



Research Article

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Investigating Effects of Accounting Ethics on Quality of Financial Reporting of an Organization: Case of Selected Commercial Banks in South Sudan

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Doi: 10.2478/mjss-2019-0016

Abstract

The purpose of this study was to investigate the effects of accounting ethics with regards to its financial reporting quality in South Sudan. Specifically, the study examined the influence of accountants' competence, accountants' independence, accountants' objectivity and accountants' integrity on quality of financial reports amongst South Sudanese commercial banks. Descriptive survey design was utilised to conduct the study. The target population in this study was 190 accountants distributed over the head offices of 8 commercial banks that were domiciled in South Sudan. Stratified sampling was employed incorporating each segment of the population sample. The study targeted 129 respondents to participate in the study where questionnaires were used as data collection tools. Study results established that competence of accountants ($\beta = 0.456$; $p < 0.05$), independence of accountants ($\beta = 0.213$; $p < 0.05$), objectivity of accountants ($\beta = 0.253$; $p < 0.05$) and integrity of accountants ($\beta = 0.244$; $p < 0.05$) all had positive and significant effect on financial reporting quality. The study recommends that management of the commercial banks should professionalize their accounting departments and enhance competence by ensuring that hiring is on merit and have on the job training opportunities. Moreover, the commercial banks should continually develop their accounting staff both internally and sponsoring them for educational seminars or workshops. Lastly, accountants should be given the authority and support required to enable them add value to the organisation by provide organisation wide risk management.

Keywords: Financial reporting, Accounting ethics, Objectivity, Competence, Integrity, Independence

1. Introduction

The downfall of some companies and increased levels of prominent frauds over the past two decades resulting to the question of integrity in accounting profession. The global scandals, such as Enron, WorldCom, Bank of Credit, Global Crossing, Commerce International, Cadbury, Parmalat, and Polly Peck have questioned the efficiency in corporate mechanisms of governance (Zeghal & Mhedhbi, 2016). There are questions also on the quality and credibility of financial reports and audit functions respectively, thus generating to amplified demands for professional ethics in financial reporting profession. This is considering that the purposes for ensuring the performance of the firm relies squarely on the corporate financial reports.

Due to the nature of finance and accounting professions it is critically important to be ethical in the professions (Ramanna & Sletten, 2014). The nature of an accountant's job positions them in a special manner for a trusting relationship with their employers, clients, or the general public that relies on their professional guidance and judgment for decision making. Consequently, the decisions could influence the process of resource allocation not only in a particular industry but also in the whole economy. Accountants are expected to be reliable due to the status of their professionalism's ethical standards. Thus, ethics and professionalism are key actors for maintaining

the confidence of clients and the public.

Accountant professionals are expected to adhere to certain principles and ethics in financial reporting in order to improve and promote public assurance and confidence for the reliability and credibility of financial statements (Kalshoven, Hartog & Hoogh, 2011). In the past, issues of ethics in the accounting have manifested into emerging trends like earnings management, creative accounting, bribery, executive compensation, kickbacks, lobbying, auditors' independence, and audit quality. This has generated to the increased demand for more restrictive ethical codes' application. In general, issues of ethics in accounting revolves on the principles of objectivity, independence, confidentiality, integrity, specialized behavior, competence and due care. The failure of an accountant professional to show due diligence while exercising his/her responsibilities may invalidate his credibility. Moreover, lack of integrity will shade on an accountant professional's credibility so is their financial statements.

The form of the tasks practiced by accountants needs high levels of ethics. These high ethical standards as supported by the various stakeholders of the firm are expected to inform the accountant in the preparation of financial statements (IFRS Foundation, 2015). Stakeholders such as government, financial institutions, shareholders, creditors, potential shareholders, employees, host communities, competitors and the various other users of financial statements rely heavily on the reliability, truthfulness and integrity of the financial statements produced regularly by the organization. The stakeholders therefore expect the accountants who prepare these financial statements to observe high ethically standards as they rely on the financial statements to make informed choices and investments decisions. These stakeholders rely on the opinion of the accountants regarding the financial statements to paint a fair and true view of a company.

With an understanding of the ethical practices, accountants will be able to overcome ethical dilemmas, thereby making informed decisions and right choices, which may out-rightly not benefit the company but the public who relies on the report from the accountant (Ramanna & Sletten, 2014). Additionally, the accounting profession is informed by service to the public and therefore it prescribes to its own ethical standards. The distinguishing feature of the accounting profession is its focus on serving public interest and acting professionally while observing high standards beyond the fees paid by the client. The accountant has an obligation to cater for the interest of all stakeholders.

However, the with the recent rise of corporate scandals across most countries is ethics in businesses have risen in public domain thus creating extensive damages on the society's economy. The underlined corporate scandals have caused the collapse of many companies all over the globe because of morality question of corporations at large and in particular, accountants. Livingston (2012) notes that certain issues have been defined to contribute to unethical behaviors. These factors are individualistic and lack objectivity and independence wrong professional judgment decisions, ethical insensitiveness, ill culture and improper leadership, notwithstanding advocacy for threats, incompetence, and lack of peer, organizational or professional body's support.

Based on the IFAC (International Federation of Accountants) report of (2015) that had its focus on transforming public assurance in regard to financial reporting after the collapse of WorldCom and Enron in 2002, there was a resolution which established that the financial scandals that had been witnessed in recent times had deeper underlying problems that were related to unethical practices. IFAC observed ethical standards' improvement, reporting mechanisms, availability of financial management, quality audit and improvement of regimes' governance would as well improve the confidence of the public in financial reporting.

Accountants have duties on areas whose improprieties have risen to either collapses or corporate scandals. Instilling ethical practices in accounting would eliminate negative practices and accounting scandals (Ofurum & Ogbonna, 2014). Ethics in accounting primarily as applies as applied ethics, and therefore defined as moral principles and judgment as applied in accountancy. Agreeable ethical practices have the capacity to improve professional and societal standards and values, hence generating to social justice, equity, peace and fairness. Today's accounting professionals' ethical conducts has generated into an issue of concern. Based on this foundation, this study emphasized to investigate the extent to which accountants' professional ethics influence quality of financial reporting in organizations as a way to fulfill their obligations towards the various

stakeholders.

Commercial banks in South Sudan existed even before the independence of the country on 2011. However, banking operations across the region were governed and controlled by the Khartoum based Bank of Sudan. Sudan's central bank, operated branches within South Sudan towns of Wau, Malakal, and Juba under Sudanese pound legal tendering. Earlier in 2005, enforcement of the CPA (Comprehensive Peace Agreement) to the operational closure of some banks operating in the underlined region. More so as a component of CPA, three of Sudan central bank's branches merged as Bank of Southern Sudan (BOSS), between January 2005 and July 2011. With branches in Malakal and Wau, the Bank of Southern Sudan's main headquarter was based in Juba.

The Bank would later rebrand to South Sudan's Central Bank after independence. The Central Bank would then release new currency notes in South Sudanese pound. Eleven commercial banks have been operating in South Sudan from the day it attained independence. These include Nile Commercial Bank, Ivory Bank, Agricultural Bank of Sudan, Buffalo Commercial Bank, Kenya Commercial Bank, Ethiopian Commercial Bank and Equity Bank. Other includes Charter One Bank, Afriland Bank, National Credit Bank and Mountain Trade and Development Bank.

Financial scandals can be caused by errors resulting from unethical behaviours and poor judgements by business leaders (Livingston, 2012). This has extensively been indicated with audit failures and corporate collapses where the lack of attention could be misconstrued to professional and ethical values of integrity, honesty, due care, objectivity, and public interests before individualistic interests. This is reflective from a society's belief that accounting professionals act on public interest. The rate of abuses on accounting professional serves as evidence for more interventions on accounting ethics.

1.1 Statement of the Problem

The collapse of various corporations in the past two decades have presented serious financial consequences to investors, employees and the public, hence generating to credibility issues. Adoption of international standards of financial is taking shape. There has been limited empirical research that focuses on accounting ethics and adoption of IFRS in South Sudan. The Zeghal and Mhedhbi (2016) research encompassed 21 African countries with samples across sixty-four states. Ramanna and Sletten (2014) studies ample 24 African countries from 102 non-European Union states. Judge et al. (2010) sampled 22 African countries from 109 countries.

Poor financial reporting has plagued many jurisdictions in the developing world but still, there are few studies focusing on accounting ethics and financial reporting in South Sudan. The study by Zeghal and Mhedhbi (2016) focused on developing countries of southern Africa excluding South Sudan. IFRS Foundation (2015) established that many financial institutions in South Sudan, including Commercial Banks, had poor quality financial reporting which put into question the usability of the financial reports of the financial institutions in the hyperinflation economy. The research therefore aimed to investigate the role of accounting ethics on the financial reporting quality at Commercial Banks of South Sudan.

1.2 Purpose of the Study

This research had the purpose to ascertain the effect of accounting ethics on the quality of financial reporting in commercial banks in South Sudan.

Specifically, the study sought to attain the following objectives;

1. To examine the influence of accountants' competence on quality of financial reporting in commercial banks in South Sudan
2. To determine the influence of accountants' independence on quality of financial reports in commercial banks in South Sudan
3. To ascertain the effect of accountants' objectivity on quality of financial reports among South Sudan's commercial banks
4. To find out the effect of accountants' integrity on quality of financial reports in South

Sudan's commercial banks

2. Literature Review

Three theories were used as a basis for this study; accounting theory, theory of rights, agency theory and institutional theory. Hendriksen (1985) specifies that accounting theory is based on a logical mentality in form of delineated and extensive ideologies which offers a universal referencing frame from which practices in accounting may be gauged upon, and more so, provides a guide for new practices and procedure in development. To be conclusively solving real-world accounting issues, accountants should have enough practical experience facilitated by their theoretical knowledge. The widely accepted principles of accounting, conventions, used customs, procedures, doctrines, and postulates have accounting theories (Coetsee, 2010). These theories shall be applicable in this study in order to depict the influences of accounting knowledge and skills on financial quality reports as developed by the accountant.

Accounting theory has developed over the years by observation, assessments, scrutiny and scanning, and explanations on daily accounting practices (Waweru, Ntui, & Mangena, 2011). The daily accounting practices have been performed through successful usage of generally accepted and established theories and principles. Because of the changes within any country's socio-economic structure, accounting patterns of practices could also change. In the event of any change within the accounting pattern, necessary modulations and modifications are needed on the pertinent theories. An accountant cannot contemplate of practicing without adequately getting equipped with the theoretical knowledge. Notwithstanding, that the theories of accounting could also help accountant professionals with solving real world practicing challenges that could arise in their professionalism (Coetsee, 2010). As such, knowledge of accounting, the integrity of the accountant and independence depicted by the accountant are important in influencing the quality of financial accounting reports.

Rand (1967) devised the theory of rights which depicts that human beings have an inherent and inalienable worth which should be respected. Meaning that good decision making should respect other people's rights. Equally, a decision will be wrong if it violates the rights of another person. Generally, the underlined rights are segmented in two categories, that is; - Contractual or legal rights (these are rights that are shaped by social agreement), or natural rights (they independently exist from any legal structure). The natural rights are often referred to as constitutional or human rights.

Within natural rights, critical to the functioning of accounting is the right to truthfulness (Zeghal & Mhedhbi, 2016). All persons who use financial statements are obligated to the right of accessing accurate and truthful financial information that will facilitate their decision making for alternative investment strategies. The right provides a moral obligation for professional accountants and reporting entity to avail and issue, fair and truthful financial statements (Neidermeyer et al., 2012). On the other end, contractual and legal rights are vital for an accountant-employer or client relationship. With the contractual relationships employers and clients have contractual rights to demand for competent and professional accountants' financial reporting services. Correspondingly, accountants are legally obliged to execute their duties best as per their abilities and within their professional constraints. The accountant should therefore ensure that they have the requisite independence, expertise and integrity to perform their duties and deliver quality financial reports to the stakeholders (Copeland, 2015). This theory was therefore applied in the study to provide an insight on how expertise, independence and integrity of the accountant can have an effect on the quality of financial reports.

An important body of work has concentrated in this area within the context of agent principle relationship. Agency theory recognizes the agency relationship where one party, the principle allots some tasks to another party referred as the agent. The agency theory was conceived in 1976 by Meckling and Jensen. The two posited that agency costs occur when there is separation between controls and the management. The Agency theory suggests that an accountant's appointment should be based on the needs of both the management and third parties. Adams (2014) asserts that the agency relationship may have a number of demerits associated with self-interest and

opportunism of the agent where he may fail to perform in the best interest of the principle. There are various dimensions in relation to this where the agent misuses the power for financial or other advantages or he may not take appropriate risks in accordance to the principal's interest. The cause of this can be the fact that agent perception of risks is not appropriate while the principal may have a differing attitude towards risk (Adams, 2014). Another issue that arises in the relationship is the information asymmetry whereby both parties have access to different levels of information.

For financial institutions as well as the issue of corporate control, the agency theory perceives corporate governance especially financial reporting as being an important monitoring device to minimize the problem that may arise from the principal-agency relationship. The cost of monitoring and disciplining those people who try to prevent abuse and misuse of power have been referred to as agency cost. In relation to financial institutions, much of agency theory is set to separate the ownership and control as described in the work of Nagy and Cenker (2012). In this context, the principals are stakeholders and the agents are managers. For quality and effective financial reporting, integrity of the accountant, competence and independence are critical. Steven and Mitnick (2016) indicate that one requires both streams to see institutional structures as well as incentives to fully understand agencies. From agency point of view, the benefit of robust governance arises from the necessity to reconcile the management's interests with the interests of other key stakeholders in an organization for the purpose of minimizing agency cost and improving the effectiveness in financial reporting. For this study therefore, agency theory was used to explain the link between independence, competence and integrity of accountants and quality of financial reporting.

The institutional theory describes how administrative practices and structures are moulded through modification caused by normative pressures of both internal and external sources like guidelines and laws (Mihret & Woldeyohanes, 2011). Many previous studies in financial reporting use institutional theories to explain their findings regarding the determinants of financial reporting efficiency in companies. Mihret and Woldeyohanes (2011) argue that institutional theory is an essential model for examining the effectiveness of financial reporting in corporate entities and the factors influencing it. It is an essential theory that can explain relationship between competence, objectivity and independence of accountant and the resultant quality of financial reports.

According to institutional theory, an institution is designed to meet social expectation because its operation is always visible to the public. For this reason, complex organizational internal operations that are difficult to identify may focus on the issue of external legitimacy through demonstrating competence. Most organizations operate with internal systems that are not commonly visible to those external to it while the structures established for outsiders do not add to output significantly. Smith (2015) posits that analysis by external auditors can be avoided if the organizations adopt the right structures. Loose technological combination enables the institutions to show achievement in external measures whereas at allowing for flexibility at the time of operational procedures. Financial organizations should be ready to account for high cost of adopting various innovations in the accounting department to ensure that the staffs are well trained to improve financial reports' quality. This theory was aligned to competence, independence and objectivity of accountants.

2.1 Empirical Literature

This section provides the empirical review which includes studies on the effects of accounting ethics on quality of financial reporting in an organisation. The empirical review includes studies that had been conducted globally and regionally.

2.1.1 Accountant Competence and Quality of Financial Reporting

Good management of employees is fundamental for their effective and efficient operation. Financial reporting activities require knowledgeable staff with the appropriate education, experience and professional qualification to perform a wide range of accounting tasks audits required (Stewart & Subramaniam, 2010). Furthermore, competency of accountants in the firm is a critical attribute of

achieving quality in the financial reporting process. Proficiency of accountants requires them to possess skills, knowledge and other important competencies so as to perform their responsibility effectively (IIA, 2011). In addition, competence framework for accountants emphasizes on the skills that a person requires being an efficient accountant.

Past studies on communication skills prove that effective communication abilities such as interpersonal, listening, oral and written skills are an important element of an accountant's development potential (Cohen & Sayan, 2010). Leung and Cooper (2014) state that, the development of these skills is not aimed to improve the accountant's potential, but to enhance the quality of financial reports. The competence of accountants is measured in terms of experience, academic level, compliance with accounting standards and their efforts to continue professional development (Nagy & Cenker, 2012).

Setiyawati (2013) researched on the "effect of internal accountants' competences to develop quality financial reports in Indonesia." The research on Bogor District Local Government used survey method to survey 31 local government units. Questionnaires were used as data collection tools. The study's findings showed significant influences of competent internal accountants' in regard to financial reports' quality.

2.1.2 Accountant Independence and Quality of Financial Reporting

The concept of independence is subject to uncertainty and ambiguity as it has no interpretation or a single meaning across the people (Lin et al., 2011). Nevertheless, for this study's purpose, independence is described as the concept of being free from management influence when accountants are performing their accounting activities and giving out their reports (Belay, 2017). Independence is critical to the auditor's report reliability since, if they are not independent in appearance and facts, their reporting will not be credible and creditors as well as investors will not trust them. The assurance services they provide gain their credibility and value from the basic assumptions of independence in appearance and mind. Moreover, accounting involves entire management process as they increase the reliability of information, issue reasonable opinions, maintains objectivity and therefore requires being independent (IIA, 2010).

Independence exists when accountants are able to act with integrity, objectivity, impartiality and free from conflict of interest. Independence in appearance means how accountants should be viewed by the public and others. Conflict of interest is when a reasonable individual with adequate knowledge of all essential facts, claim that an accountant or any member of the group is incapable of making impartial judgment and exercising objectivity in regard to the conduct of the financial reporting (Zain et al, 2016). Subsequently, accountants need to be independent from those they are supposed to report about for the purpose of performing their activities without interference. Independence in conjunction with objectivity improves accuracy and reliability of accountants' work and gives employers confidence that they can trust their reports and results (Cohen & Sayag, 2010). Accountants' status and position in an organization is essential in maintaining their independence. It helps them work objectively and perform their work independently.

A study by Hutchinson and Zain (2009) sought to ascertain the effect of accountant independence and quality of financial reports, firm performance and growth opportunities. This study focused on 60 Malaysian companies from the financial and services sector. The study established that accountant independence is associated with quality financial reporting, firm performance and growth opportunities. However, the findings indicated that financial reporting efficiency was negatively related with accountant independence.

The study by Al-Matari, Al-Swidi and Fadzil (2014) wanted to determine the influence of accountant independence on financial reporting quality. Financial reporting quality in this regard was measured using qualitative and quantitative measures of effectiveness and efficiency. The study revealed that financial reporting quality is perceived to be the core of corporate accounting since as a section it maintains track with businesses related with the sector. Efficiency in financial reporting could assist with the development of the company's work since the reports presents the outlook of the company performance. Independence of accounting team was found to significantly and positively influence quality of financial reports. This implied that as accounting team becomes

more independent from the influences of management, the efficiency of the output of accounting department improve.

2.1.3 Accountant Objectivity and Quality of Financial Reporting

Gras Gil, Marin Hernandez and Lema (2012) conducted a study on the objectivity of accountants and the extend of fiscal reporting in the Spanish banking industry. The aim of the study was to assess the connection between a firm's accountants' objectivity and the quality of its financial reporting. The study relied on the data collected from the Spanish banks' internal audit directors. The findings established that banks with more objective accountants and auditors provided high quality financial reporting. An extensive involvement of internal auditors in reviewing internal financial reports boosted the quality financial reporting.

Stewart and Subramaniam (2010) observed that the motivation for improved objectivity and independence in internal auditing could be associated with the expanding and evolving roles of internal accounting as important mechanism for corporate governance. In this respect, internal auditors hold a unique position of providing either services of quality assurance or management consultancy services. The objectivity of accountants is therefore critical in enhancing the quality of financial reports they prepare.

Yosep (2016) explored the effect of accountant's objectivity on financial report's quality in Indian publicly listed commercial banks. The author observed that IIA India had underlined the importance of objectivity in the practice of accounting and internal auditing internal. The standards indicate that accountants and internal auditors must be objective in carrying out their work. Objectivity of the accountants and internal auditors refers to the mental attitude individually. The study by Yosep (2016) indicated that banks which had objective auditors rarely provided qualified financial statements. The conclusion from the study was that objectivity of the accountant positively influenced quality of financial reports.

2.1.4 Accountant Integrity and Quality of Financial Reporting

Eginiwin and Dike (2014) explored the impact of accounting ethics financial reporting quality among some sampled Nigerian oil producing and exploration companies. The research found some important accounting ethics variables that were included in the research which entailed independence, integrity, objectivity, accountability and competence and accountability. One hundred and thirty-three questionnaires were administered to the sampled twenty oil producing and exploration companies, while the analysed data was tabulated from 118 questionnaires filled from the field work. The multiple regression technique was used to analyse the gathered data using E-view statistical package. The findings indicated that there was positive relationship relating ethics in accounting and financial reporting quality in regard to return on investment, dividend per share, and earnings per share.

Ogbonna and Ebimobowei (2012) investigated how Ethical Accounting Standards impact on Nigerian Banks' Financial Reports. To attain the study's objectives, both secondary and primary material formed as sources of the research data. These secondary sources included journals, textbooks, and unpublished thesis. The primary data was gathered using a well-structured questionnaire with four sections composed of 67 questions given to a sample size of eight banks and systematically gathered among twenty-four Nigerian banks. The information gathered on the questionnaires was then analysed using models of econometric like Augmented Dickey-Fuller, diagnostic tests, Granger Causality, and ordinary least square. The findings showed that standards of ethical accounting were extensively linked with the financial reports of Nigerian banks.

3. Methodology

The study adopted a descriptive survey design. This design was selected since the study sought to describe how integrity of accountants could influence quality of financial reporting. Descriptive design focuses on reporting on the situation as it is which the focus of the study was. This design

was applied in this study to report on the state of accounting ethics at the selected commercial banks in South Sudan and how these had influenced quality of financial reports. The study targeted 190 accountants distributed over the head offices of 8 commercial banks that were domiciled in South Sudan. All the accountants including financial accountants, internal auditors and payroll clerks/tellers participated in the study. The study employed a stratified form of sampling incorporating the entire population. This ensured a proportionate sampling of either segmented population and hence, resulting to representativeness among the selected sample. A sample of 129 was selected where 81 responded.

Questionnaires were utilized to collect data in this study. The designing of the questionnaire was done after a critical empirical and theoretical review of literature in relation to accounting ethics and quality of financial reports. The designed questionnaire had six sections. The first section requested basic information about the respondent and the commercial banks. The next four sections were dedicated to questions in regard to the four independent variables (competence, independence, objectivity and integrity). The last section had questions on quality of financial reports. The questionnaire was structured with only closed questions. Five-point likert scale questions were used to assess the accounting ethics and quality of financial reports at the commercial banks. The questionnaire was pilot tested before the final drafting. This was done to ensure questionnaire's reliability to obtain the required information (Babbie, 2011). The pilot study involved ten employees from the commercial banks who did not participate in the final study.

The questionnaires were delivered to each bank in South Sudan, before administration to the accountant respondents. Date and time for the collection of filled questionnaires was decided upon with the research respondents at the time of questionnaire administration. A follow-up was done via personal visits, telephone calls or e-mail as was perceived necessary for ensuring that the respondents left with the questionnaires filled them appropriately and timely. Filled questionnaires were then collected from the respondents by the researcher physically.

Data analysis started with the inspection of the collected questionnaires for the purpose of ensuring that they were well and comprehensively filled. Statistical Package for Social Sciences (SPSS) was utilized in data analysis. Inferential and descriptive data analysis techniques were considered in the analysis. As such, the utilization of the descriptive statistics encompassed mean scores, percentages, and distribution frequencies. These were utilized to facilitate a description of various collected data. Inferential statistics to be utilized entailed a regression analysis, which assisted in determining the effects of ethics in accounting regarding the financial reports' quality. The model of the regression was as illustrated below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where,

Y = Quality of financial reports

β_0 = Constant

β_1 = Regression coefficients relating to the accounting ethics

X_1 = Competence

X_2 = Independence

X_3 = Objectivity

X_4 = Integrity

ε = Error term

4. Findings and Discussion

4.1 Characteristics of Respondents

The study investigated the background information of the respondents comprising of the respondents' age, gender, and highest level of education, role in the organization and work experience in the bank. Findings indicate that majority (91%) of the respondents were male while 9% were female. On age of the respondents, 48% of the respondents were of the age 26-35 years while 32% were aged between 36 – 40 years. Those who were aged above 50 were just six percent. Results regarding highest education qualifications of the respondents indicated that 89%

had university education while 10 percent had college level of education. Those who had attained secondary level of education and their highest level were one percent. Regarding the role played by the respondents in the commercial banks, 40 percent of the respondents indicated that they were financial accountants, 15 percent were tellers, nine percent were internal auditors and 37 percent indicated to be playing other financial and accounting roles in the commercial banks. Regarding the number of years that the respondents had been working in the commercial banks, findings show that 48% of the respondents had been employees in the banks for 5 – 9 years, 33% had below 5 years of experience, 10% had 10 – 14 years of experience while nine percent had 15 years of experience and above.

4.2 Competence of Accountants

From the study findings presented in Table 4.2, respondents agreed that the professional knowledge of accountants in the banks was relevant to their work (mean = 4.21) and agreed that accountants in the banks were proactive and they provided professional guidance in matters concerning financial reporting (mean = 4.20). Results also indicated that respondents agreed that accountants in the banks were considered as professionals (mean = 4.04) and agreed that accountants in the bank had adequate education and technical qualifications (mean = 3.95).

Results presented in Table 4.2 also indicate that respondents agreed that there was effective communication between accountants and other employees in the banks (mean = 3.86) and agreed that accountants in the banks kept themselves updated with current affairs and information in accounting and financial reporting (mean = 3.85). Additionally, respondents agreed that accountants attended educational seminars for continuous training and development (mean = 3.70).

Table 4.2: Competence of Accountants

Statement	Mean	Std.Dev.
The professional knowledge of accountants in this bank is relevant to their work	4.21	.984
Accountants in this bank are considered as professionals	4.04	.980
Accountants in this bank are proactive and they provide professional guidance in matters concerning financial reporting	4.20	.872
There is effective communication between accountants and other employees in the bank	3.86	1.115
Accountants attend educational seminars for continuous training and development	3.70	1.095
Accountants in this bank have adequate education and technical qualifications	3.95	.879
Accountants in this bank keep themselves updated with current affairs and information in accounting and financial reporting	3.85	1.062

4.3 Independence of Accountants

From the findings as shown in Table 4.3, respondents agreed that accountants participated in the development of the processes of the bank (mean = 3.99) and also agreed that accountants had unhindered access to all employees, units and departments in the bank (mean = 3.97). More results indicated that respondents agreed that accountants report to the highest level within the banks (board or management committee) (mean = 3.91).

Table 4.3 results also show that respondents agreed that the accounting activity is free from meddling in establishing the scope of performing work, internal auditing and communicating results (mean = 3.79) and agreed that accountants in the banks had investigative independence that protected their ability to implement the strategies in whatever manner they considered necessary (mean = 3.78.) Moreover, the results indicate that respondents agreed that the comments and opinions expressed in financial reports were objective and unbiased (mean = 3.68). Additionally, study results revealed that respondents agreed that accountants in the banks had programming independence that protected their ability to select appropriate strategies (mean = 3.54). These results indicated that independence of accountants in the commercial banks in South Sudan was

high. This was indicated by respondents agreeing that accountants reported to the highest level within the bank, worked without interference and had unbiased opinions and comments. This concurs with findings by Zain et al. (2016) that independence exists when accountants are able to act with undue influence, impartiality and free from conflict of interest. Independence in appearance means how accountants should be viewed by the public and others. Conflict of interest is when a reasonable individual with adequate knowledge of all essential facts, claim that an accountant or any member of the group is incapable of making impartial judgment and exercising objectivity in regard to the conduct of the financial reporting

Table 4.3: Independence of Accountants

Statement	Mean	Std.Dev.
Accountants in this bank have programming independence that protects their ability to select appropriate strategies	3.54	1.025
Accountants in this bank have investigative independence that protects their ability to implement the strategies in whatever manner they consider necessary	3.78	.987
Accountants report to the uppermost management level within the bank (board or management committee)	3.91	1.330
Accountants have unhindered access to all employees, units and departments in the bank	3.97	4.751
Accountants contribute in the advancement of the procedures of the bank	3.99	.955
The comments and opinions expressed in financial reports are objective and unbiased	3.68	1.220
The accounting activity is free from meddling in establishing the scope of performing work, internal auditing and communicating results	3.79	1.148

4.4 Objectivity of Accountants

The findings in Table 4.4 indicated that respondents agreed that any reports or opinions provided by accountants at the banks could be verified and authenticated (mean = 4.18) and agreed that accountants in the banks did not depend on hearsay in carrying out their activities (mean = 4.01). Respondents also agreed that accountants in the banks accomplished their activities in a manner that implied that they had confidence in their work product (mean = 4.00).

However, study results indicated that respondents were neutral on the statements that accountants in the banks had unbiased mental attitude (mean = 3.48), that accountants in the banks did not delegate their judgment on accounting matters to others (mean =3.37) and that accountants at the banks made no quality compromises in financial reporting (mean =3.07).

Table 4.4: Objectivity of Accountants

Statement	Mean	Std.Dev.
Accountants in this bank have an unbiased mental attitude	3.48	1.256
Accountants in this bank accomplish their activities in a manner that implies that they have confidence in their work product	4.00	.880
Accountants at this bank make no quality compromises in financial reporting	3.07	1.311
Accountants in this bank do not delegate their judgment on accounting matters to others	3.37	.950
Any reports or opinions provided by accountants at this bank can be verified and authenticated	4.18	.978
Accountants in this bank do not depend on hearsay to in carrying out their activities	4.01	.980

Source: Field Data (2018)

4.5 Integrity of Accountants

From the findings presented in Table 4.5, respondents agreed that accountants in the commercial banks were reliable and they kept their promise (mean = 4.20) and also agreed that accountants in the bank were present physically and made themselves accessible and available to management

and other staff (mean = 4.17). More results indicated that respondents agreed that accountants in the banks had strong moral principles (mean = 4.04).

Study findings also show that respondents agreed that accountants in the bank had high levels of accountability (mean = 4.01) and agreed that accountants in the banks were good time managers and responded immediately (mean = 3.85). Moreover, the results indicate that respondents agreed that accountants in the banks exhibited honesty in regard to finances, information, business dealings and various operational transactions (mean = 3.71). These study findings implied that accountants in the banks had high levels of integrity as respondents agreed to all the statements on integrity attributes.

Table 4.5: Integrity of Accountants

Statement	Mean	Std.Dev.
Accountants in this bank have strong moral principles	4.04	1.210
Accountants in this bank are present physically and make themselves accessible and available to management and other staff	4.17	.971
Accountants in this bank display honesty in regard to finances, information, business dealings and various operational transactions	3.71	1.306
Accountants in this bank are good time managers and respond immediately	3.85	1.099
Accountants in this bank have high levels of accountability	4.01	0.927
Accountants in this commercial bank are reliable and they keep their promise	4.20	.797
Accountants at this bank do not engage in corrupt activities	4.00	.949

4.6 Quality of Financial Reports

The results (Table 4.6) indicated that understandability – well organized reports with clear notes was rated as good (mean = 4.12). Financial reports quality was also rated as good in comparability to other banks' reports (mean = 3.98), completeness of the financial reports (mean = 3.97), timeliness of releasing of financial reports (mean = 3.93) and faithful representation (mean = 3.91). Financial reports were also rated as good in adherence to GAAPs and other accounting standards (mean = 3.86), relevance (mean = 3.72) and provision of opinions to back the decision for certain estimates and assumptions (mean = 3.60). These results imply that financial reports by commercial banks in South Sudan were of high quality.

Table 4.6: Quality of Financial Reports

Statement	Mean	Std.Dev.
Timeliness of releasing of financial reports	3.93	1.160
Completeness of the financial reports	3.97	1.000
Adheres to GAAPs and other accounting standards	3.86	.930
Provision of opinions to back the decision for certain estimates and assumptions	3.60	.998
Relevance – disclosure of forward-looking information	3.72	1.180
Faithful representation - highlighting the negative as well as positive events equally when presenting the financial results	3.91	1.027
Understandability – well organized reports with clear notes	4.12	.886
Comparability to other banks' reports	3.98	1.049

4.7 Effect of Accounting Ethics on Quality of Financial Reporting

Ordinary least squares regression analysis was conducted using the four independent variables (competence, independence, objectivity and integrity) against the dependent variable (quality of financial reports). The results of the regression model are presented in the following sections. In Table 4.7, the results indicated that the model explained 57.6% of the variation in quality of financial reports ($r^2 = 0.576$). The four variables in the study could hence explain 57.6% of the change in the quality of financial reports meaning that 42.4% of the variation in quality of financial

reports could be explained by other factors not included in the model.

Table 4.7: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.759	.576	.551	.603

Results of the analysis of variance in Table 4.8 indicated that the model was statistically significant ($f = 22.444$; $p < 0.05$) at 5% level of significance. This hence indicates that the data was a good fit into a linear regression and could provide reliable predictive ability.

Table 4.8: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	32.647	4	8.162	22.444	.000
Residual	24.001	66	.364		
Total	56.648	70			

Results presented in Table 4.9 show the results of the test of significance of individual independent variables. The results indicated that all the variables were significant in influencing quality of financial reports. Competence of accountants had a positive and significant influence on quality of financial reports ($\beta = 0.456$; $p < 0.05$). These findings imply that improvement in competence of accountants is expected to lead to improvement in the quality of financial reports. These results concur with the institutional theory as noted by Mihret and Woldeyohanes (2011), which indicates that an institution needs effective systems, processes and competent human resources to perform its functions effectively. The study results also agree with the findings by Stewart and Subramaniam (2010) that having competent employees in handling of accounting and finance is fundamental for their effective and efficient operation. Financial reporting activities require knowledgeable staff with the appropriate education, experience and professional qualification to perform a wide range of accounting tasks audits required

Table 4.9: Significance of Independent Variables

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.439	.402		3.581	.001
Competence	.456	.079	.606	5.773	.000
Independence	.213	.072	.245	2.958	.004
Objectivity	.253	.069	.332	3.648	.001
Integrity	.244	.067	.343	3.664	.000

The study results also indicated that independence of accountants had a positive and significant influence on quality of financial reports ($\beta = 0.213$; $p < 0.05$). These results imply that strong independence of accountants is related to high quality of financial reports. These findings support the agency theory by Meckling and Jensen (1976). This theory indicates that when the auditors and accountants are independent, they are able to provide an accurate account of transactions by the firm to the third parties interested in financial reporting from the firm. Moreover, the findings support the assertion by Adams (2014) that to reduce possibility of self-interest and opportunism by management, there needs to be independent auditors and financial reporters. The study findings also support the findings by Al-Matari et al. (2014) that independence of accounting team significantly and positively influence quality of financial reports. This implied that as accounting team becomes more independent from the influences of management, the efficiency of the output of accounting department improve.

Study results indicated that objectivity of accountants was positively and significantly associated with quality of financial reports ($\beta = 0.253$; $p < 0.05$). The study findings concurred with the findings by Gras et al. (2012) who conducted a study on the objectivity of accountants and the extend of fiscal reporting in the Spanish banking industry. The findings from the study by Gras et al. (2012) established that banks with more objective accountants and auditors provided high quality financial reporting. Further, the findings from the current study agree with the findings by Yosep (2016) who explored the effect of accountant's objectivity on financial report's quality in Indian publicly listed commercial banks. The study by Yosep (2016) indicated that banks which had objective auditors rarely provided qualified financial statements. The conclusion from the study was that objectivity of the accountants positively influenced quality of financial reports.

The results in Table 4.10 reveal that integrity of accountants had a positive and significant effect on quality of financial reports ($\beta = 0.244$; $p < 0.05$). These findings support the findings by Eginwin and Dike (2014) which found progressive relationship between accounting ethics and accounting and financial reporting quality. Moreover, the findings also support the findings by Ogbonna and Ebimobwei (2012) who investigated how Ethical Accounting Standards impact on Nigerian Banks' Financial Reports. The findings showed that standards of ethical accounting were extensively linked with the financial reports of Nigerian banks.

5. Conclusions and Recommendations

The study concludes that competence of accountants positively and significantly influenced quality of financial reports in commercial banks in South Sudan. The competence of accountants was considered to be high in regard to their professional knowledge, being proactive and providing professional guidance in matters concerning financial reporting and being considered as professionals by other employees in the banks. Moreover, the accountants were able to effectively communication with their peers in the banks, attended educational seminars regularly and were able to maintain their knowledge.

Secondly, the study concludes that independence of accountants had a positive and significant effect on quality of financial reports. The accountants in the commercial banks participated in control and development processes in the banks, were provided required access to data and human resources, and reported to the highest level within the banks. Markedly, they determined the scope of internal auditing, performing work, and communicating results. Additionally, the comments and opinions expressed in financial reports by accountants were objective and unbiased thus indicating high levels of independence.

Third, the study concludes that objectivity of accountants had a positive and significant effect on quality of financial reports. The study further concludes that the reports or opinions provided by accountants at the banks are verifiable and can be authenticated. Though there were some notable weaknesses in mental attitude of accountants and some compromises in financial reporting quality, the objectivity depicted by the accountants enabled the banks to produce quality financial reports.

Lastly, the study concludes that integrity of accountants had a positive and significant effect on quality of financial reports. Notably, accountants in the commercial banks were reliable, kept their promise and had strong moral principles. Similarly, they high levels of accountability which enabled them produce high quality financial reports.

The following recommendations were provided in the study after taking into consideration the study findings. First, management of the commercial banks should professionalize their accounting departments and enhance competence by ensuring that hiring is on merit and have on the job training opportunities.

Secondly, the commercial banks should continually develop their accounting staff both internally and sponsoring them for educational seminars or workshops. Risks in the banking sector are evolving and the accounting employees need to have high competence in detecting and preventing losses from fraud and other such risks. Moreover, accounting staff should become continually developed in use of IT in accounting and auditing as most functions of the commercial banks are being carried out in an IT environment.

Lastly, accountants should be given the authority and support required to enable them add

value to the organisation by provide organisation wide risk management. To enable accountants to support management in dealing with issues that are fundamentally important to the prosperity and survival of the organisation, they need access to systems and top management. However, support does not mean that senior management should interfere with their work as this would affect their independence.

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