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Ethical Accounting Practices and Organizational Productivity in The Banking Sector

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Abstract
The study investigated the impact of ethical accounting practices and organizational productivity in the banking sector. A descriptive survey research design was adopted by the study. Four deposit money banks were considered for the study which are Firstbank Plc, Union Bank Plc, Polaris Bank Plc and Guaranty Trust Bank Plc. A sample size of 24 accountants who are member of the accounting units of the selected banks were utilized for collection of primary data for this study. The collected data was analyzed using descriptive statistics and regression analysis was adopted for measuring and predicting the significant impact of ethical accounting practices on organizational productivity in the banking sector through the use of Statistical Package for Social Sciences (SPSS) version 20. From the findings of the study, it was revealed that ethical accounting practice has significant relationship with the behavior/attitude of accountants in the banking sector ($p<0.004$). The study hence concluded that ethical accounting practice has a significant relationship with organizational productivity in the banking sector because ethical behaviour of the accountants will enhance the attainment of productivity. Based on the findings of the study, it was recommended among others that relevant professional accounting bodies in Nigeria should monitor the activities of their members to ensure that codes of ethics are followed in the preparation of financial statement in the country.
Keywords: Accounting, ethics, dividend, profit, customer

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1. Introduction

Ethical accounting practices revolves round the standards of freedom, objectivity, uprightness, privacy, professional conduct, and capability and due consideration. Disappointment with respect to the practices of accountants or auditors to display due consideration and ingenuity in doing their obligations and absence of trustworthiness encroaches on the reliability of the accounting profession. Accountants and the accounting profession encourage capital amassing (Ahmed, 2003). It has been contended that the role they play in comparable activities is unethical, for instance, accountants offer guidance on mergers yet neglects to think about the ramifications of the activity on workers. Ethical accounting practice is depicted by validity, respectability and incentive in social, expert and academic relationship and it respects the regard, better than average assortment and the benefit of individual and get-togethers of people (Al-Ghazali, 2007; Crane & Matten, 2007).

In recent times, accounting practices in the Nigerian banking sector has witnessed a lot of unethical behaviour on the part of those who needs to be upright in their professional conduct but displayed outright negligence of decency and value attached to the accounting practices in National, professional and scholastic relationship (Ahmed, 2003). It is against this background that this study seeks to determine how ethical accounting practices affect or impact the productivity in the banking sector.

The standards and use of ethics in the accounting profession is an idea that manages the normal conduct and responsibility of the accounting profession. Each profession will in general plan their guidelines of lead recorded as a hard copy as 'code of ethics'. These codes are set to offer direction to the conduct of the accountant as he discharges his obligations, relates with his peers, his customer, his boss and the general population on the loose. Finn, Munter and McCaslin (2004) set that the accounting calling has been established on the thought that moral conduct is a foundation of offering proficient types of assistance to the customer. Shockingly, these codes of ethics have not been clung to as of late.

According to Finn *et al.* (2004), such unethical behaviour or activities by accounting professionals are but not limited to overstating a company's earnings and financial conditions, willfully and extensively falsifying corporate records, lying to auditors, coercing vendors into covering up practices, improper application of accounting principles, making false disclosures, repeatedly violating Generally Acceptable Accounting Principles (GAAP).

According to Donli (2003), the objective of any organization is to have employees act in a way predictable with the organization's critical destinations for instance altering totally with the fundamental convictions, sticking to a code of ethics and planning exercises with feelings over a variety of conditions. In the interim, trustworthiness assumes an essential job in representative example of arrangement, sound good, moral standards and organization productivity. Additionally, truancy, baseless breaks, taking organization property, converting office hardware for individual use, tattling and so forth are qualities of exploitative leads and are at risk to influence organization productivity (Francis, 2010). Coordinating estimations of trustworthiness into the everyday activity of an organization will advance employees moral conduct, forestall harming slips while taking advantage of human senses for moral however/activity and also upgraded supported productivity.

Most organizations have the understanding that the employees' responsibility is key in deciding organization productivity. Moreover, Rajendran and Raduan (2005) opined that worker responsibility will in general guide higher productivity if the representative confidence is upgraded. A submissive worker is seen to be steadfast and remains with the organization even in violent occasions, goes to work consistently, ensures organization's benefits and also shares its objectives. In this way representative responsibility is a significant factor for supported productivity.

The First Professional seminar series to discuss “Ethics and Professionalism in the Nigerian Banking Industry” highlighted some key points as follows: “Greed was identified as one of the causative agents for the high incidence of fraud and other unprofessional conduct in the Nigerian banking industry. There was apparent moral laxity in the larger society. The practice of government employing non-professional managers into critical positions undermines ethical standards and professionalism in the industry”. It was commented that wrongdoing and extortion would keep on thriving, except if the individuals who propagate it are definitively managed. Unreasonable government mandates empower degenerate practices in the banks. A portion of the explanations behind deceptive practices in Nigeria are irreconcilable situation, eagerness, misrepresentation and insider misuse, inner control, guideline, oversight and observation.

Ethical Behaviors in strategic policies lead to business achievement, and a stable budgetary framework. Partner hypothesis endeavors to address the inquiry "what is the motivation behind the enterprise and in whose intrigue would it be advisable for it to be run? From a hypothetical point of view, it is commonly held in business ethics circles that the Stakeholder Theory, by Ed Freeman, emerged as an elective hypothesis to the customary idea of the capacity of business that stressed shareholders as it were.

For Donaldson and Preston (1995) the neutral theory needs of anyone managing or touching company policies to possess, as a key management attribute, the coinciding attention to the legitimate interests of all acceptable stakeholders, each within the institution of structure structures and general policies and in item-by-item higher cognitive process. As seen in Jones, Wicks and citizen (2001) or in Pondar (2006), or nonetheless still Donaldson and Preston (1995), the central argument of the neutral Theory relies on 2 premises: initial, that to perform well, business organizations and their managers have to be compelled to listen to a good array of stakeholders and second, managers have obligations to stakeholders that embody however extend on the far side shareholders (Jones *et al*., 2001). In different words, the stakeholder theory holds that creating profits for the firm and its shareholders, in addition as fulfilling different duties to different are related to the firm are the essence that a firm exists.

The study, therefore, investigated the impact of ethical accounting practices and organizational productivity in the banking sector.

2. Methodology

The study adopted a survey research design because of its relevance to accounting practices. The study population consists of members of staff of four selected deposit money banks in Nigeria which are Firstbank, Polaris Bank, Union Bank and Guaranty Trust bank which consists of twenty five (25), twenty eight (28), twenty three (23) and twenty four (24) members of staff respectively making 100. The sample size were the members of the accounting units of the four banks which are Polaris bank (6), Guaranty Trust Bank (7), Union bank (5) and First Bank (6). These banks were selected because of their proximity to the research area and their performance in the industry. The researcher used test retest to ascertain the coefficient of internal consistency on reliability. Linear regression analysis was adopted for measuring and predicting the future significant impact of independent variable ethical accounting practices on the set of dependent variables of organizational productivity.

Model Specification

The relationship between ethical accounting practices and organizational productivity has been analyzed utilizing multiple regression. The regression model developed basically relates ethical accounting practices with the behavior/ attitude of staff in the banking sector.

Where Y=f(x)
I.e. Y= Dependent variable (organizational productivity)
X=Independent variable (ethical accounting practices)
This means that Organizational productivity is a function of ethical accounting practices.
The result is a multiple regression model which is shown below:

Y= $a_0+\beta_1 X_1$+U…………… (4)

Where:

Y = BAS (behaviour/ attitude of staff)
a_0= Autonomous
x_1 =EAP
U = Error

3. Results

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.760[a]	.724	.713	3.037

Dependent Variable: is there any relationship between ethical accounting practices and the profit of the bank
Predictors: (Constant), does the ethical accounting have effect on the profit of the bank

R = 0.760 or 76%
R^2=0.424 or 42.4%
Adjusted R^2= 0.136 or 13.6%

The coefficient determination (R^2) shows how good is the fit of the regression line to the sample observation of the dependent and independent variables, from the research result, R^2 =0.424, or 42.4%. This implies that about 42.4% of the total variation in the dependent variable i.e. profit of the deposit money banks is being explained by the independent variables i.e. ethical accounting practices. While the remaining 57.6% is due to error term or factors not captured within the model.

Adjusted R^2 of 0.424 is an indication that haven considered the likely error (Error term), that may influence the study's result; the independent variables (EAP) still explained 42.4% of variation in dependent variables.

Test of Hypothesis
There is no significant relationship between the behavior and attitude of the staff and the ethical practices.
The regression model for the analysis to investigate Ethical accounting practices and behavior/ attitude of staff is shown below:
Y= a_0+$\beta_1 X_1$+U……………
Where:

Y = BAS (behaviour/ attitude of staff)
a_0= Autonomous
x_1 =EAP
U = Error

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640[a]	.800	.912	.826

Predictors: (Constant), does the bank encourage or motivate ethical accounting practices, greed and lack of professional training are responsible for the high incident of unethical practices in the firm (if there is)

R = 0.640 or 64.0%
R^2 =0.800 or 80%
Adjusted R^2 = -0.912 or 91.2%

The coefficient determination (R^2) shows how good is the fit of the regression line to the sample observation of the dependent and independent variables, from the research result, R^2 =0.800, or 80%. This implies that about 80% of the total variation in the dependent variable i.e. dividend payment of the deposit money banks are being explained by the independent variables i.e. ethical accounting practices. While the remaining 20% is due to error term or factors not captured within the model.

Adjusted R^2 of 0.800 is an indication that haven considered the likely error (Error term), that may influence the study's result; the independent variables (EAP) still explained 80% of variation in dependent variables.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.128	.255		11.030	.000
	greed and lack of professional training are responsible for the high incident of unethical practices in the firm (if there is)	.134	.194	.442	.561	.019
	does the bank encourage or motivate the ethical accounting practices	.043	.084	.060	.508	.053

Dependent Variable: is there consequence of unethical accounting practice on organizational productivity

From the regression result in table 3, where ethical accounting practices is (EAP) and dividend payment of deposit money banks is DP, the estimated model is DP= 7.128+0.134EAP, this implies that one percent increases in efficient use of EAP will leads to 13.4% increase in DP level if other variables are kept controlled within their business operations.

Table 4: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.216	2	149.192	102.158	.004[b]
	Residual	112.584	77	22.683		
	Total	185.800	79			

Dependent Variable: is there consequence of unethical accounting practice on organizational poductivity

Predictors: (Constant), does the bank encourage or motivate the ethical accounting practices, greed and lack of professional training are responsible for the high incident of unethical practices in the firm (if there is)

The F-value from table 12 is 102.158. It is not significant because the significance level is = .004 which is less than P > 0.05. This implies that the regression model is statistically significant, valid and fit. The valid regression model implies that independent variable is explaining that there is a positive and significant relationship with dependent variable.

4. Discussion

The study was carried out to investigate the effect of ethical accounting practice on organizational productivity in the banking sector. After conducting a regression and correlation analysis, Table 3 shows that, EAP has positive significant impact on the behavior/attitude of staff in the banking sector. Therefore, we reject the null hypothesis which says there is no significant relationship between ethical accounting practices and the behavior/attitude of staff in the banking sector, and established that there is a significant relationship between ethical accounting practices and the behavior/attitude of staff in the banking sector.

5. Conclusion

Ethical accounting practices are important for organizational productivity and the banking sector must uphold ethical accounting practices if it will prevail in the country. This study was carried out to look at the impact of moral accounting practices on organizational productivity in Nigeria banking sector. Since banking depends on trust, straightforwardness and classified carrying on morally, it is to the greatest advantage of businesses just as in light of a legitimate concern for different stakeholders in the system. To this end, the findings of the study revealed that ethical accounting practices has a significant relationship with the behavior/attitude of staff members in the banking sector. Based on these findings, it is concluded that ethical accounting practice has an impact on the productivity of the deposit money banks under study because a positive attitude by their employees will culminate into higher productivity for the organizations.

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