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Highlights

- DSE Listed Ceramic Companies
- Perception of Accounting Students
- Matters Arising on Audit Issues
- Analyzing the Impact of Advertising

Discovering Thoughts, Inventing Future

VOLUME 20 ISSUE 2 VERSION 1.0

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Revised Nigerian Company Law 2020: Matters Arising on Audit Issues

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Abstract- Global businesses and economic activities have gone digital and nations are shifting rapidly, fast adjusting all legal and regulatory frameworks to keep pace with realities. This is as true for the corporate bodies doing business in Nigeria as it is for audit-related issues. Consequently, the Companies and Allied Matter Act (CAMA) was revised to provide a more robust framework for restructuring identified legal, regulatory, and observed administrative bottlenecks. On this basis, this study examined revised Nigerian Company Law 2020, matter arising from audit issues. In carrying out this objective, exploratory research approach was adopted, as write-ups, journals, periodicals, and material related to this study were reviewed.

Keywords: appointment, audit, CAMA, corporate responsibility, remuneration, resignation.

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REVISEDNIGERIANCOMPANYLAW2020MATTERSARISINGONAUDITISSUES

Strictly as per the compliance and regulations of:

Revised Nigerian Company Law 2020: Matters Arising on Audit Issues

Owolabi, Sunday Ajao [α] & Kassim, Shamusideen Kehinde [σ]

Abstract- Global businesses and economic activities have gone digital and nations are shifting rapidly, fast adjusting all legal and regulatory frameworks to keep pace with realities. This is as true for the corporate bodies doing business in Nigeria as it is for audit-related issues. Consequently, the Companies and Allied Matter Act (CAMA) was revised to provide a more robust framework for restructuring identified legal, regulatory, and observed administrative bottlenecks. On this basis, this study examined revised Nigerian Company Law 2020, matter arising from audit issues. In carrying out this objective, exploratory research approach was adopted, as write-ups, journals, periodicals, and material related to this study were reviewed. The study revealed that the revised CAMA was an all-inclusive exercise involving mergers, acquisition, and business combination, financing, transaction, and creation of securities, companies registration, restructuring of distributable profits, shareholding, board meetings, and secretariats matters, directors and company secretary, medium and small enterprises, nongovernmental organizations incorporated and trustee, and many others including matters relating to audit issues needed to enhance audit independence, and integrity and to strengthen corporate governance. The study recommended that corporate bodies and all stakeholders should comply with the new revised CAMA in order to improve ease of doing business in Nigeria.

Keywords: appointment, audit, CAMA, corporate responsibility, remuneration, resignation.

I. Introduction

The world and business activities are fast evolving and to remain relevant, the regulatory and legal frame must be up to speed to meet and handle possible complexities. In addition, the digitalization of businesses and global trends, as the business environment is dynamic and as expected, amendments were anticipated as a necessity to bring the legal framework in tune with global business realities that have been created by changes in both internal and external environments (Ferine, Ermiaty & Muda, 2017). This was evident in the ranking of Nigeria at 169 of 190 economies in the World Bank Doing Business Ranking Index (World Bank Group, 2017). It is therefore not surprising that CAMA 1990 (as amended) was totally repealed and replaced with CAMA 2020. The Companies and Allied Matter Act (CAMA) has passed through various stages of review, was promulgated in 1990, and repealed the Companies Act of 1968. Subsequently the amended Companies and Allied Matters Act, CAP 20 Law of the Federation of Nigeria 2004, and the CAMA 2020 provide the needed legal framework for critical areas bothering on corporate governance best practices issues and corporate regulatory framework for business activities in Nigeria.

Governments globally aim at capital formation to grow the economy and to achieve this, the legal framework for the regulation of companies and its activities must cater for the interest of players within the economy as the government asserts efforts to achieve "ease of doing business" in Nigeria. However, for any government to attain the above, Investor protection must be guaranteed. Owolabi and Dada (2011) recognized that fraudulent practices in companies have led to erosion of stakeholders' confidence in the credibility of financial statements. In its drive to maintain Audit Integrity, for instance, the United Kingdom has progressed with its plan to replace its Financial Reporting Council with a new regulator to be known as Audit Reporting and Governance Authority, though hampered by lack of legislation due to non-availability of parliamentary time. The authority will be expected to provide more robust scrutiny to auditors, in response to recent scandals (the collapse of Carillion and Thomas Cook shortly after the auditors issued a clean bill of health to them) which have tainted the integrity of audit in the view of the public. CAMA 2020 is one of the many responses from the Nigerian government to ensure that Audit Integrity is maintained by improving the quality of the audit, enhancing the independence of auditors and, strengthening the governance structure to ensure that credibility of the financial statements is continuously achieved (Olojede, Olayinka, Asiriwa & Usman, 2020).

a) *Statement of the Problem*

The world is on the move and the legal and regulatory structures in Nigeria must be updated, for effective conduct of business activities and corporate governance practices to comply with digital economic realities. The Nigerian company laws as contained in Companies and Allied Matters Act (CAMA) is gradually losing its contextual relevance to such extent that its contents are no longer appropriate to apply to the contemporary business dictates regulations. The complexities of reclassification of directors from old CAMA 2019 and the consequent lacuna in corporate governance code became a challenge, as it created regulatory compliance problem. Furthermore, the

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obsoleteness and old-fashioned laws in the Nigerian company laws made it quite challenging, problematic relating to current economic and underlying business activities with the rest of the world (Solola & Akpama, 2020).

In consideration of this concern, it became eminent that the Nigerian company law required an urgent review to handle the complexities and obsoleteness. Consequently, the main key objectives of this study were to examine the revised Nigerian Company Law 2020, and the provisions of the original Acts that provided the legal framework on how companies operate in Nigeria; review the legislative reforms and changes that have taken place to date; and comment on the implications as they portend to a business environment and matters arising on audit issues (Olojede *et al.,* 2020). The rest of the study is structured in this manner: In section 2, the extant literature was presented from the perspectives of conceptual, and theoretical underpinning. Section 3, the study considered methodology and finally in section 4, conclusion and recommendations were carried out.

II. Methodological Approach

To achieve the objective of this study, an exploratory research design is adopted as previous literature, journal, periodical, and other related material in Accounting, Finance, and business were reviewed. A comprehensive and comparative review of prior and new Acts were systematically carried out.

III. Literature Review

a) *Brief Historical Background of Company Law in Nigeria*

Company law is alien to Nigeria's traditional system of law, and it was only systematically introduced into Nigeria during the colonial era as part of the English common law, the doctrines of equity and the statutes of general application in England after the promulgation of the Supreme Court Ordinance in 1876. It was initially limited to Lagos Colony but thereafter applicable to the whole of Nigeria after the Southern Protectorate and the Northern protectorates were amalgamated and the subsequent promulgation of the Supreme Court Ordinance of 1914.

The statute of general application included the Companies' Act, 1862 and, by implication, was applicable in Nigeria. However, it was impracticable to apply its provisions in Nigeria as local conditions and settings were not fit for such application.

In 1912, the first companies' statute of Nigeria was enacted. It was heavily modelled after the Companies' (Consolidation) Act, 1908 and also had a limited application to Lagos Colony alone. However, after necessary amendments, it was made applicable to the whole of Nigeria in 1917. This gave birth to the Companies (Amendment and Extension) Ordinance, 1917.

The Companies (Amendment and Extension) Ordinance, 1917 was further amended in order to reflect commercial developments and economic realities in modern times and this led to the enactment of the Companies Ordinance, 1922.

The growth and rapid development of companies in Nigeria necessitated further amendments. Provisions of the 1922 Act were becoming obsolete and inadequate and this was addressed in the Companies Act, 1968. The 1968 Act was also subsequently modified by the Companies and Allied Matters (Amendment) Decree. 1990 and the Companies and Allied Matters (Amendment) Decree, 1991.

i. *Nigerian Company Law and Reclassifications*

The code made provision for a possible reclassification of independent non-executive directors to non-executive directors of the entity on the passage of time. The companies and Allied Matters Act (CAMA) now require the discretion of corporate bodies to decide that after expiration of the approved and allowed three terms of three years for the independent non-executive directors, the incumbent independent non-executive directors could at the expiration of his or her tenure start new tenure as a non-executive director on a fresh tenue. Accordingly, the code did not make a clear provision or restriction requiring a cooling period for the independent non-executive director before taking up any new role inside the board (Olojede, Olayinka, Asiriwa & Usman, 2020).

ii. *Revised Company Law 2020 Matters Arising*

Corporate Responsibility for the financial report: Section 405 Corporate responsibility for the financial report is an entirely new insertion into the Act as there was no requirement in the CAMA 1990 (as amended). In the Act, the major responsibility for the credibility of the financial statements was placed on the Chief Executive Officer and Chief Financial Officer of the company, who are responsible for the certification of the audited financial statement after it has been reviewed based on their knowledge. Drawing from the above, the responsibility for the maintenance of internal control is that of the aforementioned officers. It also specified that a thorough evaluation on the effectiveness of internal control must have been done within 90days prior to the date of the audited financial statement. The officers are also mandated to disclose with the company's auditors; significant weakness in the design and operations of the internal control system including fraud and where they fail to discuss the same will suffered appropriate penalty as the commission may specify. Nevertheless, small companies are excluded from compliance with this provision (Owolabi, Adegbie & Oyetunji, 2020; Bambang, Kot, Adiati & Nur, 2018).

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Ideally, this provision should have been discussed in Chapter 2 of this ACT as it relates to the responsibilities of directors for financial reporting. The only area that concerns the auditor is the right to receive the directors' disclosure with regards to significant weaknesses in the design and operations as mentioned above.

Improper influence on the conduct of audit: S.406 of CAMA 2020 introduce a provision that made it an offense for any officer, insider, director, or any other person to take action to influence, coerce, manipulate or mislead an external auditor engaged in the performance of an audit for the purpose of rendering such financial statements misleading. The penalty for non-compliance shall be as specified in the regulation of the commission on conviction. It also adopted the definition of "insider" as stated under the Investments and Securities Act. This provision is very protective of the auditor and serve as a deterrent to anyone who might have the motive to influence the conduct of an audit.

iii. *Audit Issues*

The demand and supply for audit services has necessitated the incorporation of audit issues in the new amended Companies and Allied matters Act of 2020. Evidently, audit issues arise consequent to agency theory postulations as mangers (agents)' attitudes and operational activities are unobservable to the shareholders (share holders), who are faced with the risk that the managers may likely act contrary to what shareholders expect resulting in moral hazards and therefore cannot verify the skills and capabilities of the managers resulting in adverse selection (Bratten, Gaynor, Mc Daniel, Montague & Sierra, 2013). Consequent, audit issues must arise because of corporate governance issues between managers and shareholders involved, requiring audit-related matters as prescribed in the new code and Companies and Allied Matter Act. Apparently, resulting from the flaws observed in the old CAMA. The new CAMA 2020 is technically a brand-new Act because of the numerous revisions and introductions which make it practically difficult to amend within the same Act, as a significant number of re-numbering and reordering occurred to arrive at this amended act

iv. *Nigerian Company Law 2020 and Matters Arising on Audit Issues*

Appointment of Auditors: S.401 of CAMA 2020 retained the provisions of S.357 of CAMA 1990 (as amended) and address the issue of auditors appointment and reappointment; powers of the company to appoint or remove auditors at the annual general meeting; the directors' power to appoint in specific circumstances i.e. in cases where the company is yet to commence business and where the general meeting fails to appoint or reappoint auditors. Also stated in this section is that a retiring auditor shall automatically qualify for reappointment without a resolution except a resolution has been passed at that meeting, appointing another person or there is a notice from the auditor signifying its intention not to continue in office. However, while we may be tempted to say that there are no changes, technically a change has occurred as the S.402 (1) of the Act exempt certain companies from the requirement of audit whereas S. 401(1) specifically states that "every company at each annual general meeting shall appoint an auditor or auditors..". The implication is that the word "every" shall no longer apply in its entirety and as such the companies that qualify for exemption from the audit requirement will not be compelled to appoint auditors in years where it qualifies for such exemption. This should have been specifically stated in the provision of this section, S.401 (Ighodalo, 2020).

Exemption from Audit Requirement: S. 402 is a new insertion in the Act as there was no such provision in CAMA 1990 (as amended). The section provides that a company is relieved from the dictates of this Act with regards to the audit of accounts for the reporting period - if it has not carried on any business since incorporation; or it is a small company within the meaning of S.394: A company shall be deemed to be qualified as small in the first year if the qualifying conditions are met in that year; and in relation to a subsequent financial year if the criteria: are met in that year and the preceding financial year; are met in that year and the company meet the requirements in the preceding financial year; were met in the prior fiscal year and the company qualifies in relation to that year. However, the meaning of small companies as defined in S.394 will only affect the application of S.402 to the extent that such small companies, at any the time within the financial year is not a bank, insurance or any other company as the Commission may prescribe.

As good as the intention of the government to reduce the cost of business operations to the small companies, this provision will inadvertently create confusion in its implementation as it conflicts with other regulatory ACTs. The roots of the conflicts can be attributed to the differences in the criteria used for defining 'small companies' in the respective regulatory legal framework and the cardinal objective of the respective agency. Stakeholders are bound to lean towards the ACT that serves their interest at that moment. For instance, the Finance ACT 2019, in its amendment of S.23 of CITA, exempt the profits of 'small companies' in a particular year of assessment from companies' income tax (Obayomi, 2020).

The FIRS in its information circular no. 2020/04 went on to define the criteria for qualification as 'small company' which is different from the criteria stated in S.394 of CAMA 2020. FIRS, in its circular under reference states that 'the exemption is applicable only to companies with gross turnover of N25m and below' among other conditions. In addition, the S. 402 of CAMA 2020 is in conflict with S.55 of CITA which made it mandatory for all limited liability companies to file their annual tax returns along with the audited accounts with the revenue authority. It is also worth mentioning that tax clearance certificates are a requirement for qualification for award of government contracts and non-procurement of which will disqualify the company irrespective of size. There is no evidence that this requirement have been waived for any category of company. Also, the CAMA provision for exemption of small companies from audit, if it were to supersede the CITA provision that demand that audited account is filed with the annual returns, will deal a heavy blow on the small and medium-size audit firms who provide audit services to the companies in this delineated category, considering that they form a significant portion of the companies operating in the country.

On another front, small businesses also aspire to grow and the audited financial statements serve as the information set that investors, lenders, and other stakeholders rely on in taking a decision on how they want to facilitate such growth. Therefore, it may serve more harm than good for a small company to take advantage of the exemption from audit requirements. Overall, the Act creates room for subjectivity by reserving the right to prescribe any other company that may not benefit from the exemption from audit requirements in addition to bank and insurance companies as mentioned above. Beyond the above, it is rational to posit that the CAMA and CITA are different legal documents which should be taken as independent of each other as each basically defined its own requirements. Therefore, except the government issues a directive on this, a company that qualifies for audit exemption is not exempted from fulfilling its statutory responsibility for filing of tax returns, as even the companies that qualify as 'small' under the S.23 of CITA (as amended) must fulfil other conditions, including the filing of returns accompanied by audited financial statements to qualify for exemption from companies' income tax. (CAMA, 2004; Onulaka, Sany, 2020).

Qualification of Auditors: 358(1) states that the provisions of the Institute of Chartered Accountants of Nigeria Act shall have effect in relation to any investigation or Audit for the purpose of this Act. An employee or agent of a company; a partner or employee of an employee or agent of a company; and corporate entity are disqualified from engagement as auditor. It further clarified that a reference to an officer or servant shall not be construed as including references to an auditor. S. 2 to S.6 went further to expatiate on the provision of subsection 1 as it relates to qualification and disqualification of auditors as well as the penalty in acting contrary to the provision of the section.

Section 403 is not different in respect of the above but for the expansion of persons who do not qualify for appointment as an auditor of a company. The insertions were done in S.403 (4) to expand the old S.358 (3) of CAMA 1990 (as amended). Persons who are not qualified for the appointment now include: a debtor to the company or any company deemed to be related to the company by virtue of shareholding in excess of N500,000; a shareholder or spouse of a shareholder of a company whose employees is an officer of the company; a person who is or whose partner is responsible for the custody of register of debentures of the company; or consultant to the company who has been responsible for maintenance of any of the company's financial records or preparation of its financial statements for over one year; or under subsection 6 (subsection 5 in the old Act) prohibited for selection as auditors of any other incorporated body in which it has holding interest or holding company or a subsidiary of that company's holding company, or would be so disqualified if the body corporate were to be a company (Oyayomi, 2020).

There are two notable issues to discuss in this section: first is the expansion of the professional accounting bodies whose ACT shall have effect with regards to the qualification of auditors, and second is the expansion of persons who are not qualified to be appointed as auditors. With regards to the first, this section of CAMA is very brief and not as extensive when compared with similar ACT in the United Kingdom. The U.K Companies Act (2006, Chapter 2) extensively made provisions with regards to Individuals/firms eligible for appointment; Independence requirement; Effect of appointment on partnership; Supervisory bodies; appropriate qualifications and Qualifying; and recognized professional qualifications. A vital question that might be asked, however, is the implication of the provision that disqualifies a debtor from being appointed as auditor, for instance an auditor who has accessed credit facility from his client who is a banking or other financial institution, at arm's length and in non-default position. While it may be tempting to condemn the provision of the law in favour of the audit firm in the picture painted, it will nevertheless not remove the fact that such a relationship has the potential to taint the independence of the auditor in the view of the public. Irrespective of the above gap, it is good to mention that the significance of spelling out the qualification of auditors is to ensure that the individual/firm appointed as auditor possess the requisite qualification, association, competence, and character to function as an auditor and this will no doubt enhance audit quality as well as the independence of auditor (Olojede *et al.,* 2020).

Auditors Report and Audit Committee: The issues relating to audit report and audit committee was enunciated in S. 404 of CAMA 2020. It built on the provision of CAMA 1990 (as amended). Both address the presentation of audit reports to the members of the company and the audit committee. The provisions for audit reports in CAMA are not extensive even when considered with the content of the fifth schedule. Considering that the business environment has turned into a global village, our provisions should mirror the drafting in more advanced countries to put the audit report requirements on the same pedestal.

S. 359(4) of CAMA 1990 (as amended) dwells on the membership of the audit committee specifying a maximum number of 6 (with equal representation of the representative from the shareholders and the Directors). Other issues addressed include remuneration of the audit committee, nomination for audit committee positions, objectives, and functions of the audit committee which is primarily aimed at ensuring the effectiveness of internal control, independence of auditors and quality of audit. While the provisions of the old Act as highlighted above were subsumed in the similar provision in S.404 of CAMA 2020, there are significant changes that are worth mentioning (Ighadalo, 2020).

S.404 in addition to the above introduced new provisions in subsection 4 and 5 which gave effect to specify the qualification that must be possessed by the audit committee members; and that all members of the committee shall be financially literate, with at least one of them a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The new Act also reduced the composition of the audit committee to 5 at a ratio of 3:2 to members of the company and non-executive directors respectively.

The implication of the above changes is that the audit committee should be more effective with the requirement for financial literacy and membership of professional accounting body by at least one of them, thus aligning with the requirement of International Standard on Auditing. However, the provision with regards to the composition of the audit committee should have replaced the two non-executive directors with independent non-executive directors as that is the global practice which is aimed at making the committee more effective in its duties. Mallin (2007, pg.132) made reference to Cadbury report (1992, para 4.12) where it was stated ‘that Non-Executive Directors should be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment’. In addition, the odd number composition of the audit committee will also make it easy to reach an effective decision where there is a need to vote and prevent a situation where there would be a tie in votes. Also, the new provision in CAMA 2020 relating to nomination of audit committee member at least 21days before the annual general meeting implies that such nomination will be invalidated unless received not later than 21days prior to the annual general meeting (CAMA, 2020).

Auditors’ duties and powers: S.407 of CAMA 2020 did not bring any change to S.360 of CAMA 1990 as amended as they both enumerated the duties and powers of auditors. The auditors have the duty to investigate and form an opinion regarding the maintenance of proper accounting records and that financial statements are in consonance with those records. The section grants the auditors right of access to the company’s books, documents and other information necessary to perform the audit judiciously, failure of which they are expected to disclose in the audit report. The provision reinforces the importance of information to the quality of audit as well as provide the resources for the auditor to form an opinion on the ‘true and fair view’ of the financial statement that has been audited.

Remuneration of auditors: Section 408 gives effect to the definition and responsibility to fix the auditors remuneration either by the directors, where the appointment was made by them or the company in a general meeting. Remuneration was defined as “sums paid by the company in respect of the auditors’ expenses”. There are no changes whatsoever from S.361 of CAMA 1990 (as amended). The ACT is realistic in circumstances that directors are allowed to fix the remuneration where appointment is made prior to commencement of business or the company is yet to hold its general meeting. However, retaining the power to fix the remuneration at the general meeting in other circumstances as well as in cases of re-appointment will not put the auditor in a position of compromise and thus entrench his independence (CAMA, 2020).

Removal of Auditors: S.409 of CAMA 2020 is in tune with the provision of S.362 of CAMA 1990 (as amended) and relates to the power to remove an auditor at a general meeting of a company by an ordinary resolution before the expiration of his term. This is however subject to a notice being given to the commission of such removal within 14 days; the only departure being the penalization of the company and every responsible officer(s) who shall be guilty of an offense and liable to pay penalty as the commission may specify in its regulation as against a penalty of N100 in the old Act. This provision stands to give the assurance that the auditor would not be thrown out without adherence to appropriate procedure and this serves as a boost to auditors’ independence.

Auditors’ right to attend company’s meetings: The provision of S.410 of CAMA 2020 is not different from S.363 of CAMA 1990 (as amended), and it’s mainly to assert the rights of the auditors and ensure they are heard on matters pertaining to their duties to the company. An auditor is entitled to attend all general meeting, including the meetings where the vacuum caused by his removal or retirement is to be filled, receive all notices and corespondences in respect of those meetings and also, be heard on the part of the business that concerns him as the auditor or former auditor. It is inevitable that this provision is retained otherwise the auditor would be deprived of the opportunity to be represented at the forum where issues that might touch on his removal would be discussed.

Supplementary provisions relating to auditors: S.411(1) states that a special notification of a resolution to be made at a general meeting must be sent to auditors to be appointed, re-appointed, removed, retiring, and resigning whenever there is to be a resolution for appointing, reappointing, or removing an auditor.

S.411 (2) also states that the representation can be made by the retiring auditor or auditor to be terminated with regards to the resolution to be made. The representation must be sent by the company to all members who received the notice unless it's too late (in which case it shall be read at the meeting) or there is a court order disallowing same to be sent or read based on the complaint of the company or an aggrieved party that the auditor just wants to cause mischief.

There is no material difference between this section and section 364 of the old Act and it only ensures that auditors to be removed or appointed are given notice of such and to enable auditors to state any objection or varying opinion with respect their appointment of removal. This is in line with the principle of natural justice (CAMA, 2020.

Resignation of auditors: Section 412 gives the condition for an auditor's resignation to be valid. It shall not be valid until it is in writing, delivered to the registered office of the company, and contain a statement stating his resignation is not influenced by any situations that should be brought to the knowledge of the company. The company must send the notice of resignation to CAC or people who are required to be sent financial statements (where the auditor states that there are circumstances that the company should be aware). This notice might not be sent to people required to receive financial statements where the court is satisfied that the auditor intends to cause mischief.

Just as the auditors require notice for their appointment or removal, they are also to give the company notice of their resignation. This is important for the purpose of enabling the company to decide on the appointment of new auditors as well as making the shareholders understand the reasons the auditor is retiring. The auditor might have been intimidated by senior members of the company who engage in unscrupulous activities that would be discovered by the auditors. This process of resignation will allow the auditor to make the company aware of such acts. This is substantially the same provision as the old Act of 1990.

Entitlement of outgoing auditor to call company meeting: Furtherance to S.412, S413, the auditor can send a notice of requisition signed by him, calling the directors to convene an extraordinary general meeting in order to give explanation of the said circumstances the company needs to be aware of. If the directors do not convene such meeting after 21days, they shall be penalized unless there is a court order disallowing it because the auditor intends to cause mischief. This will help reinforce the independence and integrity of the auditor as he has the privilege of presenting his case, should there be circumstances that call for it.

Powers of auditors in relation to subsidiaries: The provision of S.414 of CAMA 2020 requires that a subsidiary incorporated in Nigeria and its auditors must furnish the auditors of its holding company all information and explanation reasonably required for carrying their duties as auditors for the holding and can require the holding company to take all steps practically available to it to acquire such material from the subsidiary, failure of which the subsidiary and the holding company will be penalized according to the regulation of CAC.

This is the replica of section 367 of the old Act. This purports to give the auditors of a holding company a higher responsibility for the auditors of a subsidiary in auditing the holding company. This is reasonable for the purpose of allowing the auditor to properly audit the holding holistically and avoid any frustration from the subsidiary.

Liability of auditors for negligence: S.415 states that auditors would be liable for loss due to their failure in their fiduciary duty and can be sued for negligence by the directors or a member of the company, if the directors fail to sue after the expiry of 30 days' notice of intention to sue. This is a standard practice in the law of a contract between professionals and clients. Professionals such as Accountants are presumed to be experts who will exercise due diligence and competence when handling clients' matters; failure to exercise such skills in dealing with client's matters will be actionable in courts (PCAOB, 2014).

False statements to auditors: S.416 of CAMA 2020 is similar to S.369 of CAMA 1990 (as amended) Act. The Act is designed to prevent intentional oral or written dissemination of false information to the auditors by officers of the company. The minor difference in both Acts is that the latter specifies that the offense is criminal and punishable with one-year imprisonment or a fine or both. The new Act, however, decriminalize the offense and reserve the penalty to the Commission. The implication of this is that companies or their officers may be motivated to present false statements to auditors. Punishment is an important mechanism to deter fraud and as such, it is unimaginable that the measure has been expunged from the Act (PCAOB, 2015).

b) Theoretical Underpinning

i. *Theory of Inspired Confidence*

The essence of audit exercise is to instill confidence in outside stakeholders who are not part of the management of an entity. Consequently, the theory of inspired confidence posits that stakeholders demand accountability from the management. The theory was proposed by Limperg in the year 1932 (Limperg, 1932; Muda & Hutapea, 2018; Niyonzima & Soetan, 2018). The theory suggested that confidence and assurance arose to assure the owners of the business and other stakeholders the reliability and accuracy of the state of affairs of underlying economic activities for a period of time being reported (Lubis, Torong & Muda, 2016; Erwin, Abubakar & Nuda, 2017). The demand for audit issues arose in the Companies and Allied Matter Act (CAMA) as a consequence of divergences of interests between the managers and stakeholders resulting to conflicts of interests. It is normal that since the managers who run the activities of the company are the same that prepares the financial statement, it becomes very imperatives that auditors who are independent umpires be involved to verify through audit exercise to enable them to express an opinion of certification and true and fairness of the financial state of the company for the period covered in the reported financial statement (Deegan, 2000; Handoko, Sunnaryo & Muda, 2017; Lutfi, Nazwar & Muda, 2016; Marhayanie, Ismail & Muda, 2017).

The audit issue arose in response to financial users of financial statement otherwise called interested third parties in the affairs of companies, who desire accuracy and accountability from the mangers saddled with the responsibility of managing the operational activities of the company in return for their investments and also to ensure that the report prepared by the managers reflect the true position of the affairs and health condition of the companies (Daily, Dalton & Canella, 2003). Theory of inspired confidence suggests that auditors' certification in its expression of opinion after audit exercise give the shareholders and other stakeholders confidence regarding the credibility and reliability of the financial statement of companies (Griffith, Hammersley & Kadous, 2015; Hasan, Gusnardi, Muda, 2017). Issuance of routine financial statement of the company gives investors and interested parties the needful resources to make informed investment decisions.

Fama (1965) documented that possibilities abound that managers could prepare and present a biased financial statement since they are on the other the divide, of conflict of interests' contenders. Since the managers have privileged information not available to the shareholders, it is rather natural and proper that a third party and independent auditors be brought in to vouch the credibility and true position of the financial report prepared by the management. Limperg (1932) further stressed that auditors should endeavor to meet the growing demands of audit services to enable user to make investment and portfolio diversifications decisions.

ii. *Institutional Theory of Audit*

The institutional theory was proposed by Max Weber (Thornton, Ocasio & Lounsbury, 2012). Max Weber's institutional theory suggested that establishment are expected to follow and adhere to rules, regulations, and structures otherwise, the objective of that establishment may not be achieved. The institutional theory of audit further suggested that in every establishment or institution, there are rules, regulations, social and cultural influence that promote survival and legitimacy of that establishment rather than mere efficiency of its employees. Therefore, corporate organizations should ensure that financial rules and auditing guidelines are strictly adhered to when preparing financial statements, ever before the arrival of statutory auditors (Kogut & Zander, 2003).

Some of the assumptions of institutional theory include that institutions are non-static, hence should adapt to regulatory changes and that every institution should be interactive with the rest of its internal and external environment to give and receive useful information. The theory considered three basic dimensions of institutions, the institutional change, institutional historical settings, rationality choices of institutions, and sociological institutionalism (Zheng, Chen, Huang & Zhang, 2013). According to Meyer and Hollerer (2014), the theory submitted that the influence of institutions or corporate organizations lead to such corporation's management to take some actions that are not inimical but beneficial to the growth of the organization, improve the good relationship with its stakeholders, the employees and the government, those symbiotic relationships are capable of keeping the good image of the corporation.

iii. *Lending Credibility Theory*

The theory was proposed by Watts and Zimmerman in the year 1979 (Watts & Zimmerman, 1979). Watts and Zimmerman posited that the financial statement users expect that auditors will add credence to the value of financial report prepared by the agents (managers) since there are likelihoods that managers' interest may be protected better than that of the shareholders in the reported financial statement prepared by the managers. For this reason, it becomes apparent for a need for an umpire independent auditors (Nonaka & Toyama, 2003). It is believed that audit services will add integrity and expected credibility to financial statement and at the same time reduce information asymmetry created by the separation of ownership and management of the productive resources of the company. The demand and supply of audit services is a universal issue, and considered expedient in nations' legal and regulatory framework and the Nigeria CAMA 2020 is not an exceptional.

The CAMA 2020 of the Nigerian legal framework considered the need for a credible and dependable financial statement and mandated that every incorporated entity operating in Nigeria produce a statutory audited financial statement periodically as required by the Nigerian Stock Exchange.

Consequently, audit services are required to spice up confidentiality and trust in the financial statement to enable financial statement user make a reliable and credible investment decisions. As such, the above theories are considered relevant and suitable to support this study.

IV. Conclusion and Recommendation

a) *Conclusion*

This study examined the revised Nigerian Company Law 2020 and matters arising from audit issues. In an effort for the government of Nigeria to improve regulatory compliance and information disclosure, protect the interest of local and international investors, shareholders, and other stakeholders, the review of CAMA became significantly vital to fairness and transparency in doing business in Nigeria. , as it relates to audit issues, the government demonstrated the will to promote investors and other stakeholders' confidence by taking steps that should enhance Audit Integrity. Nevertheless, there are areas that call to questioning the intention of the government for instance the decriminalization of offense for filing of false statements to auditors remains a misery. This, no doubt, could become a motivating factor for violation of the section, especially considering the fact that the system lacks other mechanism that would ensure that such will not occur.

b) *Recommendations*

While the study believed that the amendments of the old Act that culminated into CAMA 2020 is very thoughtful and truly designed to facilitate the ease of doing businesses and most importantly will align doing business in Nigeria with international best practice, however, the government should create a conducive environment to enhance the effective operation of businesses in Nigeria. The government should demonstrate its pro-activeness steps, taking cue from COVID 19 pandemic, allow enabling provision for the virtual annual general meeting, provisions that will facilitate electronic filing, electronic share transfer and e-meetings for private companies. These steps will ensure that such occurrences in the future will not bring business to a halt. Finally, while corporate establishments are encouraged to engage in voluntary compliance, the government should sensitize the business community of the new amendments, and give them time to adjust to the new realities, by embarking on deserved publicity to engender voluntary compliance.

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Analyzing the Impact of Advertising and Sales Promotion Costs on Sales Revenues and Profits of DSE Listed Ceramic Companies in Bangladesh

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Abstract- The paper aims to analyze the effect of advertising and sales promotion costs on the sales revenues and profits of the ceramic companies listed with DSE in Bangladesh. To attain the objectives of the study, we collected the data from the annual reports of the companies. We organized a panel data of eleven (11) years for the sample companies. This study analyzes the data using the fixed-effect and randomeffect model of regression analysis. We find that the sales promotion cost is influential in improving the sales revenues, net profit, and the return on investment. Whereas, the advertising cost has a significant negative influence on the net profit, return on investment, and return on equity of the companies. Thus, we suggest reducing the advertising cost to minimize the expenses and improve the earnings of the firms, side by side. We also recommend paying more attention to sales promotion costs to increase the profitability of the companies.

Keywords: advertising cost, sales promotion cost, net profit, return on investment, and return on equity.

GJMBR-D Classification: JEL Code: M49

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Avik Ranjan Bhowmik [α], Md. Kamal Hossain [σ], Vongdeuan Vangpadith [ρ] & Nadia Chowdury [ω]

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I. Introduction

The Ceramic-sector industry is one of the growing sectors over the past decades in Bangladesh. With the increased demand for ceramic items both in local and foreign markets, the ceramic companies are putting the highest concentration to produce the quality products, as well as the services for the customers in Bangladesh. After the inception of the journey of this sector in 1958, it experienced snail progress in the initial stage. But nowadays, the ceramic industry is considered a promising industry to earn domestic income as well as foreign income through the export of quality ceramic products. At the beginning stage, the Tajma Ceramic Industry started as the first ceramic firm in Bangladesh in 1958 with a limited amount of capital investment, with the time some other private sector companies came forward and began to invest in this sector (BCMEA 2018). In the present day, many public and private limited companies are engaging in this sector. As with the advancement of this sector, the competition is becoming faster, and companies are paying attention to increase the advertising cost and the sales promotional expenses to generate more revenues and profits and targeting to expanding the business.

Currently, about sixty ceramic companies are running their operations in Bangladesh and making a substantial amount of revenues. The Bangladeshi ceramic companies perform about eighty-five (85%) of the domestic demands; moreover, the ceramic products are exporting to the international markets. In promoting more local as well as foreign currencies from this sector needs to put more concentration on the sales promotional activities and in advertising. The advertising cost is insignificant in increasing the sales revenue of Food and Beverage Companies in Nigeria, but it has a significant favorable influence on the profits of the companies (Abdullahi, D. 2015). The study also reveals that advertising is one of the tools of communication that affects the performance of companies in multiple ways. The researcher recommended the advertising alone should not pay enough attention when creating strategies related to sales recommendations and profitability promotion policies. The sales promotion, personal sales, sales, etc. are needed to pay attention to increasing the sales revenue and a return to profitability such as. Advertising and publicity have a significant impact on the corporate reputation of individual companies. Other variables, for example, the dividend yield to investors, market value, diversification, and profitability of the firms' dividend to investors, were significantly related to the valuation of the corporate reputation of specific companies. Still, the aspect of the relationship changed from company to company. A firm's value in the current market also affects the valuation of the firm's reputation. More diverse firms gain a less corporate reputation for specific firms. Regarding the relationship between marketing communication and sales earnings, some advertising and promotional companies have a significant impact on sales revenue. The R & D cost of the firm, the vital point of the firm, and

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the size of the firm show a significant positive relevance to the sales revenue of individual firms (Kim, K. 2007).

II. Literature Review

We present an overview of the literature that relates to the work performed here. We have introduced the literature review in three different sections. Firstly, the advertising, secondly, the promotional costs, and lastly, the profitability of the companies.

a) Advertising

Advertising is provided for communication to know or to change to more than one person's behavior". (Broadbent, S. 2001). It is a form of communication mediation from an identifiable source designed to persuade the recipient to take some action at present or in the future (Richards JI, and Curran CM 2002). Advertising defined as "the goal of persuasion people buy" (Frank J. 2005). Advertising includes all activities related to the presentation of a group, including a personal, verbal or visual, publicly sponsored message, and identifying sponsor performs, that is related to the promotion through one or more media (Etzel MJ. Et al. 2007). Advertising is a non-personal introduction and idea of promotion, products, or services paid for by any sponsored sponsor. Various studies have highlighted the importance and benefits of advertising to organizations to sell their products or services (Kotler P. and Armstrong G. 2010). The effect of a negative interaction between pre-launch advertising and promotion which means that advertising is less effective when promoting high-level advertising for the same product. The companies can gain the most sales by performing pre-promotions, and there is little benefit from increasing promotions and advertisements at the same time, which has a consistent effect with negative (pre-launch) and zero (post-launch) interactions (Burmester, A. B., et al. 2015).

Advertising creates a place for the products in the consumer mind,(Morden AR. 19910); it increases buyer feedback, (Kotler P. 1988); it persuades the customer to buy (Frank J 2005); it persuade the customers to buy over the competitors products (Young CE. 2005; Richards JI, and Curran CM. 2002); helps raise sales and profits (Galbraith JK. 1976); generate positive brand associations (Cobb-Walgren CA. et al. 1995; Moorthy S, Hawkins SA. 2005; Keller KL. 2008; De Chernatony L. 2010); produce selective demand (Arens WF. 2002) and the dominance of brand beliefs and preferences. (Shimp TA. 2007). Few studies have indicated that investing more in advertising can increase awareness (Yoo B et al. 2000; Villarejo AF, Sanchez MJ. 2005; Bravo R, Fraj E, Martinez E. (2007). Well-known advertised respected brands create higher quality perceptions. (Yoo B. et al. 2000; Bravo R). There is considerable managed relevance to the stability of this relationship across the country, especially as it is at the center of the debate about centralized versus decentralized control of international advertising. The main distinction is the advertising-and-promotion-to-sales ratio of the consumer product. The search seems to contradict general knowledge about higher levels of advertising and promotion costs in the United States of America (Zif, J., Young, R. F., & Fenwick, I. 1984).

b) Sales Promotion

Sales promotion is one of the strategies to convey information about the product (Blanchard K. et al. 1999). Short-term promotion activities designed to encourage customers to buy or cooperate from distributors and other business members. (Griffin RW and Pustay MW. 2007). Sales promotion is an arrangement of short-term strategies that marketers perform to encourage immediate purchase," (Blanchard K. et al. 1999); sales-based sales promotion is an activity that acts as a direct stimulus, as long as add value or incentives to resellers, salesman or customers for the product. Several research institutes have demonstrated the importance of sales promotion (William, Ferrel, Pride M, 1994). Sales promotion influences the customer decision to buy and brands likes (Nijs V. R. et al. 2001); maximize sales value, affect sales, profitability and brand equity, (Srinivasan SS, Anderson RE.1998; Palazon-Vidal M, Delgado-Ballester E. 2005; Montaner T, Pina JM. 2008); information helps to communicate, (Pride K. 1987; Ricky W, et al. 2005); increases desire. (Griffin RW and Pustay MW. 2007). Thus the above literature is published as a necessary component of the communication mix for companies from sales promotion. There is a controversial concept of sales promotion, as some studies believe it has a significant impact on a company's performance. (Boddewyn JJ and Leardi M.1989;Odunlami IB, Ogunsiji A. 2011); Others think it has no significant effect (Dekimpe MG, et al.1999; Srini S, et al. 2000; Pauwels K, 2002).

c) Profitability

The impact of sales and profits on advertising spending was significant, supporting their dynamic relationship in the context of restaurants. Restaurant managers plan their advertising budget by considering their various performance goals and changing the effectiveness of advertising (Kim, J., Jun, J., & Tang, L. (Rebecca). 2019). There is a significant relationship between marketing costs and the firm's profitability and also an essential link between the firm's turnover and marketing costs. The organization should maintain a cost-effective system of advertising so that high-quality employees are a vital component (Agbeja, O. et al. 2015). If managers want to measure the success of their business, they need to measure profitability. Because recent researches depict that profit is something that can help managers to understand where their company's progress stays. It ensures the fact that managers need to take measured to ensure profitability in terms of returns. Scholars termed this theory as the theory of profit, monopoly theory of profit, etc. When there is a change in the economy, which causes cost reduction resulting in the difference between price and cost, alternately named residue defines the Dynamic theory of profit. Two types of profits, called accounting profits and economic profit, explains profitability where net income refers to amounting profit, and net worth relates to economic-profit. Therefore, this is something that designs the future of the organization or the project. However, some scholars define this in terms of income and expense. If a person produces and sells something that generates income, which is not similar to borrowing some money from other sources. The income statement shows the income of the entity, and it ascertains the actual profitability of the business. The profitability outlines the success and the sustainability of the business concern. Therefore, the managers or the businessmen should focus on ensuring the profitability of the firm.

III. Statement of the Problem

As the manufacturing organization is concerned about earning revenues and profit to recover the cost and expenses to be survived in the competitive business environment. Most of the manufacturing and merchandising organizations are needed to forecast their budget for production, costs, and sales. The manufacturing concerns are engaged in purchasing the materials for production, which provides them to prepare budgeted sales and expenses. Thus the sales decision is a complex one for the manufacturing concern as it does not remain the same with different periods because the demand for the products is not the same throughout the different periods. Since the sales revenue depends upon the consumers' demand, so, it is a challenging task to forecast and estimate it by the management of the company. The advertising and the promotional efforts of the companies influence the demands of consumers for the products. The recent financial growth in this sector is the result of advertising and sales promotion efforts. Since it conveys the messages about the products of the companies and creates awareness about the product among the customers. And add value for the users. Therefore, advertising and sales promotion expenses are considered to be the essential factors to increase sales revenues like other mixes of marketing, namely product, price, place, and promotion. Since no related study has been conducted in the field of ceramic companies in Bangladesh, so we in this study attempt to assess the impact of advertising and sales promotional expenses on sales revenues and profitability of the ceramic companies.

IV. Research Hypotheses

The aims of the present study were to test the following null hypotheses:

i) There exist no significant impact of advertising and sales promotion cost on the sales revenue of the companies under the study.
ii) There exist no significant impact of advertising and sales promotion cost on the net profit of the companies under the study.
iii) There exist no significant impact of advertising and sales promotion cost on the return on investment (ROI) of the companies under the study.
iv) There exist no significant impact of advertising and sales promotion cost on the return on equity (ROE) of the companies under the study.

V. Objectives of the Study

In order to address the hypotheses outlined above, we aim to analyze the impact of advertising on the sales revenues of the ceramic sector companies listed in Dhaka Stock Exchange. The current study also intends to find the effect of the same variables on the profitability of the sector under the study. Therefore, the researchers will attempt to give suggestions on which factor is more influential and should pay more attention to generate more revenues and profits by the companies of the designated sector.

VI. The Methodology of the Study

In the current study, weused secondary data. We collected the data from the annual report of the companies under the study. We received the data from all of the five companies listed with Dhaka Stock Exchange (DSE). During the collection of data, we gathered panel data of eleven (11) years of the sample companies. The population consists the five (05) listed ceramic sector companies of DSE. We selected the return on investment (ROI) and the return on equity (ROE) as the profitability measures in this study. We converted the quantitative figures into the natural log to measure the different variables in a common parameter. In this study we have used the quantitative data and approached two types regression analysis namely, the fixed-effect regression, and the random-effect GLS regression model where it suits; for this purpose, we test first the Hausman-effect model and observe that for the regression of advertising expense and sales promotion expense on the sales revenue, net profit and return on investment (ROI) the random-effect GLS regression model is fit, whereas, for the impact of advertising expense and sales promotion expense on the return on equity (ROE) the fixed-effect regression model is fit. Based on this justification, we analyzed the data by the respective models as it fits. With the help of software

STATA 15 we performed the statistical tools and obtained the results.

VII. Findings and Analysis

This study has analyzed the data rigorously, and after this procedure, the following tables are prepared to present the results discovered from the analysis.

Table # 1: Regression Analysis of Advertising Expense and Sales-Promotion on Sales Revenue

Random-effects GLS regression						
Group variable:	Companynum			Number of obs	55	
R-sq:				Number of groups	5	
within =	0.2102			Obs per group:		
between =	0.5978			min =	11	
overall =	0.5653			avg =	11.0	
				max =	11	
corr(u_i, X) =	0 (assumed)			Wald chi2(2)=	15.84	
				Prob > chi2=	0.0004	
Sales Revenue Ln	Coef.	Std. Err.	Z	P>|z|	[95% Conf.	Interval]
Advertexpln	-.0135606	.0260884	-0.52	0.603	-.064693	.0375718
Salespromoln	.2413625	.060728	3.97	0.000	.1223378	.3603872
_cons	17.34054	1.026009	16.90	0.000	15.3296	19.35148
sigma_u	1.0256188					
sigma_e	.26864087					
Rho	.9357972 (fraction of variance due to u_i)					

Source: Authors' Computation

As shown in the above Table # 1, the random-effect GLS model results that the sales promotion costs have a P-value of 0.000, which indicates for the hypothesis 1, the sales revenues are positively influenced by the increase of sales promotion expense, i.e. if 1% increase in the sales promotion cost will lead to a 24.13% increase in the sales revenues of the companies, but the advertising cost has no significant influence on the sales revenues of the ceramic companies in Bangladesh under the study; since, the p-value is more than 0.05 in this case. For the hypothesis 1, the R-square value is 0.5653, which indicates that 56.53% of the variation in sales revenues is explained by the advertising costs and sales promotion costs, the remainder is not explained by these variables, and thus, the sales revenue may be changed by some other factors beyond these two variables. The random-effect model here implies that the output-variable, sales will be changed in different periods due to the changes in sales promotion cost specifically.

Table # 2: Regression Analysis of Advertising Expense and Sales-Promotion on Net Profit

Random-effects GLS regression						
Group variable:	Companynum			Number of obs	55	
R-sq:				Number of groups	5	
within =	0.2768			Obs per group:		
between =	0.5886			min =	11	
overall =	0.4366			avg =	11.0	
				max =	11	
corr(u_i, X) =	0 (assumed)			Wald chi2(2)=	22.66	
				Prob > chi2=	0.0000	
Netprofitln	Coef.	Std. Err.	Z	P>|z|	[95% Conf.	Interval]
Advertexpln	-.5955139	.1521932	-3.91	0.000	-.8938071	-.2972207
salespromoln	.9516652	.2631064	3.62	0.000	.4359861	1.467344
_cons	11.3295	3.899859	2.91	0.004	3.68592	18.97309
sigma_u	1.571504					
sigma_e	1.6310388					
Rho	.48141657 (fraction of variance due to u_i)					

Source: Authors' Computation

The Table # 2 shows the random-effect GLS model that both the advertising cost and the sales promotion costs have a P-value of 0.000; thus the results of the p-value are significant, and therefore, hypothesis 2 is rejected, the coefficient of the regression indicates that the net profits are negatively influenced by the increase of advertising cost, but net profits are positively impacted by sales promotion expense, i.e., if 1% increase of the advertising cost will lead to a 59.55% decrease in the net profit of the companies, whereas 1% increase of the sales promotion cost will lead to a 95.16% increase in the net profit of the companies in Bangladesh under the study. Besides this, the regression model shows that the R-square value is 0.4366 which indicates that 43.66% of the variation in net profits are explained by the advertising costs and sales promotion costs, the remainder is not explained by these variables, and thus, the net profits may be changed by some other factors beyond these two variables. The random-effect model here implies that the output-variable, sales will be changed in different periods due to the changes in both advertising cost and sales promotion costs.

Table # 3: Regression Analysis of Advertising Expense and Sales-Promotion on Return on Investment (ROI)

Random-effects GLS regression						
Group variable:	companynum			Number of obs	55	
R-sq:				Number of groups	5	
within =	0.2928			Obs per group:		
between =	0.0370			min =	11	
overall =	0.1442			avg =	11.0	
				max =	11	
corr(u_i, X) =	0 (assumed)			Wald chi2(2)=	17.72	
				Prob > chi2=	0.0001	
Roiln	Coef.	Std. Err.	Z	P>|z|	[95% Conf.	Interval]
Advertexpln	-.5605998	.1482083	-3.78	0.000	-.8510827	-.2701169
Salespromoln	.6876987	.234957	2.93	0.003	.2271915	1.148206
_cons	-6.778988	3.413298	-1.99	0.047	-13.46893	-.0890482
sigma_u	1.2136483					
sigma_e	1.572872					
Rho	.37319263 (fraction of variance due to u_i)					

Source: Authors' Computation

As shown in the above Table # 3, the random-effect GLS model results that both the advertising costs and the sales promotion costs have a P-value of less than 0.05, which indicates the hypothesis 3 can be rejected, hence the results of regression portraits that the returns on investment are influenced by the increase of both advertising costs and sales promotion expense, i.e., if 1% increase in the sales promotion cost will lead to a 68.77% increase in the return on investment of the companies, however, the increase of advertising costs will lead an adverse return on investment, i.e. i.e., if 1% increase in the advertising cost will lead to a 56.06% decrease in the return on investment of the companies. For the hypothesis 3, the R-square value is 0.1442 which indicates that only 14.42% of the variation in return on investments are explained by the advertising costs and sales promotion costs, the remainder is not explained by these variables, and thus, the sales revenue may be changed by some other factors beyond these two variables. The random-effect model here implies that the output-variable, return on investment will be changed in different periods due to the changes in sales promotion cost specifically.

Table # 4: Regression Analysis of Advertising Expense and Sales-Promotion on Return on Equity (ROE)

Fixed-effects (within) regression					
Group variable:	companynum			Number of obs	55
R-sq:				Number of groups	5
within =	0.2851			Obs per group:	
between =	0.0200			min =	11
overall =	0.1309			avg =	11.0
				max =	11
				F(2,48)=	9.57
corr(u_i, Xb) =	-0.4052				
				Prob > chi2=	0.0003

roeln	Coef.	Std. Err.	Z	P>|z|	[95% Conf.	Interval]
advertexpln	-.6130724	.1516663	-4.04	0.000	-.918018	-.3081269
salespromoln	.6961638	.3662804	1.90	0.063	-.0402923	1.43262
_cons	-5.788814	5.57034	-1.04	0.304	-16.98873	5.411105
sigma_u	1.563046					
sigma_e	1.5358726					
rho	.50876798 (fraction of variance due to u_i)					
F test that all u_i=0: F(4, 48) = 7.93				Prob > F = 0.0001		

Source: Authors' Computation

The Table # 4, generates results using the fixed-effect model and reveals the sales promotion costs has a P-value of less than 0.05, thus the results of the p-value are significant, and therefore, the coefficient of the regression indicates that the return on equity is negatively influenced by the increase of advertising cost, i.e., if 1% increase of the advertising cost will lead to a 61.31% decrease in the return on equity of the companies, but the sales promotion cost is insignificant to impact return on equity, as the p-value for this case is more than 0.05, so the null hypothesis, in this case, cannot be rejected here. The regression model shows that the R-square value is 0.1309 which indicates that 13.09% of the variation in return on equity is explained by the advertising costs and sales promotion costs, the remainder is not explained by these variables, and thus, the net profits may be changed by some other factors beyond these two variables.

VIII. Conclusion

The main conclusions of this work tell us that in most circumstances, it is found that the sales promotion cost has a significant impact on the sales revenues, net profits, and return on investments, only in the case of return on equity the sales promotion costs are insignificant to influence. Whereas the advertising cost has no significant influence on sales revenues, but it has a significant adverse effect on the net profits, return on investment, and return on equity of the listed ceramic companies in Bangladesh. We suggest from the findings of this study that the companies should reduce their advertising costs to increase the net profits, ROI and ROE of the companies. On the other hand the companies' should put more promotional investments to increase the earnings and profitability of the companies drawn together and presented in this section

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Audit Quality and Earnings Management of Selected Listed Consumer Goods Firms in Nigeria (2007-2016)

By Oladejo Abiodun Oyebamiji
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Abstract- The study investigated the relationship between audit quality and earnings management among listed consumer goods firms' in Nigeria.

Secondary data were used for the study and the data covered the period between 2008 and 2017. The study employed purposely sampling technique in selecting 15 out of the 22 listed consumer goods firms based on their relative size, financial performance, data availability and accessibility. Data were obtained from the audited financial statements of the selected consumer goods firms' in Nigeria, Global Corporate Governance Indices and the Nigerian Stock Exchange Fact Books. Data collected were analysed using descriptive, correlation and random effect method.

Keywords: audit firm size, audit regulation, legal environment, discretionary accruals.

GJMBR-D Classification: JEL Code: M42

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The results showed that audit firm size ($t=-2.09$, $p<0.05$); audit regulations ($t=-2.32$, $p<0.05$); legal environment ($t=-0.58$, $p<0.05$) and company type ($t=-2.5$, $p<0.05$) had inverse relationship with earnings management, whilst leverage ($t=0.02$, $p<0.05$) exhibited positive association with earnings management.

The study concluded that audit quality had inverse and significant effect on earnings management practices among listed consumer goods firms in Nigeria.

Keywords: audit firm size, audit regulation, legal environment, discretionary accruals.

I. Introduction

Audit quality involves carrying out audit assignment in line with the International Auditing Standards and Guidelines, total observance of basic audit processes, complete compliance with quality control requirements and refusal to bend the rules when it comes to reporting anomalies. Therefore, quality audit service delivery brings about quality and credible financial reporting. It is pertinent to offer financial reporting information that is of modest quality due to the fact that it is expected to have a favourable influence on the business financiers and other stakeholders in arriving at a position on their choices of investment, provision of loan facilities, resources sourcing and their allocations so as to improve global proficiency of the market place (Adediran, Alade and Oshode, 2013).

Earnings management on the other hand is a strategy used by company managers to deliberately manipulate company earnings to match a predetermined target and involves the planning and execution of certain activities that manipulate or smooth income, achieve high earnings level and sway the company's stock price" (Healy and Wahlen, 1999; Schipper, 1989). This practice is usually accomplished through the utilization of the accounting choices offered by the Generally Accepted Accounting Principles (GAAP) popularly described as Discretionary Accrual Management (DAM). It is equally achieved by making a predetermined amendment to the entity's operating activities which is described as either Cash-Based or Real Earnings Management (Okolie, 2014).

The operating results quality and the strength of audit quality to curtail Earnings Management (EM) of entities across the world and specifically in Nigeria have generated enormous controversies resulting from recent corporate frauds (Enofe, 2010). The recent corporate frauds have created suspicion in the minds of the investors regarding the reliability, value relevance, credibility, utility and veracity of the audit function (Okolie, Izedonmi and Enofe, 2013). Badawi (2008) has identified quite a number of entities; such as: World Com, Cendant, Sunbeam, Enron Corporations, among others that have engaged in cases of corporate frauds resulting from poor audit quality and opportunistic behaviours in the United States of America in the last ten years. In Nigeria, similar cases of corporate frauds have occurred such as: Oceanic Bank International, Cadbury, African Continental Bank, Lever Brothers, African Petroleum, Intercontinental Bank, Savannah Bank, just to mention a few (Okolie, Izedonmi and Enofe, 2013; Adeyemi and Fagbemi, 2010). The foregoing cases brought about increased agitation on the reliability, integrity and accuracy of reported earnings. The poser that came to mind was whether or not the recent incidences of business collapse were not the direct aftermath of inability of the statutory audit function to effectively curb managers' opportunistic behaviours.

The consumer goods industry is among the sub-sectors of the Nigerian economy that were most prone to earnings management. The industry constituted a very vital sub-sector of the Nigerian economy. Since there are efforts and resolve by both government and industrialists to develop the industry as priority area of industrial investment and a support toward government diversification policy. It was,

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therefore, pertinent to assessed the effect of audit quality on earnings management in selected listed consumer goods firms in Nigeria.

II. Literature Review

a) *Theoretical Framework*

i. *The Lending Credibility Theory*

This study was anchored on lending credibility theory.Lending credibility theory assumes that the most important role of auditing is to win the confidence of the investors and other stakeholders in the financial statements. One of the most important weapons used by the corporate executives in securing the confidence of the owners and other stakeholders in their financial reporting process and minimize inequality in access to information is to have the entities accounts audited. Looking at it from this perspective, what the auditors have to offer to the client and other stakeholders is trust. When financial statements have been audited, the trust of the owners and other stakeholders in the figures contained therein is greatly enhanced. Therefore, having a set of accounts audited brings about an added value in that it increases the reliability of the financial statements and enables owners and other stakeholders make informed decisions. Porter (1993), however, reached a conclusion that "Audited information does not form the primary basis for investors' investment decisions". Considering the theory from another angle, it was frequently postulated that audited accounts performed the role of verifying information previously given out (Hayes, Dassen, Schilder & Wallage., 2005 as cited in Ittonen, 2010). Theory does not consider other vital roles played in the discharge of audit service, thereby restricted in scope and limited in its' elucidatory power (Sijpesteijn, 2011).

II. Empirical Studies

a) *Relationship between Audit Quality and Earnings Management*

Prior studies used audit firm features as proxies for audit quality. Such features include: audit firm size; auditor tenure; audit fee; audit company type (i.e. firm size); auditor independence; auditor industry expertise; auditor enterprise; audit regulations; and legal environment (Penning and Villier, 2015; Memis and Cetenak, 2012; Abedalgader, Ibrahim and Baker, 2010). Ilaboya and Ohiokha (2014) indicated that earlier researches in this field used observable outcomes as proxies of audit quality, which comprised: audit opinion; auditor selection and change (i.e. auditor switch or rotation); decisions arising from audit report; financial statements outcome; and analyst forecasts. Moizer (1998) reviewed the issue of audit quality from a behavioural angle; specifically pinpointing features that are interpreted by the preparers, auditors and users of financial statements which are closely linked to audit quality. He concluded that the Big 4 audit firms are associated with high quality audit service. Adeniyi and Mieseigha (2003) and Enofe, Mgbame and Enabosi (2013) used the likelihood that a sampled company engages the services of the Big 4 audit firms as proxy for audit quality with a dummy value of 1 or 0 if otherwise.

In this study, however, while discretionary accruals were used for earnings management, audit firm size, audit regulations and legal environment were used as proxies for audit quality.

b) *Audit Firm Size and Earnings Management*

According to Colbert and Murray (1998), as cited in Sawan and Alsaqqa (2013), several reasons could be adduced to justify the relationships between audit firm size and audit quality; among which were: audit firm size could easily be observed and consequently adopted as a measure of audit quality; prior studies in this field have demonstrated that there was a positive relationship between audit firm size and audit quality; and the establishment of relationship between audit firm size and audit quality could affect the structure of audit liability insurance premium.

It has been demonstrated that the quality of the audit service increases with the size of the audit firm (Arrunada, 1999). The level of the ongoing agitation on the relationship between audit firm size and audit quality signals that there exists a hurdle in arriving at a consensus on the issue. It has been contended that it is an act of biasness to differentiate between the big and small firm if there exist the maintenance of professional standards and qualification across all firms regardless of size (Behn, Choi and Kang, 2008; Arnett and Danos, 1979). In the light of the foregoing, Arnett and Danos (1979) remarked that on the basis of the presumption that there is no difference in the level of quality service delivery amongst audit firms notwithstanding the audit firm size; investors are expected to have similar access to information to guide their decision-making, therefore audit firm size becomes irrelevant. Extant literatures on audit quality have revealed that audit firm size has received the highest focus with the contention that the Big 4 firms have higher quality service delivery relative to the non-Big 4 firms. Several prior researches have reported findings to corroborate the believe that audit firm size has a positive correlation with audit quality noting that the quality increases as the firm grows bigger (Lawrence, Minutti-Meza and Zhang, 2011; Rusmin, 2010).

The reason usually adduced to this general believe was that the Big 4 firms have higher strength in terms of: resources at their disposal; ability to hire high profile personnel; ability to train their staff both locally and internationally; wherewithal to invest immensely in technology; capacity to engage in extensive research; capacity to specialize and decentralize operations;

ability to conduct more extensive tests; among other considerations relative to the non-Big 4 firms (Reisch, 2000). According to De Angelo (1981), the Big 4 firms usually have large numbers of high net worth clients and therefore are not afraid of losing any one client; a position which enhance their independence and ability to give qualified opinion where necessary. Moreover, Krishnan and Schauer (2000) provided further evidence that the size of the audit firm is positively correlated to their compliance level as this increases as the firm grows from small to medium to the Big 4.

It has further been contended that corporate reporting quality is a direct consequence of the reputation level of the audit firm (Naser and Al-Khatib, 2000). The Big 4 audit firms have been known to have a history of full compliance with the standard information disclosure requirements due mainly to the fact that they will not want to allow anything to soil the image that has taken them several years to build. This informed their readiness to always deliver high quality and objective audit service. In the work of Michael (2007), it was evident that clients of the Big 4 audit firm engage less in opportunistic behaviours than those of the non-Big 4. This was ascribed to the high quality audit service provided by the Big 4 audit firms relative to the non-Big 4. It was further confirmed that the Big 4 audit firms have higher likelihood to issue going concern reports than the non-Big 4 due to their relative independence. It was also reported that the non-Big 4 audit firms are more likely to engage in personalize audit service approach than the Big 4 (McLennan and Park, 2004).

The independence of the Big 4 audit firm was further demonstrated by the fact that they have less reliance on earnings from one or two clients because they usually have large clientele; which constitutes a strong ingredient in audit quality (Devonish and Alleyne, 2006). Several other studies have documented that the Big 4 audit firms have higher propensity to deliver superior quality audit service than the non-Big 4 due to the following reasons among others: reputation; independence; readiness to issue qualified audit opinion where necessary; strict adherence to the rules; and conservatism (Francis and Yu, 2009; Davidson & Neu, 1993; Gaeremynck and Willekens, 2003; Lee and Taylor, 2001).

When we consider audit firm size in relation to audit quality from the investors perspective, what we observed from the review of extant literature was that investors have more preference for companies that are audited by the Big 4 audit firms due to: the less likelihood of earnings manipulation tendencies; ability to project, with some degree of certainty, expected earnings since the Big 4 audit firms have capacity and readiness to issue going concern report where necessary; the financial strength to engage personnel that are specialist in the industry; wherewithal to train and retrain staff and involvement in continuing professional education; higher investment in information communication technology (ICT); greater technical skills and competence (Hussainey, 2009; Morris and Srawser, 1999).

Contrary to the foregoing opinion, it has been argued that the quality of an audit assignment is not a direct off-shot of relative size of an accounting firm, but rather a product of innate ability of individual auditors. It was further asserted that the Big 4 audit firms have no relative hedge over the others in terms of quality service delivery due to the following reasons: the risk of law suits is less in the Big 4 audit firms when compared with the others; the Big 4 audit firms provide significant non-audit services which breeds intimate relationship with the clients thereby compromising their independence and at times water down the quality of audit service delivered (Lee, Cox and Roden, 2007; Chandler, 1991).

Dopuch and Simunic (1980) suggested that the Big 4 audit firms are viewed to produce more credible reports than the non-Big 4 because they have greater resources at their disposal and therefore have the strength to perform more extensive and stronger tests. Nichols and Smith (1983) attempted to test this suggestion so as to establish a strong statistical support for it. The market model methodology on event model was adopted. They tried to establish whether abnormal returns accrue to organizations that switch from non-Big 4 to the Big 4 audit forms and vice versa. The result showed positive, but not statistically significant, reaction from the market.

Choi, Kim, Kim and Zang (2010) study revealed a significantly positive relationship among audit firm size, audit fee and industry expertise. While, Knapp (1991) discovered no significant relationship between audit firm size and ability to detect errors and misstatements in the financial statements, although he confirmed that the Big 4 audit firms have better disclosure probability.

The panacea for resolving the differences between the Big 4 and the non-Big 4 audit firms in relation to quality audit service delivery is the institution of professional standards and qualification monitoring with a functioning regulatory framework.

c) *Audit Regulations and Earnings Management*

Audit regulations are expected to have positive impacts on audit quality and inverse relationship with earnings management as regulations are issued with the aim of standardizing and enhancing the quality of audit service provided by the individual audit firms. When quality and highly diligent audit services are delivered, there will be little or no tolerance for client management to engage in income manipulations. Various Acts have been enacted in different countries with the aim of bringing about sanity in the practice of accounting profession across the globe. Examples include: Sarbanes-Oxley (SOX) Act, 2002 in the United

Kingdom (UK); Auditing Profession Act, 2005 in South Africa, etc. These Acts emphasizes peer review, oversight functions through periodic visitations to firms with the aim of monitoring and assessing the degree of compliance with regulations and standards; identification of engagement partner for each audit assignment so as to ensure diligence and accountability.

It has been demonstrated that audit regulations have an enhancing effect on: the standard of accounting practice by audit firms; quality of audit service delivery; and hence constrain corporate executives' opportunistic behaviours. For instance, enactments of Sarbanes-Oxley Act, 2002 in the US and Auditing Profession Act, 2005 in South Africa brought down significantly corporate executives opportunistic behaviours in those countries (Cohen and Zarowin, 2010).

d) Legal Environment and Earnings Management

There are growing bodies of knowledge that examined legal environment and earnings management. A review of prior studies in this field revealed that in countries where legal environment (in terms of three indices: i. anti-corruption index; ii. legal enforcement index; and iii. investors' protection index) are very strong, managers' opportunistic behaviours are usually very low; when compared with countries that have weak legal system (Shen and Chih, 2005; Leuz *et al*, 2003). Ball et al (2000) argued that the practice of earnings manipulations reduces in code-law countries vis-à-vis common law countries. It has equally been observed that lower earnings management practices exist in countries that have stronger investors' protection, superior and more transparent accounting disclosure requirements (Shen and Chih, 2005; Leuz *et al*, 2003).

It has been demonstrated that in countries with stronger stakeholders' protection, there are strict sanctions on corporate executives who engage in earnings management practices (Enomoto, Kimura and Yamaguchi, 2012). Extant studies have also shown that countries with stronger legal environment have policies which protect stakeholders' rights by granting them power to sanction erring corporate executives (Dyck and Zingales, 2002; La Porta; Silanes and Shleifer, 2002).

Therefore, countries which have strong policies on anti-corruption, legal enforcement and investors' protection are likely to have less incentives for managers' to have inclination towards income manipulation vis-à-vis countries that have weak policies thereon.

IV. Methodology

The data for this study was obtained from secondary source. This study used panel data to establish the relationship audit quality and earnings management of selected listed consumer goods firms in Nigerian over a period of ten (10) years from 2008 to 2017, therefore, the population of this study consisted of all the22consumer goods firms listed on the floor of the Nigeria Stock Exchange as at 31st December, 2018. The purposive sampling technique premised on the size, experience, financial performance and perceived data availability and accessibility was adopted in selecting the 15 companies. The data were obtained from the Annual Reports and accounts, Global Corporate Governance Indices and the Nigerian Stock Exchange Fact Books.

a) Variable Description and Development of Hypotheses Discretionary Accruals

Discretionary accruals are used, in this study, to measure earnings management and have been described as a deliberate attempt by corporate executives to amend operating results so as to achieve a specific revenue target. Here, most often than not, the financial statements contain a misleading position of the firm's economic performance. This act is usually perpetrated whenever an organization is going to the capital market to raise fresh funds, bargaining for loans or sourcing for favourable contracts (Dechow and Skinner, 2000). In this study, it is believed that clients that engaged the services of the Big 4 audit firms, operates under some high standard/ stringent regulations and within the surveillance and close monitoring of the Stock Exchange, Securities and Exchange Commission and other regulatory bodies and therefore, by extension, are likely to experience lower discretionary accruals and high-quality audit. Such companies are equally likely to attract industry specialist auditors.

b) Audit Firm Size

Riyatno (2007) defines audit firm size as a distinction based on the number of clients and the number of members of the firm. Audit firm size can be divided into big (i.e. big four), medium and small accounting firms. This could equally be described as the relative strength of the audit firm in terms of structures, number of partners, number of specialized departments within the firm, clientele, staff strength, capital base, annual gross income, degree of digitalisation, among others.

Ho1: There is no significant relationship between audit firm size and earnings management.

c) Audit Regulations

Audit regulations refer to the rules, procedures, standard requirements and ethical codes set for practitioners by the regulatory bodies such as: i. The Securities and Exchange Commission of Nigeria (SECN); ii. The Financial Reporting Council of Nigeria (FRCN); and iii. Professional Accounting bodies, like: The Institute of Chartered Accountants in Nigeria; The Institute of Chartered Accountant in England and Wales;

etc. Five (5) attributes of audit regulations that are in force in fifteen (15) European Union member states could be identified, namely: i. auditor tenure; ii. auditor liability; iii. provision of non-audit services; iv. rotation of audit partners; and v. obligation of joint audits (Benslimene and Dumontier, 2014).

Ho2: There is no significant relationship between audit regulations and earnings management

d) Legal Environment

Legal environment pertains to the strength of entire legal system of a country as regards protection of investors and other outside stakeholders' rights most especially with respect to the opportunistic behaviours of corporate executives (Memis and Cetenak, 2012).

Ho 3: There is no significant relationship between legal environment and earnings management.

e) Control Variables

Control variables were used by some of the prior researchers in this field. The control variables used were: leverage; firm size; cash flow from operating activities; among others, but for the purpose of this study only leverage and firm size were used.

f) Leverage

Leverage was used as one of the control variables in this work. It has been discovered that entities that are highly geared are prone to breaking agreements concerning debts servicing (Press Weintrop, 1990; Duke and Hunt, 1990). They further argued that as the gearing level increases, such companies were usually faced with more restrictive terms and conditions regarding allocation of sourced funds and proceeds from operating activities. Some other researchers have also indicated that such entities were customarily under pressure to adopt accounting choices (i.e. discretionary accruals) that enables them to report higher income so as to forestall breaking debt service agreement (Dhaliwal, Salamon and Smith, 1982; Bowen, Noreen and Lacey, 1981). It has equally been observed that highly levered firms have higher motivation to engage in income manipulations so as to prevent breaking debt service agreements (De Fond and Jiambalvo, 1994). From the foregoing, it could be discerned that favourable relationship exists between leverage and earnings management.

Review of extant body of knowledge have also suggested that capital providers, and business financiers prefer companies with higher operating results and index of good growth rate in income overtime (DeGeorge, Patel and Zechhauser, 1999; Burgstahler and Dicey, 1997). They contended further that, with these expectations from the investors and lenders, managers of such organizations were usually driven to engage in opportunistic behaviours so as to report rosy operating income.

g) Audit Company Type/ Firm Size

This implies the relative size of the client company. This is determined by the total asset base of the company, annual gross income, total capital base, number of shareholders, staff strength, among others. In this work, the natural log of total assets was used to measure firm size in relation to earnings management. It has been asserted that big companies are more likely to engage in earnings manipulations than their smaller counterparts. A review of prior studies revealed that big companies are more exposed to higher government dues and therefore more motivated to manipulate earnings so as to reduce to the barest minimum the financial burdens that are likely to arise from the imposition of such dues. Extant literature equally provided evidence of positive relationship between firm size and earnings management (Becker et al, 1998; De Fond and Park, 1997).

Park and Shin (2004) opposed the foregoing arguments. They observed that big companies are subject to regulatory surveillance of the Stock Exchange, Securities and Exchange Commission, other regulatory bodies, the press and financial analysts and therefore are under obligation to engage less in opportunistic behaviours. Smaller firms are less scrutinized by authorities and are therefore more inclined to engage in earnings management (Abdul, Rahman and Fairuzana, 2006; Chen, Moroney and Houghton, 2005). They concluded that adverse relationship exists between audit company type and corporate executives' opportunistic behaviours.

The contradictory positions present a divergent direction regarding the association between the audit company type and corporate executives' opportunistic behaviours which necessitate the inclusion of audit company type as part of the control variables.

The model to capture the relationship between audit quality and earnings management as adapted from the work of Gujarati, 2003 was specified as follows:

$$DACC_{it} = \beta_0 + \beta_1 AFS_{it} + \beta_2 ARG_{it} + \beta_3 LEN_{it} + \beta_4 LEV_{it} + \beta_5 FSZ_{it} + e_{it}$$

Where;

$DACC_{it}$ = Discretionary Accruals for firm i at time t;
AFS_{it} = Audit Firm Size for firm i at time t;
ARG_{it} = Audit Regulations for firm i at time t;
LEN_{it} = Legal Environment for firm i at time t;
LEV_{it} = Leverage for firm i at time t;
FSZ_{it} = Natural logarithm of firm's total assets (Ln_TA) for firm i at time t; and
e_{it} = error term for firm i at time t.

h) Measurement of Variables

This involves both dependent variable and the independent variables that were used in this study. The dependent variable is the earnings management while the independent variables are audit firm size, audit regulations and legal environment. Leverage and firm size were used as control variables. These variables are measured thus;

Variable	Formula/ Measurement	Definition	Source
EMGT	DACCit = TACit - NDACCit	This refers to the corporate executives opportunistic behavior	Scott, (2009); García Lara, Garcia Osma and Mora, (2005); Phillips, Pincus and Rego, (2003); Healy and Wahlen, (1999); Akers, Giacomino and Bellovary, (1999); Munter, (1999); Lev, 1989; Schipper, (1989); Davidson, Stickney and Weil, (1988).
AFS	Natural Log of Audit Fees	This means the relative size of the audit firm (i.e. whether big 4 or non-big 4).	Bafqi, H. D., (2013); Lindberg, (2001); Hosseinniakani, Inacio and Mota, (2014); DeAngelo, (1981); Hussein and Hanefah, (2013).
ARG	1, if sound and effective regulations exist based on five attributes: the minimal duration of auditor tenure, the constraints on joint supply of audit and non-audit services, the legal base for auditors' liability, the mandatory rotation of audit partners, and obligation of a joint audit, 0, if otherwise.	This relates to the effectiveness of the audit standard regulatory bodies in term soundness of pronouncements and enforcement.	Benslimene and Dumontier, 2014; Davis,Soo and Trompeter,2009; Gul, Yu Kit Fung and Bikki, 2009; Johnson, Carcello& Nagy, 2004; Khurana and Raynolds, 2002; Lennox, 2000; Krishnan and Stephen, 1995; Krishnan, 1994.
LEN	1, if there is strong legal enforcement index (i.e. efficiency of judicial system, rule of law, and corruption) and outside investor rights index (i.e. anti director rights index).	This represent the rate of justice dispensation with respect investors' protection and the extent of enforcement of investor rights.	Boonlert and Nabar, 2006; Shen and Chih, 2005; Leuz, Nanda and Wysocki, 2003; La Porta, Silanes, Shleifer and Vishny, 2002.
LEV	Debts/Equity	This implies the debt obligations of company I at time t	Watts and Zimmerman, 1986
FSZ	Lagged Total Assets or Total Assets of firm i at year t-1	Size of the firm i in year t	Erickson, Hanon and Maydew, 2004; Cormier, Magnan and Morard, 1998; Han and Wang, 1998; Jones, 1991

Source: Author's Compilation, 2020

V. Results and Discussions

The table 1 reported the descriptive statistics between the dependent variable and the independent variables. The variables of earnings management, audit firm size, audit regulations, legal environment, leverage and firm size were not normally distributed homogenously, given the values of Jargue-Bera statistics and their probability values. This was because the p-values of Jarque-Bera statistics for all the variables were less than 0.05. Against this background, care was taken in handling the variables which could affect their consistency and efficiency. The means of the variables were far from their medians which also implied the likelihood of inconsistency of the variables and therefore, the estimation of the model using the ordinary least square may not lead to an efficient estimation of the coefficient and hence a more robust method was adopted in estimating the coefficient which took account of the cross sectional fixed and random effect of the variables.

The skewness of EMGT, ARG and LEV indicated that they were positively skewed. This implied that the observed values of the variables have long tails to the right, large values or positive sides. The means and medians of the AFS, LEN and FSZ showed that they exhibited negative skewness, because their means were less than their medians. The standard deviation of the variables indicated that they were relatively low in term of volatility, this showed that each observation was not much dispersed from its mean. In realizing the likely problem of violating the assumption of ordinary least square, the study adopted the panel estimation technique by carrying out Hausman test in order to determine the significant difference between random and fixed effect of the model. The result of the Hausman test favoured random effect model as the p-value was greater than0.05.

Table 1: Descriptive Statistics

	EMGT	AFS	ARG	LEN	LEV	FSZ
Mean	315624.9	9.59	0.45	0.53	1.37	16.26
Median	299872.5	9.90	0.00	1.00	0.43	16.95
Maximum	729488.0	11.01	1.00	1.00	18.67	19.92
Minimum	-11296.00	7.60	0.00	0.00	0.00	10.77
Std. Dev.	220299.1	0.95	0.49	0.50	3.73	2.26
Skewness	0.14	-0.83	0.18	-0.13	3.68	-0.82
Kurtosis	1.85	2.36	1.03	1.01	15.16	2.86
Jarque-Bera	8.75	17.93	25.00	25.00	1121.29	15.19
Probability	0.01	0.00	0.00	0.00	0.00	0.00
Sum	47343732	1294.78	68.00	80.00	183.20	2163.14
Sum Sq. Dev.	7.23	122.37	37.17	37.33	1842.86	674.59
Observations	150	150	150	150	150	150

Source: Author's Compilation, 2020

a) Correlation matrix

The correlation matrix in the table 2 displayed the level of association among the explanatory variables with a view to unraveling the likely occurrence of multi-collinearity problem. The correlation test showed that legal environment reported 0.01 correlation with audit regulations and 0.25 correlation with audit firm size. Leverage exhibited 0.00 correlation with audit firm size, 0.04 correlation with audit regulations and 0.10 correlation with legal environment. Firm size reported 0.00 correlation with audit firm size, 0.04 correlation with audit regulations and 0.12 correlation with legal environment.

This result revealed that there was less likelihood of multi-collinearity problem among the independent variables. Therefore, highly efficient and consistent estimates were obtained from the variables.

Table 2: Correlation matrix

Probability	EMGT	AFS	ARG	LEN	LEV	FSZ
EMGT	1.00					

AFS	-0.07	1.00				
	0.37	-----				
ARG	0.03	-0.06	1.00			
	0.69	0.48	-----			
LEN	-0.06	0.09	0.20	1.00		
	0.49	0.25	0.01	-----		
LEV	0.06	-0.49	0.17	-0.14	1.00	
	0.45	0.00	0.04	0.10	-----	
FSZ	-0.09	0.75	-0.17	0.13	-0.57	1.00
	0.25	0.00	0.04	0.12	0.00	-----

Source: Author's Compilation, 2020

b) Model Estimates

The table 3 reported empirical results of the relationship between audit quality and earnings management among listed consumer goods firms' in Nigeria. The results of both the fixed and random effects of the model were shown. In order to determine the most appropriate model for the variables, the study adopted the Hausman test. The test revealed that random effect model is the most appropriate, because the p-value was greater than 0.05 and will tend to capture the relationship between audit quality and earnings management among listed consumer goods firms' in Nigeria better than the fixed effect. The model comprised of Earnings Management (EMGT), Audit Firm Size (AFS), Audit Regulations (ARG), Legal Environment (LEN), Leverage (LEV) and Firm Size (FSZ).

The outcome of the test conducted revealed that AFS has a negative relationship with EMGT with coefficient of -0.02; ($t=-2.09$, $p<0.05$). This implied that audit firm size has adverse effect on the earnings management practices in the sampled firms. Big audit firms tend to protect their high reputation, have large credible clientele, placed high emphasis and insistence on continuing professional education, have wide exposure, have higher technical capability, are more qualified, have the wherewithal to engage high profile professionals, have superior competence and independence. Thus, they have high propensity to issue reliable audit report without hindrance. Consequently, these attributes serve to prevent managers' opportunistic behaviours. This aligned with findings of Michael, 2007.

Audit Regulations (ARG) exhibited negative relationship with earnings management with a coefficient of -0.13 (t=-2.32, p<0.05). Therefore, sound ARG leads to reduction in EMGT. This agreed with the findings of Cohen and Zarowin, 2010. Legal Environment (LEN) showed an inverse relationship with Earnings Management (EMGT) with coefficient of -0.23 (t=-0.58, p<0.05). This aligned with the findings of Enomoto *et al,* 2012. Firm Size (FSZ) with coefficient of -0.07 showed a negative relationship with earnings management; (t=-2.50, p<0.05). This was in line with the findings of Park and Shin, 2004.

The explanatory power of the model showed that the explanatory variables jointly accounted for 42.57 percent of the variation in endogenous variable. The F-statistics of 34.33 reported the joint statistical significance of the variables. Durbin Watson Statistics of 2.02 implied that the model has likelihood of being free from serial autocorrelation.

Table 3: Model Estimates – Relationship between Audit Quality and Earnings Management

	Random Effect Model		Fixed Effect Model	
	Coefficient	t-Statistics	Coefficient	t-Statistics
AFS	-0.02	-2.09	1.08	2.09
ARG	-0.13	-2.32	-0.25	-2.56
LEN	-0.23	-0.58	-0.33	-0.75
LEV	0.15	0.02	0.10	0.47
FSZ	-0.07	-2.5	0.12	2.56
C	472.92	-2.09	-924.45	-0.91
R-squared	51.30		77.59	
Adjusted R-squared	42.57		67.94	
F-statistic	34.33		78.89	
Prob(F-statistic)	0.00		0.00	
Durbin-Watson stat	2.02		2.08	
Hausman Test	3.09 (p>0.05)			

Source: Author's Compilation, 2020

VI. Summary and Conclusion

This study investigated the relationship between audit quality service delivery and corporate executives' opportunistic behaviours of selected consumer goods firms listed on the floors of the Nigerian Stock Exchange (NSE). The findings of the study revealed that Audit Firm Size, Audit Regulations, Legal Environment and Firm Size reported negative relationship with earnings management practices among selected listed consumer goods firms' in Nigeria, whilst leverage revealed positive relationship with earnings management among the sampled firms.

The study therefore, concluded with the random effect model which revealed that Audit Firm Size, sound Audit Regulations, strong Legal Enforcement Mechanisms and big Client Size, with the exception of Leverage have inverse relationship with Earnings Management among the Selected Listed Consumer Goods Firms' in Nigeria.

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Ethical Values and Perception of Accounting Students in Southwestern Nigeria

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Abstract- More often than not, professionals are rated by ethical values in addition to their field of speciality most especially when its on finances and management. Eventually that suggest further investigation on ethical values in correlation with the education in accounting field of study, hence this study. Determinants and adequacy of ethical education provided to students of accounting on ethical values in Southwestern Nigeria were investigated. The study also evaluated the influence of ethics education on perception of students of accounting on ethical values with the view to providing necessary and useful output in educational policy making, and developments. Data were sourced with the use of structured questionnaire on four hundred (400) students as respondents drawn from among final year students of Federal, State and Private higher institutions from a population of about One Thousan and Ninet Three (1093) respondents in tertiary institutions in Southwestern Nigeria.

Keywords: ethical values, accounting students, southwestern Nigeria.

GJMBR-D Classification: JEL Code: M41

ETHICALVALUESANDPERCEPTIONOFACCOUNTINGSTUDENTSINSOUTHWESTERNNIGERIA

Strictly as per the compliance and regulations of:

Ethical Values and Perception of Accounting Students in Southwestern Nigeria

Dr. Adenike. Olufunmilayo Odunsi [α], Kolapo.O. Odeniyi [σ] & Adeleke. O. Odeniyi [ρ]

Abstract- More often than not, professionals are rated by ethical values in addition to their field of speciality most especially when its on finances and management. Eventually that suggest further investigation on ethical values in correlation with the education in accounting field of study, hence this study. Determinants and adequacy of ethical education provided to students of accounting on ethical values in Southwestern Nigeria were investigated. The study also evaluated the influence of ethics education on perception of students of accounting on ethical values with the view to providing necessary and useful output in educational policy making, and developments. Data were sourced with the use of structured questionnaire on four hundred (400) students as respondents drawn from among final year students of Federal, State and Private higher institutions from a population of about One Thousan and Ninet Three (1093) respondents in tertiary institutions in Southwestern Nigeria. Data were analyzed using percentage, z-statistics. The study showed three latent classes as low, medium and high students' knowledge as 25%, 22% and 53% respectively of ethical education which depicted fairly adequate and varied knowledge of ethical education among the students. The study also showed that two constructs namely personal values ($z= 3.87$, $p<0.01$) and economic power ($z= -13.07, p<0.01$) were significant as determinants of ethical values. The study also found out that ethical education showed no significant influence on ethical values of accounting students ($z=-1.60, p=0.109$). This may be due to the fact that students ethical values may have been formed before tertiary education. The study discovered that personal values and economic power impacted ethical values of accounting students in southwestern Nigerian.

Keywords: ethical values, accounting students, southwestern Nigeria.

I. Introduction

Ethics or ethical behaviour are non-analytical skills, it refers in general to a system of good or moral behaviour or conduct supposed to align behaviours within an organization and the social framework. Erondu, Sharland and Okpara (2004) hold that the study of "ethics" focuses on issues of practical decision making, including the nature of ultimate value, and standards by which a human action can be judged right or wrong, good or bad. Gardner (2007) state that, in psychological terms, possessing an ethical mind set involves consistent practice of ethical principles, while ethical orientation is first cultivated in the home, and is later influenced by peers and the standards of surrounding community, the improper or even criminal behaviour of others can undermine ethics in the business context. The notion of consistent practice suggests that, whilst it may be true that students come to tertiary institutions with certain patterns of behaviours ingrained (Alam,1999). It is possible to train them to work ethically, or more ethically if their ethical orientation is partially developed and to resist the influence of others behaving unethically when at work (Hiltebeitel & Jones, 1991).

In recent past, the quality of graduates of accounting is under intense criticism. The graduates are perceived to lack the professional ethics expected of professional accountants argued to be ill prepared and as a consequent, they are claimed to be incapable of fulfilling the required duties at an exceptional level in the field. Part of the blame is placed on the broad shoulder of the accounting education system for failing to provide sufficient knowledge and develop necessary skills in students as demanded by the evolving accounting profession. (May & Sylvester, 1995; Steadman & Green, 1995; Porter, 2010). Jackling & Lange (2009) claims that there has been a good chuck of proofs suggesting that a serious mismatch is evident between the demand and supply of future accountants. The influence of globalization, emergence of advanced and sophisticated information and communication technology, the proliferation in the number, growth in size and increased complexity of business operation as well as expansion of business networking from the regional to the international market have brought considerable change to the business environment and made it becoming more intricate and competitive (Pearson, 2001; Albrecht & Sack, 2000). The Accounting Education Change Commisssion (AECC) for example recommends that accounting curriculum should be able to provide broad based knowledge and relevant accounting skills for future accountants. Meanwhile. The International Federation of Accountants (IFAC) suggest that accounting curriculum should be able to provide the foundation for lifelong learning (Che ku Hisan, 2004).

II. Statement of the Problem

The collapse of Enron and other major corporate debacles in recent years have yet again provided a strong reason to reflect on the effectiveness

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of accounting education to develop individuals with moral character (Low, Davey & Hooper, 2008; Earley & Kelly, 2004; Russell & Smith, 2003). Criticism has been levelled against the programme of education that accounting students would have been receiving at universities and colleges (Waddock, 2005; Gray & Collison, 2002; Gray, Bebbington, & McPhail, 1994). Such programme of education has been partly blamed for the breakdown of ethics in the business world, namely, due to its failure to provide sufficient ethics training to the students (Albrecht, Hill, & Albrecht, 2006; Waddock, 2005). The courses that are taught to accounting students are said to be dominated by the learning of techniques and rules (Boyce, 2008; Sikka, Haslam, Kyriacou, & Agrizzi, 2007) and thus have very little to do with instilling values, ethics, and a sense of integrity (Sikka et al, 2007; Albrecht and Sack, 2000).

In Nigeria, although the accounting profession has attempted to respond to earnings scandal, however, there is a growing concern that ethics and professional responsibility should become more prevalent in the Nigerian accounting curriculum. This is evident in the proposal from the Nigerian Accounting Standard Board (NASB) to increase the number of semester hours for ethics education and the need to educate future accounting professionals specially in accounting ethics (Uwuigbe & Ovia, 2011).

a) Study Questions

Two research question for the study

i. What are the determinants of ethical values among undergraduate accounting students in Southwestern?
ii. To what extent does the teaching of accounting ethics influence undergraduate accounting students' perception of ethical values in Southwestern Nigeria?

b) Objectives of the Study

The main objective of the study is to examine perception of accounting students on ethical values in Southwestern Nigeria, while the specific objectives are to:

- Examine the determinants of ethical values among accounting students in Southwestern Nigeria.
- Evaluate the influence of ethics education on accounting students' perception of ethical values in Southwestern Nigeria.

c) Hypotheses of the Study

The following are the null hypotheses for the study:

H_{01}: Teaching accounting ethics will not significantly affect the ethical values of accounting students.

H_{02}: There is no relationship between accounting ethics determinants and perception of accounting students in Southwestern Nigeria.

d) Review of Empirical Studies in Nigeria

In Nigeria Tsalikis & Nwachukwu (1991) compared the ethical perceptions of American and Nigerian students in the three scenarios of relativism, egoism and justice. They found that ethical reactions to bribery and extortion differ among American and Nigerian students. Ajibolade (2008) carried out a study on accounting student's perception of ethical behaviour and found out that beginning students have higher ethical perception scores than the final year students. Ogbonna & Ebimobowei (2012), evaluated the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria, they found out that ethical accounting standards affect the quality of financial reports of banks in Nigeria. Gloria (2011) assessed ethical behaviour of Nigerian business students in southeastern Nigeria and found out that a Nigerian business student is a middling ethical person and that female are more ethical than their male counterparts. Okafor, Okaro & Egbunike (2015) assessed students' perception of ethics: Implication for national development and found out that an average student sees cheating as dishonesty but not as a serious evil. Oraka & Okegbe (2015) assessed the impact of professional accounting ethics in quality assurance in audit. The study found out that quality assurance in audit has enhanced investors confidence in the reliability of audited accounts.

e) Theoretical Framework

Empirical studies concerning ethics have mostly focused on the study of Kohlberg's (1969) theory of Cognitive Moral reasoning and Development (CMD). Kohlberg defines six stages of moral reasoning and indicates that a person can only pass to next level based on his/her developments in belief's systems. The stages of Kohlberg's theory are obedience motivated by avoidance of punishment, social gratification according to social group conventions, role expectation and approval from others, adherence to legal and moral codes, post-conventional inner conscience, just rules determined by consensus and self-chosen ethical principles (Dellaportas, 2006). Most of the empirical studies based on Kohlberg's moral reasoning were developed by using Defining Issues Test (DIT) (Rest, 1986). DIT, conducted by Rest (1979) can be categorized as Neo-Kohlberg and it uses a Likert scale to give quantitative rankings to the six moral dilemmas of Kohlberg's theory. This research work will therefore be based on the cognitive moral development theory.

III. Methodology

The research examined the ethical values and accounting students' perception in southwestern Nigeria. Southwestern is one of the six geo-political zones of Nigeria which comprised of six states, namely Osun, Ondo, Oyo, Ogun, Ekiti and Lagos states.

Southwestern Nigeria was chosen due to the presence of Federal, State and Private institutions of higher learning in Nigeria. The study adopted the survey design of correlational type. The population for this study comprised of 1093 final year accounting students of federal, state and private institutions of higher learning in Southwestern Nigeria that offered accounting courses. Multi stage sampling procedure was used to select the sample. In the first stage, purposive sampling technique was used to select two states from Southwestern Nigeria namely Oyo and Osun because of the similarity in course structure. In the second stage, simple random sampling was used to select a sample of 400 final year accounting students of federal, state and private institutions from 10 tertiary institutions existing in each state that was selected for the study.

IV. Research Instrument

Structured questionnaire was used for the purpose of this study. The design of questions in the survey was based on the combination of deductive and inductive approaches (Tharenou, Donohue, & Cooper, 2007). Cronbach coefficient alpha test was conducted on the data set to reduce the variables to a manageable manner so that the underlying constructs (factors) might help in achieving the objectives.

V. Presentation and Analysis of Findings

Cronbach Alpha test was initially conducted to identify the highest discriminating items for each of the five constructs (independence, integrity, confidentiality, objectivity, and professional behavior) in the questionnaire. The analysis resulted in an optimal number of 14 items from the 27 items with an alpha value of 0.8377 (Table 4.2). This result explained the basis for the use of 14 items in the achievement of the objective. These items comprised of three items (Q10, Q11, and Q13) that measured independence construct; three items (Q15, Q17 and Q19) that measured integrity construct; three items (Q21, Q22 and Q25) that measured confidentiality construct; two items (Q27 and Q28) that measured objectivity; and three items (Q29, Q30 and Q33) that measured professional behavior construct. Table 4.2 presented the perceptions of respondents on the five constructs of ethical behavior. The perceptions of the respondent showed that while some demonstrated knowledge of ethical practices, others did not demonstrate knowledge of ethical practices through their responses to the questions.

Table 1: Respondents Perception on Ethical Education

		None %	Few %	Moderately %	A Great Deal %	Completely %
Independence	Audit firms can provide loans to clients(Q10)	34.4	21.5	18.8	12.9	12.4
Independence	An auditor can be an employee of the client(Q11)	30.6	16.1	24.2	14.0	15.1
Independence	An audit firm can carry out its audit work and work in executive capacity for its client(Q13)	26.1	21.5	17.5	18.0	16.9
Integrity	An accountant can engage in fraud if threatened by his/her employee(Q15)	41.7	20.4	12.6	14.8	10.5
Integrity	An accountant can associate with report that contains misleading information(Q17)	39	16.1	20.2	12.1	12.6
Integrity	Audit firm can accept an assignment without ascertaining whether there exist any professional reasons not to accept the assignment(Q19)	32.3	18.3	20.2	16.1	13.1
Confidentiality	Accountants should use confidential information from his assignment for personal gains(Q21)	36.2	16.7	19.1	14.0	14.0
Confidentiality	An auditor can report to the stock exchange in relation to listing rules without client authorization(Q22)	23.4	30	15.6	18.1	12.9
Confidentiality	Auditors can disclose and discuss client information in public places(Q25)	41.4	15.9	17.5	15.6	9.6
Professional Behavior	An auditor can allow stakeholders in his client firm influence his professional judgment(Q27)	29.3	26.3	19.6	12.2	12.6
Professional Behavior	An audit firm partner can accept invitation from his client to have a weekend celebration with the client company(Q28)	20.7	18.8	27.2	18.8	14.5
Professional Behavior	An audit firm can carry out advert disparaging the services provided by rivals(Q29)	33.1	22.0	16.4	10.5	18.0
	An audit firm can accept an engagement with a client with money laundering case(Q30)	30.1	17.7	22.3	14.3	15.6
	Unsolicited promotional material can be sent to a non-client by an audit fir m	26.9	19.4	19.6	14.8	19.3

Source: Field Survey, 2018

Table 1 presented the descriptive statistics of the construct. Nine observed variables had their mean figures greater than the median figures which indicated a positive skewness and tended to be kurtotic, while five items had their mean figures less than the median figures which indicated that they were negatively skewed. The distribution of the items was examined for univariate and multivariate normality. The results (Table 4.3) showed non-normality at both univariate and multivariate levels. Test of Multicollinearity was also conducted using variance inflation factor (VIF) and the results in Table 4.3 showed an absence of Multicollinearity as none of the items was above a cut-off point of 5.0.

Table 2: Descriptive Statistics on Respondents' Perceptions of Ethical Education

Mardia mS kewness = 22.06 chi2 (560) = 1372.877 prob>chi2 = 0.0000

Variable	N	Missing	Mean	Median	S D	Variance	Skewness	Kurtosis	Min	Max	Normality	V I F
q10	372	-	2.473	2	1.394	1.943	0.504	1.968	1	5	0.0000	1.74
q11	372	-	2.667	3	1.422	2.023	0.274	1.794	1	5	0.0000	1.68
q13	372	-	2.782	3	1.440	2.074	0.200	1.684	1	5	0.0000	1.37
q15	372	-	2.320	2	1.407	1.981	0.646	2.019	1	5	0.0000	1.48
q17	372	-	2.433	2	1.425	2.031	0.514	1.923	1	5	0.0000	1.66
q19	372	-	2.596	2	1.416	2.004	0.331	1.788	1	5	0.0000	1.40
q21	372	-	2.527	2	1.449	2.099	0.418	1.799	1	5	0.0000	1.33
q22	372	-	2.675	2	1.353	1.832	0.349	1.869	1	5	0.0000	1.45
q25	372	-	2.363	2	1.399	1.957	0.531	1.906	1	5	0.0000	1.37
q27	372	-	2.524	2	1.357	1.840	0.503	2.058	1	5	0.0000	1.51
q28	372	-	2.876	3	1.332	1.774	0.070	1.893	1	5	0.0000	1.29
q29	372	-	2.583	2	1.483	2.201	0.460	1.801	1	5	0.0000	1.75
q30	372	-	2.675	3	1.431	2.048	0.285	1.776	1	5	0.0000	1.52
q33	370	2	2.814	3	1.467	2.152	0.191	1.670	1	5	0.0000	1.22

Mardia mKurtosis = 245.3734 chi2 (1) = 94.322 prob>chi2 = 0.0000
Henze-zirkler = 2.531314 chi2 (1) = 1.20e+05 prob>chi2 = 0.0000
Doornik-Hansen chi2 (20) = 506.069 prob>chi2 = 0.0000

Source: Field Survey, 2017

VI. Discussion of Findings

The selection of the number of latent classes was done using Akaike Information Criteria (AIC) and Bayesian Information Criteria (BIC). The AIC and BIC criteria are widely accepted for Latent Class Analysis (LCA) methods (Lanza et al., 2007) even though BIC performs slightly better than AIC (Yang, 2006) and is particularly suited to LCA (Muthen and Muthen, 2000). However, studies have shown that traditional fit indices (AIC and BIC) may not uniformly point to a single model specification and may over or underestimate the number of classes and going further, the final model specification and the total number of classes should be selected by considering such issues as principle of parsimony, interpretability of results, good judgment, theory and previous findings in literature (Deleuze et al., 2015; Laska, Pasch, Lust, Story and Ehlinger, 2009). Table 4.4 showed the fit indices for each of the model solution. A range of two to five latent classes were examined. A two-class model was fitted first; this was then followed by successively increasing the number of classes to a maximum of five-class model. According to AIC, the best fit was the 5-class model. However, the AIC decreased as the number of classes increased. Therefore, in this case, it became uninformative. The BIC method recommended a 4-class model as the best fit. A further analysis using hausman effect was carried out on the suitability between a three and four class model. The results of the hausman analysis in Appendix 1 favored a

3-class model. The three-class model presented a richer grouping of ethical behavior including division of ethical behavior into three sub-cluster namely low, medium and high ethical behavior. Based on parsimony and ease of interpretation, the three-class model was deemed to be the preferred model.

Table 3: Latent Class Fit Indices of the Adequacy of Ethical Education Among Respondents

Model	Observations	Model	df	AIC	BIC
Two class	372	-9392.508	46	18877.02	19057.04
Three class	372	-9265.806	62	18655.61	18898.25
Four class	372	-9195.553	78	18547.11	18852.36
Five class	372	-9154.997	94	18497.99	18865.86

Source: Field Survey, 2017

This objective analysed ethical behavior of the respondents using latent class analysis in a representative sample of 372 students in Institutions of Higher Learning. This was with the view of establishing the adequacy of ethical education provided to accounting students in southwestern Nigeria. Latent class analysis method was applied to identify the existence of subgroups on the basis of ethical behavior that respondents reported themselves to believe in. The identified subgroups were then compared on the basis of their responses to questions on ethical constructs. The latent class procedure identified three latent classes of students which were statistically and ethically distinct, based on the level of responses on ethical constructs of independence, integrity, confidentiality, objectivity, and professional behavior. The three-class model was named as (i) poor ethical education class, (ii) moderate ethical education class, and (iii) high ethical education class. The results was as shown in Table 4.5

Table 4: Latent Class Analysis of Respondents on the Adequacy of Ethical Education

Class	1	2	3
	Low	Medium	High
Percentage	25%	22%	53%
Observed Variables:			
Q7	3.62	2.12	2.72
Q10	3.87	1.28	2.32
Q11	3.64	1.43	2.73
Q13	3.55	1.66	2.90
Q15	3.30	1.32	2.28
Q17	3.62	1.19	2.36
Q19	3.37	1.25	2.81
Q21	2.96	1.27	2.86
Q22	3.39	1.76	2.73
Q25	3.24	1.30	2.40
Q27	3.63	1.46	2.45
Q28	3.68	1.84	2.96
Q29	4.05	1.23	2.46
Q30	3.68	1.42	2.74
Q33	3.28	2.06	2.91
Average	3.53	1.51	2.64

Source: Field Survey, 2018

VII. Determinants of Ethical Values Among Undergraduate Accounting Students

a) *Descriptive Statistics of Variables*

Table 4.6 presented the descriptive statistics of the construct. Four observed variables had their mean figures greater than the median figures which indicated a positive skewness and tended to be kurtotic, while five items had their mean figures less than the median figures which indicated that they were negatively skewed. The distribution of the items was examined for univariate and multivariate normality. The results showed non-normality at both univariate and multivariate levels.

Test of Multicollinearity was also conducted using variance inflation factor (VIF) and the results showed an absence of Multicollinearity as none of the items was above a cut-off point of 5.0.

b) Discussion of Findings

This objective investigated the determinants of ethical values among undergraduate accounting students in Nigeria. The ethical values were in line with IFAC codes of professional ethics of independence, integrity, objectivity, confidentiality, and professional behaviour. The determinants that were considered in this study were personal values, religious beliefs, and economic power. The results of the findings showed that two constructs namely personal values and economic power were significant as determinants of ethical values among the respondents as shown in Table 4.7.

Personal values (PAM) presented a positive coefficient of 0.0171 and statistically significant factor at 5% significance level. The result of the finding showed that personal value was a determinant of ethical values among respondents in Nigeria. This finding was in line with the works of Karacaer, Gohar, Aygun, & Sayin (2009), Shafer, Morris, & Ketchand (2001), Douglas, Davidson, & Schwartz (2001), Rokeach (1973), and Cheng & Fleischmann (2010) that found a positive link between personal values and ethical decision-making. Personal values are deep-seated pervasive core beliefs or guiding principles that transcend specific situations to direct or propel human behaviour in decision making (Lan, Ma, Cao, & Zhang, 2009). They are central to an individual's thought process, and therefore instrumental in the formation of attitudes and the execution of purposive behaviours in many circumstances or issues (Rokeach, 1973). It is presumed that personal values are responsible for the formation of perceptions, evaluations, judgements, commitments, level of satisfactions, attitude and behaviours, and therefore are good predictors of attitudes and the driving force behind ethical decision-making behaviour of individuals (Alleyne, Cadogan-McClean, & Harper, 2013). The concept of personal value is viewed as a relatively permanent construct that shapes the general personality of an individual. Values are believed to be fundamental components ingrained in a person's make-up and are determinants of attitudes and behaviour (Alter, Yahya, & Haran, 2013).

Table 5: Structural Equation Modeling Results of the Determinants of Ethical Values among Undergraduate Accounting Students

Latent Variable	Coefficient	Z-Statistics	Probabiliy
Dependent Variable:			
Ethical Values			
Independent Variables:			
Personal Values	0.3549	3.87	0.000
Religious Beliefs	0.1199	1.86	0.063
Economic Power	-0.8069	-13.07	0.000

Source: Field Survey, 2018

Economic power presented a negative coefficient of 0.846 and statistically significant factor at 5% significance level. The result of the finding showed that economic power was a determinant of ethical values among respondents in Nigeria and students with low economic powers exhibit ethical values than their wealthy colleagues. Economic power is the income that the students depend on for survival during their studies and this typically depend on their family income. Generally, students in Nigeria depend absolutely on the financing power of their parents. This position was in line with the works of Lochner (2012), and Shamsuddin, Abd-Wahab, Fu'ad, Azis, & Mahmood (2015) which affirmed that students with low economic power were more sensitive with ethical issues because they will try to avoid any unethical behaviour, while students with high economic power in terms of high family income are more exposed to unethical behaviour.

VIII. Influence of Ethics Education on Accounting Students' Ethical Values in South-Western Nigeria

a) Descriptive Statistics of Variables Analyzing the Influence of Ethics Education on Accounting Students' Ethical Value in Southwestern Nigeria

Table 4.8 presented the descriptive statistics of the variables that measured the influence of ethics education on accounting students' ethical value in Southwestern Nigeria. All the observed variables had their mean figures less than the median which indicated that they were negatively skewed. There was no evidence of serious outliers because none of the variables showed a kurtosis above 7. The distribution of the items was examined for univariate and multivariate normality. The results showed non-normality at both univariate and multivariate levels.

Table 7: Descriptive Statistics of Variables Measuring the Influence of Ethics Education on Ethical Values

Variable	N	Missing	Mean	Median	S D	Variance	Skewness	Kurtosis	Min	Max	Normality
Q 4 8	372	-	3.476	4	1.453	2.110	-0.462	1.844	1	5	0.000
Q 4 9	372	-	3.597	4	1.335	1.783	-0.534	2.052	1	5	0.000
Q 5 0	372	-	3.653	4	1.308	1.710	-0.543	2.109	1	5	0.000
Q 5 2	372	-	3.433	4	1.381	1.907	-0.340	1.867	1	5	0.000
Q 5 3	372	-	3.712	4	1.301	1.693	-0.764	2.476	1	5	0.000
Q 5 4	372	-	3.616	4	1.211	1.466	-0.499	2.262	1	5	0.000
Q 5 5	372	-	3.728	4	1.286	1.654	-0.726	2.441	1	5	0.000

Mardia mSkewness = 155.4395	chi2 (364) = 8094.904	prob>chi2 = 0.0000
Mardia mKurtosis = 352.6678	chi2(1) = 7840.462	prob>chi2 = 0.0000
Henze-zirkler = 17.4639	chi2(1) = 2.88e+05	prob>chi2 = 0.0000
Doornik-Hansen	chi2(24) = 6160.312	prob>chi2 = 0.0000

Source: Author's computation, 2018

IX. Discussion of Findings

This objective evaluated the influence of ethics education on accounting students' perception of ethical values among undergraduate accounting students in Southwestern Nigeria. Ethics education (EDUC) showed a non-significant effect ($z = -1.60$, $p = 0.109$) on ethical values (Ethicalvalues) held by respondents at 5% significance level in Table 4.9. This finding was consistent with evidence reported by Gupta, Cunningham, Arya (2009), Bairaktarova & Woodcock (2017), Harding, Carpenter, & Finelli (2013), Shuman, Sindelar, Bester field-Sacre, Wolfe, Pinkus, Miller, Olds, & Mitcham (2004), Cole and Smith (1995), Khalizani, Syed-Omar & Khalisanni (2011), Acevado (2001), Schmidt (2015), Shamsuddin, Abd-Wahab, Fu'ad, Azis, & Mahmood (2015), and Blood good, Turnley, Mudrack, (2010) which found no significant relationship between ethics education and ethical behaviour of students and no difference between students' attitudes towards ethical issues before and after taking a business ethic course.

Further in this line of thought, Cole and Smith (1995) cited in Khalizani, Syed-Omar & Khalisanni (2011) found that beliefs held by students were not significantly influenced by ethical courses but by the "type of business" and the "society they live in". Some critics of ethics education have suggested that teaching ethics in the undergraduate curriculum is neither wise nor necessary because of the belief that college students are unlikely to change their moral outlook simply because of an ethics course (Acevado, 2001). They further posited that where an ethics course was interesting and/or beneficial, the fact that the course was taught to adults means it was taught to people whose moral frameworks have already been formed and is not likely to change much (Khalizani, Syed-Omar, and Khalisanni, 2011).

Table 8: Structural Equation Modeling Results of the Influence of Ethics Education on Accounting Students' Perceptions of Ethical Values

Latent Variable	Coefficient	Z-Statistics	Probabiliy
Dependent Variable:			
Ethical Values			
Independent Variable:			
Ethics Education	-0.1123	-1.60	0.109

Source: Field Survey, 2018

Shamsuddin, Abd-Wahab, Fu'ad, Azis, & Mahmood (2015) argued that some students engaged in unethical activities despite their knowledge of unethical nature of their behaviours. In furtherance of their argument, they posited that some students chose to make unethical decision not because they chose to behave unethically, but because they did not have the capacity to recognise that a certain situation had a component of ethical nature despite having taken ethical courses. Schmidt (2015) argued that instructing accounting students to behave ethically had a minimal effect on their future professional behaviour.

X. Conclusion

On the investigation of the determinants of ethical values among undergraduate accounting students in Nigeria, the determinants that were considered in this study were personal values, religious beliefs and economic power. Personal values presented a positive coefficient of 0.3549 and statistically significant factor at 5% significant level. Economic power presented a negative coefficient of 0.8069 and statistically significant factor at 5% significance. On the influence of ethics education on accounting students' perception of ethical values in Southwestern Nigeria, the result from the findings showed a non-significant effect on the ethical values held by respondents at 5% significance level. This finding is consistent with prior research which also showed the non-significance of effect of ethical education on accounting students' perception of ethical values of undergraduate students in Southwestern Nigeria.

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Preferred Author Guidelines

We accept the manuscript submissions in any standard (generic) format.

We typeset manuscripts using advanced typesetting tools like Adobe In Design, CorelDraw, TeXnicCenter, and TeXStudio. We usually recommend authors submit their research using any standard format they are comfortable with, and let Global Journals do the rest.

Alternatively, you can download our basic template from https://globaljournals.org/Template.zip

Authors should submit their complete paper/article, including text illustrations, graphics, conclusions, artwork, and tables. Authors who are not able to submit manuscript using the form above can email the manuscript department at submit@globaljournals.org or get in touch with chiefeditor@globaljournals.org if they wish to send the abstract before submission.

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3. Ensure corresponding author's email address and postal address are accurate and reachable.
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3. Final approval of the version of the paper to be published.

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The corresponding author should mention the name and complete details of all co-authors during submission and in manuscript. We support addition, rearrangement, manipulation, and deletions in authors list till the early view publication of the journal. We expect that corresponding author will notify all co-authors of submission. We follow COPE guidelines for changes in authorship.

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Unless specified in the notification, the Editorial Board's decision on publication of the paper is final and cannot be appealed before making the major change in the manuscript.

Acknowledgments

Contributors to the research other than authors credited should be mentioned in Acknowledgments. The source of funding for the research can be included. Suppliers of resources may be mentioned along with their addresses.

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Preparing your Manuscript

Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.

Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11'", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

a) A title which should be relevant to the theme of the paper.
b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.

Format Structure

It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

All manuscripts submitted to Global Journals should include:

Title

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, “What words would a source have to include to be truly valuable in a research paper?” Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

Tips for writing a good quality Management Research Paper

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.

6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.
Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

21. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

23. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.

- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- o Single section and succinct.
- o An outline of the job done is always written in past tense.
- o Concentrate on shortening results—limit background information to a verdict or two.
- o Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- o Explain the value (significance) of the study.
- o Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- o Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- o Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.

Content:

- o Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- o In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- o Present a background, such as by describing the question that was addressed by creation of an exacting study.
- o Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- o Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- o Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- o Do not include raw data or intermediate calculations in a research manuscript.
- o Do not present similar data more than once.
- o A manuscript should complement any figures or tables, not duplicate information.
- o Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- o You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- o Give details of all of your remarks as much as possible, focusing on mechanisms.
- o Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- o One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- o Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

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	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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