Research Journal of Finance and Accounting www.iiste.org
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.14, No.20, 2023

The Role of Business Ethics and Forensic Accounting Techniques in Promoting Financial Statements Integrity among Private and Public Companies in Nigeria

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Abstract
Embedding a culture of sound and solid Business Ethics, laced with application of Forensic Accounting techniques by businesses has become a strategic imperative. These practices provide greater visibility and appeal of the entity to different audiences. A typical component of such visibility, in contemporary times, is the transparency and quality of the accounting practices which would resonate in the integrity of the Financial Statements. Financial statement fraud has become prevalent since about three decades ago. The goals and inclination for such untoward practices are legion. It is made feasible in an atmosphere replete with unethical business practices. Several entities, the perpetrators and their auditors have gown down, some to extinction. This study examined the role of Business Ethics and Forensic Accounting Techniques in promoting Financial Statements Integrity among public and private companies in Nigeria. Four Hypotheses were formulated, tested and analyzed using Multiple Regression Analysis. It was established that Business Ethics Ideals (BEI) and Forensic Accounting Techniques (FATs) of Document Examination and Review (DER) and Computer Assisted Review (CAR) have a significantly positive influence on Financial Statements Integrity. The study underlined the relevance of sound Business Ethics and application of Forensic Accounting Techniques in promoting and sustaining a culture of Financial Statements Integrity. The study recommended that Business ethics and Forensic Accounting Techniques should be embraced, embedded and deployed by organisations to promote financial statement integrity. Furthermore, entities should rejig their human capital hiring processes to emphasize engagement of persons with high ethical inclinations coupled with knowledge of forensic accounting.
Keywords: Business Ethics, Forensic Accounting, Financial Statement, Integrity
DOI: 10.7176/RJFA/14-20-04
Publication date: December 31st 2023

1.0 Introduction

1.1 Background to the Study

Business ethics guides the conduct by which companies and their agents abide by the law and respect the rights of their stakeholders, particularly their customers, clients, employees and the surrounding community and environment (Byars, Stanberry, 2018). Financial Statements are a central feature of financial reporting and a principal medium through which an entity communicates its financial information to those outside of it. Accounting standards (International Financial Reporting Standards) require that financial statements should present fairly the financial position, financial performance and cash flows of an entity (Mackenzie and others, 2012). The least the accounting profession can offer the investing public is integrity. This is a fundamental criterion to facilitate the orderly, smooth and seamless functioning of business and commerce in all ramifications. Integrity is essential for building solid and sound financial reporting systems which yield robust and reliable financial statements. Forensic accounting is a specialized area of accountancy which focuses on the deployment of investigative and analytical skills in deciphering financial matters in a systematic manner that meets the standards required by the courts of law. This study examines the place of Business Ethics and Forensic Accounting techniques in promoting Financial Statements Integrity for public and private sectors entities in Nigeria.

1.2 Statement of the Problems

In most jurisdictions, the Companies Acts (meant to regulate businesses and corporate practices) place the responsibility for preparation of the periodic (usually, annual) financial statements on the directors and/or management. This burden, the directors cannot shirk. Accounting standards mandates that in preparing financial statements, management must make a realistic assessment and evaluation of an entity's going concern status. In other words, if the management does not intend to liquidate the entity or to cease operations, there has to be a categorical assessment and expressed opinion on the entity's ability to continue in operation for the foreseeable future. The going concern basis is the generally accepted metric for the preparation of financial statements.

The cases under which financial statement misrepresentation has been perpetuated are legion. They include

Enron, WorldCom, Adelphia, Global Crossing, Xerox, Qwest, Cedant, Lincoln Savings, ESM, Anicom, and Sunbeam (Albrecht, 2005). In all of these untoward cases, the effect on shareholders, the entities and most stakeholders was massive. One of the greatest challenges has been the non-implementation of the ideals of business ethics and forensic accounting techniques in the financial reporting processes that would yield the financial statements that are true and fair representation of the underlying financial transactions, activities, events and circumstances of the entity.

With the deck thus staked, the fundamental problem this study seeks to proffer solution to is the brazen inclination to falsify financial statements by preparers, managements and sometimes, owners, in favour of a select group of stakeholders to the disadvantage of the others including investors and the public. Embracing the ideals of business ethics and implementation of forensic accounting techniques in the financial reporting system would be considered as elixirs towards enhancing the integrity of financial statements.

1.3 Objective of the Study

The main objective of this study is to determine, empirically, the potency of Business Ethics and Forensic Accounting Techniques in promoting the integrity of financial statements. Other objectives are:

- To ascertain the definitions of Business Ethics and Forensic Accounting
- To identify Forensic Accounting Techniques
- To define Financial Statements Integrity and its significance
- To establish the interrelationship between business ethics and financial statements integrity
- To establish the interrelationship between forensic accounting techniques and integrity of financial statements
- To determine significant inferences identified in the juxtaposition of business ethics and integrity of financial statements as well as forensic accounting techniques and integrity of financial statements.

The study will analyze the efficacy of business ethics ideals and forensic accounting techniques in reinforcing the integrity of financial statements issued by private and public companies in Nigeria.

1.4 Research Questions

The study will seek to proffer answers to the following questions:

i. How does Business Ethics Ideals affect the integrity of financial statements?
ii. How does document examination and review, as Forensic Accounting Techniques affect financial statements integrity?
iii. To what extent does Computer Assisted Reviews, as Forensic Accounting techniques affect financial statements integrity?

1.5 Hypotheses of the Study

The hypotheses which were tested in this study at the 0.05 level of significance were:

H_{01}: Business Ethics Ideals (BEI) do not have any significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria.

H_{02}: Documents Examination and reviews (DER) as Forensic Accounting Techniques do not have any significant bearing on Financial Statements Integrity of Private and Public Sector entities in Nigeria.

H_{03}: Computer Assisted Reviews (CAR) as Forensic Accounting Techniques do not have any significant impact on Financial Statements Integrity of Private and Public companies in Nigeria.

H_{04}: Business Ethics and Forensic Accounting Techniques Do Not Affect Financial Statements Integrity of Private and Public Companies in Nigeria.

1.6 Significance of the Study

Focused on the evaluation of the role of Business Ethics and Forensic Accounting Techniques in fostering Financial Statements Integrity, this study is expected to, among other things:

a) Highlight the ideals of business ethics;
b) Identify and highlight the techniques of Forensic Accounting;
c) Identify what could go wrong in financial statements preparation and presentation;
d) Serve as repertoire to auditors, accountants, forensic accounting practitioners, finance and investment consultants, the academia, anti-crime organisations and government agencies in finding out the motivations towards falsification of financial statements and the plethora of fraudulent schemes that affects integrity of financial statements; and
e) Identify additional safeguards towards ensuring Financial Statements Integrity.

1.7 Scope of the Study

The focus of this study is an examination of the relevance of Business Ethics and Forensic Accounting

Techniques in fostering financial statements integrity of public and private companies in Nigeria. A broad spectrum of persons was interviewed. These included Lawyers, Professional Accountants, Auditors, Medical Doctors, Finance and Investment Analysts, preparers and Users of financial statements, Professionals in the fields of accountancy, auditing, criminology, fraud investigation, and scholars in these fields. The respective opinions elicited have been analyzed. The study has been undertaken within Nigeria. The representative organizations concentrated on have been the ***Corporate Affairs Commission*** (the Commission) and the ***Nisa Medical Group Ltd (NMGL)***, representing the Public and Private Sectors, respectively. The Commission, with staff strength of about 1,200, has over three quarters of these as Professional Accountants and Lawyers. The NMGL, with a staff strength of over 800 persons with 80% of these as Medical Doctors, Professional Accountants and Pharmacists. This mix of professionals provides the right combination of skills in assessing the role of Business Ethics and Forensic Accounting techniques towards promoting financial statements integrity.

2.0 LITERATURE REVIEW

2.1 Theoretical Framework

Business ethics guides the conduct by which companies and their agents operate by the law and respect the rights of stakeholders, particularly customers, clients, employees, and the surrounding community and environment (Byars, Stanberry, 2018). Organizational sustainability is reliant on ethical decisions in sundry ways (Hartman, DesJardins, Macdonald, 2014). Successful corporate leaders and the businesses they represent will take pride in their enterprise if they engage in business with honesty and fair play.

When consumers are in search of an industry leader to patronize, and would-be employees are seeking a firm to join, companies committed to ethical business practices are often accorded a pride of place (Byars, Stanberry, 2018).

Unethical behaviour not only creates legal risks for a business, it creates marketing and financial risks as well. Managing these risks requires managers and executives to remain vigilant about their company's ethics. Now more than ever, it has become crystal clear that a company can lose its market share, go out of business, and its employees go to jail if no one is paying attention to the ethical standards of the firm (Hartman, DesJardins, Macdonald, 2014).

Strong ethical leadership is associated with profound integrity. Both ethics and integrity have a pronounced impact on a company's operations (Artur Victoria, 2018).

Projecting good ethical conduct by a person attracts trust from others who would be motivated to follow suit. As more and more employees tag along in good ethical conduct, effectiveness and efficiency is enhanced, this ultimately raises organizational performance and productivity. Increasingly, ethical conduct becomes a valued social norm and society, as a whole, becomes better off (Jones, George, 2018).

2.1.1 Integrity

The Business Dictionary defines integrity as:

i. Strict adherence to a moral code, reflected in transparent honesty and complete harmony in what one says and does.
ii. State of a system where it is performing its intended functions without being degraded or impaired by changes or disruptions in its internal or external environments.

Killinger (2010) in Udofia (2014) defined integrity as "a personal choice, an uncompromising and predictably consistent commitment to honour, moral, ethical, spiritual and artistic values and principles. A person's integrity would reflect in the values, beliefs and principles professed and demonstrated by that person in the conduct of all affairs. The American Heritage Dictionary (2002) expounded that integrity means "wholeness" (wholesome and healthy) and deriving from qualities such as honesty and constancy of character. In the words of *Kristina Russo* (June, 2023), Integrity in accounting refers to both honest humans and accurate data that makes for more trustworthy reporting and analysis, which improves decision-making among business leaders. While various accounting trends may come and go, integrity and ethics are a constant way of life for accountants.

Doing the right thing matters to firms, taxpayers, employees, other stakeholders and to society in general (Weiss, 2014). To companies and employers, acting legally and ethically translates into saving billions of dollars each year in litigations, settlements and theft.

2.1.2 Financial Statements Integrity

There is an avalanche of, as well as an increasing disenchantment over the relevance and usefulness of financial statements, typically among investors and corporate bigwigs. This scenario has subsisted and become more perplexing considering the over four decades of concerted efforts by accounting standards-setters, world-wide, to improve the usefulness and relevance of accounting and financial reporting to investors.

Dyer et al. (2017) opined that evidently, there are fundamental obstacles to the improvement in the usefulness of financial reporting which current regulatory efforts have failed to overcome and, perhaps, even recognize.

The catalogue of disenchantment has been voiced from diverse quarters. These include:

- 'FASB rules produce financial statements that virtually no one understands' (The CEOs of the six largest accounting firms, 2006).
- 'There is a strong feeling that financial reporting has hardened into a compliance exercise instead of evolving as a means to innovate and experiment to provide the best information to constituents' (Dichev et al. 2013, p.30).
- 'There is a widely-held view that financial reporting disclosures need to be reformed….few people seem to be happy with the current position' (ICAEW, 2013).
- 'The lack of transparency in financial reporting – especially when it occurs in financial institutions creates a vicious cycle with implications for investors' trust and willingness to invest' (CFA Institute, 2013).

Commenting on the need to ensure that accounting information has integrity required by decision makers, Idialu (2014) in his study "An Important Variable in ensuring the Integrity of Accounting Information" stated that the more the integrity of a piece of information, the better the decision made based on it. He also established that there is positive correlation between the integrity of personnel involved in providing the accounting information and the integrity of the information itself. If providers of accounting information are persons with high integrity, the information provided by them will most certainly be of high integrity.

In his research on the topic "Audit Committee and Integrity of Financial Statements: A Preventive Mechanism for Corporate Failure", Okpala (2012) stated that financial statements are the melting point of corporate disorder and that the auditing profession is largely responsible for this situation. His study revealed further that there exist a significant relationship between Audit Committee activities and integrity of financial statements which usually enhances the quality of corporate governance thus preventing organizational collapse. The study recommended for the existence of a robust and sound Audit Committee with membership made up of persons with strong financial background and analytical skills. This, to him, would substantially curtail the incidents of corporate failures in Nigeria.

2.2 Techniques of Forensic Accounting

The procedural methodology of Forensic Accounting is guided by specialized techniques which are fundamental in securing detection and prevention of fraud and criminal malfeasance. I proceed to discuss some of the techniques.

2.2.1 Commercial Data Mining:

This involves the application of specialized software that seeks out anomalies, patterns and correlations in databases to predict outcomes. It supports the extraction of hidden predictive information from large databases and possesses significant prospects in aiding organizations identify trends, anomalies and other untoward activities. This essentially enables entities to make decisions from the point of view of relevant, meaningful and properly analyzed information. Data mining software is extremely useful in detecting fraud because it has scripting capabilities with the ability to seek out and locate suspicious patterns that are symptoms of fraud. Typical Data mining software include Audit Command Language (ACL) and CaseWare IDEA.

2.2.2 Trend Analysis

The focus of trend analysis is on exceptional and unusual transactions which can mostly be located and identified through observation and review of data relatively over a number of periods or years to throw up their unique characteristics. A review of current year data is inadequate to identify such unusual features. A comparison of the level of production and scrap over the years, in a manufacturing plant, would give an indication of the efficiency of production. Inefficiency in the production process can meaningfully be established through relative comparison of input and scrap over a number of years.

2.2.3 Ratio Analysis

Ratio Analysis involves relating one quantity or value to the other with a view to establishing relationships between items in the financial statements of an organization. Vertical analysis implies relating items in a financial statement with a common base item. Horizontal analysis, on the other hand, involves deriving understanding from changes in financial statement items over a period of time. Effective use of Ratios will throw up deceitful transactions deriving from the magnitude of dissimilarity exhibited by the values obtained from the ratios computed. The popularity of Ratio as a technique of Forensic Accounting is enhanced by the simplicity in understanding percentages.

2.2.4 Documents Examination and Review

The presentation of physical documents by persons or entities that are a subject of Forensic investigations is a common occurrence. The documents handling procedure involves obtaining (accessing), storing and managing of documents. Each of these activities has to be correctly executed in forensic assignments aimed at detecting fraud or malfeasance. Essentially, the right legal procedure has to be strictly followed in document handling and management. Documents for examination must emanate from the right source. The documents have to be properly labeled (described). The storage has to be systematic and standard because subsequently, these documents might become the subject of litigation.

2.2.5 Computer Assisted Reviews

Also referred to as Technology-Assisted Review, CAR involves the deployment of computer software in assessing the relevance of a set of documents towards ascertaining the informational value of the documents. Its essence is most evident where there is vast volume of documents to be reviewed by forensic accountants.

3.0 METHODOLOGY

3.1 Introduction

The focus of this study is an examination of the relevance of Business Ethics and Forensic Accounting Techniques in fostering financial statements integrity of public and private companies in Nigeria.

The research design for this study leaned heavily on non-experimental descriptive survey/design of collecting and analyzing data. The choice of survey design is informed by the consideration that it allows data to be collected from a sample with the aim of establishing the relationships or interactions among variables (Adefila, 2008, Izedonmi, 2005). Furthermore, Enyi, 2013 stated that "in accounting, economics or financial studies, the survey is aimed mainly at establishing a controlled relationship which can be used to address a particular social phenomenon."

The targeted population of this study was the senior staff members of the Commission and the NMGL, Abuja. The characteristic elements of the population were staff of these agencies involved in accounting, auditing, legal and prosecution, investigations and inspection and Medical practice. Due consideration was made in the study to the knowledge and understanding of the target population on the issues of forensic accounting techniques and business and their impact on financial statements integrity.

3.2 The Research Approach

The research design for this study leaned heavily on non-experimental descriptive survey/design of collecting and analyzing data. The choice of survey design is informed by the consideration that it allows data to be collected from a sample with the aim of establishing the relationships or interactions among variables (Adefila, 2008, Izedonmi, 2005).

The primary source of data derived from the use of questionnaires and personal interviews with key stakeholders in the two selected entities. These included Accountants, Lawyers, Medical Doctors and Administrators. The secondary source of data comprised of records garnered from agencies and entities engaged in financial reporting, ethics and accounting. This is a specialized area that draws reasonable insight from the knowledge and understanding of the subject matters in consideration, typically, financial statements integrity and business ethics and forensic accounting techniques. The two entities in this study have a combined staff complement of about 3,200. The sample frame has been limited to 1,000 persons considered by the researcher to be adequate for the purpose of this research.

Towards this study, the researcher administered 300 questionnaires with 280 returned. The number considered valid and correctly filled is 263 upon which this analysis is based. This represents 87% of the number of administered questionnaires.

3.3 Data Analysis Techniques

Multiple Regression Analysis has been employed by the researcher in this research work. This technique has been adopted having regards to its robustness and capacity to handle the relationship between two or more variables explained in relation to another set of variables as well as establishing the strength of such relationships. This is in tandem with the overall objective of this study which aims to establish empirically the strength of Business Ethics and Forensic Accounting Techniques in facilitating Financial Statements Integrity in public and private sectors in Nigeria.

The Models:

The functional relationships of the variables from the hypotheses presented above are as follows:

$Y = f(X)$

$Y = y_1 + y_2 + y_3$ (Dependent Variables)

$X = x_1 + x_2 + x_3$ (Independent Variables)

Dependent Variables:

Y = Financial Statements Integrity (FSI)

Therefore $Y = y_1 + y_2 + y_3$ (Dependent Variables)

Where:

Y = Financial Statements Integrity (FSI)

Y_1 = Clear Definition of Roles

Y_2 = Sound Financial Reporting Process

Y_3 = Competent Management and Staff

The dependent variable is "Financial Statements Integrity."
The proxies to the main dependent variable are:
a) Clear Definition of Roles
b) Sound Financial Reporting Process
c) Competent Management and Staff

Independent Variables:
$X = f(x_1, x_2, x_3, \mu)$ (Independent Variables)
X = Business Ethics and Forensic Accounting Techniques (BFT)
Where:
$X = x_1 + x_2 + x_3 + \mu$ (Independent Variables)
X_1 = Business Ethics Ideals (BEI)
X_2 = Document Examination and Reviews (DER)
X_3 = Computer Assisted Reviews (CAR)
μ = Random Variable (error term). This represents other relevant factors that are not included in the Model.

3.5.6 Model Specification:

$FSI=\alpha_0+\beta_0 BEI +\mu_0$……………………………………………………….. 1
$FSI=\alpha_1 + \beta_1 DER + \mu_1$…………………………………………………….. 2
$FSI=\alpha_2+ \beta_2 CAR + \mu_2$…………………………………………………… 3
$FSI = \alpha_3 + \beta_3 BEI + \beta_4 DER + \beta_5 CAR + \mu_3$……………………………….. 4

Where:
F = functional dependency of the relationship
α_{0-3} = Intercepts
β_{0-5}, represents the Coefficients of the Independent (explanatory) variables
μ_{0-3}, represents the errors or disturbing terms that absorb the influence of omitted variables in the proxies used.
The Independent Variables are "Business Ethics" and "Forensic Accounting Techniques."
The proxies to the main independent variables are:
a) Business Ethics Ideals
b) Documents Examination and Review
c) Computer Assisted Reviews

3.4 A Priori Expectation

The major expectation from this work is that Business Ethics and Forensic Accounting Techniques would foster Financial Statements Integrity among public and private sector companies. The basic assumption is that a positive relationship is required to accept the Null Hypothesis; else the Alternate Hypothesis would rather be accepted.
Thus: A Priori Expectation: $\alpha_{0\text{-}3} > 0$; $\beta_{0\text{-}5} > 0$

3.5 Decision Criteria

If α_0<0, RNH
If α_0>0, ANH
Where:
RNH = Reject Null Hypothesis
ANH = Accept Null Hypothesis

4.0 DATA PRESENTATION

4.1.1 Testing of Hypothesis 1

Test of Hypothesis (H_{01}): Business Ethics Ideals (BEI) do not have any significant effect on Financial Statements Integrity of Private and Public Sector entities.

Table 4.1.1a: Goodness of Fit of Model 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792[a]	.627	.502	40.58243

a. **Predictors: (Constant), BEI**
b. **Dependent Variable: FSI**

Source: SPSS Regression Analysis Results, 2022

Table 4.1.1b: Regression Result of Model 1

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Significance
1 (Constant)	-33.800	42.563		-.794	.485
BEI	28.800	12.833	.792	2.244	.111

Source: SPSS Regression Analysis Results, 2022

Functional Relationships:

FSI = $\alpha_0 + \beta_0$BEI $+\mu_0$

Where:

FSI = Financial Statements Integrity

BEI = Business Ethics Ideals

α_0 = Intercept/Autonomous Variable. It provides a basis to affirm or reject the Null Hypothesis.

β_0 = Coefficient of the relationship between the Dependent Variable and Business Ethics.

μ_0 = Random Variable. It is included in the model to account for the effect of other determinants of Financial Statements Integrity that are not represented in the Model.

Estimated Model:

From Output Statistics: FSI = -33.800 + 28.800BEI

A Priori Expectation: $\alpha_0 > 0$; $\beta_0 > 0$

Interpretation and Discussion of Results

With a negative Intercept (α_0) which is less than Zero ($\alpha_0 < 0$), we therefore reject the *Null* Hypothesis and Accept the Alternate Hypothesis confirming that Business Ethics Ideals (BEI) do have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria. Furthermore, the Coefficient of the Independent Variable (β_0) is positive which indicates that Business Ethics Ideals have a positive impact on Financial Statements Integrity of Private and Public Companies in Nigeria. Additionally, the Coefficient of Determination (R Square) at .627 implies that variation of the independent Variable BEI explains 63% variation of the dependent Variable FSI. In other words Independent Variable BEI contributes to explain or predict Dependent Variable FSI with 63% accuracy. The unexplained Variation (37%) of the Dependent Variable FSI depends on other Variables. The results indicate that Business Ethics Ideals have a significant positive impact on Financial Statements Integrity of Public and Private Entities in Nigeria.

4.2.1 Testing of Hypothesis 2

Test of Hypothesis (H_{02}): Documents Examination and Reviews (DER) as Forensic Accounting Techniques do not have any significant bearing on Financial Statements Integrity of Private and Public Sector entities.

Table 4.2.1a: Goodness of Fit of Model 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.870[a]	.757	.676	36.30932

Predictors: Constant, DER

Source: SPSS Regression Analysis Results, 2022

Table 4.2.1b: Regression Result of Model 2

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Significance
1 (Constant)	-52.700	38.082		-1.384	.260
DER	35.100	11.482	.870	3.057	.055

Dependent Variable: FSI

Source: SPSS Regression Analysis Results, 2022

Functional Relationships:

FSI = $\alpha_1 + \beta_1$DER $+\mu_1$

Where:

FSI = Financial Statements Integrity

DER = Documents Examination and Review

α_1 = Intercept/Autonomous Variable. It provides a basis to affirm or reject the Null Hypothesis.

B_1 = Coefficient of the relationship between the Dependent Variable and Business Ethics.

μ_1 = Random Variable. It is included in the model to account for the effect of other determinants of Financial Statements Integrity that are not represented in the Model.

Estimated Model:

From Output Statistics: FSI = -52.700 + 35.082DER

A Priori Expectation: $\alpha_1 > 0$; $\beta_1 > 0$

Interpretation and Discussion of Results

With a negative Intercept (α_1) which is less than Zero ($\alpha_1 < 0$), we therefore reject the *Null* Hypothesis and Accept the Alternate Hypothesis confirming that Documents Examination and Review (DER) as Forensic Accounting Technique do have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria. Furthermore, the Coefficient of the Independent Variable (β_1) is positive which indicates that Documents Examination and Review as Forensic Accounting Technique have a positive impact on Financial Statements Integrity of Private and Public Companies in Nigeria. Additionally, the Coefficient of Determination (R Square) at .757 implies that variation of the independent Variable DER explains 76% variation of the dependent Variable FSI. In other words Independent Variable DER contributes to explain or predict Dependent Variable FSI with 76% accuracy. The unexplained Variation (24%) of the Dependent Variable FSI depends on other Variables. The results indicate that Documents Examination and Review as Forensic Accounting Technique have a positive impact on Financial Statements Integrity of Private and Public Companies in Nigeria.

4.3.1 Testing of Hypothesis 3

Test of Hypothesis (H_{03}): Computer Assisted Reviews (CAR) as Forensic Accounting Techniques do not have any significant impact on Financial Statement Integrity of Private and Public companies in Nigeria.

Table 4.3.1a: Goodness of Fit of Model 3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.886[a]	.785	.713	35.17954

Predictors: Constant, CAR

Source: SPSS Regression Analysis Results, 2022

Table 4.3.1b : Regression Result of Model 3

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Significance
1 (Constant)	-57.800	36.897		-1.567	.215
CAR	36.800	11.125	.886	3.308	.045

Dependent Variable: FSI

Source: SPSS Regression Analysis Results, 2022

Functional Relationships:

FSI = $\alpha_2 + \beta_2$CAR $+\mu_2$

Where:

FSI = Financial Statements Integrity

CAR = Computer Assisted Review

α_2 = Intercept/Autonomous Variable. It provides a basis to affirm or reject the Null Hypothesis.

B_2 = Coefficient of the relationship between the Dependent Variable and Business Ethics.

μ_2 = Random Variable. It is included in the model to account for the effect of other determinants of Financial Statements Integrity that are not represented in the Model.

Estimated Model:

From Output Statistics: FSI = -57.800 + 36.8002CAR

A Priori Expectation: $\alpha_2 > 0$; $\beta_2 > 0$

Interpretation and Discussion of Results

A Priori Expectation: $\alpha_2 > 0$; $\beta_2 > 0$

Interpretation and Discussion of Results

With a negative Intercept (α_2) which is less than Zero ($\alpha_2 < 0$), we therefore reject the *Null* Hypothesis and Accept the Alternate Hypothesis confirming that CAR, Forensic Accounting Technique does have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria. Furthermore, the Coefficient of the Independent Variable (β_2) is positive which indicates that CAR as Forensic Accounting Technique does have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria. Additionally, the Coefficient of Determination (R Square) at .785 implies that variation of the independent Variable CAR explains 79% variation of the dependent Variable FSI. In other words Independent Variable CAR contributes to explain or predict Dependent Variable FSI with 79% accuracy. The unexplained Variation (21%) of the Dependent Variable FSI depends on other Variables. The results indicate that Computer Assisted Review (CAR) as Forensic Accounting Technique do have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria.

4.4.1 Testing of Hypothesis 4

Test of Hypothesis (H_{04}): Business Ethics and Forensic Accounting Techniques Do Not Affect Financial Statements Integrity of Private and Public Companies in Nigeria.

Table 4.4.1a: Goodness of Fit of Model 4

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995	.989	.957	13.72718

Predictors: (Constant), BEI, DER, CAR
Source: SPSS Regression Analysis Results, 2022

Table 4.4.1b: Regression Result of Model 4

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Significance
1 (Constant)	-6.803	9.040		-.753	.589
BEI	1.033	.689	.900	1.499	.375
DER	1.148	2.240	1.109	.512	.699
CAR	-1.051	1.692	-1.046	-.621	.646

Dependent Variable: FSI
Source: SPSS Regression Analysis Results, 2022
Functional Relationships:
$FSI = \alpha_3 + \beta_3BEI + \beta_4DER + \beta_5CAR + \mu_3$ Where:
FSI = Financial Statements Integrity
BEI = Business Ethics Ideals
DER = Documents Examination and Review
CAR = Computer Assisted Review
α_3 = Intercept/Autonomous Variable. It provides a basis to affirm or reject the Null Hypothesis.
β_3 - β_5 = Coefficient of the relationship between the Dependent Variable and the Independent Variables.
μ_3 = Random Variable. It is included in the model to account for the effect of other determinants of Financial Statements Integrity that are not represented in the Model.
Estimated Model:
From Output Statistics: $FSI = -6.0803 + 1.033BEI + 1.148DER – 1.051CAR + \mu_3$
A Priori Expectation: $\alpha_3 > 0$; $\beta_3 - \beta5 > 0$
$FSI = \alpha3 + \beta_3BEI + \beta_4DER + \beta_5CAR + \mu_3$
Interpretation and Discussion of Results
With a negative Intercept (α_3) which is less than Zero ($\alpha_3 < 0$), we therefore reject the *Null* Hypothesis and Accept the Alternate Hypothesis confirming that Business Ethics and Forensic Accounting Techniques of DER and CAR, taken together, have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria. Furthermore, the Coefficients of the Independent Variables (β_3 for Business Ethics - BEI) and (β_4 for Documents Examination and Review - DER) are positive which indicates that the two variables have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria.

The Coefficient of the Independent Variable (β_5 for CAR) is negative, indicating a negative relationship with Financial Statements Integrity. However, this result is statistically insignificant considering its level of significance at 65% which is way in excess of the 5% acceptable level of Significance. At a Coefficient Correlation of 99%, it means the degree of association between the Dependent Variable (FSI) and the Explanatory Variables is very strong. Additionally, the Coefficient of Determination (R Square) at 98% implies that variation of the independent Variables BEI, DER and CAR explains 98% variation of the dependent Variable FSI. In other words the Independent Variables contribute to explain or predict Dependent Variable FSI with 98% accuracy. The unexplained Variation (2%) of the Dependent Variable FSI depends on other Variables. The results indicate that Business Ethics and Forensic Accounting Techniques of DER and CAR, taken together, have a significant effect on Financial Statements Integrity of Private and Public Sector entities in Nigeria.

5.0 Summary of Findings

The major findings of this study are as follows:

1. Business ethics is intended to ensure that economic activity works to the advantage of others and thus complements business management and economics (Conrad, 2018).
2. Strong ethical leadership is synonymous with high integrity. Both of these concepts have a profound impact on a company’s operations including the integrity of its financial reporting.
3. Doing the right thing matters to firms, taxpayers, employees, other stakeholders and to society in general (Weiss, 2014). To companies and employers, acting legally and ethically translates into saving

billions of dollars each year in litigations, settlements and theft.

4. The ability to recognize and deal with complex ethical issues has become a significant priority in the 21st century companies (Ferrell, Fraedrich, Ferrell, 2015).
5. Clear definition of roles and a solid and sound financial reporting system will contribute significantly to financial statements integrity.
6. Business ethics ideals, DER and CAR, properly deployed, will substantially improve financial statements integrity.
7. Forensic Accounting Techniques are significantly relevant in promoting financial statements integrity of public and private companies in Nigeria.
8. Financial statements integrity is an organization-wide responsibility and should not be left in the hands of the frontline staff alone. To do so is to court unexpected financial embarrassment that can imperil the survival of the entity.

5.2 Conclusion

Business ethics has become a strategic imperative. Ethical decision-making is intended to ensure that economic activity works to the advantage of others and thus complements business management and economics (Conrad, 2018). Doing the right thing matters to firms, taxpayers, employees, other stakeholders and to society in general (Weiss, 2014).

Financial statements are a structured representation of the financial position, profitability, cash-flows and accounting practices of a business, both public and private. They serve to communicate to sundry persons and organizations about the activities of the entity over a period of time. The integrity of an entity's financial reporting processes and by implication, the integrity of its financial statements is largely driven by the transparency of its management.

This study has been able to establish that the deployment of business ethics and forensic accounting techniques, namely, Document Examination and Review and Computer Assisted Reviews promotes financial statements integrity in large measure.

The study concludes that the combined effect of the explanatory variables (BEI, DER, and CAR) is statistically significant in promoting financial statement integrity for public and private companies in Nigeria.

There is positive correlation between the integrity of personnel involved in providing the accounting information and the integrity of the information itself. If providers of accounting information are persons with high integrity, the information provided by them will most certainly be of high integrity.

5.3 Recommendations

Consequent upon the foregoing and based on the findings of this study, the following recommendations are being made with the expectation that they would be useful to sundry stakeholders which would include forensic accountants, fraud investigators, auditors, accountants, anti-corruption agencies, corporate administrators and regulators of both the public and private sectors organizations.

i. Business ethics and forensic accounting techniques should be embedded and deployed to promote financial statements integrity of both public and private sector organizations.
ii. Organizations should set out to create awareness of the efficacy of business ethics and forensic accounting techniques by sponsoring staff of Internal Audit, Control, Investigation and Inspection to capacity development training programs in these areas.
iii. Organizations should consider strengthening and enriching the investigation capacity of their entities by employing persons with expertise in the field of Forensic Accounting.
iv. Organizations should therefore rejig their human capital hiring processes to emphasize engagement of persons with high ethical inclinations, honesty and integrity traits.
v. Academic curricular of all tertiary institutions should be designed to incorporate studies in Business Ethics and Forensic Accounting as mandatory courses for students in Administration, Management and Accounting.
vi. The registered Professional bodies for the regulation of accounting in Nigeria, typically, the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) should consider introducing Business Ethics and Forensic Accounting Studies as mandatory Courses to be undertaken and passed before certification of candidates as Accountants.

5.4 Limitation of the Study

The practice of forensic accounting is still in its infancy in Nigeria. Organizations with full-fledged Forensic Accounting departments in their structures are still a rarity. Nevertheless, the two entities used as case studies have departments whose activities approximate, substantially, aspects of Forensic Accounting practice. These include: investigation, inspection, Internal Controls, Forensic Analysis, Enforcement and Quality Control.

5.5 Suggestions for Further Study

Having regards to the limitations of this research and the vast scope of Business Ethics and Forensic Accounting Techniques in relation to Financial Statement Integrity which is gargantuan for a single research work, suggestions for future research work in this area could be directed towards the following:

Considering the high failure rate of businesses associated with scandalously unethical practices, future research in this area could address "Business Ethics and Forensic Accounting Techniques as Survival Imperatives for Business Organizations."

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