

# The Influence of Cultural Values on Accounting Practice in Nigeria

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## Abstract

**Purpose:** This study aims at examining culture's influence on accounting practice in Nigeria. **Design/Methodology:** A survey of accountants in south-eastern Nigeria was carried out. A total number of 97 respondents comprising accountants and auditors in public and private practice were sampled. The Primary data were collected with the aid of a structured 5-point likert scale questionnaire, administered in two phases: first was the administration of the questionnaire on cultural values and secondly the administration of the questionnaire on varying specific issues of the study. Multiple Regression Techniques (MRT) was used in analyzing the primary data. **Findings:** The model results showed that cultural values had a significant predictive power in determining the choice of techniques and behaviour of accountants in the discharge of their duties. Secondly, that cultural values influence the enforcement and application of accounting standards in Nigeria. Thirdly, cultural values will significantly influence the way auditors' carry out an audit assignment in Nigeria. **Recommendations:** To ensure a favourable IFRS/Global Reporting Standard adoption the IASB should consider the cultural values of varying countries rather than just the individualistic culture of developed nations. A breakdown of structural and organisational hierarchy to tackle the high power distance in Nigerian organisations. The inclusion of more countries representing varying national cultures in the IASB governing council.

## 1. Introduction

The issue of inconsistency in accounting practices in various parts of the world has generated considerable research interest over the years (Mueller, 1965; Lin & Wang, 2001; Gujarathi, 2008; Schutte & Buys, 2011). These 'inconsistencies were explained using social and environmental factors, such as: legal systems, sources of external finance, taxation systems, representation by professional accounting bodies, historical inflation, economic and political events' (Finch, 2009). These social and environmental factors were found to be peculiar to the country involved. Accounting researchers have advocated the inclusion of culture as a component of the social system in explaining varying accounting behaviour following Gray's 1988 study. Culture in its literal sense, may be viewed as "*the beliefs, customs, practices, and social behaviour of a particular group*". Culture's influence is usually evidenced in the following variables: language, religion, way of dressing, educational systems, etc. Culture tends to bind a group of people together very strongly and instils certain values very effectively.

Goodman (2009) stated that culture has been of more service than even formal education, because of both its effectiveness and its universal availability, in imparting a given set of ideas effectively through the generations. Culture is a fierce attribute, which determines both behaviour and perception of individuals in a particular group. This view was buttressed by Goodman (2009) who observed that culture has played an enormous role in the development of peoples, nations, and societies throughout history. Culture however, does not only refer to what is unique to a given society; 'it also refers to those things which are distinctive of a group of people, in the sense that they are thoroughly engrained in the people's thoughts and practices' (Goodman, 2009). The view here is that diversities can exist within the broad cultural spectrum. This diversity has been attributed to differences in ethnicity (Tsui, 2001; Haniffa & Cooke, 2002), religion (Hamid, Craig & Clarke, 1993), language (Belkaoui, 1980; Douplik & Richter, 2003), gender (Hofstede, 2001) and age (Matsumoto & Juang, 2004).

Nigeria is one of the largest (923,768 km<sup>2</sup>) geographically, socially and culturally most diversified African country. The ethnic diversity of Nigerian society is reflected in the fact that the country has over 250 identified ethnic groups. Three very large ethno-linguistic entities dominate: the Yoruba, the Ibo and the Hausa-Fulani in the North. The Hausa-Fulani, Yoruba, Ibo, Kanuri, Tiv, Edo, Nupe, Ibibio and Ijaw groups account for almost 80 per cent of the population. The Muslims comprise more than 50 per cent of the population, Christians account for about 35 per cent, while the balance of the population are animists (<http://www.wwcd.org/policy/clink/Nigeria.html>). The three largest ethnic groups are the Hausa-Fulani who are predominant in the north, the Igbo who are predominant in the south-east, and the Yoruba who are predominant

in the southwest ([http://en.wikipedia.org/wiki/Culture\\_of\\_Nigeria](http://en.wikipedia.org/wiki/Culture_of_Nigeria)).

Hausa are predominantly Muslims; the Yoruba strike a balance between Muslim and Christianity, while the Igbo are mainly Christians. Indigenous religious practices remain important in all of Nigeria's ethnic groups; these beliefs are often blended with Christian beliefs ([http://en.wikipedia.org/wiki/Culture\\_of\\_Nigeria](http://en.wikipedia.org/wiki/Culture_of_Nigeria)). However, there still exists other miniature tribes (commonly referred to as minorities) embedded in the dominant ones. In Nigeria, three major factors account for the diversity in the national culture: geographical location, language and religion. The country has over 50 languages and over 250 dialects and ethnic groups ([http://en.wikipedia.org/wiki/Culture\\_of\\_Nigeria](http://en.wikipedia.org/wiki/Culture_of_Nigeria)).

Following Hofstede's (1980) study, accounting researchers have tried endlessly to extend his framework in explaining diversities in accounting practice. Doupnik & Tsakumis (2004, as cited in Finch, 2009) observed that these cultural factors have directly influenced the development of accounting and financial reporting systems at a country level. Belkaoui & Picur (1991, as cited in Halbouni, 2009) observed that the culture of a country determines the choice of its accounting techniques and the perception of its various accounting phenomena. Fechner & Kilgore (1994, as cited in Halbouni, 2009) stated that the lack of consensus in accounting practices between countries is because the purpose of accounting is not technical but rather cultural. These researchers tend to view accounting culture as a subset of the national culture; therefore, variations existing in national cultures should be reflected in the accounting culture. Hofstede (2001) studies showed that West African countries ranked: high in Power Distance (PD); low in Individualism; low in Long-Term Orientation (LTO); Moderate in Masculinity (M) and Uncertainty Avoidance (UA) measures. These cultural values had varying ranks in different countries.

Evidence of the influence of different levels of development on the accounting environment can also be found in recent times where developed countries find it easier to adopt International Financial Reporting Standards (IFRS) whereas developing countries find it more difficult to comply (United Nations, 2002, as cited in Schutte, 2011). Therefore an understanding of the influence of cultural values on accounting practice is of quite importance in explaining variations among different countries.

### 1.1 Objectives of the Study

The main objective of this study is to determine the influence of cultural values on accounting practice in Nigeria. The following specific objectives were formulated for this study:

1. To determine whether cultural values influence the choice of techniques and behaviour of accountants in the discharge of their duties.
2. To determine whether cultural values influence the enforcement and application of accounting standards in Nigeria.
3. To determine whether cultural values influence the way auditors' carry out an audit assignment in Nigeria.

## 2. Literature Review

### 2.1 Hofstede's Contribution

Thirty-one years ago, Geert Hofstede (1980) published his ground-breaking book on cross-cultural differences, *Culture's Consequences: International Differences in Work-Related Values*. The original book and the subsequent update, entitled *Culture's Consequences: Comparing Values, Behaviours, Institutions, and Organizations across Nations* (Hofstede, 2001), has inspired thousands of empirical studies utilizing Hofstede's cultural value dimensions (Finch, 2009; Halbouni, 2009). Utilizing a sample of approximately 116, 000 IBM employees across 39 countries, Hofstede (1980, as cited in Finch, 2009) identified four underlying value dimensions along which each country can be positioned: '*Individualism/Collectivism, Power Distance, Uncertainty Avoidance and Masculinity/Femininity*'.

The first dimension, *individualism*, is defined as "the degree to which people in a country prefer to act as individuals rather than as members of groups" (Hofstede, 1994). Individualism is "a loosely knit social framework in which people are supposed to take care of themselves and of their immediate families only" (Hofstede, 1980b). *Collectivism* on the other hand is "characterized by a tight social framework in which people distinguish between in-groups and out-groups, they expect their in-group to look after them, and in exchange for that they feel they owe absolute loyalty to it" (Hofstede, 1980b). Subsequent research on the construct suggested that individualism and collectivism may be two independent dimensions (Markus & Kitayama, 1991, as cited in Taras, Kirkman & Steel, 2010). Other models split each of the facets into vertical and horizontal subdimensions (Singelis, Triandis, Bhawuk, & Gelfand, 1995, as cited in Taras, Kirkman & Steel, 2010).

The second dimension, *power-distance*, is defined as "the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally" (Hofstede, 1980b). Alternatively, it is the extent to which subordinates are not expected to express disagreement with their supervisors and supervisors are not expected to consult with their subordinates in the decision-making process (Hofstede, 1980a, 2001).

The third dimension, *uncertainty-avoidance*, is defined as “the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by providing greater career stability, establishing more formal rules, not tolerating deviant ideas and behaviours, and believing in absolute truths and the attainment of expertise” (Hofstede, 1980b). Hofstede (2001) however stated that uncertainty avoidance should not be confused with risk avoidance, as “it does not describe one’s willingness to take or avoid risk, but rather is associated with preferences for clear rules and guidance”.

The fourth dimension, *masculinity/femininity*, with masculinity defined as “the extent to which the dominant values in a society are ‘masculine’ – that is, assertiveness, the acquisition of money and things” (Hofstede, 1980b); In other words, in a masculine dominant society “the degree to which values like assertiveness, performance, success and competition ... prevail over values like the quality of life, maintaining warm personal relationships, care for the weak, and solidarity” (Hofstede, 1994). Femininity is opined as the opposite of masculinity that is dominance of feminine values such as preference for “friendly atmosphere, position security, physical conditions and cooperation” (Hofstede, 2001).

Hofstede & Bond (1988) developed a fifth dimension, *Confucian Dynamism*, (a.k.a. long- vs. short-term orientation). Long-term orientation refers to future oriented values such as persistence and thrift, while short-term orientation refers to past- and present-oriented values such as respect for tradition and fulfilling social obligations.

## 2.2 Gray’s Contribution

Following Hofstede’s (1980) work on national cultural differences, Gray (1988) identified four accounting value dimensions that can be used to define a country’s accounting (sub) culture: *professionalism versus statutory control*; *uniformity versus conformity*; *conservatism versus optimism*, and; *secrecy versus transparency*. Finch (2009) observed that the first two dimensions relate to authority and enforcement of accounting practice at a country level, and the second two relate to the measurement and disclosure of accounting information at a country level.

The first dimension, *professionalism versus statutory control*, reflects a preference for individual professional judgment and professional self regulation, as opposed to prescriptive legal requirements and statutory control.

The second dimension, *uniformity versus flexibility*, reflects a preference for the enforcement of uniform accounting practices between companies as opposed to flexibility in accordance with the circumstances of individual companies.

The third dimension, *conservatism versus optimism*, reflects a preference for a cautious approach to measurement, "that enables one to cope with the uncertainty of future events". It contrasts with a "more optimistic, laissez faire, risk taking approach".

The fourth dimension, *secrecy versus transparency*, reflects a preference for confidentiality, so that information about the business is disclosed only to those most closely involved with management and financing. It contrasts with a more open, transparent, publicly accountable approach.

## 2.3 The Link between Hofstede’s Cultural Dimensions and Gray’s Accounting Value Dimensions

Gray (1988) postulated the following hypotheses to illustrate the interaction between his accounting value dimensions and Hofstede’s (1980) cultural dimensions:

- ***The higher a group ranks in terms of individualism and the lower it ranks in terms of uncertainty avoidance and power distance, the more likely it is to rank highly in terms of professionalism.***  
In this case, professionalism is firmly linked to high individualism, given the reliance on the judgment of the individual professional and the distaste for legal control, and weak uncertainty avoidance, given the acceptance of the inevitable variety in professional judgment. More tentatively, professionalism is linked to masculinity, given the concept of assertiveness, and small power distance, given the need for mutual trust. There is also a link between low individualism and masculinity.
- ***The higher a group ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism then the more likely it is to rank highly in terms of uniformity.***  
Uniformity is particularly linked to strong uncertainty avoidance and low individualism. Uniformity is also linked to high power distance, where the imposition of rules is more readily accepted.
- ***The higher a group ranks in terms of uncertainty avoidance and the lower it ranks in terms of individualism and masculinity then the more likely it is to rank highly in terms of conservatism.***  
Conservatism is particularly linked to strong uncertainty avoidance. There is also a link between low individualism and high masculinity.
- ***The higher a group ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism and masculinity then the more likely it is to rank highly in terms of secrecy.***  
Secrecy is closely linked to strong uncertainty avoidance and large power distance. Societies with

higher levels of uncertainty avoidance feel a greater need for consensus and written rules, and are intolerant of deviations from the norm. In contrast, societies characterized by low uncertainty avoidance rely less on written rules and are more risk tolerant. In a masculine society individuals are more aggressive, ambitious, and competitive; whereas individuals in feminine societies are more modest, humble, and nurturing. Individuals in societies characterized by higher levels of power distance tend to follow formal codes of conduct, and are reluctant to disagree with superiors. Individuals in societies that are lower in power distance, on the other hand, do not feel as constrained by perceived or actual differences in status, power, or position.

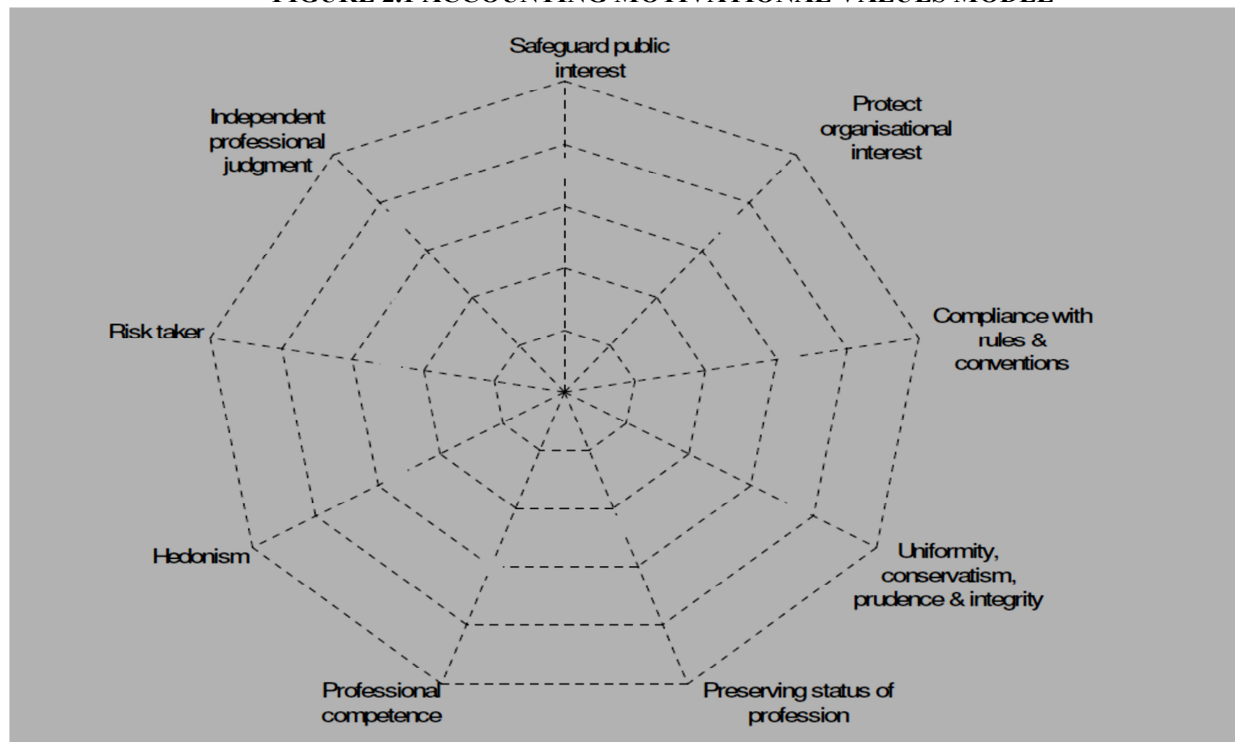
The import of Gray's (1988) work was that he extended Hofstede's framework by overlaying his accounting values and systems on societal values and institutional norms (Finch, 2009). Though, Gray (1988) never conducted empirical studies to support his framework; subsequent accounting researchers have tried to prove its validity.

## 2.4 Theoretical Framework

### 2.4.1 The Accounting Motivational Values Model

Adapting Schwartz's (1992) universal human values to the domain of accounting have resulted in the discovery of a set of accounting motivational values. The accounting motivational values comprise nine distinct individual-level value types that are presented in the form of a radar chart. The radar chart below shows the accounting motivational values.

FIGURE 2.1 ACCOUNTING MOTIVATIONAL VALUES MODEL



The accounting motivational values represent the manifestation in the accounting environment of the desirable goals that guide the way accountants conduct their lives. The accounting motivational values are, therefore, a comprehensive and valid representation of the accounting sub-culture hypothesised by Gray (1988). According to Gray, the accounting sub-culture exists as a component of and is influenced by the larger national culture. But it has been suggested that there is cultural diversity within a nation. This diversity can be due to differences in ethnicity (Tsui, 2001; Haniffa & Cooke, 2002), religion (Hamid *et al.*, 1993), language (Belkaoui, 1980; Doupnik & Richter, 2003), gender (Hofstede, 2001) and age (Matsumoto & Juang, 2004). This would, therefore, lead to the expectation that different sub-groups within the accounting sub-culture would demonstrate different accounting behaviour based on the cognitive functioning perspective of culture (Belkaoui & Picur, 1991).

### 3. RESEARCH DESIGN AND METHODOLOGY

The questionnaire was arranged using the Likert-scale format on a continuum of 1 to 5, the options were as follows: Strongly Agree (SA) ranked 5; Agree (A) ranked 4; Indifferent (Id) ranked 3; Disagree (D) ranked 2, Strongly Disagree (SD) ranked 1. Questionnaire administration was done in two phases: The first phase required the administration of the questionnaire on cultural values and the second phase the administration of the questionnaire on varying specific issues of the study.

Table 3.1: Frequency Distribution of Cultural Values Response by Respondents

No.	Question	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
1	Handling tasks and responsibilities alone increases my speed and accuracy on completion	23	19	9	42	4
2	Applying group skills to problem solving is far more effective than individual skill approach	67	21	0	6	3
3	The Nigerian business/economic environment is highly cyclical in nature; as a result future events cannot be predicted with precision	64	25	0	8	0
4	I get agitated and frustrated when superiors issue instructions guiding duty performance	20	3	0	60	14
5	Establishing formal rules and regulations maintains organizational hierarchy	40	22	14	14	7
6	Male are more apt and in-depth in tackling problems and generating solutions	32	8	2	47	8
7	Females exercise diligence and less prone to mistakes in problem handling and solution generation	42	27	8	10	10

Source: Field Survey (2015)

Table 3.2: Descriptive Statistics of Cultural Values

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Individualism	97	1.00	5.00	3.1546	1.31767	1.736
Collectivism	97	1.00	5.00	4.4742	1.00097	1.002
Uncertainty Avoidance	97	2.00	5.00	4.4948	.86751	.753
LPD	97	1.00	5.00	2.5361	1.36215	1.855
HPD	97	1.00	5.00	3.7629	1.32109	1.745
Masculinity	97	1.00	5.00	3.0928	1.49361	2.231
Femininity	97	1.00	5.00	3.8351	1.35923	1.848
Valid N (listwise)	97					

Source: SPSS Ver. 17

#### HYPOTHESIS 1

$H_1$  Cultural Values influence the choice of techniques and behaviour of accountants in the discharge of their duties.

#### Model Formulation:

$$Y_{\text{Accountant's Choice and Behaviour}} = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \beta X_5 + \beta X_6$$

Independent Variables:

- $X_1$  = Individualism
- $X_2$  = Collectivism
- $X_3$  = Uncertainty Avoidance
- $X_4$  = Power Distance
- $X_5$  = Masculinity
- $X_6$  = Femininity



Table 3.3: Accounting Choice and Behaviour

No.	Question Description	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
1	Uniform accounting procedures and practices should be established among Nigerian companies	52	36	0	8	1
2	Accountants should be allowed to exercise professional judgment in technical matters than complying with statutory control	21	17	0	37	22
3	Turbulence in the Nigerian economic environment can best be managed through conservative accounting practices	60	14	0	12	11
4	Financial statements should disclose full information of an entity's activities	39	27	13	13	5

Source: Field Survey (2015)

Table 3.4: Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.958 <sup>a</sup>	.918	.913	1.37501

a. Predictors: (Constant), Femininity, Uncertainty Avoidance, Masculinity, Collectivism, Power Distance, Individualism  
 b. Dependent Variable: Accounting Practice

Source: SPSS Ver. 17

The Model Summary table showed that R square (coefficient of determination) had a value of .918 indicating that 91.8% of variation could be explained by the model.

Table 3.5: ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1904.832	6	317.472	167.918	.000 <sup>a</sup>
	Residual	170.158	90	1.891		
	Total	2074.990	96			

a. Predictors: (Constant), Femininity, Uncertainty Avoidance, Masculinity, Collectivism, Power Distance, Individualism  
 b. Dependent Variable: Accounting Practice

Source: SPSS Ver. 17

The ANOVA table showed a statistically significant F-value of 167.918 (Sig .000) at 6 degrees of freedom. Since,  $F_{\text{calculated}} > F_{\text{critical}} - (167.918 > 2.17)$  we reject the Null Hypothesis and accept the alternate

Table 3.6: Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics		
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	-1.442	.953		-1.514	.134						
	Individualism	.871	.304	.247	2.866	.005	.820	.289	.087	.123	8.147	
	Collectivism	.451	.247	.097	1.829	.071	.769	.189	.055	.323	3.094	
	Uncertainty Avoidance	1.050	.237	.196	4.425	.000	.774	.423	.134	.465	2.151	
	Power Distance	.345	.148	.181	2.333	.022	.872	.239	.070	.151	6.611	
	Masculinity	-.315	.244	-.101	-1.287	.201	.743	-.134	-.039	.148	6.770	
	Femininity	1.499	.268	.438	5.592	.000	.928	.508	.169	.148	6.738	

a. Dependent Variable: Accounting Practice

Source: SPSS Ver. 17

The highest Beta value was recorded by individualism.

## HYPOTHESIS 2

$H_1$ : Cultural values influence the enforcement and application of accounting standards in Nigeria

Table 3.7: Accounting Standards and Cultural Values

No.	Question	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
1	Accounting standards should provide for a detailed recognition of revenues and treatment of expenses	41	46	0	8	2
2	To ensure uniformity across companies accounting standards should provide for financial statement standardization	46	27	0	14	0
3	Accounting standards should be flexible to allow accountants exercise professional judgment	16	11	0	53	17
4	Accounting standards should allow the exclusion of qualitative information in the financial statements	15	19	13	37	13

Source: Field Survey (2015)

Model Formulation:

$$Y \text{ Accounting Standards} = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \beta X_5 + \beta X_6 + e_i$$

Independent Variables:

- $X_1$  = Individualism
- $X_2$  = Collectivism
- $X_3$  = Uncertainty Avoidance
- $X_4$  = Power Distance
- $X_5$  = Masculinity
- $X_6$  = Femininity

Table 3.8: Descriptive Statistics

	Mean	Std. Deviation	N
Accounting Standards	13.4742	4.52560	97
Individualism	3.1546	1.31767	97
Collectivism	4.4742	1.00097	97
Uncertainty Avoidance	4.4948	.86751	97
Power Distance	6.2990	2.44167	97
Masculinity	3.0928	1.49361	97
Femininity	3.8351	1.35923	97

Source: SPSS Ver. 17

Table 3.9: Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979 <sup>a</sup>	.958	.955	.96159

a. Predictors: (Constant), Femininity, Uncertainty Avoidance, Masculinity, Collectivism, Power Distance, Individualism

b. Dependent Variable: Accounting Standards

Source: SPSS Ver. 17

The Model Summary table showed that R square had a value of .958 indicating that 95.8% of variation could be explained by the model.

Table 3.10: ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1882.967	6	313.828	339.403	.000 <sup>a</sup>
	Residual	83.218	90	.925		
	Total	1966.186	96			

a. Predictors: (Constant), Femininity, Uncertainty Avoidance, Masculinity, Collectivism, Power Distance, Individualism

b. Dependent Variable: Accounting Standards

Source: SPSS Ver. 17

The ANOVA table showed a statistically significant F-value of 339.403 (Sig .000) at 6 degrees of freedom. Since,  $F_{\text{calculated}} > F_{\text{critical}} - (339.403 > 2.17)$  – We reject the Null and accept the alternate.

**Table 3.11: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-.527	.666		-.791	.431					
	Individualism	.420	.213	.122	1.976	.051	.898	.204	.043	.123	8.147
	Collectivism	.534	.172	.118	3.098	.003	.722	.310	.067	.323	3.094
	Uncertainty Avoidance	.378	.166	.072	2.278	.025	.680	.233	.049	.465	2.151
	Power Distance	.965	.103	.521	9.340	.000	.960	.702	.203	.151	6.611
	Masculinity	.541	.171	.178	3.162	.002	.875	.316	.069	.148	6.770
	Femininity	.218	.187	.065	1.161	.249	.876	.122	.025	.148	6.738

a. Dependent Variable: Accounting Standards  
 Source: SPSS Ver. 17

The highest Beta value was recorded by power distance.

**HYPOTHESIS 3**

*H<sub>1</sub>: Cultural values influence the way auditors' carry out an audit assignment in Nigeria*

Table 3.12: Cultural Values and Audit Assignment

No.	Question	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
1	In carrying out an audit assignment maintaining client confidentiality is of prime importance	52	36	0	8	1
2	My audit approach is such that I employ professional judgment more than statutory regulations	16	11	0	53	17
3	Uniform audit standards would aid comparison of audit and company results	64	14	0	12	7
4	Auditors should make an exception report where financial statements do not meet minimum benchmark	39	27	13	13	5

Source: Field Survey (2015)

Model Formulation:

$$Y_{\text{Audit Assignment}} = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \beta X_5 + \beta X_6 + e_i$$

Independent Variables:

- X<sub>1</sub> = Individualism
- X<sub>2</sub> = Collectivism
- X<sub>3</sub> = Uncertainty Avoidance
- X<sub>4</sub> = Power Distance
- X<sub>5</sub> = Masculinity
- X<sub>6</sub> = Femininity

**Table 3.13: Descriptive Statistics**

	Mean	Std. Deviation	N
Audit Practice	14.9278	4.27504	97
Individualism	3.1546	1.31767	97
Collectivism	4.4742	1.00097	97
Uncertainty Avoidance	4.4948	.86751	97
Power Distance	6.2990	2.44167	97
Masculinity	3.0928	1.49361	97
Femininity	3.8351	1.35923	97

Source: SPSS Ver. 17



**Table 3.14: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974 <sup>a</sup>	.949	.946	.99781

a. Predictors: (Constant), Femininity, Uncertainty Avoidance, Masculinity, Collectivism, Power Distance, Individualism  
 b. Dependent Variable: Audit Practice

Source: SPSS Ver. 17

The Model Summary table showed that R square had a value of .949 indicating that 94.9% of variation could be explained by the model. The highest Beta value was also recorded by power distance.

**Table 3.15: ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1664.889	6	277.482	278.703	.000 <sup>a</sup>
	Residual	89.605	90	.996		
	Total	1754.495	96			

a. Predictors: (Constant), Femininity, Uncertainty Avoidance, Masculinity, Collectivism, Power Distance, Individualism  
 b. Dependent Variable: Audit Practice

Source: SPSS Ver. 17

The ANOVA table showed a statistically significant F-value of 278.703 (Sig .000) at 6 degrees of freedom.

**Table 3.16: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
		1	(Constant)	-.500			.691		-.723	.472	-1.873	.873	
	Individualism	.043	.221	.013	.193	.847	-.396	.481	.825	.020	.005	.123	8.147
	Collectivism	.494	.179	.116	2.759	.007	.138	.849	.772	.279	.066	.323	3.094
	Uncertainty Avoidance	1.043	.172	.212	6.057	.000	.701	1.385	.777	.538	.144	.465	2.151
	Power Distance	.873	.107	.499	8.140	.000	.660	1.086	.929	.651	.194	.151	6.611
	Masculinity	.031	.177	.011	.175	.861	-.321	.383	.778	.018	.004	.148	6.770
	Femininity	.731	.194	.232	3.759	.000	.345	1.117	.916	.368	.090	.148	6.738

a. Dependent Variable: Audit Practice

Source: SPSS Ver. 17

The highest Beta value was recorded by power distance.

#### 4. SUMMARY OF FINDINGS

Based on the outcome of the data analysed, the following findings were made:

1. Cultural values influence the choice of techniques and behaviour of accountants in the discharge of their duties.
2. Cultural values influence the enforcement and application of accounting standards in Nigeria.
3. Cultural values influence the way auditors' carry out an audit assignment in Nigeria

#### 4.1 CONCLUSION & RECOMMENDATIONS

Cultural values are engrained in the social system of a society or nation. Its influence is usually evidenced in behaviour, language, religion, dressing, etc. Financial reporting operates within the confines of the society; therefore, variations in societal values would result in differences in accounting practices in-and-across countries.

The following policy recommendations are made:

1. To ensure a favourable IFRS/Global Reporting Standard adoption the IASB should consider the cultural values of varying countries rather than just the individualistic culture of developed nations. Halbouni (2009) noted that scholars have questioned the relevance of IFRS in developing countries, because of their unique economic, social, and cultural problems not considered by the International Accounting Standard Board (IASB) while setting IFRS.

These issues could be tackled by:

- The inclusion of more countries from varying geographical locations thus,

- representing varying national cultures in the governing board of the IASB.
  - A bilateral framework for feedback and monitoring of country specific phenomena to aid adjustment and amendment.
2. A breakdown of structural and organisational hierarchy to tackle the high power distance in Nigerian organisations.
  3. Uniform accounting policies and procedures that aim at safeguarding investor choices should be encouraged; this will help in tackling the problem of uncertainty inherent in Nigerian business environment.
  4. Encouraging full disclosure of both quantitative and qualitative corporate performance information to curb incidence of creative accounting practices.

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