin capitalisation, effective tax rate and performance of multinational companies in Nigeria. *Accounting and Taxation Review*, 5(1), 45-59.
- Pandey, A. & Gupta, R. K. (2008). Spirituality in management: A review of contemporary and traditional thoughts and agenda for research. *Global Business Review*, 9(1): 65-83.
- Rabbi, N. W. (2002). *Organisational Behaviour* Prentice- hall NJ.
- Sarah, H. and Hershey, H. F. (2015). Why spirituality belongs in the Finance and Accounting curricula. *Journal of Accounting and Finance*, 15(5):11-25.
- Selman, KL. Harding, R. & Speck, P. (2011). The Measurement of spirituality in palliative care and the content of tools validated cross-culturally: A Systematic Review. *Journal of Pain and symptom Management*, 41(4):728-753.
- Sheep, M. L. (2003). Nurturing the whole person: A model of spirituality at work and performance. Academy of management conference, Seattle, Washington, Management, spirituality and Religion Interet Group, 1 – 26.
- Sri, H., Adrie, P., Abdurrehman, S. & Rudianto, A. (2013). The Role of spirituality workplace for reducing fraud. *International conference recent innovation: 2721 – 2727*.
- Trasnati, R., Aspiranti, T., & Hidayat, R. (2011). Spiritual marketing study in higher education: Survey on Urisha, Uninus. Al-Ghifari in Bandung City. Snapp proceedings. *Journal of Social, economic and Humanity*, 2(1): 75:82.
- Vaughan, F. (2003). What is spiritual intelligence? *Journal of humanistic psychology*, 42(12): 62 – 71.
- William, H. (2021). The spirituality of Accountant is found life scrambling in line banking (a) life stream .bewell.com.