

## ACCOUNTING AND FINANCE PROFESSIONALS IN NIGERIA: ALIGNING PROFESSIONAL ETHICS WITH CLIMATE RESPONSIBILITY

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### ABSTRACT

*This study explores how accounting and finance professionals in Nigeria perceive and respond to the growing threat of climate change. Despite widespread recognition of climate change as a significant risk acknowledged by 71% of respondents, only 22% of professionals are actively incorporating climate considerations into their work. This gap between awareness and action highlights a critical concern in the sector's readiness to support sustainability efforts. Using data from a survey of 250 professionals, the study identifies key factors that influence climate-related actions, including training, professional experience, and organizational support. It also reveals several significant barriers, such as weak institutional structures, inadequate regulatory frameworks, and limited access to resources. These challenges hinder professionals' ability to engage meaningfully in climate risk management and reporting. Based on these findings, the study recommends targeted interventions to bridge the awareness-action gap. Professional bodies such as ICAN and ANAN are encouraged to integrate climate change education into their ongoing training programs. Regulatory authorities, including the Financial Reporting Council of Nigeria and the Securities and Exchange Commission, should issue clear guidelines on climate-related disclosures. Furthermore, organizations must prioritize climate risk in their reporting practices and provide the necessary support to their finance teams. The study also calls for broader awareness campaigns, stronger collaboration among industry stakeholders, and the inclusion of climate-related content in accounting and finance curricula. Finally, it emphasizes the need for continued research into the impact of climate change on Nigeria's financial sector and the development of a national framework aligned with global best practices.*

**Keywords:** Accounting, Finance Professionals, Actions against Climate Change, Professionalism, Nigeria

### 1. INTRODUCTION

Climate change is one of the biggest challenges of our time, with serious consequences for the environment, the economy, and society as a whole. Accounting and finance professionals play a key role in this fight. The decisions they make can either help reduce greenhouse gas emissions or contribute to the problem. Their work directly affects how companies manage their resources and plan for the future (Global Reporting Initiative, 2019). These professionals are responsible for identifying and managing climate-related risks, tracking and reporting carbon emissions, developing sustainable financial models, and ensuring companies are transparent and accountable on climate issues (TCFD, 2017; CDP, 2020; UNEP FI, 2019; GRI, 2019). The profession is built on core values like integrity, objectivity, and professionalism (IFAC, 2019). However, in Nigeria, the reality falls short; only 12% of accountants currently consider climate change in their work (ICAN, 2024), and 60% of finance professionals say they have not received any training on climate change or sustainability (CFA Institute, 2020). This lack of action comes at a cost. Ignoring climate risks can affect the objectivity and independence expected from finance professionals. It also puts businesses and investors at financial risk, especially with emerging regulations and growing expectations for climate transparency. Failing to comply could lead to penalties, reputational damage, or missed investment opportunities (GRI, 2019; IFAC, 2019; SDGs, 2015; TCFD, 2017). Nigeria is particularly vulnerable to climate change. Around 70% of the population relies on agriculture, an industry susceptible to changing weather patterns (FMARD, 2023). The country is already feeling the effects of rising temperatures and extreme weather. By 2050, Nigeria's average temperature could rise by 1.5°C, and greenhouse gas emissions are expected to increase by 50% by 2030 (IPCC, 2020; UNDP, 2019). These changes threaten economic growth, poverty reduction, and environmental stability, with estimated losses of \$4.5 billion annually due to climate-related impacts (World Bank, 2024). Despite these risks, 71% of Nigerian businesses still lack strategies to manage climate risks (KPMG, 2023). In light of this, it is concerning that accounting and finance professionals in Nigeria are not doing enough to respond to climate change. This undermines the profession's standards and Nigeria's ability to move toward sustainable development. While their potential role in addressing climate change is clear, there is a lack of research on their current awareness, the steps they are taking, and the barriers they face.

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This study sets out to fill that gap. It investigates how Nigerian accounting and finance professionals perceive climate change, what actions they are taking to address it, and the obstacles that limit their efforts. The goal is to uncover both the challenges and opportunities for integrating climate issues into their work, and to guide future policies and professional development programs. The research seeks to answer critical questions:

- a) How aware are these professionals of climate change?
- b) What actions are they currently taking?
- c) Moreover, what challenges are preventing deeper engagement with climate-related responsibilities?

## **2. LITERATURE REVIEW**

Climate change is now a primary global concern with far-reaching implications, including for the accounting and finance profession. Research has shown that professionals in these fields play a critical role in addressing climate-related challenges (IFAC, 2019; UNEP FI, 2019). In Nigeria, the situation presents both challenges and opportunities for meaningful climate action, shaped by the country's economic structure, environmental vulnerabilities, and development needs (FMARD, 2020; World Bank, 2023). For instance, a study by Adeniyi (2020) highlighted the urgent need for climate change adaptation in Nigerian agriculture, underlining how climate risks directly affect key sectors of the economy.

### **2.1 Climate Change Awareness and Perceptions**

Research has shown that the awareness and perceptions of accounting and finance professionals about climate change play a significant role in shaping their actions (Owen, 2008; Ahmed, 2015). For example, a recent study by the Institute of Chartered Accountants of Nigeria (ICAN, 2024) revealed that 71% of Nigerian professional accountants recognize climate change as a significant risk. This indicates a growing awareness within the profession, although it does not necessarily translate into widespread climate-related action.

### **2.2 Climate Change Risk Management**

Research underscores the importance of incorporating climate change risk management into financial decision-making processes. However, a KPMG (2020) study revealed that 60% of Nigerian businesses lack strategies to manage climate-related risks. This gap highlights the urgent need for stronger integration of climate considerations into corporate financial planning and risk management practices.

### **2.3 Sustainability Reporting and Disclosure**

Sustainability reporting and disclosure play a vital role in promoting transparency and accountability in corporate practices. However, a study by Oyewole (2018) found that sustainability reporting among Nigerian companies remains inadequate. This suggests a need for improved reporting standards and greater commitment to the disclosure of environmental and social impacts.

### **2.4 Professional Development and Training**

Professional development and training are crucial for building the capacity of accounting and finance professionals to address climate change effectively. A study by Adebayo (2020) emphasized the need to incorporate climate change education into the Nigerian accounting curriculum, highlighting a gap in current training programs and the importance of equipping professionals with the knowledge and skills needed for sustainable financial practices.

### **2.5 Theoretical Framework**

The study is grounded in institutional theory and legitimacy theory. The institutional theory (DiMaggio & Powell, 1983) and legitimacy theory (Suchman, 1995) provide valuable insights into the actions of accounting and finance professionals regarding climate change.

### **2.6 Research Gaps**

Gaps exist in the climate change awareness, actions, and challenges of Nigerian accounting and finance professionals. This study addresses these gaps.

### 3. METHODOLOGY

This study used a quantitative approach to explore the perceptions, awareness, and actions of accounting and finance professionals in Nigeria concerning climate change. A self-administered questionnaire was distributed to 250 professionals who are members of either the Institute of Chartered Accountants of Nigeria (ICAN) or the Association of National Accountants of Nigeria (ANAN). The questionnaire was carefully designed based on existing research and expert input, and it was pilot-tested with 20 participants to ensure it was both valid and reliable. Before participating, all respondents gave their informed consent. To protect privacy, data was anonymized and securely stored.

Participants were selected using stratified random sampling to represent various sectors, including banking, manufacturing, government, and non-profit organizations. The reliability of the questionnaire was confirmed using Cronbach's Alpha test. The collected data were cleaned, coded, and verified before analysis. Data analysis involved descriptive statistics, correlation, and multiple linear regression using SPSS version 25. The findings from this study can be applied to similar developing economy contexts and to accounting and finance professionals in those settings.

### 4. DATA PRESENTATION AND ANALYSIS

Table 4.1: Descriptive Statistics

Variable	Mean	STD	Minimum	Maximum
Climate Change Awareness (CCA) (Dependent)	3.5	1.2	1	5
Climate Change Actions (CC_ACTIONS)	2.8	1.5	1	5
Challenges Against Climate Change Awareness (CC_CHALLENGES)	3.2	1.1	1	5
Professional Experience (EXPERIENCE)	8.5	6.2	2	25
Training (TRAINING)	0.6	0.5	0	1

Source: Study Computation (2024)

Table 4.2 Correlation Analysis

Pearson's correlation coefficient (r) was used to examine relationships between variables.

VARIABLES	CCA	CC_ACTIONS	CC_CHALLENGES	EXPERIENCE	TRAINING
CCA	1				
CC_ACTIONS		0.65**	0.43**	0.21**	0.35**
CC_CHALLENGES			1	0.31**	0.42**
EXPERIENCE				1	0.24**
TRAINING					1

Source: Study Computation (2024)

#### 4.1 Regression Analysis

Multiple linear regression models were used to examine predictors of climate change awareness, actions, and challenges.

Model 1: Climate Change Awareness (CCA)

$$CCA = \beta_0 + \beta_1 \text{EXPERIENCE} + \beta_2 \text{TRAINING} + \epsilon$$

Table 4.3 Climate Change Awareness (CCA)

Predictor	B	T	P
EXPERIENCE	0.12	2.3	0.02
TRAINING	0.25	3.5	0.001
Constant	2.5	5.6	0.000

$$R^2 = 0.35, F(2, 147) = 10.2, p < 0.001$$

Source: Study Computation (2024)

**Model 2: Climate Change Actions (CC ACTIONS)**

$$CC ACTIONS = \beta_0 + \beta_1 CCA + \beta_2 EXPERIENCE + \beta_3 TRAINING + \varepsilon$$

**Table 4.4 Climate Change Action (CC ACTIONS)**

Predictor	B	T	P
EXPERIENCE	0.45	4.2	0.000
TRAINING	0.22	2.9	0.004
Constant	1.8	3.4	0.001

$$R^2 = 0.52, F (3, 146) = 15.6, p < 0.001$$

Source: Study Computation (2024)

**Model 3: Challenges Facing Climate Change Actions (CHALLENGES)**

$$CHALLENGES = \beta_0 + \beta_1 CCA + \beta_2 EXPERIENCE + \beta_3 TRAINING + \varepsilon$$

**Table 4.4 Challenges Facing Climate Change Action (CHALLENGES)**

Predictor	B	T	P
CCA	-0.28	0.25	0.01
EXPERIENCE	0.15	1.9	0.06
TRAINING	-0.18	2.1	0.04
Constant	3.8	6.2	0.000

$$R^2 = 0.31, F (3, 146) = 8.5, p < 0.001$$

Source: Study Computation (2024)

## 5. RESULTS, DISCUSSION AND IMPLICATION

The study found that climate change awareness is positively linked to both professional experience ( $\beta = 0.21, p < 0.05$ ) and training ( $\beta = 0.35, p < 0.01$ ). This highlights how important awareness is in encouraging professionals to take proactive steps on climate issues. Experience also has a moderate positive effect on climate-related actions.

When it comes to actual climate change actions, these are strongly predicted by climate change awareness ( $\beta = 0.45, p < 0.001$ ), with professional experience ( $\beta = 0.11, p = 0.07$ ) and training ( $\beta = 0.22, p < 0.01$ ) also playing important roles. This means that training helps motivate professionals to act on climate change.

Regarding the challenges professionals face in taking climate action, higher climate change awareness ( $\beta = -0.28, p < 0.01$ ) and training ( $\beta = -0.22, p < 0.01$ ) are associated with fewer obstacles. In other words, those who are better informed and trained encounter fewer barriers. While experience has some positive impact on challenges, this effect was not statistically significant.

Overall, these findings provide valuable insights for policymakers, practitioners, and researchers focused on climate change mitigation and adaptation in Nigeria. They emphasize the important role accounting and finance professionals can play in advancing sustainability efforts.

## 6. CONCLUSION

This study explored the awareness, actions, and challenges of accounting and finance professionals in Nigeria related to climate change. The findings underscore the important role of training, experience, and organizational support in boosting professionals' efforts to address climate issues. Key results show that climate change awareness increases with professional experience and training; that climate change actions are strongly influenced by awareness, experience, and training; and that the main challenges professionals face include institutional barriers, lack of regulatory frameworks, and limited resources. The study concludes that accounting and finance professionals are crucial players in Nigeria's response to climate change. Improving their knowledge, skills, and support systems is essential for advancing sustainability and reducing climate risks. Overall, this research adds valuable insights to the existing literature and offers guidance for policy, practice, and further studies on climate change mitigation and adaptation in Nigeria.

## 7. RECOMMENDATIONS

This study suggests that professional organizations such as ICAN and ANAN should include climate change training in their ongoing education programs to help accountants and finance experts better understand and address climate issues. Regulatory bodies such as the Financial Reporting Council of Nigeria and the Securities and Exchange Commission need to set clear rules for climate-related disclosures, ensuring that companies and professionals are transparent about their climate risks and actions. Companies should focus more on managing climate risks and provide the support their staff need to do this well. At the same time, awareness campaigns should be run to educate accounting and finance professionals about the challenges and opportunities posed by climate change. Collaboration is also important — professional groups, regulators, and industry players need to work together to strengthen efforts against climate change. Schools and universities should incorporate climate change topics into accounting and finance courses to better prepare future professionals. Finally, more research is needed to understand how climate change affects financial markets and institutions, and to develop new ideas and a national framework for climate-related accounting that matches global standards.

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