

RELATIONSHIP BETWEEN DIGITALIZED ACCOUNTING MANAGEMENT PRACTICES AND FINANCIAL REPORTING QUALITY OF SELECTED FEDERAL UNIVERSITIES IN SOUTHWEST, NIGERIA

ADEOWOYE J. O.; & ADEJUMO M. A.

Department of Accounting, Ladoké Akintola University of Technology, Ogbomosho, Oyo State

Corresponding Author: joadewoye@lautech.edu.ng,

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ABSTRACT

This study examined the relationship between digitalized accounting management practices and the financial reporting quality of selected federal universities in Southwest Nigeria. The study was motivated by the growing need for accountability, transparency, and efficiency in the financial management of higher education institutions amidst digital transformation. A survey research design was adopted, and structured questionnaires were administered to accounting and finance personnel across the selected universities. Data collected were analyzed using Pearson Product Moment Correlation (PPMC). The findings revealed indicated strong positive relationships among digital accounting dimensions, with high correlations between digital adoption, system use, and the accuracy, timeliness, and reliability of financial reports. The study concluded that the effectiveness of digitalized accounting in Nigerian universities does not depend merely on the presence of software but rather on the combination of adoption, user competence, supportive infrastructure, and managerial

Introduction

Digitalized Accounting Management Practices (DAMP) have emerged as a major driver of improved financial reporting in higher education institutions. Federal Universities in Southwest Nigeria, like many public institutions, are under increasing pressure to demonstrate transparency, accountability, and compliance with international best practices. The introduction of digitalized accounting systems—such as integrated financial management information systems (IFMIS), enterprise resource planning (ERP) modules, and computerized accounting software—has been linked to better timeliness, accuracy, and reliability of financial reports. Recent studies argue that digital tools reduce human error, enhance data processing capacity, and provide real-time financial information, thereby

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commitment. The results also underscored that when digital systems are embedded into daily workflows with adequate post-implementation support, the quality of financial reporting is significantly enhanced. Based on these findings, the study recommends stronger management commitment to digital initiatives, continuous training for accounting staff, improvement of ICT infrastructure, and regular monitoring to sustain system efficiency and reliability. These measures will not only improve financial reporting standards in federal universities but also strengthen accountability and stakeholder confidence in the Nigerian higher education sector.

Keywords: Digitalized Accounting, Financial Reporting Quality, System Adoption, User Support, Federal Universities, Nigeria.

Strengthening the quality of reporting (Odukwu, Nduka, & Ikechukwu, 2023; Okafor, 2024).

A strong relationship exists between adoption of digitalized accounting practices and the qualitative characteristics of financial reporting quality—namely relevance, reliability, comparability, and verifiability. For instance, empirical evidence shows that universities with properly implemented digital systems experience fewer delays in financial statement preparation, while audit trails are easier to establish due to system-generated logs (Mohammed & Okoroigwe, 2025). By contrast, institutions relying on manual or partially digitalized methods often face inconsistencies, missing records, and weak compliance with regulatory standards. This suggests that the extent of digitalization directly influences reporting integrity and external stakeholders' trust. However, the relationship is not automatic; it is mediated by factors such as management commitment, staff competence, infrastructure reliability, and user support. Studies in Nigerian universities have shown that without adequate training and continuous system support, digitalized platforms may be underutilized, which weakens their effect on financial reporting quality (Samuel & Fatai, 2020; Ndakutigi & Okoroigwe, 2025). Thus, while the systems themselves have the potential to enhance reporting quality, institutional readiness and human capacity determine the strength of the relationship. This finding is consistent with the Technology–Organization–Environment (TOE) framework, which emphasizes organizational and environmental enablers as key to digital adoption outcomes.

Statement of the Problem

Digitalized Accounting Management Practices (DAMP) refer to the systematic use of digital technologies, software applications, and information systems to record, process,

analyze, and report financial transactions in organizations. Unlike traditional manual accounting, DAMP integrates automation, real-time data processing, and advanced analytics into the financial management process, thereby enhancing efficiency, accuracy, and transparency. In higher education institutions such as Federal Universities in Southwest Nigeria, these practices typically involve the deployment of computerized accounting systems, enterprise resource planning (ERP), and integrated financial management information systems (IFMIS) for budgeting, expenditure tracking, payroll, and financial reporting.

Scholars agree that digitalization in accounting is not merely about technology adoption but also about transforming organizational processes to improve accountability and decision-making (Okafor, 2024; Odukwu et al., 2023). Core components of DAMP include digital system adoption, availability and use of accounting software applications, staff digital competence, management commitment, and user support services. Together, these factors determine how effectively accounting functions are carried out and how well financial information reflects the institution's true financial position.

The benefits of DAMP are numerous. They reduce human errors, allow for faster data processing, strengthen audit trails, and enable timely generation of financial reports that meet national and international standards. In the Nigerian university context, DAMP plays a crucial role in ensuring compliance with government regulations, facilitating resource allocation, and boosting stakeholders' confidence in financial reports (Samuel & Fatai, 2020; Mohammed & Okoroigwe, 2025). However, successful implementation requires adequate infrastructure (power supply, internet connectivity), continuous training for accounting personnel, and strong leadership commitment to sustain usage. This study, therefore, seeks to examine the relationship between digitalized accounting management practices and financial reporting quality of selected federal universities in southwest, Nigeria.

Aim of Study

The general objective of the study was to examine the relationship between digitalized accounting management practices and financial reporting quality of selected federal universities in southwest, Nigeria.

Review of Previous Studies

In Nigeria and other developing countries, a broad body of literature has been on the comparison of the DAMP usage, adoption, and implementation in organizations. Some researchers explored the relationship between characteristics and the use of DAMP, and factors manipulating the use of DAMP in organizations. Chepkorir and Kariuki (2024) in their study on the relationship between these variables. They assessed how several

digital technologies influences the quality of financial reporting. Their findings revealed that for big data technology, there is a positive and significant effect i.e. correlation (r) is 0.618, while standardized coefficient is 0.185, $p < 0.01$. Also, Effiong, (2020) in his study on the impact of structural components on DAMP, i.e. organization size, digitalized accounting software, accounting software acquisition, personnel support and management commitment individually contributed to the overall performance of the system. For SMEs. Njeka, (2024) opined that there is a significant relationship between computerized accounting and accounting practice. Also, there is a significant relationship between the usage, adoption and challenges of information technology on the organizational performance. According to him, digitalized accounting allows users of financial information to receive quick feedback that allow institutions to respond fast to users' requests. This provides that organization is able to exploit the advantages offered by DAMP to deal with different kinds of innovative procedures since DAMP has effect on the performances of an organization in various ways. Therefore, DAMP should be seen by organizations and businesses as a valuable strategy to remain effective and competitive. Mckinsey and Company (2022) in their Technology Capacity Measurements (TCM), analyzed the DAMP independent variables components such as research and developments, knowledge and skill upgrade, personal and social capability and ethical understanding. These are frequently used indicators for measuring the technology capability for measuring the quality of organization performance especially in the area of financial reporting.

Njeka, et al. (2024) investigated the impact of e-accounting systems on financial performance through internal controls in listed firms in the Kenya, using a population of financial managers, accountants, and auditors, and found that e-accounting systems significantly impact financial performance of firms in terms of profitability, efficiency, liquidity, and financial information reliability. However, similar studies by conducted by Abdawaliba and Ahmad, (2023) and conducted in Indonesia and Jordan respectively indicated a negative relationship between ERP adoption and financial reporting information in terms of relevance, faithful representation, and verifiability. In other words, their results showed that ERP implementation decreases relevance, faithful representation, and verifiability of financial information.

There are other studies that are related to the present study in terms of the subject area, which investigated the relationship between computerized accounting information systems and financial reporting quality. However, most of such studies were conducted outside the Nigerian environment and SMEs context. Njeka, (2024) investigated the impact of e-accounting systems on financial performance through internal controls in listed firms in the United Arab Emirates, using a population of financial managers, accountants, and auditors, and found that e-accounting systems significantly impact

financial performance of firms in terms of profitability, efficiency, liquidity, and financial information reliability. Ahmad, (2024) studied the impact of enterprise resource planning (ERP) systems adoption on financial information relevance among Saudi Arabian firms. They found that firms that adopted ERP systems had improved information relevance in terms of predictive value, timeliness, and feedback value than those that did not adopt ERP systems. However, similar studies by conducted indicated a negative relationship between ERP adoption and financial reporting information in terms of relevance, faithful representation, and verifiability. In other words, their results showed that ERP implementation decreases relevance, faithful representation, and verifiability of financial information.

Methodology

The study focused on the tertiary institution (both public and private) universities in South-West geo-political zone of Nigeria. The Southwest region of Nigeria consists of six states, namely Lagos, Ogun, Oyo, Osun, Ekiti, and Ondo. The study employed *ex-post facto* research design wherein secondary data sourced from tertiary institution (both public and private) universities in South-West geo-political zone of Nigeria, over a ten (10) year period of 2015 to 2024. Twenty (20) tertiary institution (both public and private) universities in South-West geo-political zone of Nigeria constitute the population of the study as at December, 2024 from where sample sizes of seven (7) tertiary institution (both public and private) universities in South-West geo-political zone of Nigeria were selected using purposive sampling technique. Pearson Product Moment Correlation (PPMC) was adopted to examine the relationship between digitalized accounting management practices and financial reporting quality of selected federal universities in southwest, Nigeria

Results and Discussion

Pearson Product Moment Correlation (PPMC) on the relationship between digitalized accounting management practices and financial reporting quality of selected federal universities in southwest, Nigeria

Table 1 showed that the The correlation analysis reveals that all the variables under digitalized accounting management practices (DAMP) are positively correlated with each other, with coefficients ranging between 0.40 and 0.88. This means that as one factor improves, the others also tend to improve, which underscores the interdependence of system adoption, software availability, perceived support, and managerial commitment in strengthening digitalized accounting practices. Such consistent positive relationships suggest that federal universities in Southwest Nigeria

cannot rely on a single factor in isolation but must treat DAMP as a multidimensional construct in order to achieve meaningful improvements in financial reporting quality. The strongest correlation in the table is between Digital System Adoption (DOS) and Digital Accounting System (DAS) ($r = 0.884$), which shows that effective use of accounting systems depends heavily on the level of system adoption within institutions. Similarly, Availability of Software Applications (ASA) correlates strongly with both overall Digital Accounting (DA) ($r = 0.803$) and Management Commitment (MC) ($r = 0.712$). These high correlations highlight that the presence of robust and accessible software, combined with committed leadership, are critical enablers of efficient digital accounting processes. In practice, this means that financial reporting quality improves when universities not only acquire accounting software but also ensure that such systems are widely adopted, well-supported, and prioritized by management.

Moderate but significant correlations were observed between DA and DOS ($r = 0.702$), DA and DAS ($r = 0.608$), and PS and ASA ($r = 0.705$). These findings imply that overall digital accounting practices are enhanced by both adoption and system availability, while perceived support reinforces the usefulness of available applications. Although not as strong as the highest correlations, these relationships emphasize that continuous user support and effective integration of systems into day-to-day financial operations are important in sustaining digitalized practices. The results also show that Perceived Support (PS), while slightly weaker in some pairings, still contributes positively, indicating that training, troubleshooting, and user guidance remain vital for ensuring long-term efficiency.

The relatively weaker correlations, such as DA and MC ($r = 0.402$) and DAS and PS ($r = 0.484$), indicate that while management commitment and user support are essential, they do not independently drive overall digital accounting outcomes unless combined with stronger enablers such as adoption and software availability. These weaker yet positive relationships highlight that universities may still face challenges if leadership commitment is not matched with sufficient system adoption or if user support is provided without adequate technological infrastructure. Nonetheless, the overall positive direction of all coefficients suggests that every dimension contributes to improved financial reporting quality, and none should be ignored. The implication for universities is that a balanced approach—investing in systems, encouraging adoption, ensuring continuous user support, and demonstrating management commitment—is the most reliable pathway to strengthening digitalized accounting practices and, ultimately, financial reporting quality.

Table 1: Pearson Product Moment Correlation (PPMC) on the relationship between digitalized accounting management practices and financial reporting quality of selected federal universities in southwest, Nigeria

	DA	DOS	DAS	ASA	PS	MC
DA	1.000000					
DOS	0.701591	1.000000				
DAS	0.607624	0.884354	1.000000			
ASA	0.802969	0.713100	0.534896	1.000000		
PS	0.529404	0.516714	0.484177	0.704798	1.000000	
MC	0.401791	0.643446	0.861379	0.712058	0.631515	1.000000

Source: Researcher's Computation, 2025

Conclusion

This study set out to investigate the extent to which digitalized accounting management practices influence financial reporting and organizational performance in selected federal universities in Southwest Nigeria. The findings from both correlation and factor analysis clearly demonstrate that while the availability of accounting software (ASA) is a necessary foundation, it is not by itself sufficient to improve financial reporting quality. Rather, the actual adoption and consistent use of digitalized accounting systems (DOS and DAS), supported by management commitment (MC), emerge as the strongest determinants of effective outcomes.

The study further reveals that perceived user support (PS) and infrastructural adequacy play a crucial moderating role, enhancing the efficiency and reliability of digital systems when adequately addressed. Where training, post-implementation support, and strong internet/power infrastructure are lacking, universities fail to fully realize the benefits of digital accounting platforms. Thus, financial reporting quality is best understood as the product of a socio-technical system, integrating technology, people, policies, and resources.

These findings underscore the importance of management leadership and sustained investment in digital systems, particularly in training and maintenance. They also highlight the need for Nigerian universities to move beyond symbolic adoption of software toward institutionalized digital practices embedded in daily operations. This ensures that investments translate into improved timeliness, transparency, accountability, and auditability of financial records.

In conclusion, digitalized accounting management practices can significantly transform financial reporting in federal universities in Nigeria if aligned with strong managerial commitment, robust infrastructure, user capacity building, and effective governance

structures. By strategically addressing these factors, universities will not only strengthen their financial management but also enhance institutional credibility, accountability, and long-term sustainability.

Recommendations

The study recommends that;

University management should demonstrate stronger commitment to digitalized accounting practices by providing consistent policy support, ensuring adequate funding for ICT infrastructure, and mandating compliance with digital accounting procedures across all departments. This will foster sustainability and reduce the risk of partial or symbolic adoption.

Regular capacity development programs should be organized for accounting staff and system users to enhance their digital literacy and technical competence. Hands-on training, workshops, and refresher courses will increase staff confidence, improve efficiency, and minimize errors in financial reporting.

To maximize the potential of digitalized accounting systems, universities must invest in stable power supply, secured data storage, and reliable internet connectivity. Collaboration with ICT firms could help in providing cutting-edge infrastructure while ensuring data security and privacy.

Beyond system deployment, adequate support structures such as IT help desks, dedicated system administrators, and regular software updates should be maintained. This will prevent system downtime, reduce user frustration, and ensure smooth operation of accounting platforms.

Federal universities should align their digitalized accounting practices with government directives, international financial reporting standards, and best practices in higher education financial management. This will not only enhance accountability but also strengthen external audits and stakeholder trust.

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