

# Assessing The Impact of Accounting Practice on Business Growth in Nigeria: A Scholarly Annotation

DR. EMMANUEL I. OGBENJUWA; FCNA; FCTI

*Director, Entrepreneurship Study Center, Federal University of Health Sciences, Otuokpo Nigeria*

*Abstract- The topic of my analysis is the impact of accounting practice on business growth in Nigeria. I have analyzed and evaluated 15 peer-reviewed articles of current scholarly research on the impact of accounting practice on business growth in Nigeria. The study is on the appraisal of accounting practice as it impacts economic growth. The study employed a thematic review of peer reviewed articles on accounting practice and economic growth in Nigeria. The purpose of the study is to identify emerging themes and patterns common to the reviewed articles. Accounting practice was reviewed through the theoretical lenses of: Tax practice and administration; Financial Structures; Audit assurance and environmental matters; Accountability in Islam; Financial reporting quality and accounting information; Stock market indices etc. The analysis of Tax administration mirrored into the activities of Tax haven and corporate tax shield. A theoretical evaluation of theory of financial crime unveils negative impact on economic growth in Nigeria. The interplay of stock market prices as predicated by quality of accounting information showed that creative accounting and managerial discretion prejudices transparency and true stewardship. Investors' confidence and general investment are on the decline due to misleading and low-quality financial reporting practices. Unethical banking practices is associated strongly with decline on investment and growth. A synoptic integrated analysis was carried out after a study by study evaluation to identify emerging themes and patterns. My analysis indicated a gap between accounting theories and practice in Nigeria, resulting in substandard financial reporting and unreliable accounting information. Scholars diagnosed poor and inept practitioners as the bane of accounting practice in Nigeria. In this study, I have identified gaps between theories and practice, and emphasized the need to expand the knowledge horizon of accounting practitioners and of the Nigerian business community. This gave me the justification to delineate the projects highlighted in my conclusion to bridge gaps between theories and practices of accounting in Nigeria. The study concludes with recommendation for institutional and infrastructural overhaul necessary to soar up the teaching of accounting, drive up professional ethics and improve on accountability and transparency.*

*Index Terms- Accountability; Awqaf; Economic growth; Financial Reporting and Transparency*

## I. INTRODUCTION

Accountancy is the science of recognizing and measuring financial transaction in a true and fair manner. Scholarly argument has surfaced as to whether Accounting is an art of skills (endowed acquired) or is still the conceptual science for which we are constantly caught in the web of institutional debates with the natural scientists. Effiong (2012) stated that Accounting as a social science plays a vital developmental role in the society but held that it is also a form of social language (art faculty), a business language through which meanings and implications of transactions are construed. Investors depend on the financial report to appraise the profitability, the gearing level, liquidity /cash flows and the operational efficiency of the firm. It is for this reason that scholars cautioned that standard setters and regulatory agencies must determine the necessary standards which would ensure quality and comprehensive disclosure in the accounting information.

This study, is an exhaustive annotated bibliography of 15 scholarly peer-reviewed articles on the development of accounting practice and impacts on growth of business in Nigeria. I have followed this with analysis and evaluation of the significance of each study, identifying the implications they had for social change. Accounting play significant roles in promoting transparency and investors confidence, by disclosing vital information useful for investment decision. A poorly prepared financial report conveys misleading information with devastating consequences on investors funds. A business environment with inept accounting practitioners will spell doom for business growth. It is for this reason that an appraisal of accounting practice is imperative

to business growth and survival. The quality of accounting practice is assessed through certain proxies such as Tax practice and administration, Audit and assurance services, Financial reporting and analysis, sustainability reporting, and general compliance with accounting standards. This study is an assessment of these key areas of practice of accounting in Nigeria and the consequential effects on business growth.

#### Tax Administration

Abiola & Asiwah (2012) assessed the effect of tax administration on the revenue of Nigeria. According to Abiola & Asiwah (2012) Nigeria's overdependence on oil revenue had impacted negatively on the nation's economy due to fluctuation in the global oil market. The instabilities in the oil revenue has resulted in budget deficit and necessitated urgent attention on alternative source of revenue. Abiola & Asiwah (2012) argued that while tax proceeds remain a veritable source of revenue to the government, its management has been adjudged ineffective and unproductive in Nigeria.

Abiola & Asiwah (2012) contended that tax administration in Nigeria is ridden with inefficiencies, deficient collection system, complex legislations, and unwillingness of tax payers to comply with tax responsibilities. Abiola & Asiwah (2012) stated the objective of taxation as raising revenue to finance public expenditure, wealth redistribution, and regulation of the economy but they questioned the reality of even distribution of benefits of tax to the citizens. Abiola & Asiwah (2012) argued that the elites derive more utilities from public goods and services in Nigeria and yet they are difficult to be brought under the tax net.

Abiola & Asiwah (2012) reviewed tax system in Nigeria, made up of tax policy, laws and administration, and asserted there are expectations that these work together to achieve the economic goals of the country. The presidential committee on national tax policy (2008) as cited in Abiola & Asiwah (2012) stated the expectations of the tax policy to include: The encouragement of economic growth and development, provision of stable economy, fairness and equitable distribution of wealth, correction of market failure and imperfection,

and generation of stable revenue and resources. Some structured questionnaire was used to generate data which provided answers to the four-research question. Abiola & Asiwah (2012) recommended that Nigerian government should embark on comprehensive tax reform, address the perennial budget deficit, and strengthen machineries for effective tax administration in Nigeria.

#### Audit Quality

Audit quality is the degree of independence of auditors held to be directly predicted by inclusive of non-executive directors in the ownership structure of the firm and revealed by the size of the firm (Adeyemi & Fagbemi, 2010). The study is an empirical investigation into the association between the strength of audit quality and qualities of financial reporting. Adeyemi & Fagbemi (2010) argued that good corporate government exerts significant influence on the quality of financial reporting and consequently impacts on investors' confidence. Audit quality according to Adeyemi & Fagbemi (2010) is the guaranty for ensuring reliable and high quality financial reporting. Adeyemi & Fagbemi (2010) appraised the Nigerian auditing profession declaring that much has been done to enhance audit independence, prompt response to denigration of audit quality, and continual improvement in audit quality but a lot needed to be done to enhance higher levels of auditors' independence. Adeyemi & Fagbemi (2010) posited that constituting companies ownership with dominant members from non-directors executives would enhance the auditors' independence.

The study was aimed at assessing the relationship between audit committees and fraudulent financial reporting. The proposition of Adeyemi & Fagbemi (2010) was not confirmed as the finding supported rather a negative relation between an audit committee and the occurrence of potential fraudulent reporting. In sum the study was aimed at empirically examining the effective components of corporate governance and its relationship with audit quality. Adeyemi & Fagbemi (2010) argued that non executive directors'

ownership, size and leverage of the firm significantly have relationship with audit quality.

## II. FINANCIAL STRUCTURE AND ECONOMIC GROWTH

Ahmed & Wahid (2010) is an empirical investigation into the relationship between financial structure and economic growth using selected African countries as samples for the study. They argued that financial system facilitates business transactions, mobilize savings, channels resources to productive sectors, and diversifies risks associated with investment and economic growth. The study is an investigation at causality, employing a quantitative design to measure the association between the variables. Financial structure as conveyed by Ahmed and Wahid (2010) is comprised of market based and bank based financial systems. According to Ahmed & Wahid (2010) market based financial system facilitates economic output growth while the bank based system drives capital accumulation growth. Ahmed & Wahid (2010) posited that African leaders have a daunting task of reviving the growth prospects of their countries after years of stagnation.

Series of financial reforms within the region according to Ahmed of Wahid (2011) include the IMF/World bank backed structural adjustment programs and financial market reforms in the 1980s. Ahmed & Wahid (2010) argued that rather than help reviving the economies of sub-Saharan Africa, the reforms culminated in economic convulsion, upheavals, and dismal performance. This was evidenced from the single digit per capital GDP in most sub-Saharan African countries after the reforms. Consequently Ahmed and Wahid (2010) submitted that “changing the financial structure of an economy is a complicated processes” (p.332) requiring a deep appreciation of the entire structural interrelations and its macroeconomic effects.

According to Ahmed & Wahid (2010) the development of the financial sector is positively correlated to economic growth as such, tinkering with financial policy reforms has holistic macroeconomic implications. Ahmed & Wahid (2010) reviewed literature which challenged their assumed association between financial structure and economic growth.

Xu, 2000; Kitchen, 1986; VanWijnbergen, 1983 as cited in Ahmed & Wahid (2010) indicated that there was negligible relationship between financial structures and economic growth. According to Ahmed & Wahid (2010) other extant literature revealed that the effect of financial structure on economic growth is not uniform across countries and time periods. Haven tested for the various variables used as proxies for economic growth Ahmed & Wahid (2010) argued that there is strong evidence of association between financial activities and real more come growth in most convulsion sampled.

### Audit and Environmental Matters

Corporate accountability involving disclosures and management of environmental risks associated with organizational activities undergird the study by Chiang & Northcott (2010). They argued that business failure with significant adverse environmental impact had awakened public concern regarding environmental issues. Chiang & Northcott (2010) stated that the growth in public awareness resulted in literature concern and the emergence of the ‘green accounting’. According to Chiang & Northcott (2010) the concept of green accounting emphasized the impact of business on environment and indicates the accounting roles of scrutiny, problematizing, and rehabilitation in supporting business activities which portends significant environment impact. Chiang & Northcott (2010) posited that environmental accounting is part of corporate sustainability reporting, a corporate responsibility that lack enforceability but only but only provide guidelines for voluntary adoption. Chiang & Northcott (2010) lamented that “given the voluntary and non-standardized nature of CSR reports” (p.200), concerns about their reliability is on the increase.

According to them independence assurance to improve on the reliability of CSR is being sought. Chiang & Northcott (2010) argued that the failure of CSR to compel corporate sustainability reports informed the need for distinct assurance services on environmental issues. The purpose of study by Chiang & Northcott (2010) is to address the gap and to appraise the role of financial auditors in providing environmental assurance services in financial reports

disclosure. Chiang & Northcott (2010) discussed the evolution of audit standards which have emerged in attempts to ensure disclosure of organizational activities which impact on the environment. Within the confines of legitimacy theories, Chiang & Northcott (2010) appraised efforts at standardizing disclosures and held that legitimacy theory provides the necessary lens for the appraisal of Audit Guideline Standard 1010 (AGS1010) in providing answers to the research questions. The study indicated that AGS 1010 failed to impact sufficiently on practice as compliance cannot be enforced and it lacked guidance and clarity.

### III. TAX HAVENS

Christenson (2011) stated the purpose of the study as the consideration of the activities of tax havens in the global financial markets. Tax havens according to Christenson (2011) are individuals and corporate owners in control of off-shore financial economy, operating as autonomous or semi-autonomous jurisdiction. Christenson (2011) argued that these individuals and corporate outfits set up themselves as tax havens, provide basis for 'transnationalism' to emerge, offering *laizie-a-faire* environment in despite of existing regulation and zero taxation on non resident income, Christenson (2011) further asserted that tax havens are characterized by secrecy, facilities for banking or corporate ownership and restoration of information flows.

The study by Christenson (2011) is an exploratory attempt at exposing the association between tax havens and corruption, and specifically indicted the activities of Accountants, Lawyers, and Bankers in creating complex structures which facilitate off-shores crimes. Christenson (2011) associated tax havens with subprime banking crisis of 2007 which culminated in lax regulation and inefficiency of the capital market. According to Christenson (2011) illicit multinationals employed secretive legal instrument to evade tax, engaged in market rigging and insider trading, illicit political donations, embezzlement, frauds, bribery, and kickbacks. International initiatives to tackle the activities of tax havens ran aground according to Christenson (2011) due to Washington's withdrawal of support for the initiative.

Many negative macroeconomics effects of tax havens were identified in the study as: capital flight leading to reduction of investment, lack of economic growth and high unemployment. Christenson (2011) posited that the activities of tax havens robbed developing economies the needed revenue for growth as local wealth are siphoned at offshore and recycled back as foreign direct investments. Tax havens according to Christenson (2011) defraud developing economies of tax revenue, and growth of the local industries. It is perpetuated by international network of individuals and corporate entities who undermine national integrity and is at the root of official corruptions in most developing countries Christenson (2011).

#### Corporate Tax Shield

Ezeoha and Ogamba (2010) engaged in a detailed review of relevant literature on tax administration in Nigeria and found that multiple tax system is a major disincentive to willing compliance with tax obligations by corporate organizations. Ezeoha and Ogamba (2010) postulated that the heavy tax burdens gave rise to incidence of tax avoidance resulting in tax payers seeking shelters within both legitimate and illegitimate tax shields. According to Ezeoha and Ogamba (2010) skilled earnings manipulation is the resultant effect of unwholesome financial reports prepared for tax purposes. They argued that corporate firms resorted to debt financing in other to avoid huge companies' tax. Multiple taxations in Nigeria according to Ezeoha and Ogamba (2010) have spiral effects of crippling business operation and discouraging voluntary earnings disclosure. They listed multiple taxes in Nigeria as; Education tax, capital gains tax, company's income tax, personal income tax, and petroleum profit tax. Ezeoha and Ogamba (2010) argued that companies in Nigeria pay tax on their profit before dividends declaration yet recipients are made to pay tax on same under personal income tax.

A worse scenario is painted by Ezeoha and Ogamba (2010) with respect to petroleum profit tax. They stated that the petroleum profit tax (PPT) rate is as high as 85% on all profits arising from petroleum operations in the country. For the avoidance of doubt the PPT defined petroleum profit as proceeds from

sale of chargeable oil; value of chargeable oil disposed within the period; value of natural gas; and all income incidental to petroleum operations. According to Ezeoha and Ogamba (2010) a benchmark of 15% of gross income shall be considered as amount of chargeable tax. The study identified other forms of tax in Nigeria as stamp duties; value added tax; withholding tax; customs duties; levees; and tax on minerals. Ezeoha and Ogamba (2010) contended it is the unfavorable tax environment which gave rise to corporate firms seeking shelters under available tax shields. They defined tax shields as allowable cash and non-cash deductions made in the income statement before arriving at taxable profits. Debt tax shelter is regarded as interest payable on borrowed funds.

Ezeoha and Ogamba (2010) evaluated the benefits of using debt as tax shield against the high cost associated with debt financing. The study identified non-debt tax shelters often used by tax payers as expenditures on repairs, salaries and wages, senior staff remuneration, reserves for research and development, and depreciation. Ezeoha and Ogamba (2010) argued that tax is an important source of revenue to the government for financing of public expenditure. According to them tax as a fiscal and legal matter needs efficient and effective management. They however noted that tax management in Nigeria is shrouded in mismanagement, incongruent legal provisions, conflicts in fiscal jurisdictions, and incoherence with business environment. Ezeoha and Ogamba (2010) asserted that overlapping jurisdiction between the tiers of government, double and multiple taxations coupled with large scale government corruption gives justification to tax defaults in Nigeria. The findings of Ezeoha and Ogamba (2010) indicated that corporate tax payers in Nigeria are disoriented from voluntary compliance; take to debt and non-debt shelters; and outright illegality. Ezeoha and Ogamba (2010) recommended structural and legal reforms of tax administration in order to ensure effective tax system in Nigeria.

#### Mandatory Audit Committee

The study is a narrative essay into the mandatory audit committee requirement on listed companies. Fichtner (2010) stated the purpose of the study as the

identification of the countries which mandate the formation of audit committees. Fichtner (2010) traced the history of audit committee to 1940 when the concept was required by the U.S Securities and Exchange Commission for listed companies. The members of audit committee were to be non-officer board members to ensure independence. According to Fichtner (2010) the functions of audit committee were to monitor reliability of accounts and audit problems and to serve as mechanism for checking the external auditors and make recommendation for their appointments. Fichtner (2010) held that the audit committees were to mediate between the auditor and the management. The study by Fichtner (2010) centered on the 2002 US enacted public company accounting reforms and investor protection Act, commonly known as the 'Sarbanes-Oxley Act'.

The Act required all listed companies to institute audit committees. Fichtner (2010) trace the development leading to the Sarbanes-Oxley Act, holding that corporate scandals in the United States and Canada were the critical issues which necessitated the constitution of audit committees. The need to ensure audit independence and build confidence in corporate financial reporting formed the critical concerns of stakeholders and regulatory agencies. Country by country initiatives were analyzed by Fichtner (2010) as he held that Nigeria enacted the law requiring all public companies to establish audit committees with equal number of directors and representatives of stakeholders in 1990. Empirical research by Fichtner (2010) on the effectiveness of audit committee indicates that there is little consensus as to the composition of the committee as enshrined in the international legal framework governing audit committee. According to Fichtner (2010) while the world capital markets agree that audit committee have positive impact on corporate reporting and governance, there is divergence of opinions as to the need for fully-independent audit committee.

#### Accountability in Islam

Nabar & Yaacob (2011) assessed accounting, reporting and management accountability of a Malaysian cash awqaf. According to Nahar & Yaacob (2011) cash awqaf is Islamic endowment and its management enshrined within the Islamic context.

The study by Nahar & Yaacob (2011) is an examination of the concept of accountability as it applies to corporate reporting under the awqaf system. Nahar & Yaacob (2011) justified the study of the Islamic practice owing to the social order role of the Islamic faith. According to Nahar & Yaacob (2011) Islamic revivalisms aim at rejuvenating many of the Islamic Institutions which have been abandoned and made ineffective by neglect. They held that the revitalization of awqaf practices had led to the emergence of difference endowment institutions with consequences that corporate accountability becomes a moral and legal requirement in Malaysia. Nahar & Yaacob (2011) argued that the Mutawallis (awqaf trustees) are under the duty of moral accountability.

They held that unlike in the conventional endowment setting, the concept of accountability as it extends to the awqaf institutions is more embracing as they are required to embrace a more holistic approach to accountability. Specifically Nahar & Yaacob (2011) argued that the Mutawallis are expected to conform to normal management accountability towards the donors (waqifs) and the beneficiaries and are further required to accounts towards Allah. This according to Nahar & Yaacob (2011) underscored the concept of sacred accountability. Nahar & Yaacob (2011) held that the implication is that the operations of awqaf are governed by the Shari'ah Islamic law designed by God for all Muslims.

According to Nahar & Yaacob (2011) the awqaf institution is an Islamic charity entity, as they justified the reason for its study as a religiously rooted charity organization. They held that no-for-profit organization present all embracing issues bothering on accounting, reporting and accountability, as they argued that the religious root of awqaf institution and its survival advertised the imperativeness of accountability and transparency in reporting by Mutawallis. Nahar & Yaacob (2011) posited that the study has informed better understanding of the awqaf institution. They argued that the result suggests the existence of accountability in different dimensions across the awqaf operations. They claimed the discovery of several issues worthy of debate which could result in the improvement and

refinement in areas of management, accounting, and reporting of cash awqaf.

#### Theory of Financial Crime

Individualistic, organizational, and managerial theories of crime undergird the study conducted by Gottschalk (2010). According to Gottschalk (2010) the theoretical approach enabled analysts to understand and predict behaviors on a probabilistic basis. Other justifications for the theoretical approach according to Gottschalk (2010) are that theory enable the description and explanation of a process or sequence of events, and prevent analysts from confusion inherent in real world complexly. Gottschalk (2010) further held that theory acts as educational device that creates insights into criminal phenomena" (P.210) and confined the study to three streams of financial crime theories of individual, organization and managerial behaviors. According to Gottschalk (2010) individual seeking self-enrichment commit crimes contrary to the expectation of loyalty to organization. Gottschalk (201) advanced several criminology theories to explain reasons individuals' crime is so prevalent even among seemingly respectable individuals.

Differential association theory otherwise termed the social learning theory, self-control theory, social bounding theory, exchange theory, and control balance theory are the theoretical explanations advanced by Gottschalk (2010) for individuals' financial crimes. Gottschalk (2010) argued that differential association theory holds that individuals learn criminal behaviors from association with persons of deviant or unlawful moral values while the self-control theory assumes that individuals commit crime because of low self-control. According to Gottschalk (2010) social bounding theory explains crimes which occur because of the presence of four key elements of "belief, attendant, commitments and emolument" (P.211).

The bonds formed between corporate boys give impetus to elite crimes. Gottschalk (2010) further explained that exchange theory underscores white collar crimes as the consequences of attraction, competition, differentiation, integration and apposition. He held that control balance theory measures the control experienced by individuals, the

surplus of which result in white collar crimes and corporate deviance. Role theory according to Gottschalk (2010) relates to the role of the potential criminal which enables him/her to perpetuate crimes. He argued that other forms of crimes occur as the individual seeks to maximize the utility from criminal behavior. This is explained as utility theory. Gottschalk (2010) argued that fraud theory enables the understanding that fraud is perpetuated by the availability of the three conditions of incentives/pressures, opportunities, and attitudes/rationalization. He advanced fraud hypothesis approach with four sequential steps as follows: Analyze the available data, develop fraud hypothesis, revising it as necessary, and confirming it.

Gottschalk's (2010) explanation of organization is anchored on the premise of criminals coming together to form organized criminal comfit. He argued that the theory of monopoly is used to analyze organized crimes. Within the confines of organization theories Gottschalk (2010) held that the monopolistic model of organized crimes indicates criminal have no option than to enlist in criminal organization. Gottschalk (2010) elongated the organizational crime theory to embrace other theoretical explanations for criminal incidences. He argued that one of the most popular and emerging theory of crime is the alien conspiracy theory, which blames occurrence of crimes on external influences. According to Gottschalk (2010) the rational choice theory explains people's decisions to commit crime as outcome of a rational decision after weighing the potential risks and benefits of such actions. Gottschalk (2010) identified elements of criminal activities as: Participation, tasks, responsibility sharing, equipment, plans, profit sharing, escape route, behavioral codes, and norms.

#### Accounting Information and Stock Market

The problem statement indicated that Accounting figures were losing relevance in the determination of share prices in the Nigerian stock market. Oyerinde (2009) stated the purpose of the study was to examine the relationship between accounting numbers and share prices. She found that there is relationship between accounting information and share prices. Oyerinde (2009) argued that accounting information

exhibits strong abilities to present information that determines the value of equities in the Nigeria stock exchange market. According to Oyerinde (2009) the aggregate market reactions to accounting numbers were significant. She concluded therefore that the Nigeria stock market is dynamic as investors respond through reliable accounting information. Accounting information was found to directly affect investors' confidence of trends. Oyerinde (2009) urged those charged with the responsibility of preparing accounts and setting the reporting standards to ensure high quality reporting in other to avoid window dressing which could misrepresent facts and figures and consequently mislead investors in the market.

According to Oyerinde (2009) accounting information does not only need to be reliable, relevant, and complete but must be fair and equitable. The underlying purpose of accounting information is to empower decisions maker to predict future trends. Qualitative accounting information according to Oyerinde (2009) should confer knowledge of the market trends on the user so as to identify differences in two types of financial information. Oyerinde (2009) posited that the US capital market is successful due to high volumes of investments attracted by high quality accounting information and held that the Nigerian stock market could be revolutionized by high quality financial reporting and user friends accounting information. Oyerinde (2009) held, for accounting information to be relevant the data must be quick to respond to investment needs. According to Oyerinde (2009) would be investors are at the mercy of management which prepares the financial reports.

#### Sources of Economic Growth

Seetanah & Rojid (2010) investigated the factors contributing to economic growth in Africa using growth accounting framework and analysis of selected countries in sub-Saharan Africa. Seetanah & Rojid (2010) examined the contributions of labor and capital indicating their association with economic growth in Africa. They investigated the sources of growth for the African region with emphasis on the 19-nations African trade block (COMESA). According to Seetanah & Rojid (2010) COMESA includes the major African nations in the Eastern and Southern African. They argued that most of the

COMESA countries share common experiences of annual GDP and constant growth rate of at least 5% in 2006-2007. Seetanah & Rojid (2010) further posited the COMESA countries share homogenous aggregated economic levels and have dismantled trade barriers among member nations. Seetanah & Rojid (2010) argued that “the growth accounting theoretical framework allows for the decomposition of the economic rate of a country into contributions from different factors” (P.369). Seetanah & Rojid (2010) therefore employed the factors of labor and capital to account for economic growth in COMESA countries of Africa.

Seetanah & Rojid (2010) posited that growth accounting framework showed the importance of labor quality in influencing output elasticity and the panel Var model revealed that capital addition, openness, and education are important factors for growth in COMESA regions. They further posited that financial development, spillover effect, political, and institutional framework create positive environment for growth but inflation has a nonlinear relationship with growth. Seetanah & Rojid (2010) contended that growth is a dynamic phenomenon with bi-causal relations with GDP and other variables. They held that unnecessary obstacles and impediments to doing business must be consciously removed to create the needed openness for business to thrive.

#### IV. FINANCIAL STRUCTURE AND ECONOMIC GROWTH IN NIGERIA

The study by Ujunwa, Salami, Nwakobi, & Umar (2012) aimed at assessing the impact of diverse financial structure theories on economic growth in Nigeria. Specifically, Ujunwa et al. (2012) utilized the market-based theory and financial services theory, and found that they impact negatively on economic growth in Nigeria, while bank based theory and legal based theory were held to positively predict economic growth. Ujunwa et al. (2012) argued that banks provide more finance for economic growth than the capital market in developing economy, as the former was found to conspicuously identify goods, projects, mobilize funds, monitor and manage the risks associated with its developmental utilization. Ujunwa et al. (2012) posited that economic growth

occurs through the active roles of financial institutions as they define rules, specify the organization of financial activities and provides payment systems.

According to Ujunwa et al. (2012) the Nigerian government has over the years used the financial sector to manipulate the nation’s economy to desired ends. They recognize instances where the Nigerian government through the Central Bank of Nigeria had injected 620 billion naira as bail-out funds for the promotion of the bank based financial structure. Ujunwa et al. (2012) argued that most developed and developing economy have tilted their macro-economic policies towards regulated regime as a panacea to the global economic crises. According to Ujunwa et al. (2012) such policy alignment indicates a preference for the particular financial structure which exerts more visible impact on economic growth. Ujunwa et al. (2012) advanced strong arguments on either side of the divide held by proponent of both the bank and market-based theory of the financial sector. According to Ujunwa et al. (2012) scholars argued that banks are more effective in project financing because of their expertise in decoding highly asymmetric project information.

They also held that bank-based financing addresses agency problem better and have more incentives in information gathering about the investment world, thereby being able to internalize the operating cost of information management. Ujunwa et al. (2012) asserted the market-based theory possess large liquid and well-functioning market, foster growth and profit incentives, enhance corporate governance and facilitate risk management (P. 229). Ujunwa et al. (2012) held further that the market based theory views contended that inefficiency of powerful banks may lead to unethical collusion with firm managers against creditors and consequently impede efficient corporate governance.

Another view canvassed by Ujunwa et al. (2012) is that of financial services theory and legal based theory. According to Ujunwa et al. (2012) while scholars held that neither bank nor market base theory matter in isolation, but do both act co-jointly to predict economic growth. Ujunwa et al. (2012) stated that bank dependence often lead to higher cost

of funds. They argued that the legal based theory strongly condemns both the market base and bank base theories as analytically misleading. Through the empirical investigation, Ujunwa et al. (2012) summed that the bank base and legal base theories exalts more influence on economic growth in Nigeria.

#### Banks' Compliance with Accounting Standards and Performance

The study by Yahaya, Abdulraheem Salman, and Etudaiye-Murhtar (2012) is an empirical investigation into the assumed association between Nigeria Banks compliance with relevant statement of accounting standards and their operational performance. Yahaya et al. (2012) argued that banks play key role in economic growth and stability of any nation, and advanced reasons for their choice of banks as case study in the examination of compliance with reporting standards. According to Yahaya et al. (2012) banks "facilitate efficient mobilization of human and materials resources, and pool savings and allocate funds to the investment outlets" (p.129). They further argued that banks play key role in the management of the nations monetary policy, manage assets and liabilities of firms, mobilize deposits and provide credit and other professional advisory services to clients. Yahaya et al (2012) asserted that banks act as catalyst to national development. Yahaya et al. (2012) posited that compliance with standards affects the market perception and the financial indices used to assess the health conditions of the bank.

They argued that standards ensure proper record keeping, transparency, uniformity, ease comparability and enhances public confidence. According to Yahaya et al. (2012) Nigerian banks in the last two decades have faced multiple challenges in the form of illiquidity, unprofitability, poor assets base, and abandonment of their traditional roles. This has led to series of reforms ranging from recapitalization to bail out strategies. In other to assess the relationship between standards compliance and banks performances, Yahaya et al. (2012) stated two hypotheses. The first hypothesis assumed that Nigeria banks differ in their levels of compliance with statement of accounting standards and the second hypothesis examined the relationship between

banks compliance with relevant standards and their profitability performance. Yahaya et al. (2012) found that Nigeria banks exhibit positive relationship between compliance with Accounting Standards and performance. They argued that though the Financial Reporting Council of Nigeria (FRCN) require mandatory compliance with issued standards, the body have not sanctioned any defaulting banks and recommended for effective machinery to ensure banks full compliance with the relevant stanadrds.

#### Evaluation of Empirical Studies

The study by Abiola & Asiwah (2012) aligned with quantitative research approach. Variables were stated and well positioned. Research questions were asked and Abiola & Asiwah (2012) discussed the research problem necessitating the need for the current research. The study is well grounded in existing body of knowledge but no clear theoretical or conception framework was identified by Abiola & Asiwah (2012). Literature review was exhaustive and gaps were noticed indicating limitation from prior research in proffering answers to the research questions. Abiola & Asiwah (2012) used descriptive statistics of percentage frequency for data analysis and gave justification for using questionnaire as the sole data collection instrument. There is no indication of randomization of samples and no information as to the sampling method adopted for the study. Effective generalization is grossly impeded by the deficient research design adopted by Abiola & Asiwah (2012). Apart from the scanty percentage distribution formula, the results of the descriptive statistics are not shown. A missed data rate of 25% is actually very high for a sample size of 121 and the summation of the likert options was poorly done. The study contributed extensively to the pile of studies on tax administration in Nigeria. Going by the critical role tax revenue plays in the Nigeria economy, the study has social change implication for contributing to improving the per capital GDP of the country.

Adeyemi & Fagbemi (2010) adopted a statistical model of logistic regression to account for the relationship between the multiple independent or predictive variables and audit quality. This is in coherent with Nachmias & Nachmias (2009) who argued that logistic regression has the singular

advantage of tolerating modeling variables at different levels of measurement over multiple regressions where nominal variables must first be value-coded in numerical terms before it could be measured. Adeyemi & Fagbemi (2010) defended the choice of logistic regression satisfactorily when they argued that logistic regression flows with “outcome variable which is categorical dichotomy and predictor variables which are continuous or categorical” (p. 173). Samples were good representations of the population studied. Valid sample design, inferential and descriptive statistics provided reliable results for confident generalization.

The study fit into existing body of knowledge evidenced from the relevance of the literatures reviewed. Adeyemi & Fagbemi (2010) identified sufficient literature gaps which justified the need for the study. Theoretical and conceptual framework was provided as enabling lens for the study. The introduction however possessed a hazy focus, not engaging to readers, and misleading in purpose and objectives. Adeyemi & Fagbemi (2010) claimed “the main focus of the study is the examination of the relationship between audit committees and fraudulent financial reporting” (p.170), and stated again that “the study specifically identified the following objectives” (p. 170). Too many conflicting objectives and purposes were stated for the study. The research questions were round tripped with the same question being reframed and presented as separate ones.

When Adeyemi & Fagbemi (2010) argued that very little research has been conducted in countries where capital markets are less developed they did not substantiate this claim with any empirical authority. The general organization of the paper was good with each part connecting coherently with the next. No specific sampling strategy was disclosed, and in-text citations were very few leaving profound statement with no authority. Adeyemi & Fagbemi (2010) were not careful in the choice of word which aligns with specific research method. For example, when they stated that “this study explores” (p. 170), it terms to mislead readers that the study is a qualitative design and not a quantitative study. The study however, is significant as it provides evidence on audit quality and corporate governance in developing economy. Adeyemi & Fagbemi (2010) has social implication as

it could lead to better financial reporting, increased public confidence, investment and growth.

Ahmed & Wahid (2010) adopted a quasi-experimental quantitative design using secondary data and survey questionnaire to garner sufficient data to test the hypothesis. Data were subjected to statistical analysis using traditional time series for causality, newly developed panel unit root and co integration techniques. According to Ahmed & Wahid (2010) the panel co-integration technique exhibits statistical superiority hence it captures cross-country heterogeneity and data non-stationarity. The study is methodologically sound. The adoption of quasi-experimental approach is due to inability to fully control for other causal factors to economic growth in sub-Saharan Africa. Research questions were asked in line with stated hypothesis and Ahmed & Wahid (2010) clearly stated the purpose of the study.

Research problems were sufficiently discussed; literature gaps and limitations in respect to prior research were noted, giving justification to the study. The article filled academic gap, add to body of knowledge and grounded on exiting theoretical framework. Ahmed & Wahid (2010) exhibited strong implication for macro-economic policy formulation in sub-Saharan African, as the region seeks to attract foreign direct investment, attain financial stability, economic growth, and improve the infrastructural needs of the people.

The study adopted blended approach of data collection aligned with qualitative method. According to Chiang & Northcott (2010) they used interviews and document analysis as interpretive methodology to access and analysis the data. They posited that interpretive methodology enables researcher to study meaning which the actor derived from the action. It aims at understanding the phenomenon from the perspective of the subject. Chiang & Northcott (2010) advanced reasons for combining research interviews with interpretive perspective as it “revealed the previously opaque perceptions and experiences of the practicing auditors at whom AGS 1010 was directed” (p. 206). Chiang & Northcott (2010) ensured credibility of design by “theoretical generalizability” (p. 206) and achieved

validity by conveying observation from multiple respondents.

Interviews were transcribed and Chiang & Northcott (2010) used NVivo 7 version of QSR software for analyzing data. NVivo 7 is software fit for analyzing themes and categories which emerge from interviews protocol. According to Creswell (2007) NVivo QSR could aid considerably in organizing qualitative data into themes and categories. Chiang & Northcott (2010) gave justification for the study and extended academic dialogue in corporate sustainability reporting, global reporting initiatives, and environmental accounting and audit. The problem statement was exhaustive, purpose of study was stated and Chiang & Northcott (2010) identified gaps in prior research which added to the justification for the present study. Moreover Chiang & Northcott (2010) indicated limitations inherent in the existing audit standard, the AGS 1010 needing further research and study on environmental reporting issues.

The search for environmentally friendly initiatives makes Chiang & Northcott (2010) a veritable voice for social change. Environmental disaster associated with Exxon Valdez, Chernobyl, Love Canal, Union Carbide et Bhopal, the explosion of the Azf chemical plant in France, and the measure coal-ash spill at a Tennessee value authority power plant are events which portent great danger to humanity, therefore the study by Chiang & Northcott (2010) is a wakeup call on the need for standardization of responsibility reporting which impacts on environmental survival. The study could be said to be a contributing voice to the enactment of Sustainability Standards by the International Accounting Standards Board.

The study by Christenson (2011) clearly stated the purpose of study and advanced research questions. Though a qualitative exploration, no clear approach was stated for the study. The article is well organized into parts and the finding is properly communicated. The study identified sufficient literature gaps and prior research limitations which necessitate the need for the study. The article has moral and economic implications for developing nations battling to tame the tides of corruption and maximize revenue for infrastructural development. The study is a bold step

at addressing high profile corruption which undermined territorial boundaries and reproaches the integrity of nations. Christenson (2011) stated precisely that “Tax havens set out to undermine national sovereignty and democratic forms of government” (p.192). By this study Christenson (2011) made valuable contributions to global efforts at addressing corruption and financial crimes inhibiting economic growth in Sub-Saharan Africa.

Christenson (2011) is a scholarly step at unmasking the mafia parading corridors of powers of most nations. The study has implications for social change as it is a wakeup call on world leaders to join forces and rise with concerned efforts at taming the activities of tax havens so as to preserve the territorial and economic integrity of nations in other to improve the welfare of the suffering masses.

Ezeoha and Ogamba (2010) is an analytical review of the Nigeria tax system and administration. The study is not based on a sound empirical investigation other than a detailed literature review. Theoretical postulations were made and purpose of study stated but Ezeoha and Ogamba (2010) did not carry out any sampling neither did they disclose population to be studied. The authors stated and discussed the problem of the study and followed up with analysis of relevant literature. Ezeoha and Ogamba (2010) did not show justification for the study as their literature review did not identify any deficiencies or gaps in existing literature. The authors claimed originality for their study as the “first to examine the likelihoods of an inefficient tax environment to reduce the appeal-of tax shield as an incentive to debt financing “(p.5). Yet the total findings emanated from the literature review and more so the study did not establish any gaps or limitation in prior studies.

The study by Ezeoha and Ogamba (2010) had strong implication for the revenue profile of the Nigeria economy. Tax revenue is the second largest source of revenue after oil and the effective harnessing of the tax proceeds will positively impact on the growth of the economy.

The study by Fichtner (2010) adopted a qualitative narrative approach. The purpose statement was stated in confused terms. Fichtner (2010) at one

point stated that “A key focus .....was to identify” (p.231) and at another said “in order to measure the international growth of mandatory audit committee, this article researched” (p.23). It was Patton (1990) who held that the word ‘measure’ is more aligned to a quantitative research design where the approach is to measure relationship or association between variables and not in a qualitative design as this. It was not clear that the author drew samples for the study other than a documentary review of audit guidelines issued from country to country. There was no indication that the author used either interview or observation to gather data for the study. Data was not analyzed to identify emerging themes. Fichtner (2010) wished to understand if audit committee actually reduces the like-hood of fraud, occurrence of error, and non-compliance qualification.

Research studying the impact of audit committee on other outcomes would be better done using a quantitative approach. According to Creswell (2007) research problems and questions are the drivers of research methods and approaches. Since the study by Fichtner (2010) sought to examine the relationship between audit committee under the conceptual framework of Sarbanes-Oxley and the reporting quality, it would be better done under a quantitative design.

Fichtner (2010) argued that the study would be of direct interest to policy makers and regulators of stock exchange markets throughout the world. Audit independence enhances financial reporting and transparency, leads to growth in the business activities, and attracts foreign direct investment which translates to high employment rates, improvement in the quality of life and economic growth. The study is critical for economic growth of developing nations anchored on better corporate reporting.

Theory of financial Crime by Gottschalk (2010) is resourcesful and very engaging to readers. The study is a narrative essay which showed the clear theoretical paths of most criminal behaviors. The literature review is very exhaustive and Gottschalk (2010) presented sufficient theoretical framework as lens for the study. The organization of the study is deficient of a scholarly article. The article is written

without being organized into parts indicative of a research work. There is no problem statement and what Gottschalk (2010) claimed to be the purpose of study were simply research questions. Gottschalk (2010) in the abstract stated that the research design, methodology, approach were theoretical search through the three main streams of financial crime theories. At best the study did not indicate a clear research method of inquiry. No evidence displayed of data collection and sampling and there was no indication of any finding or result from the study. The whole content of the study could pass for a detailed literature review and academic conference discussion paper.

The study by Gottschalk (2010) revealed great insight into multiple theories of crime prevention, detection, and management. The study is a scholarly work which had strong implication for crime reduction and extends the body of knowledge on criminology.

The study by Nahar & Yaacob (2011) made valid contribution in the area of good governance and transparent reporting by awqaf institutions. Nahar & Yaacob (2011) extended the existing knowledge base on the concept and practice of accountability of endowment funds. Nahar & Yaacob (2011) triangulated the approach to guide against loosing or misrepresenting parts of the interview which may prejudice the data analysis process. They argued that the triangulation of data analysis method “aims at addressing both the reliability and validity concern in qualitative approach” (p.100). According to Nahar & Yaacob (2011) the exploratory nature of the research informed the adoption of qualitative approach which offers the opportunity of collecting and studying of information-rich data for deeper understanding of the phenomenon.

They held that such understanding is not obtainable by measurement or quantification process peculiar to quantitative research. Nahar & Yaacob (2011) however admitted they adopted multiple analysis process which included content analysis, descriptive statistics, and cross tabulation. They claimed further that they adopted two specific ratio calculations to provide quantifiable measure of accountability. The mixture of data analysis process renders the study a mixed methodology rather than just blended

approach in a qualitative design. There is therefore incoherence in identifying methodologies for the study. Nahar & Yaacob (2011) showed several justifications for the present study: They posited that “analyzing accounting reporting and accountability issues in a single organizational setting systematically controls for various “noise” arising from multiple setting approach (p.97) was a necessity for valid conclusion. Nahar & Yaacob (2011) justified the adoption of accountability framework developed by Stewart (1984) when they argued that its use enables the location of the quantification nature of financial reporting within the fiscal accountability. Purpose of study was stated but the study lacks clarity in the problem statement.

Nahar & Yaacob (2011) is highly informative in application of accountability in a religious setting. It challenged the hidden ill that could result in covert handling of religious funds and sought to bring to the public glare the potential mismanagement which could occur. Islam is a rising phenomenon in Nigeria as such the study is most relevant in providing managerial competence to the ever-increasing Islamic leaders, as they seek to improve the welfare of adherents through charitable organizations.

Oyerinde (2009) is a quantitative empirical investigation of the relationship between accounting information and value of shares in the Nigeria stock market. The author reviewed relevant literatures and noticed that no study has explored the subject in Nigeria. Oyerinde (2009) claimed the study was targeted to fill this research gap and built on existing body of knowledge. Oyerinde (2009) controlled for other variables of speculation, forced sales, gambling and rumor which could influence prices of stock. The purpose of the study was clearly stated. The research problem was discussed and variables properly positioned. Oyerinde (2009) however did not state any hypothesis for the study but this does not present a limitation to the study as according to Creswell (2009) a researcher adopting a quantitative method may choose to state the research problem and dispense with hypothesis or state the hypothesis while doing away with research questions. Oyerinde (2009) focused on 30 listed companies for the study. According to her the selected companies exhibit the highest earnings yield on the Nigeria stock market

over the year 2001 to 2004. For a quantitative study the sample size of 30 is small to enable valid generalization to the entire market participants.

The sampling strategy adopted by Oyerinde revealed a convenient purposeful sampling strategy which could inform deeper insight and understanding but such strategies align with qualitative method of inquiring not when the researcher is seeking to study relationship between variables using a quantitative design. A convenient random sampling is permissible for a quantitative design but certainly not a purposeful sampling, Nachmias and Nachmias (2008) and Creswell (2007). Moreover, there was no randomization of samples. This implies subjectivity in the selection process, a factor critical for impeding generalization. Oyerinde (2009) justified the choice of 4 years used on the ground of rapid growth in Nigeria stock market at the time. A longitudinal study spanning over seven years would yield a more reliable result. Another impediment on Oyerinde's (2009) ability to generalize findings is the data collection strategy adopted. The study depended largely on secondary data and observation. A quantitative research devoid of survey would limit the volume response and consequently limit the data size. The result of the study however, could help accelerate the capital market development, industrial and economic growth in Nigeria.

Seetanah & Rojid (2010) made substantial contributions to the body of knowledge on theories of economic growth, accounting, and concept of liberalization. The problem of study was exhaustively discussed and literature review was detailed to afford a firm and holistic grip of the subject of study. Investment in physical human capital, sound government policies, foreign direct investment, efficient financial market and their roles in promoting economic growth in developing countries received sufficient analysis. Seetanah & Rojid (2010) demonstrated justification of the selected countries as samples for the study. They held that the nations showed commonness in the factors postulated to be associated with economic growth and shared common experiences in GDP growth index over a given period. Moreover, they held that the selected countries enjoy trade liberalization among themselves.

The study aligned fittingly with the theoretical framework of growth accounting and econometric models. The organization of the paper was coherent and deductible. The study is engaging and communicates effectively to readers. Literature gaps were noticed and justification was shown for the present study in filling such gaps. Seetanah & Rojid (2010) argued that “no prior research tested the assumption of identical technologies across countries” (P. 371). Data was analyzed using rich statistics. Cob-Douglas production function was adapted in a regression models to test the relationship between the variables and provided answer to research questions. The article is highly informative and instructive for policy formulation in achieving sustainable growth of developing countries. The study is a rich contribution to the academic dialogue on factors constraining economic growth in sub-Saharan Africa.

Ujunwa et al. (2012) was exhaustive and objective in the literature review. They were not economical with analysis of research which challenged their hypothesis. The authors identified research limitations and literature gap which made their work necessarily compelling. According to Ujunwa et al. (2012) empirical study on the Nigerian financial system is scant, underpinning the justification for the study. The study aligned with the theory of financial structures. Ujunwa et al. (2012) analyzed bank based theories through banks efficiency, size and activities, while market based indicators were identified as the market size and market efficiency. The financial system is indicated by the average of the bank based and market based indicators. According to Ujunwa et al. (2012) the legal services indicators are measured by the proxies of “autostay, manages, secured, and creditors” (P.232).

The study employed the econometric methodology in a time series investigation covering 12 years and adopted a serial linear multiple regression to test the effect of the many predictor variables on the economic outcome. Ujunwa et al. (2012) effectively controlled other variables that could account for the outcome of the study in other to generalize with confidence, the effects of the experimental groups. Ujunwa et al. (2012) claimed that their study has policy implication for the Nigerian government and

indeed all developing economy seeking to understand the interplay of the variables studied. The article made valid contribution and extends knowledge in addressing the upheavals of financial instability bedeviling third world economies. Ujunwa et al. (2012) had implication for social change as they provide strong analytical information challenging the free market theory and the need for government intervention in addressing the global economic crises.

The purpose of the study by Yahaya et al. was clearly stated, as the investigation of the relationship between levels of compliance with reporting standards and performance of Nigerian banks. Yahaya et al. (2012) revealed sampling information and aligned the study to conceptual, empirical, and theoretical framework. Yahaya et al. (2012) was grounded on the empirical framework of disclosure practices, company size and profitability; conceptual framework of accounting standards, standardization, and efficiency; and theoretical framework of stewardship. The study employed randomization in sample selection and used descriptive and inferential statistical tools for its data analysis. Yahaya et al. (2012) gave justification for the use of the formulated model instrument by Wirnkar and Tanko (2008) and CAMEL rating system. “CAMEL” according to Yahaya et al. (2012) stands for Capital adequacy, Assets quality, Management quality, Earnings ability and Liquidity. Yahaya et al. (2012) carried out the hypothesis testing by using the Pearson correlation statistics.

Variables were clearly positioned by the authors, and valid generalization made by randomizing the sample selection. Literature review was exhaustive and gaps were noticed in prior research giving credence to the need for the present study. The study made good contribution and extends the existing literature on banks performance. Yahaya et al. (2012) had implication for social change as banks compliance to standards would impact positively on investor’s confidence. The study however suffered some methodological limitations. Yahaya et al. (2012) did not identify any mediating variables and how to control for its/ their effects on banks performance. Bank performance could be predicted by other variables such as market condition, and other

macroeconomic activities but the author did not account for these.

The fact that the study sought to examine factors of capital adequacy, assets qualify, management qualify, earnings ability and liquidity as proxies for performance requires that the authors use statistical multivariate rather than mere association by the use of correlation. Research questions were not asked, neither did Yahaya et al. (2012) state the research problem and justification for the study.

#### Conclusion

I have analyzed accounting practice in Nigeria using 15 scholarly articles annotation above. Accounting Theory and Practice, Auditing and Assurance Services, Tax Practices and Matters, and Financial Structure are the proxies for the traditional practice of accounting. In this study I analyzed development of the theory and practice of Accounting, Audit and investigation, Taxation, financial market development, and the roles they play in shaping economic growth in Nigeria. This is followed up by annotated bibliography as empirical review of relevant articles.

A Synoptic Review: Integrated Analysis

#### Accounting Information and Practice in Nigeria

Accounting information is losing relevance in Nigeria. This has strong direct implication for shares pricing in the Nigerian stock exchange and causing information gap for would-be-investors. Oyerinde (2009) argued that accounting figures were not reliable and dependable. Share holders in Nigeria are beguiled to part with their money due to misleading accounting information only to wake up with shocking realities of loss of share values. Scholars have found that the financial reports prepared by listed companies in Nigeria are of low quality, full of window dressing and substandard.

According to Oyerinde (2009) this has strong implication for the economy as public confidence on the accounting figures and invariably the stock market is on the decline. Another reason for the low quality accounting information is that preparers of the financial statement do not comply with accounting standards. It was Yahaya et al. (2012) who argued

that Nigerian banks do not comply with relevant Accounting standards in the preparation of their financial statement. The result is that the banks engage in earnings management, income manipulation, and falsified report.

In view of the crucial role banks play in the management of the nation's economy, their failure to fully comply with relevant standards portends serious dangers to the growth of accounting practice in Nigeria. Yahaya et al (2012) found that in the face of glaring disregard for the provisions of Companies and Allied matters Act, 1990; and the accounting standards, no defaulting banks have been sanctioned in the last two decades. It is of little wonder that Nigeria have recorded alarming incidences of banks failures in the last two decades. According to Yahaya et al. (2012) challenges faced by Nigerian banks include illiquidity, unprofitability and poor assets base, yet these alarming trends are not revealed in their financial statements.

The functions of banks in any economy cannot be overemphasized, hence they manage firms' assets and liabilities, mobilize deposits, manage the nation's monetary policy, and provide credit and professional services to the citizens. Yahaya et al. (2012) argued that banks act as catalyst to national development. It is therefore expedient that banks exhibit the best practice in preparing their financial statements. Their failure to imbibe sound accounting practice is a clear evidence of the failure of regulatory agency to ensure compliance, and indicates poor accounting practice in the vital sector of the economy.

Drawing a comparison between Nigeria and Malaysia where Nahar and Yaacob (2011) studied the management, accounting, and reporting of the cash awqaf (donations) institutions, the formal is lacking in the institutionalized standards and accountability of religious trust funds and not-for-profit organizations in the country. Accountability as it applies to corporate reporting under not-for-profit making organizations, non-governmental organizations, churches and mosques, cooperative societies, and clubs and societies in Nigeria are laden with under-the-table deals and non-standardized reporting. A lot therefore needed to be done to

strengthen the concept and development of financial accounting practice in Nigeria.

#### Auditing and Assurance Services

Another proxy by which accounting practice could be assessed is the qualities of auditing and assurance services available in the country. A strong audit is positively related to high quality financial reporting and economic growth. Audit quality predicts the pattern of corporate governance which influences the quality of financial reporting and investors' confidence. Audit quality is indicated by the level of audit independence. Adeyemi and Fagbemi (2010) argued that audit independence and improvement in audit quality have been pursued moderately by the Nigerian audit profession but held that a lot needed to be done to ensure a higher level of audit independence is attained in Nigeria.

The Nigerian audit profession lack the needed levels of independence required to ensure high quality reporting. This is because the auditor in the public service is made subject to the chief executive of ministries, departments and agencies and those in private practice have not exhibited strong reporting independence. Adeyemi and Fagbemi (2010) held that low audit quality in Nigeria has social economic implication for public confidence in financial reports, investments and economic growth.

Another dimension from which to appraise the qualities of auditing and assurance services is the role of financial auditors in providing environmental assurance services in financial reports disclosure. Environmental accounting according to Chang and Northcott (2010) is an emerging concern in corporate reporting. They argued that due to business failure with significant adverse environmental impact, public concern regarding environmental issues is on the increase. Public confidence on financial audit reports in Nigeria is impeded by the negative environmental impact of bank failures and collapse of many public interest entities which had exhibited clean audit report prior to their demise Adeyemi and Fagbemi (2010). In other to improve on audit quality and enhance auditors' independence in Nigeria I concord with Adeyemi and Fagbemi (2010) who held that nonexecutive directors' ownership, size and

leverage of the firm significantly have relationship with audit quality. The regulatory agencies such as the Securities and Exchange Commission, the federal reporting council of Nigeria and public accounts committee of the national assembly must begin to give force to the provision of the law requiring all publicly listed companies to establish audit committees.

Audit committee would lead to higher audit independence and enhanced financial reporting and transparency necessary for business growth, attraction of foreign direct investment, lower unemployment rate, improvement of qualities of life and economic growth. According to Fichtner (2010) audit committee is crucial for the monitoring of reliability of accounts and serve as mechanism for checking the external auditors. The absence of which empowers management to negotiate audit reports. The Nigeria auditing standards as a guide to audit function does not provide sufficient sanction for compromise of audit independence and quality as it lacked enforceability.

Denigration of audit quality in Nigeria continues unabated as management exercise large influence on the final audit report. A major cause for worry is the dual audit report separating the accounts from the management or domestic report. The management report consists of auditors' observation of inherent weakness in the accounts and his recommendation to management on steps to strengthen the internal control, while the accounts contain the financial reports and statement of the affairs of the establishment. The concern here is that weakness in the accounts as disclosed in the management report may be sufficient to qualify the accounts.

The management report is prepared exclusively for management consumption while the 'account' is advertised to the public as record of the company's performance. The dual reporting nature enables auditors subjectively as to what constitutes substantial and material enough to qualify the accounts. By concealing weakness in the management report, transparency is compromised. Auditing practice in Nigeria is substandard, of low quality and have not improved on corporate reporting and public confidence.

## Development of Tax Practice in Nigeria

Tax revenue is a major source of revenue for the execution of public expenditure of a nation. The administration of tax abets the tax laws of a country impact directly on the economic growth of that nation. Tax income is the second largest source of revenue available to the Nigerian government Abiola and Asiweh (2012). The effective execution of tax policy and laws in developing countries has been the worries of scholars Abiola and Asiweh, (2012); Ezeoha and Ogamba, (2010); and Christenson, (2011).

Tax is effective machinery for equitable wealth distribution, provision of revenue for public expenditure to execute provision of social amenities and regulate economic activities. In Nigeria tax revenue provides the needed succor due to oil fluctuations in the global market. Abiola and Asiweh (2012) argued that management of tax in Nigeria is ineffective and unproductive as it is ridden with inefficiencies, ineffective collection system, multiple tax and jurisdiction, complex and weak legislation, and large scale evasions.

Nigeria presidential committee on tax policy has on its front burner the encouragement of economic growth and development/attainment of stable economy, fairness and equitable wealth distribution, correction of market failure, and generation of stable revenue but the inherent weakness in the tax system impedes the realization of these noble objectives. For Nigeria to derive the optimal benefit and harness the revenue due from tax proceeds there is a need for radical reform addressing corruption, multiple taxes and strengthening of the legislation and collection machineries.

A lot of taxable individuals, business firms and corporate entities are operating outside the tax net in the country. Consequently, unquantifiable huge sum of revenue is being lost to tax evasions in Nigeria. Christenson (2011) posited that such group defrauds developing economies of tax revenue and growth of local industries. Illicit multinationals and individuals engage in market rigging, illicit political donations, embezzlement, frauds, bribery, kick-backs, insider trading and secretive legal instruments to evade tax

Christenson (2011). Consequently, the country annually loses huge revenue leading to insufficient funds to executive public expenditure and economic growth. Tax havens consisted of international networks of individuals and corporate entities operating to undermine the national integrity of the country, as they loot away untaxed proceeds through illegal repatriation of investment returns without accountability. Nigeria lack adequate data base of individuals and organization business outfits.

Due to poor accounting culture, most sole traders cannot assess their taxable incomes. The proposed tax reform will address multiple taxation, overlapping jurisdiction, corruption, and ineffective legal system. Ezeoha and Ogamba (2010) posited that multiple tax system is a disincentive to willing compliance with tax obligation, and that multiplicity of tax laws cause interpretive confusion. In Nigeria the three tiers of government exercise jurisdiction over collections of taxes and revenue often resulting in conflicts and incoherence.

A reform should address the legislation, revenue bottlenecks and overlaps in collection jurisdiction. The government should show up its fight against corruption. Ezeoha and Ogamba (2010) posited that one of the banes of tax administration in Nigeria is the corruption of tax officials and tax administrators. No structural and legal reform of tax administration in Nigeria will lead to effective tax administration without corresponding improvement in qualities of financial reports and corporate governance.

The absence of virile accounting culture makes it difficult to adequately account for tax payers in the country. It is therefore expedient to promote a strong culture of accountability in Nigeria business environment in other to properly bring all taxable persons within the tax net, which will lead to more revenue for public expenditure and economic growth. Another area of interest for the proposed tax reforms is the availability of many tax shields providing tax avoidance shelters for unwilling tax payers.

A tax payer may seek to avoid tax by taking advantages of gaps in lax legislation or maximize every possible use of tax shield either as debt or non-debt shelters. The recourse to tax shelters is often a

product of disorientation with unfriendly tax legislation Ezeoha and Ogamba (2010). Tax laws in Nigeria are crafted by inept and unintelligent legislators who could not anticipate laxity clauses inherent in the eventual laws. Such tax laws give room to manipulation by tax payers seeking shelters leading to loss of huge revenue to the government.

There should be active involvement of professional accountants and lawyers in the conceptualization and crafting of the proposed tax reforms. The implication of effective tax administration in Nigeria is the social economic impact of the revenue accruing thence as the second largest source of revenue after oil in Nigeria. Elimination of gaps and lax in the financial statements, harmonization of the various tax laws, transparency in corporate reporting, and enhance qualities of auditing and assurance services will guaranty maximum revenue accruing from tax proceeds and lead to economic growth and development of Nigeria.

Accounting practice has come a long way from the pre-colonial era to the 21<sup>st</sup> century. There has been monumental development in the training and development of the human capital. From the restrictive roles of preparing and recording financial transaction, the Accountant has grown in ranks in the body polity of the nation as a management expert. The scheme of service of the federation provides that an Accountant could rise to the peak in the service like any other profession. The concern of this paper is the growing abstractness between concepts and theories of accounting training and measurable public practice. Apart from the rudimental operational record keeping, much is yet to be seen in the actual practical competences of many professional certificates carrying members who can better be described as inept in practice, shallow-minded in conceptual appreciation, confused in skills, lost in technocracy and disoriented in commitment.

The growing gap between the concept and practice has raised grave concerns about the efficiencies of our training curricula and called to question the relevance of existing professional bodies. Mainoma & Aruwa (2012) recommend the solid interactions of technical qualities and academic empirical accounting research to bridge the widening gap. In

their squirming reactions to mountains of criticisms Mainoma & Aruwa (2012) argued that proponents of 'vote of no confidence' have not produced empirical evidence to support their judgment and held that skills acquisition may not be the only determining factor in appraising efficiency of a profession. Good fight! Do we need to be dogmatic about this debate? The rot is with us. Do we need anatomic evidence to prove the existence of the man that stands body, soul and spirit before us?

I have great reservation about the defense of our profession advanced by Mainoma & Aruwa (2012). We have accountants who cannot straighten out a simple reconciliation statement, who cannot produce a reliable cash-flow statement, who cannot write a feasibility study, who cannot comprehend the disclosure requirements, who even find it extremely difficult to produce a bank reconciliation statement, who cannot separate between the concept and conventions of accounting. Something is terribly wrong and we must admit it. The lamentable state of affairs was ironically carried by Mainoma & Aruwa (2012) when they posited that the low education level of teaching staff and absence of sound post graduate trainings, accounts for the weakness in Nigerian accounting education. Even at professional fora such as MCPDs, practitioner's forum etc. the hardcore areas of challenges are avoided in the discourse while attention is paid to political and theoretical dialogues.

## V. EMERGING CHALLENGES

Accounting is dynamic and calls for a constant life-time of reading and research to reposition practice and embedded skills. The development of forensic accounting, accounting in ICT world, responsibility accounting, the global financial reporting standards, oil & gas accounting, environmental accounting, sustainability reporting and accounting for human assets etc have added yet more burdens on the traditional accountant. The traditional accountant is one who mysteriously manage through the university and professional training by the art of hooks, winks, or the working of luck and is content with mere annual increment and unmerited promotions in the public service, he/she is fully embedded in his incumbent occupation, satisfied with status-quo, no matter the abuse to his person and integrity, whose

'horoscopic' dream is to continue so, and probably end as director of finance or chief accountant of his establishment, a position that guarantee the exchange and passage of brown or blue envelopes. He is not inspired and not innovated. He/she is a bad representative of the discipline and unfit ambassador of the profession.

According to Ng and Feldman (2010) job/organizational embeddedness destroys employees' potentials to build social and capital structures, and lead to a number of negative outcomes such as impeded external job mobility and career development due to low networking opportunities, and reduced opportunities for self-development through new skills acquisition. It was Effiong (2012) who argued that presently, few Universities in Nigeria offer forensic accounting and where trainings exist in these emerging faculties, they are awkwardly imparted and shallow in depth and magnitude.

#### CONCLUSION

From the foregoing, accounting practice in Nigeria is at its low developmental stage. The practice is ridden with substandard practice, regulatory irresponsibility and ill coordinated reporting. Management discretion is high and earnings management is a common feature leading to fraudulent practices and fictitious reporting. Practitioners are inept in conceptualization of theoretical cognitive requirement and there is a harrowing gap in the intellectual comprehension of best practices. There is palpable bankruptcy in effecting the underlining principles and effectively connecting practices to theory.

The introduction of the International Financial Reporting Standards aims at reinforcing the concept of accountability and transparency as the adoption carries with it, huge disclosure requirement but it has brought a lot of intellectual challenges to academics and practitioners in the field. It is therefore incumbent on stakeholders to put all hands-on deck to ensure revolution of knowledge and practice of accounting in Nigeria. It is therefore compelling needful to conceptualize projects which will lead to connecting theories with practice, and expand the knowledge horizon of accounting practitioners and the Nigerian business community, through a drastic

paradigm shift in curriculum development and policy formulation for more people to access relevant trainings and acquire the needed skills to raise the stakes of practice.

#### RECOMMENDATION

If Nigeria would attain the vision 20:20:20, then all hands must be on deck, including the hands that counts the money and punches the calculators. Otusanya (2011) decried the unethical practices aligned with incompetence of today's accountants, when he stated that recently accountants have been neck-deep in harmful anti-social behaviors, and reiterated the importance of accountants as the external watch-dogs of stakeholders in the economy. The professional bodies should stop playing politics with resourcefulness of members; translate trainings from the concept tables to practical professional workshops. The choice of resource persons to these workshops should be depoliticized, while these agencies should emphasize researches by making grants available to empirical scholars. The universities obviously need restructuring. The colonial methodologies should be halted and curriculum borrowing should underscore innovations.

#### REFERENCES

- [1] Abiola, J. & Asiwah, M. (2012). Impact of tax administration on government revenue in a developing economy: A case Study of Nigeria. *International Journal of Business and Social Science* 3(8), 99-112. Retrieved from [www.ijbssnet.com/journals/vol\\_3\\_No\\_8\\_spreical](http://www.ijbssnet.com/journals/vol_3_No_8_spreical)
- [2] Adeyemi, S. B. & Fagbemi, T. O. (2010). Audit Quality, Corporate Governance, and Firm's Characteristics in Nigeria. *International journal of business and management* 5(5) 169-179. Retrieved from [www.ccsenet.org/ijbm](http://www.ccsenet.org/ijbm)
- [3] Ahmed, A.D. & Wahid, A.N.M. (2010) Financial Structure and Economic growth Link in African Countries: A Panel Co integration analysis. *Journal of Economic Studies*, 38(3), 331-357. doi:10.1108/01443581111152436

- [4] Chiang, C. & Northcott, D. (2010). The audit consideration of environmental matters: Best practice or business as usual? *Pacific Accounting review* 22(3) 199-223: doi: 10.1108/01140581011091675.
- [5] Christenson, J. (2011). The looting continues: Tax havens and conception. *Critical Perspectives on International Business*, 87(2), 177-196. doi:10.1108/17422041111128249
- [6] Effiong, E. J. (2012). Forensic Accounting education: An exploration of level of awareness in developing economies-Nigeria as a case study. *International Journal of Business and Management*, 7 (4), 26-34. DOI:10.5539/ijbm.v7n4p26.
- [7] Ezeoha, A.E. & Ogamba, E. (2010). Corporate Tax Shield or fraud? Insight from Nigeria. *International Journal of Law and Management*, 52(1) 5-20. doi:10.1108/1752431011018516.
- [8] Fichtner, J. R. (2010). The Recent International Growth of Mandatory Audit Committee Requirement. *International Journal of Disclosure and Governance*, 7(3), 227-243. Retrieved from [www.palgrave\\_journals.com/jdg/doi,10.1057/jdg.2008.29](http://www.palgrave_journals.com/jdg/doi,10.1057/jdg.2008.29)
- [9] Gottschalk, P. (2010). Theory of Crime. *Journal of financial crime*, 17(2), 210-222. doi:10.1108/13590791011033908
- [10] Mainoma, M.A.M., & Aruwa, S.A.S. (2012). Accounting research and the development of accounting profession in Nigeria. *International conference on research and development, University of Ghana, Accra*. Retrieved [http://nsukonline.academia.edu/nsukedungacademiaedu/Papers/234015/Accounting\\_Research\\_and\\_the\\_Development\\_of\\_Accounting\\_Profession\\_In\\_Nigeria](http://nsukonline.academia.edu/nsukedungacademiaedu/Papers/234015/Accounting_Research_and_the_Development_of_Accounting_Profession_In_Nigeria)
- [11] Nahar, H. S & YaacYaacob, H.(2011). Accountability in the sacred context: The case of management, accounting, and reporting of a Malaysian cash awqaf institution. *Journal of Islamic Accounting and Business Research*, 2(2), 87-113. doi:10.1108/17590811111170520.
- [12] Ng, T.W.H., & Feldman, D.C.(2010).The effects of organizational embeddedness on development of social capital and human capital. *Journal of Applied Psychology*, 95 (4), 696-712. DOI: 10.1037/a0019150
- [13] Obokoh, L.A. & Asaolu, T.O. (2012). Examination of the Relationship Between Financial Market Liberalization and the Failure of Small and Medium Sized Enterprises in Nigeria. *International Business Research*, 5 (1), 182-193. doi: <http://dx.doi.org/10.5549/Ibr.v5n/p182>
- [14] Ogujiuba, K. & Obiechina, M.E. (2011). Financial sector reforms in Nigeria: Issues and challenges. *International Journal of Business and Management*, 6 (6), 222-233. DOI: 10.5539/ijbm.v6n6p222.
- [15] Okpara, J.O. (2011). Factors Constraining the Growth and Survival of SMEs in Nigeria: Implications for Poverty Alleviation. *Management Research Review*, 34(2) 156-171. doi:10.1108/01409171111102786.
- [16] Otusanya, O. J. (2011). The role of professionals in Anti-social financial practices: The case of Nigeria. *Accountancy, Business and the Public Interest* (2011), 43-93. Retrieved <http://visar.csustan.edu/aaba/otusanya2011.pdf>
- [17] Oyerinde, D. T. (2009). Value Relevance of Accounting Information in Emerging Stock Market: The Case of Nigeria. *Proceeding of the 10<sup>th</sup> Annual conference, IAABD. African business and development*. Retrieved from [http://www.iaabd.org/2009/laabd\\_proceeding&tracklb.pdt](http://www.iaabd.org/2009/laabd_proceeding&tracklb.pdt).
- [18] Seetanah B. & Rojid, S. (2010) Analyzing the sources of economic growth in Africa using growth Accounting and a panel Var approach. *The Journal of Development Areas*, 44 (2), 367-390. doi:10.1353/jda.0.0094
- [19] Ujunwa, A.; Salami, O. S.; Nwakobi, I. & Umar, A. H. (2012). Financial Structure and Economic Growth in Nigeria: Theory and Evidence. *International Journal of Economics and Finance*, 4(4), 227-228. doi: 10.5539/ijef.v4n4p227
- [20] Yahaya, K. A., Abdulraheem, A., Salman, R.T. & Etudaiye-Murhtar, O. F. (2012). Relationship Between Level of Compliance with Statement of Accounting Standards and Performance

of Nigeria Banks. *International Journal of  
business and management*, (7) 6, 128-136.  
<http://dx.doi.org/10.5539/ijbm.v7n6p128>.