

**AKENTEN APPIAH-MENKA UNIVERSITY OF SKILLS TRAINING AND  
ENTREPRENEURIAL DEVELOPMENT**

**ACCOUNTING ETHICAL BEHAVIOUR AND ITS IMPACT ON FIRMS  
PERFORMANCE IN GHANA**

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**MASTER OF BUSINESS ADMINISTRATION (ACCOUNTING)**

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**A Thesis in the Department of Accounting Studies Education, submitted to the  
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Entrepreneurial Development**

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## **DECLARATION**

### **STUDENT’S DECLARATION**

I, **EMMANUELLA EDNA BOYE-DOE**, hereby declare that this Dissertation was carried out independently by me. I take full responsibility for whatever has been reported here. Related work by others, which served as a source of information has been duly acknowledged by reference to the authors.

SIGNATURE .....

DATE:.....

### **SUPERVISOR’S DECLARATION**

I hereby declare that; this preparation and presentation of this work was supervised in accordance with the guidance on supervision of Dissertation laid down by Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development.

SUPERVISOR’S NAME: **DR. JOSEPH ANTWI BAAFI**

SIGNATURE .....

DATE:.....

## **DEDICATION**

I dedicate this thesis to the Almighty God, the Creator of all things.

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## **ABSTRACT**

This research study aims to investigate the relationship between accounting ethical behavior and firm performance. Ethical behavior in accounting plays a crucial role in maintaining the integrity and transparency of financial information, which in turn can impact the overall performance of organizations. The study will utilize a quantitative research approach and collect data through self-administered questionnaires from a sample of accountants working in various firms. The questionnaire will assess factors influencing ethical decision making and the obstacles faced by accountants in adhering to ethical standards. The impact of accounting ethical behavior on firm performance will be measured using the Likert scale. The findings of this study will contribute to the existing knowledge on the importance of ethical behavior in accounting and its implications for firm performance. The results can provide valuable insights for firms, educational institutions, and professional bodies in developing effective ethical guidelines and practices. Ultimately, it is expected that a better understanding of the relationship between accounting ethical behavior and firm performance will contribute to improved ethical practices and overall organizational success.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

People often find themselves facing ethical dilemmas and instances of weak will, and accountants as professionals are no exception. Throughout their careers, accountants encounter various situations that may tempt them to choose between right and wrong. Ethics, as a field of knowledge and philosophy, pertains to moral principles. In the context of accounting and the accounting profession, ethics encompass the values and standards that offer guidance to ensure the production of high-quality work. Previous research has suggested a robust correlation within the field of accounting ethics and the caliber of financial reporting. Investigations carried out by Enofe et al. (2016) at the University of Benin in Nigeria concluded that upholding high ethical standards is crucial for achieving objective, reliable, and transparent financial reports.

### **1.2 Background to the Study**

There is a growing global demand for a renewed focus on fostering an inner guide and ethical/moral vision in every individual, particularly among professional accountants, to ensure accountability. This change in perspective will empower individuals to make informed accounting decisions and efficiently address or eradicate accounting misunderstandings and misconduct, which have adversely affected various economies globally, especially in emerging countries. In Ghana, the Auditor General's reports have consistently disclosed cases of fund misallocation, misuse, and misappropriation, with accountants frequently implicated. The unethical practices of experts contributed significantly to the banking crises experienced in Ghana, prompting the government to undertake a financial sector cleanup from August 2017 to January 2020, incurring

significant costs for the nation George (2022). This situation underscores the alarming decline of ethical standards among certain accounting stakeholders.

Numerous research studies have focused on the significance of morality within the lives and character of accounting practitioners. The consensus is that professional accountants should prioritize ethical conduct as the cornerstone of their responsibilities (Otalor & Eiya, 2013). Furthermore, providing ethical accounting services contributes to socioeconomic progress and aids in making well-informed decisions for both individuals and clients (Pimenta & Souza, 2014). The sustainability, security, improvement, trustworthiness, recognition, reputation, and success of the accounting profession depend significantly on the ethical conduct exhibited by its practitioners (Lisboa, 2010; Della, Ceolin & Neubauer et al., 2015; Machado, Almeida & Simao, 2012; Moraes, Silva & Carvalho, 2010). As essential members of the community, the actions and outlook of accounting practitioners hold substantial sway over both businesses and society in general (Cristian & Florina, 2008).

Engaging in creative accounting, wherein an unethical accounting professional manipulates financial statements to distort the true economic reality of an entity, is morally reprehensible from an ethical standpoint. Such manipulations are considered unjust to the consumers of financial data, entail an exploitation of authority, and misrepresent regulatory bodies (Gowthorpe & Amat, 2005).

Furthermore, the consequences of material misstatements, whether stemming from deliberate fraud or inadvertent mistakes, in financial reporting transcend the immediate stakeholders (including creditors and investors) and can have extensive repercussions

for the international economy, contingent upon the scale of the problem (Rockness & Rockness, 2010). Considering that financial data plays a crucial role in decision-making, accounting experts bear ethical responsibilities, as their actions can profoundly impact the monetary status of businesses and the general welfare of society (Cristina & Florina, 2008). However, the question remains: is this sufficient?

Business ethics, encompassing the elimination of corruption and the maintenance of transparency, are crucial for attracting foreign investments to any nation. For ages, potential investors have conveyed apprehensions regarding the elevated risks associated with investing in Ghana due to unethical business practices. Adhering to ethical principles is of paramount importance in curbing the spread of corruption, especially for individuals considering investments in Ghana. Consequently, it has become imperative to assess the ethical consciousness, responsiveness, growth, motivation, and attributes of professional accountants to understand their contribution to both ethical lapses and successes, all aimed at maintaining ethical standards.

The significance of ethics in the realm of accounting practices raises significant questions. Although prior research has investigated the necessity of integrating moral education into the few accounting programs available for aspiring accountants (Armstrong, 1993; Ibrahim and Angelidis, 2009; Cameron and O'Leary, 2015). Studies examining the perceived significance of morality within the ranks of contemporary professional accountants and the obstacles they are confronted with. There is a suggestion that ensuring the ongoing applicability of ethical standards for practicing accountants can serve as a means to tackle and reduce corporate scandals, concurrently improving the public perception of the accounting profession. These scandals often question the ethical judgment of accountants rather than their technical competence,

highlighting the importance of character development through ongoing practical efforts before and after qualification (West, 2017).

To deal with this research gap, the goal of this study is to investigate the significance of morality in the field of accounting today and to explore the difficulties encountered by accountants in their attempts to uphold moral principles. Findings obtained from this research will enhance our comprehension of the significance of morality within the realm of accounting professionals. Furthermore, the results concerning the pertinence of ethics, fraud, and the hurdles encountered by professional accountants can provide valuable guidance to educators in enhancing ethical education curricula and aid professional organizations in refining their codes of ethics.

### **1.3 Statement of the Problem**

While procedural errors contribute to only a small percentage of financial scandals, a significant number of corporate collapses and audit failures worldwide can be attributed to an absence of adequate observance of moral and professional principles. The fundamental values of objectivity, impartiality, diligence, honesty, and a conscious devotion to the welfare of the public often receive insufficient consideration, resulting in a breakdown of society's trust in the accounting profession. The growing prevalence of accounting abuses provides compelling evidence that there is a need for more comprehensive accounting ethics in Ghana.

This research seeks to look on how accounting ethics affect the professional responsibilities of accountants, delve into the determinants shaping ethical decision-making within the accounting profession, and pinpoint the barriers that hinder accountants in maintaining ethical standards. By investigating these aspects, the study

determines to emphasize the significance of accounting morality and contribute to a deeper understanding of the challenges accountants encounter in maintaining ethical practices.

#### **1.4 Purpose of the Study**

Accountants frequently encounter ethical dilemmas that require them to make decisions between right and wrong, with potential repercussions for their organizations. The purpose of this research is to figure out accounting moral behavior and its impact on firm performance. By examining this relationship, the study seeks to understand how ethical choices made by accountants can influence the overall performance of their respective organizations.

#### **1.5 Objectives of the Study**

This study's primary goal is to contribute to the general body of knowledge of accounting ethics, dilemmas faced by accountants complying with these ethics and the impacts on firms performance in Ghana. The investigation wants to;

- To investigate the perception on impact of accounting ethics on firms performance in Ghana.
- Identify the factors that influence the ethical decision making of accountants.
- To examine the obstacles faced by accountants as they strive to adhere to ethical standards.

#### **1.6 Research Questions**

These and other research questions will be included for the investigation's purpose in order to achieve the study's objectives.

- What is the perception of the impact of accounting ethics on firms performance?
- To what extent do the factors influence the ethical decision making of accountants?
- What are the obstacles faced by accountants as they strive to adhere to ethical standards?

### **1.7 Significance of the Study**

The investigation holds significant relevance for several reasons. Firstly, it provides an opportunity to examine and evaluate the effects of both ethical and unethical decisions made by accountants on firm performance. By studying this relationship, the research can shed light on the extent to which ethical behavior positively or negatively influences a company's overall performance.

Furthermore, understanding the challenges faced by accountants in adhering to ethical standards is crucial. This knowledge can guide educational institutions and professional bodies in developing appropriate ethical curricula for training future accountants. It can also assist firms and governmental institutions in implementing relevant controls and measures to mitigate the negative impacts of unethical decisions on business performance in the Ghanaian context.

Additionally, this investigation adds to the corpus of knowledge already in existence surrounding accounting ethical behavior and its impact on firms. By expanding upon the current understanding, the research adds valuable insights and further enhances our understanding of the relationship between ethics and firm performance.

## **1.8 Organisation of the Study**

The structure of the investigation desires to be arranged into five sections. Section one serves as the introduction encompasses various aspects, including this research's background, problem statement, purpose, objectives, research questions, significance limitations, and structure. Section two provides a comprehensive review of pertinent literature, delving into the key concepts underpinning the study. This section will explore relevant frameworks and elucidate explanations of unethical behaviors. It will also encompass a theoretical structure and empirical inquiry. Section three outlines the methodology of the study and elucidates the tools for the analysis of data to be employed in the investigation. This section will expound upon the population as a whole, selection, and investigation strategies, describe the information collection process, outline data examination methods, and underscore the moral considerations adhered to during the research process. Chapter Four will present the study's results and findings, accompanied by in-depth discussions and interpretations of the acquired results. Chapter Five, the last chapter, encompasses a synopsis, findings, and suggestions.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The purpose of this research is to scrutinize the ethical behavior in accounting and its repercussions on a company's performance. This section provides a thorough examination of conceptual elements pertaining to ethics, ethical principles within the accounting domain, examples of ethical misconduct, and best practices in professional accounting.

#### **2.2 The Notion of Ethics**

Ethics is an important concept that many people encounter in their everyday lives. As per the definition provided by IFAC, the International Federation of Accountants, in 2013, morality can be described as a collection of universal laws that regulate the conduct of a system, be it an individual, an organization, or a society. Ethics serves as a guiding framework that assists us in navigating complex decisions when confronted with ethical dilemmas and is based on right and wrong behaviour or consequences of our actions. Guilhem and Figueiredo (2008) emphasized the complexity of ethics and noted that it essentially reflects the philosophical underpinnings of moral existence, encompassing norms and principles. Crane and Matten (2004) argue that ethics encompasses the woven fabric of customs, principles, and convictions embedded within an environmental process. In contrast, Du Plessis, Rossouw, and Prinsloo (2009) assert that morality relates to an individual's behavior and their interactions with others. Ultimately, ethics is used to discern between good and bad conduct.

Depending on the text, it is visible that ethics consists of a set of principles and ideas about how to act in a socially acceptable manner. Weeger (2007) describes ethics as the decisions and behaviour of humans. Rawls (as cited in Thompson, 2007) views unethical behaviour as a result of differences between people. The accounting profession has its own code of ethics which includes honesty, objectivity, proficiency, discretion, and conduct in a professional manner from accountants. It is important to have trust and confidence from investors so that high quality financial information can be presented, requiring ethical consideration from the accountant (Rashid et al., 2018).

Ethics holds a significant place in the mindset of professionals across various sectors, including public practice, business, academia, and government. Allan and Bunting (2008) propose that when accountants uphold professional ethics, such as integrity, it can lead to enhancements in the integrity of financial statements and the overall effectiveness of performance of organizations. IFAC (2013) also argues that ethical choices and decisions have a direct impact on how we are perceived by our clients, employers, regulators, and ourselves. Ferrel et al (2001) define ethics as the ethics can be described as moral-based standards of conduct that serve to differentiate between behaviors that is considered acceptable and that which is deemed unacceptable. Otalor and Eiya (2013) provide an additional perspective, defining ethics as a collection of regulations and fundamental principles that delineate the obligations of practitioners, their interactions with colleagues, clients, and their broader role in society. Ultimately, scholars like Lisboa (2010) and Moraes et al. (2010), among many others, emphasize that the act of making ethical choices is of paramount importance for attaining security, personal growth, respect, trustworthiness, acknowledgment, and success within the realm of accounting.

Virtue conduct is an important component of the accounting profession. It focuses on the motivations and character of the individual rather than the reasons for their actions. This approach seeks to cultivate certain behaviours that result in the right actions being taken. There is a significant understanding within the profession of the value of incorporating virtue into carrying out duties (Mintz, 2006). For this reason, it is widely accepted that ethics education is vital for accountants in both private and public domains so they are adequately prepared to tackle any ethical issues they may encounter (Jackling, Cooper, Leung & Dellaportas, 2006).

### **2.2.1 The Field of Accountancy**

It is well established that the accounting profession has a long and distinguished history. Since the eighteenth century, the designation of "Chartered Certified Accountants" has been in existence. In 1854, Queen Victoria granted the first Charter of this status to "The Society of Accountants" in Edinburgh. Similarly, the Institute of Accountants and Actuaries located in Glasgow was also granted a Charter after seeking the Queen's approval. According to Bosiako, a profession is something that must be earned through education, experience, and mastery of a complex knowledge base. Nevertheless, there is an ongoing debate about whether Italy or Scotland can rightfully claim the origin of accounting. Some argue that the Italian Collegio dei Raxonati, established in 1581, was the first formal association of accountants.

Others point out that Scotland had the first Chartered Accountant in 1854 – George Watson – as evidence that accounting began in Scotland. Either way, it's clear that the accounting profession has been around for centuries and will continue to be a pillar of society for decades to come. In 1880, England and in 1896 the United States of America

took similar steps to launch the Certified Public Accountants practitioners. AICPA stands for the American Institute of Certified Public Accountants is the sole institution in the United State responsible for certifying professional accountants with the CPA designation. The Accounting Foundation of International (IFAC) currently serves as the international body overseeing the works of accounting professionals, boasting more than two hundred and fifty million members across the world. IFAC is committed to upholding the environmental interest, enhancing the international accounting practitioners, establishing and advocating for high-quality professional standards, and addressing public interest issues related to the profession. Through this organization, professional accountants globally are unified under one certification program.

Since the Gold Coast's independence in 1957, the need for qualified accountants is apparent. In 1948, a census showed that there were no African accountants in the region. In an effort to address this concern, Dr. Kwame Nkrumah took the initiative to establish a committee tasked with identifying the professions necessary for his rulership. As an outcome, individuals were taken to Britain for training. A subordinate committee affiliated with the Group of Accounting practitioners formulated a strategy to train accountants locally and proposed the creation of an Accountancy Examination Body. Subsequently, the Chartered Accountant Act of 1963 was enacted, leading to the establishment of the ICAG, the Institute of Chartered Accountants as the exclusive professional accountancy certification group in Ghana. Unfortunately, a 2004 World Bank report reveals that ICAG's education and training system needs improvement and that there is an overall higher demand for accountants. The World Bank recognized the inadequacy of financial resources by the International Communications Agency (ICAG) and consequently gave a grant to them in 2010. Through this grant, the ICAG received

essential support, initially focusing on enhancing their capacity and legal framework. Subsequently, they embarked on the process of designing, developing, and implementing International Financial Reporting Standards (IFRS). Since then, the ICAG has been able to better manage their financial resources and continue to successfully meet their goals.

### **2.2.2 Principles of Accounting Ethics**

Ethics can be divided into two parts: personal and occupational morality. Personal morality refers to morality and the general principles of behavior that come with any role an individual has. Professional ethics, however, enforces certain behaviors in certain professions such as law, medicine, accounting and engineering. Bradburn (2001) explains that personal ethics involve caring for others, respecting autonomy, being honest, adhering to the law and refraining from taking advantage of people. Professional ethics is focused on objectivity, transparency, confidentiality, expertise and correct conduct. An accountant who is a professional must adhere to these basic principles:

- a) Integrity: Demonstrating honesty and unwavering adherence to principles in every professional and business interaction.
- b) Objectivity: Ensuring that professional and business decisions remain uninfluenced by personal biases, conflicts of interest, or undue external pressure.
- c) Professional Competence and Due Care: Accountants are obligated to maintain a continuous commitment to staying informed about the latest advancements in practice, regulations, and methodologies to provide competent services. This encompasses performing their duties diligently and adhering to relevant professional and technical norms when delivering their offerings.

- d) **Maintaining Privacy:** Accountants are required to recognize the privacy of the data that is obtained through their relationships in the business and professional spheres and should not reveal such information to external groups without lawful and explicit consent, except in cases where disclosure is required by law or professional standards. Personal information obtained through professional and business interactions should not be used for the accountant's or other parties' personal use benefit.
- e) **Professional Conduct:** Accountants must adhere to the applicable laws and guidelines and abstain from participating in activities that tarnish the reputation of the profession. This includes actions that would be perceived as detrimental to the profession's reputation by a sensible and knowledgeable outsider with full comprehension of all pertinent details.

### **2.2.3 Ethical Failures and Practices in the Accountancy Profession**

The notable corporate failures observed during the years 1980s to 2000s, which resulted in the erosion of savings and investments for owners, have elevated the relevance of morality in both business and accounting, raising concerns for the general public. The accountancy profession plays a critical role in business by providing essential accounting information, and accounting professionals are to be reliable and ethical in their activities, carrying out tasks that are efficient and beneficial for their clients and the public. Regrettably, trust in this profession has been steadily diminishing over the years because of questionable accounting practices and misconducts that have marred its reputation. Several scholars, including Leung and Cooper (1995) and Ponemon and Gabhart (1993) highlight the significance of ethical considerations in the workplace. for accountants. According to Gowthorpe and Amat (2005), the practice of creative

accounting, involving minor manipulations of regulations to favor information preparers and the presentation of selective information, has become increasingly prevalent.

These modes of presentation are ethically repugnant, as they are unjust in their use of power and misrepresent regulators, thus dishonestly depriving users of financial information needed for decision-making. Cristina and Florina (2008) propose that, by promoting a code of ethics, effective training can be given to accountants in hopes of steering away from unethical behavior and addressing ethical dilemmas. Moraes, Silva, and Carvalho (2010) have observed a global trend toward more transparent and trustworthy accounting practices, which are attributed to the professionalism of accountants. In contrast, Parker and Smith (1994; 2003) argue that ethical concerns are closely intertwined with accounting activities. Waddock (2005) emphasizes that accounting should adopt an ethical stance rather than a purely technical one. Accountants must be aware of their values, the consequences of their actions or omissions, and the potential impact on integrity.

Teaching ethics is considered as a strong tool through which the accounting occupation and the educational environment can enhance the moral behavior of professional accountants. Given the reduction in public trust in the accounting sector, investigators have intensified their efforts to explore topics related to business ethics and professional accounting, with the aim of restoring trust in these professionals (Leitsch, 2006). Questions posed by these researchers include: Is establishing a code of ethics sufficient to prevent unethical behavior among professionals? Does a code of ethics need to be implemented before ethical behaviors are taught and practiced? Or does an individual's

conducts reflect their commitment to making ethical decisions (Weeger, 2007)? The American Institute of Certified Public Accountants (AICPA) is a US organization that has taken steps to assess the skills that accountants will require in the future.

The CPA Vision Initiative, released by the AICPA, outlines the essential values that Accredited Public Accountants (CPAs) should possess to address future integrity-related challenges (Fogarty, Radcliffe & Campbell, 2006). To ensure that CPAs acquire the knowledge and skills outlined in the report, the American Institute of CPAs (AICPA) has introduced the Core Competency Framework as an introduction to the accounting profession. The framework places emphasis on personal competencies, including a commitment to integrity and ethical behavior (AICPA, 1999). Nevertheless, there is an ongoing debate over whether ethics can be effectively taught and whether such education will genuinely influence future behavior (Louden, 2002). Dellaportas et al. (2014) suggest that ethics education has the potential to deter unethical behavior among some professionals. However, other investigators point out that the ethical component of accounting courses is insufficient, resulting in newly graduated accountants lacking the expertise and abilities required to in effect address moral issues.

To rebuild trust in the industry, universities need to provide students with the chance to cultivate principles of morality and ethics that they may not have previously acquired (Mayhew & Murphy, 2009; Sims, 2002; Smith, 2003; Evans & Marca, 2005). Everett (2007) suggests that some business schools may overlook the importance of ethics and ethical assumptions as part of their curriculum. Merritt (2002) argues that it is essential to integrate ethics into accounting education to restore public trust in financial statements prepared by professional accountants. Dellaportas, Kanapathippillai, Khan,

and Leung (2014) identify obstacles in providing quality education on ethics, including a lack of qualified personnel to teach ethics and insufficient research opportunities. Educational staff being reluctant to teach ethics further complicates the situation. However, it can be curbed with ample resources focused on training staff (Dellaportas, Kanapathippillai, Khan, & Leung, 2014).

An investigation was published in 2003 by the International Federation of Accountants (IFAC) titled *International Viewpoint on Rebuilding Public Trust in Financial Reporting*, in which it highlighted certain pitfalls in organisations and proposed strategies for strong corporate ethics, education, and capacity building. It has been argued that ethics training is neglected in accounting education (Thorne, 2004; (PwC, 2003). Thorne along with Gaa (2004) suggested education for ethics as a potential means to address the moral problems within the accounting field. In the US, significant attention has been devoted to the responsibilities of accounting instructors when it comes to ethical teaching. Humphrey (2005) investigated how the global academic accounting community has reacted to scandals. Specifically, it has become pertinent to scrutinize the role of accounting bodies in delivering ethical education during pre-qualification training and promoting continuous professional development. After these major scandals, there has been an increased effort to promote ethical instruction, for which accounting bodies have had a crucial part to play (Jackling, Cooper, Leung & Dellaportas, 2007).

## **2.3 Theoretical Review**

### **2.3.1 Deontological Theory**

Deontological ethical theories propose the existence of an inherent moral code within every action, determining its ethical correctness. Chonko (2012) asserts that following one's duties and obligations is generally viewed as ethical behavior, with a strong emphasis on responsible conduct. In this framework, certain actions performed by accountants are inherently considered ethically acceptable, and any deviation from these standards is considered unethical. Essentially, accountants are expected to possess an innate understanding of what constitutes morally right or wrong.

Accountants who adhere to deontological ethics believe that fulfilling their workplace responsibilities is ethically right, which significantly influences their decision-making and behavior. However, this ethical theory has limitations. It fails to distinguish between actions that possess inherent moral correctness or incorrectness, and it disregards the influence of individuals' emotions, beliefs, and values on how ethical perspectives mold an accountant's behavior and mindset in the professional setting.

### **2.3.2 Teleological theory**

This perspective stands in contrast to the deontological approach to morality. Rawls' Theory of Justice suggests that the outcome of an action plays a role in determining whether it was morally right or wrong. According to Chonko (2012), in this teleological view of morality, the intrinsic nature of the action is less important than the resulting outcome. If the consequence of an accountant's action is favorable, the action is generally considered morally right. Conversely, if the outcome is unfavorable, the action may be perceived as wrong.

Proponents of this viewpoint argue that the ends justify the means, meaning that if an action leads to a positive outcome, the action itself is considered justified. However, this ethical theory overlooks potential consequences that may impact larger groups when an individual pursues personal gain. Therefore, an action is not necessarily morally right simply because it benefits one person's interests.

### **2.3.3 Utilitarian theory**

Utilitarianism is an ethical theory that centers on the consequences of actions. It posits that an action's morality is established by its outcomes. If the results of a particular action benefit the person taking that action, then the action is deemed morally justified. This philosophy suggests that individuals should prioritize their own interests. When applied to the field of accounting, it implies that the effects or consequences of an action are the most critical factors in decision-making. As long as accountants achieve their objectives and the outcomes are favorable, their actions are considered ethically sound.

## **2.4 Empirical Review**

Research has consistently shown that unethical behavior by employees can have a significant impact on individuals, work groups, and the overall performance of an organization (Beck and Andrews, 1989). Given the increasing significance attributed to this field of research by businesses, numerous studies are exploring the connection between moral conduct and the effectiveness of the organization (Pučėtaitė, 2014; Lau, Tong et al., 2017; Naiyananont and Smuthranont, 2017; Dimitriou and Ducette, 2018; Kim, Kim et al., 2019). This is partly due to the recognition that individuals comprise an organization, and the multiplying effects of individual behaviours (Wagel 1987, Kim, Kim et al. 2019; Naiyananont and Smuthranont, 2017). As such, it is increasingly

expected that personnel act in accordance with pre-determined standards of behavior. Today's businesses are always exploring methods of attaining a competitive edge. Ensuring the firm possesses an invigorated organizational culture and a positive public profile is an undeniable approach to remaining pertinent in the commercial landscape. The culture of a corporation stipulates the accepted behavior that employees maintain to accomplish the company's ambitions and thus, forges its branding. The importance of adhering to ethical standards in an organization has been widely acknowledged as a cornerstone of effective performance, which significantly influences the public's trust in said organization (Perry et al., 2014). Previous research has identified key determinants of ethical behavior within a firm, among them the role of accountants (Grojean et al., 2004). Downe, Cowell, & Morgan (2016) point towards the significance of accounting ethical actions for the conduct of accounting profession. Various scandals have made it amply clear that the lack of integrity and strong ethical principles on the part of those at the helm of organizations may have a deep-reaching impact, including damage to financial reporting and violations of basic employee rights.

Research has increasingly sought to identify the effect ethical leadership can have on employees' output. Findings suggest that trust in senior management can have a positive impact by improving employee satisfaction, with potential repercussions for productivity (Hassan, 2015). Despite this, relatively little analysis has been done into the role of leadership styles in promoting ethical behavior in organizations (Menzel, 2007). It is nevertheless commonly acknowledged that leaders can hold sway over their subordinates and thus modify the company's corporate governance processes. With such limited research existing on this subject, it is necessary to explore how leadership affects a corporation's ethical character.

Organizational growth is improved when ethical principles are consistent with the culture, core values, mission and vision of the company, providing constant reminders of the goals set by the organization (Ng and Feldman 2015). It is essential for businesses to operate within a moral framework, as there is substantial evidence suggesting immoral organizational practices (Kumari and Pandey 2011). Despite any challenges or pressures that organizations may face, it is important they adhere to ethical standards. This notion suggests that sub-cultures within a business can benefit its performance or impede spirits, drive, and outcomes (Bediako - Asare, 2002).

The ethical standards of firms are markedly impacted by the current political and social environment climate, and this holds true for Ghanaian businesses as well. The book "Business Management," The Institute of Chartered Accountants Ghana (ICAG, 2009) published this book, identifies ten key environmental factors within Ghanaian society that can impact the moral values of workers, managers, and leaders within Ghana. These factors encompass a conviction in the benevolence of a Creator, a system of extended families and reverence for seniors, a strong emphasis on achievement, an dictatorial political structure, a culture of a culture shaped by communal values, a society dominated by men and emphasizing masculinity, a culture of hospitality and gratitude, and a shared understanding of time (ICAG, 2009).

The dialogue surrounding publicly-traded companies in Ghana revolves around the issue of whether the nation possesses ethical leaders who can be trusted to offer moral guidance. Human Resources is considering the implementation of an employee development program aimed at fostering ethics training. According to The Development of Cognitive Morality Theory and moral assessment can be improved by

utilizing training exercises that are specifically designed to provoke cognitive dissonance and challenge the thought processes of individuals (Gibbs, 2019). According to Bandura (1986), what people think, believe and feel affects their behavior. Therefore, HR policies should take into consideration the responsibility of creating and managing a morally upright cultural setting (Schein 2010). Managers ought to produce encouraging and instructive atmospheres for their employees. Workers who must make autonomous ethical decisions in complex situations (such as overseas assignments) may benefit from this kind of training. Organizations should clearly establish organizational and psychological standards for their policies (Jensen 2010). To ensure the establishment of a values-driven, comprehensive Organizations should include components of fairness and ethics in their program into their performance evaluation processes.

The evaluation of corporate performance by investors globally is now more pertinent than ever due to a globalized system of commerce and finance. Economic globalization has enabled the proliferation of business opportunities throughout the world, eliminating common impediments to trade and investment, thus facilitating development and growth. In order for organizations to be effectively managed, performance measurement is imperative in order to determine the effects of available resources on productivity. Consequently, measuring organizational performance is necessary for optimizing efficiency.

#### **2.4.1 The Perception on the Impact of Accounting Ethics on Firms Performance**

Oladele (2010) elucidated the association between ethical behavior and the total performance of an enterprise. The research delineated ethical behavior as a body of moral principles that an enterprise employs to steer the activities of its employees,

business, and all stakeholders. According to Oladele (2010), ethical behavior has a substantial influence on the performance of an organization. In reality, it affects the performance, motivation, and productivity of employees. Furthermore, the study ascertained that sound ethical behavior is positively correlated with the performance of a given organization. Thus, organizations must endorse measures, conduct, and principles that shape their ethics beneficially, as this will lead to enhanced profitability. Moreover, Akhavan, Ramezan, Moghaddam, & Mehralian (2014) demonstrated that there is a strong positive relationship between an entity's ethical standards and the performance of the company. Based on Saeidi & Bidi (2012), ethical principles have to be integrated at different levels of an organization to guarantee that decision-making is based on facts and evidence instead of personal or partial inclinations. The implications of ethics on employee performance is critical, hence, warranting exploration on the matter.

Selvarajan and Sardesai (2010) contend that the assessment of employee performance in an organization should be based on the defined ethics of the company. Saeed, Shakeel, and Lodhi (2013) conducted a regression analysis to examine if ethical values were influencing the performance of the workers, with a sample size of 150 participants. The results revealed that ethical behavior had a positive impact on employee performance. Similarly, Sabir et al. (2012) identified that corporate ethical values are a crucial factor in relation to ethical leadership and employee performance.

In spite of the mounting trepidation among business ethics scholars, corporate misconduct persists. This has resulted in an erosion of trust among employees and a waning dedication to organizational objectives. Ethical leadership is a pressing requirement in today's tumultuous economic climate, marked by the worst global

recession since the 1930s, alongside prominent cases of corporate malfeasance like Arthur Andersen, Tyco, Parmalat, WorldCom, Enron, and HealthSouth. In numerous of these cases, executives' attempts to maximize profits and their own compensation have led to fraudulent decision-making that has exacerbated the current credit crisis (Victor & Berenbeim 2010, O'Connell & Bligh 2009, Soutar 2005).

Investors often utilize financial ratios including Return on Equity (ROE) and Return on Assets (ROA) are two metrics used to measure a company's performance objectively (Masa'deh, 2016). The impacts of a study carried out by Velnampy, Nimalthasan et al. (2014) Earnings Per Share (EPS) and Dividend Payout on both ROA and ROE for manufacturing companies between 2008 and 2012. No statistically significant relationship was established between Earning Per Share (EPS), Dividend Payout, ROA, and Return On Equity (ROE). However, Woode (1997, 2000) contended that during this period, public administration in Ghana was plagued by shortcomings and issues, such as a lack of clear direction, urban favoritism, an elitist mindset, nepotism, mistrust, paternalism, centralization, a lack of punctuality, and a deficit of organizational loyalty.

It is essential for businesses to commit to professional ethics in order to solidify the efficiency, effectiveness, loyalty, and market-oriented work ethics and conduct needed for optimal results. Misconduct can lead to costly and detrimental ramifications not just for the business but also for society at large (Abiodun et al., 2014). Research has been done to demonstrate that ethical behavior can have a positive impact on firm performance (Cragg & Matten 2011, Wessels 2011). Consequently, firms cannot ignore business ethics; many companies have experienced failure due to unethical practices of employees and executives. Establishing an appropriate corporate culture necessitates

an approval process based on consultation and formal agreement to ensure that desired attitudes and behavior are met (Attakumah, 2013).

#### **2.4.2 Factors That Influence the Ethical Decision Making of Accountants in**

##### **Ghana**

A set of guidelines and norms known as business ethics guide the conduct of individuals and workgroups in commercial contexts. Determining these conventions is typically the responsibility of stakeholders, and they may vary over time. The most important of these norms have been formalized as laws and regulations. However, business extends beyond legal matters. As people and groups within an organization may not necessarily agree on the same values, ethical conflicts can arise. Decisions and behaviors considered ethically dubious can lead to disputes that must be addressed through negotiation or litigation. Through the formulation of policies expressing what is acceptable and unacceptable, businesses can attempt to reduce any conduct that could create issues with the law.

Accounting ethical decisions are often complicated, and do not have a definite right answer. Developing a shared understanding of acceptable behavior from an organizational point of view constructs consistent relationships with all stakeholders involved. Learning about the principles of ethical decision-making can help individuals and companies devise strategies to lessen wrongdoing. Three key elements in this process are individual factors, organizational dynamics, and opportunity. Individual characteristics can greatly influence the moral decision-making process. These elements include moral philosophies, developmental maturity, incentives, and personal traits such as gender, age, and competency. Moral philosophies refer to the set of beliefs

used in evaluating what is deemed ethical or unethical. Generally, these philosophies can be classified as utilitarianism, formalism, or justice.

Consequentialism is a form of philosophical thought which maintains that a decision is considered to be morally correct or appropriate if it results in specific goals like knowledge, pleasure, or self-interest., or utility. Within this framework there are two main branches: egoism and utilitarianism. Ethical formalism, on the other hand, emphasizes the rights of individuals and the intentions behind behavior rather than its effects. Additionally, justice theory involves judgments about fairness in regard to perceiving injustices occurring to other people. Kohlberg suggested that people move through six distinct stages of cognitive moral growth. McClelland proposed three different social needs as motivators for ethical decision-making; these are achievement, affiliation, and dominance.

The combination of values, beliefs, goals, conventions, and rituals that make up an organization's culture are collectively embraced and practiced by the members of an organization. The prevailing culture, along with the influence of important individuals like supervisors, colleagues, and subordinates, can significantly shape the process of making moral decisions. Executive leadership also contributes to the establishment of a firm's ethical value system, however, it has been noted that individuals may tend to comply with the directives of their superior due to obedience to authority. Furthermore, it has been observed that more exposure to unethical activity by other members of an organization often equates to the likelihood of one exhibiting unethical behavior, under the pressure from the organization itself.

Opportunity, described as a combination of conditions that reduce obstacles or offer incentives, can encourage unethical behavior if a person seizes it and goes unpunished or gains a benefit. This type of conduct may be repeated when conditions are favorable.

### **2.4.3 Obstacles Faced by Accountants as They Strive to Adhere to Ethical**

#### **Standards**

There is no restriction to the extent to which people and companies can act unethically. Unfortunately, it often happens. For instance, when Manville Corporation denied recognition of the fact that their employees were falling ill due to asbestos exposure or when Ford opted not to address a flaw that resulted in Pinto explosions in gas tanks after small rear-end collisions (Bucholz, 2005). An understanding of why some people make choices to carry out unethical conduct can be linked to how organizations are inclined to compensate behaviors that break moral principles. Take, for example, the number of corporate administrators expected to become involved in bribes and pay-offs despite the disrepute and uncertainty of a few regulations as well as how decent corporate stewards who inform on organizational misdeeds can be afraid to suffer consequences for their activities.

It is understandable how people can consciously take part in unscrupulous practices with these perspectives. An excessive emphasis on short-term financial gains and immediate electoral success can lead to decisions and justifications that not only have negative long-term consequences for individuals but can also jeopardize the sustainability of organizations. Certain excuses used to validate immoral behavior can be easily traced back to Gellerman (2006). In the field of corporate illegal behavior, the prevailing belief is that necessity and pressure drive individuals in organizations to act

unethically and create justifications for it; yet, research has illustrated that this justification does not always account for every instance of unlawful activity (Baucus and Near, 2001). Some alternative methods for justifying unlawful behavior include:

1. Denying the unethical or illegal nature of the action.
2. Claiming the behavior is in the best interest of the organization or oneself.
3. Assuming that nobody else would find out about it.
4. Assuming superiors will protect you if anything bad happens.

In the data presented, there was no connection between inadequate performance and a lack of organizational slack (any money left after paying stakeholders to keep the agreement in place). Contrary to this, wrong actions often come from generous circumstances.

Organizations operating in certain industries are likely to act immorally due to the prevailing industry culture. If an organization's major competitors are succeeding due to unethical behavior, it may become difficult for its members to reject this type of conduct and thus come to accept such acts as a part of their industry's standards. This can result in an organizational environment that is conducive to immoral deeds.

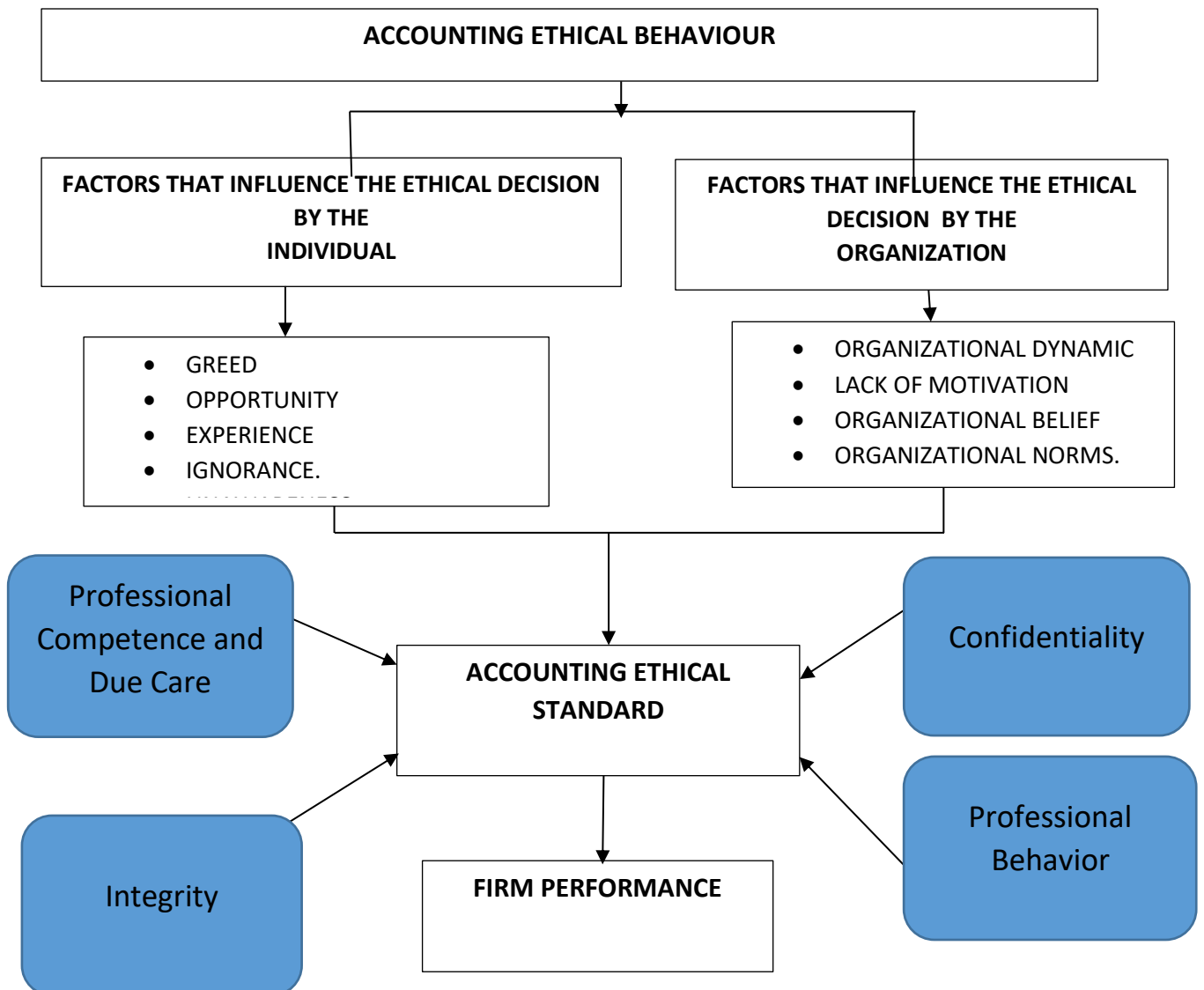
Sheenam (2018) asserts that experts in finance and accounting who are employed might encounter pressures that can lead them to act contrary to the fundamental principles, whether intentionally or unintentionally. These pressures may come from superiors, managers, directors, or any other person within the company. Jagg (2003) discussed four fundamental reasons why accounting professionals may succumb to ethical misconduct. He noted that greed, opportunity, apathy and unawareness were the main causes for unethical practices. With regards to greed, he suggested that the occupation

of accounting provides individuals or businesses the option of improperly manipulating accounts in order to acquire additional wealth, without having to resort to thievery or burglary. Explaining the appeal of accounting crimes, which are of a white-collar nature, he wrote that with large sums of money available, it can activate the avarice in some people's heads. He went on to describe how those who ordinarily would not commit a crime may be tempted when given the chance.

Dealing with a great amount of money in accounting can cause an easy temptation to be succumbed to, especially for those who have a financial necessity. The author also explained that when one is within the corporate environment, they can close themselves off from what goes on outside and create a sense of superiority and entitlement. This can lead to accounting problems that arise from within the business or the individual. Lastly, even if ignorance is not an excuse for any illicit activities, it usually plays a role in accounting crimes. It is clear that bank robberies are illegal, yet financial regulations can be complicated and easily misunderstood. Unethical practices may inadvertently be committed by those who are inexperienced in accounting or business. Unfortunately, when someone is accused of misconduct, they may attempt to use unawareness as an excuse, even if it is not actually true.

## 2.5 Conceptual Framework

**Figure 1: Conceptual Framework**



The conceptual framework figure 1 shows how accounting ethics have an immediate effect on firm's execution. The more accountants adhere to accounting ethics, the more it affects the firm positively and as accountants refuses to adhere to the accounting ethics, it affects the firm's performance adversely.

## **Research Gap**

A survey of the different works on ethics within an organization reveals that this topic has been given much research consideration in the realm of accounting. Despite the multitude of contributions from various authors, it is widely acknowledged that ethical studies need significant revision to provide substantial benefits to organizations (Marika & Giovanni, 2009). Moreover, there is limited emphasis on the impact that unethical behavior has on a firm's performance, particularly in government organizations.

The majority of studies on ethics in accounting are Eurocentric, leaving out the African business setting. In recent years, ethical consideration has significantly increased in both private and government organizations in Ghana, which attests to the significance of moral matters relating to accounting. All of these studies have aimed to look into how accounting students view ethics and working or professional accountants in relation to individual factors, including but not limited to age, gender, and work experience.

This study, in contrast, will focus on examining the influence of ethics on a firm's performance, the elements that influence how ethically an accountant makes decisions as well as the difficulties that an accountant faces in upholding ethical accounting standards. The investigator is confident that this methodology will yield a more profound comprehension of the importance of ethics in the process of making decisions.

## **CHAPTER THREE**

### **RESEARCH METHODS**

#### **3.1 Introduction**

The principal aim of this research was to evaluate the perception of accounting ethics and their implications for firm performance. Additionally, the study aimed to identify the elements that affect how ethically accountants make decisions and explore the obstacles they encounter when making ethical decisions.

In crafting the research methodology, several critical elements were taken into consideration. The research type and design were carefully selected, aligning with the study's specific objectives. The target population for the research was clearly defined, and a fitting sampling technique was employed to choose a representative sample from this population. The method for data collection was also chosen, and a suitable instrument was developed to gather the required data. Additionally, the study entailed the formulation of a model or framework to direct the evaluation and comprehension of the information gathered.

Overall, the research methodology encompassed considerations of research type, research design, population selection, sampling technique, data collection method, instrument development, and model specification. These methodological choices were made to ensure the study effectively addressed the research objectives and offered insightful information about the impact and perception of accounting ethics on firm performance.

### **3.2 Research Design**

A quantitative approach was used in the study, which entails gathering and analyzing numerical data through surveys, questionnaires, and polls. The emphasis is on objective measurements and statistical analysis to draw conclusions and generalize findings across different groups or to explain a specific phenomenon. The adoption of a quantitative approach in this study was deemed suitable as it sought to ascertain how accounting ethics affected business performance in Ghana. By gathering numerical data, this approach allows for a comprehensive examination of the factors influencing ethical decision-making among accountants and the obstacles they face in adhering to ethical standards.

Descriptive research design was used in this investigation in its approach. A descriptive research design is well-suited for exploring and analyzing complex issues or variables that contribute to the moral framework in which the ethical decision of accountants have an effect on their firm performance. It enables a thorough examination of the problem at hand and facilitates a comprehensive discussion of various interrelated factors. By combining the quantitative approach and descriptive research design, the purpose of this study was to offer a thorough and in-depth understanding of the factors influencing accounting ethics and their impact on firm performance

### **3.3 Population**

By population, we mean the complete set or collection of cases that fulfill specific criteria established by the researcher. It includes individuals, objects, or events that are of interest in obtaining information to achieve the study's objectives. The definition of population provided by Amadehe and Gyimah (2002) emphasizes the group that meets

the designated criteria. Mason (2007) defines the population as a group of entities, which can include individuals, objects, or measured values. In a similar vein, Burns and Grove (1997) describe the population as comprising elements that fulfill the criteria for being part of a study.

It's worth emphasizing that research doesn't always necessitate large sample sizes. What's more important is the meticulous selection of respondents who can offer valuable insights into the specific issues under investigation (Flick, 2008). The target population for this study is Ghanaian professional accountants who work in the field. This group was selected as the focal point of analysis because of their perceived ethical orientation and their direct participation in both individual and organizational accounting activities. Their perspectives were deemed crucial in comprehending the ethical decision-making process and its effects on firm performance.

### **3.4 Sampling Procedures**

The sampling technique employed in a study dictates the method by which the primary items of interest are selected from the larger group of possible study subjects. It helps determine the appropriate number and type of individuals needed for the study. In this research, convenience sampling was adopted. Convenience sampling is a method where researchers collect data from a readily available and convenient pool of respondents. It is commonly used due to its simplicity, speed, and cost-effectiveness. Individuals who are willing to participate and readily available are included in the sample.

For this study, the eligibility criteria were accountants currently working, as it is assumed that they possess knowledge of ethics and may have encountered instances of ethical violations. Furthermore, their interactions with students from business schools

during internships can offer insightful information about the degree of ethical awareness and understanding among accounting students preparing to enter the profession. As stated by Lenth (2011), the sample size holds significance for the conclusions and results obtained from the investigation. Consequently, the study adhered to the sample size model established by deVaus (2002) in order to determine an appropriate sample size. The model is expressed as:

$$S = \frac{N}{1+N(e)^2}$$

Where:

S = Sample Size

N = Population size

e = margin of error

With a confidence level of 10% and a target population of 100, the sample size can be calculated as follows:

$$s = \frac{100}{1+100(0.1)^2}$$

s = 50 Therefore, the sample size is determined to be 50 accountants.

### **3.5 Data Collection Instrument**

In this study, as there is no pre-existing data that directly addresses the research questions, the collection of primary data is imperative. Primary data entails the collection of raw data directly from specific respondents or participants, and it is carried out specifically for the purpose of the study (Hague, 2006).

To collect the required data, a survey approach will be employed. This involves designing and developing questionnaires that will be used to collect data from the field. Questionnaires are a common tool used in surveys to gather information from respondents. By utilizing the survey approach and administering questionnaires, the researcher will be able to gather primary data that is relevant to the research objectives and can be further analyzed.

The questionnaire is a commonly used instrument for collecting data in qualitative studies. A survey instrument usually comprises a set of questions meticulously crafted to align with the study's objectives, hypotheses, and research inquiries. Respondents are tasked with furnishing their responses by means of writing, checking, indicating, or selecting the relevant response options (Amedahe, 2002).

For this study, the questionnaire employed to assess the study variables was structured into four distinct sections, identified as Sections A to D. The questionnaire's questions were closed-ended, which meant that respondents could only select from a predetermined list of response options. This approach helps in capturing sensitive data where necessary and allows for standardized data collection and analysis.

The questionnaire for this study does indeed incorporate the Likert scale measurement. The Likert scale is a widely utilized approach for quantifying using quantitative metric units to represent qualitative characteristics or constructs. It is considered reliable and provides a structured approach to gathering data (Yates, Edman & Aruguete, 2004). Within the Likert scale, comparable set of statements, questions, or items are grouped together in order to evaluate a specific variable.

The reason the questionnaire was chosen as the study's data collection method was the several advantages it offers, including its cost-effectiveness and the capacity to gather a substantial amount of data from a diverse array of respondents. This allows for comprehensive analysis and exploration of the research objectives and questions.

### **3.6 Data Collection Procedures**

The self-administered questionnaire was chosen as the data collection method for this investigation. The inquiry form will cover various aspects including socio-demographics, the impact of accounting ethical behavior on firms performance (measured using the Likert scale), factors influencing ethical decision making of accountants, and the obstacles faced by accountants in adhering to ethical standards.

To ensure the data collection process is conducted effectively, establishing a good rapport with the participants, who are the accountants, is important. Clear instructions will be provided regarding each test used in the study to ensure understanding. It will be stressed that there are no correct or incorrect answers, and that their professional careers will not be influenced by their responses. Participants will be assured that the answers they provide will remain private.

To make the process more engaging and to prevent boredom, participants will be given ample time intervals. The questionnaires will be distributed in suitable testing conditions, ensuring a conducive environment for respondents to provide their answers. Each testing session will conclude with a vote of thanks to the participants.

Once the data is obtained from the sample, the questionnaire items will be assessed and scored using the Likert scale. The Likert scale typically consists of five response choices, such as "1 - no effect" to "5 - major effect," against each statement. Data

analysis will be performed based on these scores, allowing for the examination of the questions and goals of the research.

Overall, the procedure for collecting data will be conducted with professionalism, ensuring the confidentiality of participants' responses and creating an environment that encourages open and honest feedback.

### **3.7 Model Specification**

#### **3.7.1 Logistic Regression**

##### **3.7.1.1 The Logit Model**

Logistic Regression Model will be used in the data analysis for the perception on the impact of accounting ethics on firm performance. Logistic regression is employed when there are multiple explanatory variables, and its purpose is to calculate odds ratios. In contrast, the Linear Probability Model is

$$P_i = \beta_1 + \beta_2 X_i \quad \text{Eq. (1)}$$

Where X is the impact of accounting ethics and  $P_i = E(Y_i = 1 | X_i)$  means the accounting ethics have an impact on firm performance. But now consider the following presentation

$$P_i = \frac{1}{1 + e^{-(\beta_1 + \beta_2 X_i)}} \quad \text{Eq. (2)}$$

For simplicity in explanation, we write Eq. (2) as

$$P_i = \frac{1}{1 + e^{-Z_i}} = \frac{e^Z}{1 + e^Z} \quad \text{Eq. (3)}$$

Where,  $Z_i = \beta_1 + \beta_2 X_i$ .

The logistic distribution function (cumulative) is represented by equation (3) above.

It is simple to confirm that as  $Z_i$  ranges from  $-\infty$  to  $+\infty$ ,  $P_i$  is between 0 and 1 and that  $P_i$  is nonlinearly related to  $Z_i$  (i.e.,  $X_i$ ), thereby meeting the two prerequisites previously discussed. However, it appears that in meeting these specifications, we have produced an estimation issue because  $P_i$  is nonlinear not only in  $X$  but also in the  $\beta$ 's as can be seen clearly from Eq. (2). This suggests that the traditional Ordinary Least Squares (OLS) approach is inappropriate for parameter estimation. But this problem is more obvious than significant because, as we'll see below, Eq. (2) is linearizable.

If  $P_i$ , the probability of ethics impacting firm performance, is given by Eq. (3), then  $(1 - P_i)$ , the probability of ethics not impacting firm performance, is

$$P_i = \frac{1}{1+e^{Z_i}} \quad \text{Eq. (4)}$$

Therefore, we can write

$$\frac{P_i}{1-P_i} = \frac{1+e^{Z_i}}{1+e^{-Z_i}} = e^{Z_i} \quad \text{Eq. (5)}$$

Now  $P_i/(1 - P_i)$  is the ratio of the likelihood that ethics will have a positive impact on firm performance to the likelihood that ethics will not have an impact on firm performance. This is the odds ratio favoring the impact of ethics on firm performance.

Thus, if  $P_i = 0.8$ , this suggests that the odds are 4 to 1 in favor of ethics positively impacting firm performance. Now, if we take the natural logarithm of Equation (5), we arrive at a rather intriguing result, namely:

$$\begin{aligned} L_i &= \ln\left(\frac{P_i}{1-P_i}\right) = Z_i \\ &= \beta_1 + \beta_2 X_i \end{aligned} \quad \text{Eq. (6)}$$

L, which represents the logit. In addition to being linear in X, the logarithm of the odds ratio is also linear in the parameters obtained from an estimate perspective. L is commonly referred to as the logit, which is why models like Equation (6) are called logit models.

- As P is from 0 to 1 (i.e., as Z from  $-\infty$  to  $+\infty$ ), the logit L goes from  $-\infty$  to  $+\infty$ . In other words, the logits are not so bounded even though the probabilities (of necessity) lie between 0 and 1.
- In X, L is linear, but the probabilities are not. This distinguishes the logit model (like Equation 6) from the Linear Probability Model (LPM) (like Model 1, the likelihoods rise in a linear fashion as X increases.
- In the previous model, we only included one X variable, or regressor, but you can add as many as you like as necessary based on the underlying theory.
- • When the logit, denoted by L, is positive, it means that the likelihood that the dependent variable will equal 1 (indicating the occurrence of an interesting event) increases along with the value of the regressor(s).
- Conversely, The odds of the dependent variable equaling one drop as the value of X rises, if L is negative. Put differently, when the odds ratio decreases from 1 to 0, the logit grows larger and more negative, and when the odds ratio increases from 1 to infinity, the logit grows larger and more positive.
- More formally, the interpretation of the logit model given in Eq. (6) is as follows:  $\beta_2$ , the slope, measures the change in L for a unit change in X, that is, it tells how the log-odds in favour of ethics impacting firm performance. The intercept  $\beta_1$  is the value of the log-odds in favour of ethics impacting firm performance. Similar to many interpretations of intercepts, this interpretation may lack any concrete physical significance.

- Given a certain level of income, say,  $X^*$ , if we actually want to estimate not the odds in favour of ethics impacting firm performance but the probability personal reasons, this can be done directly from Eq. (3) once the estimates of  $\beta_1$  and  $\beta_2$  are available. This, however, raises the most important question: How do we estimate  $\beta_1$  and  $\beta_2$  in the first place? The answer is given in the next section.
- Whereas the Linear Probability Model LPM assumes that  $P_i$  is linearly related to  $X_i$ , the logit model assumes that the log of the odds ratio is linearly related to  $X_i$ .

### 3.7.1.2 Estimation of the Logit Model

For estimation purposes, we write Eq. (6) as follows:

$$L_i = \ln\left(\frac{P_i}{1-P_i}\right) = \beta_1 + \beta_2 X_i + u_i \quad \text{Eq. (7)}$$

We will discuss the properties of the stochastic error term  $u_i$  shortly.

To estimate Eq. (7), we need, apart from  $X_i$ , the values of the regressand, or logit,  $L_i$ .

This depends on the type of data we have for analysis. We distinguish two types of data:

(1) data at the individual, or micro level and (2) grouped or replicated data. Therefore,

if we compute

$$\hat{P}_i = \frac{n_i}{N_i} \quad \text{Eq. (8)}$$

That is, the relative frequency, we can use it as an estimate of the true  $P_i$  corresponding

to each  $X_i$ . If  $N_i$  is fairly large,  $\hat{P}_i$  will be a reasonably good estimate of  $P_i$ . Using the

estimated  $P_i$ , we can obtain the estimated logit as

$$L_i = \ln\left(\frac{\hat{P}_i}{1-\hat{P}_i}\right) = \beta_1 + \beta_2 X_i \quad \text{Eq. (9)}$$

which will be a fairly good estimate of the true logit  $L_i$  if the number of observations  $N_i$  at each  $X_i$  is reasonably large.

In summary, when provided with grouped or replicated data, one can obtain data on the dependent variable, the logits, to estimate the model (7). However, can we then employ Ordinary Least Squares (OLS) to Eq. (9) and estimate the parameters in the typical manner? The answer is not quite, as we haven't discussed the properties of the stochastic disturbance term yet. It can be shown that if  $N_i$  is fairly large and if each observation in a given ethics class  $X_i$  is distributed independently as a binomial variable, then

$$u_i \sim N \left( 0, \frac{1}{N_i P_i (1 - P_i)} \right) \quad \text{Eq. (10)}$$

that is,  $u_i$  follows the normal distribution with zero mean and variance equal to  $1/[N_i P_i (1 - P_i)]$ .

Hence, much like in the Linear Probability Model (LPM), the disturbance term in the logit model exhibits heteroscedasticity. Consequently, instead of employing Ordinary Least Squares (OLS), we will need to utilize the Weighted Least Squares (WLS) method. For empirical purposes, however, we will replace the unknown  $P_i$  by  $\hat{P}_i$  and use

$$\hat{\sigma}^2 = \frac{1}{N_i \hat{P}_i (1 - \hat{P}_i)} \quad \text{Eq. (11)}$$

as estimator of  $\sigma^2$

We now describe the various steps in estimating the logit regression in Eq. (7)

- For each level X, compute the probability of ethics impacting firm performance as  $\hat{P}_i = n_i / N_i$ .

- For each  $X_i$ , obtain the logit as

$$L_i = \ln[\hat{P}_i / (1 - \hat{P}_i)]$$

- To resolve the problem of heteroscedasticity, transform Eq. (7) as follows:

$$\sqrt{w_i}L_i = \beta_1\sqrt{w_i} + \beta_2\sqrt{w_i}X_i + \sqrt{w_i}u_i \quad \text{Eq. (12)}$$

### 3.7.2 Cronbach's Alpha

Cronbach Alpha will be applied for the analysis of objectives two and three, which involve identifying the factors influencing the morality of accountants' decision-making and examining the difficulties they face in trying to maintain moral principles. The coefficient was initially identified by Cronbach in 1951, along with a new P\_T method for its derivation, following its implicit use in earlier research. Compared to earlier research, his interpretation of the coefficient made more sense intuitively and gained significant popularity.

Novick and Lewis demonstrated in 1967 that  $P_T$  is equivalent to reliability if and only if there is a constant difference between the true scores of the compared tests or measurements, regardless of the individuals being measured; in this instance, the tests or measurements are said to be "essentially tau-equivalent".

In 1978, Cronbach said that the rationale behind his first publication in 1951 received widespread recognition was "largely because [he] gave a distinctive name to a commonplace coefficient." He continued by saying that he had originally planned to name other kinds of reliability coefficients after consecutive Greek letters, such as those used in test-retest and inter-rater reliability. (i.e.,  $\beta, \gamma$ , etc) but later had second thoughts.

Later, in 2004, Cronbach and Shavelson encouraged readers to use generalizability theory rather than  $P_T$ . Cronbach expressed his disapproval of the label "Cronbach's alpha" and categorically denied the existence of studies that had published the general formula of KR-20 before his own 1951 publication.

By taking a score from each item on the scale and comparing it with the total score for each observation, Cronbach's alpha is calculated. Next, the variance of each individual item score is compared to this. Essentially, the number of questions or items in a measure, the average covariance between item pairs, and the overall variance of the final score obtained are the main factors that determine Cronbach's alpha.

$$\alpha = \frac{k}{k-1} \left( 1 - \frac{\sum_{i=1}^k \sigma_y^2}{\sigma_x^2} \right)$$

$k$  the number of items in the measure

$\sigma_y^2$  variance associated with each

$\sigma_x^2$  variance associated of the total scores

Reliability cannot, by definition, have values that are greater than or equal to one; instead, they must lie between zero and one. Numerous textbooks erroneously compare  $P_T$  with dependability and provide a false account of its range.  $P_T$  When applied to data that are not essentially tau-equivalent, can be less than reliability.

Cronbach's alpha is equal to one in the absence of measurement error, indicating perfect reliability. This irregularity also stems from the reality that  $P_T$  undervalues consistency. A high Cronbach's alpha value denotes a high degree of homogeneity between the scale's items, suggesting that they measure the same underlying construct or are closely

related to one another. Lots of reading materials refer to  $P_T$  as a measure of the uniformity of the items. This misconception stems from the false explanation provided by Cronbach (1951), which claims that high  $P_T$  values demonstrate the items' homogeneity. The term homogeneity is rarely used in current research, and when it is, it is frequently understood to mean that the scale or measure is unidimensional. Numerous studies have offered evidence or refutations showing high  $P_T$  Values don't show that something is one-dimensional.

Internal consistency is indicated by a high Cronbach's alpha value. Despite being widely used in reliability literature, the term "internal consistency" has a vague definition that changes based on the situation and the particular measurement tool. It is unclear precisely which reliability coefficients are included here, in addition to the internal consistency reliability that the term is sometimes used to refer to  $P_T$ . The term was used in multiple senses without a clear definition by Cronbach (1951). As Cho and Kim (2015) demonstrated,  $P_T$  does not serve as a sign for any of them.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.1 Introduction

This section unveils the outcomes derived from the examination of data gathered from accountants in Ghana. The initial section offers a brief synopsis of the participants' perspectives regarding socio-demographic information. Furthermore, it presents the findings related to the perception on the impact of accounting ethics on firm performance, the elements that affect how ethically an accountant makes decisions as well as challenges that accountants encounter in their quest to uphold moral principles.

#### 4.2 Socio-Demographic Data

This research's socio-demographic data encompassed various aspects concerning the respondents, including gender, age distribution, educational attainment, organizational affiliation, and years of service.

##### 4.2.1 Gender Distribution of the Participants

The participants were inquired about their gender, and the outcomes are detailed in Table 1 below.

**Table 1: Distribution of Respondents by Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	35	67.3	67.3	67.3
Female	17	32.7	32.7	100.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>	

Source: Field Survey (2023)

In the dataset, there were a total of 52 respondents. Among these, 35 were male, constituting 67.3% of the total participants. Additionally, there were 17 female participants, making up 32.7% of the total respondents. The "Valid Percent" column illustrates the percentage of respondents for each gender category, determined using the total number of valid answers as a basis. As for men, the valid percent is 67.3%, and for females, it is 32.7%. The cumulative percentage of responders is displayed in the "Cumulative Percent" column as moving through the checklist.. The combination of these percentages for males and females totals 100%, indicating that all respondents are accounted for in the dataset. This summary provides a comprehensive overview of the gender distribution among the respondents, with the majority being male (67.3%) and a significant minority being female (32.7%).

#### 4.2.2 Distribution of participants by Age

In the questionnaire, the accountants were requested to specify their age bracket. Table 2 displays the data concerning the participant distribution by age.

**Table 2: Distribution of Participants by Age**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
21-25	1	1.9	1.9	1.9
26-30	22	42.3	42.3	44.2
31-35	20	38.5	38.5	82.7
36-40	7	13.5	13.5	96.2
41-45	2	3.8	3.8	100.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>	

Source: Field Survey (2023)

There is one (1) respondent (1.9%) who is between the ages of 21 and 25. Twenty-two responders (42.3%) fall into the 26–30 age range. Twenty responders (38.5%) fall into the 31–35 age range. Thirty-seven respondents (13.5%) fall into the 36–40 age range. Two responders (3.8%) are between the ages of 41 and 45.

This breakdown provides a clear overview of the age distribution among the participants. The majority of respondents (42.3%) are in the 26–30 age range, which is followed by the 31–35 age group. (38.5%). The other age groups are represented to a lesser extent in the dataset.

#### 4.2.3 Years of Service

The accountants were requested to specify their years of service in one of the questionnaire items. Table 3 provides information on the working experience of the respondents.

**Table 3: Years of Service**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Below 5 years	33	63.5	63.5	63.5
6-10 years	17	32.7	32.7	96.2
11-15 years	2	3.8	3.8	100.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>	

Source: Field Survey (2023)

33 respondents (63.5%) have less than 5 years of working experience. 17 respondents (32.7%) have 6-10 years of service. 2 respondents (3.8%) have 11-15 years of service. This data reveals that the majority of respondents (63.5%) have less than 5 years of working experience, while 32.7% have 6-10 years of experience. A smaller percentage (3.8%) has 11-15 years of service.

#### 4.2.4 Level of Education

The accountants were requested to specify their level of education in one of the questionnaire items. The distribution of respondents based on their highest level of education is outlined below:

**Table 4: Level of Education**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
DBS/HND	10	19.2	19.2	19.2
Degree	28	53.8	53.8	73.1
Master's Degree	14	26.9	26.9	100.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>	

Source: Field Survey (2023)

10 respondents (19.2%) hold DBS/HND qualifications. 28 respondents (53.8%) have a degree. 14 respondents (26.9%) hold a Master's degree. This data illustrates the educational qualifications of the respondents, with the majority (53.8%) holding a degree, followed by those with a Master's degree (26.9%), and a smaller percentage (19.2%) holding DBS/HND qualifications.

#### 4.2.5 Type of Organization

The accountants were requested to specify their type of organization in one of the questionnaire items. The distribution of respondents based on their employment sector is outlined below:

**Table 5: Type of Organization**

	Frequency	Percent	Valid Percent	Cumulative Percent
A Private sector	29	55.8	55.8	55.8
An Accounting firm	6	11.5	11.5	67.3
Public sector	17	32.7	32.7	100.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>	

Source: Field Survey (2023)

29 respondents (55.8%) are employed in the private sector. 6 respondents (11.5%) work in an accounting firm. 17 respondents (32.7%) are employed in the public sector. This data provides an overview of the sectors in which the respondents are employed, with the majority (55.8%) working in the private sector, followed by the public sector (32.7%), and a smaller percentage (11.5%) employed in accounting firms.

### 4.3 Investigating the Perception of the Impact of Accounting Ethics on Firms

#### Performance

This section is dedicated to presenting findings related to the perception of the impact of accounting ethics on firm performance. The study aimed to assess how individuals perceive the influence of accounting ethics on a company's performance. The subsequent results, as reported by the respondents, are outlined below.

**Table 6: Case Processing Summary**

Unweighted Cases <sup>a</sup>		N	Percent
Selected Cases	Included in Analysis	52	100.0
	Missing Cases	0	.0
	Total	52	100.0
Unselected Cases		0	.0
Total		52	100.0

Source: Field Survey (2023)

The "Selected Cases Included in Analysis" section provides information about the number of cases that were considered in the analysis. In this particular study, all 52 cases were included in the analysis, indicating that none of the cases were missing or excluded.

The "Missing Cases" part details the count and percentage of cases that were not used in the analysis. In this study, there were no missing cases, signifying that all 52 cases were considered.

The "Unselected Cases" section typically highlights instances where cases were not utilized in the analysis, often due to specific criteria or data quality concerns. However, in this study, there were no unselected cases, implying that all available cases were utilized in the analysis.

**Table 7: Classification Table**

Observed		Predicted		
		Do you think these ethical behavior have an impact on firms performance?		Percentage Correct
		Yes	No	
Do you think these ethical behavior have an impact on firms performance?	Yes	39	0	100.0
	No	13	0	.0
Overall Percentage				75.0

Source: Field Survey (2023)

- a. Constant is included in the model.
- b. The cut value is .500

A constant term, often referred to as an intercept, has been incorporated into the predictive model. This practice is standard in various statistical models, such as logistic regression. The constant term serves as a baseline or a prediction when all other predictor variables are set to zero.

The "cut value" or threshold of 0.500 is a critical parameter in this analysis, especially when dealing with binary outcomes, where there are only two possible classes, such as "yes" or "no." In this context, if the model's predicted probability for the positive class (in this case, "yes") is equal to or greater than 0.500, it will be classified as "yes." Conversely, if the predicted probability falls below 0.500, it will be classified as "no." This threshold helps determine which class a particular observation or data point belongs to based on the predicted probabilities generated by the model.

The "Observed" column displays the actual values from the dataset, showing whether individuals responded with "yes" or "no" to the question.

The "Predicted" column presents the values generated by the predictive model for each observation based on the model's calculated probabilities.

The "Percentage Correct" statistic provides insights into the accuracy of the model's predictions. In Step 0, for the "yes" class, all 39 observations were correctly predicted, resulting in a 100% accuracy rate. However, for the "no" class, none of the 13 observations were correctly predicted, yielding a 0% accuracy rate for that category.

The "Overall Percentage" represents the overall accuracy of the model when considering both classes (in this case, "yes" and "no"). The overall accuracy of the model is 75.0%, implying that 75% of the observations were correctly classified across both categories.

**Table 8: Variables in the Equation**

	B	S.E.	Wald	df	Sig.	Exp (B)
Constant	0.2	.320	11.768	1	.001	.333

Source: Field Survey (2023)

The B column contains the coefficients (B) associated with each predictor variable. In Step 0, there is only one entry, which is for the constant term. In this case, the constant term has a coefficient of 0.2. The positive coefficient (0.2) indicates a positive relationship between the predictor variable (accounting ethical behavior) and the log-odds of the outcome (firm performance). This means that an increase in accounting ethical behavior of accountants is associated with an increase in the log-odds of positive firm performance and as accountants refuses to act ethically, it affects the firms performance adversely. The magnitude of the coefficient (0.2) communicates the strength of the relationship. A larger coefficient implies a larger impact on the log-odds for a one-unit increase in the predictor. In this case, a 0.2 coefficient suggests a moderate impact of accounting ethics on firm performance.

S.E. represents the standard errors (S.E.) associated with the coefficients. Standard errors serve as a valuable indicator of the degree of uncertainty or variability associated with the estimated coefficients. In Step 0, the standard error for the intercept term is 0.320.

In the logistic regression model, the Wald statistic is used as a test statistic to determine the significance of each coefficient. The intercept term's Wald statistic in this table is 11.768. The "df" The degrees of freedom linked to each coefficient's Wald test are shown in the (degrees of freedom) column. The intercept term in Step 0 has one degree of freedom.

The statistical significance of each coefficient is indicated by the p-value for each coefficient's Wald statistic in the "Sig." column. The intercept term's p-value in Step 0 is .001, which is normally regarded as statistically significant at conventional levels. The exponentiated coefficients, or odds ratios, are found in the "Exp(B)" column. The change in the odds of the dependent variable, in this case the desired outcome, in relation to a one-unit change in the predictor variable is described by odds ratios. In this table, with only one entry for the intercept term, the odds ratio is 0.333.

**Table 9: Omnibus Tests of Model Coefficients**

	<b>Chi-square</b>	<b>df</b>	<b>Sig.</b>
Step	25.118	17	.092
Block	25.118	17	.092
Model	25.118	17	.092

Source: Field Survey (2023)

The overall fit of the model to the data is evaluated by the chi-square statistic of 25.118 with 17 degrees of freedom. The probability of observing a chi-square statistic as extreme as the calculated one (or more extreme) under the null hypothesis, which holds that the model coefficients have no discernible impact on the result, is represented by the associated p-value of 0.092.

**Table 10: Model Summary**

<b>Step</b>	<b>-2 Log likelihood</b>	<b>Cox &amp; Snell R Square</b>	<b>Nagelkerke R Square</b>
1	33.365 <sup>a</sup>	.383	.567

Estimation = 0.2

Source: Field Survey (2023)

The logistic regression model's step number is indicated in the "Step" column; in this instance, there is only one step. An indicator of how well the logistic regression model fits the data is the "2 Log likelihood" metric. As a measure of the probability of observing the data given the model, it is the negative twice the log-likelihood. A better fit is indicated by lower values. The model's -2 log likelihood is 33.365 in this table.

One of the several pseudo-R-squared statistics used in logistic regression is Cox & Snell R Square. Similar to the idea of R-squared in linear regression, this metric gives an estimate of the percentage of variance explained by the model. The Cox & Snell R-Square value in this particular table is roughly 0.383, indicating how well the model explains variance in the data.

Another pseudo-R-squared statistic in logistic regression, Nagelkerke R Square is used to calculate the percentage of variance that the model explains. The Nagelkerke R Square in this table is roughly 0.567.

**Table 11: Hosmer and Lemeshow Test**

<b>Step</b>	<b>Chi-square</b>	<b>df</b>	<b>Sig.</b>
1	3.345	8	.911

Source: Field Survey (2023)

The logistic regression model's goodness of fit is assessed using the chi-square statistic, which measures the difference between the actual and predicted results. The chi-square value in this table is 3.345. The number of categories or groups less the number of estimated parameters is represented by the "df" (Degrees of Freedom). It has to do with how many groups are used to determine the goodness of fit when it comes to the Hosmer and Lemeshow Test. There are eight degrees of freedom in this table.

The significance (p-value) or "Sig" of the chi-square statistic assesses how well the model's predicted probabilities match the actual results. A good fit is shown by a high p-value, which is close to 1. This suggests that there is no significant difference between the observed and expected outcomes. The p-value in this table is 0.911. A high p-value is usually what the researcher is looking for when using the Hosmer and Lemeshow Test. In this case, a high p-value of 0.911 indicates that there is no significant difference between the observed and expected outcomes, indicating a good calibration fit of the model to the data. Since the model's predicted probabilities closely match the actual outcomes, this is usually regarded as a favorable outcome.

For the Hosmer and Lemeshow Test, the null hypothesis states that there is no discernible difference between the expected and observed results. A strong fit is indicated by a high p-value associated with this test, which advises against rejecting the null hypothesis.

In conclusion, a high p-value indicates that the logistic regression model is well-calibrated, according to the Hosmer and Lemeshow Test. In terms of its capacity to predict the probability of the outcome variable, it confirms that the model is a good fit for the data by predicting probabilities that nearly correspond to the observed outcomes.

**Table 12: Contingency Table for Hosmer and Lemeshow Test**

	Do you think these ethical behavior have an impact on firms performance? = Yes		Do you think these ethical behavior have an impact on firms performance? = No		Total
	Observed	Expected	Observed	Expected	
	1	5	5.000	0	
2	5	5.000	0	.000	5
3	5	4.956	0	.044	5

4	5	4.834	0	.166	5
5	4	4.569	1	.431	5
6	7	6.262	1	1.738	8
7	3	3.713	2	1.287	5
8	4	2.963	1	2.037	5
9	1	1.405	5	4.595	6
10	0	.298	3	2.702	3

Source: Field Survey (2023)

The values observed and expected for the Hosmer and Lemeshow Test, which is used to assess the goodness of fit in a logistic regression model, seem to be represented in the Contingency Table that is provided. The observed and expected results are compared in this table across different groups or bins of predicted probabilities.

The various steps or groups utilized in the Hosmer and Lemeshow Test are represented by the step column. Usually, the logistic regression model's predicted probabilities are used to create these steps or groups.

Do you believe that moral behavior affects how well businesses perform? The answer is yes. The observed numbers of people who answered "yes" to the question regarding how ethical behavior affects business performance are represented in this column.

Do you believe that these moral actions affect how well businesses perform? The answer is no. The observed numbers of people who answered "no" to the question regarding how ethical behavior affects business performance are represented in this column.

The total number of observations in each step or group is shown in the total column.

According to the logistic regression model, the expected counts of people in each group are shown in the expected column. The expected probabilities of the model are used to calculate these expected values.

The Hosmer and Lemeshow Test looks for significant differences between the actual and predicted results for different groups that are represented by the model's predicted probabilities. The test examines the degree to which the actual results match the predicted probabilities of the model. A high p-value in the Hosmer and Lemeshow Test is generally regarded as positive, meaning that the logistic regression model has a good degree of calibration. It validates the model's accuracy in predicting the probability of the outcome variable based on the data by indicating that it successfully predicts probabilities that closely resemble the observed outcomes.

**Table 13: Classification Table<sup>a</sup>**

Observed	Predicted			
	Do you think these ethical behavior have an impact on firms performance?			Percentage Correct
	Yes	No		
Do you think these ethical behavior have an impact on firms performance?	Yes	38	1	97.4
	No	5	8	61.5
Overall Percentage				88.5

Source: Field Survey (2023)

a. The cut value is .500

The cut value is .500: This statement indicates that a threshold of 0.500 has been used for classifying the predicted probabilities into binary outcomes. In logistic regression

and many other classification algorithms, this is the default threshold. If the predicted probability of the positive class (in this case, "yes") is greater than or equal to 0.500, it is classified as "yes," otherwise as "no."

Observed column shows the actual values from the dataset (whether individuals responded "yes" or "no" to the question).

Predicted column shows the values predicted by the model for each observation based on the model's probabilities.

Percentage Correct indicates the percentage of correctly predicted outcomes based on the model.

For the "yes" class, 38 out of 39 observations were correctly predicted as "yes," resulting in a 97.4% accuracy rate for the "yes" class.

For the "no" class, 8 out of 13 observations were correctly predicted as "no," resulting in a 61.5% accuracy rate for the "no" class.

The Overall Percentage represents the overall accuracy of your model, considering both classes. In this case, it's 88.5%, which means that 88.5% of the observations were correctly classified overall.

#### **4.4 Factors that Influence the Ethical Decision Making of Accountants**

**Table 14: Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>N of Items</b>
.477	4

Source: Field Survey (2023)

The Cronbach's Alpha value of .477 signifies the estimated internal consistency reliability of the analyzed set of items or questions. Cronbach's alpha is a metric indicating how closely related the items in a scale or test are to each other. Ranging

higher values, on a scale of 0 to 1, denote greater internal consistency. Here, a value of .477 suggests that the set of items analyzed does not exhibit very strong internal consistency. Typically, it is desirable to have a Cronbach's alpha value closer to 1, indicating high internal equilibrium. The "N of Items" denotes the quantity of objects or inquiries contained in the analysis, which, in this case, is 4 items.

A Cronbach's alpha value of .477 suggests that the set of items analyzed may not be very consistent or reliable in measuring the underlying construct of interest. This could imply that the items in the survey or test may not be strongly related to each other or that there may be some issues with the reliability of the items.

**Table 15: Item-Total Statistics**

	<b>Scale Mean if Item Deleted</b>	<b>Scale Variance if Item Deleted</b>	<b>Corrected Item-Total Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>
Which of the following individual factors influence the ethical decision making of accountants?	33.33	66.852	.437	.349
Rank these factors in order of importance with 1 being the most important and 4 being the least important.	31.44	70.722	.084	.536

Which of the following organizational factors influence ethical decision making of accountants?	33.10	65.500	.505	.323
Rank these factors in order of importance with 1 being the most important and 4 being the least important.	33.71	71.543	.081	.535

Source: Field Survey (2023)

The "Item-Total Statistics" table furnishes details about individual items (questions) in the survey or test, elucidating their connection to the overall scale or construct being measured and their potential influence on the accuracy of the scale.

The "Scale Mean if Item Deleted" column displays averaged score on the scale (or construct being measured) if the specific item is omitted or excluded from the analysis.

This information delineates how each item affects the scale's mean score as a whole.

The variance of the scale in the event that a specific item is removed from the analysis is displayed in the "Scale Variance if Item Deleted" column. This data outlines each item's contribution to the scale's overall variance.

The "Corrected Item-Total Correlation" column denotes the correlation between each individual item and the total score of the scale, while statistically controlling for that specific item. This assessment gauges how well each item correlates with the overall scale score, accounting for the influence of that item itself.

The "Cronbach's Alpha if Item Deleted" column displays the Cronbach's alpha value for the scale if the specific item is excluded from the analysis. This information elucidates how the removal of each item would affect the internal consistency or reliability of the scale.

The "Corrected Item-Total Correlation" is crucial for evaluating the association between each item and the overall scale. Higher correlations suggest that the item has a more robust relationship with the underlying construct being measured.

The "Cronbach's Alpha if Item Deleted" values offer insights into how the reliability of the scale would alter if a specific item were omitted. A higher Cronbach's alpha value when a particular item is deleted suggests that the item may be contributing to the overall reliability of the scale. Conversely, a lower alpha value when an item is deleted may indicate that the item is negatively impacting the reliability of the scale.

**Table 16: ANOVA**

		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig</b>
Between People		758.346	51	14.870		
Within People	Between Items	212.269	5	42.454	5.463	.000
	Residual	1981.731	255	7.771		
	Total	2194.000	260	8.438		
Total		2952.346	311	9.493		

Source: Field Survey (2023)

Grand Mean = 6.63

ANOVA (Analysis of Variance) is a statistical test employed to assess the variance between groups and within groups to ascertain if there are statistically significant differences among those groups.

Grand Mean: 6.63

This represents the overall mean or average of all the data points in this analysis.

The ANOVA table is utilized to examine whether there are noteworthy differences in the means of the items (Between Items) across various individuals or groups (Between People).

The F-statistic scrutinizes the null hypothesis that there are no substantial differences between the means of the items. In this instance, the F-statistic is 5.463, and the associated p-value is .000, extremely close to zero. This strongly suggests that there are statistically significant differences between the means of the items.

The "Within People" and "Residual" sections of the analysis offer insights into the variability within individuals or groups and the unexplained variability, respectively.

In ANOVA, a small p-value, typically below a chosen significance level like 0.05, indicates significant differences between the groups or items being compared. Overall, it appears that there are significant differences in the means of the items across different individuals or groups, as evidenced by the low p-value in the "Between Items" section.

#### **4.5 Obstacles Faced by Accountants as they Strive to Adhere to Ethical Standards**

**Table 17: Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>N of Items</b>
.016	2

Source: Field Survey (2023)

The Cronbach's Alpha value (.016) indicates the estimated level of internal consistency reliability for the items or questions included in your analysis. This statistical measure gauges the degree of interrelatedness among the items within a scale or test, with values

ranging from 0 to 1. Higher values signify stronger internal consistency. In this case, the Alpha value of .016 suggests that the set of items examined lacks robust internal consistency. Ideally, a Cronbach's Alpha value closer to 1 is preferred, indicating a high level of internal consistency.

The "N of Items" indicates the number of items or questions included in the analysis, which, in this case, is 2 items. A Cronbach's Alpha of .016 suggests that the set of items examined may not demonstrate substantial consistency or reliability in measuring the underlying construct of interest. This implies that the items within the survey or test might not be closely associated with one another, or there may be concerns regarding the reliability of these items.

**Table 18: Item-Total Statistics**

	<b>Scale Mean if Item Deleted</b>	<b>Scale Variance if Item Deleted</b>	<b>Corrected Item-Total Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>
Which of the following factors do you think are obstacles to good ethical behaviour?	6.35	12.388	.009	.003.
Rank these factors in order of importance with 1 being the most important and 4 being the least important	5.81	4.511	.009	.002.

Source: Field Survey (2023)

These statistics offer insights into the relationship between each item and the internal consistency of the overall scale. The "Corrected Item-Total Correlation" values for both items are quite low, indicating that they may not be strongly correlated with the overall

scale. Furthermore, the "Cronbach's Alpha if Item Deleted" values are very low, suggesting that removing either of these items would not significantly enhance the internal consistency of the scale.

**Table 19: ANOVA**

		Sum of Squares	df	Mean Square	F	Sig
Between People		434.385	51	8.517		
Within People	Between Items	7.538	1	7.538	.899	.347
	Residual	427.462	51	8.382		
	Total	435.000	52	8.365		
Total		869.385	103	8.441		

Source: Field Survey (2023)

Grand Mean = 6.08

The ANOVA table is employed to evaluate the variation in the data by comparing the variation between groups (Between People and Within People - Between Items) to the variation within groups (Within People - Residual). The F-statistic is utilized to test if there are significant differences between the groups. In this instance, the F-statistic for "Within People - Between Items" is 0.899 with a significance level (Sig) of 0.347, suggesting that there may not be significant differences between the items. The ANOVA results provide insights into the variability within and between groups, aiding in the determination of statistically significant differences in the dataset.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter addresses the research findings and offers a summary of the findings. In addition, it provides recommendations and study conclusions derived from these data.

#### **5.2 Key Findings Overview**

The study aimed to investigate three main objectives: firstly, to assess the perception of the impact of accounting ethical behavior on firm performance; secondly, to identify the factors influencing the ethical decision-making of accountants; and thirdly, to explore the obstacles encountered by accountants in their efforts to adhere to ethical standards.

The study's demographic analysis indicated a predominant male representation at 67.3%, with females constituting the minority at 32.7%. The age distribution of the respondents revealed a youthful population, primarily falling within the 26-35 age bracket. The majority of participants held a first-degree qualification. Furthermore, a significant portion of the respondents belonged to the private sector, and the majority reported work experience ranging from 1 to 10 years.

The analysis provides insights into the perception of the impact of accounting ethics on firm performance. Here are some key conclusions and insights based on the analysis:

The analysis indicates that the logistic regression model is capable of predicting the impact of ethical behavior on firm performance to a statistically significant extent. The model performed well for the "yes" class, indicating that it accurately predicts cases

where respondents believe ethical behavior impacts firm performance. However, its performance was not as strong for the "no" class, where respondents don't believe ethical behavior has an impact. The accuracy of the model is 88.5%.

For the items related to individual factors influencing ethical decision making, the Corrected Item-Total Correlations are in the range of 0.349 to 0.536. This indicates varying degrees of correlation between individual items and the overall construct being measured. The items appear to be moderately correlated with the underlying construct. For the items related to organizational factors influencing ethical decision making, the Corrected Item-Total Correlations are in the range of 0.323 to 0.535. Again, these correlations vary and suggest moderate associations with the overall construct.

The ANOVA analysis provides insights into the variability between groups. The noteworthy F-statistic, coupled with a very low p-value (close to zero), indicates that there are statistically significant differences in the means of the items across various individuals or groups. This indicates that the factors related to ethical decision making of accountants vary significantly among the respondents or groups being analyzed.

The analysis indicates that the surveyed items pertaining to individual and organizational factors influencing ethical decision-making show varying degrees of correlation with the underlying construct. Although the internal consistency, as reflected by Cronbach's Alpha, is not particularly robust, there are statistically significant differences in the means of the items among different groups. These findings suggest the presence of diverse perspectives and opinions regarding the factors influencing the ethical decision-making of accountants among the respondents.

The analysis indicates that the set of items related to obstacles to good ethical behavior lacks internal consistency and reliability. The items do not appear to be closely related to each other, and there may be significant issues with the reliability of these items. Additionally, the ANOVA results suggest that there may not be significant differences between the items, further emphasizing the need to revisit and potentially refine the items used to measure obstacles to ethical behavior among accountants.

### **5.3 Conclusion**

The logistic regression model was found to be capable of predicting the impact of ethical behavior on firm performance to a significant extent. It assumes that accounting ethics have an impact on firm performance. Accountants then should be trained, encouraged and motivated for being ethical so that organizational objective could be achieved at the end of every accounting period.

The analysis of individual and organizational factors influencing ethical decision making revealed varying degrees of correlation between the items and the underlying construct being measured. These items exhibited moderate correlations with the overall construct, implying that individual and organizational factors play a discernible role in the ethical decision-making process among accountants.

The analysis of items related to obstacles to good ethical behavior highlighted a lack of internal consistency and reliability in these items. The items did not appear to be closely related to each other, and there were significant issues with the reliability of these items. The study provides valuable insights into the perception of accounting ethical behavior's impact on firm performance, the factors influencing ethical decision making, and the obstacles faced by accountants.

#### **5.4 Recommendation**

- **Ethics Training and Education:** organizations should provide ongoing ethics training and education to accountants. This should include awareness of ethical principles and guidelines. Considering regular seminars, workshops, and online courses to keep accountants updated on ethical standards and dilemmas.
- Organizations should develop a comprehensive and specific code of conduct that outlines ethical expectations for accountants. This code should cover issues such as confidentiality, objectivity, integrity, and professional behavior. Top management should make sure all accountants are familiar with and adhere to this code.
- Organizations should encourage ethical leadership from the top down. Company leaders, including executives and senior accountants, should lead by example in ethical behavior. This can set the tone for the entire organization.
- Firms are to implement strong internal controls within the organization to prevent, detect, and correct unethical behavior. This includes regular audits, separation of duties, and systems to identify and address potential ethical breaches.
- Companies are to create a decision-making framework that helps accountants navigate ethical dilemmas. This can include a series of steps or questions that accountants should consider when faced with ethical challenges.
- Regularly monitor and evaluate the ethical climate within the organization. This can be done through surveys, interviews, or other feedback mechanisms. This feedback could be used to make necessary improvements.

- Implementing a reward and recognition system that recognizes and rewards accountants who demonstrate exemplary ethical behavior. Positive reinforcement can motivate individuals to act ethically.

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## **APPENDIX**

### **QUESTIONNAIRE**

#### **ACCOUNTING ETHICAL BEHAVIOUR AND ITS IMPACT ON FIRMS**

#### **PERFORMANCE IN GHANA**

This survey is part of a study that will help to ascertain whether accounting ethical behavior has an impact on firm performance. I therefore, humbly crave your indulgence and request your maximum support in filling this questionnaire to enhance this report. Thank you.

#### **SECTION A**

##### **Demographic Factors**

1. Gender Male [  ] Female [  ]
2. Age [  ] 21-25 [  ] 26-30 [  ] 31-35 [  ] 36-40 [  ] 41-45 [  ] 46 and above
3. Years of service [  ] below 5 years [  ] 6-10years [  ] 11-15years [  ] 16years and above
4. Level of Education [  ] DBS/HND [  ] Degree [  ] Master's degree [  ]
5. Type of organization [  ] A Private Sector Company [  ] An Accounting Firm [  ] Public Sector

#### **SECTION B**

##### **Investigating the perception of the impact of Accounting Ethics on Firms**

##### **Performance**

6. Which of the following accounting ethics are you familiar with?  
Objectivity [  ]  
Due Care [  ]

Integrity [ ]

Confidentiality [ ]

7. Do you think these ethical behavior have an impact on firms performance?

Yes [ ] No [ ]

8. To what extent does these behavior have impact on firms performance?

• Objectivity

[ ] No effect [ ] Minor effect [ ] Neutral [ ] Moderate effect [ ]

Major effect

• Due Care

[ ] No effect [ ] Minor effect [ ] Neutral [ ] Moderate effect [ ]

Major effect

• Integrity

[ ] No effect [ ] Minor effect [ ] Neutral [ ] Moderate effect [ ]

Major effect

• Confidentiality

[ ] No effect [ ] Minor effect [ ] Neutral [ ] Moderate effect

[ ] Major effect

## SECTION C

### Factors that Influence Ethical Decision Making of Accountants

9. Which of the following individual factors influence the ethical decision making of accountants?

[ ] Greed [ ] Opportunity [ ] Experience [ ] Ignorance

10. Rank these factors in order of importance with 1 being the most important and 4 being the least important.

- I. Greed .....
- II. Opportunity .....
- III. Experience .....
- IV. Ignorance .....

11. Which of the following organizational factors influence ethical decision making of accountant?

- Organizational Values     Organizational Belief     Organizational Goals
- Organizational Norms

12. Rank these factors in order of importance with 1 being the most important and 4 being the least important.

- I. Organizational Values .....
- II. Organizational Belief .....
- III. Organizational Goals .....
- IV. Organizational Norm .....

**SECTION D.**

**Obstacles faced by accountants as They Strive to Adhere to Accounting Ethics**

13. Which of the following factors do you think are obstacles to good ethical behavior?

- Political Influence     Pressure of Superior     Organization Involvement
- Competition

14. Rank these factors in order of importance with 1 being the most important and 4 being the least important.

- I. Political Influence .....
- II. Pressure of Superior .....
- III. Organization Involvement .....
- IV. Competition .....

THANK YOU VERY MUCH FOR YOUR TIME AND COOPERATION.