Journal of Economics and Sustainable Development
ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online)
Vol.9, No.20, 2018

The Emergence of Accounting Theory from Practice Towards General Accounting Theory in a Corporate Organizations in Nigeria

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Abstract
This study focused on the emergence of accounting theory from practice towards general accounting theory in corporate organization in Nigeria. It was carried out, using Guinness Nigeria PLC. The study is based on primary and secondary sources of data. Data were gotten from the audited financial statement of organization for a period of four years (2014-2017) through simple random sampling technique. Regression analysis is used to test the hypothesis for this study at 5 per cent level of significance. Findings revealed that there is a significant relationship between accounting theory and accounting practice in corporate organization. It is recommended that organization should be consistent with type of accounting theory adopted in preparation of their various accounting records, since there is proportional relationship between accounting theory and financial reporting.
Keywords: Accounting Theory, Accounting Practice, Corporate Organizations, Financial Statement, Normative Accounting Theory, Positive Accounting Theory.

1.0 Introduction

Historically, accounting predates monetary economy. This was precisely, in the era of barter economy (i.e. exchange of goods for goods) when transactions were not only pre-determined by measurement but also by exchange values. The precept in which goods were exchanged at arm's length through concerted efforts of gathering, determining and measuring values are both pre and post-ante accounting (Khalid, 2010). The Trade by barter period was characterized by measurement inequality, cumbersome in terms of production variety and coupled with the problem of coincidence of wants, were all-inherent in barter economy. However, the development of accounting theory was to ameliorate the inherent problems encountered in barter economy, unlike monetary economy. It is pertinent to understand the meaning, scope and application of a theory in humanities and management sciences in order to appreciate the work of accounting theory (Khalid, 2010).

Accounting is not merely practiced processes and techniques. According to Chatfield (1977) documents that "accounting has always been based on a structure of ideas" that can be explained as "patterns of thought underlying accounting processes which afford rational explanations for particular methods which finally evolve." Moreover, the emergence of accounting from practice does not mean that accounting should not possess its own philosophy and general theory. Such theory would not only base the already practiced procedures and methods on reasoning, but also assist accounting practitioners in deciding upon accounting procedures and methods that ought to be practiced (Hopwood, 1987; Sterling, 1977; Khalid, 2010).

However, in accounting, ''theory'' has loose and overlapping meaning with principles, concepts, conventions, doctrines, standards, rules, assumptions, tenets, postulates and procedures which are used interchangeably in this case. These doctrines however gave credence to the rational judgment, universal applicability, comparability, and acceptability of financial statements. Accounting conventions, unlike the laws of chemistry or natural science, are man-made-laws on data generation, recording, classifying and analyses of financial information that are at least in part of monetary character and interpreting the results therein for management decisions (Anao, 1996).

Accounting theory is a material field in accounting. The relationship between accounting theory and accounting practice is well recognized by accounting writers, especially during the early age of the development of accounting thought. The case has always been such that complexities create a demand for a sound theory upon which sound practice depends (Wright, 1914). In a politically democratic society where "extensive financial control requires legitimation" and given the increasing complexities of "our civilization and commercial machinery", "sound theory" becomes for accountants a necessity to function fruitfully in society. Rightly posit "accountants provide that legitimation, "through theory and practice."

Therefore, the aim of this study is examine the emergence of accounting theory from practice towards general accounting theory in a corporate organization in Nigeria.

2.0 Literature Review

2.1 Conceptual Framework

2.1.1 Concept of Accounting Theory

Khalid (2010) in his paper proceeds to state that the necessity of a theory for accounting extends to accounting research. Wolk et al (2004) claims, "research without a theory leads to aimless wandering in the morass of data with little hope of meaningful results in terms of the better understanding of accounting." At the same time, in its development, accounting theory relies on academic accounting research. Wolk, Dodd and Tearney (2004) assert that "an important segment of accounting theory is derived from the research process." Thus, interdependence exits between accounting theory and academic accounting research.

Searching for a theoretical basis for financial accounting is to discover accounting principles (Archer, 1993). The continuous borrowing of theories from other disciplines weakens accounting researchers' claim of independence from such disciplines. The lack of having general accounting theory threatens the existence of accounting as an autonomous discipline. Mattessich (1972) warns that "accounting as a discipline might dissolve and be absorbed by neighboring fields." Recently, contemporary accounting writers (Demski, 2007) have raised concerns about whether accounting is an academic discipline. To Demski (2007) accounting is not an academic discipline.

A possible way to theorize in accounting is the normative type of theorizing. This was the form chosen by early accounting theorists, particularly prior to 1968. It was their way of attempting to build general accounting theory. Normative theories received considerable attention in accounting **(**Wolk et al, 2004). These theories were normative in nature because they all were intended to show how corporate reporting 'should be.' By stating "attempts can be made to improve accounting in the name of what it should be rather than what it is." (Hopwood 1987) represents a defense for such a position. Normative judgment is critical to the progress of research (Sterling, 1990). It was predicted in 1966 in A Statement of Basic Accounting Theory that, "a possible structure of future accounting theory would be more normative and less descriptive than in the past". Also, in the mid-1960s, the Accounting Principles Board (APB) revealed its tendency not to synthesize "accepted practice," but instead to "adopt a normative stance toward the development of basic concepts" (Zeff, 1999). Yu, 1976 argued that the normative approach is promising because "the kind of accounting that we practice is largely founded on a normative basis." The normative type of theory fits the nature of accounting. Accounting by nature reacts responsively to business needs. This responsive nature of accounting ought to be considered and taken seriously in the debate of whether accounting has a theory. It is worthy of considering and pondering over Cowan's, 1968 statement that the responses of accounting to business needs can be formed in "a unified system of accounting." This unified system of accounting can be built in a way that assures business needs in a given culture at a given time are met (Cowan, 1968).

At any given time, there is no reason to think that accounting cannot have a theory. The pragmatic perspective lends itself to develop a theory of accounting that is capable of addressing business needs. Chatfield (1977) argued that all the proposed theories "failed to adjust to changes in the business condition which first gave them validity." Stated differently, each theory for accounting has been proposed to respond to a change in business conditions and the environment. However, when a new change had taken place, the already proposed theory failed to adjust in accordance with the new change. A normative theory of accounting that takes the surrounding dynamic environment into consideration has the potential of enabling accountants to function fruitfully in their society. Assuming that no theory of accounting is good for all times nor fits all business needs, then it might not be correct to think of accounting as having a single theory that is capable of serving different cultures which have different business needs. The nature of accounting along with its flexible role requires accounting theory to change over time. In 1957, McCredie stated some aspects of this idea. Defining a theory as a series of propositions relating to entities and results, McCredie (1957) states, "The entities, results and propositions will change from time to time" Adopting a pragmatic perspective in analyzing the role of accounting is promising (Merino, 1993). Such a perspective tends to address accounting theory formulation in an evolutionary fashion. As such, accounting continues evolving as the environment surrounding accounting changes. Based on this evolutionary view, adapting and modifying the theoretical structure will continue as changes in the surrounding environment. The evolutionary view of accounting theory formulation is appealing in that it "allows for existence of important, unresolved issues" (Hendriksen, 1977). The flexibility of modifying its theoretical structure may be the unique aspect of accounting theory while may not be fully appreciated nor well perceived by those who argued against the possibility of having a normative theory of accounting.

"Since theory guides the research design of empirical studies" and "since interpretation of empirical analysis is impossible without theoretical guidance", the need for theories exist (Kothari, 2001). Contemporary empirical accounting researchers must find a source for theories to utilize in empirical archival research.

(Williams and Rodgers, 1995; Reiter and Williams, 2002), accounting researchers who identify themselves as empiricists have chosen an economic paradigm. Specifically, accounting researchers in this category have chosen a financial-economic paradigm as a source theory for accounting knowledge. In addition to economics, finance is another discipline that has offered theories to accounting researchers (Smith, 2003). Watts and Zimmerman (1986) argued that, "the developments in finance aimed at explaining practice provided a ready basis for a theory of accounting." Although finance might be viewed as a sub-discipline of economics, Smith (2003) articulates, "The developments in this field (finance) have had such a radical influence on accounting research that they deserve separate consideration."

Borrowing from finance and economics has been slowly and gradually increasing (Oler et al, 2008). While citations from economics and finance in accounting research have increased the citations to other disciplines like law, political science, sociology, psychology, philosophy, any natural science, history, anthology etc. disappeared in accounting research (Oler et al 2008, Rayburn, 2005; Williams, 2001). Citations to economics and finance are an indication of the tendency of accounting research to relate to these two disciplines (Oler et al, 2008).

While accounting tends to sustain closer ties with finance and economics, these two disciplines do not reciprocate such ties to accounting in their literature. Accounting cites finance and/or economics much more than either of them cites accounting (Reiter and Williams, 2002). Using citation analysis, Bricker et.al (2003) found that in contrast to the influence of finance upon accounting research, little impact of accounting research on finance exists. In addition to behavioral and sociology literature, economics and finance have been sources of most theories employed in accounting research (Smith, 2003). Moreover, contemporary accounting researchers do not cite economics and finance in search of findings. Instead, these researchers borrow theories, methodologies and models from these disciplines. Dyckman and Zeff (1984) observed that, "the transmigration of the 1960s and 1970 draws a multiplicity of discipline and has concentrated more heavily on the importation of methods of rigorous research rather than primarily on substantive research findings."

Borrowing theories from one field to another threatens the existence of the field that continuously borrows theories (Dyckman & Zeff 1984). In the case of accounting, theories imported from other disciplines "carry with them a type of thinking and some of the concepts of their origin which are not always appropriate to their application in an accounting context. Yu (1976) warns that "accounting does not have a positive framework" and that introducing a positive approach represents a serious threat. After decades of utilizing empirical archival method, economics apparently has become "a meta-framework for accounting" (Tinker, 2001). Economic imperialism exists in academic accounting research to the extent that "it is not unusual now to observe accounting academics making no distinction between accounting and economics" (Williams, 2001).

2.1.2 Concept of Realization

The concept of realization is Germaine to this study because it requires that revenue on any transaction be included in the accounts of a period only when it is realized (Bariyima & Loveday, 2014). As specified in Statement of Accounting Standards (SAS) No.1, issued by the now defunct Nigerian Accounting Standards Board (NASB), this concept established the rule for the periodic recognition of revenues as soon as: (a) It is capable of objective measurement, and (b) The value of asset received or receivable in exchange is reasonably certain. It is possible to recognize revenue at a variety of points e.g. when goods are produced, when goods are delivered, or when the transaction is completed. Choice, in most cases, is an industrial norm and depends on which of the points is the critical event. Only when this event is passed can revenue be legitimately recognized. From above, periodic revenue recognition should take place at the 'point' when the sale is deemed to have been made and this 'point' may differ depending upon the particular transaction. For transactions involving sale of goods, for example, a sale would be regarded as having taken place the very moment the customer signs the sale invoice (thereby indicating his acceptance of liability to pay for the goods or services) whether or not delivery of the goods had been made and whether or not cash had been paid. The basic rule is that revenue is created at the moment a sale is made and not when the price is later paid in cash. Thus, the fact that profit is regarded as the difference between "revenues" and "expenses" rather than between cash receipts and expenditure is known as the accrual basis of accounting. Under the cash basis (cash receipts minus cash expenditure), a sale is not regarded as having been made until the goods are delivered to the customer and cash paid (Bariyima & Loveday, 2014).

The revenue recognition principle i.e. the point at which revenue will be regarded as being earned (or realized) is predicated on accrual basis accounting. In general, revenue recognition is not a function of cash receipt. At the end of the period, all revenue earned but not received are recorded in the books as ''accrued''. A problem with the concept is that distortions can occur when the trading cycle is long. For example, the profit on long term contracts accrues over the period of the contract and does not occur suddenly on the completion of the contract. Difficulties may be encountered in trying to apportion the profits to each of the periods concerned (Bariyima & Loveday, 2014).

2.1.3 Consistency Concept

The concept of consistency in accounting practice posits that there is more than one way in which an item may be treated in the accounts without violating accounting principles. This concept states that once the reporting entity has selected a method, it should be applied year by year for all similar items. For honor, where a company has chosen the straight line method of depreciation in the depreciation of motor vehicles, it should be used for all vehicles consistently in order to afford comparability (Bariyima & Loveday, 2014). The application of this concept helps to: (i) avoid short-term manipulation of reported results; (ii) facilitate comparisons within the firm over different accounting periods (intra firm comparisons); and (iii) facilitate comparison between different entities (inter firm comparisons) (Dyckman et al, 1998). The consistency concept does not completely prohibit a change in method. For example, a change in the basis of stock valuation, or a change from an accepted method to an industry-wide method or procedure or it could also be a change in the method of calculating depreciation, for instance, a change from straight-line method to reducing balance method. When such a change occurs, it is usually disclosed (by way of notes) since the change affects or have a potential effect on the net profit or shareholders' equity and may also affect working capital or other items (Bariyima & Loveday, 2014).

2.1.4 Towards a General Accounting Theory

The lack of general accounting theory with wide acceptance at the present time does not indicate that previous accounting theorists had not exerted serious efforts to build general accounting theory. Accounting theorists who attempted to build a theory for financial reporting were diverse in their perceptions toward "both the users of accounting data and the environments in which the users and preparers of accounting data are supposed to behave" (Belkaoui, 2004). The Statement on Accounting Theory and Theory Acceptance recognizes three approaches that had been proposed to build accounting theory: the normative deductive school, the inductive school and the decision usefulness approach (Hendriksen, 1977). From these approaches, a variety of accounting theories have been proposed.

Belkaoui (2004) describes such theories as "middle-range theories to the field of accounting." If a theory is " a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of the phenomenon by specifying relationships among variables with the purpose of explaining and predicting the phenomena" (Kerlinger and Lee, 2000), then theories of the middle range "lie between the minor but necessarily working hypotheses that evolve in abundance during day-to-day research and the all-inclusive systematic efforts to develop a unified theory" (Merton, 1967). Accounting theories of the middle-range perceive the users of accounting data and the environment differently (Belkaoui, 2004). No single one of the proposed theories has been generally accepted (Hendriksen, 1977). Those middle range theories cannot be viewed as substitutes for general accounting theory. A need still exists today for general accounting theory. Understanding the nature of accounting and the role of accounting has the potential of revealing the possibility of building general accounting theory and an approach to theorize in accounting.

2.1.5 Foundations for a General Theory of Accounting

An important contribution to the development of accounting theory was made by David. The described essential elements of a theory of accounting include (David, 2009) novelty: the theory must tell us something new and interesting (Substantial) about the world, 2) defensible: the theory must be defensible either in logical or empirical terms, or, more probably both. It must be supported by evidence, 3) availability through dissemination: a theory of accounting must be presented in the 'public' sphere. This relates importantly to people operating within the discipline and would entail such things as conference presentations or publication in books or journals. These criteria reflect the need for a theory to have some (possible) influence and to be subject to review and critique by experts (Inanga & Schneider 2005). These criteria are generally uncontentious and, prima facie, offer no reason for challenge.

2.1.6 Accounting Theory and Practice in Corporate Organizations

Hopwood (1987) asserts the development of accounting emerged from practice. Writing in 1978, Hopwood argued, "Until recently the development of accounting was a very pragmatic affair."

McCredie (1957) states that "accounting procedures may be developed without a 'theory'. However, the pragmatic origins of accounting do not prevent this discipline from possessing general theory to guide its practice. McCredie (1957) asserts that "a theory of accounting" does not necessarily suggest "no development before practice." While practice "is the desire to direct our actions to achieve predetermined ends," theories are "the desire to understand" (Whitehead 1950 as cited in Glautier, 1973). McCredie (1957) believes that one must go behind the practice to find reasoning. Hopwood (1987) acknowledges the importance of theories and ideas in enlightening and offering guidance to "the pragmatic accounting task" (see fig 1). Practice not only "is derived from beliefs and ideas," but also "determines them" (Maskell, 1955). Accounting theory and accounting practice go hand in hand, and no conflict exists between the two (McCredie, 1957). The relationship between accounting theory and accounting practice exists because of the difficulty and perhaps the impossibility of performing accounting as a scientific practice "without a sound body of principles upon which the practice can be based" (Oehler, 1942). Practicing accountants are usually obligated to use "their own judgments in theoretical issues" (Hendriksen and Breda, 2001. No wonder Oehler (1942) is harsh in stating that "the accountant who does not possess a sufficiently comprehensive knowledge of general accounting theory before beginning his practice, is not a practical accountant because of that fact." Contrasting accounting theory against the practice of accounting is not a useful argument to be established or a beneficial way of defining either theory or practice (Oehler, 1942).

2.1.7 Approaches to Formulation of Accounting Theory

Once the objectives of accounting are established, one or more of the several approaches to accounting theory must be selected in order to derive logically conceived accounting principles.

Some of the approaches to the development of accounting theory includes: 1) traditional approach and new approaches (Belkaoui, 2004).

2.1.7.1 Traditional Approaches

The traditional approaches covered the following:

1) Non-theoretical Approach
2) Theoretical Approach

a) Non-theoretical Approach

Non-theoretical approaches can be developed in a pragmatic or authoritarian way. In essence this is the approach the accounting profession has used in the past to develop an accounting theory and it is fairly apparent it has not been able to resolve conflict in accounting practices or principles.

b) Theoretical Approach

According to Belkaoui (2004) theoretical approaches to the development of an accounting theory are many. This are categorized as follow:

1) Deductive Approach
2) Inductive Approach
3) Ethical Approach

a). Deductive Approach

Deductive approach involves developing a theory from basic propositions, premises and assumptions which results in accounting principles that are logical conclusions about the subject. The theory is tested by determining whether its results are acceptable in practice (Belkaoui, 2004).

b). Inductive Approach

Belkaoui (2004) posit that general propositions are formulated through an inductive process, but the principles and techniques are derived by a deductive approach.

c). Ethical Approach

Scott (1941) remarked that the ethical approach places emphasis on the concepts of justice, truth and fairness. He suggested that the basis for the determination of accounting practice reaches back to the principles underlying social organizations. His basic concepts were that; a) accounting procedures must provide equitable treatment to all interested parties, b) financial reports should present a true and accurate statement without misrepresentation, and c) accounting data should be fair, unbiased, and impartial without serving special interests. To these basic concepts he added the requirements that accounting principles should be subject to continual revision as necessary to allow for changing conditions and that accounting principles should be applied consistently whenever possible.

I. Sociological Approach

This is actually an ethical approach that centers on social welfare. In other words, accounting principles and techniques are evaluated for acceptance after considering all effects on all groups in society. Thus within this approach we would need to be able to account for a business entity's effect on its social environment.

II. Economic Approach

This approach focuses on general economic welfare. Thus accounting principles and techniques are evaluated for acceptance depending on their impact on the national economy. Sweden, in its national general accepted Accounting principles (GAAP), uses an economic approach to its. The International Accounting Standards Board (IASB) in developing its standards does tend to take an economic approach into account.

III. Eclectic Approach

This is perhaps our current approach where we have a combination of all the approaches already identified appearing in our accounting theory. This approach has come about more by accident than as a deliberate attempt, due to the interference in the development of accounting theory by professionals, governmental bodies (including the EU) and individuals. This eclectic approach has also led to the development of new approaches to accounting theory.

2.1.7.2Other Approaches to Formulation of Accounting Theory

Belkaoui (2004) observed that these approaches attempt to use both conceptual and empirical reasoning to formulate and verify an accounting framework. The approaches are: 1) events, 2) behavioral, 3) human information processing, 4) predictive and 5) positive

a. **Events Approach**

The events approach leaves the user to aggregate and assign weights and values to the event. The accountant would only provide information on the economic event to the user; he would not assume a decision model. Thus, for example, the event approach income statement would not indicate financial performance in a period but would communicate events that occurred during the period without any attempt to determine a bottom line.

b. **Behavioral Approach**

The behavioral approach attempts to take into account human behavior as it relates to decision making in accounting. On balance it seems fair to conclude that accountants seem to have waded through their relationships to the intricate psychological network of human activity with a heavy handed crudity that is beyond belief. Some degree of crudity may be excused in a new discipline, but failure to recognize that much of what passes as accounting theory is hopelessly entwined with unsupported behavior assumptions is unforgiveable.

c. Human Information Processing Approach

This is similar to a behavioral approach in that it focuses on how users interpret and use the information provided.

d. Predictive Approach

This approach attempts to formulate an accounting theory by focusing on the predictive nature/ability of a particular method of reporting an event that would be of use to the user. Such approaches are most prevalent in what could be regarded as management accounting. Efficient market hypothesis, Beta models, chaos theory are all examples of this approach.

e. Positive Approach

Jensen (1976) advocated for the development of a positive theory of accounting which will explain why accounting is what it is, why accountants do what they do, and what effects these phenomena have on people and resource utilization. The approach is based on the proposition that managers, shareholders and regulators are rational and that they attempt to maximize their utility. The theory became known as ‘‘the Rochester school of accounting.’’ The positive approach is completely opposite to the normative approach and attempts to explain why accounting procedures and policies are as they are, whereas the normative approach attempts to prescribe the accounting procedures and policies to be implemented (Jensen, 1976).

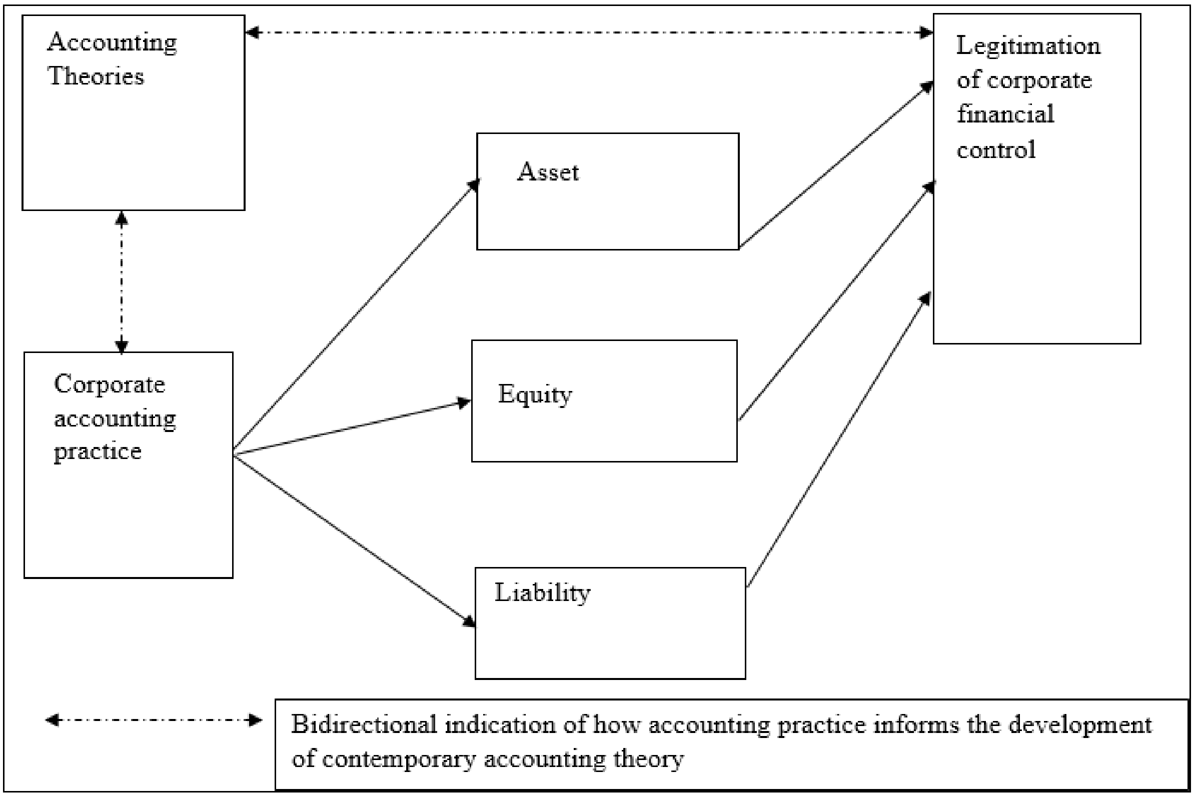

Fig 1. Authors’ Relationship between accounting practices and accounting theories Model

2.2 Theoretical Framework

2.2.1 Accounting Structure Theory

Accounting structure theory, known by different names such as classical theory, descriptive theory, traditional theory, and attempt to explain current accounting practices and predict how accountants would react to certain situations or how they would report specific events. This theory relates to the structure of the data collection process (accounting) and financial reporting. Thus, this theory is directly connected with accounting practices, i.e., what does exist or what accountants do This theory, basically concerned with observing the mechanical tasks which accountants traditionally perform, is based on the assumption that the objective of financial statement is associated with the stewardship concept of the management role and the necessity of providing the owners of businesses with information relating to the manner in which their assets (resources) have been managed (Quintus, 2007). Such theories relating to the structure of accounting can be tested for internal logical consistency, or they can be tested to see whether or not they actually can predict what accountants do.

2.2.2 Interpretational Theory

Truly speaking, 'accounting structure' and 'interpretational' theories are part of the classical accounting theory (model). The principal writers under 'accounting structure' such as Hatfield, Littleton, Paton and Littleton, Sterling and Ijiri are mainly positivist, inductive writers, concerned with traditional accounting practice in terms of historical cost system, with some deviations such as the lower of cost or market. Accounting practices under accounting structure theory are the result of recording business events as they take place. Such practices lack application of judgment and consequences. Interpretational theory attempts to give some meaning to accounting practice. Interpretational theory emphasizes on giving interpretations and meaning as accounting practices are followed. This theory provides a suitable basis for evaluating accounting practices, resolving accounting issues and making accounting propositions (Quintus, 2007).

2.2.3 Decision-Usefulness Theory

The decision-usefulness theory emphasizes the relevance of the information communicated to decision making and on the individual and group behavior caused by the communication of information. The focus is on the relevance of information being communicated to decision-makers and the behavior of different individuals or groups as a result of the presentation of accounting information (Quintus, 2007). Quintus (2007) continues that due to this, decision-usefulness theory is sometimes referred to as behavioral theory also. In the broader perspective, decision-usefulness studies analyses behavior of users of information. A behavioral theory attempts to measure, and evaluate the economic, psychological and sociological effects of alternative accounting procedures and modes of financial reporting.

3.0 Methodology

The study adopted a survey research design in which data was obtained through questionnaire administration. The study was carried out, using Guinness Nigeria PLC. Primary and secondary data were sourced. The primary data was collected through simple random sampling technique, while the secondary data were gotten from the audited financial statement of the organization for a period of four years (2014-2017) taking into consideration key variables such as; assets [Current assets (inventories, trade and other receivables, prepayments, cash and cash equivalents) and Non-current assets (property, plant and equipment, intangible assets, prepayments, other receivables)], Equity(share capital, share premium, share based payment reserve and retained earnings), Liabilities[current liabilities (bank overdrafts, current tax liabilities, dividend payable, loans and borrowings, trade and other payables) and Non-current liabilities(loans and borrowings, employee benefits, deferred tax liabilities)]. The study adopted linear regression analysis to test the hypothesis for this study at 5 per cent level of significance.

3.1 Modeling Specification

The researchers model shows an equation, on determinant of Accounting theory and practice (ATP) in a corporate organization in Nigeria in view of the impact of accounting theory on financial performance of corporate organization considering positive accounting theory (PAT), Equity (E), Company's Assets (CA), Company's Liability (CL) as the independent variables and regressed against the dependent variable Accounting theory.
Mathematical expression of the model is as follows:
The multiple linear regression models for this yields:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_n X_n + \varepsilon$$

Where Y = AT
α = Constant term
X_1 = Equity (E)
X_2 = Company's Assets (CA)
X_3 = Company's Non-Current Assets (CNCA)
X_4 = Company's Liability (CL)
X_5 = Company's Non-Current Liability (CNCL), and
ε = Error term

Hence the multiple regression equation to determine the relationship between accounting theory and practices in a corporate organization becomes

$$Y = \alpha + \beta_1 E + \beta_2 CA + \beta_3 CNCA + \beta_4 CL + \beta_5 CNCL + \varepsilon$$

4.0 Results

4.1 Test of Hypotheses

There is no significance relationship between accounting theory and practices in a corporate organization.

Journal of Economics and Sustainable Development www.iiste.org
ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online)
Vol.9, No.20, 2018

Table 3.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598[a]	.858	.711	.484

Source: Researchers' Computation Model Summary
a. Dependent Variable: Accounting theory
b. Predictors: (Constant), Non-current liabilities, Current liabilities, Non-current assets, Current assets, Equity.

Table 3.2: Model Coefficient

Model Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
1 (Constant)	.216	.259		.831	.421
Equity	1.770	.000	.044	-.153	.001
Current assets	1.626	.000	.275	1.103	.020
Non-current assests	5.693	.000	.409	-1.555	.044
Current liabilities	3.094	.000	.079	.312	.005
Non-current liabilities	2.951	.000	.511	1.874	.048

Source: Researchers' Computation Model Coefficient
a. Dependent Variable: Accounting theory

Table 3.3: Anova Model

Anova Model

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.694	5	.339	7.447	.042[b]
	Residual	3.043	13	.234		
	Total	4.737	18			

Source: Researchers' Anova Model
a. Dependent Variable: Accounting theory
b. Predictors: (Constant), Non-current liabilities, Current liabilities, Non-current assets, Current assets, Equity.

4.2 Discussion of Findings

As shown in table 3.1 the model summary gives the value of R estimate as 0.598. The higher the percentage of variance accounted for by the regression model, the closer it is to a perfect model fit of 100 per cent. The R-square which is the multiple coefficient of determination is 0.858. It indicates the proportion of the total variation in the dependent variable explained by the explanatory variables jointly. This indicates that there is 85.8 per cent relationship between the predictors (independent variables) and predicted (dependent variable) i.e. 85.8 per cent of the variation has been accounted for and 14.2 per cent of the variation was due to error. Which indicate that the model is a good fit**?** Pointing to the fact that there is a high application of accounting theory practice by corporate organizations in their assets, liability and equity evaluation.

From table 3.2 above the coefficients of the dependent variables are positively and statistically significant pointing to the fact that increase in accounting theory practice will lead to increase in the financial performance of large scale organizations.

From table 3.3 above, the F-value (7.447) is higher than the F statistics (3.05), which lends credibility to the fact that an increment in the practice of accounting theory will lead to a corresponding increase in the financial performance of a corporate organization. The significance level is less than 0.05 hence we reject the null hypothesis that there is no significance relationship between accounting theory and practices in a corporate organization.

The findings of this study show that accounting theory from practice towards general Accounting theory are being enforced and practiced in corporate organizations in Nigeria. The F-value greater than 0.05 level of significance indicates accounting theory practice has effects on the Equity, Assets and liability of corporate organizations. All the independent variables are all significant i.e. significance < 0.05. This study therefore validates the fact that Accounting theory from practice towards general accounting theory in a corporate organization is being taken into cognizant in the process of evaluating equity, assets and liability of a corporate organization. This implies a trigger to increase equity, assets and liabilities.

5.0 Conclusion and Recommendations

Accounting unconsciously developed from socio-economic and political needs of the society by tracking down the historical and current events in business and economics. Accounting theorists agree that no comprehensive theory of accounting has yet been developed. In the absence of such a theory, the question arises whether sufficient accounting principles are created through accounting research. This article acknowledges that accounting principles are not solely the result of academic research and that current accounting practice through its standard-setting process contributes far more to the development of accounting principles. Hence the role that accounting theory and research should play in developing accounting principles is a vital academic question. The discussion in this focuses on the normative and descriptive (or the more modern positivistic) approach to the development of accounting theory, the positivistic nature of mainstream accounting research, a possible decision-useful theory of accounting and the role of interpretative and critical research. All of these developments are beneficial to accounting since they open up accounting to a diversity of research approaches that will collectively improve the status of accounting research and possibly accounting theory. The role that these developments fulfil in creating appropriate accounting principles, however, is debatable.

From the study, it is recommended that:

1. The enforcement of usage of accounting theory by corporate organizations and also consistency in the use of accounting theories should be emphasize (stressed) in corporate organizations in Nigeria.
2. Professional accountants should be employed by corporate organizations for accurate auditing in line with accounting theory and Nigeria standards.

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