

# The Birth of Professional Accounting Organizations and the Influence on the Transformation of Accounting Practices in Nigeria

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## ABSTRACT

This article examined the influence of the establishment and development of professional accounting organizations (PAO) on the evolution of accounting practices in Nigeria. The study examined the various roles played by prominent institutions such as the Institute of Chartered Accountants of Nigeria (ICAN), the Association of National Accountants of Nigeria (ANAN), and the Chartered Institute of Taxation of Nigeria (CITN) in shaping, regulating, and advancing the accounting profession in the country. The objective of the study is to examine the role of professional accounting organisations in Nigeria in leading the transformation of accounting practices. The study was conducted through desk-based research, utilizing a content analysis approach to examine applicable scholarly papers and official statements made by regulators, as well as global and national accounting organizations. The study found that there exist the collaborative efforts of ICAN and ANAN in establishing accounting education standards in Nigeria, despite the supposed disagreement between the two organisations. The study also identified how accounting organisations have contributed to the achievement of sustainable development goals (SDG) by facilitating the management of economic entities, analysing the environmental impact of costs and benefits, promoting the adoption of innovative practices, and formulating policies to mitigate environmental damage. The study concludes that though there are imprints of these organisations on accounting practice in Nigeria, the transformative journey of professional accounting organizations in Nigeria unfolds as a dynamic narrative that encompasses historical context, regulatory changes, educational requirements, and future-oriented strategies for sustaining and enhancing the impact of the accounting profession in the country. The study recommended the need for these professional organizations to upscale their ability to adjust to technology advancements, champion global integration, allocate resources towards education and upscaling of members skills, and strengthen ethical behaviour.

**Keywords:** Accounting, Nigeria, Regulation, Technology, Transformation.

## INTRODUCTION

The development of accounting practices in Nigeria has been greatly influenced by the founding and expansion of professional accounting organizations. These institutions appeared during crucial moments in Nigeria's history, signifying significant milestones in the evolution of accounting standards, ethics, and professional behaviour in the country. During Nigeria's transition from colonial rule to independence, it

became increasingly clear that standardized accounting standards were necessary to promote economic growth, assure financial transparency, and enhance investor trust. During the colonial era in Nigeria, accounting mostly focused on administrative record-keeping, reflecting the impact of British accounting practices as a result of colonization. However, the absence of defined procedures led to discrepancies and shortcomings in financial reporting and administration. In light of these difficulties, the establishment of professional accounting organizations became necessary to reestablish the framework of accounting procedures in Nigeria.

According to Wallace 1992, the establishment of the accountancy profession in Nigeria was based on the British accounting techniques and the founders of the first accounting body in Nigeria were influenced by these practices. The individuals in the country were primarily affiliated with reputable accounting organizations in the UK, such as the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Scotland (ICAS), and the Association of Chartered Certified Accountants (ACCA). The formation of professional accounting groups has been crucial in influencing and altering accounting practices in the country. Before the advent of these entities, accounting in Nigeria lacked uniform procedures, resulting in discrepancies and difficulties in financial reporting, auditing, and general financial administration. Nevertheless, the establishment of professional accounting organizations signified a pivotal moment in the development of accounting procedures, as they introduced standardized protocols, norms, and ethical principles that have had extensive and significant consequences.

The establishment of the Institute of Chartered Accountants of Nigeria (ICAN) in 1965 was a pivotal moment in the development of accounting professionalism in the country. Following that, the Association of National Accountants of Nigeria (ANAN) and the Chartered Institute of Taxation of Nigeria (CITN) were subsequently founded. These organizations have made significant contributions to specific sectors within the accounting profession. These professional accounting organizations served as more than just regulatory authorities; they played diverse roles in establishing the structure of accounting practices in Nigeria. Their goals were the establishment of accounting standards and norms, the provision of professional certifications, ongoing education, and the promotion of ethical behaviour among practitioners. Furthermore, these groups engaged in close collaboration with governmental entities, exerting influence over rules and regulations pertaining to accounting and financial reporting.

Although significant progress has been achieved by these professional accounting groups in reforming accounting processes, there are still ongoing issues. The accounting profession is experiencing substantial global changes, as stated in a report by the International Federation of Accountants (IFAC), and professional organizations, their members, and educational institutions needs to take appropriate action (Grimes, 2017). Regrettably, the three prominent accounting institutions in Nigeria, ICAN, ANAN, and CITN, often fail to collaborate. They spend most of their time arguing on unnecessary issues relating to superiority and who is legally responsible for what and who is not (Uche, 2002). This undoubtedly has had a negative impact on the development of the profession in Nigeria. In addition, it has contributed to the inability of these professional accounting organisations to fully exert the influence expected in transforming accounting practices in Nigeria.

Furthermore, Islam (2017), identified three significant challenges that the accounting profession will confront over the next thirty years: the advancement of intelligent and digital technologies, the ongoing global expansion of reporting and disclosure standards, and the emergence of novel regulatory frameworks. In addition, a study conducted by PWC and ACCA in 2022 on the state of accountancy profession in Africa reveals the key challenges facing the profession as digitisation/digitalisation and automation of the finance and accounting function, changes in accounting standards, increased integration of the accountancy and finance professional with business strategy and operations, upskilling and re-skilling of accountants, and partnerships/effective collaboration. This further raises a big concern as to the preparedness of the

professional accounting organisations in Nigeria to fully exert their influence in leading the implementation of these changes. This is a gap that is yet to be fully explored by previous research. A review of existing literature reveals the need to examine further, the moderating role of these professional bodies and how they can further lead the charge in transforming the profession.

The problem statement focuses on the necessity to thoroughly analyze the complex challenges and constraints encountered by professional accounting organizations in Nigeria. The issues may encompass historical effects, regulatory dynamics, technology changes, ethical considerations, and the expanding global landscape. Gaining insight into these obstacles is essential for developing successful approach that empower these institutions to navigate these challenges and effectively contribute to the improvement of accounting practices in Nigeria.

Major questions include the historical factors that have shaped the formation of these organizations, the efficacy of their impact on regulatory frameworks, and their ability to adjust to technological progress. Furthermore, the study seeks to investigate the compliance of Nigerian accounting practices to international standards, and the overall influence of these institutions on the professionalization and globalization of the accounting profession in Nigeria.

Specifically, the study seeks to explore and provide possible answers to the following questions:

1. To what degree have professional accounting organizations exerted influence on the formulation of accounting legislation and policies in Nigeria?
2. How have professional accounting organizations in Nigeria contributed to the professionalization of the accounting profession?
3. What are the main challenges encountered by professional accounting organizations in Nigeria when it comes to achieving their transformative roles?

Major questions include the historical factors that have shaped the formation of these organizations, the efficacy of their impact on regulatory frameworks, and their ability to adjust to technological progress. Furthermore, the study seeks to investigate the compliance of Nigerian accounting practices to international standards, and the overall influence of these institutions on the professionalization and globalization of the accounting profession in Nigeria.

The objective of this study is thus to examine the role of professional accounting organisations in Nigeria in leading the transformation of accounting practices.

Specifically, the objective is to:

1. Examining the historical backdrop, formation, functions, and influence of professional accounting organizations in Nigeria.
2. Analyse the impact of their contributions on the evolution of accounting practices, with a particular focus on their significant role and contribution to the professionalization of the accounting profession and practice in Nigeria; and
3. Analyse the challenges and future prospect for these professional organisations while suggesting relevant recommendations that will aid the PAO in influencing the transformation of accounting practices in Nigeria.

The findings of this study will primarily interest the professional accounting organisations and practicing accountants in Nigeria. Additionally, the corporate reporting regulatory body such as Financial Reporting

Council of Nigeria, along with the Central Bank of Nigeria (CBN) and the Nigerian Stock Exchange (NSE), who are concerned with capital market transparency, will also find the findings relevant. This research will also be relevant to accounting academics and scholars and, more significantly, to the policymakers.

## LITERATURE REVIEW

### Conceptual Review

The underlying concepts for this topic include the historical evolution of accounting in Nigeria, the formation of professional accounting organizations, transformation of accounting practices in Nigeria.

### Evolution of Accounting

Accounting experts concur that the origin of accounting may be traced back several millennia to the birthplace of civilization in Mesopotamia. It is believed to have evolved in conjunction with the development of writing, numerical systems, and currency, predating the era of Luca Pacioli (Abba et al., 2022). According to Jayeoba and Ajibade (2016), the origins of accounting in Nigeria can be traced back to a time prior to the use of bartering, when kings conducted inventories of their domains to establish territorial ownership.

Furthermore, historical, economic, and colonial influences have had a considerable impact on the evolution of accounting practices in Nigeria. Nigeria's subordination to British control during the colonial era significantly influenced the country's early accounting standards. Throughout Nigeria's colonial era, spanning from the late 1800s until gaining independence in 1960, accounting practices were predominantly influenced by the requirements of the British administration. The accounting procedures throughout the colonial era primarily prioritized the requirements of the colonial government and trading firms, with less attention given to the advancement of the accounting profession in Nigeria (Adeoye, 2016).

British accounting system, as described by Samuel et al. (2017), relied on the concepts of double-entry bookkeeping. It served the purpose of monitoring the financial activities of both the colonial government and trading firms. These systems played a crucial role in enabling trade, taxation, and financial administration in the colonial setting. The implementation of British accounting techniques established the basis for standardized accounting procedures in Nigeria. During the colonial era, educational institutions frequently adopted British curricula that prioritized accounting processes in accordance with British norms and methodologies (Samuel et al., 2017). Nevertheless, it is crucial to acknowledge that although these methods proved efficient for the colonial administration's requirements, they frequently disregarded Nigeria's distinct economic, social, and cultural circumstances.

Thus, accounting in Nigeria has undergone significant changes over time, with its evolution influenced by the activities that defined each era (Ihenyen and Seibokuro, 2023). Salawu and Obi (2013) argue that the expansion of the corporate sector played a significant role in fostering the advancement of the accounting profession in Nigeria. The Lagos Stock Exchange was formed in 1961 and later renamed the Nigerian Stock Exchange in 1977. The Company Decree 1968 was enacted to expedite the growth of the domestic corporate sector. The 1970s were characterized by a significant increase in oil production, leading to the growth of infrastructure and public sector investment in industries such as textiles, cement, beverages, and agro-allied sectors. These industries primarily focused on import substitution strategies.

### Professional Accounting Organizations in Nigeria

It is important to mention that the significant advancements and challenges that have characterized the accounting profession have occurred during different military regimes (Uche, 2002). The purpose of

identifying the impact of the military on the development of the accounting profession in Nigeria and the government's administration during the military era is to understand how the relationship between the profession and the State has shaped the outcomes of different events in the history of the accounting profession in Nigeria (Samuel et al., 2017).

In Nigeria, there are two esteemed accounting institutions: the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN). ICAN was created by the ICAN Act No. 15 of 1965, whereas ANAN obtained its legal character with the ANAN Act No. 76 of 1993. Shortly after the nation gained independence, a group of accountants who were in close collaboration initiated the formation of "The Association of Accountants in Nigeria." This organization was legally registered under the Corporations Act of 1958, with the main objectives of providing a central organization for accountants in the country, to maintain a strict standard of professional ethics, and to provide for the training, examination and local qualification of students in accountancy (Ibadin, and Oyakhiromhe, 2010). The profession received a boost in 1965 when an Act of parliament officially formed the Institute of Chartered Accountants of Nigeria. The Institute, as specified in a section of its Act, was granted the authority to fulfil its general responsibility, which includes determining the criteria of knowledge and competence that individuals should achieve. Individuals aspiring to join the accountancy profession, when circumstances allow.

The Association of National Accountants of Nigeria (ANAN) was established in 1993 as a successor to ICAN. ANAN was founded with the aim of offering an alternative to ICAN and fostering the advancement of the accounting field in Nigeria. Indeed, it is accurate to state that ICAN was awakened from its state of slumber with the establishment of ANAN. Subsequently, ICAN organized and put together its resources and machinery for professional training. The rejuvenation process led to a significant increase in the number of trained accountants, rising from 1,927 in 1980 to 4,107 in 1988 (Ogundele, 1991).

The establishment of professional accounting organizations in Nigeria has had a substantial impact on the advancement of the accounting profession in the country. Despite being created at different eras and through distinct Acts, these two organizations share a similar charter. Their duties include the oversight of the accounting profession, the provision of education and training to members, the evaluation and establishment of auditing standards, and the enforcement of disciplinary measures for unprofessional behaviour among members (Olojede et al., 2020). Their cooperative activities with governmental entities also exerted influence on the creation of accounting legislation and policies, thereby contributing to the establishment of a strong financial reporting system in Nigeria.

### **Accounting Practices in Nigeria**

Accounting Practice in Nigeria have experienced substantial transformation, influenced by historical, economic, and regulatory elements. The profession is crucial in shaping the business environment of the country, as it contributes to ensuring financial transparency, regulatory compliance, and fostering economic growth. It demonstrates a dynamic interaction between historical influences, regulatory systems, and current developments. The expansion of the profession is closely intertwined with the endeavours of professional associations, regulatory entities, and the integration of technology.

According to Carnegie et al., (2021), many individuals possess a rudimentary understanding of accounting, or the principles and procedures involved in accounting. Accounting is perceived as incomprehensible by certain individuals in society, and it is not a subject that garners widespread interest for common discourse. Even in certain instances, it is often referred to as 'the language of business' in various textbooks and educational resources. Balagobei, (2020) define accounting practices as comprising the activities of record keeping and maintaining records, implementing budgeting methods, and managing payroll accounts. Similarly, accounting practices refer to the structured techniques and controls employed by accounting

departments to generate and document business transactions (Obara and Nangih, 2017). Consistency is crucial in accounting practice to ensure the production of consistently credible financial statements. This is because numerous company transactions need to be handled in the same manner.

It is also noteworthy to state that accounting practices is influenced by several factors. According to Egbunike and Ogbodo (2015), cultural values strongly influenced the selection of methods and behaviour exhibited by accountants while performing their responsibilities. Furthermore, cultural values play a significant role in shaping the implementation and adherence to accounting standards in Nigeria. Furthermore, cultural values will have a substantial impact on the manner in which auditors conduct an audit job in Nigeria. It is also essential to recognise the role of professional organisations in shaping accounting practices across different territories.

## **Theoretical Review**

This study examined several closely related theories in the field of accounting profession and its perceived obligation towards the public.

### **Institutional Theory**

Institutional Theory is a conceptual framework employed in the social sciences, specifically in the fields of organizational studies and sociology, to comprehend the manner in which institutions, encompassing laws, norms, and cultures, influence the conduct and structure of organizations. Institutional theory is frequently employed to elucidate the process of adopting and disseminating formal organizational structures, such as written regulations, standard procedures, and novel organizational forms (David et al., 2019). Institutional theory is a research tradition that originated from notable papers that examined how the establishment and transformation of organizations were influenced more by symbolic actions and external factors, rather than functional considerations as previously assumed by the prevailing theory (Meyer and Rowan, 1977). It is employed by researchers to examine the manner in which organizations react to external influences originating from institutions. This encompasses comprehending how businesses and organisations adjust to regulatory requirements, societal demands, or industry norms, which impact their operations, processes and procedures.

The historical trajectory of the national accounting system undeniably influences its future evolution, as viewed through the lens of institutional theory. Adopting the accounting procedures of wealthier nations by borrowing institutions and organizations is a contributing aspect in enhancing development prospects. This principle is equally relevant to the professional accounting organisations (Zhuk et al, 2023). Osinubi (2020) asserts that the adoption of International Financial Reporting Standards (IFRS) in Nigeria was influenced by the three fundamental aspects of institutional theory: regulative, normative, and cognitive. The introduction of IFRS regulation was launched in a hierarchical manner, rather than as a result of lobbying efforts from professional accounting bodies and the public. However, the process of implementing the plan is burdened with conflicts and power struggles among the various actors inside the institution.

### **Diffusion of Innovation Theory**

The process of adopting new innovations has been studied for over 30 years, and one of the most popular adoption models is described by Rogers in his book, *Diffusion of Innovations* (Rogers, 2003). The Diffusion of Innovation Theory, developed by Everett Rogers in 1962, is a conceptual framework employed to comprehend the process by which new ideas, products, technologies, or behaviours are disseminated and are embraced within a social system or among a collective of individuals over a period of time. According to the theory, the rate of adoption of an innovation depends on five perceived attributes of the innovation: relative advantage, compatibility, complexity, trialability, and observability. This theory offers valuable insights into

the mechanisms via which innovations are communicated, embraced, and disseminated among individuals in a society or inside an organization (Rogers, 2003).

Within the realm of accounting practices, the theory can elucidate how the acceptance of novel accounting methods is shaped by the attributes of the innovation, the communication channels employed to disseminate the innovation, and the social structure in which the innovation is being embraced. Within the realm of professional accounting organizations in Nigeria, this theory elucidates how the formation of these entities constituted a groundbreaking advancement in accounting practices. The analysis can be conducted by examining the introduction of standardized accounting methods (knowledge stage), the subsequent acceptance and support (persuasion and decision stages), and the subsequent implementation within the accounting profession in Nigeria.

### **Theoretical Framework**

This study employs institutional theory to investigate the intricate connections between professional accounting organisations and their ability in enhancing the transformation of accounting profession.

### **Empirical Review**

The historical development of accounting and professional accounting organisations has been underpinned in several literatures, and this study is not an attempt to revisit what has been done. However, there is need to examine some of the previous studies. Abba et al., (2022) examined the history and evolution of accounting in Nigeria, the study focused on the historical development and progression of accounting in Nigeria, as well as the identification of current concerns and challenges encountered by the accounting profession. The findings discovered several difficulties such as insufficient finance, paucity of accounting academics, inadequate accounting research and professional development, and a lack of well-equipped accounting institutions as the contributing factors hindering the development of the profession. Furthermore, Dauda et al., (2015), examined the accounting profession in an attempt to identify the threats and issues that hinder its development in Nigeria. The findings revealed that the accounting profession is confronted with specific risks and obstacles that significantly impact its progress. Consequently, the study indicates that these dangers and difficulties may impede the future of the accounting profession. The recommendation suggests that regulators should prioritize objectivity and sincerity when formulating rules for the accounting profession.

According to Abdulkareem (2019), the prevalence of organizational failures worldwide has further emphasized the imperative for accounting professionals to rigorously adhere to ethical norms of professional conduct. Accountants and auditors failing to comply with professional ethics guidelines have been identified as the cause of prominent corporate accounting problems. While examining the impact of ethical codes on professional accounting practices in Nigeria, using a survey of professional accountants, the study revealed that integrity serves as a significant indicator of professional accounting processes, suggesting that the application of the idea of integrity enhances the credibility of the accounting profession. It was recommended that accountants should frequently apply the concept of integrity to enhance transparency and accountability in professional accounting practice. The question of to what extent does professional accounting organisations have a role to play in this is still yet to be answered.

Thus, the importance of professional accounting organizations in developing the practice of accounting cannot be over emphasized. While examining the impact of globalization and information communication technology on the practice of accountancy profession in Nigeria, Mamuda and Yusuf (2020), discovered that professional accountants working in audit firms possess both information and communication technology (ICT) skills as well as a deep understanding of worldwide financial practices. However, the survey revealed that other professional accountants employed in public or private sectors lack adequate

proficiency in information and communication technology (ICT) and worldwide financial practices. The study suggests that professional accountants should prioritize the acquisition of fundamental technical knowledge, conceptual understanding, analytical skills, intellectual capacity, and effective communication skills. This study further led credence to the gap in knowledge existing among professional accountants, and the need to have the PAO intensify effort to fill the gap.

Abdullahu and Vokshi (2022), examined the influence of professional accounting education offered by professional accounting organizations (PAOs) on the calibre of accounting services offered by accountants in Kosovo. The findings indicate that professional associations offering accounting services in Kosovo have a significant impact on the long-term advancement of accounting education in the country. They contribute to the enhancement of accounting education and the improvement of accounting services in Kosovo, thereby raising the overall standards of the profession. Indeed, a high-quality accountant exerts considerable influence on the economic progress of their nation, since their adept management of finances directly impacts the stability of markets and all sectors of the economy. In addition, Inyada (2022), discovered that accounting research has had a positive impact on financial accounting and reporting practices in Nigeria. This has resulted in the implementation of improved procedures and more advanced tactics in audit practice in Nigeria.

Beyond the skills development of the professional accountant, the public perception of their role and performance, especially in the face of several corporate failures is also under scrutiny. Adeleke (2016), examined stakeholders' perception of accountants' responsibilities in company failure, with a specific focus on listed banks in Nigeria. The findings showed that accountants had a major influence on the collapse of numerous corporate entities in Nigeria. The study therefore recommended that professional accounting organisations should enhance the code of ethics for Nigerian accountants in order to promote ethical behaviour among accountants in their respective organizations. Furthermore, Akinrinola et al., (2022) conducted an empirical study to validate the nexus between accounting profession, public interest obligation and corporate failure. The findings indicate that the public, whose interests should be protected, includes all individuals and groups who profit from and have a vested interest in the ongoing operations of corporate organizations, as well as those who depend on the work of professional accountants. They therefore suggest that professional accounting bodies and regulators should regularly assess and update their codes of ethics. They should also take a proactive approach, rather than a reactive one, in responding to public criticism and addressing issues related to accountants' responsibility to the public and corporate failures. This further buttress the essential role professional accounting organisations have in transforming the practice of the profession in Nigeria.

### **Gaps in the study**

Having reviewed existing literature, previous studies has delved into identifying areas where accountants and accounting practice is lagging as well as the impact of professional accountants in the economy. Most have also recommended the need for professional accounting organisations to be more proactive and assertive in discharging their duties. However, none has established the role been played by professional accounting organisations in transforming accounting practices in Nigeria. Therefore, this study intends to highlight these roles as well as the challenges and future prospect for these professional organisations while suggesting relevant recommendations that will aid the PAO in influencing the transformation of accounting practices in Nigeria.

## **METHODOLOGY**

This study sought to investigate the birth of professional accounting organizations and the influence on the transformation of accounting practices in Nigeria. The methodology is a systematic approach used to



achieve the objectives of the study, establish the conceptual framework, and define the utilization and operationalization of independent and dependent variables. Additionally, it examines the methodology utilized for sample selection and data extraction (Balagobei, 2020).

It is important to state that this is a theoretical paper that attempts to examine the birth of professional accounting organizations and the influence on the transformation of accounting practices in Nigeria. Thus, the study utilized content analysis to examine relevant scholarly papers, legislation, pronouncements from international and national accounting organizations, and viewpoints of prominent international public personalities in the accounting field regarding the topic at hand. This method stands out in the investigation of information and reviewing the existing literatures, with the aim of arriving at a practicable conclusion and workable recommendation.

## FINDINGS

Samuel et al., 2017 examined the threats and issues associated with the historical development of accounting in Nigeria, in which the study investigates the impact of functionalist and interactionist ideas on the development of the accounting profession and outlines the structure of professional accountancy organizations. They concluded that the accounting profession, like other professions, originated as a competition for exclusive control over a certain vocation and as a method to gain influence within a hierarchical society. Even though this could be attributed to the primary reason behind the formation of these organisations, their role has since grown beyond this. The primary function of the professional association is to ensure that its individual members have enough training, actively contribute to society throughout their careers, and uphold the essential attributes of professionalism (Samuel et al., 2017). And, in Nigeria, Professional accounting organizations have played a significant role in shaping accounting practices in the country.

The study identified some critical areas where professional accounting organisations have contributed to the transformation of accounting practices in Nigeria. One of such ways is the role of professional accounting organizations in Nigeria towards the development of accounting education and the specialization of their members. The study found that there exist the collaborative efforts of ICAN and ANAN in establishing accounting education standards in Nigeria. This is one area where the professional accounting organisations have created a niche. Professional accounting bodies conduct periodic accreditation visits to Nigerian colleges offering undergraduate accounting degrees. Through the accreditation process, they verify that universities offering accounting programs adhere closely to the standards set by professional bodies. This ensures that graduates are well-prepared to take the professional examination and are considered suitable candidates for admission. These measures are implemented to develop exceptionally good accountants who will actively contribute to the long-term progress and stability of society (Amaka et al., 2022). However, even though this exist, there is still the lack of a centralized regulatory body, responsible for overseeing accounting education at both the tertiary and professional levels, as seen in other professions. This finding was also corroborated by Akhidime and Akenbor (2017), in their study. Akhidime and Akenbor (2017), suggests the expansion of the mandate of the Financial Reporting Council of Nigeria (FRCN) to include the regulation of academic and professional accounting education standards. Quality standard education and training remains a key area where these organisations have transformed the profession.

The study also found a significant contribution of professional accounting organizations on accounting practices through its impact on sustainable economic development. The Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN), as professional accounting bodies, have made a substantial contribution to the growth and development of the Nigerian economy. These organizations have facilitated the implementation of global accounting standards and optimal practices in Nigeria, while also offering training and assistance to accounting professionals in the

country. The International Federation of Accountants (IFAC) 2020 report on the role of accountants in economic development, highlights that professional accountants have a substantial role in driving economic growth at the local, national, and global scales. In each measure reviewed, it was evident that a higher quantity of accountants is associated with improved economic performance. Furthermore, the inclusion of professional accountants who are affiliated with IFAC member professional accountancy organizations (PAOs) is associated with even more robust performance on the economic indices (IFAC, 2020).

The study also identified how accounting organisations have contributed to the achievement of sustainable development goals (SDG) by facilitating the management of economic entities, analysing the environmental impact of costs and benefits, promoting the adoption of innovative practices, and formulating policies to mitigate environmental damage. Firmansyah (2019), identified three dimensions to role of accountants in achieving the sustainable development goals – professional accounting organisations providing input to government on SDGs, professional accountants providing recommendations on financial statements and the professional accountant as an educator on SDGs. Professional accounting organisations in Nigeria have demonstrated far reaching capacity towards providing the needed leadership in these areas. In addition, Accountants in their decision-making functions played active roles in influencing the sustainability strategies of their companies. This finding was also corroborated by several other studies (Amaka et al., 2022; Inna and Alex, 2017; Petricică, 2023).

Furthermore, the impact of professional accounting organizations in Nigeria could also be seen in the implementation of International Financial Reporting Standards (IFRS) by the Nigerian government in 2012. The implementation of IFRS in Nigeria was intended to enhance the calibre of financial reporting and bring the country's accounting procedures in line with global norms. The implementation of International Financial Reporting Standards (IFRS) has had a profound influence on the accounting industry in Nigeria, resulting in the emergence of novel accounting practices and regulations that align more closely with global standards of excellence.

It is also evident that the influence of professional accounting organisations on the practice of accounting has been felt in the area of collaboration with government and regulatory agencies. Financial Reporting Council of Nigeria, which is the agency responsible for issuing accounting standards and regulating financial reporting, recently appointed the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN), to oversee the implementation of the audit regulation issued in 2020. In addition, the credibility of these organisations also comes to play in the area of policy formulation. The existence of these organisations has given accounting practitioners a platform from which they are recognised and can make meaningful contribution. Their insights contribute to the development and modification of policies that regulate accounting practices, guaranteeing conformity with international standards and local business requirements.

## **CHALLENGES AND FUTURE PROSPECTS OF ACCOUNTING IN NIGERIA.**

Despite the progress that has been accomplished, there are still challenges that need to be addressed. The accounting profession is being confronted with various risks and challenges that significantly impact its growth, and these challenges and difficulties may negatively impact the future of the accounting profession (Dauda et al., 2015). Some of these challenges include the requirement for ongoing adaptation to global accounting standards, the need to address technology improvements, and the need to ensure universal conformity with ethical values. The growth of the Nigerian economy has been greatly aided by professional accounting associations like the Association of National Accountants of Nigeria (ANAN) and the Institute of Chartered Accountants of Nigeria (ICAN). In addition to offering training and support to Nigerian accounting professionals, these organizations have played a significant role in encouraging the country to adopt worldwide accounting standards and best practices. Nonetheless, the Nigerian accounting industry has

a number of difficulties, such as the requirement to adjust to rapidly developing digital and smart technologies, the ongoing globalization of reporting and disclosure requirements, and the emergence of new regulatory frameworks.

Technological advancements present a formidable challenge to these organizations. Artificial intelligence, blockchain, and data analytics are just a few examples of the rapidly evolving technologies that accounting bodies must adjust to and include into their accounting processes. However, these improvements necessitate ongoing skill enhancement and substantial organizational modifications, creating difficulties in keeping up with technology advancements while guaranteeing accounting professionals' competence. The accounting methods in Nigeria have been significantly impacted by technology. A study by Fijabi and Lasisi, (2023), claims that digitalization has improved Nigeria's auditing, tax, and financial advising services' efficiency. The study also discovered a strong correlation between Nigerian digitization and accounting practices. Although, incorporating technology into schools while meeting accrediting standards is a complex task that requires careful navigation (Albring & Elder, 2020). Nevertheless, future developments in accounting curricula should be versatile and include modern technology and be adaptable to the ever-evolving nature of the industry, preparing graduates for achievement in the digital age (Abitoye et al., 2023).

Regulatory compliance is yet another persistent obstacle. Aligning local laws with global accounting standards, such the International Financial Reporting Standards (IFRS), continues to be a challenge as the accounting landscape changes. Adhering to international standards while taking into account regional business needs calls for careful regulatory framework harmonization. Nigeria's accounting regulatory structure is disjointed and devoid of the requisite enforcement measures to guarantee adherence to accounting standards. The inefficiency of enforcement measures can be attributed to several factors, including the huge and multifaceted Nigerian economy, insufficient sanctions, and lengthy and expensive investigation procedures. In addition, professional accounting organisations have often found it difficult to enforce compliance to regulatory requirement on their members. This is evident in the number of delinquent professional opinions been offered by professional accountants. To add to this, is the inability of these organisations to offer real insight into policy making.

Difficulties arise when it comes to ethical considerations and upholding ethical standards within complex business environments. In order to maintain the integrity and credibility of financial reporting methods, accounting practitioners must maintain their ethical behaviour in a variety of dynamic business circumstances. This calls for constant attention to detail and proactive measures to resolve possible conflicts of interest. Moreover, the accounting profession in Nigeria has often come under fire for what is seen as a lack of moral behaviour and a readiness to partake in dubious activities in order to satisfy employers or clients. Earnings management, fraudulent reporting, and other unethical behaviours have all been identified with professional accountants. This is where the oversight function of professional accounting organisations needs to be felt. Ability to enforce good ethical behaviour among accounting professionals will go a long way in boosting the confidence of the clients and this will further promote the importance of accounting practitioners. In addition, the professional accounting bodies and regulators should implement a continuous evaluation of the codes of ethics. They should take a proactive approach rather than being perceived as reactive to public criticism when addressing matters related to accountants' responsibility to the public (Akinrinola et al., 2022)

However, these challenges also present a wealth of opportunities for Nigerian professional accounting associations to take the lead in influencing the change in accounting practices in the future. There are many potentials for accounting processes to become more accurate, efficient, and innovative by embracing technological integration. Taking advantage of technology breakthroughs can improve data analysis, expedite procedures, and strengthen decision-making skills in the field. Furthermore, by adapting to international accounting standards, these organizations can focus on advancing their worldwide integration.

The enhancement of Nigeria's accounting profession's credibility and competitiveness in the global marketplace by collaboration with international organizations and adoption of global best practices is expected to create enhanced investor confidence and trust.

For these organizations, advocating for changes in policy that support the growth of businesses offers another approach. They have the ability to influence government regulations to foster an atmosphere that is business-friendly and promotes stability and economic growth. Professional accounting organizations should also consider working with regulators to improve the efficiency of the regulatory environment. This cooperation could involve bolstering enforcement procedures, boosting regulator independence, and making sure there are enough resources to draft and enforce regulations.

One of the most important future prospects for accounting professionals is to invest in programs for upskilling and continuing education. With the rapid advancement of technology, accounting education is set to undergo a substantial transformation (Abitoye et al., 2023). Ensuring enhanced accounting training and education initiatives that prioritize professional standards, ethical values, and critical thinking abilities is of utmost importance. Additionally, these organizations could ensure that practitioners maintain their competitiveness and possess the skills required by the changing marketplace by providing training programs that are in line with new legislation and growing trends.

Professional accounting organizations in Nigeria have a significant opportunity to change the accounting profession by actively pursuing these prospects and tackling those challenges. Although professional accounting organisations in Nigeria face difficulties in adjusting to evolving environments, innovations in technology, legal requirements, ethical dilemmas and innovations in education; they also have bright futures ahead of them. These organizations can overcome challenges and put themselves in a position to have a significant impact on the accounting profession and business climate in Nigeria by utilizing technology advancements, pushing for regulatory alignment, investing in training and upskilling, and encouraging ethical leadership. Furthermore, to further reinforce accounting practices and stay relevant in a corporate environment that is constantly evolving, professional accounting organisations in Nigeria will need to keep evolving to be able to stay relevant. This may not be possible if the professional accounting organisation are not driving and enforcing their members to engage in only what is considered as best practices.

## CONCLUSION AND RECOMMENDATIONS

The establishment of professional accounting organizations in Nigeria was a significant turning point in the development of the accounting profession and the reform of accounting practices in the country. The Institute of Chartered Accountants of Nigeria (ICAN) and other organizations were instrumental in setting accounting standards, advocating for ethical behaviour, and facilitating the professional growth of accountants. Their initiatives have greatly improved the clarity, responsibility, and dependability of financial reporting in Nigeria, hence fostering the nation's economic progress and expansion. The diverse impact of these organizations can be observed through their contributions to establishing accounting standards, overseeing the profession, advocating for ethical behaviour, and cooperating with government entities and regulatory bodies.

These organizations have made a significant impact by creating and implementing accounting standards. Through adherence to international standards, they have promoted uniformity and comparability in financial disclosure and established a structure for consistent and transparent financial reporting, empowering investors, creditors, and other interested parties to make well-informed choices. Standardization not only improves the reliability of financial information, but also makes international trade and investment easier, placing Nigeria in a favourable position within the global economic landscape. Professional accounting organizations have given substantial consideration to ethical considerations. The promotion of ethical

behaviour and the establishment of ethical guidelines have fostered a climate of honesty and ethical conduct within the accounting field. An ethical basis is crucial for upholding public confidence, which is a vital factor in ensuring the efficiency of financial reporting and commercial activities. The focus on ethical behaviour played a crucial role in maintaining the honesty and credibility of the accounting profession, thereby deterring any instances of fraudulent or misleading financial reporting.

Engaging in collaboration with government entities and regulatory authorities has empowered these organizations to actively influence accounting legislation and policies. This collaboration is crucial for establishing a conducive atmosphere that fosters business growth, adherence to global standards, and socioeconomic advancement. In order to manage the evolving challenges and maintain the significance of accounting practices, it is crucial that we maintain ongoing partnership with regulatory organizations.

Professional accounting organizations have a broader scope than only ensuring compliance with regulations. They also focus on providing education and facilitating ongoing professional development. These organizations enhance the abilities and competencies of accounting professionals by implementing rigorous qualification criteria, administering tough tests, and providing continuous training programs. Amidst a period of rapid technological advancements, it is imperative to allocate resources towards education that encompasses emerging trends and technologies in order to remain at the forefront of the demands of the industry. Furthermore, professional accounting organizations have had substantial impact on Nigeria's economic development by driving the evolution of accounting practices. As a result, the economy has witnessed increased inflow of investment, improved trade collaboration and support, and higher overall efficiency as a result of reliable and transparent financial reporting.

Looking ahead, there are recommendations that can further enhance the influence of professional accounting organizations in Nigeria. These organizations should prioritize the adoption and incorporation of emerging technologies into the accounting practices of their members. This entails integrating data analytics, artificial intelligence, and blockchain technologies into education and training programs to guarantee that accounting professionals possess the necessary skills to effectively navigate the ever-changing technological environment. The future prospect for accounting education is promising, with technology playing a pivotal role.

Furthermore, there is a requirement for enhanced promotion of more compliance with global accounting standards. This not only boosts the global competitiveness of Nigerian businesses but also allows more seamless international transactions and cooperation. Professional accounting organizations ought to proactively collaborate with regulatory entities to streamline and harmonize standards, hence minimizing complexities for businesses operating in Nigeria. It is important for professional accounting organizations to maintain the synchronization of Nigerian accounting standards with international standards. This would help in promoting cross-border investment and commerce, as well as achieving consistency in financial reporting and regulations. This will also improve the level of integration of Nigerian entities into the global marketplace.

The most crucial aspect is in maintaining a consistent focus on ethical leadership and behaviour. Professional accounting organizations should prioritize the promotion of ethical conduct, honesty, and transparency within the profession. This encompasses regular evaluations and revisions of ethical principles to tackle growing difficulties and uphold the utmost levels of professionalism. In addition, it includes emphasizing the importance of ethical decision-making, providing robust ethics training, and addressing unethical behaviour promptly and decisively.

Tertiary institutions should proactively adopt the integration of technology in accounting teaching. This entails integrating AI, data analytics, blockchain technology, virtual and augmented reality into educational courses. These institutions should integrate sustainability and environmental accounting into their curricula

in order to enhance understanding of the environmental consequences of accounting methods. It is imperative for institutions to offer continuous support and training to educators in order for them to proficiently utilize technology in their instructional approaches. Faculty development initiatives should be comprehensive and continuous. This will ensure they are turning out thorough breed and well-trained accountants.

The professional accountant's position is evolving in modern times. In addition to possessing technical accounting skills, accountants must also exhibit additional soft skills in order to establish their relevance in contemporary business organizations. In addition to the technical and functional abilities required in accounting, Accountants must also possess personal skills, intellectual and analytical skills, IT skills, communication skills, organizational skills, and business management skills. The government of Nigeria also has a role to play in the area of legislation to ensure effective regulatory oversight. Efforts should be made to enhance the regulatory agencies' capabilities to improve their performance in enforcement. Furthermore, it is advisable to enhance the enforcement of regulations through the utilization of persuasion techniques to encourage operators to comply voluntarily. There is need to also avoid duplicity of legislation and regulation. It is necessary to analyse the duplication and conflicts in the legislations that establish the professional accounting organisations in order to unify them, thereby reducing the degree of complexity and conflict often witness between them.

Ultimately, the establishment and development of professional accounting organizations in Nigeria have significantly influenced the accounting industry. Their impact on establishing norms, promoting moral behaviour, and cooperating with regulatory authorities has been crucial in revolutionizing accounting practice. To strengthen the accounting profession in Nigeria, these organizations should tackle present obstacles and strategically embrace future prospects, thereby augmenting their influence and assuring a dynamic and resilient economy.

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