

Corporate Governance and Ethical Practices in Value Reporting

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Abstract

There is an increased expectation for all companies to be more transparent in how they treat the environment, how they handle their corporate governance issues, how they treat their employees, and how they treat their communities. Failure to meet this expectation can result in disruption of companies' operations and performance. Consequently, the main objective of this presentation is to conceptually discuss the corporate governance and ethical practices in value reporting. Specifically, this presentation discussed the corporate governance principles and its impact on corporate value reporting, ethical considerations in financial disclosures and reporting, regulatory frameworks and compliance, and corporate governance failures and unethical reporting practices. The Methodological approach used for the purpose of writing this paper is literature based and draws data from a wide range of secondary sources. The paper concludes that, corporate governance and ethical practices play a crucial role in value reporting, as they ensure that companies are transparent, accountable, and responsible in their financial and non-financial reporting, integrated reporting emerges as a holistic system, which aims at value creation and sustainable span of life for businesses, the literature on corporate governance highlights the importance of effective governance in ensuring that companies are managed in a responsible and sustainable manner, and corporate scandal can occur any time there is evidence of unethical behaviour, negligence or third-party interference that impacts a company's reputation.

1.0 Introduction

Financial information of organizations has been the main information that an organization emphasized and provided to its stakeholders for decision making. Non-financial information such as environmental and social related information has not been given much attention because most organizations recognize it as less useful and less meaningful to stakeholders (Tonello, 2011). However, issues like globalization, growing concern of environment, the rise of the importance of other stakeholders and the higher expectation of shareholders on the organization caused non-financial information to become more important (International Integrated Reporting Council (IIRC) 2011).

The growing concern of environment makes shareholders to find out whether the organization is running its business with keeping sustainability and environment in check and if not, then they may refuse to invest in that organization. All these issues have indicated that non-financial information is becoming important for the investors in making their decisions for investment. Therefore a report that just provide financial information is not meeting their investment decision making needs anymore, hence the concept of Integrated Reporting has been introduced.

The remainder of the paper is organized as follows. Section two concept of integrated reporting, Section three deals with value creation in relation to integrated reporting, Section four has to do with the corporate governance principles and it's impact on corporate value reporting, Section five is for ethical considerations in financial disclosures and reporting, Section six is on the role of corporate governance in ensuring transparency and accountability, Section seven looked at regulatory frameworks and compliance, Section eight deals with the study of real-world examples of corporate governance failures and unethical reporting practices, Section nine discussed the issue of alignment of reporting practices with ethical principles and regulatory requirements, Section ten deals with the literature review on corporate governance, Section eleven concludes the presentation

2.0 Concept of Integrated Reporting

An organization that adheres to Integrated Reporting produces a report that integrates the financial, environmental, social and governance information together into an integrated format (Foster, 2010). The aim of an integrated report is to tell the organization's stakeholders about the organization and its strategies and risks, linking its financial and sustainability performance, in a clear and concise way that provides stakeholders a holistic and comprehensive view of the organization and its future prospects (The South African Institute of Chartered Accountants (SAICA, 2010). The fundamental premise behind integrated reporting is sustainable society, which can be explained as the one that can meet the necessity of the present and future generations. Organizations are required to have sustainable strategies, which can provide and create both long term and short term value to all the stakeholders (IIRC, 2011).

Unlike traditional financial reporting which just focuses on providing the figures that indicate the financial performance of the company, integrated reporting tend to provide a holistic view of the company by putting its performance and strategy in the context of its relevant social and environmental issues (SAICA, 2010). Integrated reporting includes forward-looking information which can let the investors to have more informed assessment of the future of an organization, which is different from the traditional financial reporting which tends to provide past information to stakeholders. For integrated reporting to be useful, it must address the impact that an organization has to the financial, social, governance and environmental domains which it depends on.

Organizations should also illustrate how the governing structure has utilized its collective minds in identifying and addressing social, environmental and economic impacts and how these are incorporated into the company's strategy (Blanche, 2011). Based on Deloitte's report (2011), five guiding principles have been identified to determine the content of an integrated report, namely, strategic focus, connectivity of information, future orientation, responsiveness and stakeholders inclusiveness, and conciseness, reliability and materiality. These five principles should determine the content of an integrated reporting based on several key elements, such as company overview and business model, performance and future outlook (Deloitte, 2011).

It is now widely accepted that traditional financial reporting no longer meets the needs of businesses seeking to develop and maintain resilient and responsible operations, not just in the immediate future but also in the medium and long term. Financial statements draw on historical information and are therefore backward looking. They also focus heavily on financial capital, whereas success for many organizations today depends on other resources – such as the expertise of their people, their intellectual property developed through research and development, and their interaction with the environment and the societies in which they operate.

In the early 1970's, a more integrated and balanced approach to corporate reporting was recommended (Gareth, 2019). Corporate reporting recommended a wider view of accountability where lenders, employees, customers, suppliers, local community and even the general public were recognized as having legitimate right to published information. Leading professional accountancy organization, advisory bodies and business leaders have provided impetus and support for a new type of corporate reporting, known as Integrated Reporting (IR). In the ever rising complexity of the environment within which companies are trying to currently operate, the drawing up of the integrated reporting seems to be one of the most challenging and demanding tasks for any company, which has to deal both with an increasing number of powerful stakeholder and provide its managers with increasingly complex and useful information (Ruggiero & Monfardini, 2017).

The main objective of any organization is to consistently grow and survive on a long term basis. Most managers are also aware that their organizations are part of a larger society which has profound direct and indirect influence on their operations. This implies that if these organizations must effectively and efficiently meet their objectives, they should properly adapt themselves to their environments. Considering the current environmental crisis, businesses must

give more to their environment. Integrated reporting (IR), although there is no generally acceptable definition, the International Integrated Reporting Council (IIRC) describes integrated reporting as something that brings together material information about an organization's strategy, governance, performance, and prospects in a way that reflects the commercial, social, and environmental context within which it operates. The concept of IR is a blend of two essential backgrounds of corporate disclosures: specifically, financial reporting and sustainability reporting. With financial reporting, the firm serves as a connection of the relationship amongst direct stakeholders whose primary responsibilities include the maximization of shareholders wealth, while sustainability reporting broadens the concept of IR. It is premised on the notion that the firm is a community made up of interdependent stakeholders bound together through a value creation process, with a commitment to long term equitable value creation. The main aim of IR is to achieve the convergence of reporting architecture that builds upon the assimilation of knowledge, issues and marries flowing from the enthusiasm of the society and economic dynamics (Aondoakaa, 2016). To achieve this objective financial reporting and sustainability reporting must be integrated. Thus, IR will affect all stakeholders in the following ways: IR will reflect and communicate the full value creation process within the organization and also integrate all capitals along organization's full value chain. There is increased expectation for all companies to be more transparent in how they treat the environment, how they handle their corporate governance issues, how they treat their employees, and how they treat their communities.

According to Epstein (2008) corporations have become more sensitive to social issues and stakeholder concerns and are striving to become better corporate citizens. Whether the motivation is concern for society and environment, government regulation, stakeholder pressures, or economic profit, the result is that managers must make significant changes to manage their social, economic and environmental impact more effectively. Integrated reporting has become such an important issue that most companies are now embracing this evolving corporate reporting system. The use of integrated reporting (A term used to describe a company's reporting on its financial, economic, environmental, and social performance) techniques has been increasing rapidly in recent years. An understanding of the basis of this reporting system, and its impact on performance, is very crucial in determining the essence of its application in the firms

3.0 Value Creation in relation to integrated reporting

Value Creation refers to the process of generating value for stakeholders through an organization's activities, products, or services. It primarily focuses on how an organization produces and delivers value.

Value creation can be measured through various metrics, providing a comprehensive assessment of an organization's performance. These metrics include:

- **Revenue Growth:** Increasing revenue over time indicates the creation of economic value.
- **Return on Investment (ROI):** ROI measures the profitability of investments, reflecting the value generated compared to the resources invested.

- **Customer Satisfaction:** High customer satisfaction scores often correlate with **value creation**, as satisfied customers are more likely to continue doing business with an organization.
- **Social Impact:** Assessing the positive social impact of a company's activities, such as community development or environmental stewardship, contributes to understanding value creation's broader implications.

The key components of value creation form the foundation of a successful business strategy. To thrive in today's competitive landscape, organizations must grasp these fundamental elements.

- **Understanding Customer Needs:** Value creation begins with a deep understanding of customer needs, allowing organizations to tailor their offerings effectively.
- **Leveraging Core Competencies:** Organizations identify and leverage their core strengths and competencies to create value.
- **Innovation:** Innovation fuels value creation by introducing new products, services, or processes that address evolving market demands.
- **Efficient Resource Allocation:** Optimizing the allocation of resources, including financial, human, and technological, is crucial for value creation.

The six capitals of value creation encompass various forms of resources and assets that contribute to value generation:

- **Financial Capital:** The monetary resources a company possesses.
- **Manufactured Capital:** The tools, machines, plant, infrastructure and buildings
- **Human Capital:** The skills, knowledge, and expertise of an organization's workforce.
- **Social and Relationship Capital:** The relationships and networks a company builds with stakeholders, contributing to reputation and trust.
- **Intellectual Capital:** Intellectual property, patents, copyrights, and proprietary knowledge.
- **Natural Capital:** Environmental resources, such as clean air, water, and ecosystems.

4.0 Corporate governance principles and it's impact on corporate value reporting

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. Effective corporate governance is essential for ensuring that companies are managed in a responsible and sustainable manner, and that the interests of shareholders and other stakeholders are protected.

Corporate governance principles play a crucial role in ensuring the accuracy, transparency, and reliability of corporate value reporting. Here are some key corporate governance principles and their impact on corporate value reporting:

Corporate Governance Principles

Some core principles of corporate governance include:

1. **Accountability:** Ensures that the board and management are accountable for their actions and decisions.
2. **Transparency:** Promotes openness and clarity in corporate reporting, enabling stakeholders to make informed decisions.
3. **Fairness:** Ensures that all stakeholders are treated fairly and equally, with no undue preference or advantage.
4. **Responsibility:** Emphasizes the board's and management's responsibility to act in the best interests of the company and its stakeholders.
5. **Independence:** Ensures that the board and audit committee maintain independence from management to provide objective oversight.
6. **Compensation:** Executive compensation should be designed to align the interests of senior management, the company, and its shareholders.

Other principles of corporate governance include: Engagement, Hiring and firing policies, Law compliance, Corporate strategy, and Risk management

Impact on Corporate Value Reporting

Corporate governance principles can impact corporate value reporting by:

1. **Accurate Financial Reporting:** Strong corporate governance ensures accurate and reliable financial reporting, providing stakeholders with a true picture of the company's financial performance.
2. **Transparent Disclosure:** Corporate governance principles promote transparent disclosure of non-financial information, such as environmental, social, and governance (ESG) performance.
3. **Risk Management:** Effective corporate governance ensures that risks are identified, assessed, and managed, reducing the likelihood of reputational damage or financial losses.
4. **Stakeholder Trust:** Strong corporate governance fosters trust with stakeholders, including investors, customers, and employees, leading to increased loyalty and support.
5. **Long-term Sustainability:** Corporate governance principles promote long-term sustainability by encouraging companies to adopt responsible business practices and prioritize stakeholder value.
6. **Improving reporting:** Good corporate governance can lead to better performance reporting, which can result in fact-based decisions, reduced costs, and improved sales margins.
7. **Ensuring ethical financial reporting:** Corporate governance controls the financial reporting process, which helps ensure that fundamental values are followed. This safeguards the confidence of stakeholders in an organization's performance and operations.

Benefits of Effective Corporate Governance

1. **Enhanced Reputation:** Strong corporate governance enhances a company's reputation and credibility with stakeholders.
2. **Improved Financial Performance:** Effective corporate governance is linked to improved financial performance, including higher returns on investment and increased shareholder value.
3. **Better Risk Management:** Corporate governance principles help companies identify and manage risks more effectively, reducing the likelihood of financial losses or reputational damage.
4. **Increased Stakeholder Trust:** Strong corporate governance fosters trust with stakeholders, leading to increased loyalty and support.
5. **Long-term Sustainability:** Corporate governance principles promote long-term sustainability by encouraging companies to adopt responsible business practices and prioritize stakeholder value.

5.0 Ethical considerations in financial disclosures and reporting

Ethics and corporate governance are fundamental pillars of a well-functioning financial system. Ethical considerations in financial reporting and robust corporate governance practices are crucial for maintaining transparency, accountability, and trust among stakeholders. This article delves into the ethical considerations in financial reporting and the role of corporate governance in fostering a culture of integrity and responsibility within organizations.

Ethical behavior in financial reporting is essential to ensure that the information presented to stakeholders is accurate, reliable, and free from bias. Ethical lapses can lead to significant financial losses, legal penalties, and damage to a company's reputation. **Key ethical considerations include:**

5.1 Integrity and Honesty

Accountants and financial professionals must adhere to principles of integrity and honesty. This means presenting financial information truthfully and avoiding any actions that could mislead stakeholders. Misrepresenting financial data, manipulating earnings, or hiding liabilities are clear violations of ethical standards.

5.2 Objectivity and Independence

Maintaining objectivity and independence is critical for those involved in financial reporting and auditing. Financial professionals should avoid conflicts of interest and ensure that their judgment is not influenced by personal or external pressures. Auditors, in particular, must remain independent from the companies they audit to provide unbiased assessments.

5.3 Transparency

Transparency in financial reporting involves providing complete and accurate information that stakeholders need to make informed decisions. Companies should disclose all material

information, including potential risks, uncertainties, and conflicts of interest. Transparent reporting fosters trust and confidence among investors, regulators, and the public.

5.4 Professional Competence

Financial professionals have an ethical obligation to maintain their competence through continuous learning and adherence to professional standards. They must stay updated on changes in accounting standards, regulations, and best practices to ensure high-quality financial reporting.

5.5 Confidentiality

While transparency is essential, financial professionals must also protect sensitive information. Confidentiality involves safeguarding proprietary and personal information obtained during the course of their work. Unauthorized disclosure of such information can lead to legal and ethical violations.

The Importance of Ethics in Accounting

Accounting ethics are crucial for any organization's success and reputation. They ensure that accountants follow moral guidelines when handling financial information, which builds trust among stakeholders and the public.

Without ethics, accounting could be misused for personal or organizational benefit, causing financial problems and eroding trust.

Ethical accounting also helps companies last longer. It maintains a good corporate image, attracts investors, and keeps customers loyal.

In short, accounting ethics aren't just about doing the right thing; they're also about keeping the organization strong and competitive.

Challenges to Ethical Accounting Practices

- **Pressure from Management:** Managers sometimes push accountants to tweak financial statements to look better, leading to unethical practices. Accountants must resist and report such pressures.
- **Conflict of Interest:** Accountants face conflicts when personal interests clash with professional duties, risking biased decisions. To avoid this, they should remain independent and objective.
- **Pressure for Financial Targets:** Accountants may face undue pressure to meet aggressive financial targets, which can lead to misleading reporting. Balancing targets with integrity is crucial.

- **Lack of Oversight and Accountability:** Without proper oversight, misconduct can go unnoticed. Implementing robust internal controls and oversight mechanisms is vital to promote ethical conduct.

6.0 Role of Corporate Governance in Ensuring Transparency and Accountability

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. Effective corporate governance ensures that a company operates in the best interests of its stakeholders, including shareholders, employees, customers, and the community. Key elements of corporate governance that promote transparency and accountability include:

6.1 Board of Directors

The board of directors plays a central role in corporate governance. It is responsible for overseeing the company's management and ensuring that the company adheres to ethical standards and legal requirements. An effective board comprises independent directors who can provide unbiased oversight and are not influenced by management.

6.2 Audit Committees

Audit committees, typically composed of independent board members, are crucial for maintaining the integrity of financial reporting. They oversee the financial reporting process, monitor the effectiveness of internal controls, and ensure the independence of the external auditors. Audit committees provide a critical check on management's financial practices and disclosures.

6.3 Internal Controls

Robust internal controls are essential for preventing fraud and ensuring the accuracy of financial reporting. Internal controls include procedures and policies designed to safeguard assets, ensure reliable financial reporting, and comply with laws and regulations. Effective internal controls help detect and prevent errors, misstatements, and fraudulent activities.

6.4 Ethical Codes and Conduct

Companies should establish and enforce ethical codes of conduct that outline the expected behavior of employees and management. These codes should address issues such as conflicts of interest, insider trading, bribery, and corruption. By promoting a culture of ethics and integrity, companies can prevent unethical behavior and foster trust among stakeholders.

6.5 Stakeholder Engagement

Engaging with stakeholders is an important aspect of corporate governance. Companies should maintain open lines of communication with shareholders, employees, customers, and other stakeholders. This engagement helps to address concerns, build relationships, and ensure that the company's actions align with stakeholder interests.

6.6 Regulatory Compliance

Compliance with laws and regulations is a fundamental aspect of corporate governance. Companies must adhere to local and international regulations, including securities laws, environmental regulations, and labor laws. Non-compliance can result in legal penalties, financial losses, and reputational damage.

7.0 Regulatory frameworks and compliance

Regulatory frameworks and compliance are essential for ensuring that companies operate within established laws, regulations, and standards.

Compliance and regulatory frameworks are sets of guidelines and best practices. Organizations follow these guidelines to meet regulatory requirements, improve processes, strengthen security, and achieve other business objectives (such as becoming a public company, or selling cloud solutions to government agencies).

Regulatory compliance is the process of complying with applicable laws, regulations, policies and procedures, standards, and the other rules issued by governments and regulatory bodies.

Regulatory compliance, which involves adhering to state, federal, and international laws and regulations, is crucial for businesses to ensure operational integrity. Regardless of a company's size, it must comply with these laws to drive accountability and maintain a competitive advantage.

7.1 Regulatory Frameworks

1. Securities and Exchange Commission (SEC): Regulates securities markets, including financial reporting and disclosure requirements.
2. Financial Accounting Standards Board (FASB): Develops and issues financial accounting standards for U.S. companies.
3. International Financial Reporting Standards (IFRS): Global accounting standards for financial reporting.
4. Sarbanes-Oxley Act (SOX): Regulates corporate governance, financial reporting, and auditing practices.
5. The amended Companies and Allied Matters Act (CAMA) promulgated in 1990, which established the Corporate Affairs Commission (CAC).
6. The Central Bank of Nigeria Act establishing the Central Bank of Nigeria as the main regulator of banks and non-banking financial institutions.

7. The Banks and Other Financial Institutions Act (BOFIA) of 1991.
8. The Investment and Securities Act (ISA) 1999.
9. The Corrupt Practices and Other Related Offenses Act 2000.
10. Securities and Exchange Commission Act, 1988 (as amended)

7.2 Compliance Requirements

1. Financial Reporting: Companies must comply with financial reporting requirements, including annual and quarterly reports.
2. Disclosure Requirements: Companies must disclose material information, including financial performance, risk factors, and governance practices.
3. Auditing and Assurance: Companies must undergo regular audits to ensure compliance with accounting standards and regulatory requirements.
4. Risk Management: Companies must establish effective risk management practices to identify, assess, and mitigate risks.

7.3 Consequences of Non-Compliance

1. Financial Penalties: Companies may face financial penalties, fines, and sanctions for non-compliance.
2. Reputational Damage: Non-compliance can damage a company's reputation, impacting its long-term sustainability.
3. Loss of Stakeholder Trust: Non-compliance can lead to a loss of stakeholder trust and confidence.
4. Regulatory Action: Regulators may take enforcement action, including litigation, to ensure compliance.

7.4 Best Practices for Compliance

1. Establish a Compliance Framework: Develop a comprehensive compliance framework to ensure adherence to regulatory requirements.
2. Provide Training and Awareness: Provide regular training and awareness programs for employees to ensure they understand compliance requirements.
3. Monitor and Review Compliance: Regularly monitor and review compliance to identify areas for improvement.
4. Engage with Regulators: Engage with regulators to ensure compliance and address any concerns or issues.

8.0 Study of real-world examples of corporate governance failures and unethical reporting practices

Enron, Worldcom, Parmalat and various other failures of global corporations bring out some governance issues and have increased attention to the business ethics. Managers and CEOs of these companies must be considered responsible for all these failures and these are cases of “corporate irresponsibility”. Many people are of the opinion that if corporations are to behave responsibly, most probably corporate scandals would stop.

Corporate governance protect firms against some long term loses. When corporations have social responsibility, they calculate their risk and cost of failure. A company has to have responsibility to the shareholders and also all stakeholders which means that it has responsibility to all society. Corporate failures have important impact to all society also. In particular, big scandals such as Enron, have sharply affected market and the economy. Various stakeholders such as (eg customers, consumers, employees, suppliers etc) as well as shareholders and regulators of the firm have a responsibility to ensure good performance. Therefore, corporate governance is not only related to firms but also related to the society.

In the last few years, global attention has focused on business practices and corporate cultures. This has been prompted by the incidence of corporate scandals and business collapse. This is so because of high-profile scandals involving abuse of corporate power and, in some cases, alleged criminal activities by corporate officers (searchfinancialsecurity.com, 2009). Many businesses have collapsed due to poor management styles and approaches; others have done so because of accumulated debts thus shaking business confidence. The very tenets upon which capitalism is built have been called to question therefore. Capitalism presupposes that economic activities are self-regulating through the invisible hand, thus suggesting that when inadequate practices exist, the system has sufficient inbuilt mechanisms to remedy the wrongs however, the corporate scandals and business collapse of the recent past have made a case for a rethink not only of the ideals of regulation but also the overall approach to the way business is done.

Recent cases of corporate scandals/failures have shown a trend of failings on the part of directors in achieving their de facto function of protecting the interests of shareholders, even if they are minority shareholders. This has prompted increased focus on directors’ and executives’ roles and responsibilities which require systematic frameworks for implementing critical corporate governance principles on ethics, code of conduct, compensation, financial policy, and financial reporting ([metricstream](http://metricstream.com), 2009).

Another key aspect of corporate governance is the engendering of confidence in the investing public. A major component of corporate governance is accountability and transparency. Corporate governance principles highlight the separation of functions between the functionaries of an organization and a reporting system in which all the operations and activities of management and top officials can be clearly seen and appraised by all. This is why auditing is a vital aspect of best practices advocated in corporate governance principles

Corporate failures have been a persistent issue over the years, with numerous high-profile cases highlighting the importance of robust governance practices and ethical decision-making.

8.1 Recent Examples of Corporate Failures

1. Enron Scandal

The Enron scandal is one of the most infamous corporate failures in history. In 2001, the company's accounts were questioned, revealing the use of irregular procedures to hide billions of

dollars in liabilities. This led to a massive bankruptcy filing and a significant decline in the company's share price .

2. Volkswagen Emissions Scandal

In 2015, Volkswagen was found to have cheated on emissions tests, leading to a global recall of millions of vehicles. The scandal resulted in significant financial losses and damage to the company's reputation

3. Lehman Brothers

Lehman Brothers' collapse in 2008 was a major contributor to the global financial crisis. The company's excessive borrowing and risky investments led to a massive bankruptcy filing

4. Equifax

In 2017, Equifax, one of the largest credit reporting agencies, suffered a massive data breach, compromising the personal data of millions of people. The breach led to significant financial losses and damage to the company's reputation

5. Kobe Steel

In 2017, Kobe Steel, a Japanese steel manufacturer, was found to have falsified data about the quality of its products. The scandal led to significant financial losses and damage to the company's reputation

8.2 These cases demonstrate the importance of strong corporate governance practices, including:

- Independent and effective boards: Boards must provide robust oversight, ensure transparency, and hold management accountable.
- Transparent financial reporting: Accurate and comprehensive financial reporting is essential for stakeholders to make informed decisions.
- Ethical leadership: Leaders must prioritize ethical behavior, transparency, and accountability to maintain stakeholder trust.
- Robust audit practices: Effective audit practices are crucial for detecting and preventing governance failures.
- Regulatory oversight: Strong regulatory frameworks and oversight are necessary to prevent and detect governance failures.

9.0 Alignment of reporting practices with ethical principles and regulatory requirements

The alignment of reporting practices with ethical principles and regulatory requirements is crucial for enhancing corporate accountability and public confidence. Here are some key considerations:

9.1 Alignment with Ethical Principles

1. **Transparency:** Ensure that reporting practices are transparent, providing stakeholders with accurate and timely information.
2. **Honesty:** Report financial and non-financial performance honestly, without misrepresentation or manipulation.
3. **Fairness:** Ensure that reporting practices are fair, providing equal access to information for all stakeholders.
4. **Accountability:** Take responsibility for reporting practices, acknowledging mistakes and correcting them promptly.

9.2 Alignment with Regulatory Requirements

1. **Compliance with Laws and Regulations:** Ensure that reporting practices comply with all relevant laws and regulations, including financial reporting requirements.
2. **Industry Standards:** Adhere to industry standards and best practices in reporting, such as those set by the International Integrated Reporting Council (IIRC).
3. **Disclosure Requirements:** Ensure that reporting practices meet all disclosure requirements, including those related to financial performance, risk management, and corporate governance.

9.3 Benefits of Alignment

1. **Enhanced Corporate Accountability:** Alignment with ethical principles and regulatory requirements enhances corporate accountability, demonstrating a commitment to transparency and responsibility.
2. **Increased Public Confidence:** Alignment with ethical principles and regulatory requirements increases public confidence, as stakeholders trust that the company is reporting accurately and honestly.
3. **Improved Risk Management:** Alignment with ethical principles and regulatory requirements helps identify and manage risks more effectively, reducing the likelihood of reputational damage or financial losses.
4. **Better Decision-Making:** Alignment with ethical principles and regulatory requirements provides stakeholders with accurate and reliable information, enabling better decision-making.

9.4 Implementation Strategies

1. **Establish a Reporting Framework:** Develop a reporting framework that outlines the company's reporting principles, policies, and procedures.
2. **Provide Training and Awareness:** Provide training and awareness programs for employees on reporting principles, policies, and procedures.
3. **Monitor and Evaluate:** Regularly monitor and evaluate reporting practices to ensure alignment with ethical principles and regulatory requirements.

4. Engage with Stakeholders: Engage with stakeholders to understand their information needs and expectations, and to provide feedback on reporting practices.

10.0 Literature review on corporate governance

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. Effective corporate governance is essential for ensuring that companies are managed in a responsible and sustainable manner, and that the interests of shareholders and other stakeholders are protected.

Corporate governance components are broadly divided into board mechanisms and ownership structure. Board mechanisms on one hand comprise attributes such as board structure, board size, board independence, board gender, board meeting frequency as well as board leadership. On the other hand, the ownership structure components comprise concentrated ownership, block ownership, managerial ownership, institutional and foreign ownership (Adamu & Haruna 2020). These components have featured prominently in the various codes of corporate governance issued within and outside Nigeria to serve as guide to what constitutes “best practice” in board’s oversight responsibility

10.1 Theoretical Frameworks

Several theoretical frameworks have been developed to explain the concept of corporate governance. These include:

1. Agency Theory: This theory posits that corporate governance is necessary to mitigate the agency problem, which arises when managers (agents) act in their own interests rather than in the interests of shareholders (principals) (Jensen & Meckling, 1976).
2. Stewardship Theory: This theory suggests that corporate governance should focus on promoting the long-term sustainability of the company, rather than just maximizing shareholder value (Davis et al., 1997).
3. Resource Dependence Theory: This theory argues that corporate governance is influenced by the company's dependence on external resources, such as funding and expertise (Pfeffer & Salancik, 1978).

10.2 Board Composition and Governance

Research has shown that the composition and governance of the board of directors can have a significant impact on corporate governance. For example:

1. Board Independence: Studies have found that companies with more independent boards tend to have better corporate governance and higher firm performance (Weisbach, 1988).
2. Board Diversity: Research has shown that diverse boards tend to make better decisions and have better corporate governance (Carter et al., 2003).

3. CEO Duality: Studies have found that companies with CEO duality (where the CEO also serves as chair of the board) tend to have poorer corporate governance and lower firm performance (Rechner & Dalton, 1991).
2. Board Size: Research suggests that smaller boards are more effective, as they facilitate better communication and decision-making (Jensen, 1993; Yermack, 1996).

10.3 Executive Compensation and Governance

Executive compensation has been a topic of significant debate in the corporate governance literature. Research has shown that:

1. Pay-Performance Sensitivity: Companies with higher pay-performance sensitivity (where executive pay is more closely tied to firm performance) tend to have better corporate governance and higher firm performance (Murphy, 1985).
2. Executive Equity Ownership: Studies have found that companies with higher executive equity ownership tend to have better corporate governance and higher firm performance (Morck et al., 1988).

10.4 Ownership Structure and Governance

1. Institutional Ownership: Studies have found that institutional ownership is associated with better firm performance, particularly in terms of governance and accountability (Shleifer & Vishny, 1986; Smith, 1996).
2. Family Ownership: Research suggests that family-owned firms tend to have better firm performance, particularly in terms of long-term sustainability (Anderson & Reeb, 2003; Villalonga & Amit, 2006).

10.5 Corporate Governance and Firm Performance

Research has shown that effective corporate governance is associated with better firm performance. For example:

1. Tobin's Q: Studies have found that companies with better corporate governance tend to have higher Tobin's Q (a measure of firm performance) (Gompers et al., 2003).
2. Return on Assets (ROA): Research has shown that companies with better corporate governance tend to have higher ROA (a measure of firm performance) (Beiner et al., 2006).

10.6 Corporate Governance and Value Reporting

1. Board Composition: Studies have shown that boards with more independent directors and a separate CEO and chairperson tend to provide more accurate and transparent value reporting (Klein, 2002; Beiner et al., 2006).
2. Audit Committee: Research has found that audit committees with more independent members and financial expertise tend to improve the quality of value reporting (DeFond & Jambalvo, 1991; Abbott et al., 2004).
3. Executive Compensation: Studies have shown that executive compensation tied to performance metrics tends to improve value reporting quality (Murphy, 1985; Jensen & Murphy, 1990).

10.7 Ethical Practices and Value Reporting

1. Code of Conduct: Research has found that companies with a strong code of conduct tend to provide more accurate and transparent value reporting (Kaplan et al., 2009; Cohen et al., 2012).
2. Whistleblower Policies: Studies have shown that companies with whistleblower policies tend to have better value reporting quality (Near & Miceli, 1985; Dyck et al., 2010).
3. Stakeholder Engagement: Research has found that companies with strong stakeholder engagement tend to provide more accurate and transparent value reporting (Freeman, 1984; Clarkson, 1995).

11.0 Conclusions

A corporate scandal can occur any time there is evidence of unethical behaviour, negligence or third-party interference that impacts a company's reputation.

While measures employed in performance evaluation have the ability to reveal performance, numerical values may lack indication with regard to value creation.

Materialistic focus of businesses has shifted towards a more value-creation oriented bundle of factors.

Accounting is vital for keeping financial operations honest and clear in organizations. It ensures that everyone follows the rules. But sometimes, there are ethical issues in accounting because people might do things that aren't right.

The literature on corporate governance highlights the importance of effective governance in ensuring that companies are managed in a responsible and sustainable manner.

Key factors that contribute to effective corporate governance include board composition and governance, executive compensation and governance, and the relationship between corporate governance and firm performance.

Integrated Reporting emerges as a holistic system, which aims at value creation and sustainable span of life for businesses.

To prevent corporate failures, companies should prioritize transparency by providing accurate and timely information to their shareholders.

Corporate failures can be attributed to various factors, including: Poor Governance, Unethical Behavior / practices, Financial Mismanagement and Lack of Transparency.

Corporate failures can have significant consequences, including: Financial Losses, Reputational Damage, Job Losses and a systemic risk to the entire economy, particularly if the failed company is large and interconnected with other financial institutions

Corporate governance frameworks and ethical standards play a vital role in ensuring accurate, transparent, and value-driven reporting within organizations by Establishing Clear Roles and Responsibilities, reducing the risk of misreporting or manipulation, Ensuring Independent Oversight, Promoting Transparency and Accountability. A clear code of conduct, Confidential whistleblower policies and Ethical Leadership

By prioritizing corporate governance frameworks and ethical standards, organizations can ensure accurate, transparent, and value-driven reporting, ultimately driving sustainable growth, stakeholder trust, and long-term success.

Governance structures, policies, and ethical practices play a crucial role in ensuring the credibility of financial and non-financial reports, which in turn fosters stakeholder trust and drives sustainable business growth.

Again, governance structures, policies, and ethical practices are essential for ensuring the credibility of financial and non-financial reports, fostering stakeholder trust, and driving sustainable business growth. By prioritizing transparency, accountability, and ethical behavior, organizations can promote long-term success and value creation.

Corporate governance and ethical practices play a crucial role in value reporting, as they ensure that companies are transparent, accountable, and responsible in their financial and non-financial reporting.

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