



Private Sector Preference for Professional Accountants in Nigeria

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Abstract

Purpose: This study is to examine the private sector demand for CFOs with certain professional accountancy bodies' qualification in Nigeria's listed companies from 2012 to 2018, inclusive.

Design/methodology/approach: The population of this study comprises non-financial services companies quoted on the Nigerian Stock Exchange. Purposive sampling method was used to select the 49 sample used for the research. Research data were tested using non-parametric statistics and simple regression model.

Findings: Results from non-parametric statistics suggest that 89% of all CFOs are ICAN qualified; about 98% of the Nigerian CFOs are ICAN qualified while about 13% of the foreign CFOs hold the ICAN qualification. The evidence further suggests that the ICAN qualification is statistically different from that of non-ICAN qualification. Finally, the evidence indicates that CFOs' nationalities positively and significantly influence their affiliations.

Practical Implications: The paper recommends that ICAN should be empowered to regulate the accountancy profession in Nigeria. In the alternative there should be created a consortium of accountancy bodies to regulate the accountancy profession in Nigeria.

Originality/value: This is the first empirical paper to examine the demand for CFOs in private listed companies in Nigeria, and the first to link CFOs nationalities and CFOs affiliations with professional accountancy bodies in Nigeria.

1. Introduction

This paper is anchored on Cooley (1894)'s sociological theories of competition and conflict, as popularized by Bodenhafer (1930). Cooley's theories imply that all forms of competition and conflict must be subordinated to a higher social order by means of regulation. Cooley (1894), as formalized in this paper, represents a setting where professional accountancy bodies compete with one another in the labor market. Cooley theorizes that competition and conflict are universal and necessary aspects of an organic society; that in spite of competition and conflict in human interactions there must be mutual cooperation; and that real progress can emerge from competition by way of regulation which leads competitors to cooperate. According to Cooley (1894), competition is neither good nor bad in itself but it may be either – depending upon its relationship to a larger social order; and asserted that competition and cooperation is inseparable in everyday practice. The author is of the view that any form of competition, under proper conditions (or under improper conditions) becomes good (or evil). It is regrettable that unhealthy competition still exists nowadays among professional accountancy bodies in Nigeria. They must harness the better aspects of competition in order to produce acceptable results for the country. According to Cooley (1894), it is difficult to find any social situations where there is no mixture of competition and cooperation. If competition can be controlled, then there may be a deliberate realization and assured progress by which conflict is reduced.

In summary, the main ingredients of Cooley's (1894) theories follow. Firstly, competition is inherently constant in human society; secondly, the form of the processes may vary but the processes themselves remain; thirdly, competition must always be conceived of as phases of a larger society and must submit to that larger society and be obedient to society's rules and regulations. Finally, competition is consistent with general social progress because given changing rules and regulations, competition increases with general development of society.

In the spirit of competition and conflict, this empirical paper analyzes the demand for chief financial officers (CFOs)¹ by listed private firms in Nigeria. The market demand for CFOs who qualify to practice accountancy by certain professional accountancy bodies is a tacit acceptance of the quality of that professional body's qualification.

Professional accountancy certification was pioneered in Nigeria by the Institute of Chartered Accountants of Nigeria (ICAN) which was granted a Charter in 1965 via the ICAN Act of that year. According to some researchers (e.g., Uche, 2002), the accountancy profession in Nigeria was a

¹ We use the terms finance manager, financial director, finance officer, to mean the same thing. However, we have preference for the term chief financial officer (CFO).

closed society prior to 1993. The closure enabled ICAN to negotiate and preserve great privileges for itself and for its members. According to Samuel, Mamman, & Mustapha (2017) and Uche (2002), to qualify as a chartered accountant in Nigeria was a very difficult journey prior to the creation of ANAN in 1993. But all that has now changed.

The ever-present predisposition of the relevant agents of the Nigerian State to increase competition by mushrooming professional accountancy bodies have been met with resistance from ICAN. However, ICAN's flourish at lordism, professional imperialism and monopoly of the profession in Nigeria for well over five decades triggered yearnings for alternative professional accountancy bodies in the country: It has led to the emergence of another recognized professional accountancy body in the country, notably the Association of National Accountants of Nigeria (ANAN). So far, ANAN and ICAN are the two most viable professional bodies responsible for qualifying or certificating accountants in Nigeria. There are prospects for other professional accountancy bodies to emerge in the country given Nigeria's proclivity for other bodies in the profession. The emergence of ANAN has led to a major competition between it and the ICAN, and, to a lesser extent, between these two and the Chartered Institute of Taxation of Nigeria (CITN).^{2,3} All of these professional bodies compete to provide accounting, audit, tax and other cognate services to listed companies in Nigeria. The competition for supremacy is on those grounds, and it rages on even till date.

The International Federation of Accountants (IFAC) says that the sustainability of the accountancy profession depends upon the quality of services provided by its members and upon the profession's capacity to respond effectively and efficiently to the demands of the society. High quality services can be achieved through regulation of entry and licensing requirements (e.g., IFAC, 2007). Regulation ensures that there is consistency in the quality of accountancy services delivered to society in the public interest. The ability of the profession to put public interest first, and then that of the profession itself will earn the profession the much needed reputation, and legitimate the profession before the society. The demand for accountancy services in a competitive market are a means to engender overall quality due to competitors' desire to offer their services. As going concerns, companies are always in the executive labor market to search for qualified CFOs. Companies' boards of directors have major roles to play in hiring and scrutinizing CFOs (e.g., Fama, 1980, p.292) because CFOs are one of the highest decision makers in a company. Boards of

² The CITN was chartered in 1992, with main objective of regulating and controlling the practice of taxation in all its ramifications in Nigeria. Strictly speaking, CITN is not an accountancy body.

³ This paper restricts itself to the Institute of Chartered Accountants of Nigeria (henceforth, ICAN) and the Association of National Accountants of Nigeria (henceforth, ANAN) professional accountants employed in listed companies in Nigeria.

directors are becoming increasingly concerned with ensuring that their CFOs possess up-to-date competences and capabilities (IFAC, 2003). Therefore, employment of a CFO in a private company is a function of the quality of the professional accountancy qualification they possess. Although employers can train their own CFOs after employing them, a CFO must first have a professional accountancy qualification before they are employed. Anecdotal evidences of advertisements in Nigerian newspapers for CFOs attest to this assertion as private employers habitually prefer or require those with particular accountancy qualifications. Private employers crave for quality staff. Arising from the above, therefore, the paper makes the following *ex ante* expectations. Firstly, it expects companies' boards of directors to employ more CFOs with the ICAN qualification than those of other professional accountancy bodies' qualifications. This expectation is borne out of the boards' past positive work experience with ICAN qualified CFOs. Hence, in the managerial labor market a CFO's previous associations with success and failure are information about their talent (e.g., Fama, 1980, p.292). Secondly, the paper expects differences to exist between the ICAN and non-ICAN qualifications. This expectation is borne out of the relative high quality of professional services rendered by the ICAN qualified CFOs, as measured by the number of the ICAN qualification holders employed in listed companies in Nigeria. Finally, it is expected that CFOs' nationality may likely determine whether a CFO is ICAN qualified or otherwise. This expectation is a product of unsubstantiated arguments that some foreign CFOs employed by Nigerian companies find it more difficult to qualify as ICAN members. The above stated expectations transmute to three null hypotheses in Section 3, to the effect that: i) CFOs of listed companies are *not* more likely to hold the ICAN qualification than non-ICAN qualifications, ii) there are no differences between the ICAN and non-ICAN qualifications, and iii) a CFO's nationality is not likely to influence the Nigerian professional accountancy qualification the CFO possesses.

The paper is motivated by prior papers (for example, Iyoha & Oyerinde (2010), Uche (2002), Samuel et al. (2017), Afolabi (2017), Smith (1776), and IFAC (2003, 2007), amongst others). Iyoha & Oyerinde (2010, p. 365) observe that the ICAN is the most recognized and better established professional accountancy body in Nigeria. The authors also note that most ICAN members hold influential positions especially in the private sector of Nigeria's economy. Uche (2002)'s well-researched work traces the development of the accountancy profession in Nigeria, and observes that the ICAN and the ANAN do not work together as they ought to. However, this observation is not surprising because Smith (1776) had written that people of the same trade seldom meet together, even for merriment and diversion. The paper is also motivated by Allensworth & Edlin (2014), who argue that professional bodies use entry restrictions to repress competition; and in line with IFAC

(2007)'s advise that professional accountancy bodies, acting in the public interest, must play active roles in the regulation of the profession. However, our paper departs from prior works in a number of respects. Firstly, Iyoha & Oyerinde (2010) and Okafor (2012)'s papers did not use empirical company data. While Okafor (2012) identifies three other professional accountancy bodies in Nigeria (including Chartered Institute of Taxation of Nigeria (CITN), Chartered Institute of Cost and Management Accountants (CICMA) and Institute of Certified Public Accountants of Nigeria (ICPAN), it did not use empirical data to test the strength of the professional bodies in the marketplace. Similar to Okafor (2012), Dauda, Ombugadu & Aku (2015), through administration of questionnaires, find that the ICAN and the ANAN are the two most dominant in the practice of accountancy profession in Nigeria. Their finding was based on perception of respondents rather than company data.

The following summarizes the results of our empirical findings. There is evidence to suggest that about 89% (11%) of all CFOs in the companies were ICAN (ANAN) qualified. About 98% (2%) of the Nigerian CFOs were ICAN (ANAN) qualified, while 13% (87%) of the foreign CFOs were ICAN (ANAN) qualified. Regarding the similarities between ICAN and ANAN qualifications, our finding shows that they are statistically different from each other. Finally, the evidence suggests that CFOs' nationalities have positive significant influence on CFOs' affiliation. The results are robust to alternative tests conducted in the later part paper.

To the best of our knowledge, our empirical paper appears to be the first to examine the demand for CFOs with particular professional accountancy bodies' qualification in the private sector in Nigeria. It also appears to be the first paper to investigate the association between CFOs nationalities and CFOs affiliations with Nigerian professional accountancy bodies.

The importance of the paper cannot be overemphasized. As well as presenting an up-to-date knowledge about the relative employment of CFOs with competing professional accountancy bodies' qualifications in the private sector in Nigeria, the paper also provides a measured dose of policy prescriptions that should be considered by relevant stakeholders in Nigeria.

The remainder of the paper is structured as follows. The next section provides an overview of related literature on competition and regulation. Section 3 presents the research methodology, describing the data and data sources, and methods of analyses. Section 4 reports the paper's results, while Section 5 concludes by considering implications and policy recommendations.

2. Literature Review

This section reviews the literature on competition and regulation. The review does not pretend to be encyclopedic in the review of the themes.

2.1 Competition

Afolabi (2016), Uche (2002), and Anibaba (1990) have written about the competition between the ICAN and the ANAN. In particular, Afolabi (2016) described an era of professionalism and competition that covers the period of breaking the ICAN monopoly. The emergence of the ANAN was made possible by various agitations and petitions to the Nigerian government against the dismal performance of the ICAN (see, e.g., Uche, 2002) in producing sufficient number of qualified accountants to handle the growing Nigerian economy. Uche (2002) also asserts that the Charter granted to the ANAN in 1993 vide ANAN Decree 76, the ICAN monopoly of the accountancy profession in Nigeria was broken. According to Uche (2002), the advent of civilian democracy and genuine agitation for the democratization of the accountancy profession in Nigeria saw the monopolistic tendency of ICAN quickly ending, and it culminated in the formation of the ANAN.

Professional bodies like the ICAN may likely use entry barriers to curtail free market competition, and, in the opinion of Allensworth & Edlin (2014), it is difficult to quantify the social damage done by professional entry restrictions and the damage caused by free but inefficient markets for professional services. The authors argue that restricting entry to a profession (such as that of accountancy) should improve service quality. Granting of accountancy Charters limits entry and ensures that all professional accountants abide by the rules of the profession. The other side of the argument presents a different view. For example, Krueger (2006) thinks that licensing is unfavorable as it has become a way to restrict labor supply. In the same breadth, Afolabi (2016) argue that competition is harmed when competitors restrict entry or adhere to agreements that suppress incentives to compete. He further argues that licensing schemes can be used for competitive good or for competitive evil. Iyoha & Oyerinde (2010, p.365) observe that by far, the ICAN is the more recognized and better established of the two accountancy bodies in Nigeria, the ICAN having been in existence since 1965. Iyoha & Oyerinde (2010, p.365) noted that most of the ICAN members hold influential positions especially in the private sector of Nigeria's economy. They, therefore, concluded that this means that the public sector is left to be driven by less qualified and incompetent accounting personnel. Iyoha & Oyerinde (2010)'s observation implies that there exists a long-standing but unequal⁴ competition in the market for accounting services in Nigeria. According to Uche (2002), the inability of the ICAN to satisfy the country's needs for qualified accountants and its failure to provide enough qualified accountants at all levels to help the nation's

⁴ Presumably, "unequal" with respect to longevity, membership size, quality of services, observed ethical orientation, and a focus on the public interest.

economic development has become the most compelling reason for the proliferation of accountancy bodies in Nigeria. The author observed that the ICAN and the ANAN in most cases do not work together because they spend much time arguing on unnecessary issues relating to superiority, or who is (or is not) responsible for what. This observation should not be surprising to most followers of most professions universally. Smith (1776) wrote that people of the same trade seldom meet together, even for merriment and diversion. The “cold blood” between the ICAN and the others is unhealthy but not unexpected. It may serve the public interest better that they do not work together because working together for the sake of self-preservation could lead to the “cartelization” of the accountancy profession in Nigeria. Therefore, observers should not be overly bothered considering the saying that the “conversation of competitors is a conspiracy against the public, or some contrivance to raise prices” (Smith, 1776). The fear of conspiracy can only be assuaged if relevant State actors intervene in meaningful and proactive ways. According to Elhauge (1991), one of such ways is not to allow “those who stand to profit financially from trade restrictions to determine which restrictions are in the public interest and which are not” because the “public interest can sometimes be a smokescreen for private commercial interest. A cartel charged with regulating itself may act to protect its own interests instead of the common good” (see, for example, Allensworth & Edlin, 2014).

There is an international precedence to follow regarding cooperation and regulation. A merger took place between accountancy professional bodies in Australia which saw the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia merged. This birthed the Institute of Chartered Professional Accountants in Australia, CPA Australia. The Australian Competition and Consumer Commission (ACCC), an Australian government agency, interpreted the merger as serving Australia’s global interest, and said that it should enable CPA Australia to better represent the interests of the Australian accounting profession both domestically and internationally. The ACCC believed that the merger is unlikely to substantially reduce competition in the provision of accounting services, and added that there has been a reduction in the barriers to trade in accounting services, which should facilitate increased trade in accounting services on an international level. The ANAN has proposed the establishment of a joint body of financial services providers to tackle major challenges facing the accounting profession in the country (Afolabi, 2016). This paper is of the opinion that the ANAN’s proposal could lead to cartelization if it is not properly handled.

Afolabi (2016) contended that the basic policy justifications for licensing boards flow from the belief that free and unfettered competition will lower the quality of services provided to the public.

According to (IFAC, 2007), competition in a market is generally a powerful force to drive improvements in service quality. The market for accountancy services is clearly one mechanism to ensure overall quality and consistency, as professional accountants compete to offer best value services. Therefore, competition should be a tonic in the market for CFOs because it is a great opportunity for improving service quality. The ANAN (2010) thinks that its emergence as one of the accountancy qualifying bodies in Nigeria has reduced the hegemony of the ICAN, which is expected to triggered positive changes in the ICAN, especially in its qualification and certification of accountants. According to Smith (1776), the interests of competitors are never exactly the same as those of the public because the former generally have an interest to deceive and even oppress the latter.

2.2 Regulation

It is the view of IFAC (2007) that professional accountancy bodies acting in the public interest must play an active role in the regulation of the accountancy profession, and that professional accountancy bodies and governments need to work together to ensure that regulation is effective and efficient. IFAC (2007) points out that how the accountancy profession should be regulated has been the subject of much debate, and that there has been much consequential change as professional accountants and their bodies, their clients, and governments seek to ensure that the profession continues to deliver high quality services and contributes to economic growth and development. Loo (2020) observed that policymakers are acting as if professional accountancy bodies have a duty to act favorably in the public interest.

There is a need to regulate the accountancy bodies in Nigeria, just as the cases of law and medical professions in the country. The chartered accountancy bodies themselves have a more specific responsibility to self-regulate, and regulate their members, such that they uphold and promote high quality professional standards. To this end, the ANAN's (2010) call for the creation of a regulatory authority for accountancy bodies in Nigeria may be given a thoughtful consideration. Without this, government or an external agency such as the Nigerian Stock Exchange, the Financial Reporting Council of Nigeria, the Corporate Affairs Commission, the Securities and Exchange Commission, or the National Assembly may intervene to correct or avoid market failures.

Some economists applaud certification and/or licensing where a free market may suffer from information asymmetry concerning a professional accountant's quality. Certification and/or licensing are where the State sets educational or testing criteria for professionals. Professional accountants' ability to pass the hurdles signals to employers an individual's minimum quality and competency. High quality service from the accountancy profession is, in the long run, dependent on

professional standards, including ethics, personal competencies and values, and regulatory systems.

IFAC has given the professional accountancy bodies some responsibilities. These include, *inter alia*, that they play a role in the regulation of the profession to ensure the quality of the services provided by their membership is of high standards; and that they can rely on the skills and experiences of their members to regulate the profession as they have the ability to respond and act quickly in the face of fluid circumstances. Professional accountancy bodies have a responsibility to communicate and work with governments in the public interest; to use their knowledge of the profession and the markets in which they operate to assist regulatory agencies to design effective professional regulation that ensures high quality services. It is important to have high quality standards because they provide minimum thresholds for members of the profession, for listed companies who use professional accountants' services, and for regulators who need to assess compliance with best practices by members of the profession. Compliance with regulation is facilitated by high quality standards. According to IFAC (2007), "the effect of [a] well-designed regulation will be to provide assurance that accounting services are of the nature and quality that is needed both by the users of those services and by the wider economy" (IFAC, 2007, p.4).

Regulation of professional accountants can be implemented in at least two ways. The first is through self-regulation whereby professional bodies are recognized by the State who delegates to the professional bodies the responsibility for regulating their profession. The other is through external regulation whereby the professional bodies are regulated by the government, either through a government agency or through a private agency created and endowed with regulatory powers. The concern here is that by delegating regulation to an enforcer-entity like the ICAN, the State empowers the delegate to write and enforce the profession's rules that consolidate or promote the delegate's own existing market dominance, thereby harming smaller bodies and new entrants (e.g., Loo, 2020). Per IFAC (2007), both ways reinforce each other. They should interact to complement each other, not compete. Either methods, or their hybridization, should be evaluated periodically for effectiveness. In any case, professional accountancy bodies would need some form of government mandate or oversight to regulate. Similarly, the State must regulate by interacting with the professional bodies in some ways, and by explicitly or implicitly delegating authority to them. However, the saying should be remembered that those who stand to benefit financially from the restraints of trade cannot be trusted to determine which restraints are in the public interest and which are not (e.g., Elhauge, 1991, p.667).

The literature reviewed in this section did not find any prior research that examined the market demand for CFOs in Nigeria’s corporate world; neither did it find any that investigated the relationships between CFOs’ nationalities and CFOs affiliations with Nigerian professional accountancy bodies. These are some of the gaps that we will try to empirically address in the remaining sections of this paper.

3. Research Methodology

3.1 Sample and Research Data

The data for the study were hand-collected from 343 listed non-financial companies obtained from e-annual reports of companies listed on the Nigerian Stock Exchange. We focus on the ICAN and the ANAN because they are the two chartered accountancy bodies whose members are allowed to sign published financial statements of listed companies in Nigeria; other professional bodies’ members must seek special permission to do so. The data collected were on CFOs professional affiliations (i.e., the ICAN and the ANAN); and on CFOs’ nationalities, whether they are foreign nationals or Nigerians. That is, we regarded all foreign CFOs as a collective, or one group. We use the number of CFOs employed in the listed companies as representing a measure of the quality of services offered by professional accountancy bodies in Nigeria. The sample is restricted to the ICAN and the ANAN qualified accountants employed in 49 listed companies from 2012 to 2018 inclusive, excluding the financial services subsector. Thus, there are 343 observations (49 x 7). There were 68 cases of “foreign qualifications” (e.g., MULTI, MANUN, and others), and of other qualifications that are “not applicable (N/A)” to sign the financial statements as chartered accountants (e.g. Institute of Directors of Nigeria (IoDN), Chartered Institute of Bankers of Nigeria, CIBN). The 68 observations were excluded, leaving a total of 275 observations used in many of the analyses conducted in the rest of the paper. Table 1 shows yearly distributions of CFOs qualified by only the ICAN and the ANAN professional accountancy bodies from 2012-2018.

Table 1. Yearly Distribution of CFOs by Two Nigerian Professional Accountancy Bodies in 49 Nigerian Listed Companies (2012-2018)

| Nigerian CFOs | | Foreign CFOs | | Total |
|---------------|------|--------------|------|-------|
| Year | ICAN | Year | ANAN | |
| 2018 | 37 | 2018 | 7 | 44 |
| 2017 | 36 | 2017 | 6 | 42 |
| 2016 | 35 | 2016 | 5 | 40 |
| 2015 | 36 | 2015 | 3 | 39 |
| 2014 | 35 | 2014 | 3 | 38 |
| 2013 | 34 | 2013 | 3 | 37 |
| 2012 | 32 | 2012 | 3 | 35 |
| Total | 245 | | 30 | 275 |

Source: Author’s compilation

3.2 Statistic Tests

Non-parametric tests

We use nonparametric statistical techniques to test the three null hypotheses of the paper. We invoke Samuel et al.'s (2017) view that "an enquiry and analytical mind consistent with providing clients with high standards of professional services" ... "in ways consistent with the highest ideals of a true professional."

There was no satisfactory direct way that we could have used to measure and test for the comparative quality of services rendered by both the ICAN and the ANAN qualifications. Therefore, we indirectly use the number of the ICAN and the ANAN qualification holders employed as CFOs. Many researchers continue to devise ingenious means to assess the quality of professional services, but none of them have been found satisfactory. There may, therefore, be the "lemons problem" (e.g., Akerlof, 1970) in our research design because of the difficulty of assessing the quality of professional services offered by the ICAN and the ANAN members. Random noises may therefore arise from this difficulty. Notwithstanding, we think that boards of directors of listed companies are likely to employ CFOs they think can provide high standards of professional services to their firms.

Below are the three null hypotheses of the paper:

H1: CFOs (whether foreign or Nigerian) in the private sector are not more likely to acquire the ICAN qualification than the ANAN qualification.

H2: There is no difference between the ICAN and the ANAN professional accountancy qualifications.

H3: The nationalities of CFOs in Nigerian listed companies will not influence the Nigerian professional accountancy qualification a CFO possesses.

Respectively, *H1*, *H2*, and *H3* will be tested using a simple majority, and presented in tables; and distribution-free statistics.

4. Results

This section presents the empirical results of our findings. In Table 2, the first row shows that among the 250 Nigerian CFOs employed between 2012 and 2018, 241 hold the ICAN qualification. None of the Nigerian CFOs with a foreign qualification signed the financial statements. The table further shows that four of the CFOs hold the ANAN qualification while the qualifications of five CFOs were not applicable (N/A). The second row shows that four foreign CFOs hold the ICAN

qualification while 26 hold the ANAN qualification. Thirty-four of the foreign CFOs hold foreign qualifications. They were granted a waiver to sign their companies' financial statements. The foreign qualifications are those of, for example, South Africa's Institute of Chartered Accountants, "MULTI", "MANUN", and of those who obtained a degree in Accounting and/or Finance, or have a wealth of experience in those areas.

Table 2. CFOs Nationalities in Nigeria's 49 Listed Companies * Chartered Accountancy Bodies Cross tabulation

| CFO Nationality: | CFOs Professional Qualification | | | | | | Total | Percent |
|------------------|---------------------------------|-----|------|-----|-------------------|------------------|-------|---------|
| | ICAN | % | ANAN | % | FRGN ¹ | N/A ² | | |
| Nigerians | 241 | .98 | 4 | .13 | 0 | 5 | 250 | 72.9 |
| Foreigners | 4 | .02 | 26 | .87 | 34 | 29 | 93 | 27.1 |
| Total | 245 | 100 | 30 | 100 | 34 | 34 | 343 | 100 |

¹. Granted waiver by the Financial Reporting Council of Nigeria. Waiver applicable to foreign professional accountancy body such as South Africa Institute of Chartered Accountants, MULTI, MANUN, and those that have a degree in Accounting and/or Finance, or experience in those areas.

². Granted waiver by the Financial Reporting Council of Nigeria. Waiver applicable to holders of none professional accountancy bodies such as the Chartered Institute of Bankers of Nigeria (CIBN), Institute of Directors of Nigeria (IoDN) and CFOs without a stated professional affiliation.

Source: Author's compilation

Continuing with the foreigners' row, 29 CFOs' qualifications were not applicable (N/A), but were nonetheless granted waiver to append their signatures to their companies' financial statements. They include holders of Chartered Institute of Bankers of Nigeria (CIBN), Institute of Directors of Nigeria (IoDN), or those without any stated qualifications. The table shows that majority of the CFOs are qualified by the ICAN. The implication is that there are more than 98 chances out of 100 that the financial statements were signed by ICAN chartered accountants. The values in Table 2 tend to bolster ICAN's claim that it controls the accountancy market in Nigeria's private sector. This image of self-worth has accorded the ICAN the toga of professional inscrutability, which has contributed to, or a product of, the ICAN's attempt to marginalize its competitor and secure a wider societal legitimacy for itself. According some writers, Nigerians looked up to the ICAN (Asuquo & Akpan, 2014, p. 243). This result indicates that foreign CFOs in Nigeria prefer to acquire the ANAN qualification. It remains to be seen, what can be attributed to foreign CFOs' interest in preferring the ANAN to the ICAN. This is left for future research to unearth. To be more focused with respect to *H1*, Table 2 will be replaced with Table 3. The results contained in Table 3 are consistent with Iyoha & Oyerinde's (2010, p. 365) observation that by far, the ICAN is the more recognized and better established of the two professional accountancy bodies, and that most ICAN members hold influential positions especially in the private sector of the economy. The authors concluded that

this, by implication, means that the public sector is left to be driven by less qualified and less competent accounting personnel.

Table 3. Chartered Accountancy Bodies in Nigeria by CFO's Nationality Cross Tabulation

| | Nigerian | | Foreign | | Total | |
|-------|----------|---------|---------|----------|-------|---------|
| | No. | Percent | No. | Percent | No. | Percent |
| ICAN | 241 | 98 | 4 | 13 (2) | 245 | 89 |
| ANAN | 4 | 2 (13) | 26 | 87 (100) | 30 | 11 |
| Total | - | 100 | - | 100 | - | 100 |
| Total | 245 | 89% | 30 | 11% | 275 | 100% |

Source: Author's compilation

4.1 Bivariate correlation analyses

We examine the bivariate correlation between Nigerian professional accountancy qualifications and all CFOs in Nigeria. Table 4 shows the Pearson and Spearman's correlations. The table shows that there is a direct significant correlation, $p < .01$.

Table 4. Bivariate Correlations of all CFOs in Nigeria and Nigerian Professional Accountancy Qualifications (N = 275)

| | Panel A. Pearson Correlation | | Panel B. Spearman's Correlation | |
|----------|------------------------------|----------------------------|---------------------------------|----------------------------|
| | All CFOs | Accountancy Qualifications | All CFOs | Accountancy Qualifications |
| All CFOs | 1.000 | .817** | 1.000 | .889** |
| <i>p</i> | .000 | | .000 | |

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

The bivariate correlations suggest that there is a high significant positive correlation between all the CFOs in Nigeria and Nigerian professional accountancy qualifications. This implies that the employment of CFOs – whether Nigerians or foreigners – is likely to increase the number of CFOs with Nigerian accountancy qualifications.

4.2 ANOVA test

We conducted an ANOVA test, and the test result is presented in Table 5. The test result suggests that a CFO's nationality has a significant positive influence on the Nigerian professional accountancy qualifications of the CFO. $F = 712.838$, Sig. $p < .001$.

Table 5. ANOVA^a

| | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|-----|-------------|---------|-------------------|
| Regression | 19.326 | 1 | 19.326 | 712.838 | .000 ^b |
| Residual | 7.401 | 273 | .027 | | |
| Total | 26.727 | 274 | | | |

^a. Dependent Variable: Professional accountancy qualifications

^b. Predictors: (Constant), All CFOs in Nigeria

4.3 Additional Analyses

Additional analyses carried out here are in respect of hypotheses two (*H2*) and three (*H3*).

4.3.1 Test on hypothesis 2 (*H2*)

The null for *H2* says that there is no difference between the ICAN and the ANAN professional accountancy qualifications. In other words, the means/medians of the ICAN and the ANAN qualifications are equal. To test this hypothesis, we performed non-parametric statistical tests which results are contained in Table 6. As can be seen from the table, all the test results are significant, Asymp. $p < 0.05$, 2-tailed..

Table 6. Test of Differences between CFOs with the ICAN and the ANAN Professional Accountancy Qualifications (2012-2018) (N=275)

| | Chi-square | Std. J-T Statistic | Z | Asymp. Sig. (2-tailed) |
|----------------------------|------------|--------------------|---------|------------------------|
| Kruskal Wallis H Test | 5.506 | | | .019 |
| Sign Rank Test | | | -9.328 | .000 |
| Wilcoxon Signed Ranks Test | | | -8.311 | .000 |
| Mann-Whitney Test | | | -14.076 | .000 |
| McNemar Test | | | | .000 |
| Jonckheere-Terpstra Test | | 14.076 | | .000 |

Kruskal Wallis H test result shows $X^2 = 5.506$, $p = .019$. Respectively, the Sign rank test, Wilcoxon Signed ranks test, and Mann-Whitney test results show $Z = -9.328$, $-8,311$, and -14.076 . Jonckheere-Terpstra test result = 14.076 , $p < .01$. In absolute terms, Jonckheere-Terpstra and Mann-Whitney tests results are consistent at $|14.076|$. Put together, these results reject the null hypothesis that the mean/median of CFOs with the ICAN qualification is the same as the mean/median of CFOs with the ANAN qualification. We accept the alternative hypothesis that the mean/median of CFOs with the ICAN qualification is *not* the same as those of the ANAN qualification, and we therefore conclude that the differences between both means/medians qualifications are *not* statistically the same. In order words, the two qualifications are statistically significantly different from each other.

Test on hypothesis 3 (H3)

The null for H3 says that the nationalities of CFOs will not influence the Nigerian professional accountancy qualification a CFO possesses. In other words, CFOs nationalities will not affect whether a CFO holds the ICAN or the ANAN qualification. To test this hypothesis, we conducted a simple (one variable) pooled OLS regression. The specification of the general OLS regression model is given as, $Y = \beta X + \epsilon$

Where: Y = the DV, which is categorically coded “0” for the ICAN, and “1” otherwise. X is the IV, and represents CFOs nationality. β is the coefficient estimate. ϵ = error term i.i.d. The test result contained in Table 7 is consistent with the *prima facie* evidence that employment of CFOs of different nationalities is likely to have a positive impact on Nigerian professional accountancy qualifications possessed by a CFO.

Table 7. Pooled OLS Regression of CFOs Nationality on Nigerian Professional Accountancy Qualifications (N = 275)

| $Y = \beta_1 X_1 + \epsilon$ | | | | | |
|--|-----------------------------|------------|---------------------------|----------|------|
| | Unstandardized Coefficients | | Standardized Coefficients | <i>t</i> | Sig. |
| | B | Std. Error | Beta | | |
| (Constant) | .076 | .037 | | 1.552 | .122 |
| Nigerian professional accountancy qualifications | 1.870 | .072 | .850 | 26.699 | .000 |
| R Square | .723 | | | | |
| Adjusted R Square | .722 | | | | |
| F-Change | 712.838 | | | | .000 |

a. Dependent variable: Nigerian professional accountancy qualifications

The test result is positive and significant, $t = 26.699$, coefficient = .850, Sig. $p = .000$. This means that the employment of one CFO in the listed companies is likely to lead to about 85% increase in professional accountancy qualifications. In other words, the employment of one CFO, perhaps a Nigerian, will lead to about 85% increase the number of CFOs with the ICAN qualification. Thus, the null hypothesis of no influence is rejected. We, therefore, accept the alternative hypothesis and conclude that CFOs nationality is likely to influence the Nigerian professional accountancy qualification a CFO possesses. Tying it all together, the results in the above tables, we can infer that Nigerian CFOs in listed companies are likely to have the ICAN qualification.

5. Discussion

This paper formalizes the theories of competition and conflict formulated by Cooley (1894). The paper examines the market demand for qualified professional accountants by 49 listed companies in Nigeria using companies data from 2012-2018, inclusive. The results suggest that chartered

accountants who are ICAN members are employed more as CFOs by listed companies in Nigeria. Also, the documented evidence suggests that the ICAN and the ANAN qualifications are statistically different from each other. Finally, the documented evidence indicates that CFOs nationalities positively and significantly influence CFOs affiliation; that is, whether a CFO is ICAN qualified or ANAN qualified.

6. Conclusion

Following the documented results, the paper recommends the following. Firstly, the ICAN should be formally mandated to regulate the accountancy profession in Nigeria. This recommendation is borne out of historical realities, e.g., i) the ICAN is the pioneer accountancy body in Nigeria, and therefore ii) the ICAN has more longevity, and iii) the ICAN has the largest membership size, and iv) the ICAN is *primus inter pares* of professional accountancy bodies in Nigeria. Alternatively, and where the first recommendation is not acceptable to ANAN and other professional bodies, we recommend that all the professional accountancy bodies should come together to form a regulatory ecosystem where each professional body supports and monitors the other; a kind of consortium.

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