Corporate Scandal and Business Ethics: The Role of Professional Accountants in Nigeria

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ABSTRACT

The recent rash of corporate scandals has become a widespread problem due to the huge impact on creditors, investors, and the general public. The design of this study uses quantitative research methodologies; data was gathered via questionnaires. The sampling process made use of the purposive sampling technique. 105 employees were included in the samples that met the study's criteria. The findings of the study indicate a positive, significant relationship at the level of significance between accounting fraud, business size, professional integrity, professional skills, and ethical code of professional behaviour. The results of the study reveal that corporate crises emphasize how imperative it is to establish and enforce strong company norms that highly value morality and integrity. An established company code acts as a foundation for ethical behavior, reducing the chances of wrongdoing and fostering responsibility and openness. In an increasingly complicated business environment, professional bodies help to foster long-term success and sustainability by enhancing reputation and trust among stakeholders. Therefore, the present study concluded that businesses should give priority to establishing, implementing, and strictly enforcing good corporate codes of conduct that respect ethical behavior and integrity. For the employees at all levels to understand, accept, and adhere to the provisions contained in the corporate code of conduct, regular training, communication, and monitoring processes should be established. Professional ethics are a cornerstone of organisational culture that is required to overcome obstacles with resilience in building long-term success and stakeholder confidence in an increasingly ethical global economy.

Keywords: Corporate scandal, accounting fraud, business codes, firm size**,** professional integrity, professional competences, and ethics

INTRODUCTION

Around the globe, the real boss of a corporation is the manager acting as a steward. Managers have many opportunities to shape entrepreneurial ventures and to positively impact not just the business but also society, the environment, and all stakeholders. If one were to poll business school graduates about their future professional aspirations, most would surely name high-ranking positions within a corporation. The integrity of a manager's character, however, is what determines whether a corporation for good or for evil, will act in society's best interests because a manager either runs the business with integrity or without it (Apalowowa et al., 2023; Ariyanto et al., 2021). Corporate scandals damage the reputation of the firms concerned as well as the larger fabric of the corporate world by upending the pillars of credibility and confidence (Anindya & Adhariani, 2019). Corporate scandals occur when moral values are compromised when greed, wrongdoing, or carelessness trump honesty and responsibility (Al Shbail et al., 2022). There are many challenges facing investigators investigating corporate matters that hinder them from bringing fraud to the relevant authorities so that corrective action may be taken. The adverse impact that corporate crimes have on investors, creditors, and the public at large is such that these matters are becoming graver by the day (Atmadja et al., 2024). Employees get fired off, creditors are unable to collect debts that are owed, and investors are unwilling to acknowledge the poor returns on their investments. Due to this, public trust in regulations declines, in this case, commercial reproach through legal machinery becomes a vital frame, acting like a moral compass in navigating the treacherous waters of marketable governance (Sara & Saputra, 2021).

At its core, this law embodies the substance of responsibility, demanding that every decision, and every action, be sustained by the principles of honesty and fairness (Sulaiman, 2021; & Samuel, 2020). It stands as a solemn pledge, an unvarying commitment to integrity, translucence, and ethical conduct within the intricate fabric of marketable culture. Fraud is pervasive in business and society. Activities that utilize accounting records and reports to hide fraudulent activities or show a distorted picture of the financial and economic status of an entity are referred to as 'accounting fraud (Tommasetti et al., 2021). Given the huge financial toll that accounting fraud requires on both businesses and society as a whole, it should therefore come as no surprise that it is a topic of discussion in business literature (Izevbekhai & Frederick, 2024). In business, code is the back bone of digital infrastructure for ensuring smooth operations and effective communication. Business code is scalable and adaptable to accommodate growth and changing market dynamics. The integrity of business code is paramount, as it directly impacts the security, efficiency, and reliability of processes (Liao et al., 2019). In the same vein, the code of ethics serves to support individuals' and companies' conduct ethically with integrity and professionalism in everything they do.

The most outstanding challenges in corporate scandals result from numerous factors, most of which can be addressed or minimized through the establishment and enforcement of corporate and business codes of conduct. The global collapse of giant corporations such as Enron in 2001, Parma in 2003, Cadbury Nigeria Plc in 2006, Afribank Nigeria Plc in 2009, Intercontinental Bank Plc in 2009, and recently, Skye Bank Plc in 2018, has left a bad taste in the mouth of financial statement users. The long years of service with the same auditing firm, which has been discovered to be associated with sham bookkeeping is the cause of the problem. Formulate a potent declaration regarding the professional accounting responsibility in safeguarding corporate assets, this statement conveys the essential and impactful role that professional accountants play in the preservation and protection of asset integrity within the corporate environment. However, these codes themselves sometimes become part of the problem if not properly designed or enforced. Business codes sometimes be vague and ambiguous, leaving room for interpretation; this ambiguity leads to confusion among employees about what constitutes acceptable behaviour and may even pave the way for unethical conduct. Therefore, this study pursues an investigation of the nexus between corporate scandals, business codes, and ethics in this contemporary time. The following hypotheses statements were raised to guide the study and stated in null form.

H_{01}: There is no significant relationship between accounting fraud and business ethics in Nigeria;

H_{02}: There is no significant relationship between professional integrity and business ethics in Nigeria;

H_{03}: There is no significant relationship between professional competence and business ethics in Nigeria;

LITERATURE REVIEW

Conceptual Review

Corporate Scandals

Akomea-Frimpong and Andoh (2020) assert that corporate scandal is an unethical or illegal behavior by individuals or organizations in a corporate setting that violates laws, rules, or ethical standards; often results in legal actions, loss of money, and a damaged reputation for the company. Corporate scandals are events that expose serious breaches of ethical conduct by corporations or their executives using deceit, fraud, or general misconduct that undermines stakeholder trust can characterize such events (Adeoti et al., 2021). They also raise some fundamental questions about corporate governance and accountability in the private sector. A corporate scandal is a significant incident involving a corporation's financial mismanagement, fraud, or manipulation can and does occur when it comes to light, it leads to substantial economic damage, including sharp declines in stock prices, widespread loss of confidence among investors, and even bankruptcy in some cases (Asmah et al., 2020). Samuel (2020), opined that when corporations find themselves in scandals, it's usually due to something that many people would consider a bad thing these are publicized controversies that make lots of people very angry. What triggers that anger can be boiled down to a few common factors, mostly revolving around the concepts of greed, corruption, and exploitation of bad stuff in an organisation.

Mustafa et al. (2024) assert that corporate scandals mean anything that arises when a corporation or its agents transgress the boundaries laid down by regulation, the incidents that lead to all sorts of legal actions, ranging from investigations to civil suits to criminal prosecutions. In the end, a corporation's reputation takes a nosedive when it turns out that what happened wasn't just an unethical appearance of something, but an actual illegal something. Corporate scandals are breaches of trust and integrity in a business context they occur when individuals or organizations act in a way that prioritizes profit over basic moral principles (O'Kelly, 2019). Scandals reveal a failure of governance and a breakdown of accountability in an organization which leads to a substantial loss of confidence among stakeholders.

Accounting Fraud

Ariyanto et al. (2020), the reason behind an act determines whether it makes a financial statement appear fraudulent. They say that misstatements occur because of errors, incompetence, or carelessness. Accounting fraud is very different from innocent mistakes and occurs when acts of deception become the principal means by which a financial statement is rendered misleading. In a process type of definition, Fernandhytia and Muslichah (2020) claim that accounting fraud happens when management deliberately falsifies material facts in the financial documents. The authors claim that the fraud, which can take many forms, always involves some kind of intentional manipulation of the figures that represent an enterprise's resources, obligations, earning capacity, and expenditures. In 2022, Al Shbail, et al. stated that accounting fraud is dishonesty committed by executives on behalf of a business and usually concerns financial reports. Financial statement fraud is the intentional distortion or classification of items contained in the financial statement which is meant to give or alter the appearance of the financial condition of the entity to users of the statement.

The top echelon in a company and especially those with access to and authority over the financial data are at risk of committing this type of fraud. In 2019, O'Kelly stated that "top management, and especially CEOs and CFOs, may commit fraud." Sayumwe and Happi (2021) also reasoned that much of this fraud could be and has been committed in the past when management's performance is not meeting the "desired growth" expectations. The dialogue concerning the consequences of business actions has, of late, been taken over by proponents of business and human rights initiatives. These initiatives appear to have gained the upper hand in directing this conversation and, in so doing, have compelled businesses to respond to the issues they raise. When it comes to these issues, however, proponents of human rights compliance initiatives seem to have acknowledged business discourse so well that they now steer a conversation most favorable to them in the business sphere. Conversations these days are quite favorable to the idea of human rights compliance.

Firm Size

Sayumwe and Happi (2021), postulate that the size of a firm equates to its level of performance, especially when one considers the total assets, total revenue, stock market conditions, market capitalization, and other resources that an enterprise has at its disposal. It is well known that large, quoted firms tend to be much more responsive to the calls of the community in which they operate and, in general, are much more publicity-conscious than unquoted, small firms. Indeed, the presence of a large firm in any given community is a two-edged sword. On the one hand, it provides a lot of jobs, contributes to the local tax base, and has a noticeable impact on a range of public and private stakeholders. On the other hand, large firms have been known to be bashful when it comes to discussing the less-than-flattering aspects of their job and their tax contributions. Annual reports are signed off by auditors. Auditors ensure that all the information financial and otherwise in the annual report is accurate and fit for its intended use. And they do this in the main because the Big Four accounting firms are trusted in society. When you work with one of the big four, it is like a seal of approval. These firms are the object of much confidence; hence, larger companies typically choose to work with one of them.

Angela and Handoyo (2021) have indicated that these firms serve a role in ensuring that business environmental information is accurate, thus preserving the integrity and good name of businesses. The size of a board can be seen as a vital corporate governance mechanism one that may affect the amount and quality of the corporate voluntary disclosure of stakeholders, including environmental disclosure. This particular piece of legislation hangs palpably over boards of directors when one considers it from the agency theory perspective. More directors simply provide more oversight, more eyes watching over the company's dealings to make sure nothing too dubious goes on. A large board has more capability and, as a rule, more expertise in a larger variety of matters to make sure any decision made is a smart decision (Saputra et al., 2020; Sayumwe & Happi, 2021).

Business Ethics

Business ethics refers to the moral norms and guidelines that direct behavior in the corporate world and it covers a wide range of issues everything from corporate social responsibility to workplace equity, from environmental sustainability to the openness of company practices (Olubusola et al., 2024). Above all, ethical companies prioritize integrity, honesty, and respect for all their stakeholders employees, customers, investors, and the communities in which they operate. Every ethical professional is responsible for acting with integrity and honesty. Acting responsibly means making decisions that are not just good for the individual making the decision but also good for the larger community and society (Aderibigbe et al., 2024). As professionals, accountants are often put in positions where they need to make judgments that impact the lives of others, and those judgments ought to be directed by moral principles serving the greater good be the rule, and if anyone is not able to serve the greater good, they should recuse themselves from making the judgment in the first place (Etim et al., 2024). That is business ethics in a nutshell.

Professional Competence

Professional competence refers to the skill, education, and experience an auditor must have to do the job properly. For an individual to carry out the auditing function successfully, knowledge, training, and professional judgment" are absolute prerequisites (Apalowowa et al., 2023). The staffing of audit functions in public accounting with professional auditors, following the above auditee prerequisites, should permit a public accounting firm to issue an audit report with a reasonable assurance that the financial statements are free of material misstatement (Mamuda & Yusuf, 2020) To judge the professional competency of an individual, one must first establish a baseline of their necessary skills and talents. Lacking a dummy that can adequately demonstrate the skills necessary to perform the job, one must use as a performance measure either the human that does possess those skills or the one that fails to do so (Abdulkareem, 2019). As with the previous skill or talent gauges, and to which a person might apply special borderline conditions to pass would only be evidence of a poor human and/or dumb performance measure. If you can't pass a performance measure without applying dirty conditions, then you probably aren't a professional, and we should seek and find better measures. Paul et al. (2020)**,** professional competence means being proficient at carrying out responsibilities with accuracy and efficiency, not to mention an eyebrow-raising level of ethical consideration, if an employee can work well with different types of people, judgment must be sound, and communication skills must also be top-notch.

Olojede et al. (2020) postulate that the effective accomplishment of work in a specialized field requires not just hard skills but also a healthy dollop of soft skills. It is one thing to know how to do something and quite another to effectively do it within a context that requires critical thinking and judgment. The thinking part is what distinguishes the competent professional from those who merely get by using formulas and recipes. Who is a competent professional? A competent professional is a person who works in a powerful way using not just enumeration (that is, following a series of steps that have been predefined) but also in a way that's intelligent and capable of improvisation when necessary. That's what makes a person competent. And again, this is not as easy as it may seem (Denson, 2023).

Professional Integrity

Achieving a successful career is built on the foundations of honesty, accountability, and ethical conduct. To have integrity in the profession requires one to have the moral and professional standards that guide most of

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the business activities in day-to-day life, it means making decisions based on fairness, and respect for others, and not waffling when it comes to being transparent and open about actions and outcomes (Balagobei, 2020). Professional integrity denotes taking the Apalowowa et al. (2023), assert that professional integrity incorporates principles of trustworthiness, admiration, answerability, and ethical conduct in professional practice. It is essential for building trust, credibility, and reputation within professions and society, fostering ethical leadership, and ensuring legal and regulatory compliance (Sulaiman, 2021). Teru et al. (2021), Uphold that professional integrity contributes to personal fulfillment, stakeholder trust, and the long-term success of individuals and organizations. A commitment to honesty, justice, and accountability in dealings with clients, coworkers, and the public is a necessary component of professional integrity (Sunardi (2021). It calls on people to behave morally and in conformity with accepted norms of behaviour, despite obstacles or pressure to stray from these ideals.

THEORETICAL REVIEW

The following two theories were reviewed for this study, the moral hazard theory and the fraud triangle theory, therefore this study is hinged on the moral hazard theory as a result of its good assumptions.

The Moral Hazard Theory

Economist Kenneth Arrow (1963) first articulated the moral hazard theory. This theory holds that when people or organizations are shielded from the deleterious effects of their actions, they're prone to behave in risky and possibly unethical ways. We can apply this theory directly to the kind of corporate scandals we're examining here, where executives or employees knew they could get away with cooking the books because well because the way they were doing it (falsely, we now know) also made it appear that the company's stock was worth something to shareholders. Indeed, when Abbring et al. (2003) critiqued the theory, they did so because they felt it placed too much blame on corporate executives while letting regulators off the hook for not doing a better job of protecting the public.

Business owners (shareholders) wield the power to cut the safety net that prevents corporate executives from acting unethically and shifting the blame onto others. This, in turn, makes for a much more personal and palatable set of consequences for acting unethically in the first place. But do these theories of corporate governance assume too much? Do they paint not only a portrait of the bad apples who lead well-governed companies astray, but also a caricature of the systems and controls that, ideally, should hold those bad apples accountable? (Cohen & Siegelman, 2010)

Avortri and Agbanyo (2020), as cited by Sattar et al. (2020), the global financial crisis of 2007-2008 can serve as a model for understanding the moral hazard theory. The big banks, perceived to be too big to fail, caused a meltdown of the financial system when they collapsed in 2008. Their bailouts by the U.S. Treasury (Bank of America, $45 billion; Citigroup, $45 billion; Wells Fargo, $25 billion; etc.) and the Federal Reserve were necessary to calm the financial panic. But from a moral hazard perspective, these emergency measures communicated to bank managers and the public at large that risk-taking with depositors' money was now safe to do, and that rising through the ranks of a bank was now a ticket to a very comfortable life, a free-lunch insurance that by no means would be taken away if one was already in the club of the roughly $500 billion per year (2002-2012, inclusive) that big banks have accumulated in plaques, towers, and bonuses for their bankers.

The Fraud Triangle Theory

The fraud triangle theory describes three circumstances that exist when someone is being deceptive. They are as follows: a deceitful person, a situation that lets someone commit an undetected deceit, and a way for the deceitful person to rationalize the deceit as not being wrong. Cressey (1953) proposed that three components must converge for fraud to occur: perceived pressure (or a motivating factor), perceived opportunity (often the result of inadequate internal controls), and ability to rationalize (or a way to talk oneself into committing the act). Abdullahi and Mansor (2018) summarize the theory this way: For a person to commit fraud, he/she must have a reason to commit it, an opportunity to commit it, and a way to justify committing it. Avortri and Agbanyo (2020) offer a more comprehensive picture of fraud that supports the pressure element of the fraud triangle. Their work identifies several common financial stresses that lead individuals to commit fraudulent acts. They argue that such stresses, as well as the pressure to maintain a deceptive front, push individuals to commit acts they would never otherwise consider. They argue that many individuals don't consider themselves criminals when they commit fraudulent acts, and they reach such a state of mind through a process of rationalization (Mustafa et al., 2024). One might convince oneself that lying about the time spent on a task is harmless and even justifiable, and one might also convince oneself that doing so is not really dishonest because it's only slightly misleading. But fraud isn't just about lying or being slightly misleading; it's about doing those things to get something of value without paying for it. And that brings us right back to the fraud triangle.

Empirical Review

Atmadja et al. (2024) conducted a study with a clear aim: to investigate the causes of accounting fraud in the regional financial management of the Gianyar Regency a part of Indonesia that is home to approximately 450,000 people. The researchers gathered their data through a survey of employees within the regional work units and a convenient sampling method. The results show that three variables internal control system quality, regulatory compliance with human resource rules, and employee competencies narrow the path to accounting fraud. If any one of these three aspects is inadequate, the path to committing accounting fraud remains open for anyone who has the opportunity. In a study that utilized the F-Score Model, Mustafa et al. (2024) scrutinized the impacts of various factors on financial statement fraud in state-owned enterprises. They concentrated on four specific influences: monitoring (or the lack thereof), changes (or the need for changes) in auditors, changes in the board of directors, and the seeming obsession with having a frequency of portraits that catch the viewer's attention. Their concern was to see if these four factors had any role at all in impacting the state of financial statement fraud in a certain group of enterprises. Working with a purposive sample of 14 state-owned enterprises and analyzing panel data, the researchers found that none of the four factors (or the grouping of them) were statistically significant in affecting the commission of financial statement fraud.

The research conducted by Izevbekhai and Frederick (2024) focused on understanding what kinds of things lead a company to commit accounting fraud. To explore this, the authors used a set of data from eight different banks. They didn't just pick the first eight they liked but chose these banks for specific reasons such as that they were listed on the Nigerian stock exchange that made them relevant to the study. Once the data was in their hands, the authors ran it through a computer to see what it would tell them about why some companies might be more likely to commit fraud. The study found that if a bank is growing quickly and has a lot of debt relative to its size, it's pretty likely that that bank is cooking the books in some way. Ahinful et al. (2017) investigate why accounting ethics is relevant for professional accountants. They primarily gathered data from accountants and auditors in the eastern regions of Ghana. Their work identifies two appearances of accounting ethics for professional accountants. The first concerns the appearance of ethics within the accounting profession itself, both in terms of ethical conduct and in terms of accountants as role models for ethical behavior. The second appearance is concerned with the very real issue of accounting fraud. Ahinful et al. (2017) suspect that certain cultures are conducive to fraud. They found that some of the accountants they interviewed suggested that being grounded in legalism (having an attitude of strictly obeying laws and rules) was part of the culture that made for an atmosphere where fraud could occur.

Olubusola et al. (2024) delve into the ethical dimensions of accounting practices across the U.S. and several African countries, dissecting the murky waters of self-regulation that accounting firms wade through. In the U.S., the authors argue that this self-regulation results in a framework accounting professionals can bypass, leading to ethical shortcuts. They investigate several notorious instances in which accountants strayed from ethics under the stress of managing the appearance of truth in their financial statements and reports. This stress, the authors contend, and the institutional pressures leading to it are the root causes of the U.S. accounting profession's troubles. After shining a light on all that, the authors next turn their analytical lens onto Africa, where they find a wide array of ethical challenges facing both accountants and the institutions that employ them. Aderibigbe et al. (2024), exposes the ethical dilemmas faced by accountants in different African environments. It takes on issues like corruption, inadequate regulatory frameworks, and the subtle interplay of evolving economic conditions that influence financial reporting in Africa. Auditor independence is synonymous with good governance, much like the independence of the judiciary and the independence of the legislature. Achieving and preserving auditor independence requires much the same kind of external and

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internal safeguards that assure us that judges and legislators are not beholden to anyone or anything that might interfere with their doing what is right.

The quality of accounting services in Kosovo has a clear pathway to improvement, as Abdullahu and Vokshi (2022) discovered in their investigation. They showed that the accounting services provided by Kosovars can be strengthened if not enhanced by an accounting educational apparatus that features PAOs. By and large, the investigators revealed a clear linkage between Kosovars achieving the American Certified Public Accountant (CPA) designation and the heightening of accounting service quality throughout Kosovo. Abdullahu and Vokshi (2022) also experimentally established the clear yield accounting education has on the nation's economic development beyond the mere promise of service quality improvement. When looking at how globalisation and ICT affect accounting in Nigeria, Mamuda and Yusuf (2020) found that the accountants they interviewed had learned a lot about the skills needed to work with information and communication technology (ICT). They also had a good grasp of global financial practices. The bulk of the accountants in this study, though, worked for private audit firms. When the researchers looked at other public and private sector accountants, they found that many of these professional accountants lacked sufficient knowledge of ICT and global financial practices to do their jobs well. So, they recommended that the accountants with these knowledge gaps get better training. Hearing this, my mind naturally drifted to our own accounting profession.

Worldwide occurrences of organizational failure have focused attention on the need for accounting professionals, especially in the workplaces where these organizations failed, to adhere rigorously to professional conduct norms. Abdulkareem (2019) infers from this that any disregard for professional ethical norms in accounting has serious consequences, not just for the accounting profession but also for the businesses that employ accountants and for the overall economy. Abdulkareem cites a number of instances where, in the recent past, accounting firms and individual auditors have failed the profession and the businesses that depend on it by not acting with professional integrity. Abdulkareem emphasizes the importance of accounting professionals to uphold the simple notion that they must be honest and reliable and that they do not only serve the employer but also the public at large when they act as arbiters of what's right and wrong with financial reports.

METHODOLOGY

This study's design makes use of quantitative research techniques. Corporate scandal is the independent variable in this study measured by accounting fraud, and responsibility whereas the business code is a control variable measured by firm size and beyond compliance, ethics are the dependent variables measured by professional competencies and integrities. In this study, questionnaire methods were employed for data collection. The Likert scale research instruments were employed in the development of this study questionnaire. The study's population includes eight auditing and accounting firms in Ekiti State. Purposive sampling was used in the sampling procedure. The result of these findings proved thus:

Table 3.1 Summary of Populations of the Study

S/No	Auditing/Accounting Firms	ICAN		Auditing/Accounting Firms	ANNA	
		No. of Partners	No. of Staff		No. of Partners	No. of Staff
1	Femi Ogunrinde Co. (Chartered Accountants & Tax Practitioners)	4	6	Abiodun Onibile & Co. (Certified National Accountants)	5	8
2	Tunde Olatunji & Co. (Chartered Accountants)	3	8	Oyewole M. S & Associates (Certified National	4	6

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				Accountants)		
3	Osekita F. A. O & Co. (Chartered Accountants)	5	8	Femi Olatilu & Co. (Certified National Accountants)	3	7
4	Hammed Bakare & Co. (Chartered Accountants)	8	18			
5	Akinsete T. & Co. (Chartered Accountants)	4	8			
	Total	**24**	**48**		**12**	**21**

Source: Researchers' Compilation, (2024)

Model Specification

In investigating the nexus between corporate scandals, business codes, and ethics in this contemporary time models were built as follows:

CorpSca = α + β1 AccFr 1+ β2 FirSiz 2+ β3 ProIntgr 3+ β4 ProComp4 + ε ………………… (i)

Econometrically express thus:

CorpSca = ƒ(α + β1 AccFr 1+ β2 FirSiz 2+ β3 ProIntgr 3+ β4 ProComp 4+ ε) ..……………….(ii)

Where:

CorpSca= Corporate Scandal

AccFr= Accounting Fraud

FirSiz= Firm Size

ProIntgr = Professional Integrity

ProComp= Professional Competence

β0 = constant

ε = error term.

The Apriori expectation is that corporate scandals have a positive significant influence on business codes and ethics. Thus this is econometrically stated as follows: $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$, $\beta_4 > 0$.

RESULTS

The results from a Type III ANOVA analysis are shown in the table. This analysis looks at multiple factors and their effects on a dependent variable. Our initial model tests the null hypotheses of the main effects and interactions between the independent variables. These independent variables include three factors that we believe could influence the outcome variable (i.e., professional competency, accounting fraud, and professional integrity) and one interaction between two of these independent variables. The constant term (or intercept) is where the model starts. Its effect on the dependent variable is significant (F = 44.864, P-value = .000). This means there is a statistically significant effect on the dependent variable even before the findings get to the independent variables. The study tested three hypotheses for the main effect of corporate scandal fraud on the dependent variable, the found no significant result. This means that accounting fraud, in and of itself, does not exert any significant influence on the outcomes the study measures. Likewise, in the analyses of professional integrity, the study found that it does not, in isolation, significantly influence the dependent variables. However, when the study looked at the interaction of accounting fraud and professional integrity in other words, at the combined effect of those two factors on our outcomes the study found that they do significantly influence our dependent variable when together.

This significant interaction indicates the potential presence of an omitted variable and so justifies further investigation into the nature and direction of this relationship. The relationship between these two specific variables is not only probabilistically significant but is also substantively important given that professional integrity, as an individual construct, has been deemed meaningful by many. This interaction represents much more than just an interaction between insignificant main effects; it harkens back to concerns raised in the introduction about the collective impact of low accounting standards and high moral hazard on the quantity and quality of social welfare for which we can expect econometricians to be accountable. In any case, the study is chalking this up not to coincidence but to something that is staistically significant (p. ≤ .05) and thus worth our time to look into further.

Table 4.1: General Linear model (Univarite)Tests of Corporate Scandal Code and Ethics

Effects[a]						
Source		Type III Sum of Squares	Df	Mean Square	F	Hypothesis
Intercept	Hypothesis	3.037	1	3.037	44.864	.000
	Error	3.381	49.953	.068[b]		
Prof_Competency	Hypothesis	.068	1	.068	1.007	.321
	Error	3.305	49	.067[c]		
Acc_Fraud	Hypothesis	1.805	11	.164	.872	.576
	Error	4.947	26.300	.188[d]		
Prof_integrity	Hypothesis	.885	11	.080	.482	.900
	Error	5.051	30.250	.167[e]		
Acc_Fraud * Profe_integrity	Hypothesis	4.932	24	.206	3.047	.000
	Error	3.305	49	.067[c]		
a. Weighted Least Squares Regression - Weighted by Gender						
b. .005 MS(Profe_integrity) + .001 MS(Acc_Fraud * Profe_integrity) + .994 MS(Error)						
c. MS(Error)						
d. .874 MS(Acc_Fraud * Profe_integrity) + .126 MS(Error)						
e. .721 MS(Acc_Fraud * Profe_integrity) + .279 MS(Error)						

Dependent Variable: Firms_Size

Source: Researcher's Computation, (2024)

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Correlations

The correlations and significances of control variables with accounting fraud for Models 1 through 4 are shown in the table. The control variables assessed are professional integrity, professional competency, and firm size. We are also looking at the correlations among these various controls themselves. Model 1 has a moderate correlation between accounting fraud and firm size of 0.381. It has a significance level of 0.002, which means that it is a statistically significant correlation at the 0.05 level. A moderate positive correlation indicates that as firms get larger (in size), they also become more likely to commit fraud (in accounting). As mentioned earlier, this could be because large firms have activities that are less likely to be overseen. After all, those activities are themselves more complex.

In Model 2, we see a strong and significant relationship between accounting fraud and professional integrity, with a correlation of 0.457 and a p-value of 0.000. This relationship suggests that these two concepts interact in such a way that when one is present, the other has a significantly decreased chance of occurring. On the surface, it seems that accounting competently and with integrity significantly cuts down the chances that one's work will become fodder for a fraudulent scheme. Either someone lacking in professional integrity is going to commit an act of fraud, or someone's work is going to be used in such a way that it enables others to commit fraud all while achieving the appearance of something done above board.

Model 3 has a similar relationship between accounting fraud and professional competency. To read the accounting fraud professional integrity professional competency study models is to read the story of who is less likely to commit the act of accounting fraud, and the people described in these models are those who are virtuous, competent, and secure. Once more, professional integrity takes on a beneficial aspect, showing an expected positive association. Professional integrity correlates well with professional competency. This relationship is statistically significant, and the correlation itself gives us a look at the sorts of individuals who are high on both of these variables. Professional integrity is a good trait to have, and professional competency might in some way just as well be someone's demeanor (to function well in a profession). So, we could leave it at that. Still, there's a significant relationship between the two, they positively correlate. But now let's talk about what this might mean.

Model 4 showcases a high correlation between firm size and professional competency, at 0.382 with a significance of 0.000. More competent professionals were likely employed by larger organizations, which may be due to these types of associations having the capacity to attract and maintain more skilled employees. If these employees are indeed more skilled and better informed, it stands to reason that they are less likely to be involved in fraudulent activities. Professional integrity is also very significantly correlated with firm size in Model 4. At 0.384, this regression coefficient suggests that larger organizations may also have something akin to a more organized, and strong, structure of integrity. These two correlated associations suggest that there are, in fact, a constellation of conditions that may allow size to serve as a partial organizational shield against fraud.

The study shows that the size of the firm, its professional integrity, and the competency of its professionals are all significantly related to accounting fraud, with a medium effect size for each. And it’s not just between those three variables; the relations among the control variables are also important because they show how different organizational characteristics interact with fraud risk. For instance, we find that larger organizations are actually more competent and more ethical (whatever that means today) than smaller organizations. Yet, when we aggregate all the fraud cases together, larger organizations have a higher total number of fraud cases, probably because of the sheer size and complexity of the operation. Still, the really interesting part of this analysis is that it starts to give us some clues as to what might be driving these correlations.

Table 2: Correlations Modeling

Control Variables			Model 1	Model 2	Model 3	Model 4
-none-[a]	Acc_Fraud	Correlation	1.000	.457	.460	.381

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		Significance (2-tailed)	.	.000	.000	.000*
		Df		95	95	95
	Profe_Integrity	Correlation			.635	.312
		Significance (2-tailed)		.		.000
		Df				95
	Profe_Competency	Correlation	.460	.635		
		Significance (2-tailed)	.000	.000**		
		Df	95	95		
	Firms_Size	Correlation	.381	.312	.333	
		Significance (2-tailed)		.002	.001	
Firms_Size	Acc_Fraud	Correlation			.382	
		Significance (2-tailed)	.		.000	
	Profe_Integrity	Correlation	.384			
		Significance (2-tailed)	.000			
	Profe_Competency	Correlation	.382	.593		
		Significance (2-tailed)	.000**	.000		
		Df	94	94		
a. Cells contain zero-order (Pearson) correlations.						

Source: Researcher’s Computation, (2024)

DISCUSSION OF FINDINGS

The findings of this study revealed that it is necessary to demonstrate that the barrage of corporate scandals has become a pervasive issue that bothers investors, creditors, and the general public because of the huge impact on all of them. Accounting fraud is the major method of deception and usually is considered as fraud, which comes in all forms and sizes when it appears, accounting fraud has a meaning that is positive at the level showing that fraud has resulted in losses and has brought down large companies worldwide. Considering professional competency as one of the unique recognitions in the ethical code of professional conduct has proved to be correlated at a significant level of significance. The corporate scandal code is described as a fraud perpetrated by executives on behalf of business owners, stereotypically to inflate financial statements. Business code reveals the principles and values leading organizational behavior and decision-making; business code encourages innovation and learning to adapt to developing industry trends and challenges. Finally, employees are to comport themselves with professionalism, and responsible practice, and ultimately assume ownership of their practices within the organization. The fact that such scandal codes affect reputation, legal compliances, financial stability, employee wellbeing, investor confidence, business sustainability, and general endurance depicts how holistic these codes have been in corporate affairs. In sum, an effective scandal code has to be in place and adhered to mitigate risks, as well as protect the interest of all parties concerned and prevent disruption in business activities while the firm navigates through adverse court litigations and battles over financial and reputation crises. However, the finding of this study aligned with the findings in the study of Abdullahu and Vokshi (2022) discovered in their investigation, they found that the accounting services provided by Kosovars can be strengthened if not enhanced by an accounting educational apparatus. This study negates the findings of Mustafa et al. (2024) and Agbata et al. (2023) scrutinized the impacts of various factors on financial statement fraud in state-owned enterprises. Their study concentrated on four specific influences: monitoring (or the lack thereof changes the need for changes in auditors, changes in the board of directors, and the seeming obsession with having a frequency of portraits that catch the viewer's attention.

CONCLUSION AND RECOMMENDATIONS

The study indicates that when businesses find themselves in a corporate crisis, the need for a code of ideal conduct becomes amplified and evident. This study recommends not only the presence of such a code but also the robust implementation of it as a necessary defense against scandal and the erosion of trust that too often afflicts corporations. For businesses today, with an increasingly complex operating environment, the trustworthy reputation necessary for long-term success requires a culture of integrity and responsibility. The research work strongly recommended that companies should establish strong business codes that value ethical conduct and integrity and should develop, implement, and reinforce these codes with mechanisms of regular training, communication, and oversight, so that business employees at all levels understand, embrace, and uphold the values spelled out in the business code. Both business and professional ethics should be the foundation of the organizational culture, providing a coherent set of principles that enable employees and other organizational stakeholders to navigate daily challenges with a resilient, long-term ethical perspective that is increasingly the basis for stakeholder confidence in the global marketplace.

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