THE ROLE OF ACCOUNTANTS AS PROFESSIONALS IN NATIONAL DEVELOPMENT

By:

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Abstract:

There is a nexus between Accounting and economic well-being. The nexus flows from the role, which Accounting information traditionally plays, on the one hand in securing accountability, and on the other, in improving and facilitating optimal decision making in any situation where choice amongst alternatives is involved. It means therefore that the accounting function is inseparable from the task of managing the National economy. The Accountants as professionals and as practical Economists have vital roles to play in shaping the tune of National development. But the nature of the roles the Accountants can play has always been a closed book. This is one of the reasons why the services of professional Accountants have not been employed on a large scale in the task of National Development. This paper has therefore discussed the nature of the roles of professional Accountants in national development and the gains that could accrue from performing such roles.

1. INTRODUCTION

In order to understand the role of Accountants in National Development, it is necessary to trace the changing character of Accounting as an academic discipline. Accounting emerged as a separate discipline around the 1850's. Before then, Accounting was primarily and ordinarily regarded as part of Economics. In western democracies, available records show that Accounting has evolved into practical or applied Economics. This therefore means that the Accountant is a practical Economist and the accounting function is therefore inseparable from the task of managing the National economy.

It is in the light of the above that Anao (1995:21) opined " there is a nexus between accounting and economic well-being ordinarily, which on a macro level should certainly translate to the promotion and advancement of economic development." He further stated that the nexus flows simply from the role which accounting information traditionally plays, on the one hand in securing accountability and on the other, in improving and facilitating optimal decision making in every situation where choice amongst alternatives is involved.

The stewardship function of accounting that was recognized from the early stages of its development is still relevant today. This is in spite of the fact that the present day role of accounting requires that a whole gamut of information (consisting of economic or financial facts and figures) be provided for clarifying decision options in the first place, and for monitoring the ensuing activities and operations afterwards, with the aim to enhance efficiency, and performance and thus promotes well-being.

According to Anao (1995:21) this present day role of accounting has

brought it even closer to the needs of economic development, for it, at once, expands the horizon of its application beyond the erstwhile narrow confines of business and other micro organizational units, to the wider and probably more socioeconomically relevant domains of government (for government fiscal and development planning) and the macro (for economic and social policy actions and valuations.

From the above, it is clear that the connection between accounting and econor development is fairly implicit from the nature of the present day role of accounting.

2. *ECONOMIC DEVELOPMENT VS NATIONAL DEVELOPMENT*

This paper focuses on the role of Accountants as professionals in Natio Development. To fully appreciate this role, it would be necessary to distinguish betwe the above terms. Even though the terms have been used interchangeably over years, a marked difference exists between them.

A fairly difficult term to define, Economic development "focuses its attention upon development and use of resources to increase the supply and improve the distributior economic goods" Hilliard (1969:22)

According to Anao (1995:21) Economic development

> *comprises the general level of efficiency attained in a nation's production process, as it affects output, real incomes and standard of living, production here, meaning all activities undertaken (in a country) whether they relate to agriculture, conversion and manufacture, or distribution, service or government.*

According to Hilliard's (1969:27) National Development, on the other hand, incluc economic development plus

> *all the affairs of political and cultural life, institutions for modernization of the society, participation in international, political and cultural affairs and the overall process of creating the concepts, symbols and institutions which give a philosophy, a structure and an identity to a modern nation state.*

National development has features that are wider in scope than economic developme According to Ejiofor (1987:161) the main features of National development as expres in virtually all Nigeria's National development Plans were indicated in the Secc National Development Plan as the pursuit of:

- A united, strong and self-reliant nation
- A great and dynamic economy
- A just and egalitarian society

- A land of bright and full opportunities for all citizens and
- A free and democratic society

From the above, it is clear that economic development is a subset of National development. The attainment of such a level of national development as stated above and according to Ejiofor (1987:161);

> *requires strong emphasis on human capital through massive spending on functional education, huge investment in developing high level manpower, and a definite turn towards the development and utilization of professionals able and disposed to plan, organize, direct coordinate and control the national development efforts.*

This is where the roles of Accountants as professionals come to play. The relevance of Accountants as professionals in National development should be seen in terms of his ability to use accounting concepts, perceptions and measurement processes and techniques in a nation's quest and continuous endeavor to improve its productive efficiency.

According to Aleogena (1995:22)

> *The utilitarian and adaptive nature of accounting, particularly, lends it to such application in generating at both micro and macro level, relevant information on which vital and rational choices can be exercised; on which short, medium and long term plans can be drawn up; and also for all-important post – implementation evaluations which help immensely to align outcomes to plans.*

It is clear from the above that it is the decision use of accounting that ascribes to it the relevant properties as a tool for prosecuting the goals of National development.

3. THE ACCOUNTANT AS A PROFESSIONAL

The America Accounting Association (AAA) (1978:7) defines Accounting as

> *the identification, selection and analysis, measurement, prediction, processing, evaluation and communication of information about costs and benefits, both of a direct and indirect nature, to facilitate economically justified decisions regarding activities and resources.*

The AAA identified three distinct branches of accounting, which are of direct relevance to national development. These are:

- Business or enterprise accounting
- Government accounting
- National accounting.

The National or macro accounting is of particular interest as it expands the traditional boundaries of accounting. The AAA defines National Accounting as

Accounting, which describes systematically and quantitatively the structure and activities of an economy, region or sector during a certain time span; and of its stocks (assets and liabilities), at a particular time. It is an application of accounting methodology to macro economic analysis.

Anybody who engages in an accounting function is regarded as an Accountant However, it is not all Accountants that are professional Accountants. Accounting Like any other discipline can be taken as an occupation. A profession is much more than ar occupation. Professionalism is about acquisition and use of special skills in the discharge of duties to clients, employers and all other stakeholders. One of the elements that distinguish a profession from other occupations is the acceptance by its members c a responsibility for the interest of those it serves. Lord Upjohn in the decided case c Pharmaceutical Society of Great Britain V Dickson (1968) and cited in Alalade A.C (1987:127) describes a profession as:

A vocation of the highest standing. It calls on its members to serve (no doubt for reward) the public by offering to them highly technical and always confidential advice and services, which require a different standard of conduct from the tradesman. Its members stand in a different relationship altogether from the man doing ordinary business.

A high standard of ethical behaviour is expected of those engaged in a professior These standards are often articulated in a code of professional ethics. The code provide guidance and rules to members in the performance of their professiona responsibilities.

As at today, there are only two recognized Professional Accounting Bodies in Nigeri and only those who belong to either of the bodies are recognized as Professiona Accountants. The bodies include:

- The Institute of Chartered Accountants of Nigeria (ICAN). This was established b Act No 15 of 1965.
- The Association of National Accountants of Nigeria (ANAN). This came int existence in 1993 through Decree No 76.

The two bodies have their respective codes of professional practice which prescribe th ethical conduct members should strive to achieve at all times in the discharge of the onerous responsibilities.

4. PREVIEW OF OUR NATIONAL DEVELOPMENT EFFORTS

Indeed, the efforts of African countries (Nigeria inclusive) at National development hav not been a great success due mainly to corrosive corruption and extensive shar practices in all sections of the polity. This is why there is evidence that over forty year after political independence, Nigeria is still in search of new ideologies for the economic

social and political system. Since political independence, we have had concepts like **WAI, MAMSER, DIFFRI, ETHICAL REVOLUTION, CODE OF CONDUCT BUREAU, GREEEN REVOLUTION, SAP** and so on. It is on record that none of the above concepts had any meaningful positive impact on our National development agenda because of the varied sources of Nigeria's social economic and political problems.

It has been the practice of our policy makers to concentrate mainly on macro economic measures and public sector planning. There has not been any serious attempt to introduce far-reaching and comprehensive micro economic measures. Hence private sector performance had remained an abysmal failure. There is now a consensus that our socioeconomic and political system needs some form of adjustment and restructuring. From Government pronouncements, it could appear that the policy thrust is on economic reconstruction, social justice, and self-reliance, which is what National developments, is all about.

The above assertion is buttressed by the Budget 2001 speech of President Obasanjo. The main thrust of that budget were:

- Restructuring the Nigeria economy to make it market oriented, private sector led and technology driven
- Stimulating of agricultural and industrial production
- Reducing unemployment and increasing productivity
- Maintaining price and exchange rate stability and a healthy balance of payment
- Reducing lending rates and improving savings and
- Improving the performance of major infrastructure such as power supply, communication and transportation.

It is evident from the above that, that budget, like every one in recent times was aimed to revitalize and promote National development in all ramifications. The relevant question at this juncture is: What role should Accountants as professionals play in the quest for National development?

5. THE ROLE OF ACCOUNTANTS AS PROFESSIONALS IN NATIONAL DEVELOPMENT

In other to consider the role of Accountants in National development, it would be expedient to delve into leading socioeconomic and political issues of our time. Some of these issues include Structure Adjustment Programme, National Planning and Budgeting, Privatization and Commercialization of government owned companies and parastatals, Dept/Equity Swap, Accountability, Machinery of Government, Corporate governance, Obsolete Laws and so one.

5.1 STRUCTURAL ADJUSTMENT PROGRAMME

There is a general consensus that our National economy needs to be structurally adjusted and realigned. In fact the government introduced the SAP programme in 1986 in order to solve the problems of inflation, unemployment and external disequilibria and ensue economic survival and independence. The role of the Accountant under SAP is mainly to advice his clients both in the public and private sectors on issues that bother

on liquidity and reorganization of enterprises with a view to meeting the challenges of our time. The Accountant is traditionally and auditor. In this regard, he should appraise and audit the programme against the objectives and advice the government and people accordingly. This role of the Accountant is imperative. We do not want to sheer away from any control of the economy. But we need some advice as to whether the concept of total deregulation in a weak economy like ours is tenable.

5.2 NATIONAL PLANNING AND PUBLIC BUDGETING

The Nigeria nation has continued to report poor overall economic and political performance---contrary to the hope and expectations of Nigerians, donor parties and the entire International Community. According to Iyoha (2002:1)

> *Before and ever since the new dawn of democratic revival, economic growth has continued to be lackluster and unimpressive. Growth in real output has continued to be weak, averaging less than 3% per annum. Given a population growth rate of 2.8% per annum, this has meant declining per capita income and ipso facto a rising incidence of poverty.*

The scenario painted above arose from our poor plan implementation. The annual budgets do not blend well with the National development Plans. According to Aleogena (1988:12) In principle, "the annual budget is the current segment of the National Development Plan. The Accountant can provide very useful service in blending our National budgets with the National Development Plans" The Accountant can perform this role because he is a major data collector and by his training is vast in national and corporate planning.

5.3 PRIVATISATION AND COMERCIALISATION

One of the gains of the Structural Adjustment Programme (SAP) is the foundation, which it has provided for the smooth take off of the above scheme. In this type of exercise there are always capital restructuring, breakeven studies and commercialization proposals. These are a special past time of the Accountant. The Accountants as professionals should therefore provide sound and qualitative advice to both government and the private sector. This role of the Accountant to render advice is important in order to foreclose the rich from cornering the market, undervaluing the shares and dominating the entire system.

5.4 DEBT/EQUITY SWAP

Debt swap options or debt conversion schemes have been canvassed in recent years as means of reducing the huge debt burden of developing countries; including Nigeria. In Nigeria, the committee set up by the government to study the implications and consequences for the country of debt/equity swaps as an investment strategy and as a means of reducing public and private sector foreign debt burden submitted its report to the government in 1987. According to former President Ibrahim Babangida's 1988 budget speech and cited in Obadan (1988:23) "authentic debts owed to willing foreign

creditors will be considered for conversion to equity investment especially in new high-priority projects which will use local raw materials and provide employment for our people."

As at today, there is nothing significant other than large-scale corruption that has come out of this exercise. Our traditional monosyllabic "Yes" and "No" men and women have put a wedge in the wheels and nothing positive is moving in relation to the exercise. If the Debt/Equity arrangement is to be taken seriously, the Accountant has a major role to play. He should appraise the proposal / scheme on the basis of the information relevant in each case and should advice the government and private sectors on the reasonable course(s) of action.

5.5 ACCOUNTABILITY

The concept of accountability implies that a person who assumes a position of responsibility should at all times be able to justify his behaviour and actions while holding that position. Ideally, a person should be his own best attorney and should never need external aid in acquitting himself before the public. However, due to the fallibility of human nature and the tendency of most people to act inconsistently, it is imperative that separate systems of checks and balances should exist which can effectively monitor and scrutinize the actions of individual or groups. According to Iyoha (2003:14), " the realm of fiscal and political accountability requires special attention because of the very common human proclivity to waste resources, misuse them or abuse power". For this reason, the Accountants as professionals exist to gain an external view of how those trusted with resources are using them. Auditing is the traditional function of the Accountants. The Accountants should therefore play the role of auditors to the socioeconomic and political system.

5.6 MACHINERY OF GOVERNMENT

Many factors currently impede the efficient performance of the machinery of government. The civil service is one of such factors. The civil service as it is today is inept and indolent and a conduit pipe for national resources. However in recent years, efforts are being made to reorganize the machinery of government with a view to making it more responsive to the needs of the people. By this process it is hoped that Government Accounts and financial reports that are in areas of upward of over ten years would be brought up to date. It is the role of the Accountants to ensure that the machinery of government is regularly appraised so that grey areas could be promptly attended to. Frauds and other irregularities can only take place easily and undetected if reports are not promptly rendered.

5.7 CORPORATE GOVERNANCE

Corporate governance is about building credibility, ensuring transparency as well as maintaining an effective channel of information disclosure that would forester good corporate performance. According to Sannusi (2003:27), Corporate governance is about "how to build trust and sustain confidence among the various interest groups that make

up an organization" In any organization there is always serious link between corporate governance and investor confidence. And there is no one single factor that contributes more to institutional problems than poor corporate governance. This fact has been realized in many countries. To help government evaluate and improve legal, institutional and regulatory framework for corporate governance, codes of corporate governance have been established in many countries. For instance, there is the Cadbury Code in England, the Ney Code in Canada, and the King Code in South Africa.

In Nigeria, only very few companies have what one may refer to as codes of corporate governance. There is therefore an urgent need for putting appropriate mechanism in place to ensure that Organizations have well-articulated Code of corporate governance. It is the role of the Accountant to advice and assist supervisory authorities in promoting the adoption of sound corporate practices in Nigeria for rapid National development.

5.8 OBSOLETE LAWS

It does not require any comparison of ideas to know that our statute books are replete with obsolete and outdated laws especially in areas that relate to conduct of business. For instance the Companies and Allied Matters Act (CAMA) (1990) is long over due for comprehensive review. The recent 1999 Federal constitution is also a course for concern, as most of the provisions therein were not actually well articulated. The Accountants' role in this regard is to team up with their counterparts in the legal profession to identify those obsolete laws and provisions in our statute books and suggest how best they could be amended or reviewed in line with modern trend and best practices.

6 ACCOUNTANTS AND THE INTEGRITY FACTOR

The public Accounting profession has long relied on a reputation for integrity and veracity to justify its societal and market relevance. The question now is: What is integrity?

Integrity is the aspect of one's character rooted in his conviction, which serves to deter him from taking advantage of his position or strength to gain at the expense of his organization, customer, client or subordinate

How does the Accountant sustain the reputation of integrity in a country like Nigeria that is bedridden with corruption and greed! There are in-built mechanisms to ensure integrity in the profession. The professional Accountancy bodies have their respective codes of professional conduct, which prescribe the ethical conduct members should strive to achieve. If a logical accepted process, which adheres to the prevailing rules, is followed in making decisions, the Accountant is deemed to be acting ethically or at least some reasonable modicum of ethicality is achieved.

However, it has been argued that personal characteristics or virtues that lead to an "ethical state of mind" have been replaced by techniques, specifically rules and rule following by the use of the codes. It is the view of most people that by using the codes the Accountant has been separated from the responsibility of moral behaviour. Whatever

the position, the Accountants hold personal stake in the ethical consequences of decisions they take.

The Accountants as a professional are expected to play their role in National development by applying the codes of professional conduct as well as high moral and ethical state of mind.

7 CONCLUSION

The roles of the Accountants as professionals in National development are many and varied. In addition to the traditional function of auditing, they should at all times play their other roles of practical Economists. They are well equipped to play these roles because of their training, skills and age long integrity, which has continued to be their hallmark. We only need to get them involved in matters that relate to their role and they would deliver faithfully and promptly.

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