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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

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   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

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   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

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ONLINE RESOURCES

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

EFFECT OF INFORMATION TECHNOLOGY ON CORPORATE FINANCIAL REPORTING IN NIGERIA

AKINYOMI OLADELE JOHN
LECTURER
FINANCIAL STUDIES DEPARTMENT
REDEEMER'S UNIVERSITY
OGUN STATE

DR. ENAHORO JOHN AKHAIYEA
SR. LECTURER
ACCOUNTING DEPARTMENT
BABCOCK UNIVERSITY
OGUN STATE

ABSTRACT

This study examines the effect of information technology on corporate financial reporting in Nigerian Banking Sector. The study employed correlation survey research design to investigate the relationship between information technology and corporate financial reporting. One hundred questionnaires distributed to staff of Zenith Bank Nigeria Plc were analysed using coefficient of correlation, while the two hypotheses were tested for significance using the t- test. The result revealed that information technology is critical in ensuring the credibility of corporate financial reports. The main recommendations include that management of banks should invest in modern information technology in the interest of the banking public and the shareholders; and that the regulatory authorities especially the Central Bank of Nigeria (CBN) should stipulate minimum standards of information technology infrastructure for banks so as to avoid making Nigerian Banking Sector a dumping ground for outdated technological infrastructures.

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KEYWORDS
Banking Sector, Credibility of financial Reports, Information Technology.

INTRODUCTION

The effect of Information Technology (IT) has been felt all over the world across all fields of life (Choi, Yoo & Lee, 2010). Particularly over the past twenty years, it has changed the world we live in and redesigned the way we perform our daily activities. IT has definitely made a dramatic impact in the business world. Businesses use IT for a number of several uses in the workplace (Chari, Devarai & David, 2008).

REVIEW OF LITERATURE

Nowadays the business world is changing at a faster pace. The reasons given for this is globalization, highs IT investments and the rapid pace of technological changes in combination with escalating costs of research and development (Frishamar, 2002). The role of information technology (IT) has shifted over the last decades to become an important part of how companies manage and control their resources (Dong, Xu & Zhu, 2009). Organizations are responding in different ways and at different rates to the wide range of IT based opportunities and pressures. Decisions regarding the building of technical IT architecture should be closely linked to decisions made in designing the IT organization that should be linked to the organizational design of the company itself (Turban, Leidner & McLean, 2008). As a result, Information Technology plays a critical role in modern business, especially regarding the accounting function. IT has radically transformed the nature of business and accounting practice (Hunton, 2002; Efendi, 2006).

The initial interest in the relationships between accounting and information technology was at first taken for granted. However, it was discovered later that accounting was simply not possible without information technology, and the assumption appears to be that information technology is the platform for accounting data and it allow certain sophisticated queries to be performed (Granlund & Mouritsen, 2003). Thus, IT and accounting systems would be a major component of accounting research. While it is widely acknowledged that IT plays an important role in the field of accounting, only limited studies have been carried out on the relationship between IT and accounting reports (Granlund, 2007).

Based on a literature review of earlier research and empirical studies we conclude that there is a very limited knowledge about the impact of the most recent IT developments in the accounting field (Granlund, 2007). Although IT clearly plays an important role in accounting and management control (Efendi, 2006), this relationship has not been studied enough. Existing research has focused mostly on the relation between IT investment and company performance (Melville, 2004; Huang, 2006), notably in studies that attempt to measure the level of IT investment and company productivity (Dedrick, 2003) or even the financial return on IT investments (Dehning & Richardson, 2002).

Moreover, empirical studies examining the relationship between IT and performance have reported mixed findings (Dedrick, 2003; Melville, 2004). As well as conflicting results suggest that there is no direct relationship between IT investments and firm performance (Yongmei, 2008). So, the relationship between IT and firm performance seems to be more complex than previously theorized (Stoel & Muhanna, 2009).

IMPORTANCE OF THE STUDY

The world we live today is changing at an unprecedented rate. This could be attributed to several factors although, however, the influence of information technology ranks prominent among them. Particularly, the accounting functions in organizations have been affected in various manners by information technology. However, information technology would affect financial reporting differently in various economies due to variation in the level of social and technological development. Thus, it becomes necessary to investigate how the advancement in information technology has affected financial reporting in Nigeria (a developing economy) in recent times.

STATEMENT OF PROBLEM

Africa is so far behind the rest of the world with regards to the appropriate information technology infrastructure, that it may well find it difficult to participate effectively in the emerging information super-highway (Matthew, 2007). Effective implementation and exploitation of information technology systems to meet strategic objectives of an accounting system in terms of providing financial reports for decision making is a challenging task and corporate business in Nigeria seems not to have fully exercised their strategic information technology options. Therefore this study seeks to examine the effect of information technology on corporate financial reporting in Nigeria.

OBJECTIVES

The main objective of this study is to investigate the nature of relationship that exists between information technology and corporate financial reporting in Nigeria. Specifically, the study seeks to:

1. Determine how information technology affects corporate financial reporting in Nigeria.
2. Identify the problems encountered as regards the implementation of IT on financial reporting in the Nigerian banking sector.
3. Investigate whether or not IT has any effect on financial report in the banking sector.
4. Ascertain whether or not information technology enhances the credibility of financial reports.

HYPOTHESES

H_{0i}: Information Technology has no significant relationship with corporate financial reporting
H_{0ii}: Information Technology does not significantly enhance the credibility of financial reports.
The hypotheses formulated were tested for significance using the students' 'T' test thus:

$$t= \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

Where r represents coefficient of correlation and n connotes sample size.

RESEARCH METHODOLOGY

The study employed the correlation survey design in order to confirm the relationship that exists between information technology and corporate financial reporting. Questionnaire was used as data collection instrument. Five-point rating scaled questionnaire starting from strongly agreed (SA), agreed (A), undecided (U), disagreed (D), and strongly disagreed (SD) was used to collect data from randomly selected firms in Nigeria. The questionnaire was designed in such a way that every question in the questionnaire was related to the research questions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	7.0	7.0	7.0
	Indifferent	8	8.0	8.0	15.0
	Agree	31	31.0	31.0	46.0
	Strongly Agree	54	54.0	54.0	100.0
	Total	100	100.0	100.0	

RESULTS AND DISCUSSION

The perceptions of the respondents on the various statements put forward in the questionnaire are analyzed as follows:

TABLE 1: ANALYSIS OF RESPONSES TO STATEMENT 1 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY AFFECTS CORPORATE FINANCIAL REPORTING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	7.0	7.0	7.0
	Indifferent	8	8.0	8.0	15.0
	Agree	31	31.0	31.0	46.0
	Strongly Agree	54	54.0	54.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 1 reveals that 54% of the respondents strongly agreed that information technology affects corporate financial reporting while 31% of the respondents simply agreed to the statement. Meanwhile, 8% and 7% of the respondents are indifferent and strongly disagreed to the statement respectively. It could be observed therefore that information technology affects corporate financial reporting.

TABLE 2: ANALYSIS OF RESPONSES TO STATEMENT 2 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY ENHANCES THE INTERPRETATION OF FINANCIAL REPORT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.0	2.0	2.0
	Disagree	8	8.0	8.0	10.0
	Indifferent	18	18.0	18.0	28.0
	Agree	39	39.0	39.0	67.0
	Strongly Agree	33	33.0	33.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 2 reveals that 39% of respondents agreed that information technology enhances the interpretation of financial report, while 33% of the respondents strongly agreed to the statement. Meanwhile 18%, 8% and 2% the respondents are indifferent, disagreed and strongly disagreed to the statement that information technology enhances the interpretation of financial report. Thus, it could be concluded that IT enhances the interpretation of financial reports.

TABLE 3: ANALYSIS OF RESPONSES TO STATEMENT 3 IN THE QUESTIONNAIRE: INVESTMENT IN INFORMATION TECHNOLOGY HAS POSITIVE EFFECT ON FINANCIAL REPORTING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	4.0	4.0	4.0
	Disagree	6	6.0	6.0	10.0
	Indifferent	18	18.0	18.0	28.0
	Agree	34	34.0	34.0	62.0
	Strongly Agree	38	38.0	38.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 3 reveals that 38% of the respondents strongly agreed, while 34% of the respondents simply agreed that investment in information technology has positive effect on financial reporting. Meanwhile 18%, 6% and 4% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that investment in information technology has positive effect on financial reporting. Thus, it could be concluded that information technology has a positive effect on financial reporting.

TABLE 4: ANALYSIS OF RESPONSES TO STATEMENT 4 IN THE QUESTIONNAIRE: INVESTMENT IN INFORMATION TECHNOLOGY ENHANCES THE FINANCIAL REPORT IN THE BANKING SECTOR

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	10.0	10.0	10.0
	Disagree	6	6.0	6.0	16.0
	Indifferent	12	12.0	12.0	28.0
	Agree	27	27.0	27.0	55.0
	Strongly Agree	45	45.0	45.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 4 reveals that 45% of the respondents strongly agreed, while 27% of the respondents simply agreed that investment in information technology enhances the financial report in the banking sector. Meanwhile 12%, 6% and 10% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that investment in information technology enhances the financial report in the banking sector. Thus, it could be concluded that investment in information technology enhances the financial report in the banking sector.

TABLE 5: ANALYSIS OF RESPONSES TO STATEMENT 5 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY EASES THE TRACKING AND RECORDING OF FINANCIAL TRANSACTION FOR REPORTING PURPOSES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.0	2.0	2.0
	Disagree	8	8.0	8.1	10.1
	Indifferent	14	14.0	14.1	24.2
	Agree	30	30.0	30.3	54.5
	Strongly Agree	45	45.0	45.5	100.0
	Total	99	99.0	100.0	
Missing	9.00	1	1.0		
Total		100	100.0		

Source: Field Survey, 2012

Table 5 reveals that 45% of the respondents strongly agreed, while 30% of the respondents simply agreed that information technology eases the tracking and recording of financial transaction for reporting purposes. Meanwhile 14%, 8% and 2% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that information technology eases the tracking and recording of financial transaction for reporting purposes. Thus, it could be concluded that information technology eases the tracking and recording of financial transaction for reporting purposes.

TABLE 6: ANALYSIS OF RESPONSES TO STATEMENT 6 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY HAS IMPROVED THE TIMELINESS OF FINANCIAL REPORT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	4.0	4.0	4.0
	Disagree	5	5.0	5.0	9.0
	Indifferent	9	9.0	9.0	18.0
	Agree	17	17.0	17.0	35.0
	Strongly Agree	65	65.0	65.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 6 reveals that 65% of the respondents strongly agreed, while 17% of the respondents simply agreed that information technology has improved the timeliness of financial report. Meanwhile 9%, 5% and 4% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that information technology has improved the timeliness of financial report. Thus, it could be concluded that information technology has improved the timeliness of financial report.

TABLE 7: ANALYSIS OF RESPONSES TO STATEMENT 7 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY ENSURES THE ACCURACY OF COMPUTATION OF FINANCIAL STATEMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	12.0	12.0	12.0
	Disagree	7	7.0	7.0	19.0
	Indifferent	13	13.0	13.0	32.0
	Agree	34	34.0	34.0	66.0
	Strongly Agree	34	34.0	34.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 7 reveals that 34% of the respondents strongly agreed, while 34% of the respondents simply agreed that information technology ensures the accuracy of computation of financial statement. Meanwhile 13%, 7% and 12% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that information technology ensures the accuracy of computation of financial statement. Thus, it could be concluded that information technology ensures the accuracy of computation of financial statement.

TABLE 8: ANALYSIS OF RESPONSES TO STATEMENT 8 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY WILL MAKE IT POSSIBLE FOR THE BANK TO GIVE A MORE RELIABLE REPORT TO STAKEHOLDERS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	15.0	15.2	15.2
	Disagree	7	7.0	7.1	22.2
	Indifferent	12	12.0	12.1	34.3
	Agree	28	28.0	28.3	62.6
	Strongly Agree	37	37.0	37.4	100.0
	Total	99	99.0	100.0	
Missing	9.00	1	1.0		
Total		100	100.0		

Source: Field Survey, 2012

Table 8 reveals that 37% of the respondents strongly agreed, while 28% of the respondents simply agreed that information technology will make it possible for the bank to give a more reliable report to stakeholders. Meanwhile 12%, 7% and 15% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that information technology will make it possible for the bank to give a more reliable report to stakeholders. Thus, it could be concluded that information technology will make it possible for bank to give a more reliable report to stakeholders.

TABLE 9: ANALYSIS OF RESPONSES TO STATEMENT 9 IN THE QUESTIONNAIRE: INFORMATION TECHNOLOGY ENHANCES THE CREDIBILITY OF FINANCIAL REPORT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	9.0	9.0	9.0
	Disagree	1	1.0	1.0	10.0
	Indifferent	7	7.0	7.0	17.0
	Agree	17	17.0	17.0	34.0
	Strongly Agree	66	66.0	66.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey, 2012

Table 9 reveals that 66% of the respondents strongly agreed, while 17% of the respondents simply agreed that information technology enhances the credibility of financial report. Meanwhile 7%, 1% and 9% of the respondents are indifferent, disagreed and strongly disagreed respectively to the statement that information technology enhances the credibility of financial report. Thus, it could be concluded that information technology enhances the credibility of financial report.

HYPOTHESES TESTING

For the testing of the hypothesis, we chose the product moment correlation coefficient. The product moment correlation test is a statistical test that can be used to determine the strength of relationship between variables. R can be positive or negative in nature. If regression slope is negative, it slopes downwards and positive if it slopes upward. Thus a 0.0-0.04 shows a weak positive or negative correlation, 0.4-0.6, shows an average positive or negative correlation. As in other statistical tests we begin by starting a null hypothesis and an alternative hypothesis. Based on the outcome of the product moment correlation coefficient, we will either reject or fail to reject the null hypothesis.

HYPOTHESIS 1

$H_{0:}$ information technology has no significant relationship with corporate financial reporting.

$H_{1:}$ information technology has a significant relationship with corporate financial reporting.

TABLE 10: CORRELATIONS

		Information technology affects corporate financial reporting	Investment in information technology has positive effect on financial reporting
Information technology affects corporate financial reporting	Pearson Correlation	1	.051
	Sig. (2-tailed)		.613
	N	100	100
Investment in information technology has positive effect on financial reporting	Pearson Correlation	.051	1
	Sig. (2-tailed)	.613	
	N	100	100

*correlation is significant at the 0.01 level (2-tailed).

Table 10 reveals that there is an average positive correlation between information technology and corporate financial reporting. The test value is statistically significant given that the p-value is above 0.05%, therefore the null hypothesis (H_0) is rejected while the alternative hypothesis (H_1) is accepted. Thus, it could be concluded that information technology has a significant relationship with corporate financial reporting.

HYPOTHESIS 2

H_0: information technology does not significantly enhance the credibility of financial reports.

H_1: information technology significantly enhances the credibility of financial reports.

TABLE 11: CORRELATIONS

		Information technology will make it possible for the bank to give a more reliable report to stakeholders	Information technology enhances the credibility of financial report
Information technology will make it possible for the bank to give a more reliable report to stakeholders	Pearson Correlation	1	.301(**)
	Sig. (2-tailed)		.002
	N	99	99
Information technology enhances the credibility of financial report	Pearson Correlation	.301(**)	1
	Sig. (2-tailed)	.002	
	N	99	100

** Correlation is significant at the 0.01 level (2-tailed).

Table 11 reveals that there is a strong relationship between information technology and credibility of financial reports. The test value is statistically significant; therefore we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). Thus, it could be concluded that there is a positive relationship between information technologies and credibility of financial report.

FINDINGS

This study examines critically the effect of information technology on corporate financial reporting. The study revealed that information technology affects corporate financial reporting; it enhances the interpretation of financial reports and has a positive effect on financial reporting. It also revealed that investment in information technology enhances the financial report in the banking sector; eases the tracking and recording of financial transaction for reporting purposes; and ensures the accuracy of computation of financial statement. Finally, information technology has a significant relationship with corporate financial reporting and the credibility of financial report.

RECOMMENDATIONS

This study revealed that information technology is critical in ensuring the credibility of corporate financial reports. Thus, it is recommended that management of banks should invest in modern information technology in the interest of the banking public and the shareholders. Regulatory authorities especially the Central Bank of Nigeria (CBN) should stipulate minimum standards of information technology infrastructure for banks so as to avoid making Nigerian Banking Sector a dumping ground for outdated technological infrastructures.

CONCLUSION

This study examines the effect of information technology on corporate financial reporting in Nigeria. From the review of related literature and data analysis, it could be concluded thus: that information technology has a significant relationship with corporate financial reporting; and that there is a positive relationship between information technology and credibility of financial reports.

SCOPE FOR FURTHER RESEARCH

This study focuses on the effect of information technology on corporate financial reporting in Nigeria only. The implementation and application of information technology could also affect other areas of business operations such as customers' satisfaction and loyalty, employees' efficiency and effectiveness. These other areas could be investigated by future researchers.

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