European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.10, No.29, 2018

The Influence of Economics and Finance on Accounting Theory in Academic Accounting Research in Nigeria

Osho, Augustine E. *Ph.D*
Department of Accounting, Achievers University, P. M. B. 1030, Owo, Nigeria

Falade Aderemi B.

Finance Department, Dormanlong Protective Coatings Limited, P. O. Box 256,
Oko-Oba Agege, Lagos State, Nigeria

Abstract

Economics and Finance is a conceptual framework for standards-settings as well as for the teaching and practice of financial accounting with the aim to establish an agreed- upon sets of principles and concepts driving towards uniformity in the presentation and preparation of corporate reports, thereby making an informed decision available for users of accounting information. Expos facto research design is adopted in this study using time series data collected over a successive point in time and the sample of the study was arrived at through purposive sampling technique. Thus, the sample of the study covers the period of eleven years from 2007 to 2017. Findings revealed that economics and finance has positive and significant influence on the accounting theory in academic research in Nigeria and it is recommended that researchers, corporate bodies, government and other economic agents must take into consideration the influence of economic variables and financial variables in the process of adopting any accounting theory.

Key Words: Accounting Theory, Accounting Practice, Economics Theory, Finance Theory, Academc Accounting Research.

1.0 Introduction

Much accounting theory is viewed as the only alternative for treatments items in contemporary real world situation. Through Work Integrated Learning (WIL) experience acquired skills and knowledge are applied and assessed in a real simulated work place context and where feedback from the industry is an integral part of the acquired experience. That seems to be within the context of general or global financial reporting environment.

Osho and Omolola (2018), it has become a general perception that studies in Accounting Theory, though an essential part of accounting research is gradually becoming extinct. While globally, there is a dearth of studies and researches on accounting theory, in Nigeria, such studies are literally almost nonexistent. Over the years, the importance of Accounting Theory in academic research is being neglected globally. This assertion was empirically confirmed by Al-Adeem (2010), which is limited to America, substantial knowledge with regards to the neglect of accounting theory in Nigeria, remains scarce.

Thesaurus (2012) defined theory is a set of statements or principles devised to explain a group of facts or phenomena, especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena. He further said it is the branch of a science or art consisting of its explanatory statements, accepted principles, and methods of analysis, as opposed to practice: a fine musician who had never studied theory.

Angus (2014) says accounting frameworks follows stipulations of existing Accounting Theories. This exploratory research sets out to trace the evaluation of accounting theories of change and discharge .Syndrome and the corollary of changedouble entry. Furthermore, it dues onto the theories of income determination , garnishing it with areas of diversities in the use of accounting information which review of theories of recent growth and development in Accounting are not left out. Santos, Caliope and Oclho, (2015), opined that accounting can be understood as a social practice that has its reports in economics theory since its primary functions. Likewise, is defined as the act of collecting, recording, accumulating and communicating economic events related to operation of firms which together represent the essence of the Accounting activities of the society (Hert, 1989).

Accounting theory is a mechanism that regulates the relationship between the accountant and the user group in order to drive a rule based on logical reasoning when given a set of objectives. In other to establish a point of correspondence between the precepts of a economics and finance theory to establish both theories and contribute to the wellbeing of all stakeholders in the firm activities.

The concepts, the objective function of an academic environment stands out which, through the conceptual extension established below, may have influenced or influence the development of current and evolving accounting theories, which also influences the accounting practice, especially with regard to the informational function of accounting. In the opinion of Coase (1990), Accounting System theory is part of the theory of the Firm. In other words, it can be affirmed that the utility of Accounting, as an information tool, receives manifest influences from economic concepts associated to the firm and the related events.

It should be noted that, accounting theory, in the current context, has been and continues to be influenced by phenomena such as the international harmonization of accounting standards; it is assumed that such standards derive from theoretical foundations supported by the current accounting theoretical framework. This, in turn, rests on economic, finance and administrative theories on accounting theories.

Based on the above assertion, the objective of these study is to critically examine economics and finance as a source where accounting theory is explored in resolving diversities among users of financial statements through acceptable interpretation of provisions structured to unified the underlying logic and system of reasoning designed to achieved simplicity in evaluating and predicting the phenomena associated with a given field of thought in accounting field.

2.0 Literature Review

2.1.1 Concept of Economics, Finance and Accounting Theory.

Economic theories try to explain economic phenomena, to interpret why and how the economy behaves and what is the best to solution - how to influence or to solve the economic phenomena. They are comprehensive system of assumptions, hypotheses, definitions and instructions what should be done in a certain economic situation. In principle, the approach to economic theory is divided into positive and normative.

All economic theories used to explain specific situations or problems in the economy of some of its models. These models of economic systems try to explain the situation and solve it using approaches that are typical of the economic theory (eg. Keynesian theory subdued stimulates the economy through government money).

Thesaurus (2012) opined that Economic theory is a theory of commercial activities (such as the production and consumption of goods). Theory – a well-substantiated explanation of some aspect of the natural world; an organized system of accepted knowledge that applies in a variety of circumstances of explain a specific set of phenomena, "theories can incorporate facts and laws and tested hypotheses", "true in fact and theory"

Numerous economists have explained the role of finance in the market with the help of different finance theories. The concept of finance theory involves studying the various ways by which businesses and individuals raise money, as well as how money is allocated to projects while considering the risk factors associated with them. The concept of finance also includes the study of money and other assets, managing and profiling project risks, control and management of assets, and the science of managing money. In simple terms, financing also means provision and allocation of funds for a particular business module or project (World Finance, 2018).

Theory could be empirical explanation of event for economic decisions. American Institute of Certified Public Accountants (AICPA), 1970 defined theory as a structure that unifies the underlying logic or system of reasoning such theoretical structure, through abstracts from the complexities of the real world is designed to achieve a level of simplicity necessary for analysis. According to Osuala (2013), accounting theory is useful in explaining evaluating and predicting the phenomena associated with a given field of thought like in the case of accountancy. Accounting theory was developed by academic researchers which provide a source for theory pronouncement and implementation by Accounting regulator bodies and practicing accountant to be compiled with in order to prevent scandalous and misleading reporting of financial statement.

2.1.2 Influence of economic and finance on accounting theory

The pre and post theory of Accounting can be traced to the era of barter economy (i.e to exchange goods for goods) where transactions were not only pre-determined by measurement but also by exchange of value at a reasonable arms- length through.

There were a lot of inadequacies embedded in a barter system of trade such as coincidence of wants, measurement inequality and cumbersome in terms of variety production. These inherent syndromes gave birth to development of accounting theory which was to ameliorate the problems encountered in a barter economy. Economic theory is essential tools used by researchers or scholars theoriesby drawing ideas from other field of human endeavor (Anao, 1996).

Fisher (1980) opined that any "scientific finding is usually assessed in relation to the theoretical perspective from which it derives and to which it may contribute".

Theory is then seen as a helpful tool to interpret reality and not something reality must confirm to. The economic conditions to theory formulation could as well be a product inflation which would force disclosure of information concerning price change.

According to Lineker, Aline and Antonio (2016), the behavior of accounting researchers, as well as the current accounting practices, could be explained and debated from the perspective of the theories that discuss the objective function of the firm, which imperatively presses the demand for this or that information about the firms, influencing the position of managers and accountants in outlining information that is useful to external users. Until the end of the last century, financial theory, almost mandatorily, declared and developed models in which the primary and sole objective of firms was the maximization of shareholder wealth, presenting the clear and direct objective function that the maximized firm value would lead the economic system to efficiency as a reference framework (Boaventura, Cardoso, Silva & Silva, 2009)

A market economy is an economic system in which the decisions regarding investment, production and distribution are guided by price signals created by the forces of demand and supply. Edeh (1970) opined the inherent factors in market based accounting theory to which efficient market hypothesis and capital asset pricing are used as tools to make predictions for the expected return on securities .Thus, efficient market hypothesis have an important roles in accounting research.

Al-Adeem (2010) as cited by Osho and Omolola (2018), asserted that economics and finance are disciplines that have offered theories to accounting researchers, and that the developments in finance aimed at explaining accounting practice provided a ready basis for accounting theory. The study further articulated that the developments in the field of finance have had a radical influence on accounting research, stressing that the influence of finance and economics on accounting theories and research has been slowly and gradually increasing. In fact, the study revealed that, while citations from economics and finance in accounting research have increased, citations to other disciplines like law, political science, sociology, psychology, philosophy, any natural science, history, anthology, and so on disappeared in accounting research.

2.1.3 Normative and Positive Accounting Research

Financial accounting researches are aided by normative and positive approach. Normative accounting theory is the theoretical based principles that are more of deductive process in nature than the positive accounting theory. Normative approach is based on classical theory that is characterized economic reality.

Frank and Alan (1999) furthermore expressed classical theory claims that the true economic reality cannot be expressed and the users of accounting information accept this information at face value. Lopes (2012), states that there is no single accounting capable of meeting all the interests, since they are very different according to the different audiences interested in their information. From the perspective of Neoclassical theory, there would be no role for accounting in the firm’s operation, since there would be no need for information in perfect markets and as a premise, information is free and complete. In this case, the firm’s objective function would not depend on external users’ knowledge about the firm’s operations. However, this could not be said for information processed internally with an exclusive focus on control, since it is motivated only by management issues (Sunder, 2014).

The positive approach is empirical in nature which is based on fact and neutrality. However, positive accounts focuses on analyzing the economic statistics and date at hand thereby is explaining past financial event as well as current financial standing of business or individual.

2.2 Theoretical Framework

Different approach to theoretical formulation emerges in recent time. Due to the lack of acceptable definition of accounting theory.

Approaches to Theoretical Formulation

1. Inductive Approach:- these entails an analyzing the practices of an accountants in order to evaluate or observe consistent behavior i.e description of what accountant should do on the basis of past experiences and the existing problems (Haka & Heitger, 2004).
2. Deductive Approach:- the policy makers establish various objectives of accounting and accounting theory and on the basis of these objectives the theories are formulated.
3. Ethical and sociological approach: by formulating accounting theories different ethical and sociological theories are kept in abreat in development of accounting theories (Bierman & Drebin, 1972).
4. Pragmatic Approach: these entails logical reasoning approach: from where theories are developed (Jensen, 2001).
5. Normative approach: These approaches are based on logical reasoning when given a set of objective. The policy makers discuss their opinion and judgment on different accounting practices and then explain what theory should include (Vargiya, 2015).

According to Brasila (2016), normative approach has been used to several places and has proved its worth under various scenarios. These approaches has been applied in development of conceptual framework for accounting which explains when and how various entries in financial statement should be entered or modified in getting the best possible result.

Fisher (1980) opined that all organisation are moving towards the adoption of more social changes, wherein they include social actions in which their operations, social corporate responsibility is becoming an essential part of the working of all companies, hence social accounting is becoming more and more in demand. These is one area where normative approach can be included to determine what is the best way for a company to include social accounting.

Haka and Heitger (2004) concluded that there is no determination of why an organization chooses one alternative over another and hence it is obvious that the decision makers of the firm would include their own conveniences while making a selection. It is obvious that based on the above assertion, some theorist consider positive approach to be more practical than normative approach because the positive approach is based more on theory and real time data.

2.3 Conceptual Framework of Economics and Finance on Accounting Theory in Academic Accounting Research in Nigeria

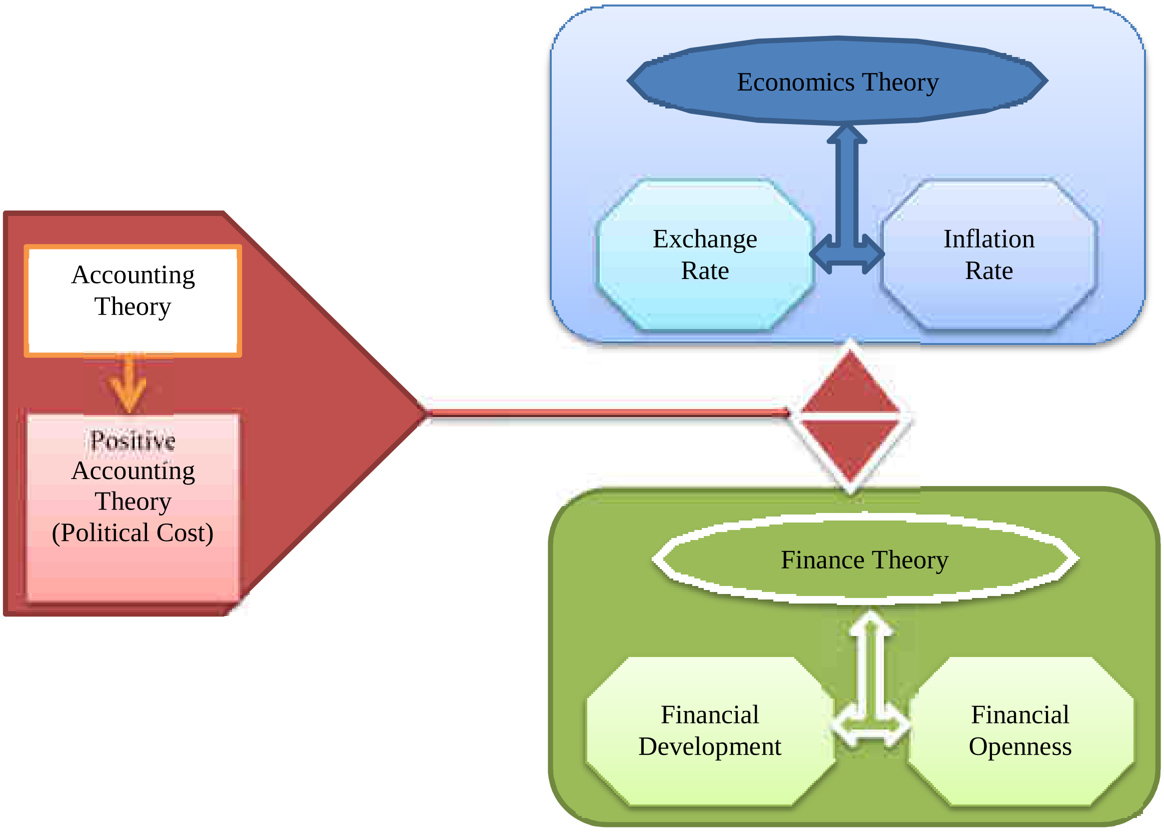

Figure 1: Source: Researchers' Economics and Finance on Accounting Theory in Academic Accounting Research in Nigeria Model

The model (Figure 1) above provides an architectural view of the Economics and Finance on Accounting Theory in Academic Accounting Research Model which is briefly explained sequentially with their derived model.

2.3.1 Accounting Theory: According to Hendriksen (1982) as cited by Osho and Ajayi (2018), "Accounting theory is a logical reasoning in the form of a set of broad principles that (1) provide a general frame of reference by which accounting practice can be evaluated, and (2) guide the development of new practices and procedures, the reality is that accounting theories provides a general frame of reference by which accounting professionals can be judge and also guide the way to development of new principles and procedure (Wood & Sangster, 2002). The element under this theory is positive accounting theory

2.3.1.1 Positive Accounting Theory: According to Osho and Adebambo (2018), the basic message in positive theory of accounting is that most accounting theories are unscientific because they are normative and should be replaced by positive theories that explain actual accounting practices in terms of management's voluntary choice of accounting procedures and how the regulated standards have changed over time. It attempts to set forth and explain what and how financial information is presented and communicated to users of accounting data. Positive theory yields no prescriptions and norms for accounting practices. It is concerned with explaining accounting practice. Watts and Zimmerman (1986) asserted that, “The objective of positive accounting theory is to explain and predict accounting practice. Explanation means providing reasons for observed practice.

According to Watts and Zimmerman (1978), politicians have the power to effect upon corporations’ wealth re-distributions by way of corporate taxes, regulations, subsidies etc. The source of concern Watts and Zimmerman have in mind for the public and so politicians, then, is “large profits” and their association with monopoly power. Environmental degradation by companies, depletion of resources, exploitation of workers, the production of unsafe products, and so on, as sources of public and political concern are not mentioned. It is the potential abuse of monopoly power that lies at the heart of Watts and Zimmerman’s notion of political costs.

2.3.2 Economics Theory: Economic theories try to explain economic phenomena, to interpret why and how the economy behaves and what is the best to solution - how to influence or to solve these economic phenomena. They are comprehensive system of assumptions, hypotheses, definitions and instructions what should be done in a certain economic situation. In principle, the approach to economic theory is divided into positive and normative (Managementmania 2016). The elements under this are exchange rate and inflation rate.

2.3.2.1 Exchange Rate: The rate of exchange is not influenced only by the relative price changes in two countries. The demand for and supply of foreign exchange are the fundamental forces to determine the equilibrium rate of exchange. ... But the PPP theory gives little importance to the forces of demand for and supply of foreign exchange (Aahana, (2018).

2.3.2.2 Inflation Rate: Inflation rate is the percentage at which a currency is devalued during a period. This is devaluation is evident in the fact that the consumer price index (CPI) increases during this period. In other words, it’s a rate at which the currency is being devalued causing the general prices of consumer goods it increase relative to change in currency value (My Accounting course, 2018).

2.3.3 Finance Theory: Finance is one of the most quantified and theorized disciplines in business curriculum. The dynamic and complex nature of finance requires continuous development of new theories. As intellectual advances in finance continues in the form of more sophisticated theoretical inquiries, the challenge of teaching finance theories will only grow bigger. Yet, finance is somewhat unique in terms of the correspondence between theory and evidence. While we educate students to make independent critical evaluations of the contending points of views, many finance theories are still at their developmental stage and so they are highly controversial, debatable, and subject to close scrutiny (Fama, 1970). The elements of discussion are financial development and financial openness.

2.3.3.1 Financial Development: Financial sector is the set of institutions, instruments, markets, as well as the legal and regulatory framework that permit transactions to be made by extending credit. Fundamentally, financial sector development is about overcoming “costs” incurred in the financial system. This process of reducing the costs of acquiring information, enforcing contracts, and making transactions resulted in the emergence of financial contracts, markets, and intermediaries (The World Bank, 2018).

2.3.2.2 Financial Openness: The phrase "financial openness" refers to an individual country's approach to foreign investments in corporations within its jurisdiction, to the policies of each country with respect to regulating exports of specified goods and services, and to each government's policy on what is called "capital flows." Therefore, the concept of financial openness is related to, but distinct from, the concept of financial development. As a financial system develops and becomes more sophisticated, it often opens up to foreign capital and becomes more closely integrated with foreign financial systems. (A country can also experience financial development while maintaining a relatively closed financial system, as the experience of the People's Republic of China [PRC] shows.) Financial openness can have significant effects on financial development, both positive (participation of foreign institutional investors can benefit underdeveloped Asian bond markets) and negative (instability arising from reversal of volatile short-term capital flows can set back financial development) (Gemma, Donghyun & Arief 2015).

3.0 Methodology

Expos facto research design is adopted in this study which is characterizes with quantitative or numeric description of historical data. The study employed time series data collected over a successive point in time and the sample of the study was arrived at through purposive sampling technique. Thus, the sample of the study covers the period of eleven years from 2007 to 2017. The data used for the analysis in the study were extracted from secondary source which are the Central Bank of Nigeria Statistical Bulletin and World Bank data. The model specification for this study incorporates economics and finance variables and accounting theory variable. The economic variables included in the models comprise exchange rate and inflation rate while the finance is proxy with financial development and financial openness. The accounting theory is proxy with political cost and the model of interest for this study is discussed under the static. The model is specified below:

$$Pol_t = \pi_0 + \lambda_1 exc_t + \lambda_2 \inf_t + \lambda_3 fdv_t + \lambda_4 fop_t + \varepsilon_t \ldots\ldots 3.1$$

This is moderately consistent with the linear ordinary least square regression equations where Pol represents political cost, exc represent exchange rate, inf represents inflation rate, fdv represent financial development, fop represent financial openness, ε represent error term and t represent years covered.

Table 3.1 Measurement of Variable

S/N	Variable	Types	Measurement	Source
1	Accounting Theory: Positive accounting Theory (Political Cost)	Dependent variable	Taxes on income, profits and capital gains	Gaffikin, (2005)
2	Economic: (a)Exchange rate (b)Inflation rate	Independent variable	(a) Index (b) Index	CBN Statistical Bulletin (2017)
3	Finance: (a)Financial development (b) Financial Openness	Independent variable	(a) Ratio of Gross fixed capital formation to Gross Domestic Product (b) Ratio of Foreign Direct Investment inflow to Gross Domestic Product	World Bank Indicator (2017)

Source: Authors' Measurement of Variable

4.0 Results

The descriptive statistics explains the behaviors of the data and their fitness for empirical analysis; while the inferential give information about the empirical investigation of the relationships among the specified variables. Thus, the study starts to examine by first estimating the mean, standard deviation, minimum and maximum values of the variable series specified for the study. The summary of these statistics are presented in table 4.1

Table 4.1: Statistical Description of the Variables- ltx, fdv, fop, lexc, and inf

Variables	Mean	Std. Dev.	Min	Max
Lts	11.76604	4254203	10.91328	12.10998
Fdy	11.15919	3.865247	5.458996	16.99081
Fop	.2148871	.1046486	.0700315	.3450334
Lexc	1.969627	.0642839	1.864511	2.07489
Inf	11.809	3.492283	5.413	17.856

Note: ltx, fdv, fop, lexc, and inf represent political cost, financial development, financial openness, exchange rate and inflation rate respectively.
Source: Authors' statistical computation

Table 4.1 revealed the mean, standard deviation, minimum and maximum values of the variables employed in this study. The mean values of ltx, fdv, fop, lexc, and inf are11.76604, 11.15919, .2148871, 1.969627 and 11.809 respectively. The common feature of these variables is that they all have positive mean values. This means that each of the variables displays increasing tendency throughout the sampling period. Also, the result shows that political cost range from (10.91328 -12.10998) with a corresponding standard deviation value of 0.4254203. The financial development value ranges from (5.458996 -16.99081) with a corresponding standard deviation value of 3.865247. The financial openness value ranges from (0.0700315-0.3450334) with a corresponding standard deviation value of.1046486. The exchange rate ranges from (1.864511- 2.07489) with a corresponding standard deviation value of 0.0642839. The inflation rate ranges from (5.413 - 17.856) with a corresponding standard deviation value of 3.492283. The result shows that the most volatile variable is financial development while the least volatile variable is exchange rate. Apart from this statistical description of the variable, the study conducts correlation test among the independent variables and the result is presented in the table 4.2 below.

Table 4.2: Correlation Matrix fdv, fop, lexc, and inf

Variables	Fdy	Fop	Lexc	Inf
Fdy	1.0000			
Fop	-0.7093	1.0000		
Lexc	0.6482	-0.4038	1.0000	
Inf	-0.2111	0.0787	-0.4115	1.0000

Source: Authors' Correlation Matrix

The result from the correlation matrix shows the relationship between each pair of independent variable. The relationship between each pair of independent variable is expected to be low. This is because according to Gujarati and Porter (2009), a correlation coefficient between two independent variables above (+8 or -8) is considered excessive and may indicate existence of multicollinaerity. The table 4.2 shows that all correlation coefficient between the pairs of independent variables are less than (+8 or -8). Thus, suggesting that the independent variables can be fitted into regression model and absence of multicollinaerity problem. This result is confirmed by the multicollinearity test conducted and presented in the Table 4.3 below.

Table 4.3: Multicollinearity Test fdv, fop, lexc, and inf

Variables	VIF	1/VIF
Fdy	2.94	0.340446
Fop	2.04	0.489140
Lexc	2.01	0.498317
Inf	1.22	0.821328
Mean VIF	2.05	

Source: Authors' Multicollinearity Test

From the above table, Multicollinearity test was conducted to check whether there is a high correlation among the independent variables which may mislead the result of the study. Variance Inflation Factors (VIF) and Tolerance Values (TV) were used to test whether multicollinearity exists among the variables. The result is presented in the table 4.3 above reveals that none of the variables are perfectly correlated. This means there is absence of multicollinearity problem in our model. This was confirmed by Variance Inflation Factors (VIF) which is less 10 and Tolerance Values (TV) which is less than 1. Having estimated the descriptive statistics and pre-model estimation test, the study estimates the static model which is based on OLS regression and the result is reported in the Table 4.4 below.

Table 4.4: Regression Result (Dependent Variable: Political Cost)

Variables	Coef	Std. Err.	T	P>t
Fdv	**(.0643918)***	**.011399**	**5.65**	**0.001**
Fop	**(2.924945)***	**.3512521**	**8.33**	**0.000**
Lexc	**(4.96856)***	**.5665185**	**8.77**	**0.000**
Inf	**-.002895**	**.0081227**	**-0.36**	**0.734**
Cons	**.6669252**	**1.097706**	**0.61**	**0.566**
R-squared	**0.9781**			
F(4, 6)	**66.96**			
Prob>F	**0.0000**			

*Note: the critical z-statistic at 5%=1.64, at 1%=2.33; * and ** denote significant at 1% and 5% respectively*
Source: Authors' Regression Result

As shown in the table, the coefficients of fdv, fop, lexc, and inf are .0643918, 2.924945, 4.96856 and -0.002895respectively; while the corresponding t-statistics are 5.65, 8.33, 8.77, and -0.36 respectively. Since, the critical t-statistic at 5 per cent is about 1.64 and at 1 per cent 2.33; it means changes in financial development, financial openness and exchange rate have positive and significant influence on political cost while changes in inflation has negative and insignificant influence on political cost. In the same token, the coefficients of determination is 0.9781 and this indicates that 97.81 percent of variation in political cost as a measure of accounting theory is explained by the variations in economic and finance variable. The probability of F-statistic is 0.000 and this indicates that the model is fit and generalization can be made from the result.

4.2 Discussion

From the above results, it was found that finance has positive and significant influence on the accounting theory in academic research and this conform to the apriority expectation because finance moves in a linear relationship with accounting theory while economics shows mixed influence on the accounting theory in academic research which shows that there are many factors that constitute economic variables and each of this factor's has different influence of accounting theory in academic research.

5.0 Conclusion

Though various accounting theories have been developed and keep developing in order to introduce new ideas in the current accounting system as a result of global business expansion which has brought increase need for uniform rules.

Thus accounting theory seeks not only development of fundamental principles for accounting practices but also the understanding of the forces that shapes the practices (Hendriksen & Brida, 1999). It is inferred that influence of economic and finance to accounting theory formulations complements one another.

Theory can be seen as helpful tools to interpret reality and not something reality must conform to. Otherwise theory could postulate reconciliation between finance and economic theory.

Therefore, finance and economic are conceptual framework for standard setting aimed at establishing an agreed upon principles and concepts driving towards uniformity.

The pre and post theory of accounting can be traced to the era of better economy where transactions were not only predetermined by measurement but also by exchange of value at a reasonable arms- length through conscious effort of gathering determining and measuring values. Therefore, economic and finance theories has significant influence on accounting theory in academic accounting research. As asserted by Osho and Omolola (2018), that Accounting cites finance and/or economics much more than either of them cites accounting thereby concluding that, economics and finance have been sources of most theories employed in accounting research. Meanwhile, if not reversed, this fact poses a serious threat to the continuous existence of accounting as an academic discipline.

In view of this, it is recommended that researchers, corporate bodies, government and other economic agents must take into consideration the influence of economic variables and financial variables in the process of adopting any accounting theory. Thus, further studies in this area are encouraged with the use of dynamic model and high frequency data.

References

Aahana, S. (2018). Theories of exchange determination/International economics. www.economicsdiscussion.net/...exchange/theories...exchange/theories-of-exchange-rate.

Al-Adeem, K. R. (2010). Accounting Theory: A Neglected Topic in Academic Accounting Research, Unpublished PhD disertation, Case Western Reserve University

American Institute of Certified Public Accountants, (AICPA), (1970). Basic Concepts and Accounting principlesunderlying Financial Statement of Business Enterprises, Statement No. 4, New York, Accounting principlesBoard (APB).

Anao A.R. (1996), An Introduction to Financial Accounting, Lagos, Longman Nigeria Ltd.

Angus, O. U. (2014). Theories of Accounting: Evolution & Developments, Income, Determination and Diversities in Use. Research Journal of Finance and Accounting www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.5, No.19.

Bierman, H. and Drebin, A.R. (1972), Financial Accounting, An Introduction, Collier, Macmillan.

Boaventura, J. M G.; Cardoso, F. R.; Silva, E. S. da & Silva, R. S. da. (2009). Teoria dos stakeholders e teoria da firma: um estudo sobre a hierarquização das funções-objetivo em empresas brasileiras. Revista Brasileira de Gestão de Negócios, 11(32), pp. 289-307. doi: http://dx.doi.org/10.7819/rbgn.v11i32.378

Coase, R. H. (1990). Accounting and the theory of the firm. Journal of Accounting and Economics, 12(1), pp. 3-13. doi:10.1016/0165-4101(90)90038-6

Edey, H. E. (1970), The Nature of profit, Accounting and Business Research, No. 1 winter.

Fama, E. F. (1970). “Efficient Capital Markets: A Review of Theory and Empirical Work.” Journal of Finance 25: 383-417.

Finance Theory | World Finance (2018). www.eiiff.com/finance-theory.

Fisher, I. (1980). Stabilising the Dollar, USA, Macmillan.

Frank, W & Alan, S. (1999). Business Accounting 2 Eight Edition.

Gemma, E., Donghyun, P. & Arief, R (2015). Financial development, financial openness and economic growth. ADB Economics working paper series, No. 442.

Haka S. F. & Heitger D. L. (2004). International Managerial Accounting.A contracting framework and opportunities.

Hart, O. (1989). An Economist’s Perspective on the Theory of the Firm. Columbia Law Review, 89(7), pp. 1757-1774. doi: 10.2307/1122818.

Hendriksen E. S. & Breda, M. F. V. (1999). Teork da contabilidade. Sao Paulo Atlas.

Hendriksen, E.S. 1(982). Accounting Theory. Illinois, Homewood: Irwin.

Jensen, M. C. (2001). Value maximization stakeholder theory and the corporate objective function. Journal of applied corporate finance 14(3) pp. 8-21.

Lineker, P., Aline, N. B. & Antonio, C. D. C. (2016). Influences of Economic Theories on Accounting Theory: the case of the Objective Function of the Firm. 4ResearchGate. https://www.researchgate.net/publication/315718964

Lopes, A. B. (2012). A teoria dos contratos, Governança Corporativa e Contabilidade. In A. B. Lopes, & S. de Iudícibus (Coord.). Teoria avançada da contabilidade (2ª ed.). São Paulo: Atlas.

Managementmania (2016). Economics theory. Managementmania’s series of Management. ISSN 2327-3658.

My Accounting course, (2018). Accounting education for the rest of us. https://www.myaccountingcourse.com › Accounting Dictionary

Osho, A. E. & Adebambo, A. (2018). The Relevance of Accounting Theory on Business Financial Performance in Nigeria. European Scientific Journal September 2018 edition Vol.14, No.25 ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431. Pp. 37-53.

Osho, A. E. & Omolola, R. A. (2018). Exploring the Neglect of Accounting Theory in Current Academic Research in Nigeria. European Scientific Journal September 2018 edition Vol.14, No.25 ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431. Pp. 175-187.

Osho, A. E. & Ajayi, D. A. (2018). Relevance of Accounting Theory to Business Corporate Governance Performance in Nigeria. Research Journal of Finance and Accounting www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.9, No.18. Pp. 21-30.

Osuala, E. C. (2013). *Research Methodology*. Enugu: New Generation Books.

Santos, J. G. C., Calíope, T. S., & Coelho, A. C. (2015). Teorias da Firma como fundamento para formulação de teorias contábeis. Revista de Educação e Pesquisa em Contabilidade (REPeC), 9(1), pp.101116. doi: http://dx.doi.org/10.17524/repec.v9i1.1182.

Sunder, S. (2014). Teoria da contabilidade e do controle. São Paulo: Atlas.

Thesaurus, S. T. W. (2012). Economic theory. Farlex Financial Dictionary. Farlex, Inc.

The World Bank Group (2018). Report fraud or corruption. www.worldbank.org/en/publication/gfdr/gfdr-2016/.../financial-development

Vargiya, D. (2015). Financial reporting retrieved from http//www. edupristine.com /blog/financial reporting.

Watts, R. L. & Zimnernan, J. L (1986). Positive Accounting theory, Englewood cliffs, Prentice Hall.

Watts. R.L. & Zimmerman. J.L., (1978), “Towards a Positive Theory of the Determination of Accounting Standards”, The Accounting Review, Vol. 53, No 1, pp. 112-134.