E-ISSN: 1115 - 8530 P-ISSN: 3026-8958
MPRI-JFRBD | INTERNATIONAL JOURNAL OF FINANCIAL RES. AND BUSINESS DEVELOPMENT
VOL. 14 NO. 7 – OCTOBER, 2026

EFFECT OF ACCOUNTING ETHICS ON AUDIT QUALITY IN PUBLIC UNIVERSITIES IN SOUTH WEST NIGERIA

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DOI: https://doi.org/10.70382/mejfrbd.v14i7.0140

Abstract

Accounting ethics focuses on the code of conducts and guidelines that guides professional accountants. Despite its relevance, accounting ethics effect on audit quality is less focused in the Public Universities by past researchers, thus requiring adequate empirical evidence on the effect of accounting ethics on audit quality within the Nigerian public university context. The study therefore examined the effect of accounting ethics on audit quality in public universities in southwest Nigeria. The study employed survey research design method, through primary data, eleven (11) out of twenty-four (24) Public Universities was selected based on relevant knowledge and expertise. Multiple Regression was used to determine the influence of accounting ethics on audit quality. The multiple regression revealed that accounting ethics has a partial significant influence on audit quality with professional codes, unethical practices and ethical awareness and training at (P= 0.000, 0.004 and 0.002) respectively while other variables which are ethical principles guide, ethical culture, ethical compliance and adherence to accounting ethics has an insignificant influence at (P= 0.222, 0.620, 0.904 and 0.133) respectively greater than 0.05 level of significant. The study established that accounting ethics has significant effect on audit quality, in public universities in southwest Nigeria. It is recommended that the public university management should strengthened the enforcement of accounting ethical standards, regular ethics and professional development programs for accounting and auditing personnel in public universities in south-west Nigeria.

KEYWORDS:
Accounting Ethics; Audit Quality; Ethical Compliance; Ethical Culture; Professional Codes; Public Universities

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Introduction

Public universities in Nigeria play an important role in national development; they are the source of skilled human resources for the economic and social transformation of the nation. They rely heavily on the nature of the governance that they provide. In recent years, the issue of internal governance mechanisms that affect transparency, accountability and institutional audit quality (Odugbesan &Aregbeyen, 2021), such as accounting ethics, has received an increasing amount of attention. The professional codes of accountants such as integrity, objectivity, professional competence and confidentiality of accountants form the core of accounting ethics and have been identified as the most important elements of audit quality. These ethical standards serve as guidelines for proper audit reporting and minimize fraud or mismanagement related issues (Akinbuli, 2023). Accounting Ethics has a very important role to play molding and enhancing the audit quality in public universities in South-west Nigeria. As a measurement of reporting student audit quality, ethics tends to examine analyses and evaluate student's behavior and give detailed important about student audit quality (Akpekon, 2021).

In South-west region of Nigeria, however, there are constant challenges of financial governance and leadership deficit in many public universities. The mismanagement of funds, transparency issues and limited involvement of the stakeholders in the decision-making process continue to pose problems to the reputation of these institutions (Ogbodo & Nwogu, 2020). Romanus and Arowoshegbe (2024) observed that there was a significant relationship between ethical standards, professional conduct and accounting education in the Nigerian higher institutions. They recommend that there is a need to enforce professional ethics among accountants and there is a need to enhance the cooperation between practitioners and academic institutions in the field. Moreover, they claimed that professional accountants need a wider education, rather than just a course in accounting.

Ahmad (2021) did a study on the relationship between corporate governance mechanisms and accounting ethics in *Nigeria*. Data sources for the research were the Nigerian Stock Exchange fact books and company financial statements. The corporate governance mechanisms were measured with probit analysis. The firms studied were categorized into two: those that were involved in earnings management and those that had less evidence of earnings management. The results of the prohit regression reports showed that the size of the board and the composition of the board were significant positively while the composition of the board was significant negatively to the ethical accounting practices. The findings clearly show that the implementation of corporate governance codes could have a significant impact on reducing unethical accounting practices and improve the quality of accounting information.

Ogoun and Ephilbayerin (2020), carried out research on accounting ethics and quality of financial reporting. They found out that ethics is positive and significant in producing high quality financial reporting. Also, Emenike (2021) carried out research on accounting ethics and professional practice efficiency in Nigeria. Their work revealed that accounting ethics significantly affects faithful representation of financial statement of corporate firms and also impacts positively on the relevance of financial statements of the corporate firms. The results confirm the assertion that ethical principles enhance the quality of financial report produced in firms but did not address the

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nexus between ethical standard and audit quality. Therefore, to these contexts so far, the study of accounting ethics on the audit quality in public universities in South-west Nigeria shall be considered as a good factor of study and the result should be communicated using primary data as a means for collection of information and regression analysis shall be considered for interpretation of data.

Statement of the Problem

However, given the significance of ethnic identity in Nigeria, where ethnic identity is one of the primary bases for the allocation of resources, positions and contracts. There are few empirical studies, to the best of my knowledge, which attempt to investigate the effect of accounting ethics and how it influences audit quality in public universities in South-west Nigeria. Although the Nigerian accounting profession, as represented by recognized bodies such as ICAN and ANAN is doing all in its capacity to regulate the profession for best practice through professional code of conducts observance by the members of the accounting profession, the enforcement of such code is still open to question. This research investigated the Accounting Ethics as determinants of audit quality in public universities in South-west Nigeria. Since there is growing critic of accountants in public practice and their counterparts in private sectors then it is of significance to embark on a study such as this to further explore the relationship between accounting ethics and audit quality in public universities in South-west Nigeria.

Regardless of the various governance structures and governance policies in place, many Nigeria public universities have yet to achieve good quality of audit report and leadership diversity. These problems result in resource wastage, low public confidence and a decrease in the efficiency of institutions. However, Nigeria's public universities are able to put systems in place that can overcome these challenges. But very little research work has been conducted to explore the intersection of accounting ethics and its mutual impact on audit quality in public universities in the South-west Nigeria. Many studies, however, had investigated the possibilities of improving financial reporting quality through good corporate governance. Ahmad (2021) in his study investigates relation of Corporate Manager mechanisms and accounting ethics in Nigeria. Soetan (2021), his study focused on the effect of accounting ethics on accounting education in selected public universities in Nigeria. Additionally, the study will aim to examine the impact of accounting ethics on the audit quality of the firms in Nigeria, Okonye and Ozuomba (2023). There are few studies focusing on the relationship between accounting ethics and audit quality of public universities in south west. This disparity requires thorough research into these two aspects of governance and the generation of evidence to inform recommendations that will help to steer the institution forward.

Objective of the Study

The general objective of this study is to examine the impact of accounting ethics on audit quality in public universities in South-west Nigeria.

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Review of Previous Studies

According to research conducted by Akinbuli (2023), accounting ethics are in correlation with audit quality in selected universities in Nigeria. The study found a robust positive relationship between compliance with ethical accounting standards and the financial health of institutions. The regression analysis in this study proved the extent of relationship between ethical values and audit quality. Ethical values impact on audit quality was also found to be statistically significant. Universities that practiced transparency in their budgeting and spending were more successful than less-transparent institutions in attracting external grants, managing internal revenues, and reducing fraud. According to Akinbuli, continuous ethics training and internal control system enforcement are key strategies for sustaining financial discipline.

In a similar view, Ogbonna and Appah (2022) studied ethical practices in public institutions in south-west Nigeria and discovered widespread failures in financial reportage due largely to weak oversight and a poor culture of ethics. This shows that ethics in an organization impact the financial reporting quality. The study collected data from public servants using a survey method involving questionnaires. The researchers' findings indicated that many institutions do not have strong accounting policies and have weak implementation of audit recommendations. This aligns with the general concern about financial mismanagement in public universities. The authors here recommended that promoting ethical awareness through training and development, implementing robust ethical codes and fostering an ethical climate within the finance departments is necessary for enhancing institutional accountability and stakeholder trust.

Amos et al (2022), examined how accounting ethics, along with auditor competency and integrity, impacts audit quality from perspective of Nigerian auditors. The study used a survey-based approach with auditors in Nigeria to collect data on their perceptions of these factors and concluded that accounting ethics are a critical factor in determining audit quality. It suggests that maintaining strong ethical standards is essential for auditors, which is vital for the reliability of financial reporting in the country.

The study of Muhammad et al (2020), assesses the mediating effects of professional skepticism on the relationship between professional ethics and audit quality. One hundred and seven (107) auditors out of one hundred and sixty (160) were selected as sample for the study. Primary data sources were used in which a questionnaire was filled out by the sample selected. The statistical analysis of the data was done using PLS path model. The findings revealed a direct effect relationship between the variables with significant and positive relationship between professional ethics and auditor's skepticism, audit quality as well as professional ethics and audit quality. It also shows that there is a relationship between professional ethics and audit quality which is mediated by professional skepticism. The study findings confirmed that the application of Professional ethics was one of the factors that could increase auditor's skepticism for high quality audit work, as a result of adhering to the principles of professional ethics, the auditor's skepticism would be enhanced to produce high quality audit work. The study recommends that the regulators and standard setters need to strictly enforce and continuously remind about the use of professional skepticism in auditing whereas the auditors must have adequate knowledge of professional ethics and apply them completely to enhance their skeptical attitude.

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In recent times, Olayemi and Abiola (2020) studied the relationship between ethical leadership and educational quality in the South West of Nigeria. Descriptive survey and self-administered questionnaire were used in the research to gather data, followed by regression and process macro to analyze the data. They were able to conclude that transparency in financial reporting and fair decision-making process (ethical leadership) directly influenced student satisfaction and staff morale and credibility of the institution significantly. The study also recommended to the leaders that they establish a climate of ethics and provide integrity, fairness and respect for the employees to motivate them to display innovative behavior. It helps to answer the question that; educational sector's high quality audit practice is underpinned by ethical governance practice.

Ahmad (2021) in his study examined the relationship between corporate governance and accounting ethics in Nigeria, which entailed an examination of the effect of mechanisms of corporate governance on accounting ethics in the Nigerian firms. Some corporate governance mechanisms were identified to have a significant impact on the ethical accounting practice, including the size of the board and the composition of the board. The research method used was secondary data analysis technique which involves audited account of banks, CBN and statistical method (Pearson Product Moment Correlation Analysis and Multiple Regression Analysis). The findings indicate that bigger and independent boards, as well as a split of the CEO and chairman positions, may be useful in combating unethical accounting. The study suggested strong codes of governance and governance mechanisms of Nigerian companies to set up an independent board of the companies to improve the quality of financial reporting and ensure ethical standards in the companies.

Arowoshegbe *et al*., (2021) explored the relationship between Accounting Ethics and Audit Quality in Nigeria. The study adopted a survey method and purposive sampling of the respondents was used while the data were analysed using statistical tools which include population mean tests and significance level. The findings indicated that accounting ethics is positively and significantly related to audit quality, which means that the ethical problems enhanced the quality of the audit. The researchers recommended that the accounting regulatory bodies need to refine and establish ethics principles and guidelines and provide greater focus on ethics for pre- and post-qualification accounting training.

Emenike-Wali and Chukwu (2021) carried out research on Accounting Ethics and Efficiency of Professional Practice in South-West Nigeria. The design of the survey was adopted and questionnaires were sent to the professional accountants and the data were analyzed using ordinary least squares method. The results showed that the accounting ethics has significant positive effect on the faithful representation of corporate financial statements and it has positive effect on the relevance of the corporate financial statements. The researchers recommended that management should have ethical codes, raise the awareness of the moral principles and establish whistle blowing as a tool to encourage unethical practices.

Enofe et al., (2021) investigated the effect of ethics in accounting practice among South-West Nigeria. The method used to gather the data was survey and Chi-square parametric method was used in data analysis. The study revealed that ethics are of great significance to accounting practice, corporate governance also has a significant influence on the ethical compliance of

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accounting professionals and accounting regulatory bodies have a significant influence on the accountability of accounting professionals to accounting ethical standards.

Ogoun and Ephibayerin (2020) examined the impact of accounting ethics on Financial Reporting in South-West Nigeria. They used a descriptive survey to collect data from respondents and analyzed the data using ordinary least squares techniques. The study revealed that adhering to very high ethical standards is the key in achieving the reliability, transparency and objectivity of financial reporting. It emphasized the need to stress ethical rules in financial practices.

METHODOLOGY

The research delves into the audit quality in public universities within the Southwest zone of Nigeria. The research design adopted for this study is the descriptive survey design. The population of this study comprises individuals directly involved in the governance, financial management, auditors, and administrative operations of public universities in south-west Nigeria. This study adopted a judgmental (purposive) sampling technique in selecting respondents across public universities in South West Nigeria. Questionnaire was administered to selected respondents. The questionnaire was designed, self-administered and consisted of closed questions with a 5-point Likert scale (1: Strongly Disagree; 5: Strongly Agree). Data were analysed with the use of both descriptive and inferential statistics.

Model Specification

Influence of accounting ethics on audit quality in public universities in southwest Nigeria.

$AUF_i = \beta_0 + \beta_1 PC + \beta_2 EPG + \beta_3 EC + \beta_4 ECP + \beta_5 UPR + \beta_6 EAT + \beta_7 ACE\varepsilon_i$

Where:

PC=Professional Codes
EPG=Ethical Principles Guide
EC=Ethical Culture
ECP=Ethical Compliance
UPR=Unethical Practices
EAT=Ethical Awareness and Training
AAE=Adherence to Accounting Ethics
AUF=Audit Fee

Influence of accounting ethics on audit quality in public universities in South-west Nigeria

Table 1 presents the model summary of the multiple regression analysis examining the influence of accounting ethics on audit fee. The result shows a correlation coefficient ($R = 0.698$), indicating a strong positive relationship between accounting ethics and audit fee. The coefficient of determination ($R^2 = 0.487$) indicates that 48.7% of the variation in audit fee is explained by professional codes, ethical principles, ethical culture, ethical compliance, unethical practices, ethical awareness and training, and adherence to accounting ethics. This implies that the accounting ethics variables jointly account for a substantial proportion of the changes in audit fee, while the remaining 51.3% is explained by other factors outside the model.

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Table 2 presents the Analysis of Variance (ANOVA) result. The model produced an F-value of 27.443 with a significance value of 0.000, which is less than the 0.05 level of significance. This indicates that the regression model is statistically significant, implying that the accounting ethics variables jointly have a significant influence on audit fee.

Table 3 presents the regression coefficients of the individual accounting ethics variables. The findings reveal that professional codes have a positive and statistically significant influence on audit fee (β = 0.466, t = 9.719, p = 0.000), indicating that greater adherence to professional codes is associated with an increase in audit fee. However, ethical principles guiding accounting practices (β = 0.193, p = 0.222), ethical culture (β = 0.067, p = 0.620), ethical compliance (β = -0.007, p = 0.904), and adherence to accounting ethics (β = -0.070, p = 0.133) did not have statistically significant individual effects on audit fee because their probability values exceeded the 0.05 level of significance. The results further indicate that unethical practices (β = -0.484, t = -2.924, p = 0.004) and ethical awareness and training (β = -0.151, t = -3.097, p = 0.002) have statistically significant effects on audit fee. The negative coefficients suggest an inverse relationship, indicating that increases in these variables are associated with decreases in audit fee, holding other variables constant. The regression analysis demonstrates that accounting ethics significantly influences audit fee. The significant ANOVA result (F = 27.443, p = 0.000) confirms that the accounting ethics variables jointly explain variations in audit fee and that the regression model provides a good fit for the data.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.698[a]	.487	.470	.82410

a. Predictors: (Constant), Professional codes, Ethical principles guide, Ethical culture, Ethical compliance, Unethical practices, Ethical awareness and training, Adherence to accounting ethics

Table 2: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	149.101	8	18.638	27.443	.000[a]
	Residual	156.882	231	.679		
	Total	305.983	239			

a. Predictors: (Constant), Professional codes, Ethical principles guide, Ethical culture, Ethical compliance, Unethical practices, Ethical awareness and training, Adherence to accounting ethics
b. Dependent Variable: Audit Fee

Table 3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.821	.421		6.706	.000
	Professional codes	.466	.048	.527	9.719	.000
	Ethical principles guide	.193	.158	.188	1.225	.222

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Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Ethical culture	.067	.134	.066	.497	.620
Ethical compliance	-.007	.055	-.007	-.121	.904
Unethical practices	-.484	.165	-.419	-2.924	.004
Ethical awareness and training	-.151	.049	-.160	-3.097	.002
Adherence to accounting ethics	-.070	.046	-.073	-1.509	.133
Dependent Variable: Audit Fee					

Source: Researchers computation using SPSS version 22, 2026

Discussion of Findings

The findings of the study revealed that accounting ethics has a positive influence on audit quality in public universities in South-West Nigeria. The descriptive results showed that the majority of respondents agreed that accountants adhere to professional codes of ethics, ethical principles guide accounting and auditing practices, there is a strong ethical culture that discourages manipulation of financial records, ethical compliance improves the reliability of audit outcomes, unethical practices are promptly sanctioned, ethical awareness programmes are organized, and adherence to accounting ethics enhances stakeholders' trust in audit reports. The results suggest that ethical attitudes improve transparency and accountability, and the credibility of audits reports in public universities. This finding corroborates that of Abdullahi *et al.,* (2025) which found that accountability and good governance practices can significantly improve audit quality as it boosts the credibility of financial reporting and weakens the opportunities for financial misstatements. This discovery also strengthens the belief that ethical compliance contributes to the financial reporting and the auditing processes to be considered as an objective and therefore it helps to build public confidence in the processes of financial reporting and auditing.

The results indicate that there is a synergy between accounting ethics and audit quality. Public universities with ethically sound accounting practices tend to offer more reliable financial disclosures, enhance internal controls, make universities more accountable and build trust in financial statements amongst stakeholders. The results of this study support the concepts of Agency Theory, which suggests that good ethical behavior of management will minimize agency conflicts and enhance the financial reporting and auditing results.

CONCLUSION

The study concluded that accounting ethics has a significant positive influence on the enhancement of audit quality in public universities of South-West Nigeria. The study concluded that when professional ethical standards are observed, accounting and auditing practices would be more credible, transparent, object and free of any element of fraud, which helps stakeholders always trust the financial statement to be audited.

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Recommendations

Based on the study results and conclusions, the following recommendations are made:

Accounting ethical standards should be strengthened by enhancing compliance through public universities' management, which includes and ensures strict adherence with the principles of integrity, objectivity, confidentiality, professional competence and accountability in all accounting and auditing activities.

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