ACCOUNTING AND ECONOMIC DEVELOPMENT IN NIGERIA

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Abstract

There is a nexus between accounting and the economic development; as a result the pertinent research question is that to what extent is the role of accounting plays in enhancing accountability and improving economy in Nigeria. This paper uses conceptual analysis to explore the role of accounting in national economic development in Nigeria. The study reveals that economic planning and control, capital formation, taxation, capacity building, accounting standards and social welfare are the important areas where accounting information is of a particular importance to the national economy development of Nigeria. Moreover, the paper concludes that accounting plays an immense role in the provision of transparent and quality information through financial reporting to government, the national economy planners and other economy regulators for use in making best economy decision for the development of Nigeria. We recommend that government should enforce the adoption of the International Accounting and Financial Reporting Standards by all private companies to aid transparency and quality of financial disclosure.

1. Introduction

The importance of economic development to a nation cannot be overemphasized. It is considered that in the economic development of countries an important role is played by accounting and that the success of the progress in an economy is influenced by the

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opment to a nation cannot be in the economic development of ed by accounting and that the conomy is influenced by the

performance of the accounting systems used at micro and macro-economic level. Starting with the second half of the 20th century a striking feature of the macro-economic theory is the use of accounting methodology for planning and control at the level of the state – a method of obtaining an over-all picture of economic activity in essential (Most, 1970). In this era of globalization, it has indeed become even more topical, for countries to focus on and pursue policies that promote economic growth and development. It is for this reason that in Nigeria, for example, we have had the Structural Adjustment Programme (SAP), Vision 2010, Vision 2020, Millennium Development Goals (MDGs), National Economic Empowerment Development Strategy (NEEDS), State Economic Empowerment Development Strategy (SEEDS), and other development plans. NEEDS was a medium-term strategy (2003 – 2007), but which derived from Nigeria's long-term goals of poverty reduction, wealth creation, employment generation, and value re-orientation. NEEDS was a nationally coordinated framework of action in close collaboration with the State and Local Governments (with the State Economic Empowerment and Development Strategy, SEEDS, and Local governments Economic Empowerment and Development Strategy, LEEDS). The NEEDS is a policy anchored on the imperative to restore the fundamental values of Nigeria that had weakened over the years.

According to the vision 2010 report, Nigeria is a multi-ethnic society with a value system that derives from the diversity of its people, religion and cultures. In principle, the elements of this value system include respect for elders, honesty and accountability, cooperation, industry, discipline, self-confidence and moral courage. The American Institute of Certified Public Accountants (AICPA) defines accountancy as the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof. The main objective of accounting is to provide