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Restoring Public Trust in Financial Reporting Through Accounting Ethical Practice and Governance Integrity: A Mixed Method Approach

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Abstract

This research examined the influence of accounting ethical practices and governance integrity on restoring public trust in financial reporting. The study utilized a mixed-methods approach integrating desktop literature reviews and a questionnaire survey. The study reviewed forty-seven (47) scholarly articles and books between 2015 and 2024. The research purposively administered 450 copies of the questionnaire to ten different groups of stakeholders based on their availability. The study employed descriptive analysis and regression models for data analysis using Statistics Packages for Social Sciences. Findings from the study discovered a significant influence of both accounting ethical practices ($\beta=0.69$, $P=0.00<0.05$) and governance integrity strategies ($\beta=1.643$, $P=0.00<0.05$) on restoring public trust in financial reporting.

Furthermore, the results disclosed that most respondents supported accounting ethical practices and governance integrity in reinstating trust in the financial reporting landscape. Through a desktop review, the research identified some significant challenges underscoring accounting ethical practices and governance mechanisms that could counteract these challenges. In conclusion, the study advocated adopting accounting ethical practices and governance integrity as indispensable tools for rebuilding public trust in financial reporting. The study recommended prioritizing the protection of whistleblowers, among other measures, which can be implemented to enhance the integrity of financial reporting. Ultimately, this research underscored the importance of nurturing a culture of integrity, transparency, and accountability to promote world economic prosperity, good governance, and investor confidence, empowering the audience with actionable insights.

Keywords: Accounting ethical practice, governance integrity, restoring public trust, financial reporting.

JEL Code: M42, M48, M49

1. Introduction

The prevalence of global accounting scandals and corporate fraud necessitates the critical need for accounting ethical practices and governance integrity. These elements are vital for ensuring the integrity of financial reporting, which, in turn, promotes economic stability and investor trust. Ethical financial reporting, which adheres to standards such as the International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP), is fundamental for accurate and fair financial disclosure (Smith, 2019). Accounting as a monetary measure of economic transactions must be conducted within an ethical framework to ensure financial reports' accuracy, completeness, and reliability (Odar, Jerman, Jamnik & Kavčič, 2017). Any manipulation

of accounting reports constitutes a breach of accounting ethics, eroding public trust in financial reporting (Azona, 2019).

Establishing a culture that supports whistleblowers is essential for identifying and addressing unethical financial practices fostering a commitment to integrity among the workforce. Effective governance fosters trust, transparency, and ethical decision-making across public and private sectors (Smith & Johnson, 2023). Transparency, accountability, ethical leadership, stakeholder engagement, regulatory compliance, and anti-corruption measures bolster investor confidence in financial markets (Aigbovo & Abudu, 2018). Governance integrity is crucial for preventing conflicts of interest that could compromise the impartiality of financial reporting.

In various countries, including Nigeria, fostering good governance involves avoiding unethical behaviours such as window dressing, tax manipulation, contract inflation, breaching financial regulations or civil service rules, falsifying financial statements, providing clean audit reports on fraudulent financial statements, embezzlement, and economic corruption (Liu & Zhang, 2023). Unethical behaviours which violate professional moral principles or codes of conduct include fund mismanagement, conflicts of interest, examination malpractice, and other forms of misconduct (Aigbovo & Abudu, 2018). Upholding moral integrity and discipline is crucial, and individuals are expected to prioritize ethical conduct over wrongdoing.

Recent developments in global financial governance highlight the importance of promoting accounting ethical practices and governance integrity. Moreover, our society has expressed disappointment in financial auditors and reporters, assuming they possess the capability to prevent or expose financial misconduct (Chen & Wang, 2023). However, external influences and ethical dilemmas may sometimes compromise their impartial judgment. Accountants often grapple with ethical quandaries from conflicts of interest, pressures to manipulate financial data, and conflicting client demands, which challenge their integrity (Zhang & Lee, 2024). Adherence to ethical standards may come at the cost of job security or personal safety, potentially dissuading individuals from upholding ethical accounting practices and governance with integrity (Liu & Zhang, 2023).

Historically, the financial scandals of significant corporations have served as turning points for implementing stricter regulatory frameworks and accounting ethical standards. Instances of ethical breaches in financial reporting have resulted in detrimental outcomes such as investor scepticism, corporate failures, economic malfeasance, and tarnished reputations in various economies (Zhang & Lee, 2024). Notable scandals like Enron, Wirecard, WorldCom, Volkswagen, and Satyam exemplify the repercussions of unethical conduct, eroding public trust in the reliability of financial reporting. The Sarbanes-Oxley Act of 2002 in the United States, introduced during the Enron and WorldCom scandals, represents a significant legislative response to enhance corporate accountability and financial transparency (Kim & Park, 2023). These cases underscore the pressing need for robust governance frameworks and sustained advocacy for ethical accounting practices and integrity in governance.

Similarly, adopting IFRS globally has sought to harmonize accounting standards across different jurisdictions, promoting consistency and comparability in financial reporting (Chen & Tan, 2024). Countries like the United Kingdom and Australia have also developed robust frameworks for ethical financial reporting and governance integrity. The UK's Financial Reporting Council (FRC) and Australia's Financial Reporting Council are pivotal in overseeing corporate governance and promoting high financial reporting standards (Liu & Zhang, 2023). These frameworks serve as models for other nations, including Nigeria, aiming to strengthen their governance structures.

However, the study's desktop literature review covered developed and developing countries, including Nigeria, for ten years (2015-2024) to capture the influence of accounting ethical practices and governance integrity on restoring public trust in financial reporting in diverse contexts and account for current trends in literature. In terms of limitations, despite the comprehensive approach and robust methodologies employed in this research, the rapid pace of technological change and evolving ethical challenges in accounting may mean that the literature reviewed and the data collected may quickly become outdated. Issues such as data privacy, cybersecurity, and the ethical use of AI are continuously evolving, which may not be fully captured within the timeframe of the reviewed literature (2015-2024). Also, Nigeria's specific regulatory and legal context influences the study's findings. Differences in regulatory frameworks and enforcement mechanisms in other jurisdictions may impact the applicability of the results to those contexts. More so, the study's focus on the Nigerian context may limit the applicability of the findings to other regions with different cultural, economic, and regulatory environments. Ethical practices and governance integrity can vary significantly across countries, potentially affecting the study's external validity.

The existing studies, such as those by Aigbovo and Abudu (2018), Agwor and Okafor (2018), Azona (2019), Bushi (2019), Fatima (2019), Mabil (2019); Musa (2019); Ogbor, Ugherughe, and Veronica (2020); and Osagioduwa (2022); Liu and Zhang (2023) and Zhang and Lee, (2024) emphasize the impact of accounting ethics on the quality of financial reports but do not extensively address initiatives aimed at restoring public trust and rectifying past failures in financial reporting through continuous advocacy for ethical accounting practices and governance integrity strategies. Addressing these identified issues and gaps warrants further research attention, underscoring the significance of this study. Promoting accounting ethics and governance integrity is essential for generating transparent and reliable financial reports. Adequate and transparent financial and non-financial information disclosure is imperative for informed global decision-making in governmental and non-governmental organizations. Addressing ethical breaches in financial reporting requires robust governance frameworks and sustained advocacy for ethical accounting practices.

This study unveiled how accounting ethical practices and governance integrity can rebuild trust in entities' financial reporting, foster good governance, and bolster economic progress in Nigeria and other countries. The study's findings will illuminate the repercussions of ethical breaches and governance deficiencies. The proposed governance integrity strategies can offer valuable insights for policymakers and other stakeholders aiming to foster ethical conduct. This research will also serve as supplementary material for teaching accounting ethics across educational levels, benefiting practitioners and the general public in embracing ethical practices and upholding integrity for economic stability worldwide. Additionally, the insights gleaned from this study will appeal to practitioners and the general public, encouraging them to embrace ethical practices and uphold integrity, thereby advancing transparent financial reporting for economic stability in Nigeria and other countries.

1.1 Research Questions

Building upon the context mentioned above, the study aims to address the following questions:

- i. What is the significant impact of accounting ethical practice on restoring public trust in financial reporting?

- ii. How do governance integrity strategies impact restoring public trust in financial reporting?

1.2 Research Objectives

The primary objective of this research is to investigate the significant influence of accounting ethical practices and governance integrity on restoring public trust in financial reporting. Specifically, the study:

- i. Examine the significant impact of accounting ethical practice on restoring public trust in financial reporting.
- ii. Evaluate the significant impact of governance integrity on restoring public trust in financial reporting.

2. Literature Review

2.1 Accounting Ethical Practices: Significance and Challenges

Accounting ethical practices encompass behaviours to maintain honesty, integrity, and transparency in financial reporting. Ethics are the standards of acceptable behaviour that guide society, organizations, and professions (Aigbovo & Abudu, 2018). Specifically, accounting ethical practices define the moral principles guiding professionals within the accounting domain, ensuring adherence to honesty, integrity, objectivity, and confidentiality in financial reporting and decision-making (Agwor & Okafor, 2018). These practices require accountants to act in the public interest, maintain objectivity and integrity, and comply with relevant laws and regulations (Zhang & Lee, 2024). Adherence to these standards helps prevent financial scandals and fraud, protecting the reputation of accounting firms and the profession (Obomeile & Ajaude, 2020).

The significance of accounting ethical practices lies in ensuring the precision and reliability of financial reports, fostering trust among stakeholders, and supporting well-informed decision-making (Mabil, 2019). Upholding professional codes of conduct, ensuring data protection, and complying with regulatory frameworks are imperative for maintaining trust and credibility in financial reporting. These ethical accounting practices ensure transparency, fairness, and accuracy, crucial for stakeholders, including investors, regulators, and the public (Kim & Park, 2023). The practices play a pivotal role in upholding trust and integrity within financial reporting frameworks, serving as the cornerstone for ensuring transparency, fairness, and accuracy, which are essential for stakeholders, including investors, regulators, and the public.

The significance of ethical accounting practices is further heightened in today's environment, characterized by rapid digitalization and technological integration within financial processes. This landscape introduces new ethical considerations such as data privacy, cybersecurity, and the ethical use of artificial intelligence in decision-making processes (Chen & Tan, 2024). Research by Ghanem and Castelli (2019) underscores the critical importance of ethical decision-making processes in accounting and their influence on public trust. Their study revealed a significant correlation between the competence and independence of accountants and auditors and the quality of financial reporting in Nigeria. Meanwhile, Azona's (2019) research on South Sudan demonstrated that the integrity and competence of accountants positively impact the standards of financial reporting. Similarly, Paul (2017) focused on the United States, highlighting the essential role of ethics, especially integrity, in guiding accountants' behaviour and ensuring the accuracy of financial reporting.

Despite the recognized significance of ethical practices in accounting, several challenges persist. As Bushi (2019) noted, ethical dilemmas and governance issues, including conflicts of interest, pressure to meet financial targets, manipulation of financial reports,

technological drawbacks, and regulatory non-compliance, are prominent concerns (Obomeile & Ajaude, 2020). Conflicts of interest manifest in various forms, such as self-dealing, accepting bribes, misuse of employer assets, and unauthorized disclosure of confidential information, all of which present significant ethical challenges (Marquardt, Brown & Casper, 2018). For instance, receiving gifts from suppliers in return for preferential treatment undermines professional integrity (Mintz & Morris, 2014). The financial sector particularly exemplifies the erosion of accounting ethical values, with embezzlement cases occurring in both developed and developing countries (Dhiman, Sen & Bhardwaj, 2018). The Enron and WorldCom scandals are notable examples of corporate fraud and ethical breaches, which led to the collapse of these companies and their auditor, Arthur Andersen (Musa, 2019).

Additionally, in today's digital age, accounting ethical practices face new challenges, such as data privacy, cybersecurity, and the ethical use of artificial intelligence in decision-making (Ghanem & Castelli, 2019). Research indicates a significant link between the competence and independence of accountants and auditors and the quality of financial reporting in various regions (Brown & Garcia, 2023). Adopting advanced technologies introduces vulnerabilities to cybercrime and data breaches (Amponsah et al., 2016). Technological advancements such as artificial intelligence and blockchain pose new ethical challenges, including data privacy concerns and integrity issues in financial information (Agwor & Okafor, 2018). Integrating AI in accounting and auditing processes presents ethical dilemmas related to biases and errors in decision-making (Smith & Johnson, 2023).

Beyond technological challenges, the accounting profession also grapples with issues of mental wellness and burnout, exacerbated by the COVID-19 pandemic (Chen & Wang, 2023). The shift to remote work has changed the dynamics of the profession, necessitating ethical management of remote teams and the preservation of professional conduct (Li & Wu, 2024). Attracting and retaining skilled talent also impacts ethical standards within accounting firms.

Continuous education and training are essential to address these multifaceted ethical challenges and to keep accounting professionals updated on evolving ethical guidelines and best practices. Adherence to regulatory frameworks and professional codes of ethics, such as those from the International Ethics Standards Board for Accountants (IESBA), is crucial for maintaining high accounting ethical standards (Wang & Li, 2024). Implementing established ethical decision-making models, such as Rest's four-component model, can help accountants navigate complex ethical dilemmas by emphasizing moral awareness, judgment, motivation, and character. Technological safeguards, including advanced cybersecurity measures and ethical AI frameworks, are necessary to mitigate risks associated with digitalization while preserving ethical integrity (Zhang & Lee, 2024). Leveraging technological innovations to enhance, rather than undermine, ethical practices within the accounting domain is essential.

In brief, the significance of ethical practices in accounting is heightened amidst technological evolution and emerging professional challenges. The accounting profession can uphold its integrity and trustworthiness by adhering to stringent ethical guidelines, fostering continuous education, and judiciously embracing technology. Proactively addressing these challenges will enable accountants to navigate their evolving roles while maintaining high ethical standards.

2.2 Governance Integrity Strategies

Governance integrity means adherence to ethical principles in decision-making processes within organizations, government cycles, or institutions (Dhiman, Sen & Bhardwaj, 2018). It implies the effectiveness of systems and processes to ensure ethical conduct and accountability within organizations. It ensures that actions are taken fairly, honestly, and with integrity to maintain public trust and confidence (Agwor & Okafor, 2018). It entails compliance with ethical principles throughout organizational decision-making processes, involving implementing effective systems and strategies to ensure ethical conduct and accountability (Griffin, 2015). Governance integrity is crucial for maintaining trust, accountability, and effectiveness in the public and private sectors (Osagioduwa, 2019).

2.2.1 Transparency

Promoting transparency involves adopting open data policies and disclosure requirements to give stakeholders access to decision-making information (Ghanem & Castelli, 2019). For instance, the government of Estonia has implemented an e-governance system that provides citizens access to government databases and decision-making processes, resulting in increased public trust and reduced corruption. Estonia's e-governance platform provides transparent access to government data and services (Agwor & Okafor, 2018). This transparency has increased citizen trust, higher participation in governance, and significantly reduced corruption (Smith & Johnson, 2023).

2.2.2 Accountability

Accountability mechanisms like oversight bodies, audits, and whistleblower protection ensure responsibility for actions (Jaijairam, 2017). The establishment of Brazil's Office of the Comptroller General (CGU) serves as a case study. The CGU conducts audits and investigations and enforces anti-corruption measures. The CGU conducts regular audits and investigations and protects whistleblowers (Osagioduwa, 2022). The office has successfully identified and mitigated corrupt practices, improving government accountability and transparency (Osagioduwa, Uyi, Ogudo & Mozie, 2022).

2.2.3 Ethical Leadership

Cultivating ethical leadership, training for ethical decision-making, and engaging diverse stakeholders are crucial (Osagioduwa, 2022). Companies like Patagonia have shown that strong ethical leadership can enhance reputation and employee satisfaction. Patagonia emphasizes ethical leadership through sustainable practices and transparent communication (Ogbor, Ugherughe & Veronica, 2020). This approach has bolstered its reputation as a responsible company and increased employee engagement and customer loyalty.

2.2.4 Stakeholder Engagement

Utilizing participatory approaches like public consultations and stakeholder forums ensures that governance reflects the interests of all. For instance, the Participatory Budgeting process in Porto Alegre, Brazil, enables citizens to decide how to allocate part of the municipal budget. Stakeholder engagement is participatory budgeting in Porto Alegre, Brazil, where the citizens directly participate in budget allocation decisions (Griffin, 2015). This initiative has increased public involvement, improved transparency, and created more equitable resource distribution.

2.2.5 Compliance with Regulatory Frameworks and Anti-Corruption Measures

Developing and enforcing robust regulatory frameworks and implementing anti-corruption measures such as codes of conduct and anti-bribery laws are essential for integrity in governance (Osagioduwa, Uyi, Ogudo & Mozie, 2022). The UK's Bribery Act 2010 exemplifies stringent anti-corruption legislation that has set a high standard for

corporate conduct. The act imposes strict penalties for bribery and requires companies to implement adequate procedures to prevent it (Jaijairam, 2017), which has increased corporate accountability and reduced instances of bribery, thereby enhancing the overall integrity of business practices.

2.2.6 Institutional Strengthening

Strengthening institutional capacities for investigation and punishment of corrupt behaviour is also vital. Effective implementation requires political will and ongoing evaluation (Ogbor, Ugherughe & Veronica, 2020). South Korea's Anti-Corruption and Civil Rights Commission (ACRC) exemplifies this approach. South Korea's Anti-Corruption and Civil Rights Commission (ACRC) enhances institutional capacity to investigate and prosecute corruption (Ho, Lee, & Wu, 2020). This has led to a significant decrease in corruption levels and increased public trust in government institutions.

These strategies illustrate the diverse approaches to enhancing governance integrity, each with successful implementations in various contexts leading to improved trust, accountability, and ethical conduct.

2.3 Restoring Public Trust in Financial Reporting

Financial reporting involves documenting and disseminating an organization's financial activities and outcomes to its stakeholders (Enofe, Edemenya & Osunbor, 2015). Upholding ethical standards in accounting practices and governance is crucial for maintaining the credibility of accounting professionals and ensuring public accountability (Fatima, 2019). Accounting ethical practices involve upholding honesty, integrity, and transparency in financial reporting. Studies by Azona (2019) and Paul (2017) highlight the positive impact of accounting ethics on the quality of financial reporting, showing that the integrity and competence of accountants significantly enhance the reliability of financial reports. These ethical principles ensure financial data is presented accurately, fostering stakeholder trust.

Similarly, governance integrity focuses on adherence to ethical principles in organizational decision-making processes. Transparency, accountability, ethical leadership, and compliance with regulatory frameworks are vital for maintaining trust, accountability, and effectiveness in the public and private sectors (Griffin, 2015; Osagioduwa, 2019). Effective governance frameworks prevent fraud, misconduct, and unethical behaviour, fostering transparency and accountability in financial reporting (Shukla & Srivastava, 2016).

Restoring public trust in financial reporting requires a combination of robust accounting ethical practices and strong governance frameworks. Integrity enhances client trust, encourages referrals, contributes to long-term business success and safeguards investors against misleading financial information (Svanberg & Öhman, 2016). Through transparent financial reports, organizations communicate their financial status and performance to stakeholders, promoting transparency and mitigating the risk of market manipulation, fraud, crises, and corruption (Jeewon et al., 2018).

2.4 Empirical Review

Empirical evidence supports the impact of restoring public trust on financial reporting. For instance, Ghanem and Castelli (2019) investigated transparency in financial reporting and its impact on market trust: An empirical analysis. The study explores the relationship between transparency in financial reporting and stakeholder trust, finding that increased transparency significantly enhances market trust and organizational value. The study demonstrated that transparent financial reporting practices significantly increase stakeholder trust, positively affecting the organization's market value.

Mabil (2019) studied ethical decision-making in accounting: Effects on public trust and financial report quality. The research highlights the positive impact of ethical decision-making processes on public trust and the resulting improvements in the quality and reliability of financial reports. Mabil (2019) found that adherence to ethical decision-making processes in accounting firms improved public trust, which enhanced the overall quality of financial reporting. Paul (2017) examined ethics and financial reporting: A study of accounting professionals in the US. This study found the critical role of ethical standards in shaping the conduct of accounting professionals and their influence on the accuracy and transparency of financial reporting.

With these empirical findings, it is evident that restoring public trust through ethical accounting practices and robust governance integrity strategies is essential for ensuring the reliability and credibility of financial reporting. This commitment to accounting ethical principles and governance frameworks ultimately protects investors and reinforces the crucial role of accounting ethics in financial reporting.

2.5 Theoretical Framework

The theories on accounting ethics, such as Utilitarianism (The ethics of character), Kantian ethics and governance integrity, as used in this research, delineate the expected behaviour and moral principles guiding human actions.

2.5.1 Utilitarianism (The Ethics of Character)

The Utilitarianism (The ethics of character) theory was coined by the British philosopher John Stuart Mill in his 1861 book "Utilitarianism (Amponsah, Boateng & Onuoha, 2016)." Mill expanded on the ideas of Jeremy Bentham, the founder of the utilitarian ethical theory. Bentham introduced the principle of utility in the late 18th century, specifically in his 1789 work "An Introduction to the Principles of Morals and Legislation." While Bentham laid the groundwork, Mill popularized and elaborated on utilitarianism as a distinct philosophical doctrine (Amponsah et al., 2016).

Utilitarianism posits that actions are morally right if they result in the most significant overall benefit or minimize harm (Gupta & Patel, 2024). Accordingly, individuals are encouraged to choose actions that maximize happiness for the majority instead of those that produce adverse consequences (Gupta & Patel, 2024). Utilitarianism is a consequentialist ethical theory that asserts that the morality of an action is determined by its overall utility, usually defined in terms of the greatest happiness or benefit for the most significant number of people. The principle of utility suggests that actions are morally right if they promote happiness or pleasure and wrong if they tend to produce unhappiness or harm. This theory is often associated with philosophers Jeremy Bentham and John Stuart Mill (Gupta & Patel, 2024).

In accounting ethics, utilitarianism emphasizes making decisions that maximize overall welfare. For example, an accountant might disclose information that, while potentially damaging to a single entity, benefits the larger community of stakeholders by promoting transparency and trust. This approach helps balance various interests and strive for the greater good, often leading to policies and actions that aim to avoid harm and enhance collective well-being. Governance integrity under utilitarianism focuses on creating policies and procedures that maximize positive outcomes for the majority (Gupta & Patel, 2024). This might include rigorous auditing practices to prevent fraud and ensure that financial statements accurately reflect the company's health, thereby protecting investors, employees, and the public.

2.5.2 Kantian Ethics

On the other hand, Kantian ethics theory emphasizes the necessity of adhering to universal moral laws rather than solely pursuing maximum benefit, which is against the

view of utilitarianism theory (Gupta & Patel, 2024). Kantian ethics, also known as deontological ethics, was propounded by the German philosopher Immanuel Kant. He developed this ethical theory primarily in his work "Groundwork of the Metaphysics of Morals," published in 1785 (Gupta & Patel, 2024). Kantian ethics, formulated by Immanuel Kant, is a deontological approach emphasizing duty's importance and adherence to universal moral laws (Gupta & Patel, 2024). According to Kant, actions are morally right if performed out of a sense of duty and follow principles that can be universally applied. Key to this theory is the concept of the "categorical imperative," which dictates that one should act only according to maxims that can be universally accepted and followed without contradiction.

In accounting ethics, Kantian principles require accountants to adhere strictly to ethical standards and regulations, regardless of the consequences. This means maintaining integrity and honesty in all financial reporting, ensuring that actions are not driven by personal gain or external pressures but by a commitment to truth and fairness. Governance integrity informed by Kantian ethics would emphasize creating and enforcing rules that uphold moral principles, such as honesty, fairness, and justice. It would require leaders to act transparently and make decisions based on what is ethically correct rather than what is most beneficial in a utilitarian sense. This ensures that governance structures are built on ethical duty and universal moral laws.

2.5.3 Governance Integrity Theory

Governance integrity theory focuses on the ethical dimensions of governance processes within organizations. The theory was initially introduced by Leo Huberts (2014), a professor at VU University Amsterdam, renowned for his contributions to the study of public administration, particularly in the areas of ethics, integrity, and governance (Gupta & Patel, 2024). The theory highlights the importance of transparency, accountability, and responsibility in decision-making. The theory posits that for governance to be effective and ethical, it must be guided by clear moral principles that ensure fair and just treatment of all stakeholders (Gupta & Patel, 2024). The theory underscores the importance of ethical principles in organizational decision-making processes, such as transparency and accountability.

In accounting ethics, governance integrity ensures that financial reporting and auditing processes are conducted transparently and ethically. This means implementing robust internal controls, adhering to accounting standards, and being accountable for the accuracy and completeness of financial information (Gupta & Patel, 2024). Ethical governance practices help build trust among stakeholders and safeguard the integrity of financial markets. Governance integrity theory directly influences organizational governance by promoting ethical behaviour at all levels of management. It advocates for decision-making processes that are transparent and accountable, fostering an organizational culture that values ethical conduct. This includes implementing policies that prevent corruption, ensure fair treatment of employees, and protect the interests of shareholders and the public.

These theories encompass various philosophical perspectives, focusing on individual character or universal moral laws. However, combining utilitarianism, Kantian ethics, and governance integrity theory offers a comprehensive framework for understanding and enhancing ethical conduct and governance integrity within organizations.

Utilitarianism emphasizes the outcomes of actions and the greater good, assessing moral worth based on the consequences rather than adherence to rigid laws. This contrasts with Kantian ethics, which emphasizes the importance of following moral duties and

principles regardless of the outcomes. Kantian ethics upholds that actions are morally right if they adhere to universal principles and respect individuals as ends in themselves. Governance integrity theory bridges these ethical considerations with the practicalities of organizational governance. It ensures that ethical principles are integrated into decision-making processes, promoting organizational transparency, accountability, and ethical behaviour. By embedding these principles, organizations can create governance structures that uphold the highest standards of integrity.

By applying these theories, organizations can develop balanced approaches prioritizing ethical behaviour, transparency, and accountability. This holistic approach leads to more sustainable and trustworthy business practices. It fosters an environment where ethical considerations are paramount, and governance structures are designed to uphold the highest standards of integrity. Such an environment not only supports ethical conduct but also enhances the overall effectiveness and reputation of the organization.

2.5.4 Research Hypotheses

The null hypotheses below were formulated based on the literature reviewed to guide the research objective one:

- a. Accounting ethical practice has no significant impact on restoring public trust in financial reporting.
- b. Governance integrity strategies do not significantly impact restoring public trust in financial reporting.

3. Research Methods

This research adopted a comprehensive mixed-method approach incorporating qualitative and quantitative methodologies. The qualitative aspect involved a thorough desktop review, while the quantitative aspect utilized a structured questionnaire. The primary objective was to gather multifaceted insights into ethical accounting practices' significance and challenges and identify the effectiveness of governance integrity strategies for promoting integrity, accountability, transparency, and ethical financial reporting. For the qualitative component, the research conducted an extensive desktop review of forty-seven (47) articles sourced from reputable journal articles and books published between 2015 and 2024. This review encompassed an analysis of empirical evidence, theoretical frameworks, and notable scandalous cases within accounting ethics. The quantitative aspect of the study involved distributing a total of 450 questionnaires to various stakeholders. Specifically, 45 questionnaires were administered to each of the following groups: professional accountants, auditors, legal practitioners, business owners, managers, civil servants, private workers, educated artisans, reporters, and public members. The questionnaires were disseminated through research assistants and social media platforms to ensure a broad spectrum of perspectives. Remarkably, all 450 distributed questionnaires were returned, validated, and used for data analysis.

3.1 Sampling Procedures

Sampling procedures involved a comprehensive approach to ensure representation from diverse stakeholder groups. The distribution of questionnaires was strategically managed to capture perspectives from a broad spectrum of individuals within the Nigerian business and professional community. Participants were chosen comprehensively to ensure representation from diverse Nigerian business and professional community stakeholders. The method research used a purposive sampling technique to capture the respondents as the covered respondents were limited to those available in each stakeholder group. However, the strategic management of questionnaire distribution to capture a broad spectrum of perspectives suggests a

deliberate effort to include various demographic and professional segments, possibly indicating a stratified sampling approach. The structured questionnaire employed a 4-point Likert Scale format to gauge responses, ranging from strongly agree (SA=4) to disagree (D=1). A 4-point Likert scale was chosen over a 5-point or 7-point scale or any others to potentially avoid neutral responses, encouraging respondents to make a more definitive choice. This can enhance the clarity of the data by reducing the likelihood of ambivalence in responses.

3.2 Data Analysis Techniques

Descriptive statistics such as frequency distribution, mean, and standard deviation were used to analyze responses. At the same time, regression analysis was employed to assess the impact of accounting ethical practices (AEP) and governance integrity strategies (GIS) on restoring public trust in financial reporting (RPTFR). This included model summary analysis, correlation analysis, and regression coefficient testing. Cronbach's Alpha reliability test was used to ensure data consistency, and instrument validity was vetted by experts. These data were analyzed using the Statistics Packages for Social Sciences (SPSS) 24. More so, content analysis was conducted on the reviewed literature to support the study's robustness. The possible biases include sampling bias, response bias, and distribution method bias. Using purposive sampling to select respondents based on availability may introduce selection bias, limiting the generalizability of the findings. However, efforts were made to capture a broad spectrum of perspectives, but the sample may not fully represent all Nigerian business and professional stakeholder groups.

The reliance on self-reported data through questionnaires can lead to response bias. Respondents may provide socially desirable answers rather than honest responses, particularly on sensitive topics related to ethics and governance. However, the researcher ensured a diverse representation by distributing questionnaires through research assistants and social media platforms, which helped capture various perspectives. The use of expert validation for the study instrument also contributed to reducing biases in data collection. There was no missing observation during the data analysis.

3.3 Operationalization of Variables

This study's variables were operationalized by using accounting ethical practice (AEP) and governance integrity strategies (GIS) as independent variables and restoring public trust in financial reporting (RPTFR) as the dependent variable. AEP implies the adherence to ethical standards and principles in accounting. At the same time, GIS encompasses policies and procedures to promote ethical behaviour, accountability, and transparency in financial reporting. RPTFR indicates the extent to which the public regains confidence in the accuracy and honesty of financial reports.

4. Results and Discussion

This section presents the results of the data analysis and discusses the findings obtained through the disruptive and regression analysis results, including other tests.

4.1 Descriptive Analysis

Table 1. Analysis of Responses on Research Questions

SN	Item Description	SA (%)	A (%)	SD (%)	D (%)	Total (%)	Mean	Std. Deviation
1	Accounting ethical practice promotes accurate and reliable financial reporting.	360 (80)	36 (8)	27 (6)	27 (6)	450 (100)	3.6200	0.84687

2	Accounting ethical practice encourages transparent financial reporting	315 (70)	81 (18)	18 (4)	36 (8)	450 (100)	3.5000	0.90100
3	Accounting ethical practice guides the conduct of accounting practitioners	356 (79)	46 (10)	31 (7)	17 (4)	450 (100)	3.6467	0.77088
4	Maintaining an accounting code of conduct will guide the accountant against ethical dilemmas.	383 (85)	40 (9)	18 (4)	9 (2)	450 (100)	3.7711	0.61428
5	Accurate, transparent and reliable financial information will promote public trust in financial reporting.	360 (80)	45 (10)	36 (8)	9 (2)	450 (100)	3.6800	0.70619
6	Strong governance frameworks practice will encourage ethical Practices	351 (78)	30 (7)	24 (5)	45 (10)	450 (100)	3.5267	0.97882
7	Governance integrity promotes public accountability.	360 (80)	45 (10)	23 (5)	22 (5)	450 (100)	3.6511	0.79000
8	Governance integrity ensures transparent financial reporting practices	360 (90)	8 (2)	8 (2)	74 (16)	450 (100)	3.4578	1.12246
9	Applying governance integrity strategies will help preventing fraud and other financial misconducts	356 (79)	36 (8)	47 (9)	11 (4)	450 (100)	3.6378	0.76673
10	Protecting whistleblowers will encourage reporting of unethical financial practices in our society.	355 (79)	45 (10)	36 (8)	14 (3)	450 (100)	3.6467	0.5923
11	Avoiding window dressing disallows breach of accounting ethics.	396 (88)	23 (5)	18 (4)	13 (3)	450 (100)	3.7822	0.65163

12	Avoiding ethical dilemmas and bad governance will restore public trust in financial reporting.	382 (85)	23 (5)	37 (8)	8 (2)	450 (100)	3.7311	0.68465
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Note: Strongly agree (SA=4), agree (SA=3), strongly disagree (D=2) and disagree (D=1)

Source: Data Compilation, 2024

Table 1 illustrates the frequency distribution, means, and standard deviation outcomes of responses to items 1 through 12 of the research questions. Notably, all standard deviation values in the findings fall below their respective mean values, signalling a robust consensus among respondents. This criterion aligns with recent studies by Amponsah, Boateng, and Onuoha (2016) and Osagioduwa (2019). Expressly, for item 1, 360 respondents, constituting 80%, strongly agree, while 36 (8%) agree, 27 (6%) strongly disagree, and 27 (6%) disagree. The mean value (M=3.6200) surpasses its corresponding standard deviation (SD=0.84687), suggesting that ethical accounting practices foster accurate and dependable financial reporting. Likewise, for item 2, 315 respondents (70%) strongly agree, with 81 (18%) in agreement, 18 (4%) strongly disagreeing, and 36 (8%) disagreeing. With a mean value of 3.5000 exceeding its standard deviation of 0.90100, it implies that ethical accounting practices promote transparent financial reporting.

Moreover, for item 3, 356 respondents (79%) strongly agree, while 48 (10%) agree, 31 (7%) strongly disagree, and 17 (4%) disagree. The mean value (3.6467) surpasses its standard deviation (0.77088), indicating that ethical practices guide the conduct of accounting professionals. Moving forward, for item 4, 383 respondents (85%) strongly agree, with 40 (9%) in agreement, 18 (4%) strongly disagreeing, and 9 (2%) disagreeing. The mean (3.7711) exceeds its standard deviation (0.61428), suggesting that adhering to the accounting code of conduct aids accountants in navigating ethical dilemmas. Regarding item 5, the standard deviation (SD=0.70619) is lower than the mean (M=3.6800), supporting that accurate, transparent, and reliable financial information enhances public trust in financial reporting. Of the respondents, 360 (80%) strongly agree, 45 (10%) agree, 38 (8%) strongly disagree, and 9 (2%) disagree.

Similarly, for item 6, 351 respondents (78%) strongly agree, with 30 (7%) in agreement, 24 (3%) strongly disagreeing, and 45 (10%) disagreeing. The standard deviation (0.97882) is lower than the mean (3.526), suggesting that robust governance frameworks foster ethical practices. In addition, for item 7, 380 respondents (80%) strongly agree, while 45 (10%) agree, 23 (5%) strongly disagree, and 22 (5%) disagree. The mean (3.6511) surpasses its standard deviation (0.79000), indicating that governance integrity enhances public accountability. Moving on to item 8, 360 respondents (90%) strongly agree, with 8 (2%) in agreement, 8 (2%) strongly disagreeing, and 74 (16%) disagreeing. The mean (3.4578) exceeds its standard deviation (1.12246), suggesting that governance integrity ensures transparent financial reporting practices. Additionally, for item 9, 356 respondents (79%) strongly agree, while 36 (8%) agree, 47 (9%) strongly disagree, and 11 (4%) disagree. The mean (3.6378) surpasses its standard deviation (0.76673), implying that implementing governance integrity strategies aids in preventing fraud and other financial misconduct. Furthermore, for item 10, 355 respondents (79%) strongly agree, with 45 (10%) in agreement, 36 (8%) strongly disagree, and 14 (3%) disagree. The mean (3.6467) exceeds its standard deviation (0.5923), indicating that protecting whistleblowers encourages reporting unethical financial practices. Moreover, for item 11, 396 respondents (88%) strongly agree, with 23 (5%) in agreement, 18 (4%) strongly disagreeing, and 13 (3%) disagreeing. The mean (3.7822) surpasses its standard deviation (0.65163), implying that

avoiding window dressing prevents breaches of accounting ethics. Lastly, for item 12, 382 respondents (85%) strongly agree, while 5 (5%) agree, 8 (4%) strongly disagree, and 2 (3%) disagree. The mean (3.7311) exceeds its standard deviation (0.68465), indicating that averting ethical dilemmas and poor governance restores public trust in financial reporting.

Table 2. Reliability Assessment

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.988	0.993	15

Source: Data Analysis, 2024

Table 2 assesses the study's instrument reliability utilizing Cronbach's Alpha test, which encompasses scrutiny of the twelve questionnaire items. The resulting score of 0.993 indicates an exceptional level of reliability, surpassing the prescribed threshold of 0.70, as suggested by Aigbovo and Abudu (2018). These results unequivocally affirm the absolute reliability of the instrument utilized within the scope of this study.

4.2. Regression Analysis

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Model	Sig. Change	F
1	0.969 ^a	0.940	0.940	0.16109	1	0.000	

Note: Independent variables = AEP and GIS, dependent variable = RPTFR

Source: Data Compilation, 2024

Table 3 illustrates that the R-square value of 0.940 indicates that roughly 94% of the variation in the application of accounting ethical practice (AEP) and governance integrity strategies (GIS) can be elucidated by the effort to restore public trust in financial reporting (RPTFR) in Nigeria. The remaining 6% of the variability is attributed to the error term. The adjusted R-square value of 0.940 further emphasizes that even with additional variables in the error term, the impact of accounting ethical practice and governance integrity on restoring public trust in financial reporting in Nigeria would still be significant, accounting for 94% of the variation.

Table 4. Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Accounting Ethical Practice	.038	8.305
Governance Integrity Strategies	.038	8.305

Source: Data Compilation, 2024

Table 4 presents the outcomes derived from the Variance Inflation Factor (VIF) examination, which serves the purpose of discerning the existence or nonexistence of multicollinearity within the dataset. The results indicate that none of the VIF values surpass the critical threshold of 10, affirming the absence of multicollinearity among the independent variables under scrutiny in the study.

4.3 Hypotheses Testing

The regression coefficients and their corresponding probability values in Table 4 were used to test the study's hypotheses.

Table 5. Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.395	0.045		8.700	0.000
Accounting Ethical Practice	1.442	0.052	1.643	27.604	0.000
Governance Integrity Strategies	0.528	0.045	0.697	11.705	0.000

Note: Independent variables = AEP and GIS, dependent variable = RPTFR

Source: Data Compilation, 2024

Table 5 unveils insightful findings regarding the influence of accounting ethical practices (AEP) and governance integrity strategies (GIS) on the restoration of public trust in financial reporting (RPTFR) within Nigeria. Noteworthy is the positive beta value (coefficient) of accounting ethical practices, standing at 1.643 and statistically significant ($0.00 < 0.05$). This suggests that a one-unit increase in accounting ethical practices corresponds to a 1.6% augmentation in public trust in Nigeria's financial reporting. Consequently, the first null hypothesis, positing that accounting ethical practices have no significant impact on restoring public trust, is refuted. Likewise, the beta value for governance integrity strategies is positive, registering at 0.697 and statistically significant ($0.00 < 0.05$), indicating that an enhancement in governance integrity yields a 70% escalation in public trust in Nigeria's financial reporting. Thus, the second null hypothesis, which proposes that governance integrity strategies lack influence in restoring public trust, is also dismissed. The outcomes of these two hypotheses collectively suggest that accounting ethical practices and governance integrity strategies play pivotal roles in reinstating public trust in financial reporting within Nigeria.

Table 6. Pearson Correlation Analysis

Variable	Restoring public trust in financial reporting	Accounting Ethical Practice	Governance Integrity Strategies
Pea	Restoring public trust in financial reporting	1.000	0.960
Cor	Accounting Ethical Practice	0.960	1.000
rela	Governance Integrity Strategies	0.915	0.981
tion	Restoring public trust in financial reporting	.	0.000
Sig.	Accounting Ethical Practice	0.000	.
(1-	Governance Integrity Strategies	0.000	0.000
tail	Restoring public trust in financial reporting	450	450
e)	Accounting Ethical Practice	450	450
d)	Governance Integrity Strategies	450	450
N	Restoring public trust in financial reporting	450	450
	Accounting Ethical Practice	450	450
	Governance Integrity Strategies	450	450

Source: Data Compilation, 2024

Table 6 presents the results of correlation analysis conducted to explore the relationships among the variables investigated in this study. The analysis reveals a robust positive correlation ($r=0.960$, $\text{sig}=0.000 < 0.05$) between ethical practices in accounting and the restoration of public trust in financial reporting in Nigeria. Furthermore, the findings indicate a strong positive correlation ($r=0.915$, $\text{sig}=0.000 < 0.05$) between governance

integrity strategies and public trust restoration in financial reporting in Nigeria. These outcomes demonstrate a significant association between accounting ethics, governance integrity, and the restoration of public trust in financial reporting within the Nigerian context.

4.4 Discussion

This research examined the significance of accounting ethical practice and governance integrity in promoting accurate and reliable financial reporting. The findings (Table 1) discovered a strong consensus among respondents regarding various aspects of accounting ethical practice and governance integrity. Across all questionnaire items, the standard deviation values are notably lower than the mean values, indicating a high level of agreement among participants. These results suggest a positive perception of the role of ethical practices in financial reporting among respondents. For instance, on item 4, most respondents strongly agree that maintaining an accounting code of conduct guides accountants against ethical dilemmas. Likewise, on item 7, many respondents strongly agree that governance integrity promotes public accountability. This is also applicable to other questionnaire items.

Similarly, many respondents strongly agree that avoiding window dressing disallows breaches of accounting ethics. These results suggest that implementing measures to protect whistleblowers and prevent unethical practices can significantly improve public confidence in financial reporting. These results underscore the significance of robust governance frameworks in fostering ethical behaviour within organizations and enhancing public trust in financial reporting. Moreover, the findings shed light on strategies to restore public trust in financial reporting.

The findings continue to emphasize the importance of governance integrity in ensuring accountability and transparency in financial reporting. The results (Table 5) found that ethical accounting practice is statistically positive and significant, suggesting that a one-unit increase in such practices corresponds to a high augmentation in public trust in Nigeria's financial reporting. Likewise, the beta value for governance integrity strategies is positive, and registration is positive and statistically significant, indicating that an enhancement in governance integrity leads to a higher escalation in public trust in Nigeria's financial reporting. These results underscore the pivotal roles of accounting ethical practices and governance integrity strategies in reinstating public trust in financial reporting within Nigeria.

More so, a robust positive correlation (Table 6) is observed between ethical practices in accounting and the restoration of public trust in financial reporting in Nigeria. Similarly, a strong positive correlation exists between strategies for governance integrity and the restoration of public trust in financial reporting in Nigeria. These findings highlight the significant association between accounting ethics, governance integrity, and rebuilding public trust in financial reporting within Nigeria. Moreover, these findings align with prior research conducted by scholars such as Agwor and Okafor (2018), Azona (2019), Bushi (2019), Fatima (2019), Mabil (2019), Musa (2019), Ogbor, Ugherughe, and Veronica (2020), Osagioduwa (2022) and Zhang and Lee (2024) which have consistently emphasized the importance of ethical practices in accounting in rebuilding public trust within their respective domains. Additionally, the adjusted R-square value (Table 3) underscores the enduring significance of accounting ethical practices and governance integrity in restoring public trust in financial reporting within the Nigerian context. Even with additional variables in the error term, these factors account for 94% of the observed variation.

4.5 Implications

The implications of these findings are profound for various stakeholders involved in financial reporting. The results highlight the critical role of accounting ethical practice and governance integrity in restoring public trust. By emphasizing the importance of transparency, accountability, and ethical conduct, organizations can enhance their reputation and credibility in the eyes of investors, regulators, and the public.

5. Conclusion

In conclusion, the findings highlight the critical role of accounting ethical behaviour and governance in ensuring reliable financial reporting. Adherence to ethical accounting practices and governance integrity has been shown to enhance corporate reputation, sustainability, long-term gains, regulatory compliance, risk mitigation, consumer loyalty, and market performance. Investors, accounting practitioners, economists, and other stakeholders increasingly recognize the benefits of ethical practices on investor confidence, firm growth, and economic stability. Companies known for their ethical practices often enjoy a better reputation, attracting more investors. Accounting ethical behaviour reduces the risk of accounting scandals, fostering trust and confidence among investors.

Moreover, companies prioritizing accounting ethical practices are more likely to comply with regulations, reducing the risk of legal issues and fines. This compliance leads to a more stable financial environment and enhances investor confidence. Ethical practices also result in greater consumer loyalty, as customers who trust and support a company's accounting ethical stance are more likely to remain loyal, providing a stable revenue stream. Companies with strong accounting ethical practices can attract these investors, leading to better funding opportunities. Accounting ethical practices enhance employee morale and productivity. A motivated workforce leads to better operational performance, positively impacting the company's financial health and attractiveness to investors. Embracing accounting ethical practices and governance integrity is crucial for promoting public trust in Nigeria's financial reporting landscape. Implementing the identified strategies of governance integrity would enhance the financial reporting ecosystem and foster a climate of trust and accountability in Nigeria.

This study contributes to the existing body of knowledge by highlighting how promoting a culture of integrity, transparency, and accountability can advance Nigeria's economic prosperity, promote good governance, and boost investor confidence. The study sheds light on the repercussions of ethical breaches, identifies strategies for rebuilding public trust, and identifies the importance of ethical leadership, transparency, and accountability in fostering a culture of integrity. The research provides a holistic understanding of the challenges and opportunities facing Nigeria's financial reporting landscape. The information from this study appeals to accounting practitioners to uphold integrity. Academics will find this research valuable as supplementary material for teaching accounting ethics across educational levels. By implementing robust accounting ethical frameworks and governance structures, organizations can rebuild public trust and confidence in financial markets, ultimately contributing to the stability and sustainability of the economy. The study reveals that accounting ethical breaches and governance deficiencies have eroded stakeholder confidence, emphasizing the need for robust frameworks and sustained advocacy for ethical practices.

5.1 Recommendations

From a practical standpoint, the findings suggest several recommendations for organizations and policymakers. Firstly, organizations should prioritize adopting

transparent reporting practices and actively disclose relevant financial information to stakeholders. The government need to promote open data policies, independent audits and whistleblower protection mechanisms to encourage reporting of unethical practices and discourage corruption in Nigeria. Accounting ethics should be emphasized at all levels of education. Government should increase awareness of accounting ethics, governance principles, and best practices through educational initiatives and training programs. There is a need for research and knowledge sharing on accounting ethics, governance integrity, and financial reporting practices to inform policymaking and advance understanding.

Additionally, there is a need to strengthen codes of conduct and governance frameworks to ensure adherence to ethical standards. This may involve implementing robust internal controls, whistleblower protection mechanisms, and regular ethics training programs for accounting professionals. Addressing these challenges requires concerted efforts from various stakeholders, including policymakers, regulatory bodies, professional organizations, and practitioners.

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