

## HISTORICAL DEVELOPMENT OF ACCOUNTING IN NIGERIA WITH SPECIAL EMPHASIS ON THE ROLES PLAYED BY SOKOTO CALIPHATE OF USMAN DANFODIO OF 1804

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### ABSTRACT

*This study examines the origin of accounting in Nigeria with special emphasis on the roles played by Sokoto Caliphate of Usman Danfodio of 1804 and evaluates its impact on the development of accounting profession in Nigeria. The study revealed the stages of development of accounting profession so that the contributions rendered by Sokoto Caliphate of Usman Danfodio could be widely understood and appreciated. The study employed expository, descriptive and survey research methods in order to obtain the opinion of accounting theorists and practitioners in relation to the history of Sokoto Caliphate of Usman Danfodio and its impact on the development of accounting profession in Nigeria. Data was collected through accounting literature, archives and the use of questionnaires. The hypotheses formulated for the study was tested using Chi-Square. The finding revealed that accounting has long history prior to Othman Danfodio caliphate and accounting could only be appreciated in Nigeria when the stages of its development is known especially during the pre-colonial era. Also, the archeological remains discovered on accounting have succored in the development of accounting in Nigeria. It is recommended that accountant in practice and those in the academia should attach significant level of importance to the history of accounting, as this will allow them to have idea about the past of the discipline, understand its present position and make valuable suggestions in additions to its continued development.*

**Keywords:** *Accounting History, Sokoto Caliphate, Usman Danfodio, Accounting profession*

## 1. INTRODUCTION

Accounting as a profession originated from the need to have in place a system of recording financial transactions. In the past, man had employed accounting according to his needs: to enumerate and control assets, as a reporting device of stewardship, tax-gathering and as evidence of trade, for the control of production, or the management of business. The accumulation of wealth and the growth of capital, the expansion of production and trade, and development created the need for financial information and control. Accounting is therefore a response to the demand of economic and financial exigencies of the society.

The development of accounting in Nigeria cannot be complete without taking into cognizance the development of Nigeria. Nigeria as a nation is an amalgam of different protectorates which consisted of the South, West and the North which is the central point of Sokoto Caliphate. The Sokoto Jihad of 1804 that culminated into the historic establishment of the Sokoto Caliphate remained a defining and reference point in the development of accounting as it created among other things the biggest Islamic empire in the sub-region in the 19th century. The revolution in Hausa land was a holistic success and its legacies or imprints has remained indelible in the historic edifice of the development of accounting and commerce in the present day Nigeria (Nmah and Amanambu, 2017).

The main objective of the study is to find out the perceptions of accountants on the history of accounting during the Othman Danfodio era and how the history could enhance the development of accounting profession in Nigeria. The study also aims at increasing the knowledge of accounting history so that its origin could be widely understood and appreciated by all for a better development of accounting profession in Nigeria.

### 1.1 Research Hypotheses

In line with the stated objectives, following hypothesis were formulated and addressed in this study:

H<sub>0</sub>: Othman Danfodio caliphate has no significant impact on the development of accounting profession in Nigeria.

H<sub>0</sub>: Othman Danfodio caliphate has a significant impact on the development of accounting profession in Nigeria

## **2. LITERATURE REVIEW**

As a process of record keeping, accounting has evolved since time immemorial respond to the changing social and economic needs of society. History recorded that as early as B.C. 3,600, clay tables were used in the Babylonia empire to record various facts (Salisu, 2009). Many of these records contained lists of events as they occurred or lists of goods belonging to an individual, estate, or temple. Similar types of records have also been discovered describing business activities in ancient Greece, Egypt and Rome (Chibuike, 2008). Modern-day accounting has its origins in the double-entry bookkeeping method developed by Italian merchants during the twelfth and thirteenth centuries. Probably the most important condition giving rise to this development was the rise in trade between most medieval Italian cities and the East.

History is a continuum of events occurring in succession leading from the past to the present and into the future. History of accounting has received considerable attention from academics and professional accountants. This is due to the archeological evidences discovered from the remains and artifacts relating to accounting around the world. These discoveries unveil the furtive in respect of the quondam and erstwhile of accounting which is proven to be as old as man himself (Blisman, 2009). Inscription used in recording of transactions and reckoning of treasuries in ancient civilizations proved the existence of the discipline and its credence in the development of human civilization.

### **2.1 Usman Danfodio Caliphate**

Prior to Usman Danfodio revolution in Hausa land, people were known for the use of the barter system for the exchange of goods, also slaves were traded in exchange for Horses, gold, books and more. There is no standard measure on how trades are recorded for the purpose of ascertaining profits. However, the village heads were known to collect taxes, ransom for evildoing, alms and levies from indigenes of the land and send the same to the treasurer (Ma'aji) who is appointed by the Emir to manage the Emirate's money resources seeing that record keeping was well known and organized using Ajami inscription (Enoch and Ebony, 2017). This development smoothed and simplified the implementation of indirect tax system in northern Nigeria by Lord Lugard. Similarly, existence of large markets and industries scattered all over the region helps in the development of commerce. Khalid, (2012) asserted that a well organized industries of tannery, smiting, dying, pottery, weaving, fishing, traditional architectural builders, local barbers and other artisans in the north coupled with organized bookkeeping system was an important scenario which led to the localization of ginneries, textiles, Tobacco Companies and other industries in the

North. Similarly, the Agricultural and Industrialization policy of Northern Regional Government in the late 50s led to the foundation of industrial estates in Kano, Zaria, Jos, Funtua, Kaduna Sulaiman, (1986), Bauchi etc and all these prompted the extension of Railway lines all over the North. This industrial development necessitated the enactment of Companies' Ordinance which stimulated the establishment of the Nigerian Colleges of Arts, Science and Technology in Zaria and the development of the departments of accounting in the Northern Universities more especially Ahmadu Bello University, Zaria being the earliest University in the North as well as Polytechnics and Colleges of Technology (Oyeyemi, 2015)

However, introduction of interest-free system of banking in major Universities in the North, paved way for the emergence of Ja'iz Bank in Nigeria which operates in accordance with shari'a principles. Noticeable success of Ja'iz Bank further enticed other conventional Banks to initiate interest-free window in addition to their conventional banking operation. Similarly, good number of pension fund administrators also launched interest-free pension plan to cater for their interested clients all over the country. Embracement of interest-free banking and insurance system by good number of Nigerian Banks and insurance companies empowered Universities with the general duty to, inter alia, determine what standards of knowledge and skill to be attained by the personnel seeking to work as technical staff of those banks and companies (Abubakar, 2003). This development provided the needed institutional framework for the development of an improved curriculum in accounting in Nigerian Universities on the required procedures, principles and techniques which will augment the new system.

### 3. METHODOLOGY

To achieve the objectives of this study, this study employed historical and survey research methods, which was conducted in a two-stage process. Interview with professional accountants and academics accountants in Kaduna, Kano and Sokoto states. In order to obtain the interviewees views of Sokoto Caliphate accounting history and its significance in the development of accounting profession. The second stage was a string of questions on the history of accounting during and after Usman Danfodio epoch. The questionnaires were distributed to academicians as well as accountants in practice.

Population of the study consist of the total number of accounting theoreticians, accountants in practice which include lecturers in Ten (10) identified tertiary institutions across Kaduna, Kano and Sokoto states that run accounting program,

undergraduate and postgraduate students of accounting and accounting staff working at various organizations across Kaduna, Kano and Sokoto states. Their number was estimated at Ten thousand, four hundred and seventeen (10,417) as at December, 2020.

The sample size of the respondents for questionnaire distribution is computed using Yamane (1967) formula as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where: N= Study population  
e= Marginal error  
n= Sample Size

Computing the sample size at 95% confidence level (e= 0.05), then:

$$\begin{aligned} n &= \frac{10,417}{1+10,417(0.05)^2} \\ &= \frac{10,417}{1+26.042} \\ &= \frac{10,417}{27.04} \\ &= 385.21 \end{aligned}$$

Therefore, 386 questionnaires were administered

#### 4. RESULTS AND DISCUSSIONS

Out of the three hundred and eighty six (386) copies of questionnaires administered, only 374 were returned which represents about 97%. In analyzing the extracted data, chi-square method was used and the results were presented in a tabular form based on a number of questions from questionnaires.

Questions	Responses					Total
	Strongly agreed (5)	Agreed (4)	Undecided (3)	Disagreed (2)	Strongly disagreed (1)	
Q1. Danfodio Caliphate lures economic advancement	102	89	73	59	51	374
Q2. Danfodio Caliphate accelerates commerce in the north	98	86	90	58	42	374
Q3. Accounting evolved prior to the establishment of Danfodio Caliphate	162	135	39	27	11	374
Q4. Accounting history aided in the development of accounting profession.	104	82	74	51	63	374
Q5. sufficient knowledge of account would be appreciated when the history of commerce during Danfodio Caliphate is known	72	104	94	67	37	374
Q6. Accounting practices undergoes different stages of development.	146	132	62	21	13	374
Q7. Danfodio jihad motivated commercial activities in the north which thus accelerated accounting practice.	94	114	64	36	67	374
Q8. Courses on Interest-free banking and insurance in	72	85	109	74	34	

northern institutions motivated Banks and Insurance companies to launch interest-free windows.						374
Q9. Knowledge of Danfodio Caliphate could impact positively on the development of accounting profession in Nigeria.	64	92	71	95	52	374
TOTAL	914	919	676	488	370	3,366

After testing the hypotheses using Chi-square (X<sup>2</sup>), the value obtained for the calculated value of X<sup>2</sup> is 392.73 while critical value at 5% significance level and degree of freedom of 24 gives the value X<sup>2</sup> as 38.29. Also, the p-value showed a value which is less than 0,0001 (see appendix). Since the p-value is less than the significant level (0.05), it means there is a significant relationship between Usman Danfodio Caliphate and the development of accounting profession in Nigeria. Therefore, the study rejects the null hypotheses that the Usman Danfodio Caliphate has no significant impact on the development of accounting profession in Nigeria. This means that the development of accounting profession in Nigeria is significantly impacted by Usman Danfodio Caliphate.

The interview we conducted does not significantly prove the results obtained in the test of hypothesis. The interviews conducted with randomly selected thirty five accountants in practice and those in the academics revealed that even though the Usman Danfodio Caliphate is important in the study and understanding of accounting profession, it is not a condition. 22 out of the respondents, representing 63% revealed that history of Usman Danfodio Caliphate and its pattern of accounting is a way of understanding the primeval way of accounting and how it evolved overtime. But they, however, explained that the modern accounting system is quite different from the ancient system and not getting acquainted with the ancient history of accounting will not reduce the quality of accountants and accounting practice nowadays.

Furthermore, all the interviewers agreed that Usman Danfodio Caliphate contribution to accounting must be known by every prospective and professional accountant. This is because, they added of the importance of double entry system of bookkeeping and accounting in the mastering of the technicalities and tactics of accounting has a long history prior to Usman Danfodio Caliphate era of accounting could improve the comprehension of the basic concepts of the profession. However, only few of the

respondents are aware of the archeological findings and discoveries of accounting and how they lured the development of accounting and its persistent advancement.

Finally, when asked whether the Usman Danfodio Caliphate has any impact on the development of the profession in Nigeria, the interviewers established that the developments are achieved only where the past and the present are used concurrently to improve the future. This means that they occurred to pre- Usman Danfodio Caliphate era of accounting having a positive impact on the development of the profession in Nigeria. They further added that Usman Danfodio Caliphate adapted some available records to develop its accounting method.

The result from this finding provides evidence to reject the null hypothesis which suggests that Othman Danfodio caliphate has no significant impact on the development of accounting profession in Nigeria. This is due to the fact that commerce extended beyond the sokoto caliphate to arts of Africa for one century, from 1800 to 1900 as the Islamic system of leadership led the whole northern Nigeria. The expansion in trade promoted the development of a mechanism for ensuring adequate accountability for cash, goods received and disbursed. The enforcement in collection of zakat encouraged accounting for the purpose of zakat calculation and payment. This development further enhanced the formal introduction of accounting bookkeepers such as ma'aji during the era.

The implication of finding from this study is that the development of accounting profession will be moderately sustained with the knowledge of accounting history including the Usman Danfodio Caliphate era. This tallies with the finding and conclusion in Abubakar (2003) and Khalid, (2012)

## **5. CONCLUSION AND RECOMMENDATION**

An attempt has been made to highlight the various stages of the development of accounting in Nigeria and various key role players have been identified. It is widely acknowledged that history shapes the development and continuous evolvement of every phenomenon as it provides a microscopic vision of the past and the present of a phenomenon in order to predict and improve the future. Both accountants in the academia and those in practice need accounting history to fully understand the technicalities of accounting profession. In Nigeria, very little attention is given to the history of accounting especially the contributions of Usman Danfodio Caliphate. Findings from this study reveals that the Usman Danfodio Caliphate significantly impacted on the development of accounting profession in Nigeria. Although the study found that knowledge of ancient accounting history especially Usman Danfodio



Caliphate is not a precondition for adequate understanding of accounting profession, it still have some level of importance to the development of the profession in Nigeria. The archeological artifacts discovered on accounting and the conclusion drawn have assisted the development of the discipline and its continued evolvement towards the overall development of Nigeria and the world at entirety.

Several features of Usman Danfodio Caliphate will be ignored by different categories of accountants and understanding the role of the present and future financial needs requires a sound understanding of the past. The role of accounting is gradually gaining momentum with survey and inquiry into the role played by Othman Danfodio empire. The role of trans-saharan trade, administration and other artisan activities in the empire which is central to the success of the development of accounting have a long complex histories. The development depended on the business merchants and custodian of treasuries and not accountants. It is the survival of their businesses and stewardship that required innovative accounting and later, the development of the profession. Businesses, particularly the merchants and artisans required capital markets that relied on useful information and proper records keeping techniques.

The study recommends that:

- i. For history of accounting development to be well perceived in Nigeria, accounting departments in Nigerian higher institutions should synchronize a curriculum that will teach the history and development of accounting. The course should be modeled to teach a rigorous history of accounting especially in Nigerian context with special recognition on how various empires in pre-colonial Nigeria contributed to the development of accounting.
- ii. The professional accountants should be familiar with the knowledge of accounting history and attach a significant level of importance to it in order to learn the past of the discipline, understand the present position for a better forecast of the future prospect and outlook of the profession for onward development.

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