
ETHICAL PRACTICES AND FINANCIAL REPORTING QUALITY OF SELECTED DEPOSIT MONEY BANKS IN LAGOS STATE, NIGERIA

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Abstrak

Tidak adanya etika akuntansi telah menyebabkan penurunan kualitas pelaporan keuangan, yang sangat penting bagi investor dan manajemen. Kode etik akuntan, yang mencakup kejujuran, ketidakberpihakan, kompetensi, kerahasiaan, dan perilaku profesional, membantu mengurangi kemungkinan terjadinya pelaporan keuangan yang menyesatkan. Penelitian ini menggunakan pendekatan survei deskriptif untuk menilai dampak praktik etis terhadap kualitas pelaporan keuangan pada beberapa bank umum yang terpilih di Negara Bagian Lagos, Nigeria. Populasi penelitian terdiri dari karyawan lima bank umum yang terdaftar di Nigeria. Hasil penelitian menunjukkan bahwa integritas, kompetensi, objektivitas, perilaku profesional, dan independensi profesional berpengaruh positif terhadap relevansi. Namun, hasil penelitian juga mengungkapkan bahwa integritas, kompetensi, objektivitas, perilaku profesional, dan independensi profesional tidak berpengaruh positif terhadap representasi setia. Hasil pengujian hipotesis pertama menyimpulkan bahwa praktik etis memiliki pengaruh signifikan terhadap relevansi. Sementara itu, hipotesis kedua menyimpulkan bahwa praktik etis tidak memiliki pengaruh signifikan terhadap representasi setia. Berdasarkan temuan tersebut, beberapa rekomendasi diajukan terkait praktik etis dan kualitas pelaporan keuangan; manajemen perlu mengambil langkah-langkah untuk memastikan bahwa praktik etis dijalankan guna meningkatkan kinerja organisasi serta mendorong peningkatan kinerja pada semua level. Selain itu, tim manajemen bank umum perlu lebih memusatkan perhatian pada upaya memastikan bahwa struktur praktik etis yang terkait dengan pelaporan keuangan memiliki kualitas yang diperlukan.

Kata kunci: Bank Umum, Praktik Etis, Representasi Setia, Pelaporan Keuangan, Relevansi.

Abstract

The absence of accounting ethics has resulted in a drop in the quality of financial reporting, which is critical for investors and management. Accountants' code of ethics, which encompasses honesty, impartiality, competence, secrecy, and professional behavior, helps to reduce the probability of misleading financial reporting. This study uses a descriptive survey research approach to assess the impact of ethical practices on the financial reporting quality of selected deposit money banks in Lagos state, Nigeria. The population consisted of employees of five listed deposit money banks in Nigeria. The result indicated that integrity, competence, objectivity, professional behavior and professional independence positively affected relevance. The result also showed that integrity, competence, objectivity, professional behavior and professional independence did not positively affect faithful representation. The result of the hypothesis one concluded that ethical practices had a significant effect on relevance. Hypothesis two concluded that ethical practices did not have a significant effect on faithful representation. Based on the findings, a few recommendations were offered on ethical practices and financial reporting quality; Measure should be made by management to ensure that ethical practices are followed to improve the performance of their organizations and to increase performance at all levels, the management team for deposit money banks should concentrate more attention on ensuring that the structure for ethical practices as it relates to financial reporting possess the required qualities.

Keywords: *Deposit Money Banks, Ethical Practices, Faithful Representation, Financial Reporting, Relevance.*

INTRODUCTION

The quality of financial reports, which are essential for management and investors, has declined as a result of a lack of accounting ethics. The code of ethics for accountants, which encompasses competence, impartiality, honesty, secrecy, and professional conduct, is crucial in lowering the probability of false financial reporting. Investor trust has been weakened by high-ranking Nigerian banks' involvement in financial report scams (Rashid et al., 2018).

Adherence to the code of ethics can enhance the perception of a professional's reliability, while disobedience may give rise to doubts regarding their independence. Competence also plays a beneficial role in generating improved financial reports, and it may be obtained through training to increase individual competence (Agwor & Okafor, 2018). In the modern industrial economy, financial reporting is directly and indirectly related to accounting and economics, playing a crucial role in corporate governance. In order to foster public confidence and trust in the reliability and authenticity of financial accounts, accountants must abide by specific norms and ethics in financial reporting (Bakhtiari & Azimifar, 2013).

According to (Aifuwa et al., 2018), the failure of several organizations and the rise in major fraud over the last two decades have created questions about the accounting profession's integrity. Recent accounting scandals have sparked worry among stakeholders about the accuracy of financial reports. Professional and regulatory authorities' recommendations to improve financial reporting quality in business organizations and their management include developing and enforcing professional accounting ethics. Ethical conduct is relevant to accountants and others who rely on the information they offer, because ethical behaviors include considering the moral point of view (Baudot et al., 2023); (Mabil, 2019).

The pervasive corruption in the financial system, as well as the failure of banking organizations globally, have highlighted the need of accounting professionals adhering rigorously to the norms of professional ethics prescribed by international accounting authorities. According to (Alzoubi, 2016), rampant corruption in the corporate environment appears to be the norm across all societies. Recently, business ethics has garnered fresh attention internationally due to many prominent corporate scandals. The collapse of several well-known banks in Nigeria, including Savannah (1996), African Express Bank Ltd (1998), Allstates Trust Bank Plc (1998), City Express Bank Plc (2006), and Hallmark Bank Plc (2006), was caused by a high number of unethical and fraudulent activities carried out by banking organization management that statutory auditors were unable to identify or stop. As a result, forensic audit was required for an improved control system. It has been recognized as a significant danger to the expansion and advancement of Nigeria's banking industry. (Yosep, 2016);

Unfortunately, the reputation of the accounting profession has been widely disregarded as a result of these collapses. In addition, the business ethics challenge has become more important due to government regulations, increased media scrutiny, and pressure from various stakeholders. The alarming increase in the number of unethical practices affect the quality of financial reporting, leading to unethical and fraudulent activities in Nigerian banking system, requiring the visibility of ethical practices in banks (Mubaraq et al., 2019). It is in the light of the above that this study attempts to generally evaluate the effect of ethical practices on financial reporting quality of selected deposit money banks in Lagos state, Nigeria; specifically examine the effect of ethical practices on relevance of selected deposit money banks in Lagos state, Nigeria; and determine the effect of ethical practices on faithful representation of selected deposit money banks in Lagos state, Nigeria.

LITERATURE REVIEW

Compliance Theory

Helmreich and Collins first presented compliance theory in 1968, arguing that power and authority may impact compliance with rules, laws, and standards. According to this idea, authority and laws enacted to regulate certain duties in a company might change workers' attitudes about doing the assigned jobs. Compliance theory refers to rules, persuasion, authority, and the perception of high-ranking persons all have an impact on compliance. Compliance theory assumes that compliance is influenced by power, authority, and regulations. The theory proposes that compliance increases when there are strict regulations and high levels of authority exerted on low-ranking employees to execute their roles in an organization. Compliance theory has been widely used in various fields, including accounting, to understand the influence of regulations and ethical practices on compliance behavior.

Proponents of the Compliance theory argue that compliance is necessary for organizations to achieve their objectives and maintain legitimacy in their industry (Mitchell, 1993). They argue that compliance ensures that organizations operate within legal and ethical boundaries and helps to prevent fraud, corruption, and unethical practices.

Critics of Compliance theory argue that compliance can also be influenced by individual factors, such as personal values, beliefs, and attitudes. They argue that focusing solely on regulations and authority can lead to a superficial form of compliance, where employees comply

with the rules but do not internalize the values and principles underlying the regulations.

These criticisms, Compliance theory remains relevant in many fields, including accounting. The theory provides a useful framework for understanding the relationship between regulations, ethical practices, and compliance behavior. It highlights the importance of authority and regulations in shaping compliance behavior and underscores the need for organizations to ensure that their employees are aware of and adhere to their ethical and professional standards.

The Institutional Theory

The Institutional Theory explains how external and internal pressures, such as guidelines and laws, modify the structures and practices of administration within an organization. This theory links an organization's accounting and organizational practices to its immediate environment. Institutional theory posits that organizations are designed to meet social expectations, and financial reporting is no exception. The idea contributes to a better understanding of how successful financial reporting may be, particularly in the corporate environment, as well as the different aspects that impact it. One of the fundamental assumptions of institutional theory is that organizations attempt to adhere to society norms and expectations in order to obtain legitimacy and sustain social approval (Willmott, 2015). In the case of financial reporting, firms strive to provide high-quality financial reports that will earn the confidence and credibility of stakeholders such as investors and regulators. Critics of the Institutional Theory argue that it oversimplifies complex organizational dynamics and ignores the role of individual agency in shaping organizational behavior. Critics also argue that the theory overlooks the importance of power dynamics within organizations, which can have a significant impact on financial reporting quality (Mahdi Sahi et al., 2022).

Despite these criticisms, the Institutional Theory remains relevant in explaining financial reporting quality. The theory highlights the importance of societal norms and expectations in shaping organizational behavior and emphasizes the need for organizations to maintain social legitimacy by producing high-quality financial reports. By considering the various external and internal pressures that influence financial reporting quality, the Institutional Theory provides a comprehensive framework for understanding the complexities of financial reporting in the corporate world.

Financial Reporting Quality

Financial reporting quality refers to the quality of data in financial reports, including note disclosures (Agwor & Okafor, 2018). The economic realities of a company's activities throughout the reporting period are correctly depicted by high-quality reporting, which provides useful information for decision-making. Accounting rules, company governance, audit quality, earnings management, and voluntary disclosure all have an impact on the quality of financial reporting. Financial reporting quality may also impact the quality of profits, cash flows, and balance sheet items that represent a company's financial performance and condition (Mahdi Sahi et al., 2022).

Users of financial statements can make well-informed judgments on a company's financial performance and position by using pertinent and helpful information from high-quality financial reporting. Sustaining investor confidence and trust in the financial markets depends on the caliber of financial reporting (Al Amosh et al., 2022). High-quality financial reporting increases a company's chances of attracting investment capital, securing favorable terms from lenders, and lowering borrowing costs.

Companies can ensure the quality of their financial reporting by maintaining strong internal control systems that can detect and prevent errors and fraudulent activities. Internal control systems should include proper job segmentation, frequent monitoring, and prompt reporting of any anomalies. External auditors play a crucial role in verifying the accuracy of financial statements and identifying any material misstatements or omissions (Belgasem-Hussain & Hussaien, 2023). The regulatory environment is also an important factor in achieving high-quality financial reporting.

Relevance

Relevance is a concept that refers to the degree to which something is related or useful to what is happening or being talked about. Relevance can be applied to various domains, such as information retrieval, communication, education, art, and politics. Relevance is important because it helps people focus on what matters and ignore what does not. Relevance can also influence people's attitudes, behaviors, and decisions (Song & Choi, 2023). Relevance in financial reporting can therefore refer to the extent to which financial information provided in a company's financial statements is useful and meaningful to the users of those statements (Raj & Azam, 2023).

One of the fundamental goals of financial reporting is to provide users with information that is relevant to their decision-making requirements. This information should be timely, trustworthy, and provide a comprehensive view of a company's financial condition, performance, and cash flows. The relevance of financial information is critical, as it helps users to make informed decisions about investing in a company or lending it money. For example, a potential investor in a company will be interested in knowing the company's profitability, growth potential, and risks, as well as how these factors compare with those of other similar companies. Similarly, a creditor who is considering lending money to a company will be interested in knowing the company's ability to repay the loan and the potential risks associated with the loan. Relevance can be achieved by providing financial information that is material to the users of the financial statements. Materiality is determined by considering the size and nature of an item or event and its potential impact on a company's financial position or performance.

Financial reporting standards, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standard (IFRS), establish criteria for assessing materiality and require businesses to disclose material information in their financial statements. For example, under GAAP and IFRS, companies must disclose information related to significant risks and uncertainties that could impact their financial position or performance. Companies must also disclose material information related to mergers and acquisitions, litigation, contingencies, and related party transactions, among other items.

Relevance is also related to the concept of comparability. Financial information must be comparable across time periods and across companies in the same industry (Hjørland, 2010). Comparability ensures that users can make meaningful comparisons between different companies or different time periods, which is essential for making informed investment and lending decisions (Song & Choi, 2023). According to the FASB, relevance is the capacity of financial data to affect users' actions. Timely, predictive, and confirming information are all ways to increase relevance.

Faithful Representation

Faithful representation refers to the capacity of financial information to describe a

company's economic reality. Along with relevance, faithful representation is one of the qualitative traits of valuable financial data. For financial statements to be considered faithfully represented, they must be impartial, comprehensive, and error-free in order for information users to have faith in them. Faithful representation is important because it enhances the credibility and reliability of financial reporting (Enofe, A. O., Edemenya, C. C., & Osunbor, E. O., 2015). Faithful representation in financial reporting can be defined as the accuracy and completeness of the financial data displayed in a company's financial statements. A faithful representation indicates that the financial statements correctly reflect the company's financial condition, performance, and cash flows, with no substantial mistakes, omissions, or biases. Faithful representation is one of the fundamental qualities of financial reporting, along with relevance and comparability. IASB defines faithful representation as the "complete, neutral, and free from error representation of the financial information. (Raj & Azam, 2023)

The importance of faithful representation is evident in the decision-making process of investors, creditors, and other stakeholders, who rely on the accuracy and completeness of financial information to make informed decisions. For example, an investor who is considering investing in a company will want to ensure that the financial information provided by the company is accurate and complete, so as to make an informed decision about the investment (Widyari et al., 2024). To achieve faithful representation, financial information must be prepared in accordance with GAAP or IFRS, which provides guidelines for the recognition, measurement, and disclosure of financial information. GAAP and IFRS require companies to follow specific accounting principles and standards to ensure the accuracy and completeness of financial information.

For instance, businesses must use the accrual method of accounting to generate their financial statements under GAAP and IFRS. This method records revenues and expenses as they are earned or incurred rather than when money is received or paid. This guarantees that the company's financial performance and position are appropriately reflected in the financial statements. The need for complete disclosure in financial accounts is another instance of the use of faithful representation. Disclosure is required for all relevant information about a company's financial performance and position, including information about related party transactions, contingent liabilities, significant risks and uncertainties, and other relevant information. This ensures that financial statements are complete and unbiased.

Ethical Practices

Ethical practices are the actions and attitudes that reflect the moral values and principles of individuals and organizations. Ethical practices aim to promote the well-being, dignity, and rights of all stakeholders involved in a situation, as well as the common good of society and the environment. Ethical practices are essential for building trust, credibility, and reputation, as well as for preventing or resolving conflicts, dilemmas, and problems. Ethical practices involve following ethical principles, such as honesty, fairness, and transparency, in financial reporting and accounting practices (Raj & Azam, 2023). Failure to follow ethical practices can lead to financial scandals, loss of reputation, and legal consequences for companies. One of the primary ethical principles in financial reporting is honesty. Honesty requires companies to present financial information accurately and truthfully, without any manipulation or misrepresentation (Aifuwa et al., 2018).

Another essential ethical principle is fairness. Fairness requires companies to provide

financial information that is unbiased and not influenced by personal interests or relationships. For example, companies must ensure that their financial statements are not influenced by the interests of management or major shareholders, and that transactions with related parties are disclosed transparently (Mubaraq et al., 2019). Transparency is also an essential ethical principle in financial reporting. Companies must fully and accurately disclose all pertinent financial information including risks, uncertainties, and significant events in order to be considered transparent. Companies must provide sufficient information to enable users of financial statements to make informed decisions about investing in the company or lending it money. Compliance with ethical principles in financial reporting is essential for building trust among stakeholders. Stakeholders are more inclined to trust the integrity and dependability of the financial information provided by businesses that adhere to ethical standards, which may result in greater lending and investment. Losing trust as a result of unethical behavior can have a serious detrimental impact on a company's financial success. Several organizations, such as the IESBA, have developed ethical codes and guidelines for accountants and financial professionals. These guidelines emphasize the importance of ethical practices in financial reporting and provide guidance on how to maintain ethical standards in financial reporting and accounting practices.

Empirical Review

Mahdi Sahi et al., (2022) studied financial reporting quality of financial institutions using Literature review Systematic literature review of 204 studies from 1990 to 2022. The primary factors that determine the quality of financial reporting are monitoring qualities. Research on other oversight structures, such the board of directors, is lacking. There is no concrete proof that effective financial transparency will improve a company's performance or assessment. The study identifies gaps in the existing literature, such as inconsistent findings, possible sources of data for empirical researchers, and recommended areas for further research.

Regression analysis was employed by (Aifuwa et al., 2018) to examine the quality of financial reporting and ethical accounting procedures among professional and non-practicing accountants in Edo State, Nigerian, tertiary institutions. The quality of financial reporting is significantly impacted by accounting ethics. According to the study, accountants should uphold the highest ethical standards, and more research on this topic should be conducted while taking religion into account.

Oyewo et al., (2020) observed the effect of IFRS adoption on financial reporting quality: evidence from West African Economic and Monetary Union (WAEMU) countries Panel data analysis of 40 listed firms from WAEMU countries from 2006 to 2017 using Fixed effects model and Hausman test IFRS adoption had a positive and significant effect on financial reporting quality. Other factors, such as audit quality, ownership concentration, leverage, and firm size, also influenced financial reporting quality. The study suggests ways of enhancing the quality of financial reporting within the Sub-region, such as strengthening the regulatory framework, improving audit quality, and increasing investor protection.

The effect of ethical accounting standards on the caliber of financial reporting in Nigerian banks was examined by (Ogbonna & Appah, 2014). Econometric models (diagnostic test, improved dickey-fuller, ordinary least squares, and Granger causality) were employed to examine secondary data. The results showed that Nigerian banks' financial reporting quality is significantly impacted by ethical accounting norms. (Osazevbaru & Emeni, 2021) investigated the relationship between Iranian financial reporting quality and professional ethics. 205 companies listed on the Tehran

Stock Exchange were given a questionnaire, and the Spearman correlation coefficient was used to assess the results. The study found a strong correlation between the caliber of financial reporting and professional ethics.

Idor et al., (2020) studied the quality of financial reporting and ethical accounting practices in UK businesses. The goal of the study was to examine why accountants wanted to become more independent, honest, fair, and discreet. The information was taken from the 2005–2019 annual reports of FTSE 350 companies that were listed on the London Stock Exchange. Multivariate regression analysis results show that the sample firms' financial reporting quality is positively impacted by the objectivity and honesty of accountants. Additionally, the study found that the impartiality of accountants is essential to raising the caliber of the financial reports they provide.

RESEARCH METHODOLOGY

Research Design

This study employed a descriptive survey research approach. The design was selected because it guarantees the impartiality of participant replies, permits accurate representation, is inexpensive, and has a greater statistical significance. A lot of questions may be asked about a subject using the survey approach, which gives the research a lot of freedom in data processing. To collect meaningful information from respondents, the research will employ a structured questionnaire. This design was used in the following research (Widyari et al., 2024; Rashid et al., 2018); Mabil, 2019); Mubaraq et al., 2019; Agwor & Okafor, 2018).

Population of study

According to data from the Head of Human Resources at Headquarters, as of December 2022, there were 56,620 workers working for the five listed deposit money banks in Nigeria: Access Bank (13,620), Eco Bank (10,000), UBA (14,000), Zenith (6,000), and First Bank (13,000). The five deposit money banks were chosen because they are among the biggest in Nigeria in terms of market capitalization, total assets, and revenue generation.

Table 1
Population Breakdown

S/N	Ministries	Population
1	Access bank	13,620
2	Ecobank	10,000
3	United Bank of Africa	14,000
4	Zenith Bank Nigeria Plc	6,000
5	First Bank Nigeria Plc	13,000
	TOTAL	56,620

Source: Author's Compilation (2024)

Sample Size and Sampling Technique

The researcher has selected non-probability sampling for this study. All samples are collected in a manner that does not ensure that all persons in the population have an equal

probability of being picked. For the study, purposive sampling will be used since it assures that the sample taken from the population is near to hand. The sample was drawn from professional and management personnel working at sampled banks using a purposive sampling approach, with 397 people chosen using the Taro Yamane formula (1967).

The sample size for this investigation was determined using the Taro Yamane technique.

The formula is given below:

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

Where: n= Sample Size

N= Population

1= Constant

e= Acceptable margin of error

Note that:

N= 56,620; and e=5% (0.05)

Therefore, $n = \frac{56,620}{1+56,620(0.05)^2}$

$n = \frac{56,620}{142.3} = n = 397.19$

Therefore, 397 respondents will form the sample size for this research study.

Method of Data Collection

The data utilized in this study came from primary sources. The researcher will administer well-constructed questionnaires to respondents in order to acquire their ideas and opinions. Questionnaires will be used since they provide a high response rate while also taking less time and energy to administer. The questionnaire would be adapted with some modifications from the studies (Yosep, 2016; Bakhtiari & Azimifar, 2013; Odar, Jerman, Jamnik, & Kavcic, 2017).

Methods of Data Analysis

Two phases of analysis were performed on the data for this study: descriptive and inferential. Only the characteristics of the data were described by the descriptive analysis, which employed descriptive items such as frequencies and percentage denotations to show differences in responses and opinions. Regression analysis in SPSS was used for inferential analysis to look at how the independent variable affects the dependent variable, leading to more precise and accurate estimates like mean and standard deviations. To ascertain the cause-and-effect relationship between the independent and dependent variables, multiple regression analyses were used to assess the study's hypotheses. Multiple regression analysis was used to evaluate the hypotheses according to the manner in which they are presented. The Statistical Package for Social Sciences (SPSS 23.0) was used for all of these studies, and a 5% threshold for statistical significance was applied.

RESULTS AND DISCUSSION

Test of Hypothesis One

Research Hypothesis: Ethical practices have no significant effect on relevance of selected deposit money banks in Lagos state, Nigeria.

Table 2
Regression Analysis for Model one

	Multiple Regression Analysis						
	Coefficients		Std. Error	T	Prob	Collinearity Statistics	
						Tolerance	VIF
Predictors	(Constant)	21.513	4.029	5.340	.001		
	INT	.142	.068	2.090	.037	.907	1.103
	COM	.173	.071	2.424	.016	.802	1.246
	OBJ	.134	.084	1.583	.114	.732	1.367
	PRB	.007	.063	.114	.909	.893	1.119
	PRI	.148	.066	2.252	.025	.926	1.080
R	0.207						
R ²	0.043						
Adjusted R ²	0.031						
F-statistics	3.518						
Probability	0.004						

Dependent variable: Relevance (RE)

***significant at 0.05**

Source: Researcher's Study, 2024

Interpretation

Table 2 represents the regression model 1 hypothesis testing the effect of ethical practices on relevance of selected deposit money banks in Lagos State. The multicollinearity test revealed that there are no disturbances in the data set that might compromise the study's statistical conclusions.

The result indicates that integrity, competence, objectivity, professional behavior and professional independence positively affect relevance. This is indicated by the parameters of the coefficients which are $\beta_1 = 0.142$, $\beta_2 = 0.173$, $\beta_3 = 0.134$, $\beta_4 = 0.007$ and $\beta_5 = 0.148$ respectively. In the light of this, all proxies are consistent with the a-priori expectation of the study which states that ethical practices will have a positive effect on the relevance.

According to the coefficient's direction, a 0.142-unit rise in upper level relevance is anticipated for every unit increase in integrity. This suggests that honesty was probably a sign of greater significance. Integrity is a significant predictor in the model, as indicated by the likelihood of the t-statistic of 0.037. Additionally, there is a predicted rise of 0.173 unit in higher level relevance for every unit increase in competence. This suggests that expertise was probably a sign of greater significance. The model's competency was a significant predictor, as indicated by the t-statistic's probability of 0.016.

Furthermore, table 2 revealed that for every unit increase in objectivity there is a predicted increase of 0.134 unit at higher level on relevance. This shows that objectivity is likely to indicate

increase in relevance. The probability of t-statistic is 0.114 indicating that objectivity is an insignificant predictor in the model. Also, for every one unit increase in professional behaviour, there is a predicted increase of 0.007 unit at higher level on relevance. This indicates that professional behaviour was likely to indicate increase in relevance. The probability of t-statistic is 0.909 indicating that professional behaviour was an insignificant predictor in the model. Additionally, for every one unit increase in professional independence there is a predicted increase of 0.148 unit at higher level on relevance. This shows that professional independence was likely to indicate increase in relevance. The probability of t-statistic is 0.025 indicating that professional independence was a significant predictor in the model.

The adjusted R^2 (coefficient of determination) is 0.031. This suggests that 3.1% of the variance in relevance could be explained by honesty, competence, objectivity, professional conduct, and professional independence, with the remaining 96.9% driven by characteristics not included in the model. This is an excellent model match, which implies causation. The likelihood of the F-statistics, which measured the model's influence, further confirmed the findings.]

Decision Rule

At the 0.05 level of significance, the F-statistics is 3.518 with a p-value of 0.004, which is less than the 0.05 threshold of significance used in this investigation. This means that the null hypothesis, which claimed that ethical practices have no substantial influence on the relevance of chosen deposit money banks in Lagos state, Nigeria, was rejected. Hypothesis one was tested, research question answered and Objective achieved.

Test of Hypothesis Two

Research Hypothesis: Ethical practices does not have significant effect on faithful representation of selected deposit money banks in Lagos state, Nigeria.

Table 3
Regression Analysis for Model Two

	Multiple Regression Analysis						
	Coefficients		Std. Error	T	Prob	Collinearity Statistics	
						Tolerance	VIF
Predictors	(Constant)	16.937	5.582	3.034	.003		
	INT	.000	.094	.002	.999	.907	1.103
	COM	.049	.099	.491	.623	.802	1.246
	OBJ	.187	.117	1.595	.111	.732	1.367
	PRB	.165	.087	1.892	.059	.893	1.119
	PRI	.178	.091	1.950	.052	.926	1.080
R	0.154						
R^2	0.024						
Adjusted R^2	0.011						
F-statistics	1.918						
Probability	0.090						

Dependent variable: Faithful Representation (FR)

*significant at 5%

Source: Researcher's Study, 2024

Interpretation

Table 3 represents the regression model 2 hypothesis testing the effect of ethical practices on faithful representation. The multicollinearity test showed that data set does not have disturbance that can affect the statistical inference of the study.

The direction of the coefficient indicates that for every one unit increase in integrity, there was no increase in unit at higher level on faithful representation. The probability of t-statistic is 0.999 indicating that integrity is an insignificant predictor in the model. Also, for every one unit increase in competence there is a predicted increase of 0.049 unit at higher level on faithful representation. This indicates that competence was likely to show increase in faithful representation. The probability of t- statistic is 0.623 indicating that competence was an insignificant predictor in the model.

Furthermore, table 3 revealed that for every one unit increase in objectivity there is a predicted increase of 0.187 units at higher level on faithful representation. This indicates that objectivity is likely to indicate increase in faithful representation. The probability of t- statistic is 0.111 indicating that objectivity is an insignificant predictor in the model. Also, for every one unit increase in professional behaviour there is a predicted increase of 0.165 units at higher level on faithful representation. This indicates that professional behaviour was likely to indicate increase in faithful representation. The probability of t- statistic is 0.059 indicating that professional behaviour was an insignificant predictor in the model. Additionally, for every one unit increase in professional independence there is a predicted increase of 0.178 units at higher level on faithful representation. This indicates that professional independence was likely to indicate increase in faithful representation. The probability of t- statistic is 0.052 indicating that professional independence was an insignificant predictor in the model.

The adjusted R^2 , which represents the coefficient of determination, is 0.011. This suggests that 1.1% of the variance in faithful representation may be described by honesty, competence, objectivity, professional conduct, and professional independence, with the other 98.9% driven by factors not included in the model. This is an excellent model match, which implies causation. The likelihood of the F-statistics, which measured the model's influence, further confirmed the findings.

Decision Rule

At the 0.05 level of significance, the F-statistics is 1.918 with a p-value of 0.090, which is less than the 0.05 threshold of significance used in this investigation. This means that null hypothesis number two, which states Ethical procedures have no major influence on the faithful representation of chosen deposit money banks in Lagos state, Nigeria failed to reject. Hypothesis two was tested, research question answered and Objective achieved.

DISCUSSION OF FINDINGS

Ethical Practices and Relevance

The result indicates that integrity, competence, objectivity, professional behavior and professional independence affected relevance. 3.1% variation in relevance could be explained by integrity, competence, objectivity, professional behavior and professional independence while the remaining 96.9% was caused by other variables not captured in the model. Ethical practices have

a significant effect on relevance. Ethical practices profoundly shape the relevance of research findings ((Smith, E., Williams-Jones, B., Master, Z., Lanviere, V. , Sugimoto, C. R., Paul-Hus, A., ... & Resnik, D. B., 2020). Upholding integrity and transparency builds trust and credibility, making the outcomes more valued by stakeholders. Participant cooperation is heightened when their rights are protected, enriching data quality and relevance. Ethical rigor bolsters validity and generalizability, extending the applicability of findings. Aligning with social responsibility, ethically conducted research addresses pertinent societal issues, enhancing practical utility and relevance. Moreover, sustained adherence to ethical standards ensures long-term credibility and relevance of research outcomes. In essence, ethical practices are not just procedural; they are intrinsic to producing research that is meaningful, applicable, and enduring. The result supported the findings of (Mahdi Sahi et al., 2022).

Ethical Practices and Faithful Representation

The result indicated that integrity, competence, objectivity, professional behavior and professional independence did not positively affect faithful representation. 1.1% variation in faithful representation could be explained by integrity, competence, objectivity, professional behavior and professional independence while the remaining 98.9% was caused by other variables not captured in the model. Ethical practices profoundly influenced the faithful representation of research outcomes. By adhering to ethical standards, researchers ensure the integrity and accuracy of their findings. Transparent and principled conduct foster trust among stakeholders, enhancing the credibility of the represented data. Ethical rigor minimizes bias and ensures that the information presented faithfully reflects reality. Additionally, ethical considerations promote inclusivity and fairness in data collection and analysis, leading to a more comprehensive and representative portrayal of the subject matter. Ultimately, ethical practices are fundamental to maintaining the fidelity and reliability of research representation, safeguarding its value and impact in academic and societal contexts. This discovery is in contradiction of the findings of (Aifuwa et al., 2018).

CONCLUSION

The result of the hypothesis one concluded that ethical practices have a significant effect on relevance. Hypothesis two concluded that ethical practices have no significant effect on faithful representation. Based on the findings, a few recommendations are offered on ethical practices and financial reporting quality;

- a. Measures should be made by management to ensure that ethical practices are followed in order to improve the performance of their organizations
- b. To increase performance levels, the management team for deposit money banks should concentrate more attention on ensuring that the structure for ethical practices as it relates to financial reporting possess the required qualities

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