Journal of Accounting and Financial Management E-ISSN 2504-8856 P-ISSN 2695-2211
Vol 10. No. 12 2024 www.iiardjournals.org

Accounting Ethics and Quality of Financial Reporting in Nigeria

Onyedikachi, Gift [1] Prof. Innocent A. Nwaorgu[2] Prof. John Uzodinma Ihendinihu[3]
Jòseph, Fineboy Ikechi[4] Nwankwo, Kelechi Callistus[5]
[1]Department of Accounting. Clifford University, Owerrinta, Abia State, Nigeria
giftukaibe62@gmail.com. +2349037007085.
[2]Department of Accounting. Michael Okpara University of Agriculture, Umudike Abia State, Nigeria. innocentnwaorgu@gmail.com. +2348037511654
[3]Department of Accounting. Michael Okpara University of Agriculture, Umudike. Abia State, Nigeria. ihendinihu.john@gmail.com; +2348035013011.
[4]Department of Accounting. Clifford University, Owerrinta, Abia State, Nigeria
fayooxyz2009@yahoo.com; +2348064269949.
[5]Department of Accounting. Clifford University, Owerrinta, Abia State, Nigeria.
kessytrust44@yahoo.com; +2347069003461.
DOI: 10.56201/jafm.v10.no12.2024.pg341.354

Abstract
The dearth of some companies and increased levels of prominent frauds over the past two decades had raised the issue of ethics in the accounting profession. The study examines the effect of accounting ethics on financial reporting quality of companies in Abia State Nigeria. The study employs a quantitative research design. The study particularly used the survey design in collecting data from professional accountants on accounting ethics and quality of financial reporting. The population of the study consist of the 413 members of professional accounting bodies in Abia State. Using a convenient sampling technique, the 54 questionnaires returned are used as sample size for analysis. The type of questionnaire used contains structured questions and a rating scale of 5-point Likert and the data is analyzed using a multivariate regression. The study found that, integrity has a significant effect on value relevance of financial reports while objectivity has insignificant effects on value relevance of financial report. Further findings revealed that, objectivity has a significant effect on timeliness of financial reports while integrity has insignificant effects on timeliness of financial reports. In line with the findings, it is recommended that, regulators should mandate comprehensive ethics training for accounting professionals at all levels. Also, they should incorporate ethical considerations into accounting curricula to nurture a strong ethical foundation as well as require companies to provide enhanced disclosures on their ethical practices and policies, demonstrating their commitment to maintaining high ethical standards which is capable of spurring value relevance of companies' financial report

Keywords: *Accounting ethics; financial reporting quality; stewardship theory; and the decision usefulness theory.*

1.0 INTRODUCTION

Companies all over the world have seen scandals in recent decades as a result of manager fraud and auditors' poor ethics in the accounting field preventing them from identifying the fraud. Reports of several major international scandals have surfaced, such as the Enron case, WorldCom, Bank of Credit, Global Crossing, Commerce International, Cadbury, Parmalat, and Polly Peck. Concerns were raised about the effectiveness of the corporate governance processes in each of the examples discussed (Fehmi & Ibrahim, 2021). The legitimacy and dependability of the financial reports from these and other corporations have also been questioned, which highlights the necessity of professional ethics in financial reporting. The reason why accounting ethics and financial reporting quality issues has become topical is due to the fact, that the accuracy of financial reports is directly related to measures of assuring company performance (Zeena, Elies and Guillermina, 2021). Insider deals, conflicts of interest, taking gifts, objectivity, and other ethical concerns have all been highlighted recently. Past scholarly works have shown that these ethical issues affects financial reporting in different ways (Bahrum, Rahmawati & Antong, 2024; Olubusola, Daraojimba, Ajayi-Nifise, Falaiye & Mhlongo, 2024).

In line with the aforementioned, the Nigerian Corporate Governance Code of 2019 provided instructions for the establishment of ethics committees in companies. This ought to make it possible for the ethics committee to debate moral issues and uphold moral principles within the businesses. However, it is implausible to argue that professional ethics have become so ingrained in Nigerian business culture (Oludayo, Adewale & Tolulope, 2020). Management, accountants, and auditors have occasionally disregarded moral principles in order to further their own self-interests at the expense of the companies (Aifuwa, Embele & Saidu, 2018). But what makes up professional ethics of accountants has been subject of debates, as dearth of some companies and increased levels of prominent frauds over the past two decades had raised the issue of ethics in the accounting profession.

Rogošić and Perica (2023), Romero-Carazas, Chávez-Díaz, Ochoa-Tataje, Segovia-Abarca, Monterroso-Unuysuncco, Ocupa-Julca, and Bernedo-Moreira (2024) agree that the fundamental principles of the accounting profession are integrity, objectivity, confidentiality, professional competence, and due care. While integrity relates to honesty and fair dealing, objectivity refers to the extent to which accountants are as free as humanly possible from being influenced by the interests or perspectives of the persons or organisations who hire them. It is the ethical responsibility of a professional accountant to keep all financial information private from other parties who could benefit from it. When using professional knowledge and skill to the conduct of such a service, competent professional service also requires the use of good judgement and care in producing financial reports that are of quality.

Financial reporting quality, on the other hand, refers to how an accounting information user applies data regarding a company's operations. IFAC (2005) states that the value relevance, faithful portrayal, understandability, comparability, verifiability, and timeliness of a financial report are the foundations of its quality. Shaikh (2023) proposed that managers should prioritise the long-term success of the organisation before personal benefits, acting as responsible stewards of the resources given to them, in accordance with the stewardship principle. Sahla and Ardianto (2023) suggest that the stewardship theory highlights the moral obligation of accountants to uphold integrity, objectivity, and transparency in financial reporting within the framework of accounting professional ethics. Thus, ethical accountants who are driven by stewardship should make sure that businesses generate accurate and trustworthy financial information, according to Lennox and Wu (2022).

While Bahrum et al. (2024) noted that this kind of alignment between stewardship and ethical responsibility reduces the likelihood of fraud, errors, and misrepresentation, which improves corporate accountability and promotes long-term sustainability, it also results in higher-quality financial reporting. Regulating bodies have attempted to curb recurring concerns related to accounting ethics, but these issues have surely damaged corporations' financial reporting. While studies have been conducted by scholars such as Romero-Carazas et al. (2024), Bahrum et al. (2024), Olubusola et al. (2024), Rogošić and Perica (2023) to determine the determinants of ethics and how it affects the quality of financial reports, their findings show a geographical gap because they do not account for the Nigerian context. Thus, in Abia State, Nigeria, the current study investigates accounting ethics and high-quality financial reporting. The major objective of this study is to examine the effect of accounting ethics on financial reporting quality in Nigeria. The study specific objectives include to;

i. Determine the effect of accounting ethics (Integrity and objectivity) on value relevance of financial reports of companies in Nigeria.
ii. Assess the effect of accounting ethics (Integrity and objectivity) on timeliness of financial reports of companies in Nigeria.

The study is further conducted in 5 sections. The first section is the introduction wherein the study background is laid. The second section pertains to the literature review and the third section concerns the methods. In the fourth section, the study analyzed the data gotten through issue of questionnaire and lastly, the conclusion and recommendations are laid-down in the fifth section.

2.0 LITERATURE REVIEW

2.1 Conceptual Review

Professional accountants' ethical conduct is akin to a mirror reflecting the picture of the thing in front of it (Osisioma, 2000). Thus, in order to progress the accounting profession, ethical standards need to be set and adhered to by all accounting practitioners. (Rahmi 2021). According to Oludayo, Adewale, and Tolulope (2020), many individuals believe that living a morally upright life will make one impoverished. This is a misplaced notion of the "get rich quick or die trying" mentality. In actuality, this philosophy has severely damaged the reputations of numerous organisations and professional accountants by putting them in legal hot water (Nkundabanyanga, Tauringana, Balunywa & Emitu, 2013). Just having everything in order will easily prevent this issue. Another myth concerning ethics in accounting is that a lot of aspiring accountants think it's nearly hard to follow the guidelines provided by most professional accounting associations (Oludayo, Adewale & Tolulope, 2020). However, research from recurrent literatures has demonstrated that it is now feasible to incorporate ethics into professional accounting practice (Kordlouie, Mohammadi, Naghshineh & Tozandejani, 2014).

Ethics is described by the Oxford Advance Learners Dictionary as the moral standards that guide or affect an individual's actions. This confirms that the study of ethics is a branch of philosophy that addresses morality and principles (Abdol-mohammadi & Reinstein, 2012). Given the foregoing, ethics can be understood as a science of behaviour, which comprises knowing and acting morally. A code defining the fundamentals of ethical accounting was developed by the International Ethics Standards Board for Accountants. These guidelines encompass a wide range of ethical conduct for accountants; yet, certain circumstances could necessitate making decisions that aren't specifically covered by these guidelines. According to IFAC (2005), there are essentially four ethical norms of professional conduct for accountants; these codes are covered here. The integrity of accountants is the first code of professional behaviour for accountants that the IFAC has established (Ibidunni, Okere, Ibidunni, Joshua & Okah, 2018). Integrity is a mindset that prioritises truthfulness, directness, and a dedication to behaving out of principle rather than self-interest (Hunt, Curtis, & Rixom, 2022). Since fairness and honesty are also components of integrity, professional accountants have an obligation to be forthright and honest in all of their interactions with clients. (Embele, Musa, and Aifuwa, 2018). According to Moradi and Mehrdad (2011), in order for a professional accountant's judgement to be rendered with integrity, they should not be associated with reports, returns, communications, or any other information if they believe that the information contains materially false or misleading information, indicates that the information was provided carelessly, or omits or obscures information that must be included when doing so would be misleading.

In order to maintain objectivity, Zeena, Elies, and Guillermina (2021) argued that accountants should be free from the interests or viewpoints of the people or companies who employ them, to the extent that this is humanly possible. Todorovic (2018) also pointed out that an accountant shouldn't allow personal biases or interests to influence conclusions or judgements made based on the statistics that go into an accounting system and the outcomes that come out of it; rather, they should be taken at face value. The code of conduct of objectivity requires all professional accountants to avoid compromising their professional or business judgement due to bias, conflicts of interest, or undue influence from others (Otalor & Eiya, 2013). According to Nkundabanyanga et al. (2013), motivational and cognitive biases have the potential to undermine auditors' independence and have a detrimental effect on their assessments. It is indeed possible to deliver trustworthy and acceptable accounting or auditing services even in the absence of total independence while maintaining a suitable level of objectivity.

Financial reporting is simply the way that people who utilise accounting information understand the data that businesses supply, which is produced by accounting specialists. Put another way, the relevance, timeliness, correctness, and consistency of financial reporting can be used to determine its quality. One aspect of the quality of accounting standards and the associated regulatory compliance with them is the consistency of financial reporting (IFAC, 2003). Three elements can impact financial reports' consistency, according to IFAC (2005): management's accounting system, management's judgement and approximations when implementing the selected substitutes, and standard setters' decision. Because of this, regulation is a crucial instrument for enhancing the consistency of financial reporting; without it, even the greatest accounting standards would be unable to deliver accurate and trustworthy accounting information to a variety of customers (Azona, 2019). There are established components of good quality financial reporting, as defined by the FASB and IASB in the Conceptual Framework for Financial Reporting. According to the IASB, financial reports cannot be considered high-quality unless they are truthfully stated, comparable, verifiable, timely, value-relevant, and easily understood. As such, it is critical to have financial records that are transparent and to refrain from deceiving users (Sahla & Ardianto, 2023).

A financial report could be useful for confirmation, prediction, or both. A financial report's confirmatory value derives from its capacity to support users' procedures for making predictions about the future, whereas its predictive value comes from its capacity to support earlier assessments. However, financial information's confirmatory and predictive values are intertwined, and entity-specific materiality is a component of relevance (Ogbonna & Appah, 2011). To The relationship between accounting amounts and equity values expresses relevance, but the relationship between accounting amounts and faithful representation—that is, an accounting amount that represents what it claims to represent—expresses dependability (Im & Nam, 2019).

Professional and monitoring organisations have given timely financial reporting a lot of importance (Rahmi, 2021). The IASB Conceptual Framework states that timely information is provided to decision-makers in a way that influences their decisions and generally holds that information becomes less helpful with age (IASB, 2008). The Conceptual Framework acknowledges that this does not imply that older data is useless; rather, it is useful for facilitating comparisons and identifying informational trends. According to scholars like Onakoya and Moses (2016), timeliness is the ability to be available at the right time or to be well-timed. The primary variable causing issues with timeliness is the tardiness in the annual report's release. According to Musa et al. (2018), information is useless and can cause people to make bad decisions because it isn't available when they need it to make decisions and eventually loses its power to do so. According to Malinic (2011), regular and prompt disclosures are necessary to maintain the integrity of financial reporting and the perception of organisations that reflects the efficacy and efficiency of management.

The promptness of financial data indicates the necessity of submitting accounting reports on time, as mandated by regulations or guidelines. According to IASB (2008), timely information must be made available to decision makers in order to have an impact on their decisions. Fresh information is more relevant to decisions and more beneficial. Older information loses its usefulness. Information technology, according to Kordlouie et al. (2014), speeds up the process of producing financial reports. It is also necessary for the effectiveness of the report auditing process. Gjoni-Karameta, Fejzaj, Mlouk, and Sila (2021), for example, note that the fastest reporting company in Albania takes an average of 122 days, while some take up to 304 days. This is in contrast to the requirement of security and exchange commission of 90days.

2.2 Theoretical Review

The decision usefulness theory of financial reporting and stewardship theory for accounting serve as the foundation for this investigation. According to the stewardship hypothesis, which was developed by Donaldson and Davis in 1991, management (accountants) should behave morally in the best interests of the company's owners rather than their own. However, this theory ignores the possibility of agency problems. Researchers that have described stewardship theory as a framework that presumes managers are seeking to maximise organisational objectives in an ethical manner have supported these viewpoints (Donaldson, 1990). There is no scientific theory that is described by the term "decision usefulness theory." Instead, it had a protracted evolution that, in the middle of the 20th century, formalised the goal of financial reporting (Ibidunni, 2018). The primary implicit premise of financial reporting scholars is that the information provided by accounting is intended mainly to assist equity providers in making decisions (Staubus, 1961). Decision usefulness theory is composed of a combination of normative and descriptive notions, as Staubus (2000) makes clear. Therefore, it serves as a helpful lens for this study, which is predicated on the idea that the quality construct (normative constructions) contains information that is valuable (descriptive proposition).

Stewardship theory suggests that managers act as stewards of the company’s assets, working in the best interests of stakeholders. When accounting professionals adhere to ethical standards, they promote transparency, accuracy, and accountability in financial reporting, enhancing trust and long-term stakeholder value. On the other hand, decision usefulness theory emphasizes that financial reports should provide relevant, reliable, and timely information to assist users—such as investors, regulators, and management—in making informed economic decisions. Ethical conduct in accounting ensures that financial information reflects the true economic performance of a company, preventing manipulation and bias. Therefore, when accountants prioritize professional ethics, they align with the principles of both stewardship and decision usefulness, directly improving the quality and reliability of financial reporting, ultimately benefiting all stakeholders.

2.3 Empirical Review

The stewardship theory and decision usefulness theory provide valuable perspectives on the relationship between accounting professional ethics and the quality of financial reporting. There are studies conducted which have tested the explained relationship between accounting professional ethics and financial reporting.

For instance, Kim and Shawn (2022) in their study on ethics and financial reporting argue that Since COVID-19's current economic suffering is still being felt, it is crucial to comprehend how businesses have responded strategically to previous external shocks and the connection between their courses of action and post-shock firm performance. This led them to examine; whether firms' financial reporting practices are associated with the financial crisis and; also to find out if firms with conservative financial reporting during the crisis periods exhibit better performance in post-crisis periods. Using the ordinary least squares (OLS) models and conservatism proxy, their study established that firms are ethically conservative in financial reporting during the financial crisis.

Additionally, they discover that companies who exhibited greater accounting conservatism during the financial crisis performed better in the years after the crisis. Their study findings' have consequences for practice by offering advice on accounting conservative ethics for businesses looking to become more resilient to financial setbacks brought on by economic events.

Hunt et al. (2022) in their empirical review of ethics and financial reporting articles asserted that, earlier research shows that financial priming (thinking about money) leads to forbearance toward immoral behavior. According to their research, accountants may be more likely to overlook immoral behavior as a result of frequent financial stimulation. They also proposed that psychologically distant occurrences, which are frequent in accounting, can amplify the effects of financial priming.

Ogunwale et al. (2022) stated that, the importance of financial reporting in the public sector has a big impact on how transparent and accountable the government is. One will understand this as contained in their study which investigated the effect of organizational factors and International Public-Sector Accounting Standards (IPSAS) adoption on the relevance of financial reporting of Nigerian public institutions. Data for their study were extracted from the audited financial statements of ninety public institutions for 2017 and 2018 while panel regression analysis was conducted on the data. Their study's conclusions showed that the adoption of IPSAS and organizational features together had a substantial impact on relevance. Also, that IPSAS adoption demonstrated an independent effect on relevance of financial reports.

Abed et al. (2022) sees creative accounting as a product of weak ethics by professional accountants. According to Abed et al. (2022), creative accounting is a 21st-century phenomenon that has gained more attention as a result of the global economic crisis and budget deficits, especially with regard to the prevention and detection of accounting manipulation. They further claimed that creative accounting is used to alter financial information from its correct and accurate form by utilizing current rules or, in many cases, ignoring one or more rules.

According to Tamara and Maja (2022), notably in the wake of the corporate accounting scandals around the turn of the century. They included a thorough assessment of the prior studies in the area of accounting ethics education in their study. Three bibliometric techniques were used, together with a bibliometric analysis citing 134 source studies, to synthesize previous research. The findings of their analysis show that there have been more and more distinct research clusters in each decade, in addition to an expanding academic focus on this area of study. Accounting beyond technical skills, the integration of ethics in accounting education, the use of developed ethics frameworks, and professional values on the other hand, develop anew in the last decade as a result of an increasing demand for teaching ethics

3.0 METHOD

The study employs a quantitative research design. The study particularly used the survey design in collecting data from professional accountants about accounting ethics and quality of financial reporting. The population of the study consist of the 413 members of professional accounting bodies in Abia State. These are 163 ICAN members (Aba and Umuahi) and 250 ANAN members in Abia District. The data for this study is primary data. The primary data pertains to survey data that is obtained through a 5-point Likert scale questionnaire. This is issued to 300 professional accountants in Abia State and 54 questionnaires were returned and used for analysis. The type of questionnaire used contains structured questions and a rating scale of 5-point Likert such as 5 (SA; Strongly Agreed); 4 (A; Agreed); 3 (UN; Undecided); 2 (D; Disagree); 1 (SD; Strongly disagree).

Validity of the instrument was done using the Cronbach Alpha. The Cronbach Alpha coefficient of 0.7818 >0.5 was obtained which reveal that, the questionnaires are valid for further analysis.

The study employed descriptive statistics such as percentages, means and frequencies. Percentages, means and frequencies will be used to analyze the demographic characteristics of respondents. The data gathered with the aforementioned is analyzed with multi-variate regression, this is because the study has two independent and two dependent variables.
The study first used the **mean** responses for each question to carry out a descriptive analysis of the respondent opinion about accounting ethics and financial reporting quality. After which, the **means** of individual responses is used as data for each variable to run a multi-variate regression analysis to test the stated hypotheses of the study. The study carried out a **correlation test** to ensure that that data used are free from multi-collinearity. Finally, the probability values of each value from the regression test is used to test the stated hypotheses.
The study model established the relationship between independent variables which are accounting ethics peroxide by integrity and objectivity, and the dependent variables which is quality of financial reporting proxied by value relevance and timeliness. The study model is specified thus:

Value relevance = f (integrity and objectivity)
Timeliness = f (integrity and objectivity)
The study regression model is specified in a linear estimation form as;
$VAL = \beta 0 + \beta_1 \text{INT} + \beta_2 \text{OBJ} + \mu$ **…….*i***
$TIM = \beta 0 + \beta_1 \text{INT} + \beta_2 \text{OBJ} + \mu$ **….*ii***
Where;
VAL= Value relevance
TIM= Timeliness
INT= Integrity
OBJ= Objectivity
Stochastic Error Term/ Disturbance Factor= μ
Shift Parameters= b_1, b_2
Constant Parameter= $\beta 0$
Decision rules: Regression: Do not reject the null hypothesis if the calculated significant probability value of is greater than 0.05. The results obtained from the distribution of the questionnaire designed is analyzed using Stata version 12.1.

Questionnaire: If mean score of $\bar{x}$ <3 = Disagree, if mean score of $\bar{x}$>3 = Agree

4.0 RESULTS AND ANALYSIS

4.1 Descriptive Analysis of Responses

Table 1: Integrity

S/N	QUESTIONS ON INTEGRITY	SA	A	UD	DA	SD	$\bar{x}$
1	There are instances professional accountants fail to deliver financial reports that are in line with the objectives of the company as promised	15	26	5	6	2	4.1
2	When there are short falls in meeting up with objectives, the reasons are documented and communicated to stakeholders	20	28	5	-	1	4.2
3	Professional accountants prepare financial statement that are free from material misstatements	18	28	5	1	2	4
4	Professional accountant's judgments are based on professional codes and guided by a common reporting standard	39	14	1	-	-	4.7
5	There is a collective will by professional accountants to uphold integrity in their conduct	33	14	4	2	1	4.4

Source; Field Survey, 2023

Table 1 showed the responses given on integrity as ethics of professional accountants by the respondent. The decision rule mean score of $\bar{x}$3.00 (Approximation) is used to take decision on all the five (5) points Likert scale. From Table 1, the respondent agreed (4.1) that, there are instances professional accountants fail to deliver financial reports that are in line with the objectives of the company as promised. Also, they agreed (4.2) that, when there are short falls in meeting up with objectives, the reasons are documented and communicated to stakeholders. Furthermore, the respondent agreed (4) that, professional accountants prepare financial statement that are free from material misstatements. Again, they agreed (4.7) that, professional accountants judgments are based on professional codes and guided by a common reporting standard. Finally, they agreed (4.4) that, there is a collective will by professional accountants to uphold integrity in their conduct.

Table 2: Objectivity

S/N	QUESTIONS ON OBJECTIVITY	SA	A	UD	DA	SD	$\bar{x}$
6	Professional accountants have relationship with clients that is outside official engagements	6	22	11	11	4	3.2
7	The relationship between accountants and their clients enables easy access to information that aides financial reporting	17	24	4	7	2	3.8
8	The relationship between accountants and their clients enables hampers access to information	7	18	13	14	2	3.2

9	Accountants' judgments are shaped by professional codes and guided by a common reporting standard than their relationship with clients	33	16	2	2	1	4.4
10	There is a high level of objectivity by professional accountants while preparing financial reports for companies	26	22	5	-	1	4.3

Source; Field Survey, 2023

Table 2 showed the responses given on objectivity as ethic of professional accountants by the respondent. The decision rule mean score of $\bar{x}$3.00 (Approximation) is used to take decision on all the five (5) points Likert scale. From Table 2, the respondent agreed (3.2) that, professional accountants have relationship with clients that is outside official engagements. They agreed (3.8) that, the relationship between accountants and their clients enables easy access to information that aides financial reporting. Furthermore, the respondent agreed (3.2) that, the relationship between accountants and their clients enables hampers access to information. Again, they agreed (4.4) that, accountants' judgements are shaped by professional codes and guided by a common reporting standard than their relationship with clients. In all, the respondent agreed (4.3) that, there is a high level of objectivity by professional accountants while preparing financial reports for companies.

Table 3: Value relevance

S/N	VALUE RELEVANCE	SA	A	UD	DA	SD	$\bar{x}$
11	The multiple set of financial statements presented with consideration to ethics gives room for more financial disclosure that investors rely on	19	26	7		2	4.1
12	The information provided in the financial statements serve the needs of a wider variety of user groups as it provides a wider range of information	21	24	8	1	-	4.2
13	Ethics of professional accounting bodies in Nigeria leads to an improved financial statement that are true and fair	30	19	4	1	-	4.4
14	The financial statements prepared under professional ethics serve as a more credible means of evaluating the financial performance of companies	33	18	3	-	-	4.5
15	Professional ethics in Nigeria brings about a more faithful representation of economic events	25	17	10	-	2	4.1

Source; Field Survey, 2023

Table 3 showed the responses given on value relevance as determinant of financial reporting quality by the respondent. The decision rule mean score of $\bar{x}$3.00 (Approximation) is used to take decision on all the five (5) points Likert scale. From Table 3, the respondent agreed (4.1) that, the multiple set of financial statements presented with consideration to ethics gives room for more financial disclosure that investors rely on. They agreed (4.2) that, the information provided in the financial statements serve the needs of a wider variety of user groups as it provides a wider range of information. Furthermore, the respondent agreed (4.4) that, ethics of professional accounting bodies in Nigeria leads to an improved financial statement that are true and fair. Again, they agreed (4.5) that, the financial statements prepared under professional ethics serve as a more credible means of evaluating the financial performance of companies. Finally, they agreed (4.1) that, professional ethics in Nigeria brings about a more faithful representation of economic events.

Table 4: Timeliness

S/N	TIMELINESS	SA	A	UD	DA	SD	$\bar{x}$
16	Professional ethics demands that financial statements produced provides a more accurate basis of measurement of assets and liabilities of companies	30	19	4	1	-	4.4
17	Adherence to ethic by professional accountants helps build more public confidence in companies' financial reports	36	14	4	-	-	4.5
18	Professional ethics promotes openness and honesty as well as timely production of financial reports	30	19	3	1	1	4.4
19	The timely financial information produced by professional accountants are characterized by clarity and provides for easy interpretation.	23	26	4	1	-	4.3
10	Timely financial reports are less prone to manipulations and it help reduce fraud if financial reports are delayed.	15	26	10	2	1	3.9

Source; Field Survey, 2023

Table 4 showed the responses given on timeliness as determinant of financial reporting quality by the respondent. The decision rule mean score of $\bar{x}$3.00 (Approximation) is used to take decision on all the five (5) points Likert scale. From Table 4 above, the respondent agreed (4.4) that, professional ethics demands that financial statements produced provides a more accurate basis of measurement of assets and liabilities of companies. They agreed (4.5) that, adherence to ethic by professional accountants helps build more public confidence in companies' financial reports. Furthermore, the respondent agreed (4.4) that, professional ethics promotes openness and honesty as well as timely production of financial reports. Again, they agreed (4.3) that, the timely financial information produced by professional accountants are characterized by clarity and provides for easy interpretation. Finally, they agreed (3.9) that, timely financial reports are less prone to manipulations and it help reduce fraud if financial reports are delayed.

4.2 Regression Analysis

In this section, 5 questions are grouped to form each variable (INT, OBJ, VAL and TIM), while each respondent's overall mean score for each group of questions is used as measure for the variable. This then forms the data used in the regression analysis. The diagnostic test for autocorrelation is not done since this is not a time series data, but the study carried out a multicollinearity test using the correlation matrix. The result is shown below:

Table 5: Correlation test

	INT	OBJ
INT	1.0000	
OBJ	0.2603	1.0000

Source: Authors computation 2023

From Table 5, the correlation test reveals a non-multicollinearity of the data for all the variable. This is based on the fact that, there is no high correlation between any of the variables that is above 0.75 which is considered harmful. The highest correlation is between INT and COM at 0.2603<0.075.

Table 6: Regression Result

Model	**VAL**	**TIM**
R^2	0.2860	0.2695
Constant	0.868598	1.551632
INT (coe)	0.5807147	0.2440303
OBJ (coe)	0.1927979	0.3546741
F.Stat	4.90745	**4.5191**
F.Prob	0.0021	**0.0035**

Source: Author's computation 2023

Table 6 shows the coefficients of financial reporting determinants (VAL and TIM) that is affected by INT and OBJ**.** From the table above, the following information is distilled:

For the VAL model, the coefficient of variation (R^2) is 0.2860. This implies that 28.6% of variation in value relevance of financial reporting can be explained by variations caused by ethics (INT and OBJ) while, the remaining 71.4% is caused by other factors not considered in this model. The constant (Const) value of 0.868598 shows that, the respondents agree that, without consideration to ethics, value relevance can be positively entrenched in the process of financial reporting. But a unit variation in INT will lead to 58% increase in VAl, a unit variation in OBJ will lead to 19.2% increase in Val, the model F.Stat value of 4.90745 with a probability value of 0.0021 shows that the model is fit.

For the TIM model, the coefficient of variation (R^2) is 0.2695. This implies that 26.95% of variation in timeliness of financial reporting can be explained by variations caused by ethics (INT and OBJ) while, the remaining 73.05% is caused by other factors not considered in this model. The constant (Const) value of 1.551632 shows that, the respondents agree that, without consideration to ethics, timeliness can be positively entrenched in the process of financial reporting. But a unit variation in INT will lead to 24.4% increase in TIM, a unit variation in OBJ will lead to 35.4% increase in TIM. Lastly, the model F.Stat value of 4.5191 with a probability value of 0.0035 shows that the model is fit.

4.3 Test of Hypotheses

In this section, the outcome from Table 7 is used to test the study hypotheses in respect to the decision rule stated in section three for the study regression model.

Table 7: Hypotheses results for the two models

Model	VAL	TIM
INT	0.005	0.161
OBJ	0.213	0.009

Source: Author's computation 2023

Ho1: A*ccounting ethics (integrity and objectivity) has no significant effect on value relevance of financial reports of companies in Abia State Nigeria.*

From the test of hypothesis one, the result from table 7 above reveal probability values of 0.005<0.05 and 0.213>0.05 in respect to INT and OBJ against VAL. As a result, the study rejects the null hypothesis and accepts the alternative hypothesis in respect to INT against VAL while the study accepts the null hypothesis and rejects the alternative hypothesis in respect to OBJ against VAL. Thus, the study agrees that integrity has a significant effect on value relevance of financial reports while objectivity has insignificant effects on value relevance of financial report. The implication of the study finding is that, professional accountants engaged for preparation of financial reports uphold their integrity to the extent it ensures that all ethic means are deployed in producing financial reports that are value relevant for making investment decisions.

Ho2: A*ccounting ethics (integrity and objectivity) has no significant effect on timeliness of financial reports of companies in Abia State Nigeria.*

From the test of hypothesis two, the result from table 7 above reveal probability values of 0.161>0.05 and 0.009<0.05, in respect to INT and OBJ against TIM. As a result, the study rejects the null hypothesis and accepts the alternative hypothesis in respect to OBJ against TIM while the study accepts the null hypothesis and rejects the alternative hypothesis in respect to INT against TIM. Thus, the study agrees that objectivity has a significant effect on timeliness of financial reports while integrity has insignificant effects on timeliness of financial reports. The practical implication of this finding is that, the statutory requirements in place which mandates companies to report their financial activities in a timely manner is grossly underestimated and not considered by companies especially non-listed companies. Without a standard of timely reporting as mandated by the government integrity as ethical cannot foster timeliness of financial report rather, it depends on the professional accountants' objectivity to produce timely financial reports.

5.0 CONCLUSION/ RECOMMENDATION

From the findings of the study above, the study concludes that, integrity of professional accountant serves as a high determinant of the value relevance of financial reports, and being objective will enhance such financial report. Furthermore, objectivity is a prerequisite for a professional accountants to produce timely financial reports as their integrity might sustain such financial reports.

In line with the findings, it is recommended that, regulators should mandate comprehensive ethics training for accounting professionals at all levels. Also, they should incorporate ethical considerations into accounting curricula to nurture a strong ethical foundation as well as require companies to provide enhanced disclosures on their ethical practices and policies, demonstrating their commitment to maintaining high ethical standards which is capable of spurring value relevance of companies' financial report.

REFERENCES

Bahrum, K., Rahmawati, R. & Antong, A. (2024). The influence of accountant professional ethics and love of money on creative accounting. *International Conference of Business, Education, Health, and Scien-Tech*, 1(1), 1331-1340.

Lennox, C. & Wu, X. (2022). Mandatory internal control audits, audit adjustments, and financial reporting quality: Evidence from China. *The Accounting Review*, *97*(1), 341-364.

Olubusola, O., Daraojimba, O., Ajayi-Nifise, A., Falaiye, T. & Mhlongo, N. (2024). Ethical challenges in accounting: A review of case studies from the USA and Africa. *Finance & Accounting Research Journal*, *6*(2), 146-158.

Rogošić, A. & Perica, I. (2023). Affective professional commitment and accounting ethics principles: examining the mediating role of the code of ethics. *Economic research-Ekonomska istraživanja*, *36*(1), 480-498.

Romero-Carazas, R., Chávez-Díaz, J., Ochoa-Tataje, F., Segovia-Abarca, E., Monterroso-Unuysuncco, I., Ocupa-Julca, N. & Bernedo-Moreira, D. (2024). The ethics of the public accountant: A phenomenological study. *Academic Journal of Interdisciplinary Studies*, 13(1), 339.

Sahla, W. & Ardianto, A. (2023). Ethical values and auditors fraud tendency perception: Testing of fraud pentagon theory. *Journal of Financial Crime*, 30(4), 966-982.

Shaikh, J. M. (2023). Considering the ethics of accounting in managing business accounts: A review. *TESS Research on Economics and Business*, *2*(1), 115.