

Culture and Ethical Compliance in Accounting Practice in Nigeria.

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Abstract: This study is directed at establishing whether accounting practitioners' cultural background influence their compliance to professional ethics in Nigeria. This study is motivated by the continual pronouncement of ethics in the accounting and auditing profession which suggests a lacuna, and of course the need to identify the principal variables in the establishment of ethics. Primary data were generated through 194 questionnaires administered on and retrieved from practising accountants in Nigeria. Data obtained were tested and analysed with SPSS software. The regression analyses reveal that culture is positively related to accounting ethics, and therefore concludes that accounting practitioners' cultural background moderately influence their ethical compliance levels in Nigeria, which aligns with conclusions in the extant sociological literature that culture shapes behaviour although it is dynamic. Therefore, it is recommended that accounting practitioners' cultural backgrounds should be enshrined in the content of ethics education and advocacy and that the study be escalated towards investigating other explanatory variables that contribute to shape the character of the ethical compliance milieu in the Nigerian accounting practice sphere.

Key words: Culture, Enculturation, Acculturation, Professional ethics and Ethical compliance.

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I. Introduction

As documented in a study by Aremu (2008), Nigeria is situated in the Eastern part of West Africa and covers a geographical space of 923,768 Square Km. Also, Ogbona (2010) reported by Nigeria is located in the Gulf of Guinea in West Africa and shares border with Cameroon in the east, Chad on the northeast, Niger on the North and Republic of Benin on the West. Nigeria, unlike many neighbouring West African countries is dynamic and unique in culture, due to its multi-ethnolinguistic fragmentation and dispersion (Ogbum, 1922; Onyinma, 2016). Nigeria is the most populated country in Africa with over 170 million people, 250 ethnic groups and 521 languages, among which are Hausa/Fulani in the North (29%), Yoruba in the West (21%), Igbo in the East (18%), Ijaw in the South (10%) and several others (Bako, Muhammad, Isma'ila & Rufai, 2014; Onyinma, 2016). Consequently, the Nigerian culture is characterized by variety and certain basic commonalities. This dispersed nature of the Nigerian cultural heritage is reflected in the ways of socialization across the various spectrums of her national life. This diversity greatly shaped the character of his pre-independence struggle and those who were able to bridge the gap were considered as great states men.

A cursory look at the character of political associations in the early post-independence era clearly throws up the regional nature of the political parties drawn along socio-cultural lines. This is reflected in the formation and membership of her first political parties, the first and second military coups in 1966 and the civil war in 1967 (Nnoli, 1978). This background was the necessary impetus required to ignite the flames of the first civil war and the ethnic dimension it took. However, the polity study as reported and canvassed in most quarters is displaying the same ethno-cultural nuances that conflated the first civil war. Pundits have warned the danger of the ethno-cultural political atmosphere that has characterized the Nigerian from the late 2015 till date. This is because the traditional African lifestyle was primarily culture infused and shaped. However, the very fact that culture is dynamic and is not static forms the basis for the huge outcry about lost traditional cultural heritage and the supposedly negative impact of the influence of the so-called western culture on traditional norms and customs. Some institutional efforts have been undertaken in this direction via the ministries of culture and tourism at both national and state levels. Efforts are being made to preserve as most aspects of our traditional culture as much as possible.

Advances in technology, with the resultant ease in transportation which has facilitated ease of mobility and communication via various electronic platforms have sped up the rate of globalization and cultural diffusion and integration. The influence of the e-world is so massive with multiple implications across board that some level of regulation is being canvassed even in the very developed world. In some climes, the internet which is the

vehicle that provides the means for enhanced cultural mobility is censored in some quarters. This impact is so massive that some have resorted to using the instruments of terror as a way of resonating defensive worlds against so-called influence of the Western culture. As evidenced in the work of Eze (2014) which explored Nigeria's cultural identity in the light of globalization and found that, "globalization has put many Nigerians in conflicting situation over what constitutes their real identity". It is still necessary to investigate if this plethora of ethnic/cultural diversity in Nigeria does not reflect in attitude of her citizens in complying with the tenets of their professional ethics?

However, does the foregoing imply that Nigerians have lost of sense of our traditional cultural heritage? The answer from the extant literature and social media is indicative of evidence to the contrary. The presence of our traditional cultural differences is herald every day in our national political, work and social lives. Therefore, a study on ethical compliance in the lens of Nigeria's multi-ethno cultural setting would definitely be meaningful. The question is, does the cultural background of a Nigerian professional accountant influence his/her level of ethical compliance? Consequently, the purpose of this study is to know whether the cultural background of a professional accountant in a multi-ethno cultural Nigeria influences his/her compliance to accounting ethics.

II. Hypotheses Development

2.1 Culture

Ogiris: a new journal of African studies vol 12 2016 274 endowed with both types of heritages. "Nigeria is a country located in the Eastern part of West Africa", (Aremu, 2008, p. 175). Geographically Nigeria occupies a space of 923,768 square km. It is the most populated (over 140 million based on the 2006 census figures) multi-ethnic and multi-lingual country in Africa, with over 250 ethnic groups. It has the Igbo to East, the Yoruba to the West and the Hausa-Fulani to the North as major ethnic groups among other perceived 'minor' ethnic groups Ogiris: a new journal of African studies vol 12 2016 274 endowed with both types of heritages. "Nigeria is a country located in the Eastern part of West Africa", (Aremu, 2008, p. 175). Geographically Nigeria occupies a space of 923,768 square km. It is the most populated (over 140 million based on the 2006 census figures) multi-ethnic and multi-lingual country in Africa, with over 250 ethnic groups. It has the Igbo to East, the Yoruba to the West and the Hausa-Fulani to the North as major ethnic groups among other perceived 'minor' ethnic groups Ogiris: a new journal of African studies vol 12 2016 274 endowed with both types of heritages. "Nigeria is a country located in the Eastern part of West Africa", (Aremu, 2008, p. 175). Geographically Nigeria occupies a space of 923,768 square km. It is the most populated (over 140 million based on the 2006 census figures) multi-ethnic and multi-lingual country in Africa, with over 250 ethnic groups. It has the Igbo to East, the Yoruba to the West and the Hausa-Fulani to the North as major ethnic groups among other perceived 'minor' ethnic groups Ogiris: a new journal of African studies vol 12 2016 274

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Taylor (1871) noted that culture is complex and includes knowledge, beliefs, art, morals, law, customs or any other capabilities and habits acquired by man. Broom & Selznick (1977) adjudged culture as the shared ways of thinking, perceiving and evaluation of an ethnic group or tribe which is different from mere social organisation. Aziza (2001) and Eze (2014) portrayed culture as the totality of a people's pattern or way of life which is expressed in their history, language, arts, philosophy, religion, politics, economics, music, food and dressing. Eze (2014) practically paints it as the knowledge, beliefs, values, customs and skills exhibited by a group of persons in a society or nation. Logically, the culture of a given people is what makes and marks them unique and distinctively different from other human societies in the family of humanity (Idang, 2015). Unarguably, in a nation or society like Nigeria, there are different tribes and ethnic groups which are distinguished by their unique behaviours, skills, art, philosophies, values, customs and beliefs.

Interestingly, Eze (2014) observed that individuals can be **enculturated** or **acculturated** into a given norms, values and attitude. He found that individuals are naturally enculturated into societal groups and settings by birth. He further discovered that individuals can as well be acculturated into new groups as culture elements

pass over from one culture to another, which entails the formation of new culture traits. Affirmatively, Etuk (2002) and Bako, Muhammad, Isma'ila & Rufai (2014) observed that culture changes, and that both culture and humans impact on each other. This implies that culture is dynamic and that members of a given culture can be acculturated into professional bodies that are governed by a set of ethics. It is necessary to fathom the relationship between enculturated culture and acculturated culture. The question therefore is, to what extent does enculturated culture influence the moral principles and standards of members of an acculturated group; that is, to what extent does enculturated culture affect ethical compliance?

2.2 Professional Ethics

Leung & Cooper (1994) defined ethics as “a system of moral principles, by which human actions may be judged good or bad or right or wrong”. In the words of Karaibrahimoglu, Erdener, & Var (2009), ethics are the principles and standards of moral behaviour that are accepted by society, which involve moral obligation, responsibility and social justice. Ahinful, Addo, Boateng & Boakye (2017) also submitted that ethics constitute “the rules of conduct recognized in respect of a particular class of human actions”. In the accounting parlance, ethics constitute a body of rules developed and pronounced by the International Ethics Standards Board for Accountants (IESBA) that guide the accountant to perform his/her duty in line with Generally Accepted Accounting Principles, for reliability, accuracy, objectivity, transparency and accountability (Mintz, 2018).

In pursuant of reliability, accuracy, objectivity, transparency, accountability and other professional traits that will protect the interest of the financial public in the preparation and presentation of financial statements, the accounting and auditing profession has witnessed a continuous revision and renewal of ethical codes particularly in the 21st Century. This continuous revision and renewal of ethical codes suggests an insatiate effort by relevant ethics issuing bodies in filling perceived gaps of unprofessionalism evident in the corporate and professional failures of Arthur Andersen, Enron, Adelphia Communications, Dynegy, WorldCom and Tyco in the 1990s and early 2000s (Esmond-Kiger, 2004; Dellaportas, 2006; Steinshoff & Hoffman, 2015). The need to fathom and measure salient factors that are sacrosanct in the development, pronouncement, enforcement and compliance of professional ethics has long become necessary.

Ibidunni, Okere, Ibidunni, Joshua, & Okah, (2018) observed that the meaning of ethics varies greatly from society to society. This suggests that ethics could be dynamically developed to suit the peculiarity of different societies with different (natural) cultural background. Complementarily, Leung & Cooper (1994) noted that, accountants operate within a world of change. Truly, the peculiar and multi-ethno cultural nature of the Nigerian society is worth considering in the development, pronouncement, enforcement and compliance of accounting professional ethics. Against this backdrop, practitioners' culture especially in heterogeneous societies like Nigeria is worth considering and investigating as a determinant of ethical compliance, in the light of public interest and professionalism (as always advocated by Armstrong, 1993).

Against this backdrop, we propose that:

Ho₁: An accounting practitioner's cultural background does not influence his/her level of compliance with professional ethics in Nigeria.

III. Materials And Method

This is a quantitative study with a population of all graduates and members of accounting and professional accounting bodies. The sample was judgementally selected for convenience. The sample comprises holders of HND, BSc, MSc, MBA, PhD and Professional Certificates in accounting. Analyses were made from primary data obtained from questionnaires administered and retrieved personally and via the net. A total of 200 questionnaires comprising 8 questions each were administered on accounting practitioners in the Bayelsa State Treasury, Bayelsa State Office of the Auditor General, Federal Ministry of Finance, Abuja, four Audit Firms in Bayelsa State and the Bursary Departments of four Nigerian Universities.

The questions were all structured and divided into two broad sections, to solicit nominal data according to Five Likert Scales. Likert scale responses for questions 1 to 4 (in Section A) were averaged and summarized to obtain data related to “**influence of culture on professional ethics**” using some canons/pillars in ethics. Similarly, responses for questions 5 to 8 (in Section B) were averaged and summarized to obtain data related to “**superiority between culture and professional ethics**”. The summarised responses were regressed using SPSS based on the following model:

$$PETHICS = \beta_0 + \beta_1 CUL + \mu$$

Where:

PETHICS = Professional ethics;

β_0 = Constant coefficient;

CUL = Culture, and

μ = Error terms.

Table 3.1: Respondents’ Bio-data

	Characteristics	Frequency	Percentage (%)
1	Sex		
(a)	Male	146	75 %
(b)	Female	48	25 %
	Total	194	100%
2	Region		
(a)	North	39	20 %
(b)	South	68	35 %
(c)	East	44	23 %
(d)	West	43	22 %
	Total	194	100%
3	Highest Educational Qualification		
(a)	PhD	9	5 %
(b)	MSc./MBA	71	36 %
(c)	BSc./HND	114	59 %
	Total	194	100%
4	Professional Qualification		
(a)	ACCA	4	2 %
(b)	ICAN	46	24 %
(c)	ANAN	67	34 %
(d)	NONE	77	40 %
	Total	194	100%
5	Name of Organisation		
(a)	Bayelsa State Treasury	46	24 %
(b)	Bayelsa State Office of the Auditor General	44	23 %
(c)	Federal Ministry of Finance, Abuja	18	9 %
(d)	Paul L. Okpalo & Co Chartered Accountants	8	4 %
(e)	Freeman Isowo & Co	5	2 %
(f)	A O C Professionals	4	2 %
(g)	Banton Akpurka % Co Chartered Accountants	5	2 %
(h)	Federal University, Otuoke	19	9 %
(i)	Niger Delta University, Amassoma	18	9%
(j)	University of Africa, Toru-Orua	16	8 %
(k)	Amadu Bello University, Zaria	17	8 %
	Total	194	100%

Source: Authors’ Field Result 2019.

Table 3.1 shows that 75% of respondents were men. It further reveals that respondents were more from the Southern part of Nigeria (35% South against 20% North), but about the same number for East and West (23% and 22%). Majority of respondents are HND/BSc degree holders (59%). However, more than half (60%) of respondents were members of different (recognised) professional accountancy bodies.

IV. Findings And Implications

A total of two hundred (200) questionnaires were administered on the selected sample elements, and one hundred and ninety four (194) which is 97% were retrieved. Respondents’ answers to the questions asked are summarised in Tables 4.1 and 4.2.

Table 4.1: Responses to Questions 1 and 2 for Research Hypothesis.

Dimensions	AS	A	D	SD	U	Total
Professional ethical compliance is influenced by cultural beliefs	9	28	89	62	6	194
Cultural values supersede professional ethics	64	88	29	8	5	194

Source: Authors’ Field Result, 2019.

Table 4.1 shows respondents’ reaction to questions 1 and 2 in the research questionnaire. This is subjected to regression tests and analyses for the rejection or acceptance of the Research Hypotheses.

Ho:Accounting practitioners’ culture does not influence their professional ethics in Nigeria.

Table 4.2: Regression showing the influence of culture on (accounting) professional ethics in Nigeria:

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	46.886	1	46.886	26.829	0.000
Residual	335.532	192	1.748		
Total	382.418	193			

R square= 0.350,α= 0.05 (Appendix I).

The regression result in table 4.2 above shows that the overall fitness of the research model as shown in the F-statistics of 26.829 with a probability of 0.000 is statistically significant as it is less than the standard critical p-value of 0.05. This implies that the independent variable (culture) reliably predicts the dependent variable (professional ethics), as the Probability Value (0.000) associated with the F-Value (26.829) is smaller than the alpha level of 0.05. It further implies that the predictor variable (culture) is statistically significant and relevant in the regression model, and that the linearized functional specification of the research model is appropriate.

However, the R-square (in Appendix I) which shows the overall explanatory power of the model reveals that the independent variables explain about 35% of the attitudinal variation of the dependent variable. Going by the interpretations of Chin (1998), Hair et al (2011) and Hair et al (2013), the effect of culture on professional ethics is moderate. This means that culture influences or explains the level of ethical compliance by professional accountants in Nigeria by 35%. It thus implies that, 65% of the attitude of professional accountants in Nigeria relative to ethical compliance could be explained by other variables. Since we have only one independent variable (culture) in the model and there is obviously no need to test for the appropriateness or relevance of other independent variables, Adjusted R square is not considered in our presentation and interpretations.

The results, analysis and findings above suggest an accounting practitioner's cultural background does bear a moderate but significantly influence his/her level of compliance with professional ethics in Nigeria. The influence is very moderate. Although, the R square figure x-rays a moderate effect and or relationship, it can be inferred that accounting practitioners' culture influence their professional ethics in Nigeria. It can however be deduced that, there could be other stronger determinants of ethical compliance levels in Nigerian accounting practice. This of course, calls for further research.

V. Conclusions And Recommendations

This study is designed to ascertain the influence of accounting practitioners' on their compliance with professional ethics in Nigeria. The regression analyses show a positive but moderate relationship between culture and professional ethics. It is therefore concluded that, accounting practitioners, culture moderately influence their level of ethical compliance in Nigeria. It can also be concluded that there are other variables that strongly influence ethical compliance. On this note, it is recommended that practitioners' culture should also be considered in ethics education and advocacy as it bears some degree of influence. It is also recommended that the study be escalated towards investigating other explanatory variables that shape the character of the ethical compliance milieu in the Nigerian accounting practice sphere.

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APPENDIX I

Regression

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	culture	.	Enter

a. Dependent Variable: Ethics1

b. All requested variables entered.

Model Summary

Model	R	R Square	Std. Error of the Estimate
1	0.350	0.123	1.32195

a. Predictors: (Constant), culture

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.886	1	46.886	26.829	0.000
	Residual	335.532	192	1.748		
	Total	382.418	193			

a. Dependent Variable: Ethics

b. Predictors: (Constant), culture

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.517	0.405		11.162	0.000
	culture	-0.592	0.114	-0.350	-5.180	0.000

a. Dependent Variable: Ethics

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