

**ECONOMIC RECESSION IN NIGERIA: THE PLACE OF ACCOUNTANTS**

**NKWAGU Louis Chinedu<sup>1</sup>, OBASI Ama Ibiam<sup>2</sup> and ELOM Joseph Ogwo<sup>3</sup>**

<sup>1</sup>Department of Accountancy/Banking and Finance, Ebonyi State University, Abakaliki

<sup>2</sup>Department of Accountancy AkanuIbiam Federal Polytechnic, Unwana, Nigeria

<sup>3</sup>Department of Accountancy/Banking and finance, Ebonyi State University, Abakaliki, Nigeria)

**ABSTRACT**

The plunging of Nigeria economy into recession has continued to generate a lot of concerns from both Nigerian government and other stakeholders as it had adversely affected every sectors in the country. This paper in its overall attempts to assess the economic recession in the country, seeks to evaluate the place of accountants in getting Nigeria out of the recession. The study which is a theoretical paper employed content review of relevant literature in addition to anchoring it on commander theory and stewardship theory. From the available literature, the paper observes that the influence of Accountants has a lot to do towards stirring the Nigeria economy out of recession. This study specially unveils that accountants have strategic roles and influence on fishing out financial corrupt practices that contributed to economic recession in Nigeria. The study recommends among other things that Nigeria economic operators, both private and public entities should as a matter of necessity involve Accountants in every stage of economic decision making. This implies that high quality financial statements would improve Nigeria economic growth.

**Keywords:** Economic Recession, Accountants, GDP, Corruption

**INTRODUCTION**

The economy of any nation is expected by the government and the citizenry to be healthy enough such that it would continue growing the operational activities of the country. When the reverse is the case, however, there are always concerns on how best to put the economy on the right footing. In this context, a healthy (buoyant) economy is that which grows all inclusive economic indices towards enhancing the standards of living of people in the country. For instance, a healthy economy is that which is capable of maintaining unprecedented economic growth; growing employment indices, and maintaining relative stability of prices of goods and services in the country.

Nigeria is perceived middle income country with mixed economic system that is quite promising and fertile for any form of business or investment. Prior to 2015, however, the Nigerian economy has been growing at an average rate of 7.9 percent since 1999 of unbroken democratic rule in the

country (National Bureau of Statistics, 2014). In fact, arising from the 2014 rebasing of GDP, the Nigerian economy is rated 1st in Africa and 26<sup>th</sup> position in the world with the total nominal GDP increase to 89.22% from 59.5% in the past 24 years. This implies that Nigeria as at 2014 worth N80.2 trillion (\$509.9 billion) as against N42.4 trillion (\$269.5 billion) prior to 24 years ago. This translates to favourable increase to 121<sup>st</sup> from 135<sup>th</sup> position in the past 24 years - \$2,688 from \$1,555 (National Bureau of Statistics, 2014). Looking at the above period, no doubt that Nigeria economy is quite fertile and promising for business activities and investment for both the existing investors and prospective investors.

Not long away from 2014 rebasing celebration, the Nigerian economy started witnessing adverse effect of business cycle. This adverse business cycle pushed the country's economy into stages of stagnation and subsequently into contraction, aptly known as recession. Recession, meanwhile, is a form of business cycle in which economic activities suffer downward trend for more than one or up to two consecutive quarters. The term recession indicates itself when there is negative GDP growth amplified by downward performance of macroeconomic indicators such as reduction on employment, increases in the rate of unemployment, reduction of capacity utilization etc for two consecutive fiscal quarters. Signal of this unfavourable business cycle was no doubt noticed at the second quarter of 2015 in Nigeria. It was on this indication that the minister for finance, Kemi Oduosun in 2015 stated that Nigerian economy was technically in recession.

Considering the harmful effects of the unfavourable business cycle to all the beneficiaries of the economy, operators of the economy need to come up with feasible measures that could stir the country out of the recession. Arising from the fact that there are number of issues and measures to be put in place so as to come out of the recession, who and who to do what remain one of the crucial factors. The operators include; the government officers, government authorities, government institutions, economists, Accountants, lawyers, private investors, and even the media and journalists. Among all these, Accountants occupy the strategic and adversary position which if well exploited might make a huge impact in the system.

Kapitsinis (2011) contends that over dependence level of development and applied politics are the cardinal prime precipitators of economic recession. Digging deep into the applied policies, it is no longer debatable that there is a strong relationship between accounting practices and financial crisis in most world economies. Valid arguments have it that there is evidence of relationship between financial reporting/analysis and economic instability (Boubakri, Guedhami, and Mishra, 2010 and Dimitras, 2013). Nigerian government at that period was quite optimistic that the worsened economy (economic recession) in Nigeria however, world bounced back within a record time. The optimism was adduced on the ground that the recession was as a result

of global decline in the crude oil prices, reduction on the volume of crude oil production corrupt practices among politicians and accounting officers; and the general decline on the economic activities occasioned by the depreciation of naira to dollar. Though, depreciation has adverse effect on raw materials and input importation in the country, corruption had almost drained and diverted financial resources from public treasury to private selfish purses. A positive intervention is required at every stage and from relevant stakeholders. The accountants who see to the financial report occupy a critical position towards resolving the crisis and their contributions are the major concern of this paper.

Nigeria economy however, has continued to witness significant decline since 2015 as evidenced by the releases of National bureau of statistics, 2016 and even with the 2017 second quarter release of the agency. The fact that the trend is yet to have a remarkable change notwithstanding the National Bureau of Statistics second quarter, 2017 release (which had it that Nigeria has come out of recession) has continued to be a serious concern to Nigerians and Nigeria government. The Nigeria GDP as at January 2017 stood at -1.3 growth rate with inflation rate of 17.78% (NBS, February, 2017).

Experts ranging from economist, financial analyst (Accountants inclusive) political analysts and academic have been blaming the unfortunate situation in the country on poor performance of some economic variable and sharp practices of public officers. The decline on the price of crude oil has been linked to poor performance of economic sector and in turn has had a multiplier effect on the Nigeria economy. For instance, the manufacturing, construction, services, social, and tourism industries have shared from the effect of the decline (NBS, 2017).

The effect of these has traversed different sectors and areas in Nigeria. For instance, many Nigerians and non-Nigerians have lost their jobs in the country between October 2015 and December 2016 in addition to the fact that the economy is no longer creating significant employment. As at the end of fourth quarter of 2016, to be precise, about 3.67 million Nigerians had lost their jobs in the formal sector (NBS, 2017). Despite, the official (National Bureau of Statistics) release of second quarter, 2017 that Nigeria has come out of recession with the GDP growth of 0.55%, it was yet to reflect on the standard of living of average Nigerians.

Coming to think of it, the accounting officers (Accountants and Auditors) who are in charge of receipt, disbursement, preparation and presentation of account and auditing of account statements are appeared not always significantly involved in decision making appeared on how to come out of the economic crisis. Given that their activities as mentioned above are quite strategic, advisory and capable of stimulating the economy, what the accountants do, how they do it, and when it was done would have effect on the economy.

Considering the Nigeria government position and the assumed sincerity of purpose as evidenced in the set up of “Nigerian economic recovery and growth plan” launched by the Nigerian President on 5<sup>th</sup> April, 2017, this paper becomes very timely and relevant. Of course, no literature to the best knowledge of the author had looked at the specific direction of this paper. Thus, this study adds to the literature in this area of study. Against the above background therefore, this paper aims at assessing the place of accountants in reversing the economic crisis in Nigeria in view of its strategic and advisory role positions in the economy.

## **2.0 Literature Review**

### **2.1 conceptual Review**

#### **2.1.1 Concept of Economic Recession and the Nigeria Economy**

The word economic recession cannot be alienated from the interplay of man and the environment. No doubt that it dates back to as far as pre-4<sup>th</sup> century, the bad economic cycle has continued to play out even in the developed economies. For instance, the 14<sup>th</sup> century economic crisis, 17<sup>th</sup> century economic crisis, 18<sup>th</sup> century economic recession, 19<sup>th</sup> century economic depression, 20<sup>th</sup> century economic recession and the 21<sup>st</sup> century financial crisis had various adverse impacts on the macroeconomic variables.

Some of all these economic recessions either in a particular country or the world had always been precipitated by the sharp or ill-handing of either private or public sector operational activities by the operators. For instance, the 15<sup>th</sup> century economic depression that occurred mostly in European countries was occasioned by the activities of Bardi family who continued to finance early voyages of discoveries to America (Guidi-Bruscoli, 2012). There were no commensurate collateral from the debtors and when they failed to redeem the debt, it hits back on the economy. Again, the 21<sup>st</sup> century economic crisis which led to global economic meltdown can be attributed to housing bubble in the United States of America in 2006. Evidence has it that the encouragement received by the prospective house owners from the government policies to erect buildings, gave room for making money available to interested builders (Duarte, 2013). Unfortunately, the loans were not repaid as expected thereby posing problems to the economy.

Coming to Nigeria, corruption accounted about 90% cause of economic recession in Nigeria (Magu, 2017). The most worrying case is that the financial corruption however, cannot be perfected in the system without the consent of Accountant(s) (Rasha and Andrew, 2016). One of the accountancy ethics of confidentiality are sometimes misconstrued, to the extent of overlooking stocky looting of public funds by the chief executives and heads of agencies and parastatals of government (Nwagboso, 2012). This is evidenced in the Accountants and its

accounting practices of cost reduction, profit maximization and enhancing the welfare of its clients that in some cases lead to tax avoidance and reduction of taxes payable to government (Sikka, 2013). More also, the practice of inflation accounting with undue reconciliation with historical accounting convention/concept had left so much undesired in the minds of Nigerian public.

Some of the high profile cases as published by the EFCC between 2015 to second quarter of 2017 unveil that above one trillion naira were fraudulently diverted from the public treasury, yet, under the watch of government accountants who sworn to an Oath of exhibiting due diligence, due care, and competence in discharging responsibilities which include among other things seeing through custodian and accounting of public financial resources (Olukowade and Ogodor, 2015). No doubt that such diversion to an extent had drain public treasury and consequently thrown the economy into recession (Ogundiya, 2009).

### **2.1.2 Influence of Accountants in Economic Operation.**

Accountants in their roles and responsibilities are central not only for prudent management of financial resources in a system but also for general financial advisory services. Over the years in Nigeria, cases of financial improprieties have been alleged in almost all sectors of the economy which are incidentally at the full watch of the accountants. The recession which had been blamed on corruption, financial recklessness, and decline on oil price among others, rooted from the fact that accountants who are saddled with the duty of preparing and presenting financial information to the relevant stakeholders have failed to keep to the expectations of interested parties (Ogwola and Salifu, 2016).

Ideally, prospective investors, corporate bodies, individual, groups, and public entities rely on the financial statements published by both private and public entities to make rational investment. Volume of the investments are the function of clean bill of health or otherwise of the financial statement as expressed by the independent auditor(s) (Sikka, 2009). Where the said auditor(s) indulge in sharp practices, the investors would suffer the possible losses that would in turn have far negative effect on the economy. For instance, the Nigeria National petroleum corporation (NNPC) 2013 financial statements were subjected to routine audit and then subsequently issued unqualified audit report in 2014. Following public reactions and concerns, another independent audit firm (forensic audit firm) was commissioned to carry out post routine audit. The opinion of the later was at variance with the former. The question begging for response was why the disparity of opinion by the two independent audit; what happens to the audit procedures and guidelines? Notwithstanding the two audit opinions, the Nigerian House of Representative had also initiated and instituted probe in the institution (NNPC) in view of the

unsatisfactory reports and the follow up claim that it was part of what that plunged Nigerian economy into recession (Sun Newspaper 22 Feb, 2017).

Some empirical studies have observed that poor quality of financial reporting by institutions could have negative effects on the economic system and investors confidence level (Zhiwei, Yihong, Qingliang and Xiangjian (2014). These imply that higher quality of financial reporting is capable of increasing firms' liquidity and possible profitability thereby averting economic recession. The accountants and auditors practices (earning management inclusive) could adversely affect economy of a country at any period of economic cycle. For instance, there are strong evidence that the practices of transparency, accountability, and the general high quality financial reporting by accountants and auditors reduce possible cases of liquidity challenges and financial crisis in an economy (Lang and Maffett, 2011).

It is also a fact that the reporting of gain and/ or losses by firms are done at the discretion of firms' management. Due to the fact that investors have no insider knowledge of the operations of the organization and at the same time interested in investing, accountants through managements' directives exploit the subjective underlying accounting conventions and standards to entice the prospective investors (Chen et al, 2010, Aboody et al, 2004, and Dechow et al, 2010). Arising from the fact that investors have no good knowledge or information on the subjective assumptions applied by the accountants in arriving at the profit or loss, they suffer avoidable risks which in turn may adversely affect the entire economic system of the country. From the contract and signalling theory, Spence (2002) point of view, where the accountants report true profit or entire performance of an organization, it would pave way for investors to make right choice of investments. Likewise, formulation of policies and programmes of public interest is capable of stimulating economy and eliminating economic recession (kayode, 2014). Realizing these effects of stimulating economy are possible with higher quality financial reporting financial model and standards.

Professional accountants are required to observe professional codes of ethics in discharge of its responsibilities and duties. Most of these ethics include: the principle of integrity, objectivity, professional competence and due care; confidentiality, and professional behaviour; they must be targeting public interest and international best practices (Nwagboso, 2008). Notwithstanding the position of laws and regulations in addition to the principles, some professional accountants put aside these principles (Kayode, 2014). One of the unethical issues that are still prevailing even at the full watch of professional accountants in Nigeria include ill-practices of bribery and corruption and the ethical menace of withholding useful information against public interest (Tony and Yang, 2005). In Nigeria for instance, a good number of corporate businesses has

failed to deliver on their mandate due to mismanagement and corrupt practices of some directors, managers, and other public officers (accountants inclusive) (Dada, 2014).

The corrupt practices have resulted into scams such as pension, salaries and wages scams (Dada, 2014). It was against this view that Mukoro, Faboyede, and Yamusa (2013) assert that the practice of accounting and financial recording techniques are the most dangerous means of perpetuating fraudulent and corrupt activities in both private and public institutions. Just as it is the most sophisticated means of perpetuating financial crimes, accounting (especially, forensic accounting) is also the most reliable means of uncovering financial misappropriation, manipulation, teaming and lading, and all other forms of financial crimes (Chariri, (2009). In the recent past, what would not easily elude the minds and literature is the scam of Enron Company. Evidence has shown that it took the application of forensic accounting by accountants to unravel the misdeed mated on the operations of Enron financial statements that portrayed the account in disguised light (Folger, 2011).

Subsequently, accounting practices unfolded the true position of affairs of the organization. It was in this regards that Chariri (2009) described professional forensic accountant as an investigator, who is a specialist in fraud detection, especially in documentary form that could provide reliable evidence necessary to successfully criminalize or prosecute the perpetrator. For instance, the failure of corporate entities in Nigeria such as Cadbury, NAMPAK, Afri bank etc were attributed to the sharp practices and unethical issues of the audit firm that audited those organizations which issued opinions contrary to the true position of affairs of the affected companies (Adeyemi and Fagbemi, 2011). Arising from the above scenario, the ethical issues exhibited by accountants and auditors have not only adversely affected the concerned organizations but also the Nigerian economy which is difficult to be disassociated with the cause of Nigeria's economic recession.

### **2.1.3 Place of Accountants in Navigating Out of Recession in Nigeria.**

Going by their statutory and expected roles, accountants and auditors in Nigeria have reasonable inputs to make toward stirring Nigeria out of recession. The accountants and auditors need to exploit the Federal Government of Nigeria whistle blowing policy by domesticating and applying the policy in course of account preparation and presentation in both private and public organizations. The accounting officers (accountants and auditors) are duty bound and empowered by the professional codes of conduct to report or disclose any unusual or sharp practices within or outside the operational activities of the employer or client to the relevant authority to the extent that the issue is of public interest notwithstanding, the code of confidentiality (Salaudeen, Ibikunle, and Chima, 2015 and Otusanya and Lauwo, 2010).

New methods of reporting and application of relevant accounting models (fair presentation and full disclosure model; legal compliance model, and inflation - adjusted model) would enhance transparency, accountability, operational efficiency and general economic growth in a country (Kumar, 2016). In view of their strategic and adversary position, accountants for instance, audit and certify that entities (corporate inclusive) in addition to paying taxes comply with the relevant tax laws, policies, and regulations. By so doing, such reports are made to the government which in turn aids the government on how best to block the loopholes and beef-up the revenues accrue to government. Where these are religiously done, it would enrich the economy of Nigeria, contribute to GDP and enhance the standard of living of people in the country (Mu'azu, 2012). Prospecting investors, corporate bodies, individuals, groups, and governments may be interested in investing in a particular organization but, investor(s) would want performing and sustaining entities that are capable of yielding returns on investment (Mohammad and Robert, 2002). Such information on performance contains in the financial statements which must be certified by qualified professional(s) and that is professional accountants.

The accountants in certification of clean bill of health or otherwise of the organization, ideally, follow and adhere to the accounting lay down rules, regulations, standard and ethics of the profession in arriving at the opinion. If the accountants (auditors) mislead the prospective investors in their choice of investment, they would suffer losses which undoubtedly will adversely affect the economy. The auditors in carrying out their responsibilities should be aware that financial statements manipulation is always prevalent during economic recession (Cristi and Troy, 2012). It then beholds on the accountant(s) (auditors) to use every lawful available techniques (including Benford's law) to fish out the elements of financial manipulation in the financial statements presented by the clients. By this enquiry mind of possible cases of fraud and manipulation, accountants could discover fraud related cases thus, the economy of the country would be stronger in growing inclusive economic activities (indices). Building on the capacity and integrity of accountants is a necessity for economic development in the country (Kumar, 2016). To this end, accountants are seen with prestige by members of the public; maintaining and exhibiting high level of integrity and professionalism would enhance the confidence bestowed by the members of the public which would in turn grow the economy of the country. For instance, prospective foreign investors, no doubt would not want to invest in a country where no confidence is laid on the financial statements or information presented by the accountants (Salaudeen, Ibikunle, and Chima, 2015). The investors look at the integrity and capacity of the preparers and presenters of the financial statements in addition to the quality and level of disclosure in the financial information.

## **2.2 Empirical issues**



A number of empirical evidence has shown that accounting practices by accounting firms, Accountants and accounting practitioners have wide implications on the economic crisis of a country. Bagley, Dorminey, Mcswain, and Reed (2015) in a study, “management risk in a poor economy: The association between economic activity and auditors’ response to risk seek to ascertain whether economic crisis varies auditor risk management policies with respect to its readiness or otherwise in accepting offers from risky clients. It stresses the effect of auditor’s resignation and expression of adverse auditors’ opinion on the economic activities at the period of economic recession. The study generated data from secondary sources which centered on the records of auditors resignation within one calendar year of expression of adverse opinion on the financial statements and the charge of risk premium. The data was further tested using logistic regression model which indicates that auditors will be more willing to remain with risky client at the period of economic crisis than when the economy is buoyant. Since the economic factors do not affect auditor’s liability and expression of opinion, it is advisable and recommendable to consider the economic factors in fixing the auditors’ fees so as to remain engaged by the client and in turn stimulate economic activities.

In the same vein, Paratos and Kostakis (2015) had a study on management accounting practices before and during economic crisis: evidence from Greece. The study strives to assess the level of practices of management accounting techniques during economic crisis in Greece. Adopting structured questionnaire in addition to interview, the study unveils that more of the modern management accounting techniques were of more importance than the traditional techniques during the economic crisis. It further shows that the importance of contemporary management accounting techniques was made more pronounced during and after the Greece economic crisis.

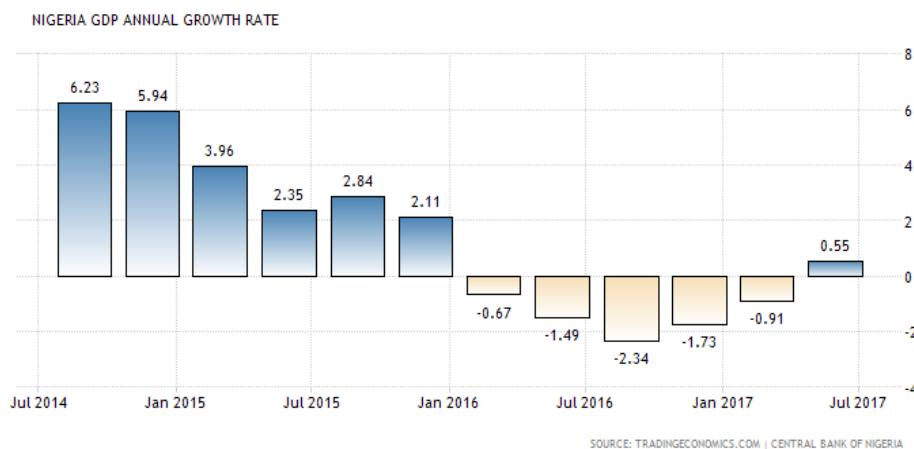
Likewise, Odia and ogiedu (2013) carry out a study on corporate governance, regulatory agency and creative accounting practices in Nigeria with the aim of ascertaining whether corporate governance structure affects creative accounting practices. Again, the study seeks to ascertain the roles of accounting regulatory agencies in creative accounting practices In Nigeria. The study applied survey design using primary data which were analyzed using descriptive statistics while, hypothesis of the study is tested using regression analysis. Findings of the study have it that corporate governance and regulatory agencies have roles and impacts on the practices of creative accounting in Nigeria which invariably affects Nigeria economy. The study then recommends that accounting practices and the regulatory agencies should be strengthened if Nigeria government is really serious on stamping out corruption. At this point, it must be noted that corruption has been adduced as one of the major causes of economic recession in Nigeria.

In the same move, Oyewo (2013) considers strategic cost management as a recession survival tool in the Nigerian manufacturing and financial service industries. The study aims at

ascertaining whether strategic cost management mechanisms are actually utilized by the manufacturing and financial service companies in Nigeria. In a bid to achieving the stated objectives, the study used primary data extracted from quoted Nigerian companies. The data collected were analyzed using descriptive statistics while; hypothesis was tested using Mann-Whitney test. From the findings, the study observes that application of strategic cost management techniques has a significant relationship with the performance of companies especially, at the period of economic recession. On that basis, the study recommends that Nigerian companies especially at the period of economic crisis should adopt strategic cost management techniques in accounting of its transactions. Again, it added that accounting regulatory agency should come up with practicable accounting policies that factor economic environment and cycles.

From the above empirical, it is evidenced that accounting and accountants practices have influence on the recovery and survival of economy of a country. Thus, it can be adduced that Nigerian economy which is recovering from economic recession needs inputs from accounting practices in Nigeria. Although, from the figure below, there is an obvious sign that Nigeria economy is recovering from the economic recession by 0.55% yet, there is no clear tying of any contribution to accounting practices. However, in-depth analysis of the sartorial contributions would have shown that almost all the formal entities in the sectors determined their profits or otherwise by the accountants. Thus, where the accountants indulge in negative or positive creative accounting (earnings management), the sartorial contributions to GDP would be affected either negatively or positively.

Figure1: Nigeria GDP rates



### **2.3 Theoretical Framework**

This study is anchored on the commander theory as propounded in 1965 by Louis (Lou) Goldberg in course of his work titled “Inquiry into the Nature of Accounting” at Australia. It is one of the accounting theories that provides a strategic platform through which financial report disclosure activities is recognized. Thus, management owes it as a duty to prepare, disclose, and present before the stakeholders all transactions carried out in a given entity within a given period. The above mentioned responsibilities are done by the accountants with due dexterity in line with the dictates of accounting principles and standards in total adherence to the general institutional policies (Anyigbo, 2000). Commander theory constitutes a theoretical foundation and basis upon which the analysis of the impact of a cross-sector transfer of accounting principles and rules to the public sector is based (Wise, 2010).

The assumption of the theory has it that owner(s) of resources may also be the controller/director of the resources, but in some cases, separation between the control and ownership prevails. Where separation exists between the ownership and control of the resources, command is bestowed on the controller who has power and authority to direct the affairs of the institution while the owner(s) in turn, demands reports and accountability from the controller. The theory in respect to government sees top public office holders- such as ministers, special advisers, permanent secretaries, etc. as commanders at the top level hierarchy of command who are expected to be accountable to the state for the resources entrusted in their control through annual financial statement (Nkwagu, Okoye, and Nkwagu, 2016). Head of departments and directors who carry out the directives of ministers in their respective departments should also be accountable of the resources at their disposal to the relevant authorities which at the end of the period will be aggregated to form consolidated financial statements comprehensive enough to permit informed judgment by the financial information users. This entails that if the accountants prepare good financial statements devoid of manipulation, investors who relied on it and make investment would suffer no loss.

The theory further assumes that if resources of the state are allocated to specific government organizations or for certain activities and functions, they are invariably controlled by an individual commander who is a minister and who is also responsible and accountable for those resources by way of full disclosure requirements as stipulated by the law. The theory also assumes that there is a hierarchical power structure and the element of control that provide the ideal conditions for ministers through the ultimate heads of government departments, agencies and statutory authorities to cause the preparation of required information (Wise, 2010). The belief of this theory therefore, is that there are certain economic truth and statistical truthfulness which go together to the extent that anyone who relies on it would make informed judgment.

It then holds that balance sheet is a statement of accountability by the relevant authorities. It also assumes that profit and loss (statements of comprehensive income) statement expresses from the commander point of view the types of expenditure that he or she, as manager, chief executive or custodian of public resources has incurred and with what result. The commander theory does not destroy the proprietary theory and the legitimacy theory rather, it fills the gap left by those theories which their primary concerns were the shareholders' fund and dividends.

If full disclosure of public sector financial transactions is made, it would pave way for transparency, credibility, and above all lead to accountability of government financial and non-financial resources (Nkwagu et al, 2016).

Relatively, stewardship theory is also used as the theoretical background of this study. The theory is an economic theory which emphasizes that there is an inter-play between the managers of resources and other stakeholders (all parties that have interest(s)) of the resources in which the former has the obligation and responsibility to render account of stewardship to the later. The theory as coined by Donaldson in 1990 was seen practicable in Chinese context where the Chinese managers are usually appointed by the state to cement close political relationship with the government.

Stewardship theory presents a common acceptable background of this study due to the fact that financial information disclosures are necessitated by separation between the company management and the owners of the company. Thus, people (management) who are charged with the duties and management of the company on behalf of the owners are expected to render stewardship of their responsibilities (Salaudeen et al, 2015). Undoubtedly, evidence has shown that financial statements are not valuable unless they are validated by independent recognized professional(s) (external Auditor(s)). Any interested financial information user who wants to evaluate the stewardship of management could be for economic decision making. For instance, stakeholders such as government and investors may desire to ascertain the status of taxes and dividends, respectively.

The stewardship theory unlike the agency theory that ties managerial pay to performance which may maximize value of shareholders interest is motivated by political objectives that lead to political promotion and prestige instead of reward through performance. One of the major assumptions of stewardship theory is that the stand of the stewards is aligned with the interest of the owners which is achieved through objective and effective reporting, otherwise known as stewardship.

However, this theory is criticized on the claim that it is motivated by intrinsic rewards, such as reciprocity and alignment, rather than solely extrinsic rewards. The theory, unlike agent theory

places greater value on collective rather than individual goals. Moreover, on its support to accountability, the theory focuses on intrinsic rewards that are not easily quantified, such as growth, achievement and duty. The stewardship theory also assume that each party chooses in each relationship how to act, as agent or steward; and the same person in a situation can choose the agent behaviour and in another situation take the role of steward.

### **Methodology and Results**

This study as a theoretical paper employed content review of relevant literature on the related issues. Thus, the study reviewed both theoretical issues and few related available empirical studies in the area of the subject matter. As part of its approach, the study also adopted two theories (commander theory and stewardship theory) as theoretical framework.

From the review, it is therefore, apparent that Accountants have potentials to influence Nigerian economy both before and during economic recession. This is on the premise that accountants provide both advisory roles and necessary accounting information needed for decision making by the interested users. Drawing from the findings of Paratos and Kostakis (2015), it is also evident that modern management accounting techniques were made very important during and after economic crisis. Moreover, the review in practical terms also unveils that accountants' practices could unfold cases of corruption in the economy of a country.

Consequently, corruption had also been identified as one of the major problems affecting Nigerians and Nigerian economy over the years. It then entails, that accountants' practices could make or destroy the economy of Nigerian. Thus, the extent to which accountants engage in unhealthy accounting practices such as creative accounting and earnings management could adversely affect the GDP of the country and consequently result to economic recession.

### **Conclusion and Recommendations**

The economy of any nation is the life and trust of such country. Thus, where anything goes wrong with the economy, the citizens and occupants of the country suffer. It then beholds on the government and operators of such economy to put up every possible strategies towards its growth and sustenance.

From the extant literatures, the paper observes that the influence of Accountants has a lot to do towards stirring the Nigeria economy out of recession. Furthermore, this study specially unveils that accountants have strategic roles and influence on fishing out financial corrupt practices that contributed to economic recession in Nigeria. It is also observes that accountants in conjunction with other stakeholders in the economy had important roles to play towards reviving and sustaining failing and/or recessed economy. To this end, high quality financial reporting

anchored on relevant accounting principles and good accounting practices have positive relationships with economic growth. Thus, Accountants and Auditor are expected to adhere to the provisions of the accountancy professional codes of conducts in discharge of their responsibilities. More also, adoption of new accounting methods and model that could pave way for full and fair financial disclosure are observed as one of the possible ways of recovering from economic recession.

Therefore, if Nigeria is truly sincere in her quest to achieving the contents of economic recovery and growth plan (2017-2020), professionals need to be usefully involved in all stages of decision making. That becomes necessary since the accountants provide both the useful information and manipulated accounting information for making decisions. Again Nigerian government should as matter of necessity encourage the accounting professionals, especially; the forensic accountants by providing them with necessary trainings that would assist in fraud investigation.

### **Reference**

*Aboody, D., Barth, M. E. and Kasznik. R. O. N. (2004). Firms' Voluntary Recognition of Stock-Based Compensation Expense. Journal of Accounting Research 42 (2), 123–150.*

Adeyemi and Fagbemi (2011). The Perception of Ethics in Auditing Profession in Nigeria. *Journal of Accounting and Taxation 5(7), 146-15*

Adeyemi and Fagbemi (2011). The Perception of Ethics in Auditing Profession in Nigeria. *Journal of Accounting and Taxation, 5(7), 146-15.*

Anyigbo I. C.(2000) Basic Financial Accounting. Enugu: Hugotez Publications, 291P

Bagley, P. Dorminey J. W., McSwain D., and Reed T. (2015). Managing risk in a Poor Economy: The Association between Economic Activity and Auditor Response to Risk, *Advances in Accounting, incorporating Advances in International Accounting*, <http://dx.doi.org/10.1016/j.adiac.2015.05.001>.

Boubakri, N., Guedhami, O., and Mishra, D. (2010). Family Control and the Implied Cost of Equity: Evidence before and after the Asian Financial Crisis. *Journal of International Business Studies, 41 (3), 451–474*

Chariri, A. (2009). *The Relevance of Forensic Accounting in Detecting Financial Frauds*. Published by Centre for Accountability, Shariah and Forensic Accounting Studies.

Chen, H., Tang, Q., Jiang, Y., and Lin, Z. (2010). The Role of International Financial Reporting Standards in Accounting Quality: Evidence from the European Union. *Journal of International Financial Management and Accounting*, 21(3), 220-278.

Cristi T. and Troy J. (2012). Empirical Evidence of Financial Statement Manipulation during Economic Recessions, *Journal of Finance and Accountancy*, 10, 39-53.

Dada, S. O. (2014). Forensic Accounting Technique: A Means of Successful Eradication of Corruption through Fraud Prevention, Bribery Prevention and Embezzlement Prevention in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review* 4 (1) 176-186.

Dechow, P., W. Ge, and C. Schrand. (2010). Understanding Earnings Quality: A Review of the Proxies, their Determinants and their Consequences. *Journal of Accounting and Economics* 50 (2-3), 344-401.

Duarte, É. E. (2013). Military Power, Financial Crisis and International Security Panorama in the 21st Century. *Austral: Brazilian Journal of Strategy & International Relations*, 2 (3), 9-43.

Guidi-Bruscoli, F. (2012). John Cabot and his Italian Financiers. *Historical Research* 85 (229), 372-393.

Iatridis, G., and Dimitras, A. I. (2013). Financial Crisis and Accounting Quality: Evidence from five European Countries. *Advances in Accounting*, 29(1), 154-160.

Kapitsinis, N. (2011). The Financial Crisis and the Role of Politicians in Today's Globalised Economy (In Greek). Retrievable on 24<sup>th</sup> September, 2017 from [Http://Mpra.Ub.Uni-Muenchen.De/43650/](http://Mpra.Ub.Uni-Muenchen.De/43650/) MPRA Paper No. 43650, Posted 8. January 2013 17:42 UTC.

Kayode O. F. (2014), Insight into Contemporary Public Sector Accounting and Finance. Larigraphics Printers, Eyamba, Jos, 350P.

Kumar M. (2016). Role of Accounting in Nation Building. *International Journal of Management and Social Sciences Research (IJMSSR)* 5(7), 10-17.

Kumar M. (2016). Roles of Accounting in Nation Building. *International Journal of Management and Social Sciences Research (IJMSSR)* 5(7), 10-17.

Lang, M. H., and Maffett, M. G. (2011). Transparency and Liquidity Uncertainty in Crisis Periods. *Journal of Accounting and Economics* 52 (2–3), 101–125.

Mohammad, J. A. and Robert, R. T. (2002). The Influence of Accounting and Auditing on a Country's Economic Development, *Review of Accounting and Finance*, 1 (3), 42-53, <https://doi.org/10.1108/eb026990>.

Mu'azu, S. B. (2012). The Role of Internal Auditors in Ensuring Effective Financial Control at Local Government Level: The Case of Alkaleri L.G.A., Bauchi State. *Research Journal of Finance and Accounting*, 3 (4), 57-65.

Mukoro, D.O and Faboyede, O. S. and Yamusa, O. (2013). The Role of Forensic Accountants in Fraud Detection and National Security in Nigeria. *Change and Leadership* (17), 90-106.

National Bureau of Statistics, Nigeria, 2014, Accessed on: 22 September, 2017

National Bureau of Statistics, Nigeria, 2017, Accessed on: 22 September, 2017

Nkwagu, L. C., Okoye, G. O., and Nkwagu, C. C. (2016). International Public Sector Accounting Standards Adoption and Financial Transparency in the Nigerian South Eastern States Public Sector: A Case of Ebonyi and Enugu States. *IOSR Journal of Humanities and Social Science* 21, (4), 40-51

Nwagboso, J., (2008). Professional Ethics, Skill and Standards. Inspiration Media,

Odia, J. O. and Ogiedu, K. O. (2013). Corporate Governance, Regulatory Agency and Creative Accounting Practices in Nigeria. *Mediterranean Journal of Social Sciences*, 4 (3), 55-66.

Ogundiya, I. (2009). Political Corruption in Nigeria. *Journal of Anthropologist in Africa*, 11(4), 281-292

Ogwola I. R. and Salifu O. D. (2016). Internal Revenue Generation in Nigeria in an Era of Economic Recession: Contending Issues and Missing Policy Links. *Certified National Accountant*, 24 (4), 33-39.

Olukowade E. and Ogodor B. (2015). Accounting: A Tool for Corruption Control in the Public Sector in Nigeria. *Research Journal of Finance and Accounting*, 6 (17), 66-70



Otusanya, J.O and Lauwo, S. (2010). The Role of Auditors in the Nigerian Banking Crisis. *Accountancy Business and the Public Interest*, 9; 160-204

Oyewo, B. M. (2013). Strategic Cost Management as a Recession Survival Tool in the Nigerian Manufacturing and Financial Service Industries. *Research Journal of Finance and Accounting*, 4 (11), 71-81.

Pavlatos, O. and Kostakis, H. (2015). Management Accounting Practices before and during Economic Crisis: Evidence from Greece, *Advances in Accounting, Incorporating Advances in International Accounting*, <http://dx.doi.org/10.1016/j.adiac.2015.03.016>.

Rasha K.and Andrew W. H. (2016). External Auditors and Corporate Corruption: Implications for External Audit Regulators. *American Accounting Association*, 10 (1), 1-10. DOI: 10.2308/ciia-51391

Salaudeen Y. M., Ibikunle J. and Chima I B. E (2015). Unethical Accounting Practice and Financial Reporting Quality: Evidence from Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 5 (2), 143–150.

Sikka P. (2013). The Hand of Accounting and Accountancy Firms in Deepening Income and Wealth Inequalities and the Economic Crisis: Some Evidence. *Critical Perspective Accounting*, <http://dx.doi.org/10.1016/j.cpa.2013.02.003>

Sikka, P. (2009). Financial Crisis and the Silence of the Auditors. *Accounting, Organisations and Society*, 34: 868-873.

Tony, K. and Yang, H. P. (2005). Economic Development and the Value-Relevance of Accounting Information — A Disclosure Transparency Perspective", *Review of Accounting and Finance*, 4 (1), 5-31, <https://doi.org/10.1108/eb043416>

Wise, V. (2010). Theory and Accountability: the case of Government Consolidated Financial Reporting, *International Review of Business Research Papers*, 6, (5), 82-97.

Zhiwei L., Yihong J., Qingliang T. and Xiangjian H (2014). Does High-Quality Financial Reporting Mitigate the Negative Impact of Global Financial Crises on Firm Performance? Evidence from the United Kingdom, *Australasian Accounting, Business and Finance Journal*, 8(5), 2014, 19-46\