INTERNATIONAL FINANCIAL REPORTING STANDARDS AND EARNINGS
MANAGEMENT, AUDIT QUALITY AND THE MODERATING ROLE OF
CORPORATE GOVERNANCE OF LISTED COMPANIES
IN SUB-SAHARAN AFRICA

Dissertation Manuscript

Submitted to Unicaf University in Malawi
in partial fulfillment of the requirements
for the degree of

Doctor of Philosophy (Ph.D.) in Accounting and Finance

By Nathaniel Owusu Ansah

July, 2024

Approval of the Thesis

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This Thesis by Nathaniel Owusu Ansah has been approved by the committee members below, who recommend it be accepted by the faculty of Unicaf University in Malawi in partial fulfillment of requirements for the degree of

Doctor of Philosophy (Ph.D.) in Accounting and Finance

Thesis Committee:

Dr Ali Saleh A. AI Arussi, supervisor

Dr Olga Novokhatskaya, chair

Dr Julius Otusanya, external examiner

Dr Mary Nanyondo Byaruhanga, internal examiner

Abstract

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Nathaniel Owusu Ansah

Unicaf University in Malawi

This research examines how International Financial Reporting Standards (IFRS) implementation affects earnings management practices and audit quality among 120 publicly traded companies across Ghana, Nigeria, Kenya, and South Africa from 2018 to 2020. The study investigates whether corporate governance mechanisms moderate these relationships. The theoretical framework integrates Agency Theory, Institutional Theory, and Capital Needs Theory. Methodologically, the research employs panel regression analysis and uses the Modified Jones Model to calculate discretionary accruals as an earnings management indicator. Audit quality assessment incorporates auditor classification and audit opinion types, while corporate governance quality is evaluated through board independence, board size, and audit committee effectiveness measures. The analysis controls for organizational factors including firm size, return on assets, and leverage ratios. This research contributes to our understanding of how standardized international accounting practices influence financial reporting integrity in developing African capital markets.

Regression results reveal nuanced inter-country differences in the IFRS–EM–AQ nexus. IFRS adoption is significantly associated with reduced earnings management in Ghana, Nigeria, and Kenya, affirming the standard's disciplining effect. Ghana demonstrated the strongest negative relationship, indicating that regulatory enforcement and growing

professional capacity have enabled firms to comply effectively with IFRS, limiting opportunistic accounting behaviors. However, the interaction between IFRS and CG was only modestly significant in Ghana, suggesting that governance structures, though supportive, are not the main drivers of this effect. In Nigeria, the relationship between IFRS and EM was weaker but significant, with a more pronounced interaction effect with CG. This indicates that in jurisdictions with weaker enforcement, corporate governance mechanisms play a critical role in amplifying the standards' effects. Kenya showed a moderate but statistically significant negative IFRS EM relationship with relatively high model explanatory power. The interaction between IFRS and CG was also significant, reflecting institutional reforms and governance improvements led by regulatory bodies such as the Capital Markets Authority.

The South African market demonstrated no statistically meaningful correlation between IFRS implementation and earnings management practices, likely attributable to its preexisting high-quality financial reporting environment. However, South Africa exhibited the strongest positive relationship between IFRS adoption and audit quality improvements, reflecting its sophisticated financial infrastructure, well-developed capital markets, and corporate governance practices aligned with the comprehensive King IV Code. Across the four nations studied, IFRS implementation generally enhanced audit quality, though with varying degrees of effectiveness. The improvements followed a distinct pattern with South Africa showing the most substantial gains, followed sequentially by Kenya, Ghana, and Nigeria. These variations correspond directly with the relative robustness and development stage of each country's audit regulatory mechanisms and corporate governance frameworks.

The findings suggest that pre-existing market infrastructure and regulatory maturity significantly influence how effectively IFRS adoption translates into measurable financial reporting quality improvements.

The study's findings confirm Hypothesis 1 and 3 in three of the four countries, supporting the theoretical assertion that IFRS adoption curtails agency problems (Agency Theory) and enhances credibility for capital-seeking firms (Capital Needs Theory). Hypotheses 2 and 4 are partially supported, with the moderating role of CG being more pronounced in contexts with weak external enforcement (Institutional Theory). Finally, the results for Hypothesis 5 highlight that control variables significantly influence financial reporting outcomes firm size positively predicts AQ across all countries, while leverage increases EM risk, especially in Ghana, Nigeria, and Kenya.

By integrating financial reporting standards, governance mechanisms, and institutional environments, this study advances the understanding of how IFRS and CG collectively shape financial reporting quality in Sub-Saharan Africa. The findings hold implications for regulators, policymakers, and investors seeking to strengthen market discipline and improve transparency in emerging markets.

Declaration

I affirm that this thesis is my own work and has not been produced or submitted, either wholly or partially, for any previous degree application. Unless explicitly referenced or acknowledged, all the content presented in this work is solely my own creation.

AI Acknowledgement

I acknowledge that I utilized Artificial Intelligence tools, including ChatGPT4 to assist in various aspects like the Literature review, writing and editing suggestions and Grammar and syntex checking.

I confirm that all AI generated content has been fully reviewed to ensure accuracy, relevance and originality of work.

I acknowledge that AI tools have been used to enhance efficiency and productivity, but the intellectual content and conclusions drawn from this research are entirely my own.

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Dedication

First and foremost, gratitude is due to God Almighty, the originator of all wisdom, inspiration, and knowledge. I respectfully acknowledge His divine guidance in our quest for insight.

This dissertation is dedicated to my devoted family, whose patience, encouragement, and unfailing support have been my compass during this difficult path. Your faith in me has always given me courage.

I am extremely grateful to the hardworking and committed employees of AssuranceHub Consult. My scholastic and professional lives have been greatly enhanced by your combined knowledge, insightful opinions, and unwavering dedication to greatness.

Additionally, this piece pays homage to the dynamic and varied countries of South Africa, Ghana, Nigeria, and Kenya. I am incredibly grateful for the chance to explore these environments, and I have discovered a wealth of information and problems in their complex tapestry of CG, IFRS adoption, earning management, and AQ.

May our study make a modest contribution to the improvement of accounting, auditing, and CG practices and understanding, not just in Africa but worldwide.

Acknowledgement

I extend my deepest gratitude to the Divine Providence for providing me with both the fortitude and guidance to embark on this scholarly journey. My sincere appreciation goes to Professor Dr. Ali Saleh Alarussi, whose mentorship and support have been instrumental throughout this research endeavor.

I wish to recognize the Unicaf Scholarship initiative for their generous financial support that made my doctoral studies possible. Additionally, I am thankful to the Graduate School at Unicaf University in Malawi for their continuous assistance and for fostering an environment conducive to academic growth and development.

To my mentors, family, friends, and coworkers, I am grateful for your support and faith in my abilities. Your encouragement has been my lighthouse.

Lastly, in order to encourage all aspiring students, particularly those from underprivileged circumstances, to constantly pursue their academic goals, I dedicate this accomplishment to them. I hope that this research makes a significant contribution to society and knowledge growth.

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List of Abbreviation

Abbreviation	Meaning
AQ	Audit Quality
Big 4	Refers to the four largest international professional services networks in the fields of audit, assurance, tax, and consulting: Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young (EY), and KPMG.
BDSIZE	Board Size
CEO	Chief Executive Officer
CG	Corporate Governance
CMA	Capital Markets Authority
EPS	Earnings Per Share
EU	European Union
FRCN	Financial Reporting Council of Nigeria
FRQ	Financial Reporting Quality
FRSC	Financial Reporting Standards Council
GAAP	Generally Accepted Accounting Principles
GSE	Ghana Stock Exchange
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
R&D	Research and Development
SA GAAP	South African Generally Accepted Accounting Practice
SAICA	South African Institute of Chartered Accountants
SEC	Securities and Exchange Commission
SMEs	Small and Medium-Sized Enterprises
CSR	Corporate Social Responsibility
GLS	Generalised Least Square
FRC	Financial Reporting Council
NSE	Nigerian Stock Exchange
IRBA	Independent Regulatory Board for Auditors
PAFA	Pan-African Federation of Accountants
ECSAFA	Eastern, Central and Southern African Federation of Accountants
FSCA	Financial Sector Conduct Authority
NASB	Nigerian Accounting Standards Board
NAS	Nigerian Accounting Standards
GNAS	Ghana National Accounting Standards
EFRAG	European Financial Reporting Advisory Group
NED	Non-Executive Directors
PAT	Positive Accounting Theory

PPE	Property, Plant & Equipment
EM	Earnings Management
IASC	International Accounting Standards Committee
ROA	Return on Assets
ICAG	Institute of Chartered Accountants Ghana
ECL	Expected Credit Loss
AEM	Active Earning Management
REM	Reactive Earnings Management
CFO	Cashflow From Operations
UREC	University Research Ethics Committee
IFRSADOPT	International Financial Reporting Standard Adoption
AUDCT	Audit Committee
CEOD	Chief Executive Officer Duality
IN-OWN	Institutional Ownership
SIZ-FIRM	Firm Size
LEV	Leverage
VIF	Variance Inflation Factor

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CHAPTER 1: INTRODUCTION

Introduction

This study examines the integration of International Financial Reporting Standards (IFRS) within African financial markets, emphasizing its relationship with corporate governance (CG) and the resulting impact on audit quality (AQ) and earnings management (EM). For stakeholders, particularly investors who hinge on clear financial reporting to make informed decisions, the connection between IFRS implementation, CG practices, and these financial KPIs is important. The key objective of maximizing business value may potentially conflict with other managerial goals that companies carry out. Therefore, it is essential to assess how financial reporting procedures can be modified to align with these managerial objectives. This research builds on previous studies that identify connections between IFRS, CG, EM, and AQ (Awinbugri & Boahen, 2021; Gyimah, 2021; Oppong & Bruce-Amartey, 2022; Ozili, 2016; Sellami & Slimi, 2016; Hlel et al., 2020; Hasan & Rahman, 2020) and seeks to further our understanding of accounting report quality determinants.

The establishment of the International Accounting Standards Committee (IASC) in 1973 marked the genesis of global accounting standardization efforts. This organization established the groundwork for the original International Accounting Standards (IAS) framework, which started to develop in the mid-1960s. Later, the International Accounting Standards Board (IASB) took over this effort, evolving the IAS into the comprehensive system now known as IFRS (Sellami & Slimi, 2016).

IFRS provides a robust financial reporting infrastructure, establishing protocols for measurement, presentation, and disclosure of significant transactions and events. The implementation of IFRS has become paramount across diverse industries, aiming to harmonize accounting methodologies worldwide to enhance transparency and facilitate comparative

analysis (Awinbugri & Boahen, 2021). By standardizing financial reporting, IFRS improves the credibility of financial information, thereby boosting investor confidence and promoting global economic growth (Oppong & Bruce-Amartey, 2022). Additionally, the IASB emphasizes that IFRS objectives include developing internationally comparable, superior-quality financial reports that fulfill both domestic and international market requirements (Hlel et al., 2020).

Numerous African countries, including Ghana, Nigeria, Kenya, and South Africa, have adopted International Financial Reporting Standards to advance financial reporting quality and global comparability. However, this implementation has encountered numerous obstacles across Africa, including inconsistent regulations, language issues, knowledge deficits, and insufficient professional expertise (Sellami & Slimi, 2016). Ghana mandated IFRS through its Institute of Chartered Accountants in 2007, with reaffirmation in 2010. Kenya embraced these standards earlier, incorporating them into Nairobi Stock Exchange requirements by 1999, while Nigeria began implementation in 2010 (Gyimah, 2021). South Africa has aligned its Generally Accepted Accounting Principles with IFRS since 1995, with compliance enforced through the South African Institute of Chartered Accountants. According to Ozili (2016), this standardization aims to enhance financial reporting comparability, transparency, and investor confidence. The adoption of IFRS has played a crucial role in enhancing the consistency and reliability of financial reporting, building investor trust, and promoting economic growth by lowering the costs associated with cross-border transactions.

Despite promising cross-border comparability benefits, implementation challenges persist in African contexts, where anticipated financial reporting improvements haven't consistently materialized. Robust enforcement mechanisms are essential for ensuring accurate reporting, particularly as research suggests IFRS adoption might inadvertently facilitate earnings manipulation (Hasan & Rahman, 2020). Audit quality plays a crucial role in deterring earnings

management, with auditors serving as essential guardians of financial report credibility (Awinbugri & Boahen, 2021). This study adds to the existing body of literature by exploring the impact of corporate governance mechanisms on earnings management, audit quality, and the implementation of IFRS within African settings.

Multiple studies indicate IFRS adoption has transformed financial reporting quality in Sub-Saharan Africa by enhancing transparency and comparability, thereby increasing investor confidence. Gyimah (2021) notes that Ghana's implementation of IFRS correlates with greater financial transparency, reduced earnings manipulation, and improved earnings quality. These findings suggest IFRS's structured approach, ensuring transparent and reliable financial information, can mitigate agency conflicts between management and shareholders. The effectiveness of IFRS, despite offering a standardized framework, is contingent upon the strength of individual countries' legal and regulatory enforcement infrastructure. In many African nations, inadequate enforcement mechanisms may undermine the quality of financial reporting, suggesting that merely adopting IFRS standards is insufficient to ensure superior financial disclosure practices (Awinbugri & Boahen, 2021; Oppong & Bruce-Amartey, 2022).

The adoption of IFRS in South Africa has been linked to a reduction in earnings management activities, which can be credited to robust regulatory supervision and strong corporate governance mechanisms, such as the presence of independent board directors and the separation of CEO and chairperson roles (Sellami & Slimi, 2016).

Robust corporate governance systems support accurate financial reporting objectives, suggesting both governance and IFRS enhance audit quality by providing investors with reliable, high-quality information. Furthermore, as improved financial reporting attracts foreign investment, African nations must embrace IFRS to establish credibility within the global investment community (Hlel et al., 2020).

IFRS implementation across African countries encounters multiple obstacles, such as diverse cultural contexts, inconsistent regulatory frameworks, volatile economic conditions, and insufficient numbers of qualified accounting professionals. Additionally, the process of translating IFRS standards into local languages may compromise precision and create interpretation difficulties when adapting the standards to meet regional linguistic needs (Oppong & Bruce-Amartey, 2022).

 Professional expertise deficiencies complicate implementation across many countries. These issues highlight the necessity for capacity-building initiatives to enhance IFRS understanding and application across African nations, thereby promoting financial data uniformity and comparability (Gyimah, 2021).

Professional expertise deficiency represents another significant IFRS implementation barrier. Many African countries lack IFRS-knowledgeable accountants, resulting in improper standards implementation and diminished potential benefits. Addressing this professional shortage requires increased accounting education investment to enhance IFRS adoption throughout Africa (Awinbugri & Boahen, 2021). To illustrate, although companies listed on the Nairobi Stock Exchange in Kenya are required to adhere to IFRS standards, inadequate regulatory enforcement has undermined the framework's ability to prevent earnings manipulation effectively. Successful IFRS implementation necessitates robust institutional mechanisms to ensure compliance with the standards (Sellami & Slimi, 2016).

Corporate governance serves as a critical mechanism for preventing earnings management and significantly contributes to improving both financial reporting standards and audit quality. Well-designed governance frameworks, encompassing independent board directors, institutional shareholders, and dedicated audit committees, enhance audit effectiveness by establishing supervisory controls that restrict management's capacity to distort financial

outcomes.

South Africa's robust governance processes demonstrably reduce earnings management, supporting IFRS's high-quality financial reporting objectives (Sellami & Slimi, 2016; Hlel et al., 2020). According to Oppong and Bruce-Amartey (2022), Ghanaian businesses with established governance frameworks similarly benefit from increased financial transparency and reduced earnings management, positively affecting audit quality.

The interrebetween IFRS, corporate governance (CG), and audit quality (AQ) suggests that IFRS adoption alone may be insufficient to prevent earnings manipulation in the absence of effective corporate governance mechanisms. Strong corporate governance frameworks enhance the effectiveness of IFRS by ensuring that organizations adhere to rigorous standards for financial reporting and maintain transparency in their disclosures.

According to Hasan and Rahman (2020), CG serves as a supervisory tool that lowers agency conflicts, aligns management and shareholder interests, and enhances the accuracy of financial disclosures.

This study examines the relationships between IFRS adoption, CG, EM, and AQ in a few African nations using a quantitative research methodology. While audit fees and audit firm size are used to measure AQ, discretionary accruals are used as a stand-in for earnings manipulation. The report assesses CG tools to track profits management practices, including institutional ownership, independent board members, and board composition. This study intends to add to the empirical literature on IFRS adoption, CG, and financial reporting quality by investigating these relationships. It will also provide insights for practitioners and policymakers who are looking to increase investor confidence and financial transparency in African markets (Ozili, 2016; Awinbugri & Boahen, 2021).

Statement of the Problem

The study aims to investigate the complex relationships between corporate governance (CG) mechanisms, audit quality (AQ), adoption of International Financial Reporting Standards (IFRS), and earnings management (EM) in a few African countries, namely Ghana, Nigeria, Kenya, and South Africa. Because African economies differ greatly from developed markets in terms of their economic settings, legal frameworks, and financial reporting standards, prior research emphasizes the importance of looking at these issues in African economies. This analysis is important because previous research highlights the prevalence of EM in Africa and how adopting IFRS might improve the transparency and integrity of financial statements (Gyimah, 2021). Furthermore, studies provide conflicting results on how IFRS affects EM and AQ in African nations, necessitating additional investigation to elucidate these connections (Ozili, 2016).

The study conducted by Awinbugri and Boahen (2021) has shed important light on how well IFRS adoption works to improve profits quality by lowering EM practices. But a comprehensive analysis of how IFRS adoption, AQ, and CG interact in African countries is still mostly lacking, especially when considering Ghana, Nigeria, Kenya, and South Africa.

A significant subject that needs more research is the relationship between audit quality and earnings management, particularly in Africa. Higher AQ levels function as a barrier against manipulative tactics, according to Amankwa, Mawutor, and Yiadom (2020), who also pointed out that EM is closely related to the quality of financial audits. There remains a knowledge gap about how AQ affects EM in African countries with distinct economic and regulatory features, nevertheless, as the majority of recent research focuses on non-African contexts. Understanding this association may help practitioners, regulators, and policymakers put policies in place that will improve the accuracy of financial reporting in these nations.

Further investigation is still required into how the use of IFRS affects auditing procedures, especially in African economies. According to Kaaya (2016), the introduction of IFRS may have an impact on audit-related factors such auditor independence and qualifications, which are essential for preserving AQ. This study aims to investigate these dynamics in order to present a thorough understanding of audit reliability within the IFRS framework, taking into account elements such as the effectiveness of audit committees and the credentials of auditors. In addition to addressing issues unique to each nation and improving AQ, such insights may be crucial in bringing African countries into compliance with international financial reporting norms.

An integrated empirical investigation examining the concurrent relationships between International Financial Reporting Standards implementation, corporate governance mechanisms, audit quality, and earnings management is crucial for deepening our comprehension of financial reporting dynamics across Africa. This research aims to address current literature gaps by analyzing these interconnected elements collectively across Ghana, Nigeria, Kenya, and South Africa, providing valuable insights into how these factors collectively shape transparent financial reporting practices throughout African economies. Such comprehensive analysis has potential implications for accounting methodologies, regulatory policy development, and investor confidence enhancement all critical components for fostering more robust and dependable financial markets across Africa. Additionally, this research underscores the significance of strengthening regulatory frameworks and investor protection measures, as these foundational elements substantially influence the effectiveness of corporate governance and audit quality within these emerging economies (Rao & Warsame, 2015).

Purpose of the Study, Research Aims, and Objectives

This research investigates the intricate interrelationships among International Financial Reporting Standards adoption, corporate governance frameworks, earnings management behaviors, and audit quality across four African economies: South Africa, Ghana, Nigeria, and Kenya. As these nations' capital markets continue to develop, there is increasing demand for transparent, high-caliber financial disclosures, particularly among publicly traded companies whose financial reporting practices significantly influence investor confidence levels. The foundation of this study is the idea that in order to safeguard investor interests and promote economic progress, publicly traded firms need to uphold high accounting standards. This objective is being bolstered by the implementation of IFRS and adherence to good corporate governance (Oppong & Bruce-Amartey, 2022).

In recent years, various stakeholders, including policymakers, academics, investors, auditors, regulators, and corporate leaders, have shown a vested interest in understanding how IFRS adoption and corporate governance practices impact financial reporting quality in emerging markets. These standards serve as a benchmark for financial transparency, supporting a consistent reporting framework that strengthens investor confidence and aids regulatory monitoring. Given that IFRS adoption across the African context has been a relatively recent phenomenon, its impact on earnings management and audit quality remains a pressing topic. The insights gained from this study will contribute to a deeper understanding of financial reporting practices, shedding light on how IFRS adoption and effective corporate governance influence earnings management and audit quality across these diverse African contexts (Mnif & Borgi, 2020).

To examine these relationships, the study employs a quantitative research design that seeks to assess the impacts of IFRS adoption and corporate governance on earnings management

and audit quality. This approach includes a sample of 120 publicly listed companies, with 30 companies randomly selected from the stock exchanges of each country Ghana, Nigeria, Kenya, and South Africa over the period from 2018 to 2020. This selection ensures a robust dataset that can yield generalizable findings about the effects of IFRS and CG practices on EM and AQ. Banks and financial institutions are excluded from the sample, given that their unique regulatory requirements could skew findings, particularly in terms of earnings management and reporting transparency. By excluding these sectors, the study remains focused on firms that operate under more comparable regulatory environments, enhancing the study's validity (Awinbugri & Boahen, 2021).

Data collection for this study relies on secondary sources, including audited financial statements, annual board reports, and other relevant financial documents. This reliance on audited data supports the reliability and validity of findings, establishing a solid foundation for investigating the relationships between IFRS adoption, CG mechanisms, EM, and AQ. Using audited financial data provides an added layer of rigor, as it ensures that the data has undergone professional scrutiny, which is essential for accurately assessing corporate governance's influence on financial reporting quality. The reliance on audited data further aligns with the study's objective of enhancing understanding among stakeholders regarding financial transparency, thereby offering practical implications for corporate governance strategies across African markets (Hasan et al., 2020; Ozili, 2016).

This study uses regression models as part of its quantitative analysis, which focuses on the interactions among corporate governance, earnings management, audit quality, and IFRS adoption. This approach offers a thorough understanding of how IFRS and CG frameworks, including board independence and audit committee proficiency, affect financial reporting procedures. Through the start of this thorough analysis, the study looks into the moderating

influence of CG practices as well as the direct consequences of IFRS adoption on financial statement quality. By providing region-specific insights and adding to the body of current literature, the studies will show how these factors combined affect audit quality outcomes and earnings management practices across Ghana, Nigeria, Kenya, and South Africa (Amankwa et al., 2020; Hessayri & Saihi, 2015).

This investigation seeks to make a significant empirical contribution to our understanding of how corporate governance mechanisms and International Financial Reporting Standards implementation influence earnings manipulation practices and audit quality within African contexts. This research addresses a critical knowledge gap, as the African continent has historically received insufficient attention in global accounting research. The study's findings are expected to play a vital role in shaping policy decisions and guiding subsequent research initiatives by demonstrating how IFRS adoption and effective governance protocols can curtail earnings management behaviors while enhancing audit quality standards.

According to Oppong and Bruce-Amartey (2022) and Mnif and Borgi (2020), the findings from the research will be especially helpful to investors who want to know how good a company is, regulators who want to increase financial transparency, and corporate executives who want to strengthen governance within their companies.

The study's practical conclusions can help African politicians and business executives create more successful CG frameworks that meet international standards. By doing this, the study advances the more general goal of providing emerging markets with high-quality financial reporting, which in turn promotes greater accountability and openness in these countries. Building on the expanding corpus of research in financial reporting and governance, this study aims to support economic stability and growth in Ghana, Nigeria, Kenya, and South Africa by educating stakeholders on decisions that support financial market integrity (Gyimah, 2021;

Amankwa et al., 2020).

This study's findings are poised to have far-reaching implications for academic research, policymaking, and corporate governance in African markets. The examination of IFRS adoption, CG mechanisms, earnings management, and audit quality, particularly in an African context, underscores the critical role that sound financial reporting plays in emerging economies.

Nature and significance of the study

This investigation employs a quantitative approach, utilizing both exploratory and analytical methodologies to comprehensively evaluate the interactions between corporate governance practices and International Financial Reporting Standards adoption, particularly examining their impact on audit quality and earnings manipulation across selected African economies. The Modified Jones model serves as a fundamental analytical tool, assessing discretionary accruals as significant indicators of potential earnings manipulation. This widely recognized model provides a robust foundation for analyzing financial activities across target economies due to its established capability to identify earnings management patterns across diverse contexts.

To ensure comprehensive analysis, the study incorporates various control variables including Return on Assets, growth metrics, cash flow position, financial leverage, and organizational size. These variables are essential as they account for additional factors potentially influencing the relationships under examination, thereby enhancing the validity and reliability of research findings. Including these control variables is necessary to isolate the effects of IFRS implementation and governance practices on earnings management and audit quality, facilitating deeper understanding of the underlying dynamics.

The research design meticulously captures the complexities of corporate governance structures, examining board composition, independence levels, audit committee effectiveness,

and CEO duality. By incorporating these governance variables into the analytical framework, the study evaluates their moderating influence on relationships between IFRS adoption and the dependent variables earnings management and audit quality. This research aspect draws from existing literature highlighting robust governance's critical role in promoting financial reporting transparency and accountability (Clement Oppong & Ali Bruce-Amartey, 2022). Financial data is extracted from audited reports of publicly traded companies in South Africa, Ghana, Nigeria, and Kenya spanning 2018-2020 using structured data collection techniques. This period holds particular relevance as it documents the ongoing effects of IFRS adoption across different regions, enabling thorough examination of its financial reporting quality implications.

The study combines panel data sampling methodology with rigorous statistical analyses, including regression modeling, to facilitate comprehensive data examination. This methodological approach enhances the robustness of study conclusions while enabling pattern and trend identification. By analyzing cross-sectional data through both descriptive and empirical methods, the study provides thorough understanding of how governance procedures and IFRS implementation affect financial reporting outcomes across diverse economic contexts.

From an academic perspective, this research significantly contributes to understanding IFRS adoption effectiveness in emerging markets, particularly within African contexts. By examining intricate connections among IFRS, governance, earnings management, and audit quality, the study establishes a strong foundation for future research exploring similar relationships across other emerging economies. Additionally, it creates opportunities for investigating how institutional factors, including legislative frameworks and cultural norms, influence financial reporting practices across diverse settings (Awinbugri & Boahen, 2021; Tawiah & Boolaky, 2019).

This study addresses a significant literature gap by providing empirical evidence on IFRS

implementation effects throughout Africa. The research highlights the importance of considering regional circumstances during international standards implementation and offers practical recommendations for enhancing financial reporting practices across the continent.

Practical Implications for Policymakers and Regulators

The findings of the study have important ramifications for regulators and legislators throughout Africa. This study offers a strong basis for well-informed regulatory framework decision-making by shedding light on the connections among IFRS adoption, corporate governance procedures, and financial reporting quality. To build investor confidence and ensure sustainable economic development, policymakers can use these insights to strengthen governance mechanisms, improve the application of accounting standards, and improve the transparency and dependability of financial information (Mensah, 2020; Tawiah & Boolaky, 2019).

Furthermore, understanding how the implementation of IFRS affects audit quality and earnings management can help regulators identify areas that might require further oversight or legislative changes. The results of the study could guide the creation of focused initiatives meant to strengthen financial discipline and audit procedures, therefore boosting the credibility of financial statements in markets where earnings management is common (Mensah, 2020).

Implications for Investors and Accounting Professionals

The study provides important insights into the importance of strong corporate governance procedures in guaranteeing the dependability and correctness of financial reporting from the viewpoint of an investor. Because adherence to IFRS norms lowers the risk of financial misstatements and promotes better decision-making, investors are likely to favour companies

with robust governance frameworks. The study's conclusions might have an impact on investment plans and lead to stricter due diligence procedures that assess the governance standards of companies doing business in certain countries (Ozili, 2016).

The findings of the research can also be useful to professional accounting associations, especially when it comes to determining the training and development requirements necessary to support the adoption of IFRS and strengthen sound corporate governance procedures. These organizations can significantly improve audit quality and reduce earnings management in the African accounting environment by encouraging moral behavior and adherence to international norms Mensah (2020).

Research Questions and Research Hypotheses

This study seeks to answer the mean questions which are:

Q1. What is the impact of the IFRS Adoption on EM in African countries such as Ghana, Nigeria, Kenya, and South Africa?

Q2. What is the role of Corporate Governance on the relationship between the adoption of IFRS and EM in African countries?

Q3. What is the correlation between the IFRS Adoption and Audit Quality in African countries?

Q4. What is the role of Corporate Governance on the relationship between the adoption of IFRS and Audit Quality in African countries?

Q5. What is the association of control variables, including Return on Assets (ROA), Leverage (Lev), and Net Loss, in relation to EM and Audit Quality in African countries?

Thus, the study hypothesizes the following Alternative hypotheses:

Hypothesis 1: Relationship between IFRS Adoption and Earnings Management (EM)

H10. [Null Hypothesis]: There is no statistically significant relationship between IFRS adoption and earnings management (EM) in African countries (Ghana, Nigeria, Kenya, and South Africa).

H1a. [Alternative Hypothesis]: There is a statistically significant relationship between IFRS adoption and earnings management (EM) in African countries (Ghana, Nigeria, Kenya, and South Africa).

Hypothesis 2: Moderating Role of Corporate Governance (CG) on the Relationship between IFRS Adoption and Earnings Management (EM)

H20. [Null Hypothesis]: Corporate governance (CG) does not moderate the relationship between IFRS adoption and earnings management (EM) in African countries.

H1b[Alternative Hypothesis]: Corporate governance (CG) moderates the relationship between IFRS adoption and earnings management (EM) in African countries.

Hypothesis 3: Relationship between IFRS Adoption and Audit Quality (AQ)

H30. [Null Hypothesis]: There is no statistically significant relationship between IFRS adoption and audit quality (AQ) in African countries.

H1c. [Alternative Hypothesis]: There is a statistically significant relationship between IFRS adoption and audit quality (AQ) in African countries.

Hypothesis 4: Moderating Role of Corporate Governance (CG) on the Relationship Between IFRS Adoption and Audit Quality (AQ)

H40. [Null Hypothesis]: Corporate governance (CG) does not moderate the relationship between IFRS adoption and audit quality (AQ) in African countries.

H1d. [Alternative Hypothesis]: Corporate governance (CG) moderates the relationship between IFRS adoption and audit quality (AQ) in African countries.

Hypothesis 5: Relationship Between Control Variables (ROA, Leverage, Net Loss) and Earnings Management (EM) and Audit Quality (AQ)

H50. [Null Hypothesis]: Control variables (Return on Assets [ROA], Leverage [Lev], and Net Loss) do not have a statistically significant relationship with earnings management (EM) and audit quality (AQ) in African countries.

H1e. [Alternative Hypothesis]: Control variables (Return on Assets [ROA], Leverage [Lev], and Net Loss) have a statistically significant relationship with earnings management (EM) and audit quality (AQ) in African countries.

Motivation of the Study

This study addresses the pressing need to investigate the intricate relationships between corporate governance (CG) and the adoption of International Financial Reporting Standards (IFRS), specifically focusing on how this affects audit quality (AQ) and earnings management (EM) across various African nations. Differences in economic, legal, and cultural environments significantly influence the quality of financial reports and the prevalence of earnings management. These diverse contexts raise important questions about the effectiveness of standardized frameworks like IFRS in enhancing the accuracy and transparency of financial reporting in different countries.

This research is driven by the understanding that business cultures, legal systems, and

regulatory frameworks vary considerably between countries, and these variations significantly impact financial reporting practices (Coffie et al., 2020). For example, countries with strong legal and regulatory systems generally exhibit higher financial reporting quality and lower instances of earnings management. Conversely, nations with weaker frameworks often struggle with enforcement, leading to serious concerns about the reliability and integrity of financial statements (Gyimah, 2021). This study, therefore, aims to contribute to the existing literature by providing in-depth insights into how these contextual factors influence IFRS adoption and its subsequent effects on financial reporting practices in the African nations of Ghana, Nigeria, Kenya, and South Africa.

Furthermore, this research seeks to address gaps in the current understanding of financial reporting quality, earnings management, and audit quality within Africa. There is a critical need to understand the interplay between IFRS adoption and CG mechanisms, and how these factors shape reporting outcomes, particularly in emerging markets where economic, political, and social conditions are constantly changing (Hessayri & Saihi, 2015). By examining these relationships, this study aims to generate valuable insights that can help policymakers, regulators, and practitioners develop more effective frameworks. These frameworks would enhance the integrity of financial reporting and protect investor interests within the African context. Ultimately, a better understanding of these dynamics will contribute to improved financial reporting standards and practices that are tailored to the unique challenges and opportunities present in different African economies (Asumadu, 2018).

Contribution of the Study

It is crucial to investigate the multifaceted relationships between the adoption of International Financial Reporting Standards (IFRS), corporate governance (CG), earnings

management (EM), and audit quality (AQ), especially in light of the varied economic environments of African nations. Although a great deal of research has been done in industrialized markets, less is known about how these dynamics operate in emerging economies, particularly in Africa. By examining these connections across four significant African countries Ghana, Nigeria, Kenya, and South Africa this study aims to close this crucial gap.

Importance of Investigating IFRS, CG, EM, and AQ in Africa

The diverse economic conditions, market maturity levels, regulatory frameworks, and corporate governance standards found throughout Africa highlight the need of investigating the interactions among IFRS adoption, CG, EM, and AQ throughout the region. The research is enhanced by this diversity, which also offers a distinct viewpoint for evaluating how well IFRS and CG practices improve the caliber of financial reporting. Findings from this study are not only critical for African economies, but they also provide important lessons for other developing markets dealing with comparable issues. Improving the accuracy and openness of financial reporting is essential for drawing in foreign capital, boosting market effectiveness, and encouraging long-term economic expansion in these areas (Gyimah, 2021; Mensah, 2020).

Empirical Examination of Theoretical Linkages

Investigating empirically the theoretical relationships between IFRS adoption, earnings management, and audit quality in the unique setting of African markets is one of the main goals of this study. The literature now in publication has demonstrated that the effects of IFRS adoption on audit quality and earnings management are not uniform, with differing results noted in various nations and areas. For example, some studies indicate that earnings management decreased when IFRS was adopted, while other studies indicate that the effects were negligible (Awinbugri &

Boahen, 2021; Ozili, 2016). This study intends to add to a more nuanced understanding of how IFRS implementation effects financial reporting procedures within these different cultures by offering solid empirical evidence from Ghana, Nigeria, Kenya, and South Africa. This analysis is crucial as it assesses whether IFRS can effectively mitigate earnings management and enhance audit quality, particularly in settings where regulatory frameworks and enforcement mechanisms may not be as robust as in developed economies (Oppong & Bruce-Amartey, 2022; Rao & Warsame, 2015).

The Moderating Role of Corporate Governance

This research also considers corporate governance as a moderating factor that affects the relationship between IFRS adoption, earnings management, and audit quality. We acknowledge that effective governance, through mechanisms like CEO duality, board independence, and audit committee effectiveness, is crucial for ensuring the integrity of financial reporting. Given the significant variations in governance systems across African nations, this study will examine the extent to which this corporate governance measures can mitigate earnings management and enhance audit quality (Mnif & Borgi, 2020). Understanding how corporate governance influences financial reporting practices is essential for assessing the overall impact of IFRS and for strengthening governance frameworks across the continent

Research organizations

This research is organized into five chapters. Chapter 1 provides the introduction, covering the study's background, problem statement, research questions, objectives, scope, motivation, and structure. Chapter 2 will focus on reviewing the literature related to all the variables, and present the theoretical and conceptual framework. The methodology, including sample size, the

years covered, and how variables are measured, will be detailed in Chapter 3. This chapter will

also describe the research tools and data collection methods. Chapter 4 will present the results

and their analysis, including the expected results and their implications. Finally, Chapter 5 will

summarize the study's findings and offer recommendations.

CHAPTER 2: LITERATURE REVIEW

Introduction

This chapter reviews existing academic research on the adoption of International Financial Reporting Standards (IFRS), corporate governance (CG), earnings management (EM), and audit quality (AQ), focusing on the African context. It specifically investigates how IFRS affects EM and AQ in publicly traded companies in Ghana, Nigeria, South Africa, and Kenya. Furthermore, the chapter examines the potential moderating role of CG practices in these relationships.

In addition to foundational research from earlier eras, the review synthesizes data from recent studies by referencing a variety of sources published within the last five years. This approach ensures a comprehensive perspective by integrating current findings with established knowledge. The chapter examines existing research to identify key patterns, knowledge gaps, and areas of scholarly consensus or debate. It also provides context for the empirical analysis of the study by going over pertinent theoretical frameworks and approaches that have been used in the past.

Before delving into the ideas and factors that influence earnings management and audit quality, the chapter will first examine the implementation of IFRS and its impact on the caliber of financial reporting. The conclusion examines how corporate governance influences these outcomes while highlighting both the opportunities and challenges of implementing international financial reporting standards across different African contexts.

The chapter also emphasizes the importance of contextualizing IFRS adoption within the socio-economic and regulatory landscapes of African countries. While IFRS aims to promote uniformity and comparability in financial reporting, its practical implementation often intersects with local challenges, such as varying levels of economic development, resource constraints, and

differences in institutional quality. These elements can substantially affect the extent to which IFRS accomplishes its stated objectives.

Additionally, the discussion on earnings management (EM) considers both the opportunistic and efficiency-driven motives behind managerial discretion in financial reporting. By incorporating insights from African markets, the chapter highlights how contextual factors, such as market maturity and enforcement mechanisms, shape EM practices. Likewise, the examination of audit quality (AQ) investigates how professional standards, auditor independence, and external oversight contribute to strengthening financial report reliability.

The function of corporate governance (CG) is additionally analyzed regarding its interactive relationship with IFRS implementation and audit quality. Governance mechanisms, including board diversity, the presence of independent directors, and the effectiveness of audit committees, are discussed as potential moderators that can either enhance or hinder the realization of IFRS objectives. Furthermore, the chapter emphasizes the interaction between CG and wider institutional systems, demonstrating how governance mechanisms can serve as a link connecting global standards with local practices.

Finally, the chapter not only synthesizes existing knowledge but also identifies potential areas for future research. It highlights the necessity for longitudinal research that can document the changing effects of IFRS, along with comparative studies that account for the distinctive features of African economies. By addressing these gaps, the chapter contributes to a deeper understanding of the interplay between global standards, governance, and financial reporting practices in Africa.

Conceptual review

IFRS Adoption

The formation of the International Accounting Standards Committee (IASC) in the mid-1960s represented a pivotal moment in the evolution of global accounting standards. The transition to the International Accounting Standards Board (IASB) in 2001, which succeeded the IASC, signalled a major advancement in international accounting practices. This shift aimed to increase the uniformity and consistency of accounting standards across different countries, responding to the growing need for worldwide standardization in financial reporting (Houqe, Monem, & Clarkson, 2013; Nijam & Athambawa, 2016).

The IASB's main goal is to create and issue International Financial Reporting Standards (IFRS), carefully designed to improve the quality, comparability, and transparency of financial statements worldwide. Many countries have adopted IFRS to align their accounting practices with these international standards, ensuring greater consistency and reliability in financial reporting (De George, Li, & Shivakuma 2016).

A key objective of IFRS is to enhance the comparability and transparency of financial statements. Through establishing a uniform framework of accounting principles, IFRS facilitates the creation of financial reports that are consistent and comparable across various nations and sectors. This comparability proves essential for investors, financial analysts, and other stakeholders who rely on reliable and comparable financial data for informed decision-making (Duarte, Amaral, & Azevedo, 2015).

Furthermore, IFRS intends to raise the quality of financial information provided by companies. The strict guidelines and principles within IFRS ensure that financial statements are prepared with high levels of accuracy, reliability, and relevance. This improvement in financial reporting quality increases investor confidence and supports the overall integrity and efficiency

of global financial markets (Mita, Utama, Fitriany, & Wulandari, 2018).

Another crucial objective of IFRS is to facilitate the global allocation of capital. By promoting transparency and standardization in financial reporting, IFRS creates an environment where investors can invest across international borders with greater confidence. This harmonization of accounting standards reduces information gaps, leading to more efficient capital flows to regions with good investment opportunities (Zaidi, 2019).

The implementation of IFRS has substantially transformed global financial reporting practices. Organizations adopting IFRS experience enhanced transparency and comparability, which consequently strengthens their access to international capital markets. This increased access to capital is especially beneficial for companies in emerging economies, as it can greatly contribute to economic growth and development by attracting foreign investment (Nijam & Athambawa, 2016).

Moreover, the adoption of IFRS has been linked to improvements in the quality and accountability of financial reporting. Organizations adhering to IFRS are required to provide detailed and precise financial information, thereby enhancing accountability to shareholders, regulators, and the general public. This transparency fosters confidence and credibility within financial markets, which is crucial for sustained economic stability (De George et al., 2016).

While studies consistently show that adopting IFRS improves the comparability and quality of financial reporting, challenges remain, particularly in emerging economies. These challenges often arise from differences in institutions, varying levels of enforcement, and different motivations for adopting IFRS. Despite these obstacles, the advantages of IFRS adoption, such as lower costs and improved financial transparency, are clear for countries that embrace these standards (Houqe et al., 2013; Zaidi, 2019).

The transition to IASB governance not only marked an administrative shift but also

emphasized the growing recognition of accounting as a global language essential for international economic cooperation. As businesses increasingly operate across borders, the demand for standardized reporting has intensified, positioning IFRS as a critical tool for fostering trust in financial markets. In addition to enhancing transparency, IFRS implementation has served a transformative function in standardizing accounting practices, especially in regions characterized by fragmented financial reporting systems. This standardization promotes economic integration, enabling multinational corporations to optimize their operations and minimize compliance expenses related to managing multiple reporting frameworks.

The emphasis on rigorous compliance under IFRS has also spurred the development of robust enforcement mechanisms. Countries implementing IFRS have often invested in capacity building for regulatory bodies, enhancing their ability to monitor and ensure adherence to these standards. Additionally, the global acceptance of IFRS has catalyzed the alignment of educational curricula, ensuring that future accounting professionals are well-versed in international standards from the outset of their careers.

Despite its benefits, the transition to IFRS is not without its complexities. Many jurisdictions face challenges related to the interpretation of certain IFRS principles, given the varying economic realities across countries. The need for localized guidance to address these nuances remains a key area for development. Furthermore, small and medium-sized enterprises (SMEs) often encounter difficulties in adopting IFRS due to resource constraints, necessitating simplified reporting frameworks tailored to their needs.

Overall, the adoption and implementation of IFRS have underscored the importance of collaborative efforts between international standard-setting bodies, national regulators, and industry practitioners to address emerging challenges and ensure the enduring relevance of these standards in a dynamic global economy.

IFRS Adoption Globally

The worldwide shift toward International Financial Reporting Standards (IFRS) constitutes a significant advancement in financial reporting, with approximately 100 nations implementing these standards to improve the comparability, transparency, and quality of financial reports on a global scale. This broad shift towards standardized accounting rules is driven by a desire to align financial reporting practices, leading to better investment choices and supporting global financial stability (Nijam & Athambawa, 2016).

The IFRS Foundation anticipated that over 150 countries would have adopted IFRS by 2012, signifying substantial progress in international accounting harmonization. A significant point in this progression was within the European Union, where beginning in 2005, all companies listed on European stock exchanges were required to prepare consolidated financial statements based on IFRS. This requirement replaced different national Generally Accepted Accounting Principles (GAAP), thereby promoting greater consistency and comparability in financial reports (Lawalata & Salle, 2024).

Extensive academic research has examined the effects of IFRS adoption across various countries, with a particular focus on developed nations like Australia, Germany, France, Belgium, Spain, and the United Kingdom. Such studies have shed light on IFRS's impact on financial reporting quality, transparency, and market perceptions (Duarte, Amaral, & Azevedo, 2015). For instance, German corporations were given the choice to voluntarily implement IFRS from 1998 to 2005. Research suggests that earnings reported under IFRS are perceived more favorably compared to those under national GAAP, reflecting the distinct investor perceptions and valuations linked to different accounting standards (Bolt-Lee & Smith, 2009).

Furthermore, Gassen and Sellhorn (2006) examined variations in earnings quality

between firms complying with IFRS and those following alternative accounting standards. Their results indicate that organizations reporting under IFRS demonstrated more consistent but less predictable outcomes, highlighting the conservative nature embedded in IFRS reporting methodologies. These insights underline IFRS's influence on financial reporting quality and the importance of ongoing assessments across jurisdictions and industries (Musa, 2019). Additionally, Leuz and Wysocki (2003) observed that companies adopting IFRS generally experienced reductions in bid-ask spreads, signaling improved market efficiency and reduced transaction costs. However, increased stock price volatility was also noted, a likely result of enhanced transparency and information flow, underscoring the dual impact of IFRS on market dynamics (De George, Li, & Shivakumar, 2016a).

A study by Daske et al (2008) explored the link between the cost of equity capital and IFRS adoption, revealing that companies consistently using GAAP regularly experienced lower equity costs compared to those adopting IFRS. This suggests that accounting standards can influence the cost of capital by shaping how investors perceive risk (Ahmed, Neel, & Wang, 2013). Additional research conducted by De George, Li, & Shivakumar, 2016 examining the impact of IFRS implementation on accruals and cash flows in German companies revealed the intricate nature of international financial reporting standards. Their results demonstrated that firms implementing IFRS showed a greater tendency toward earnings management.

In a separate study, Christensen et al. (2020) examined how early IFRS implementation influenced earnings management and financial reporting practices. Their findings revealed that organizations implementing IFRS prior to mandatory requirements typically exhibited reduced earnings manipulation, underscoring the benefits of early IFRS implementation in enhancing accounting quality. Conversely, companies that postponed adoption only saw these improvements after IFRS compliance became mandatory (Ahmed et al., 2013).

In Germany, Haller et al. (2009) noted significant increases in equity and net income among companies following the mandatory IFRS adoption in 2005. This pattern indicates a favorable effect of IFRS implementation on reported metrics and emphasizes the wider advantages of financial transparency (Nijam & Athambawa, 2016). Studies in France, Belgium, Spain, and the UK have also emphasized IFRS's influence. For example, Marchal et al. (2007) found a decrease in equity and an increase in net financial debt and net income among French firms transitioning to IFRS, illustrating the significant impact of IFRS on financial metrics (Lawalata & Salle, 2024).

In Spain, Callao et al. (2021) observed considerable changes in financial reporting metrics during the shift from local GAAP to IFRS, particularly in accounts receivable, cash equivalents, and shareholders' equity. These findings underscore the transformative effects of IFRS adoption on financial statements (Duarte et al., 2015).

Similarly, UK research by Iatridis (2023) highlighted a reduction in profit manipulation and improved recognition of losses, which are indicative of more transparent and reliable financial reporting under IFRS. This enhanced transparency emphasizes IFRS's broader impact on the reliability of global financial reports (Bolt-Lee & Smith, 2009).

In Australia, IFRS implementation resulted in higher liabilities, decreased equity, and changes in earnings reporting patterns, illustrating the necessity for adjustments within financial reporting systems during IFRS transition phases (Li D, 2025). These studies collectively show that IFRS adoption, while providing advantages such as enhanced comparability and transparency, also presents challenges including potential earnings management and heightened volatility. Additional research is required to comprehend the long-term effects of IFRS on global financial reporting.

Levels of IFRS Adoption across Selected African Countries

      IFRS Adoption in the Republic of Ghana.

      The shift to IFRS in Ghana has been marked by both progress and obstacles. On the positive side, the implementation has substantially improved the qualitative characteristics of financial reporting, enhanced international comparability of financial information, increased investor confidence, and strengthened financial transparency (Amanamah, 2017; Mbawuni, 2017). On the other hand, substantial implementation challenges have impeded full realization of these benefits, particularly among small and medium-sized enterprises (SMEs). These impediments include the intricate and technically demanding nature of IFRS, widespread deficiencies in accounting expertise, the prohibitive costs associated with compliance, and a notable absence of consistent institutional support from relevant regulatory bodies (Inusah & Dwommor, 2017; Arhin, 2017). As a result, the adoption rate of IFRS remains markedly low among Ghanaian SMEs, many of which continue to utilize the Ghana National Accounting Standards (Arhin, 2017). Moreover, the continuous issuance of IFRS amendments exacerbates the complexities associated with compliance (Mbawuni, 2017). To address these challenges, researchers have recommended updating national accounting curricula, creating interpretive guidance for complex standards, and establishing ongoing professional development programs for accountants and SME operators (Inusah & Dwommor, 2017; Amanamah, 2017). Despite the aforementioned constraints, there remains a general consensus that the long-term strategic benefits of IFRS adoption in Ghana outweigh the transitional difficulties (Amanamah, 2017).

      IFRS Adoption in the Federal Republic of Nigeria.

      In Nigeria's context, IFRS adoption represents a significant paradigm shift designed to improve the integrity, transparency, and comparability of financial reporting, thus enhancing the country's attractiveness to foreign direct investment (Madawaki, 2012). The structured phased implementation strategy, which commenced in 2010, was meticulously designed to facilitate a

gradual transition for various categories of reporting entities (Baba, 2013). Nonetheless, this ambitious undertaking has encountered numerous structural and operational challenges. Chief among these is the insufficient integration of IFRS principles within tertiary education curricula, a pervasive deficit in technical proficiency among preparers and auditors, and the inadequacy of enforcement and compliance oversight mechanisms (Akhidime & Ekiomado, 2014; Baba, 2013). Moreover, the absence of synchronized updates to extant corporate financial reporting legislation has further complicated the harmonization process (Akhidime & Ekiomado, 2014). Despite these setbacks, the implementation of IFRS has undeniably improved the quality of financial statement presentation and facilitated international comparability of financial disclosures (Odo, 2018). To surmount these obstacles, scholars and practitioners advocate for the reinforcement of professional accounting education, the mobilization of regulatory awareness campaigns, and the allocation of adequate institutional resources to ensure the sustainability and effectiveness of IFRS implementation across all reporting entities (Madawaki, 2012; Odo, 2018).

IFRS Adoption in the Republic of Kenya.

Although not originally included, Kenya constitutes a critical part of the IFRS adoption landscape in Africa and merits equal analytical emphasis. The process of IFRS adoption in Kenya has been influenced by globalization, the need for high-quality financial reporting, and alignment with international best practices to attract foreign capital. Kenya's implementation trajectory has been guided by the Institute of Certified Public Accountants of Kenya (ICPAK) and supported by legislation under the Companies Act. While larger firms and public interest entities have exhibited relatively higher levels of compliance, small and medium-sized enterprises continue to grapple with constraints similar to those observed in Ghana and Nigeria. These include limited technical expertise, inadequate training, and high implementation costs. Moreover, Kenya has also faced issues with frequent IFRS revisions, which strain the capacity of smaller firms to

remain compliant. However, empirical evidence indicates that IFRS implementation in Kenya has favorably influenced transparency, investor confidence, and access to international markets. To ensure widespread and sustainable adoption, scholars recommend targeted training programs, financial incentives for SMEs, and robust enforcement mechanisms from regulatory institutions.

IFRS Adoption in the Republic of South Africa.

The integration of International Financial Reporting Standards (IFRS) within South Africa's corporate environment has been primarily driven by institutional requirements focused on strengthening legitimacy, rather than being motivated exclusively by economic or market-oriented factors (Judge et al., 2010). As one of the earliest adopters on the African continent, South Africa exemplifies a high degree of compliance among its publicly listed entities, achieving an impressive average adherence rate of 88.21% to IFRS 1 (Putsai & Mkhize, 2021). The complete adoption of IFRS in South Africa has generated numerous positive economic results, including enhanced market liquidity, a notable decrease in capital costs, and increased equity valuations. These benefits are particularly evident in jurisdictions characterized by robust legal enforcement mechanisms and heightened corporate governance transparency (Daske et al., 2008). Nevertheless, it is imperative to recognize that the economic advantages derived from IFRS adoption are not uniformly distributed across different national contexts, as accounting quality continues to be significantly moderated by the prevailing institutional framework encompassing legal, political, and regulatory structures (Soderstrom & Sun, 2007). Empirical evidence suggests that variables such as corporate size and financial leverage exhibit a positive correlation with IFRS compliance levels, whereas indicators like earnings per share and return on total assets tend to demonstrate an inverse relationship with the extent of compliance in South Africa (Putsai & Mkhize, 2021).

Cross-Country Variations in IFRS Implementation

      Institutional and Regulatory Capacity.

The implementation and assimilation of International Financial Reporting Standards (IFRS) within the African continent have been significantly influenced by multifaceted institutional dynamics and external regulatory stimuli. The disparities in regulatory architecture and institutional robustness across nations such as Ghana, Nigeria, Kenya, and South Africa have yielded divergent trajectories in the quality and efficiency of IFRS adoption (Tawiah, 2019). For instance, South Africa, endowed with a comparatively sophisticated institutional infrastructure, has demonstrated commendable IFRS adherence. Conversely, Ghana, Nigeria, and Kenya have experienced persistent impediments attributed to fragile oversight frameworks and insufficient institutional capacity.

The extent to which a country's institutional configuration mediates the efficacy of IFRS adoption has material implications for foreign portfolio capital inflows and international investor confidence (Simbi et al., 2022). Institutional forces driving IFRS implementation include coercive pressures exerted by supranational bodies such as the World Bank and IMF, mimetic isomorphism prompted by the influence of global auditing conglomerates, and normative pressures emanating from national professional accountancy bodies (Kim, 2020). However, in jurisdictions where these frameworks remain underdeveloped such as Nigeria and parts of Kenya—the resultant benefits disproportionately favor multinational affiliates and elite local representatives rather than the broader economic and professional accounting ecosystem. As such, the strategic imperative for Ghana, Nigeria, Kenya, and South Africa is to cultivate enduring institutional resilience and augment regulatory competence (Tawiah, 2019; Kim, 2020).

      Capital Market Influences.

The interplay between IFRS adoption and capital market development presents a nuanced landscape across Ghana, Nigeria, Kenya, and South Africa. Macroeconomic indicators such as

GDP growth trajectories, capital market depth, and historical affiliations with the British legal and financial systems have emerged as salient determinants of IFRS alignment (Stainbank, 2014). These macrostructural variables have influenced policy orientations, especially in Anglophone Africa, where the legacies of colonial institutional design have shaped regulatory convergence with international standards.

Institutional isomorphism continues to play a pivotal role, with South Africa and Kenya benefiting from stronger linkages to global accounting networks, while Ghana and Nigeria grapple with capacity deficits and inconsistent regulatory enforcement (Tawiah, 2020; Kim, 2020). Notwithstanding the ideological allure of IFRS as a tool for financial harmonization and legitimacy enhancement, empirical studies suggest that its effect on foreign direct investment (FDI) inflows remains statistically inconclusive in Ghana, Nigeria, and South Africa (Ugwu & Udeh, 2018). Consequently, while IFRS implementation carries symbolic value, its concrete economic advantages depend on the existence of strong capital markets and supportive institutional frameworks. Before comprehensive adoption, national governments and professional organizations must focus on domestic capacity building and context-specific adaptation approaches.

Human Capital and Professional Competence.

A critical impediment to the seamless execution of IFRS across African jurisdictions lies in the domain of human capital development and professional proficiency. South Africa, with its established connections to international accounting firms and extensive professional training infrastructure, demonstrates superior IFRS proficiency and implementation rates (Tawiah, 2019). In stark contrast, Nigeria, Ghana, and Kenya are beleaguered by systemic shortages of adequately trained professionals, outdated educational curricula, and suboptimal continuing professional development programs (Angwaomaodoko, 2023).

An average IFRS compliance index of 73.09% among African enterprises reflects a reasonable, yet suboptimal, adherence to global standards, with the more recently introduced IFRS provisions being especially problematic (Tawiah & Pran Boolaky, 2019). Noteworthy determinants of IFRS compliance include the presence of chartered accountants within corporate governance structures and the functionality of audit committees. Consequently, the onus lies on international development partners and national regulators in Ghana, Nigeria, Kenya, and South Africa to prioritize long-term investments in accounting education, mentorship, and knowledge dissemination to bridge existing professional gaps (Tawiah, 2019). Without such foundational capacity-building, compliance will remain superficial and uneven.

Legal and Audit Frameworks.

The jurisprudential and audit environments of African countries significantly shape the extent and effectiveness of IFRS implementation. While South Africa has leveraged its robust legal enforcement and audit frameworks to institutionalize high-quality financial reporting, Nigeria, Ghana, and Kenya continue to contend with regulatory inconsistencies and enforcement gaps (Kurauone et al., 2020; Simbi et al., 2022). For instance, despite Nigeria's formal commitment to IFRS, the absence of a harmonized and modernized corporate financial legal framework hinders full implementation (Madawaki, 2012).

Weak legal institutions diminish the potential of IFRS to attract sustainable foreign portfolio investments and inhibit the transparency gains that IFRS is designed to facilitate (Simbi et al., 2022). Furthermore, the transition to IFRS, when not buttressed by strong legal backing and audit oversight, often results in fragmented application and reduced comparability of financial information across firms and jurisdictions.

Although all four countries have, to varying extents, adopted IFRS as promulgated by the

International Accounting Standards Board (IASB), their legal and audit ecosystems have not uniformly adapted to the new reporting architecture. The sustainability of IFRS adoption thus hinges on structural reforms in judicial enforcement mechanisms, audit regulation, and corporate governance enforcement, particularly in Ghana, Nigeria, and Kenya, where these systems remain embryonic (Tawiah, 2019).

In synthesizing the multi-dimensional landscape of IFRS implementation across Ghana, Nigeria, Kenya, and South Africa, it becomes evident that successful adoption is not merely a technical endeavor but a complex interplay of institutional, human capital, regulatory, and legal dynamics. While South Africa serves as a regional benchmark with its exemplary institutional scaffolding and professional infrastructure, Ghana, Nigeria, and Kenya exemplify the practical challenges inherent in transitioning toward full IFRS compliance. These challenges reaffirm the necessity for context-sensitive strategies focused on capacity enhancement, regulatory reform, and professional development to actualize the long-term benefits of IFRS in enhancing financial transparency and economic integration across the African continent.

International Financial Reporting Standards (IFRS) Adoption and Earnings Management (EM)

Research on how implementing International Financial Reporting Standards (IFRS) affects earnings management in Sub-Saharan African economies presents a varied and often unclear picture. In Ghana, studies (Awinbugri & Boahen, 2021; Gyimah, 2021) indicate that IFRS adoption has significantly limited the use of discretionary accruals and manipulative accounting practices. Specifically, after implementing IFRS, companies showed a reduced

tendency to inflate earnings and were more likely to report significant financial losses. This pattern suggests that the detailed nature of IFRS has led to less flexibility in accounting, thereby improving the quality of financial disclosures.

Conversely, the scenario in Nigeria presents a more contentious discourse. While some findings acknowledge the potential of IFRS to standardize reporting and limit opportunistic accounting, the extent of its effectiveness is mitigated by corporate governance inefficiencies and institutional limitations. The moderating influence of institutional investors in Nigeria has been explored, indicating that their presence may bolster disclosure practices and mitigate informational asymmetry, thus potentially reducing earnings management (Dakata & Hasnah, 2017).

Though not as widely studied, Kenya has shown emerging evidence of IFRS reducing manipulative reporting where effective enforcement and governance mechanisms exist. South Africa, a relatively mature economy in the region, has seen mixed results, with IFRS associated more with enhancing disclosure quality than outright reductions in earnings manipulation, reflecting the contextual dependency of IFRS efficacy.

IFRS Adoption and Audit Quality (AQ)

The ramifications of IFRS implementation on audit quality and accounting credibility vary substantively across jurisdictions. In South Africa, although IFRS did not directly correlate with a measurable enhancement in earnings quality, it significantly improved the value relevance of certain balance sheet components, indicating selective augmentation in financial reporting reliability (Ames, 2013). This nuanced outcome suggests that while IFRS offers a robust framework, its transformative effect is moderated by external institutional factors.

In Ghana, the implementation of IFRS contributed to observable improvements in

accounting quality, specifically through increased transparency and the curtailment of earnings manipulation (Gyimah, 2021). These improvements were more pronounced in firms that embraced IFRS principles holistically, emphasizing the role of managerial intent and regulatory oversight in achieving audit quality gains.

Nigeria's post-IFRS audit environment illustrates the complex interplay between accounting reforms and entrenched institutional practices. While IFRS provides a unified reporting framework, the anticipated improvements in audit assurance are diluted in environments with weak enforcement and poor governance. Furthermore, multinational comparative research (Ahmed et al., 2013) found that in countries with strong enforcement mechanisms including South Africa IFRS adoption may paradoxically be associated with more sophisticated forms of income smoothing and accrual management, highlighting the adaptability of managerial behavior even under standardized regimes.

In Kenya, preliminary findings suggest that IFRS adoption aligns with improved audit rigor, especially among listed firms. However, the depth of impact remains contingent upon auditor independence and institutional integrity.

Moderating Role of Corporate Governance (CG) in IFRS Outcomes

Corporate governance structures exert a pivotal moderating influence on the outcomes associated with IFRS implementation. Effective governance, characterized by independent board oversight, robust audit committees, and dispersed ownership, enhances the efficacy of IFRS in promoting financial reporting integrity. In Ghana, governance mechanisms have amplified the positive outcomes of IFRS, reinforcing the transparency and reliability of financial disclosures (Mbir et al., 2020).

Kenya presents compelling evidence on how ownership structures and board configurations play a significant role in either facilitating or obstructing the mitigation of

earnings management post-IFRS adoption (Waweru & Riro, 2013). The relationship between governance effectiveness and IFRS implementation indicates that external regulatory changes need to work alongside improvements in corporate internal controls to maximize financial reporting standards.

Nigerian studies have examined how IFRS adoption interacts with corporate governance structures, particularly focusing on the effects of concentrated ownership patterns on reporting outcomes. Findings suggest that IFRS adoption may serve as a counterbalance to the adverse effects of concentrated ownership by enforcing standardized disclosure norms and enhancing transparency (Ilugbo et al., 2024).

In South Africa, where governance frameworks are comparatively more developed, IFRS effectiveness is generally more pronounced, although continued vigilance is required to guard against strategic circumvention of reporting rules. Collectively, these country-specific analyses underscore the indispensability of sound corporate governance in realizing the full benefits of IFRS adoption.

Challenges Confronting Specific African Nations in IFRS Adoption

The adoption of International Financial Reporting Standards (IFRS) in Africa faces numerous structural, institutional, and contextual challenges. A key obstacle is the significant lack of financial and human resources, which particularly impacts small and medium-sized enterprises (SMEs) that often cannot afford to implement accounting systems compliant with IFRS (Hatton & Warr, 2025). This shortage is particularly evident in countries like Ghana and Kenya, where the educational and training systems are not yet sufficiently advanced, limiting the number of professionals with expertise in IFRS.

South Africa

South Africa, though more advanced in its IFRS ecosystem with established academic programs and regulatory frameworks, is not exempt from challenges. Linguistic plurality and cultural skepticism toward uniform financial reporting continue to hinder the seamless application of IFRS across broader segments of society (Siaga, 2013). In Nigeria, overlapping regulatory mandates and fragmented enforcement mechanisms reduce the reliability of compliance efforts. Moreover, the lack of technological advancement, particularly in rural areas, constrains access to IFRS-aligned tools and systems, thereby impairing the timeliness and accuracy of financial reporting (Hatton & Warr, 2025).

Despite these multifaceted barriers, the strategic benefits of IFRS such as fostering greater integration into global capital markets, enhancing investor confidence, and promoting transparency remain widely recognized. Achieving these outcomes, however, requires long-term investment in capacity-building initiatives, driven by collaborations among regulators, academic institutions, and international standard-setting bodies (Sharma et al., 2017).

Ghana

Ghana's adoption of IFRS represented a major shift away from obsolete domestic accounting frameworks that failed to meet international requirements. According to World Bank

assessments, Ghana's pre-IFRS accounting and auditing systems contained substantial deficiencies, prompting recommendations that IFRS implementation would enhance financial reporting quality and cross-border comparability (Inusah & Dwommor, 2017). The Institute of Chartered Accountants Ghana (ICAG) spearheaded this transformation, beginning with publicly traded companies on the Ghana Stock Exchange (GSE) as part of efforts to enhance corporate transparency and draw international investors (Amanamah, 2017).

The implementation process exposed significant capacity gaps within the accounting sector. Financial professionals encompassing accountants, auditors, and analysts needed extensive education to properly understand and apply IFRS requirements. This created substantial demand for skills development programs, which subsequently led to enhanced regulatory adherence and elevated professional competencies.

Additionally, IFRS implementation exposed systemic regulatory gaps. Key oversight institutions such as the Securities and Exchange Commission (SEC) and the Bank of Ghana had to recalibrate their supervisory functions to align with the new standards. This necessitated coordinated efforts among regulators, the ICAG, and the private sector to ensure consistent application of IFRS.

Although significant progress was made among listed entities and large corporations, SMEs continued to face challenges due to the complexity and financial burden of IFRS implementation These disparities led to increasing calls for simplified reporting standards tailored to the needs of smaller enterprises. Simultaneously, the IFRS transition facilitated Ghana's broader integration into international financial systems, enhancing the credibility of local businesses in the eyes of global investors and contributing to cross-border trade and economic growth.

Kenya

Kenya's acceptance of IFRS was hindered primarily by deficiencies in accounting education and professional training. Despite its early commitment to global financial reporting standards, Kenya faced substantial difficulties in aligning its academic curriculum with the expectations of the International Accounting Standards Board (IASB) (Siaga, 2013). The Institute of Certified Public Accountants of Kenya (ICPAK) led efforts to facilitate IFRS implementation but struggled with resource constraints that limited the effectiveness of training programs.

The fragmentation of Kenya's education system further complicated the integration of IFRS into professional practice. This underscored the need for better collaboration among regulators, academic institutions, and professional bodies to build the requisite technical capacity for sustained IFRS compliance (Tawiah, 2019).

Nigeria

Nigeria's transition from Generally Accepted Accounting Principles (GAAP) to IFRS involved a multifaceted array of implementation difficulties. Successful adoption required meticulous planning and transparent communication to mitigate stakeholder apprehension. Nonetheless, the country's convoluted regulatory environment, coupled with a shortage of skilled professionals and weak institutional linkages between academia and regulators, significantly delayed the adoption process (Lagos Business School, 2012). To overcome these challenges, Nigeria needed to adopt a comprehensive capacity-building strategy aimed at cultivating local IFRS expertise and reinforcing institutional support systems (Nbellah & Gayomey, 2016).

South Africa

Despite being among Africa's most economically developed countries, South Africa faced distinct obstacles in its IFRS implementation journey. Primary challenges encompassed the complex technical requirements of IFRS, substantial compliance expenses, and insufficient

stakeholder understanding. However, South Africa's robust regulatory infrastructure and dedication to ongoing professional training enabled effective resolution of these impediments. The nation's experience highlights the essential importance of establishing solid institutional foundations and maintaining continuous professional education for successful IFRS integration (Boateng, Arhin, & Afful, 2014).

The adoption of IFRS in Ghana, Nigeria, Kenya, and South Africa illustrates both the progress and the persistent disparities in implementing international financial reporting standards across Africa. The intricate relationship among IFRS, earnings management, audit quality, and corporate governance reflects the complex dynamics of accounting reform on the continent. To fully realize the advantages of IFRS, African nations must adopt context-specific strategies that emphasize stakeholder coordination, effective enforcement mechanisms, and sustained capacity development. Through such integrated reforms, African economies can cultivate a coherent, transparent, and globally credible financial reporting architecture.

Financial Reporting Quality

Financial Reporting Quality (FRQ) serves as a fundamental mechanism for providing stakeholders, particularly equity investors, with an accurate representation of corporate financial performance and position. FRQ reflects the degree to which financial statements transparently and objectively communicate information regarding a company's operational activities and financial condition (Saleem, Alzoubi, & Selamat, 2012). Superior FRQ ensures that financial statements contain minimal material misstatements, delivering a trustworthy assessment of the organization's financial status.

The International Accounting Standards Board (IASB) highlights the importance of financial reporting in aiding economic decisions by providing useful information, as stated in

IAS 1. Key qualities that improve FRQ include understandability, comparability, verifiability, and timeliness. These are essential for making financial information more accessible for decision-making, although they don't directly measure the accuracy of the reporting (Lin & Hwang, 2010).

IFRS adoption has been linked to enhanced transparency, improved comparability, and increased accessibility of financial information for stakeholders. Cross-national analyses of IFRS implementation across African nations, including Ghana and Nigeria, demonstrate quantifiable enhancements in financial reporting standards following adoption (García-Meca & Sánchez-Ballesta, 2009; Chtourou, Bedard, & Courteau, 2001).

Corporate Governance (CG) functions as a crucial determinant of FRQ by improving both the quality and timeliness of financial disclosures. Elements such as audit committee composition and board structure significantly influence FRQ by limiting earnings manipulation and improving reporting precision (Visvanathan, 2008; Feng & Huang, 2020). Reinforcing CG mechanisms through clearly articulated corporate rights and responsibilities further safeguards shareholder interests by ensuring financial report reliability (Elghuweel, Ntim, Opong, & Avison, 2016).

The emphasis on Financial Reporting Quality (FRQ) has grown in importance due to its critical role in fostering trust and confidence among stakeholders. Companies with high FRQ not only attract more investors but also gain easier access to credit and other financial resources. This makes FRQ a cornerstone for sustainable business growth and market development, particularly in emerging economies where transparent financial reporting can significantly boost economic stability and investor confidence.

Additionally, FRQ functions as the cornerstone of robust corporate governance, since precise and dependable financial data is vital for boards and executives to formulate informed strategic choices. Conversely, inadequate FRQ can mask a company's actual financial condition, potentially resulting in poor resource allocation, financial mismanagement, or corporate failures.

The influence of IFRS implementation on FRQ transcends enhanced transparency and comparability. Through its principles-based framework, IFRS fosters increased professional judgment and discretion in financial reporting, requiring preparers to apply thoughtful professional reasoning. This approach emphasizes transaction substance over procedural adherence, thus enhancing the practical value of financial reports for end users.

Moreover, IFRS adoption has facilitated greater standardization of accounting practices across different jurisdictions, enabling multinational corporations to streamline their financial reporting processes. This standardization fosters a more integrated global financial ecosystem by minimizing reporting inconsistencies between parent companies and subsidiaries operating across multiple countries.

Corporate Governance (CG) mechanisms further amplify the benefits of IFRS by providing the oversight necessary to maintain high reporting standards. The effectiveness of CG frameworks is increasingly recognized as a determinant of FRQ, with well-structured boards, active audit committees, and transparent disclosure practices being associated with better financial reporting outcomes. Reinforcing these frameworks, especially in jurisdictions with less developed regulatory structures, offers substantial opportunities to improve FRQ and safeguard investor welfare.

Finally, the relationship between CG and IFRS implementation has become a priority focus for academic inquiry and policy formulation. The combination of strong governance

mechanisms with international reporting frameworks can function as an effective instrument for preventing manipulative practices, including earnings management, while cultivating an environment of responsibility and ethical behavior in financial disclosure. These synergies underscore the broader role of FRQ in driving not just organizational performance but also economic growth and financial market development.

Effects of IFRS Adoption

Negash (2009) examines the benefits of International Financial Reporting Standards (IFRS) implementation, particularly in improving investor decision-making through the reduction of uncertainty and risk in financial disclosures. Transparent and comprehensible financial reporting is crucial for stakeholders attempting to assess corporate performance with precision. IFRS facilitates the harmonization of reporting standards across entities, promoting comparability and reducing confusion that arises from various national standards. This comparability significantly benefits investors and stakeholders by fostering greater confidence in investment decisions.

A significant benefit of IFRS-based reporting is the reduction in costs associated with adhering to conflicting national accounting standards. Previously, multinational companies faced costly challenges complying with different standards in each country. IFRS adoption streamlines these processes, lowering expenses and making financial information more accessible on a global scale. This cost reduction benefits foreign investment attraction by facilitating cross-border investment assessments.

Furthermore, the transition to IFRS has demonstrated advantages over accounting systems shaped by domestic political and economic considerations, which were prevalent in numerous Continental European nations before 2005. Houqe et al. (2013) argue that IFRS

provides a more accurate representation of economic substance, resulting in enhanced reliability of financial statements. This increased reliability is critical for stakeholders, as it enables them to make well-informed decisions based on trustworthy financial data, thereby enhancing capital market efficiency.

IFRS additionally constrains management's flexibility in financial reporting. Through the implementation of uniform rules and principles, IFRS fosters consistency among organizations, enhancing the reliability and comparability of financial statements. This consistency is crucial for stakeholders making comparative analyses across companies and industries.

However, transitioning to IFRS is challenging, particularly for companies moving from tax-based accounting systems. Although adapting to a disclosure-intensive framework is complex, the advantages of IFRS such as improved financial statement quality, increased analyst coverage, and better decision-making tend to outweigh the costs. Enhanced financial statement quality and comparability are crucial outcomes of IFRS adoption, offering a standardized framework that heightens the accuracy, transparency, and relevance of financial reporting. This standardization enables more effective performance comparisons across companies and industries, supporting better investment and regulatory decisions.

Enhanced financial analyst attention is similarly associated with IFRS implementation. The consistency and transparency offered by IFRS-compliant statements allow analysts to conduct more accurate company evaluations, increasing the visibility and appeal of IFRS-adhering firms. The availability of reliable, standardized financial information aids stakeholders in reducing uncertainty and making well-informed decisions.

Despite these benefits, IFRS implementation effects on global capital allocation remain debated. Concerns exist about the potential for IFRS to concentrate resources in certain regions

or sectors, possibly causing market imbalances. Therefore, effective IFRS enforcement, accurate reporting incentives, and comprehensive training for financial reporters are essential to maximizing IFRS's advantages.

Research on IFRS adoption highlights its impact on financial reporting and decision-making. Research collects empirical data, examines information, and offers perspectives on IFRS's advantages and obstacles. Although implementation presents complexities, the benefits including improved financial statement quality, enhanced comparability, greater analyst engagement, and superior decision-making support the case for IFRS adoption within the international business landscape. Comprehensive studies conducted by Negash (2009), De George et al. (2016), Singleton-Green (2015), Houqe et al. (2018), and Opare et al. (2019) emphasize the substantial influence that institutional structures have on IFRS implementation success.

IFRS Standards that Management May Exploit for Earnings Management

Earnings management (EM) refers to the strategic manipulation of financial reporting to present a desired financial outcome. While IFRS seeks to standardize and improve financial information transparency, certain provisions offer discretionary options that may facilitate EM techniques. Specifically, IFRS standards including IFRS 15, IAS 8, IAS 36, IAS 37, IFRS 5, and IFRS 9 have been recognized as potentially enabling particular EM approaches such as revenue recognition manipulation, income smoothing, and impairment modifications. Auditors and regulatory authorities play essential roles in deterring these behaviors, protecting financial reporting integrity, and ensuring companies comply with IFRS requirements while minimizing opportunistic exploitation (Kaaya, 2016; Zhou, Xiong, & Ganguli, 2009).

Revenue Recognition.

IFRS 15: Revenue from Contracts with Customers introduced in 2014 and effective from 2018, replaced IAS 18, reshaping how companies report revenue by emphasizing the core principle of revenue recognition based on the transfer of control, rather than merely the transfer of risks and rewards. This principle aims to provide greater comparability and consistency across firms and industries. Studies have investigated the standard's impact, showing mixed findings on EM practices. For example, **IFRS 15** demands complex professional judgments, especially concerning revenue distribution among multiple performance obligations. Chinese research demonstrated heightened manipulation of revenue timing following IFRS 15 implementation, indicating that although the standard enhances transparency, its inherent flexibility has permitted strategic income timing to achieve earnings targets (Lyu et al., 2014).

In France's case, IFRS implementation resulted in decreased income-reducing EM, reflecting improved reporting quality; nevertheless, financially constrained companies continued manipulating revenues to conceal performance variations (Boumediene, Boumediene, & Nafti, 2014). These findings emphasize that while IFRS 15 has improved revenue recognition consistency, continued oversight remains necessary to prevent EM behaviors, particularly among highly leveraged firms or those facing earnings pressure (Haggenmüller, 2023).

Impairment of Assets.

IAS 36: Impairment of Assets mandates that firms assess their assets' recoverable values regularly to prevent overstated valuations. This process involves

significant management judgment, particularly in estimating cash flows and discount rates, which can open avenues for EM if not monitored closely. Under IFRS, impairments should reflect an asset's fair market value or discounted cash flows, and impairment reversals are generally discouraged unless justified by recovery evidence (Capkun & Collins, 2018). This rule is crucial to preventing assets from being carried at inflated values, potentially misleading stakeholders regarding the firm's financial health.

In an empirical review, Chilean companies that disclosed impairments were shown to maintain conservative reporting, yet firms facing financial stress often delayed impairments to present a more favorable financial standing (Kaaya, 2016). Despite the increased scrutiny around IAS 36, issues like subjective cash flow estimation have allowed for discretion in impairment testing, indicating the need for heightened auditor oversight and enhanced transparency measures (Al-Oqabi & Wajar, 2023).

Provisions, Contingent Liabilities, and Contingent Assets.

IAS 37: Provisions, Contingent Liabilities, and Contingent Assets aims to ensure companies recognize liabilities only when an outflow of resources is probable, and the cost can be reliably estimated. Despite these provisions, EM can occur when managers create provisions as a buffer for anticipated future losses, sometimes referred to as "cookie jar" reserves. Research on Spanish firms found that companies with significant discretionary accruals were prone to using provisions for EM, indicating IAS 37's susceptibility to manipulation when clear guidance is absent (García-Sánchez et al., 2016).

In contrast, studies on IFRS adoption in Australia revealed a limited reduction in EM, suggesting that IAS 37 may be effective in controlled environments but requires further

refinement to prevent its misuse These findings suggest that IAS 37's framework needs continued regulatory support to address provisioning-based EM effectively (Kaaya, 2016).

Non-current Assets Held for Sale and Discontinued Operations.

IFRS 5 provides guidelines for handling non-current assets held for sale and discontinued operations, affecting asset reclassification, impairment recognition, and disclosure. The standard requires detailed disclosure regarding discontinued assets and operations, enhancing financial transparency and facilitating investor decision-making. For example, asset reclassification under IFRS 5 can indicate restructuring activities, influencing a company's market valuation. Research has demonstrated IFRS 5's impact on firm assessment, where asset reclassifications trigger revaluations based on new information and improve decision usefulness (Zhou et al., 2009).

However, IFRS 5's dependence on professional judgment and fair value estimates has generated concerns regarding the standard's vulnerability to EM. Studies reveal that incorrect timing of asset classification can result in financial misstatements, particularly in jurisdictions with weak regulatory oversight. These results highlight IFRS 5's potential effectiveness while stressing the importance of strict supervision and clear asset reclassification procedures to preserve reporting credibility (Nnadi, Keskudee, & Amaewhule, 2023).

Financial Instruments.

IFRS 9: Financial Instruments represents a substantial shift from its predecessor, IAS 39, by introducing a forward-looking model for credit loss recognition,

the Expected Credit Loss (ECL) model. This model demands that companies account for expected rather than incurred credit losses, promoting timely risk identification and loss reporting. However, this flexibility has created opportunities for EM, particularly in credit-sensitive industries, where adjustments to ECL estimations can significantly impact earnings reports (Kaaya, 2016).

The FVOCI (Fair Value through Other Comprehensive Income) classification under IFRS 9 assists in minimizing earnings fluctuations by postponing specific debt instrument fair value adjustments to OCI instead of directly impacting profit or loss. Research has demonstrated this category's success in stabilizing reported earnings, especially for organizations in unstable industries such as banking. However, EM practices remain a concern, as the model's reliance on managerial judgment may lead to income smoothing. Research on European commercial banks demonstrated IFRS 9's dual impact, enabling both improved risk reporting and discretionary adjustments to loan loss provisions, underscoring the ongoing challenges of mitigating EM within IFRS 9 (Nnadi, Keskudee, & Amaewhule, 2023; Al-Oqabi & Wajar, 2023).

In summary, although IFRS implementation has sought to enhance reporting transparency and minimize EM behaviors, the complexity and discretionary elements within standards such as IFRS 15, IAS 36, IAS 37, IFRS 5, and IFRS 9 create opportunities for diverse EM tactics. The flexibility built into IFRS frameworks can result in opportunistic reporting decisions, particularly among financially stressed organizations. These observations highlight the critical need for regulatory supervision, auditor engagement, and stringent IFRS implementation protocols to protect financial reporting credibility across varied economic environments (Kaaya, 2016; Zhou, Xiong, & Ganguli, 2009).

Earnings Management

Earnings management (EM) has become a critical issue in accounting and finance, attracting considerable attention from researchers, professionals, and regulatory bodies. High-profile accounting scandals, such as those involving Enron and WorldCom, have emphasized the urgent need to understand how EM works and what its effects are. These corporate failures not only demonstrated the damaging consequences of manipulated financial statements but also highlighted the critical need for strong corporate governance and strict financial regulations to prevent such practices.

Essentially, earnings management involves manipulating financial reports to create a false picture of a company's financial performance. This practice seriously threatens the reliability of financial reporting, damaging the integrity of financial statements and reducing investor confidence. When companies engage in EM, they present a misleading view of their financial health, which can influence stakeholder decisions and disrupt market behavior. Consequently, fighting EM has become a key focus for regulators, investors, and accounting professionals, requiring strong measures to improve transparency and accountability in financial reporting (Nia et al., 2015).

The significance of addressing EM in financial reporting cannot be overstated. By artificially inflating or deflating earnings, companies risk misinforming investors and misguiding market participants. This manipulation can adversely affect stock prices, investment decisions, and overall market stability. The need for effective regulatory frameworks and ethical corporate governance practices is paramount to mitigate the risks associated with EM and protect the interests of investors (Carruth, 2011).

Baig and Khan (2016) discuss the global movement toward International Financial Reporting Standards (IFRS) as a vital step in promoting high-quality accounting standards that enhance comparability and transparency in financial statements. As more countries adopt IFRS, the demand for accurate and precise financial reporting has become increasingly evident. However, the persistent issue of EM remains a challenge, representing a deliberate attempt by management to manipulate financial outcomes, thereby deceiving stakeholders and undermining trust in financial markets (Hettihewa & Wright, 2010).

(Gajevszky, 2014) provide insights into the motivations behind EM, framing it as a deliberate strategy to influence investor perceptions and contractual outcomes through the manipulation of financial reports. The various motivations for engaging in EM can range from meeting earnings targets to maximizing executive compensation. Research conducted by Cohen, Dey, and Lys (2008) further illustrates the widespread nature and significant impacts of EM across diverse industries and geographical regions, emphasizing the need for enhanced scrutiny and regulation.

The ongoing debate surrounding EM emphasizes its critical role within the accounting literature, as scholars and practitioners endeavor to devise effective strategies for detecting and deterring such practices. EM, often referred to as "creative accounting," encompasses a variety of techniques that alter financial transactions and reports, either to mislead stakeholders regarding a company's true economic performance or to influence contractual agreements based on reported figures (Oruke et al., 2021).

The literature delineates two primary approaches to EM: accrual-based earnings management (AEM) and real earnings management (REM). AEM entails manipulating accruals to alter reported earnings, while REM involves adjusting operational activities such as altering

sales strategies or production levels to achieve desired financial findings (Dechow & Skinner, 2000; Roychowdhury, 2006). Both approaches carry significant implications for the quality and reliability of financial reporting, as they can result in distorted financial statements that fail to accurately represent the company's true financial position.

Research by Ridwan and Hunardi (2013) and Susanto and Pradipta (2016) indicates that AEM can effectively mislead markets, particularly in environments lacking rigorous financial scrutiny. Conversely, studies by Siallagan and Machfoedz (2006) and Abbas et al. (2017) reveal that markets may respond negatively to EM practices, especially in sophisticated markets where investors possess the skills necessary to detect manipulative behaviors.

Moreover, the consequences of EM extend beyond individual companies; they also impact investor trust, corporate reputation, and overall market integrity. As EM erodes the reliability of financial reporting, it becomes imperative for regulatory bodies to implement stringent oversight and for companies to commit to ethical accounting practices. Such measures are essential to uphold the credibility of financial markets and restore stakeholder confidence (Lemma et al., 2013).

Perols and Lougee (2011) state that depending on the timing and type of manipulation, EM can be divided into two categories: active earnings management (AEM) and reactive earnings management (REM). While REM involves changing operational actions to affect financial outcomes, AEM usually involves proactive managerial decisions intended to adjust accruals (Ewert & Wagenhofer, 2005; Gunny, 2010). These categories show the various tactics management uses to get the desired financial results, frequently at the expense of financial reporting accuracy and transparency.

In the context of financial reporting, earnings management is still a major and widespread problem. EM has significant effects on the integrity, correctness, and dependability of financial statements. The persistent difficulties presented by EM highlight the need for constant endeavor to improve transparency, fortify regulatory systems, and encourage moral corporate governance. In a world economy that is becoming more linked and complicated, such initiatives are essential to protecting investor interests and preserving the legitimacy of financial markets.

Real and Accrued Earnings Management.

Earnings management (EM) represents a practice whereby managers deliberately alter financial reporting to achieve specific financial targets, thereby influencing the income figures presented in financial statements (Chen, 2009). EM can be categorized into two main types: accrual-based earnings management (AEM) and real earnings management (REM).

Accrual-Based Earnings Management (AEM).

Accrual-based earnings management (AEM) involves the strategic use of managerial discretion to adjust accounting accruals while keeping the underlying economic activities of the firm unchanged. This form of EM generally encompasses modifications to estimates related to items such as allowances for doubtful accounts, depreciation schedules, and deferred tax assets (Cohen, Dey, & Lys, 2004). AEM is often seen as a cost-efficient means of manipulating earnings since it hinges on accounting estimates rather than directly impacting operational processes (Xu, Taylor, & Dugan, 2007). However, AEM is not without its risks; excessive manipulation may raise red flags for auditors and regulatory bodies, especially when the adjustments deviate from industry standards (Zang, 2011). As a result, while AEM offers

flexibility, it also subjects the firm to potential scrutiny, which can have negative repercussions on both its reputation and long-term viability.

Real Earnings Management (REM).

In contrast to AEM, real earnings management (REM) pertains to the manipulation of genuine business activities to affect reported financial findings. This could involve actions such as reducing discretionary spending on research and development (R&D), cutting back on advertising, or minimizing employee training expenditures, all with the intention of enhancing short-term profitability (Achleitner et al., 2014). Although REM may evade detection by external auditors due to its foundation in actual operational decisions, it is often perceived as more expensive than AEM because it may lead to unfavorable long-term consequences for the firm's operational performance (Guatama Buanaputra, 2021). The practices associated with REM can significantly impact the overall health of a company, as the reduction of essential expenditures may compromise future growth and innovation opportunities.

According to Roychowdhury (2006), real activities manipulation refers to managers altering operational practices to mislead stakeholders regarding the firm's financial performance. This manipulation is distinctly different from accrual-based practices in that it involves tangible, observable actions such as accelerating sales, adjusting shipment schedules, or postponing essential expenses like maintenance or R&D (Ferentinou & Anagnostopoulou, 2016). Such actions are especially difficult for auditors and regulators to detect because they can easily be misconstrued as legitimate business strategies. Furthermore, the lack of a transparent audit trail, typically associated with accrual-based manipulation, adds another layer of complexity to detection efforts.

Relying exclusively on accrual-based manipulation can expose firms to significant risks, as it is limited by stringent accounting regulations and can be subjected to rigorous examination by auditors and regulatory agencies. When managers encounter challenges in achieving earnings targets through AEM alone, they often resort to REM as a supplementary tactic to fulfill their financial objectives. Empirical research indicates that there is a sequential relationship between AEM and REM, with managers employing both strategies interchangeably to meet market expectations or specific financial benchmarks (Zang, 2011).

The implications of REM extend beyond immediate financial reporting concerns, as manipulating real activities can undermine the long-term sustainability of a firm. By reducing critical investments or altering operational strategies, managers may jeopardize future growth prospects and diminish the overall quality of the firm's offerings. This situation underscores the broader ramifications of REM, highlighting its potential impact not only on the integrity of financial reporting but also on the firm's strategic positioning and competitive edge in the marketplace

Real Earnings Management (REM) is a phenomenon where managers manipulate actual business operations to achieve desired financial reporting outcomes. Unlike accrual-based earnings management, which involves adjustments to accounting estimates or policies, REM directly impacts a company's operational activities. This form of earnings management is typically categorized into three primary areas: manipulation of operating activities, investment activities, and financing activities (Ghaleb & Kamardin, 2018; Roychowdhury, 2006).

Management of Operating Activities

Management of operating activities refers to the deliberate alteration of a company's day-to-day business functions to meet specific profit targets. Managers may employ several strategies, such as accelerating sales, cutting discretionary expenses, or inflating production

levels beyond typical demand. By spreading fixed costs over a larger number of units, firms can effectively reduce the cost per unit and artificially inflate profit margins (Gunny, 2006). For example, a company might offer significant discounts or extend credit terms to increase sales volume in the short term. Although these practices may generate immediate revenue, they often mislead stakeholders regarding the company's financial health, as they do not reflect sustainable business practices (Paredes & Wheatley, 2017).

Another common tactic in the manipulation of operating activities involves reducing discretionary expenditures, which may include cuts to research and development (R&D), marketing, and employee training. Such reductions can temporarily enhance reported earnings, but they often come at the cost of the company's long-term growth potential and market competitiveness (Leggett, Parsons, & Reitenga, 2009; Xu et al., 2007). For instance, while trimming R&D spending might yield short-term financial benefits, it can severely compromise a company's ability to innovate and remain competitive, jeopardizing its future profitability and market position.

Management of Investment Activities

Management of investment activities entails altering the timing and scale of investments to influence reported financial performance. Managers may engage in practices such as selling long-term assets to realize immediate gains or strategically timing capital expenditures to achieve desired earnings outcomes (Gunny, 2009). For example, a company that divests underperforming assets can recognize gains that enhance current-period earnings. However, this does not necessarily reflect improvements in the company's core operations or future profitability (Christensen et al., 2020).

Additionally, increasing short-term expenditures on R&D or other capital projects during periods of already high earnings can help firms smooth income over time. This creates the

appearance of consistent earnings trends, which may appeal to investors (Ghaleb & Kamardin, 2018). However, such practices can distort the true economic performance of the company and mislead stakeholders about its actual financial condition, as these actions may not align with the firm's long-term strategic goals or optimal investment timing.

Management of Financing Activities

Management of financing activities involves strategic decisions related to a company's capital structure, such as stock repurchases or the issuance of stock options, to affect earnings per share (EPS) and other financial metrics (Lovata, Schoenecker, & Costigan, 2016). For instance, a firm may opt to repurchase its own shares to decrease the number of outstanding shares, which can artificially inflate EPS figures even if the company's overall earnings remain unchanged. This tactic creates a misleading impression of improved profitability and financial stability, potentially deceiving investors regarding the company's true financial health (Paredes & Wheatley, 2017).

Moreover, the timing of stock option issuance can also play a crucial role in REM practices. Companies might choose to issue stock options during periods of low share prices, allowing managers to benefit from subsequent increases in share value. While this practice can boost reported earnings through the recognition of stock-based compensation, it may also dilute existing shareholders' equity, further distorting the company's financial position and operational realities (Roychowdhury, 2006).

Theoretical and Empirical Perspectives on REM

From a theoretical perspective, Roychowdhury (2006) characterizes REM as managerial actions that deviate from a firm's typical operational practices, primarily to meet specific

financial reporting targets. These actions often involve alterations to cash flow from operations, production costs, and discretionary expenditures, with the ultimate goal of achieving short-term profit objectives. For example, managers may manipulate sales figures by offering discounts or altering payment terms, which can enhance cash flow from operating activities. Such behaviour can serve as indicators of potential irregularities when analysed alongside other financial metrics, such as cash flows from investments (Xu et al., 2007).

Empirical studies have provided valuable insights into the prevalence and impact of REM across various industries and market contexts. For instance, research by Gunny (2009) explored the relation between earnings management through real activities manipulation and subsequent firm performance, revealing that such practices might be linked to improved future performance, thereby suggesting that they are not solely opportunistic behaviors but may signal future firm value.

Similarly, a study by Jiang et al. (2020) investigated the role of executive compensation in driving REM practices. Their findings indicated that incentive structures tied to short-term performance metrics could encourage managers to engage in earnings management, highlighting the importance of aligning executive compensation with long-term corporate objectives to mitigate the risks associated with REM.

Further exploration by Zang et al. (2011) in the banking sector revealed that aggressive REM tactics could lead to reduced investment efficiency over time. This emphasizes the potential long-term consequences of earnings management on a firm's operational decision-making and overall financial health, demonstrating the intricate balance between achieving short-term reporting goals and maintaining sustainable business practices.

Implications and Challenges

The practice of REM presents significant challenges for auditors, regulators, and other stakeholders due to its ability to mimic legitimate business activities, making detection and prevention efforts more complex. While REM may offer short-term financial benefits, it often undermines long-term value creation, leading to potential losses in investor trust and confidence in the integrity of financial reporting. As such, robust regulatory oversight and transparency in financial reporting are essential to mitigate the risks associated with REM and to uphold the credibility of financial markets (Graham, Harvey, & Rajgopal, 2005).

To effectively detect and prevent REM, a combination of strong internal controls, comprehensive audit procedures, and vigilant regulatory frameworks is necessary. By focusing on underlying economic activities rather than merely financial outcomes, stakeholders can better assess the true financial health and performance of a company, thus reduce the likelihood of manipulation and ensure more reliable and transparent financial reporting.

The growing prevalence of Real Earnings Management (REM) has prompted a call for more sophisticated detection methods, particularly as traditional accounting-based indicators become less effective in identifying manipulative practices. As REM often involves timing decisions related to operating activities, such as altering production schedules or deferring expenses, it can be more challenging to distinguish from genuine business operations. Therefore, auditors must rely on a combination of financial ratios, industry benchmarks, and historical data trends to identify inconsistencies that may indicate REM.

Moreover, the consequences of REM extend beyond short-term financial misstatements. While companies may temporarily appear more profitable or stable, the long-term effects of REM can lead to diminished operational efficiency, reduced profitability, and a loss of strategic

alignment. This misalignment can severely impair the company's future growth prospects, as the manipulation distorts the true financial health and operational performance.

Investors and other external stakeholders are often the most vulnerable to the negative impacts of real earnings management (REM). When financial reports cease to provide a true and fair representation of a company's financial health, investors may make decisions based on inaccurate information, potentially leading to significant losses. Therefore, maintaining the integrity and accuracy of financial statements is crucial for preserving investor confidence in the capital markets.

Furthermore, corporate governance is known to play a role in reducing REM. Effective corporate governance mechanisms, such as strong internal auditing, independent board oversight, and transparent disclosure practices, are essential in minimizing the occurrence of REM. A well-governed company is more likely to uphold high standards of financial reporting, which reduces the motivation to manipulate earnings and ensures that financial statements accurately and fairly reflect the company's actual performance.

Lastly, the growing intricacy and sophistication of REM strategies calls for continued investigation and the creation of novel auditing methods. The instruments used to identify and stop earnings management must change along with the business and financial reporting landscapes. Improved cooperation between auditors, regulators, and business professionals will be essential to addressing the changing REM problems and guaranteeing the integrity of financial reporting going forward.

Accrued Earnings Management.

Accrued Earnings Management (AEM) refers to the intentional alteration of accounting policies and accruals aimed at influencing reported financial outcomes. It is a strategy employed by managers to modify a company's financial statements without necessarily impacting the underlying cash flows. AEM can play a significant part in shaping the perceived financial performance and overall health of an organization, as it typically involves the adjustment of accruals such as the revenues and expenses recognized in financial reports to meet desired earnings targets (Dechow, Sloan, & Sweeney, 2000). This manipulation can lead to significant discrepancies between actual economic performance and reported earnings, thereby influencing stakeholders' perceptions and decisions.

The Jones Model and Its Applications.

The Jones Model is a foundational tool in the analysis of AEM and was introduced to differentiate between discretionary and non-discretionary accruals. This model systematically identifies non-discretionary accruals by incorporating various business activity indicators, such as plant, property, and equipment. These indicators reflect normal changes in business activities, enabling a more accurate assessment of accruals. The model calculates non-discretionary accruals and deducts them from total accruals to isolate discretionary accruals, which represent the portion of total accruals that managers can manipulate to achieve specific earnings targets (Kothari, Leone, & Wasley, 2002). The fundamental principle of the Jones Model posits that non-discretionary accruals stem from routine business operations and mirror a company's actual economic activities. Conversely, discretionary accruals, determined by management's discretion, provide a mechanism for earnings management.

By employing the Jones Model, researchers and practitioners can detect potential instances of earnings manipulation. For example, if a firm exhibits unusually high discretionary

accruals relative to its peers or historical performance, it may indicate an attempt to manage earnings opportunistically (Ferentinou & Anagnostopoulou, 2016). The effectiveness of the Jones Model has led to its widespread adoption in the literature on earnings management, facilitating a deeper understanding of how accruals can be manipulated and the implications of such actions for financial reporting quality.

Mechanisms of Accrued Earnings Management.

AEM often involves adjusting accruals to inflate or deflate reported earnings, creating a distortion that can have downstream effects on future periods. For instance, an artificial increase in earnings for the current period through practices such as premature revenue recognition or deferring expenses can mislead stakeholders about a company's financial health. This temporary inflation of earnings typically findings in a reversal in subsequent periods when the manipulated accruals are adjusted back (Dechow et al., 2000). Consequently, such manipulations can lead to a cyclical pattern where periods of inflated earnings are followed by periods of reduced earnings, complicating the assessment of long-term financial performance.

The types of accrual-based manipulations employed in AEM are varied and may include adjustments to provisions for doubtful accounts, modifications to depreciation methods or rates, and alterations in the timing of revenue recognition. These manipulations are often motivated by managerial incentives, such as meeting quarterly earnings forecasts, influencing stock prices, or adhering to debt covenants (Goel, 2012). Although AEM does not directly impact cash flows, it can have profound implications for financial reporting quality and investor perceptions, as it can lead to decisions based on distorted financial information.

Mandatory and Discretionary Accruals.

In the context of AEM, accruals can be classified into two distinct categories: mandatory and discretionary accruals. Mandatory accruals are those that arise from normal business operations and prevailing economic conditions, such as depreciation and amortization expenses, which reflect the systematic allocation of costs over time. These accruals are predominantly influenced by objective factors and are relatively rigid, adhering to established accounting standards (Almaharmeh et al., 2021).

In contrast, discretionary accruals are characterized by their susceptibility to managerial discretion. These accruals can be manipulated to attain specific financial reporting outcomes and include estimates for future expenses, adjustments for bad debts, and provisions for warranties or contingent liabilities. The inherent flexibility of discretionary accruals allows managers to alter reported earnings in response to various pressures, such as satisfying investors' expectations or maintaining compliance with regulatory mandates (Viana, Lourenço, & Paulo, 2022).

Impact of IFRS on Accrued Earnings Management

The adoption of International Financial Reporting Standards (IFRS) has introduced a degree of flexibility in financial reporting, which may inadvertently increase opportunities for earnings management. IFRS permits various estimation approaches, including fair value accounting, which can substantially impact asset valuations and earnings calculations (Greusard, 2022). This increased latitude for managerial discretion under IFRS compared to the more prescriptive guidelines of Generally Accepted Accounting Principles (GAAP) raises concerns about the potential for enhanced earnings manipulation.

Empirical evidence substantiates the notion that the adoption of IFRS may facilitate greater earnings management. For instance, research conducted in France indicated that earnings

management practices did not diminish but rather intensified following the transition to IFRS (Muñoz Mendoza et al., 2021). This finding suggests that the flexibility provided by IFRS may enable managers to exploit accounting policies for opportunistic purposes. Similarly, studies examining the European landscape noted an escalation in earnings management activities post-IFRS adoption, indicating that the new standards may not have effectively curbed these practices (Ferentinou & Anagnostopoulou, 2016).

Research conducted in New Zealand similarly confirmed this pattern, showing a substantial rise in discretionary accruals after IFRS implementation, indicating a decline in reported earnings quality relative to the pre-IFRS period. These findings underscore that, despite IFRS's intended goal of enhancing transparency and comparability in financial reporting, the increased flexibility may inadvertently promote earnings management behaviors (Kothari et al., 2002).

Implications and Challenges of Accrued Earnings Management

The ramifications of AEM for financial reporting quality are of paramount concern for regulators, investors, and other stakeholders. When managers engage in the manipulation of discretionary accruals, they can present a misleading representation of a company's financial health. These behaviors can mislead investment choices, undermine investor confidence, and consequently result in inefficient resource allocation throughout the economy (Dechow et al., 2000).

Moreover, AEM can compromise the comparability and reliability of financial statements, rendering it challenging for stakeholders to accurately assess a company's true performance (Viana et al., 2022). While IFRS aims to improve transparency and comparability,

evidence suggests that the flexibility it provides may create new pathways for earnings management. This reality underscores the necessity for robust regulatory oversight, effective enforcement mechanisms, and rigorous auditing practices to ensure that the anticipated benefits of IFRS are achieved (Almaharmeh et al., 2021). Ongoing surveillance and empirical investigation are crucial for comprehending the changing patterns of AEM within the framework of international financial reporting standards.

Earnings Management Techniques

Earnings management (EM) refers to a range of practices employed by managers to influence the reported financial findings of their organizations, often aimed at meeting specific earnings targets or other financial objectives (Nia, Huang Ching, & Abidin, 2015). These methods can either improve a company's apparent financial performance or postpone earnings to subsequent periods, thus giving management the capacity to influence their organization's financial story. Even within the parameters established by the International Financial Reporting Standards (IFRS), managers retain a certain degree of discretion in selecting among various accounting treatments. This inherent flexibility within the IFRS framework can create ample opportunities for EM, as managers may opt for different interpretations and choices in accounting practices, contributing to the persistence of EM techniques across diverse industries and geographical regions (Strakova, 2021).

The "Big Bath" Strategy.

The "big bath" technique is a specific form of earnings management where managers intentionally overstate losses or expenses during a period of poor performance. By doing so, they aim to clear the way for more favorable financial findings in subsequent periods. This approach generally entails recognizing substantial write-offs or asset impairments within the current period to establish a more cautious financial stance, which

can later improve future earnings performance (McKee, 2005). Significantly, this method does not inherently indicate financial distress; instead, it functions as a strategic tool for managing future earnings outcomes by leveraging existing poor financial results.

Empirical research has shown that managers frequently employ the "big bath" strategy during leadership changes or organizational restructuring phases. For instance, when new management takes over, they may prefer to implement a "big bath" by writing off as many expenses as feasible, thereby attributing poor financial performance to the preceding management. This tactic effectively lowers performance expectations for the new leadership, facilitating a more straightforward demonstration of improvement in subsequent financial reporting periods (Ayedh, Fatima, & Mohammad, 2019).

The utilization of the "big bath" strategy is frequently enabled by the level of conservatism in accounting standards and the extent to which managers can exercise discretion in estimating the fair value of assets and liabilities. IFRS allows for asset revaluation and impairment testing, which can be subject to managerial discretion. Such flexibility can lead to opportunities for earnings manipulation through aggressive write-downs or provisions that are subsequently reversed in later periods to artificially inflate earnings (Rudra & Bhattacharjee, 2011).

Although the "big bath" strategy may be warranted under specific circumstances such as when legitimate impairments or restructuring require such measures its use for artificially boosting future earnings presents considerable ethical issues. This practice fundamentally compromises financial reporting reliability, requiring thorough examination by auditors and regulators of major one-time charges and modifications to

verify they are supported by genuine economic events, rather than being utilized purely for earnings management objectives (Sevin & Schroeder, 2005).

Income Smoothing.

Income smoothing represents another prevalent earnings management technique, wherein managers endeavor to reduce fluctuations in reported earnings over time. The goal is to present a more stable and predictable financial performance, thereby enhancing the company's attractiveness to investors who favor consistent earnings growth over volatile financial findings (Jiang, 2020). This practice can be executed through various methods, including the manipulation of accruals, alterations in depreciation methodologies, or the strategic application of provisions and reserves.

For instance, companies may opt to capitalize specific costs and amortize them across longer timeframes, leading to decreased current-period expenses and contributing to more stable earnings patterns (Ronen & Yaari, 2008). Conversely, firms might employ discretionary accruals to modify reported income, postponing revenue recognition or expediting expenses to reduce earnings volatility.

A crucial distinction exists between real and artificial income smoothing. Real income smoothing involves genuine adjustments to business operations, such as timing sales promotions or delaying capital investments to achieve steadier revenue flows. This form of smoothing has direct implications for both earnings and cash flows. Conversely, artificial smoothing occurs within the permissible boundaries of accounting rules, often involving adjustments to accruals or estimates that do not directly impact cash flows (Hepworth, 1953; Kighir et al., 2014).

While income smoothing may be perceived as a benign form of earnings management aimed at mitigating perceived risk, it has the potential to obscure the actual economic performance of a company and mislead stakeholders regarding its financial health. Empirical research indicates that income smoothing practices are prevalent across various global markets, including Asia, Africa, the Gulf Cooperation Council, and the United States, underscoring its widespread application as a tool for earnings management (Ozili, 2016).

Cookie Jar Reserves

The "cookie jar reserves" technique involves manipulating reserves to create a buffer that can be leveraged to smooth earnings across different accounting periods. This strategy entails establishing provisions or reserves during periods of strong earnings, which are later released into income during periods of underperformance to meet profit targets or mitigate volatility (Ayedh et al., 2019). For instance, a company may intentionally overestimate warranty costs or provisions for bad debts during prosperous years, only to release these reserves when earnings fall short of expectations, thus artificially enhancing the reported financial performance.

The use of "cookie jar reserves" resembles the "big bath" approach, though it generally involves smaller modifications distributed over several periods instead of one large write-off. This technique exploits the discretion provided under IFRS, especially regarding provision estimates under IAS 37, allowing companies to modify reported earnings when necessary (Rudra & Bhattacharjee, 2011). While such practices are permissible within certain limits, aggressive utilization of cookie jar reserves can distort a company's true financial standing and lead to misleading financial reporting.

Compliance with IFRS standards, especially IAS 36 concerning asset impairment and IAS 37 relating to provisions and contingent liabilities, is essential for proper reserve management. A failure to comply with these standards heightens the risk of engaging in practices that may verge on fraudulent accounting (Caylor & Chambers, 2015)

Motives and Incentives Behind Earnings Management

Earnings management (EM) is a multifaceted phenomenon driven by various motives and incentives that influence managerial behavior, particularly in publicly traded firms. Previous research has extensively explored the reasons why managers might engage in EM, highlighting its prevalence in both developed and emerging markets. While EM can occur in both private and public firms, it is particularly pronounced in public companies due to the unique pressures they face from capital markets, regulatory bodies, and shareholders. Understanding the underlying motives for EM is crucial for developing effective strategies to mitigate its occurrence and enhance the transparency and reliability of financial reporting (DeBoskey et al., 2019).

The motives behind earnings management (EM) are varied and complex, often shaped by both internal and external factors. Internally, managers may engage in EM to meet performance targets, achieve compensation-related goals, or protect their job security. For example, executives who are incentivized by stock-based compensation or performance-based bonuses might manipulate earnings to meet earnings thresholds and boost their personal rewards. Externally, pressures from shareholders, creditors, and analysts may compel managers to engage in EM to maintain stock price stability, attract investments, or secure favorable loan terms (Healy & Wahlen, 1999).

In emerging markets, where regulatory frameworks may be weaker and market oversight less stringent, the incentives for EM can be more pronounced. Managers operating in these

contexts may perceive earnings manipulation as an essential instrument for competing for scarce capital or meeting market expectations when robust enforcement frameworks are lacking. Furthermore, in these markets, the potential for earnings manipulation is often exacerbated by informational asymmetry, where investors have limited access to timely or accurate financial data, making it more difficult to detect fraudulent practices (Chen, Chen, & Wu, 2010).

Earnings management can have negative long-term implications on a company's financial health, even though it's sometimes thought of as a way to even out financial performance. When the manipulation is eventually discovered, the short-term gain from faked results can undermine investor confidence and harm a company's brand. Elevated capital costs, diminished investor confidence, and potential legal consequences may result, particularly when the manipulation is perceived as intentional or fraudulent. Financial authorities and regulatory bodies have implemented measures to enhance transparency and strengthen financial reporting standards in response to growing concerns about EM. One such initiative has been the adoption of International Financial Reporting Standards (IFRS), which seeks to restrict managerial discretion in financial reporting and make earnings manipulation more difficult to conceal. Despite these efforts, EM's persistence highlights the need for continuous improvements to corporate governance and regulatory structures to effectively combat earnings manipulation and protect stakeholder interests.

Additionally, the role of auditors in detecting and preventing EM cannot be understated. Serving as external monitors, auditors play a crucial role in examining financial statements and identifying potential anomalies or inconsistencies that may indicate earnings manipulation. The deployment of advanced auditing technologies, including data analytics and forensic accounting techniques, is increasingly vital in combating EM, particularly as financial reporting and transactions grow more complex. Reducing the incidence of EM can be achieved through

enhanced regulatory enforcement, improved auditing practices, and strengthened corporate governance, ultimately leading to more precise and reliable financial reporting.

Motivations for Earnings Management in Public Firms

In public companies, meeting or surpassing market expectations is one of the main drivers of EM. Managers often face intense pressure to deliver financial performance that satisfies or surpasses what investors and analysts anticipate. For companies that have given the market direction or profit projections, this pressure is especially intense. When managers project earnings, they establish a standard by which their work is evaluated. Stock price drops, higher volatility, and closer scrutiny from analysts and investors are just a few of the severe unfavorable market reactions that can result from missing these projections (Ben et al., 2022). As a result, managers may manipulate reported earnings to ensure they meet or exceed established targets.

Another significant driver of earnings management in public companies is the emphasis on immediate financial gains over long-term value creation, as Stein's (1989) theoretical framework demonstrates that managers often prioritize short-term performance at the expense of sustainable growth opportunities. The fear of unfavorable market reactions that could arise from missing short-term earnings targets frequently motivates this conduct. This emphasis on immediate results can foster a myopic organizational culture where leadership prioritizes quick profits over sustainable value creation. Such short-term thinking may lead to decisions that undermine the company's future sustainability and ultimately compromise its competitive position (Stein, 1989).

Legal considerations also play a significant role in motivating EM practices. The United States Securities Exchange Act of 1934, specifically Rule 10b-5, prohibits the dissemination of materially misleading statements, including inaccurate or overly optimistic earnings projections

(Rowland, 2002). Managers who provide earnings forecasts are exposed to legal risks if their projections prove to be inaccurate or misleading. Research indicates that a substantial number of legal cases brought under Rule 10b-5 involve situations where management has provided overly optimistic earnings forecasts or failed to disclose negative information (Francis et al., 2011). The prospect of costly litigation, including substantial legal fees and reputational damage, incentivizes managers to take actions that minimize the likelihood of missing their earnings targets, which can lead to EM practices aimed at avoiding legal repercussions.

Preserving managerial reputation and credibility represents another crucial factor motivating earnings management. Managers are deeply concerned with maintaining their personal credibility, which is closely tied to their ability to deliver reliable and accurate earnings forecasts (Baig & Khan, 2016). When earnings predictions fall short, this can negatively impact the company's market value and analyst interest, as investors often view such discrepancies as signs of management incompetence or instability. To protect their reputation and credibility, managers may resort to earnings management practices to align reported results with their forecasts, even when this requires manipulating financial data to achieve desired outcomes (Baig & Khan, 2016).

Distinctions Between Public and Private Firms

Public and private companies exhibit distinctly different motivations for employing earnings management practices. For public companies, the primary drivers include meeting or exceeding market expectations, ensuring regulatory compliance, and protecting management credibility. These organizations face intense pressure from analysts, investors, and regulatory bodies, creating an environment were failing to meet earnings targets can result in severe consequences. Conversely, private companies typically face fewer incentives to engage in

earnings management since they experience less exposure to these external pressures (Burgstahler et al., 2006).

Studies indicate that private firms possess different underlying motivations for earnings management activities compared to publicly traded companies. For example, private firms may engage in EM to minimize tax liabilities or manage relationships with creditors and suppliers (Muñoz et al., 2021). Additionally, private firms may have a greater ability to control the dissemination of financial information, which can reduce the need to engage in EM to influence external perceptions. However, private firms are not entirely immune to the pressures that drive EM, and their motivations can be complex and varied, depending on the specific circumstances they face (Burgstahler et al., 2006; Muñoz et al., 2021).

The Role of Regulatory and Contractual Factors

Contractual and regulatory factors significantly influence earnings management motivations. Public companies must comply with numerous regulatory requirements, including financial reporting standards, disclosure mandates, and governance obligations designed to protect investors and promote transparency by ensuring financial statements accurately reflect a company's financial position. Nevertheless, the complexity of these regulations can create opportunities for earnings management, as managers may exploit ambiguities or loopholes in the rules to achieve their desired financial outcomes (Chen et al., 2010).

Contractual obligations, such as debt covenants and executive compensation agreements, can further incentivize EM. For example, firms with restrictive debt covenants may engage in EM to ensure compliance with these covenants and avoid potential penalties, such as higher interest rates or loan default (DeFond & Jiambalvo, 1994). Similarly, executive compensation packages that are tied to short-term financial performance metrics, such as earnings per share or

stock price, can create incentives for managers to manipulate reported earnings to maximize their personal financial rewards (Healy & Wahlen, 1999).

Psychological and Behavioral Drivers of Earnings Management

Beyond external pressures and regulatory factors, behavioral and psychological elements also shape managers' decisions to engage in earnings management. Cognitive biases such as overconfidence may lead managers to believe they can accurately predict future financial performance and adjust reported earnings accordingly (Chen et al., 2010). Similarly, behavioral factors including the desire for social acceptance or job security may drive managers to employ earnings management techniques to meet stakeholder expectations and maintain their organizational standing (DeBoskey et al., 2019).

The motivations underlying earnings management encompass a complex and multifaceted array of economic, legal, contractual, psychological, and behavioral factors. While public companies face particularly intense pressures that make them more susceptible to earnings management practices, private firms are not entirely immune to these influences. Establishing robust regulatory frameworks, effective oversight mechanisms, and strong ethical cultures is essential for mitigating the risks associated with earnings management. By understanding these underlying motivations, stakeholders can develop more targeted strategies to enhance the transparency, reliability, and integrity of financial reporting across both public and private organizations.

Audit Quality

Audit Quality (AQ) is a vital aspect of financial reporting that ensures the accuracy and reliability of financial statements. High AQ is essential for managers with inside information to lessen the information gap with external stakeholders like creditors, investors, and regulators. This relationship is key to building confidence and trust in the financial markets. AQ encompasses several elements, including the rigor of audit methodologies and processes, as well as the auditors' competence, independence, objectivity, and professional judgment (Knechel et al., 2013; Francis, 2011). In addition to these fundamental characteristics, the audit firm's resources and reputation serve as critical determinants of audit quality.

Larger, more established audit firms typically possess superior capabilities for conducting comprehensive audits and identifying potential risks or financial statement irregularities due to their extensive resources, expertise, and experience. This becomes particularly vital for public companies, where financial statements face heightened scrutiny and any errors or omissions can result in significant consequences.

AQ is not just about ensuring compliance with auditing standards but also about enhancing the overall reliability of financial information. A high-quality audit helps reduce the risk of financial misstatements, prevents earnings manipulation, and ensures that the financial reports provide a true and fair view of a company's financial position. This, in turn, reduces the potential for financial scandals or corporate fraud, which can undermine stakeholder confidence and destabilize financial markets.

Moreover, AQ is crucial in the context of IFRS adoption, as the standards require rigorous judgment and a higher level of technical expertise to apply correctly. Auditors are tasked with assessing whether financial statements comply with IFRS, which involves evaluating complex

transactions and estimating future outcomes. The ability of auditors to maintain high AQ, even under pressure from management or external stakeholders, is therefore essential in ensuring the effective implementation of IFRS and the integrity of financial reporting.

The relationship between audit quality (AQ) and earnings management (EM) is particularly crucial since high-quality audits serve as a deterrent to earnings manipulation. When auditors conduct rigorous examinations and exercise professional skepticism, they create barriers that prevent managers from distorting earnings or engaging in fraudulent reporting practices. This connection underscores the importance of auditors possessing not only the necessary technical competencies but also maintaining strong ethical standards that prioritize transparency and accuracy over client pressures.

With the growing demand for enhanced audit quality driven by increasing financial complexity and regulatory oversight, audit firms and individual auditors play an increasingly vital role in preserving financial reporting integrity. Continuous advancements in audit methodologies, including the adoption of sophisticated technology and data analytics tools, are expected to further strengthen audit quality and contribute to the ongoing development of credible, transparent financial reporting in today's interconnected global economy.

Drivers of Audit Quality.

The factors influencing AQ can be broadly classified into demand-side and supply-side drivers. Demand-side drivers emphasize the necessity for high-quality audits as perceived by external stakeholders who depend on the financial information provided by companies. In contrast, supply-side drivers pertain to the elements that affect the provision of quality audits by audit firms and individual auditors.

Demand-Side Drivers of Audit Quality.

The demand for AQ predominantly stems from its economic significance, rather than solely legal requirements (Copley et al., 1995). Investors, creditors, and other stakeholders seek high-quality audits to mitigate the uncertainties inherent in financial decision-making. AQ becomes particularly crucial in environments characterized by information asymmetry, where insiders possess greater insight into a company's financial health than external parties. In such scenarios, audits function as an independent verification of financial information, effectively reducing the potential for opportunistic behavior by management and enhancing the credibility of financial statements (Sulaiman, 2018).

The demand for enhanced audit quality stems primarily from the necessity to protect financial markets against adverse selection and moral hazard issues (Esplin et al., 2018). Adverse selection occurs when investors lack sufficient information to distinguish between high-quality and poor-quality investment opportunities, while moral hazard arises when inadequately supervised managers pursue actions that serve their personal interests rather than those of shareholders. High-quality audits help mitigate these challenges by enhancing the reliability of financial information, thereby promoting more efficient capital allocation (Hosseinniakani et al., 2014).

Empirical research indicates that firms with complex operations, dispersed ownership, and elevated agency costs demonstrate greater requirements for audit quality (Gaynor et al., 2016). Organizations with extensive shareholder bases or multinational operations may require more comprehensive audit procedures to ensure accurate and consistent financial reporting. Additionally, companies engaged in sophisticated transactions such as mergers and acquisitions or extensive use of financial derivatives necessitate higher audit quality to effectively address the associated risks.

Additionally, regulatory requirements and market expectations significantly influence the demand for AQ. Legislative frameworks, such as the Sarbanes-Oxley Act of 2002 in the United States and similar regulations elsewhere, mandate rigorous audit standards aimed at protecting investors and preserving market integrity. Consequently, firms are motivated to seek high-quality audits to ensure compliance with these regulations and to mitigate potential legal liabilities, penalties, or reputational damage (Sarath, 2016).

Supply-Side Drivers of Audit Quality.

From the supply perspective, audit quality is influenced by various factors including auditor risk management, professional standards, regulatory oversight, and the economic incentives that drive audit firm behaviour. Auditor risk management plays a fundamental role in sustaining audit quality within the financial reporting system, as it directly impacts the judgments and methodologies that auditors apply throughout the audit engagement.

Audit risk, defined as the risk that auditors may provide an incorrect opinion on financial statements due to undetected material misstatements, is a fundamental consideration in the auditing process (ISA 200, 2019). This risk comprises three elements: inherent risk, control risk, and detection risk. Inherent risk pertains to the likelihood of a misstatement occurring in an assertion, assuming no relevant internal controls are in place. Control risk refers to the possibility that a misstatement could happen and remain undetected by the internal control system. Detection risk is the probability that an auditor's procedures will fail to identify a misstatement that exists in an assertion and could be material.

When faced with heightened levels of audit risk, auditors frequently adopt strategies to manage and mitigate these risks. A common approach is to charge higher audit fees, reflecting the increased effort, resources, and expertise necessary to conduct a thorough audit in such

circumstances (Knechel et al., 2013). Elevated audit fees compensate auditors for the additional time dedicated to risk assessment, extensive testing, and enhanced scrutiny of financial statements. This risk-based pricing strategy ensures that audit firms are appropriately compensated for the risks they undertake, incentivizing them to allocate more resources and engage more experienced personnel on high-risk audits.

While a positive correlation exists between audit fees and AQ, this relationship is intricate and not always linear. Higher fees may signify a greater commitment to AQ, as auditors dedicate more resources to comprehending the client's business, testing controls, and verifying financial data. However, increased fees alone do not guarantee superior AQ; the effectiveness of an audit also hinges on the competence, independence, and objectivity of the auditors, alongside the application of robust audit methodologies and procedures (Francis, 2011).

Furthermore, regulatory structures and professional guidelines significantly shape AQ from the perspective of those providing audit services. Organizations like the Public Company Accounting Oversight Board (PCAOB) in the United States and the International Auditing and Assurance Standards Board (IAASB) set rules and guidelines that auditors must follow to ensure consistent, high-quality auditing practices worldwide. These standards require the application of professional skepticism, detailed documentation, thorough testing, and careful evaluations of internal controls (PCAOB, 2020; IAASB, 2020).

Ethical standards and professional integrity represent additional critical supply-side determinants of audit quality. Audit firms must uphold rigorous ethical principles, particularly independence and objectivity, to maintain trust and credibility in the audit function. Auditor independence is fundamental to providing unbiased and impartial assessments of financial statements, as any compromise to independence through conflicts of interest or overly close

client relationships can undermine audit quality and erode the audit's credibility (Gaynor et al., 2016).

The formation of audit quality depends on both demand-side and supply-side influences working in conjunction. Demand-side factors focus on stakeholder requirements for dependable financial information, while supply-side factors address the elements that affect auditors' ability to conduct high-quality audits. The interaction between these forces demonstrates the importance of establishing strong regulatory structures, ensuring auditor independence, and promoting transparency and accountability in financial reporting practices. By recognizing and addressing both demand-side and supply-side factors, stakeholders can collaborate effectively to improve audit quality, thereby strengthening the integrity and dependability of international financial markets.

Previous Research on Audit Quality in in the globe

The global financial crisis of 2008 marked a pivotal moment in the examination of audit practices, spotlighting the crucial role of auditors in ensuring the credibility and reliability of financial statements. This crisis, characterized by significant deficiencies in financial oversight and corporate governance, intensified scrutiny of auditors' responsibilities, independence, and ethical conduct. Research has increasingly focused on various aspects of Audit Quality (AQ) across different jurisdictions, underscoring the global significance of maintaining high standards in financial reporting. As highlighted by Al-qatamin and Salleh (2020), the absence of a universal definition of audit quality complicates the discourse, necessitating a nuanced understanding of various indicators that contribute to AQ.

The Role of Auditor Independence in Enhancing Audit Quality.

A central theme in post-crisis discussions revolves around auditor independence, which is considered essential for ensuring the objectivity and reliability of audit outcomes. Empirical studies consistently affirm the significance of auditor independence in preserving public trust in financial statements. Tepalagul and Lin (2015) provide a comprehensive review of the academic literature on threats to auditor independence, illustrating how such threats can adversely affect AQ. Their findings indicate that ensuring auditors remain free from conflicts of interest is critical to safeguarding the integrity of financial reports, ultimately leading to improved AQ.

In response to the concerns raised by the crisis, international regulatory bodies, including the International Federation of Accountants (IFAC) and the International Auditing and Assurance Standards Board (IAASB), have underscored the necessity of stringent independence standards to enhance AQ. These organizations have developed guidelines and declarations that emphasize the importance of maintaining independence, impartiality, and professional skepticism in auditing practices. Such measures aim to protect stakeholders' trust and ensure the reliability and transparency of financial statements (Knechel et al., 2013; Gaynor et al., 2016).

In addition to regulatory bodies, national accounting and auditing organizations have implemented various safeguards to bolster auditor independence. These safeguards include mandatory rotation of audit firms, restrictions on non-audit services provided by auditors, and greater transparency in auditor-client relationships. Such measures aim to reduce the potential for conflicts of interest and ensure that auditors can conduct their work without undue influence from the entities they are tasked with auditing.

The role of auditor independence has become even more pronounced in light of high-profile financial scandals, where compromised auditor independence played a pivotal role in the

failure to detect fraudulent activities or financial misstatements. The collapse of large corporations in the wake of these scandals has led to renewed calls for stronger independence safeguards and more stringent enforcement mechanisms.

Moreover, auditor independence is linked to broader corporate governance structures that support a culture of accountability and ethical conduct. The independence of audit committees, for instance, is a key factor in ensuring that auditors can operate with the necessary level of objectivity and freedom from management pressures. Strong governance frameworks not only improve AQ but also enhance the overall credibility of the financial reporting process.

Despite these safeguards, challenges to auditor independence persist, especially in jurisdictions with weaker regulatory frameworks or where audit firms are heavily reliant on specific clients. Ongoing research into the factors that threaten auditor independence, such as client pressure, economic dependence, and the role of audit fees, is essential for developing more effective solutions.

The continued focus on enhancing auditor independence reflects a broader commitment to restoring trust in financial markets. As stakeholders, including investors and regulators, demand greater assurance of the accuracy and reliability of financial reporting, maintaining high standards of auditor independence will be a key determinant of AQ and the long-term sustainability of global financial systems.

Variations in Audit Quality Across Different Jurisdictions.

Research indicates that AQ can vary significantly across countries due to differences in audit processes, practices, and the content and format of auditor reports. Salehi, Mahmoudi, and Daemi Gah (2019) explored these variations, discovering that the diversity of audit standards

and procedures among different countries can lead to discrepancies in AQ. They argued for greater harmonization of global audit standards, asserting that such efforts would enhance the credibility of auditors and improve the consistency and reliability of financial reporting.

Additionally, disparities in legal and regulatory environments, alongside varying corporate governance structures, significantly influence AQ across jurisdictions. Abughazaleh, O'Connell, and Princen (2015) highlighted that countries with more stringent regulatory frameworks and robust enforcement mechanisms tend to exhibit higher AQ levels. Conversely, jurisdictions with weaker regulatory oversight face challenges in maintaining AQ, thereby increasing the risks of financial misreporting. These findings stress the importance of international cooperation and convergence in audit standards to elevate AQ on a global scale.

The Impact of Audit Firm Size on Audit Quality.

The size of the auditing firm is a key factor in Audit Quality (AQ) that has been widely studied. Research often indicates that larger audit firms generally deliver higher-quality audits, especially when there is a higher risk involved. Carlin, Finch, and Ford (2007) suggest that bigger firms have more resources, expertise, and specialized knowledge, allowing them to perform more detailed and comprehensive audits than smaller firms. This capability enables larger firms to better identify and handle complex accounting problems, thereby improving AQ.   However, while larger audit firms are often better equipped to provide high-quality audits, concerns exist about potential conflicts of interest arising from long-lasting relationships between auditors and clients. For instance, Carlin et al. (2015) pointed out that audit firms' financial reliance on their clients could jeopardize auditor independence, potentially reducing AQ. Their research highlights the risks of familiarity, suggesting that long-term client relationships might cause auditors to become less critical and objective, ultimately weakening the effectiveness of the audit process.

The Influence of Audit Risk Assessment Procedures on Audit Quality.

Audit risk assessment procedures are pivotal in determining AQ. Effective risk assessment allows auditors to identify areas susceptible to misstatements and to design audit procedures that adequately address these risks. Cross-country studies emphasize the importance of robust audit risk assessment practices in sustaining high AQ. Kallunki et al. (2019) found that auditors who meticulously assess and respond to audit risks are more adept at detecting and preventing financial misstatements, thereby enhancing the quality of audits.

These findings highlight the necessity for standardized risk assessment methodologies, advocating that the implementation of best practices worldwide could improve AQ. Moreover, the integration of advanced audit technologies and data analytics tools is suggested to further

bolster risk assessment processes, enabling auditors to more effectively identify and respond to potential risks (Knechel, 2019).

The Relationship Between Audit Firm Size and Audit Quality.

Numerous research has examined the relationship between audit firm size and audit quality (AQ), frequently demonstrating that larger firms are associated with superior audit quality. Wong et al. (2018) found that large audit firms generally conduct more comprehensive audits due to their substantial resources, specialized expertise, and extensive experience. Their capacity to allocate additional time and resources to complex audit engagements, combined with their ability to maintain heightened professional scepticism, contributes to enhanced audit quality. However, the relationship between audit firm size and AQ is not straightforward. While larger firms generally have the potential to provide higher-quality audits, possible risks related to their market power and scale should be considered.

For instance, Francis and Michas (2013) noted that the risk of conflicts of interest may be more pronounced in large audit firms with significant financial dependence on major clients. This dependency could skew auditor judgment and compromise AQ, particularly when auditors fear losing lucrative contracts. It is therefore vital to ensure that large audit firms uphold their independence and comply with stringent ethical standards to mitigate these risks.

Furthermore, although larger audit firms benefit from extensive resources and comprehensive audit methodologies, smaller audit firms can provide distinct advantages, especially in specialized markets or industries where individualized service and sector-specific expertise are essential. Smaller firms may deliver more customized audit services, potentially leading to more concentrated examination and improved alignment with their clients' particular requirements.

However, this does not inherently translate to higher AQ, as the limited resources of smaller firms may restrict their ability to conduct comprehensive audits.

The balance between audit firm size and AQ is further influenced by the regulatory environment and the extent to which audit firms are held accountable for their work. In jurisdictions with strong regulatory oversight, even large firms may face strict enforcement of audit standards, which can mitigate some of the risks associated with conflicts of interest or compromised judgment. On the other hand, in regions with less rigorous enforcement, both large and small audit firms may encounter challenges that impact AQ.

Additionally, the composition of audit partners and the broader audit team structure plays a vital role in determining audit quality. Research conducted by Carcello and Neal (2003) highlights that the expertise and credentials of individual auditors, particularly audit partners, significantly influence audit quality outcomes. Irrespective of firm size, ensuring that audits are supervised by seasoned professionals who demonstrate commitment to professional skepticism and ethical standards is essential for maintaining audit quality.

Ultimately, the relationship between audit firm size and AQ reflects the interplay of various factors, including firm resources, regulatory frameworks, and the professional integrity of auditors. Although larger firms typically possess the capability to deliver superior audit quality, smaller firms can also provide valuable audit services when appropriately resourced. Continuous evaluation of these dynamics is essential for maintaining high audit quality across firms of all sizes.

The Need for Regulatory Oversight and Ethical Conduct in Enhancing Audit Quality.

Research consistently underscores the importance of regulatory oversight and ethical conduct in maintaining high AQ. Effective regulatory frameworks that enforce strict audit

standards and ethical guidelines are vital for preserving the integrity of the audit process. Regulatory organizations like the Public Company Accounting Oversight Board (PCAOB) in the United States and the Financial Reporting Council (FRC) in the United Kingdom are vital in overseeing and enforcing adherence to auditing standards. Their work helps ensure that auditors follow professional norms and maintain high Audit Quality (AQ) (PCAOB, 2020; FRC, 2020).

Furthermore, ethical conduct is fundamental to preserving audit quality, as auditors must demonstrate professional scepticism, objectivity, and integrity throughout the audit process. Continuous professional development and training in ethical principles are vital to equip auditors with the essential knowledge and competencies needed to manage complex audit engagements and maintain high audit quality standards (DeFond & Zhang, 2014).

Previous Research on AQ in Selected Countries.
Audit Quality in South Africa.

In South Africa, Harber and Marx's (2020) study, "Auditor independence and professional skepticism in South Africa: Is regulatory reform needed?", examines the crucial issues of auditor independence and professional skepticism considering regulatory changes, especially the mandatory audit firm rotation (MAFR) policy. Contrary to the regulatory rationale behind these reforms aimed at boosting auditor independence, the study's findings suggest that auditor independence and professional skepticism were not compromised. This implies that the MAFR policy might not have been required to achieve the intended improvements in Audit Quality (AQ).

The researchers utilized a mixed-methods approach to gather comprehensive data, which allowed them to explore various perspectives within the auditing profession. This research is

especially significant as it underscores the importance of thoroughly evaluating regulatory reforms and their practical effects on audit practices. The authors contend that although MAFR was designed to address perceived weaknesses in audit quality, its actual effectiveness remains questionable. The study suggests that regulatory modifications should be based on empirical evidence rather than assumptions, since current requirements may fail to tackle the fundamental issues impacting audit quality.

Additionally, Harber and Marx emphasize that the operational difficulties and expenses related to MAFR may exceed any potential advantages. The requirement for auditors to become acquainted with new clients under MAFR creates additional resource burdens, which can ultimately compromise the efficiency and profitability of audit assignments. This critical insight calls for a reevaluation of existing policies aimed at enhancing AQ, suggesting that alternatives should be explored to foster genuine improvements in audit practices without imposing undue burdens on audit firms.

Audit Quality in Ghana.

Mawutor et al. (2019) conducted an in-depth analysis to identify key determinants of audit quality (AQ) among companies listed on the Ghana Stock Exchange. This research employed a cross-sectional study design complemented by advanced linear regression modeling to assess various factors influencing AQ in the context of Ghanaian publicly traded companies. The research specifically highlighted the significance of audit fees, audit committee engagement, and audit firm size in influencing overall audit quality. The study's results demonstrated strong relationships between audit fees and audit quality, suggesting that companies investing greater resources in their audit processes typically achieve more comprehensive and dependable audit results. Moreover, the analysis indicated that larger audit firms consistently provide superior

audit quality, presumably due to their access to enhanced resources and specialized knowledge that facilitate more rigorous audit procedures.

This finding emphasizes the critical role of firm size and resource investment in determining audit quality within the Ghanaian business environment. Interestingly, while the active participation of audit committees was considered essential for enhancing AQ, the study highlighted variations in effectiveness based on individual firm circumstances. This finding suggests that the mere presence of audit committees does not guarantee improved AQ, and their impact may be contingent upon the specific dynamics and governance structures of each firm.

The findings are further contextualized by the "Examination Report on the Adherence to Standards and Codes in Ghana" published by the Ghana Ministry of Finance (2014), which identifies institutional weaknesses in regulation, compliance, and enforcement of accounting and auditing standards. The report outlines critical challenges, such as inadequate adherence to auditing standards and professional ethics, which significantly undermine AQ in Ghana. To address these issues, the report recommends measures including regular auditor rotation, limitations on the tenure of directors, and the establishment of remuneration committees aimed at bolstering corporate governance practices. These recommendations aim to enhance public trust in the objectivity of audits, ultimately contributing to improved AQ across the sector.

Audit Quality in Nigeria.

In a comprehensive study by Omoye and Aronmwan (2013), titled "Audit Firm Rotation and Audit Quality in the Nigerian-Banking Sector," the authors investigated various factors influencing AQ within the Nigerian context, focusing specifically on the banking sector. This research, which included auditors and banking professionals as participants, aimed to assess the

impact of mandatory audit firm rotation on audit quality (AQ) in Nigeria. The results demonstrated that mandating companies to switch audit firms adversely affects audit quality, primarily due to the disruption and instability it creates within the auditing process.

This finding aligns with prior research by Onwuchekwa et al. (2012), which also indicated a negative correlation between mandatory audit rotation and AQ in Southern Nigeria. The evidence suggests that frequently changing audit firms doesn't necessarily lead to better quality; instead, it often reduces the auditor's familiarity with the client's operations and increases the difficulty of learning about new audit engagements. These results challenge the common belief that rotation automatically improves AQ, emphasizing the need for a more detailed understanding of the relevant factors.

Similarly, Adeyemi et al. (2012) examined the relationship between auditor independence and audit quality in Nigerian corporations. The study demonstrated that although preserving auditor independence is crucial for achieving high-quality audits, mere compliance with established auditing standards is insufficient to mitigate the risks of material misstatements in financial statements. The research also revealed that the provision of non-audit services by audit firms can further complicate the determinants of audit quality, highlighting the necessity for regulatory frameworks that effectively address these complexities.

Adeniyi and Mieseigha (2013) investigated the impact of audit tenure on AQ, revealing a negative correlation between prolonged auditor-client relationships and AQ. Their findings suggest that longer engagements can compromise audit objectivity, underscoring the necessity for periodic auditor rotations to uphold high AQ standards. These insights collectively underscore the multifaceted nature of AQ in Nigeria and highlight the importance of comprehensive regulatory measures that consider the unique challenges faced within the sector.

Audit Quality in Kenya.

Ndisya (2015) focused on the determinants of AQ within the manufacturing and commercial services sectors listed on the Nairobi Securities Exchange in Kenya. This research examined a variety of factors, including auditor size, financial status, and audit fees, assessing their impacts on AQ. The findings indicated that these determinants significantly influence both AQ and financial leverage in the specified sectors, with larger audit firms identified as providers of higher-quality audits. This trend can be attributed to their superior resources and expertise, which facilitate more thorough auditing processes.

Moreover, the study highlighted a positive correlation between higher audit fees and enhanced AQ, suggesting that firms that invest more in their audits tend to achieve more reliable and robust audit outcomes. This finding underscores the significance of resource allocation within the audit process and indicates that financial investment serves as a crucial factor in determining audit quality in Kenya.

This study highlighted the importance of the financial health of the companies being audited, suggesting that firms in a stronger financial position tend to hire larger, more well-known audit firms capable of performing more thorough audits. This is especially relevant for publicly listed companies, where financial statements are more visible and closely examined. Conversely, companies with weaker finances might choose smaller audit firms to save costs, potentially reducing the overall quality of the audit.

Furthermore, Ndisya (2015) pointed out that the effect of audit fees on AQ can be seen more broadly, as it indicates the level of resources invested in the audit process. Higher audit fees generally mean that more time and expertise are allocated to the audit, thus increasing the thoroughness of the review.

However, the study also pointed out that audit fees should not be considered in isolation, as other factors, such as auditor independence and professional skepticism, are also integral to maintaining high AQ.

The study's findings have important implications for regulators and policymakers in Kenya, suggesting that promoting transparency in the audit fee structure and encouraging firms to allocate sufficient resources to the audit process could significantly enhance AQ. Additionally, the research calls for greater emphasis on maintaining auditor independence to mitigate the risks associated with financial dependency on major clients, particularly in sectors with high financial leverage, such as manufacturing and commercial services.

Finally, Ndisya (2015) highlighted the need for further research on the relationship between audit quality and corporate governance practices in Kenya. Strong corporate governance frameworks, including independent audit committees and transparent reporting practices, are essential in supporting AQ and ensuring the reliability of financial statements. Thus, the study suggests that fostering a holistic approach to improving AQ, which combines auditor expertise with sound governance practices, would contribute to more accurate financial reporting and stronger investor confidence in the Kenyan market.

Exploring the Link between AQ, IFRS Adoption, and EM.

The intricate interrelationship between Audit Quality (AQ), the adoption of International Financial Reporting Standards (IFRS), and Earnings Management (EM) is an essential area of research that has not been adequately addressed, despite its relevance in the contemporary accounting discourse. While substantial research exists on AQ, IFRS adoption, and EM as discrete domains, the integrated impact of these three elements within a cohesive framework has

received relatively little scholarly attention. This study seeks to bridge this notable gap by investigating how AQ mediates the relationship between IFRS implementation and EM practices, thereby enriching our understanding of these interconnected phenomena.

The originality of this investigation is rooted in its focus on the critical role of AQ in mediating the effects of IFRS adoption on EM. Previous research has consistently demonstrated that the adoption of IFRS is typically associated with enhanced transparency and comparability in financial statements. However, the degree to which these improvements are realized can be significantly affected by the quality of the auditing process (Harber & Maroun, 2020). High-quality audits conducted by reputable firms are more likely to detect and deter manipulative accounting practices that could undermine the intended benefits of IFRS adoption (Aminu, Nomlala, & Baldavoo, 2024). In essence, the quality of audit practices serves as a vital mechanism for ensuring that financial statements are faithfully represented, thus aligning with the goals of IFRS.

Empirical research demonstrates a strong inverse relationship where companies with superior audit quality standards typically exhibit reduced levels of earnings management, especially following IFRS implementation (Ndaba, Harber, & Maroun, 2021). This relationship underscores the importance of stringent audit practices in enhancing financial report credibility by ensuring compliance with IFRS requirements while concurrently limiting opportunistic managerial behaviour. The findings of previous studies indicate that various dimensions of AQ such as auditor independence, audit committee effectiveness, and the overall reputation of the audit firm are instrumental in constraining EM practices (Kingstone et al., 2017). In this regard, AQ serves as a crucial mechanism that supports the objectives of IFRS by fostering transparency and minimizing the latitude for managerial discretion in financial reporting.

Despite the valuable insights provided by existing literature, there remains a considerable gap regarding a comprehensive exploration of how specific nuances in AQ such as varying levels of auditor expertise, the impact of different regulatory environments, and the interactions between audit processes and corporate governance practices affect the intricate dynamics between IFRS adoption and EM. Consequently, further research is urgently needed to develop a more holistic understanding of these interconnections, particularly within the diverse economic and institutional contexts observed across different countries (Kwon, Lim, & Simnett, 2014; Jackson, Moldrich, & Roebuck, 2007). This research gap highlights the need for more sophisticated studies that can provide practitioners and regulators with insights into how audit quality affects the effectiveness of IFRS in reducing earnings management across different jurisdictions.

Corporate Governance

Corporate governance (CG) is fundamentally recognized as the structural backbone of contemporary corporate management. It delineates the rules, practices, and processes through which organizations are directed and controlled (Saleem, Alzoubi, & Selamat, 2012). This framework establishes a systematic set of mechanisms that define the relationships among various stakeholders, including shareholders, management, creditors, and other relevant parties. By fostering a climate of accountability and transparency within the organization, CG plays an essential role in ensuring that the interests of all stakeholders are considered and protected.

In the context of earnings management (EM), the significance of CG is particularly pronounced. While EM can sometimes be perceived as a strategic tool for achieving financial predictability and smoothing, it also poses substantial risks when employed opportunistically. The manipulation of financial performance metrics can lead to a distortion of financial reports, significantly undermining the reliability and relevance of financial statements (Feng & Huang,

2020). As such, the role of CG in overseeing and constraining EM practices is crucial to maintaining the integrity of financial disclosures and fostering stakeholder trust.

The academic literature overwhelmingly supports the notion that robust CG mechanisms positively impact organizational performance, including their capacity to mitigate EM. Numerous studies document a direct correlation between weak CG frameworks and an increased likelihood of EM activities. These findings highlight that firms with inadequate governance are more susceptible to financial misreporting (García-Meca & Sánchez-Ballesta, 2009). Essential elements of CG encompass a diverse range of internal and external controls designed to guide managerial decisions, safeguard stakeholder interests, and enhance overall organizational value. These controls include the composition and structure of the board of directors, the establishment of effective audit committees, and the implementation of stringent disclosure and reporting requirements (Bugshan, 2005; Lin & Hwang, 2010).

Recent empirical research has increasingly focused on quantifying the relationship between CG and EM, often employing metrics such as the Corporate Governance Index (CGI) to assess the effectiveness of governance practices in curtailing opportunistic financial behavior. For example, the research indicates that firms with higher CGI scores demonstrate a lower incidence of EM, underscoring the capacity of well-governed organizations to promote ethical financial reporting practices (Visvanathan, 2008). The CGI, along with other assessment tools, provides a systematic approach to evaluate how various governance mechanisms including board independence, executive compensation policies, and shareholder rights contribute to reducing the propensity for earnings manipulation.

Moreover, CG is intrinsically linked to broader principles of stewardship, ethical conduct, and corporate responsibility. These principles are critical in ensuring that companies operate

transparently, accountably, and in alignment with the interests of all stakeholders (Elghuweel et al., 2016). Regulatory bodies have increasingly acknowledged the importance of these principles, prompting efforts to strengthen CG frameworks through revised codes of conduct and enhanced reporting standards. Key aspects emphasized in these initiatives include board diversity, size, independence, and the clarity of financial disclosures (Marrakchi Chtourou, Bedard, & Courteau, 2001). Such endeavors aim to foster an environment where ethical standards are upheld, thereby minimizing opportunities for manipulation.

The evolving landscape of CG has also been significantly shaped by the increasing focus on corporate social responsibility (CSR) and the heightened scrutiny of business practices, particularly in the aftermath of high-profile global financial scandals. This has led to increased legislative and regulatory interventions across various jurisdictions, mandating stricter compliance with governance standards and promoting sustainable and responsible business practices (Saleem et al., 2012). For instance, several countries have introduced new regulations to ensure that companies not only adhere to CG norms but also engage in socially responsible activities that resonate with societal expectations and ethical standards.

In light of these developments, it becomes evident that CG practices are continuously evolving in response to changing regulatory environments, stakeholder expectations, and global economic conditions. Strengthening CG is widely regarded as a critical strategy for enhancing financial transparency, reducing information asymmetry, and ensuring that management actions align with the best interests of shareholders and other stakeholders. By cultivating a culture of accountability and integrity, effective CG serves as a powerful deterrent against unethical financial practices and EM, thereby safeguarding the long-term sustainability and success of organizations.

Exploring the Notions of CG

The Industrial Revolution, beginning in the United Kingdom around 1780, marked a pivotal period in global economic history distinguished by the rise of large-scale multinational corporations and industrial conglomerates. This significant expansion of business entities necessitated the establishment of effective corporate governance (CG) mechanisms to manage the complexities inherent in such organizations. As businesses evolved from sole proprietorships and partnerships to extensive conglomerates, an inherent agency problem surfaced due to the growing separation between ownership (represented by shareholders) and control (exercised by managers). This separation emphasized the need for robust frameworks aimed at aligning the interests of capital owners with those of the managers responsible for the day-to-day operations of the firm.

The late 1980s and early 1990s marked a period of heightened scrutiny regarding corporate governance in the United Kingdom, particularly following a series of high-profile corporate scandals involving prominent companies such as the Mirror Group, Bank of Credit and Commerce International (BCCI), and Polly Peck International. These scandals not only underscored the urgent need for improved governance standards and practices but also highlighted the critical necessity of protecting stakeholders and restoring investor confidence. In response to these challenges, the UK took the lead in enhancing corporate governance standards, culminating in the establishment of the Cadbury Committee in 1991. The committee's influential 1992 report, "The Financial Aspects of Corporate Governance," laid the groundwork for contemporary CG standards by advocating essential principles such as board accountability, transparency, and the segregation of the roles of chairman and chief executive officer (CEO) (Saleem et al., 2012).

Corporate Governance

Definition and Framework of Corporate Governance.

The Organization for Economic Co-operation and Development (OECD) broadly defines corporate governance as the system by which companies are directed and controlled. This system involves the relationships between a company's management, its board of directors, its shareholders, and other interested parties, focusing on oversight rather than just administration (OECD, 2015). The OECD's corporate governance framework aims to promote efficient company management while ensuring accountability to shareholders and other stakeholders. It establishes a structured way to set company goals, determine how to achieve these, and monitor performance effectively.

Essential elements of corporate governance encompass the allocation of rights and responsibilities among stakeholders, transparent decision-making processes, and mechanisms for managing conflicts of interest, particularly those arising between shareholders and management. In practice, effective corporate governance tools, such as the characteristics of the board of directors and the audit committee, can significantly limit earnings management, as shown by several studies (Bugshan, 2005; Chtourou et al., 2001).

Global Adoption and Localization of Corporate Governance Principles.

Corporate governance principles have been adopted worldwide, although often adapted to fit local conditions. For instance, Nigeria's Code of Corporate Governance, introduced in 2011, provides a comprehensive framework for enhancing corporate governance practices within the country. This code emphasizes board diversity by categorizing members into four distinct positions: chairman, executive directors, non-executive directors, and independent directors (Elghuweel et al., 2016). A fundamental requirement of this code involves separating the chairman and CEO roles to prevent excessive power concentration in a single individual, thus

fostering accountability and effective board supervision. Additionally, the code requires non-executive directors to have relevant expertise, credibility, and independence, ensuring at least one independent director on the board. These regulations align with the Anglo-Saxon model of corporate governance, common in the UK and the US, which aims to enhance the independence and effectiveness of corporate boards, ultimately reducing the likelihood of earnings management (Visvanathan, 2008). Likewise, Ghana has achieved considerable progress in establishing its corporate governance framework. The Securities and Exchange Commission (SEC) of Ghana launched the Code of Best Practices in 2002, aiming to align Ghana's corporate governance standards with international principles, including those established by the OECD (Securities and Exchange Commission Ghana, 2002).

The regulatory corporate governance structure is additionally strengthened by legal frameworks such as the Banking Act of 2004 and Listing Regulations. However, despite these regulatory efforts, Ghana continues to face difficulties in effectively implementing these standards, leading to challenges in achieving international governance benchmarks (Feng & Huang, 2020). This gap is exacerbated by issues such as corruption and limited regulatory capacity, which impede the successful implementation of corporate governance practices within the country (Addison, 2020).

Challenges in Corporate Governance Implementation.

In Kenya, the Capital Markets Authority (CMA) issued the Guidelines on Corporate Governance Practices in 2002, underscoring the importance of robust governance mechanisms in promoting business performance, enhancing shareholder value, and safeguarding investor interests (García-Meca & Sánchez-Ballesta, 2009). These guidelines advocate for diversified board composition, clear demarcation of roles between the chairman and CEO, and the establishment of audit and nomination committees. However, despite these regulatory efforts,

the effectiveness of corporate governance in Kenya is hampered by several challenges, including inadequate disclosure practices and limited enforcement beyond basic communication to shareholders (Waweru et al., 2019). The lack of comprehensive disclosure and robust enforcement mechanisms highlights a critical area requiring improvement within the Kenyan corporate governance landscape.

These diverse approaches to corporate governance across various countries illustrate both the common principles and unique challenges encountered in implementing effective governance frameworks globally. While transparency, accountability, and board independence remain central to corporate governance frameworks, specific regulatory requirements, enforcement mechanisms, and cultural contexts play a crucial role in shaping the governance landscape within each country. As corporate governance continues to evolve, there is an increasing recognition of the need for more robust mechanisms to enhance corporate transparency, protect investor interests, and promote ethical business practices in both developed and developing markets.

Exploring the Components of Corporate Governance.

Studies in developed countries consistently show that strong corporate governance (CG) practices are crucial in reducing management's self-serving actions that can lead to overstated earnings. These practices boost the trustworthiness and reliability of financial statements (Man, 2013). A key aspect of CG is the ownership structure, which significantly affects how agency costs are monitored and controlled. The separation of ownership and control often leads to agency problems, making governance frameworks that align the interests of managers with those of shareholders necessary (Bugshan, 2005). Research indicates that when managers have a significant stake in the company, their interests become more aligned with those of shareholders, motivating them to focus on the company's long-term goals (Gillan & Starks, 2003; Chtourou, Bedard, & Courteau, 2001). However, the entrenchment theory suggests that too much

managerial ownership can lead to earnings management (EM) for personal benefit, emphasizing the need for careful oversight (Wang, Elsayed, & Ahmed, 2011). Ownership structure also influences corporate information disclosure practices. Greater ownership dispersion is typically associated with enhanced transparency and improved information access for minority shareholders (García-Meca & Sánchez-Ballesta, 2009).

Important metrics including ownership concentration, institutional ownership, and managerial ownership are frequently employed to evaluate the impact of ownership structure on earnings management. Notably, institutional investors play a pivotal role in monitoring managerial actions and curbing manipulative financial practices due to their vested interest in the long-term performance of their investments (Dakhlallh et al., 2018). However, the effectiveness of institutional ownership in deterring EM remains a subject of ongoing debate. Some scholars argue that institutional investors enhance managerial accountability and governance effectiveness, while others highlight limitations that may constrain their monitoring capabilities (Wright, Siegel, Keasey, & Filatotchev, 2013). Overall, institutional ownership can function as a robust governance mechanism, reinforcing managerial oversight and fostering confidence in the accuracy of reported earnings.

Board Size

The size of the board of directors comprising both executive and non-executive directors plays a crucial role in the board's effectiveness in overseeing management and ensuring high-quality financial reporting. According to agency theory, the size of the board should correlate with the scale and complexity of the organization's operations (Fama & Jensen, 1983). Larger boards may be perceived as necessary for companies with extensive and complex operations, as they can provide a diverse array of expertise and perspectives during decision-making processes (Dalton et al., 1999). Nonetheless, some studies argue that smaller boards may exhibit superior

effectiveness due to reduced coordination challenges and enhanced oversight capabilities (Jensen, 1993; Fama & Jensen, 1983).

Research on the optimal size of a board yields mixed findings. Xie et al. (2003) recommend a board size of five to nine members, as this size minimizes managerial dominance and reduces the likelihood of manipulative behavior. Conversely, Kouki et al. (2011) argue that both overly large and excessively small boards are ineffective at preventing self-interested managerial decisions. Furthermore, research by Matoussi and Mahfoudh (2006) challenges the assumption that larger boards necessarily improve financial statement credibility. However, other scholars, including Xie et al. (2003), contend that larger boards can utilize their combined expertise to reduce earnings management. Therefore, although board size represents a crucial component of corporate governance, its effect on financial reporting quality remains complex and situation-specific. The board of directors plays a fundamental role in ensuring the integrity and reliability of financial reports delivered to stakeholders (Chen et al., 2021).

Audit Committee

The audit committee represents a vital component of effective corporate governance, tasked with supervising the financial reporting process and ensuring executive accountability in business management. In the aftermath of financial crises, there has been increased emphasis on audit committees actively monitoring management activities and maintaining transparency in financial reporting (Carcello et al., 2020). Composed of independent, non-executive members possessing relevant expertise, the audit committee is committed to safeguarding shareholder interests by ensuring the accuracy and integrity of financial disclosures (Tolulope et al., 2018). Audit committees are integral to the governance framework, providing an additional layer of oversight that helps mitigate the risks associated with financial misreporting. Research has consistently shown that effective audit committees, characterized by independence, financial

expertise, and active engagement, correlate positively with higher-quality financial reporting and lower levels of EM (Zaman et al., 2011; Lisic et al., 2016).

However, the effectiveness of audit committees may fluctuate based on their composition, the extent of their independence, and their functional dynamics within the broader board structure (Garcia-Blandon et al., 2020). Therefore, the role of audit committees remains central to upholding the transparency and accountability of the financial reporting process.

CEO Duality

CEO duality arises when the Chief Executive Officer (CEO) simultaneously holds the position of Board Chairman, a configuration that has sparked considerable debate regarding its impact on corporate governance and organizational performance. Proponents of CEO duality maintain that merging these positions can create more cohesive leadership and accelerate decision-making processes, potentially enhancing organizational effectiveness (Boyd, 1995). However, opponents argue that this dual arrangement can generate conflicts of interest, compromise board independence, and diminish the board's capacity to provide effective management oversight (Fama & Jensen, 1983; Donaldson & Davis, 1991).

Agency theory supports the separation of the roles of CEO and Chairman as a means to mitigate conflicts of interest and enhance the board's ability to monitor management effectively (Jensen, 1993). Empirical studies present mixed outcomes regarding the effects of CEO duality on firm performance and governance findings. For example, Yermack (1996) found that separating the roles of CEO and Chairman is associated with increased firm value. Conversely, Liang and Li (1999) suggested that combining these roles might be beneficial depending on the firm's unique circumstances. Moreover, Finegold et al. (2007) and Van den Berghe & Levrau (2004) advocate for a clear separation of these roles to strengthen board oversight and limit managerial influence on governance practices. Consequently, while CEO duality continues to be

a contentious topic, prevailing evidence suggests that separating the roles of CEO and Chairman contributes positively to governance and accountability.

Independent Board

Having independent directors on the board is broadly recognized as a key way to make the board more effective in overseeing management and reducing earnings management (EM). Because independent directors don't have direct connections to the company, they contribute to the board's independence and improve its ability to provide unbiased oversight (PWC, 2012). Research consistently shows that boards with a greater number of independent directors are less prone to manipulative accounting practices and tend to be more effective in protecting shareholder interests (Dechow et al., 1996; Marra et al., 2011). Ntim (2011) found a positive and significant link between the proportion of independent non-executive directors and company value in South Africa, suggesting that board independence leads to better governance results. Similarly, Dechow et al. (1996) noted that companies with a higher percentage of independent board members are less likely to face accounting enforcement actions by regulatory authorities.

In contrast, Klein (2002) identified a negative association between the presence of independent directors and EM, suggesting that independent directors are crucial in mitigating manipulative financial practices. Nonetheless, some studies, such as those conducted by Rahman and Ali (2006), highlight that the effectiveness of independent directors in curbing EM can vary across different contexts and regulatory environments. These findings underscore the necessity of maintaining an adequate level of board independence to enhance oversight and promote ethical financial reporting.

Institutional Ownership

Institutional ownership pertains to the stakes held by institutional investors, including mutual funds, pension funds, and insurance companies, in a firm. Research indicates that higher

levels of institutional ownership are generally correlated with improved firm performance and value, as institutional investors often implement oversight and governance mechanisms that enhance overall corporate performance (Demsetz & Villalonga, 2001). However, the relationship between institutional ownership and firm performance is not always straightforward. For instance, Anderson and Reeb (2003) found that institutional investors might have varying objectives, resulting in diverse impacts on firm performance.

Moreover, institutional ownership is linked to a greater propensity for engaging in corporate social responsibility (CSR) activities, as institutional investors typically prioritize long-term sustainability and reputation management (Dhaliwal et al., 2011). Nevertheless, the influence of institutional ownership on CSR engagement may depend on factors such as the investment horizon of institutional investors and the specific industry context in which the firm operates (Hawn & Ioannou, 2016).

In terms of dividend policy, firms with higher institutional ownership are more likely to distribute dividends, reflecting institutional investors' preference for stable dividend payouts (Denis & Osobov, 2008). However, some studies, such as those by Boubaker et al. (2012), suggest that institutional ownership does not always lead to increased dividend payouts, especially in the presence of other CG mechanisms.

Research conducted by Klein (2002) indicates that higher levels of institutional ownership are associated with reduced EM, as institutional investors are more likely to monitor and discourage manipulative practices. Nonetheless, the effectiveness of institutional ownership in deterring EM may be affected by various factors, including governance challenges and inadequate legal enforcement, as highlighted by Cheng et al. (2010) in the context of China.

These findings illustrate the complex and multifaceted nature of the relationship between institutional ownership and CG outcomes.

Exploring Previous Studies on CG in Different Countries

Corporate governance (CG) practices, particularly those emphasizing transparency and disclosure, substantially enhance companies' financial performance across various economies, encompassing both developing and developed nations throughout regions such as Asia and the Middle East. Contemporary research underscores CG's essential role in promoting corporate financial health and stability. For instance, Marrakchi Chtourou, Bedard, and Courteau (2001) demonstrate how effective CG practices, including robust audit committees and board characteristics, are instrumental in constraining earnings management (EM). Through examining the historical evolution of CG systems, researchers can gain deeper insights into their long-term effects on business profitability, a subject extensively investigated, as evidenced in the meta-analysis by García-Meca and Sánchez-Ballesta (2009). This analysis reveals that various CG mechanisms, such as board independence and audit committee effectiveness, serve crucial functions in mitigating EM practices. Additionally, recent research highlights CG's significance in addressing challenges like corporate fraud and economic instability, especially during crises such as the COVID-19 pandemic (Dakhlallh et al., 2018).

CG serves not only as a fundamental requirement for individual companies but also functions as a major catalyst for economic growth and stability, contributing to broader macroeconomic outcomes (Wright et al., 2013). Nevertheless, enhancing CG practices globally encounters persistent challenges, as demonstrated by issues such as suboptimal firm financial performance and regulatory deficiencies in various contexts (Ahmed et al., 2020). The

implementation of International Financial Reporting Standards (IFRS) in countries like Germany provides valuable perspectives on the relationship between CG, financial reporting, and business performance, particularly during periods of economic uncertainty (Bugshan, 2005). Despite ongoing efforts to strengthen CG practices worldwide, there remains a compelling need for additional research into the complex relationships between institutional factors, CG frameworks, and firm performance (Gillan & Starks, 2003; Cheung & Chan, 2004).

Afzal and Habib (2018) conducted a detailed study examining the intricate link between CG and EM. The study analyzed panel data from 74 non-financial companies listed on the Karachi Stock Exchange over eight years (2005-2013), using discretionary accruals, quantified through the Modified Jones Model, as indicators of EM. Employing pairwise correlation analysis and random-effects Generalized Least Squares (GLS) regression analysis, the findings indicated that strong CG practices effectively limit EM activities. However, the study primarily focused on accrual-based EM, similar to the emphasis in Bugshan's (2005) work, without extending the analysis to other aspects of EM.

In another empirical study, Susanto, Pradipta, and Cecilia (2019) examined the influence of various CG characteristics, including managerial ownership, institutional ownership, and audit quality (AQ), on EM practices. The research utilized a sample of 87 non-financial companies listed on the Indonesia Stock Exchange from 2014 to 2016 and employed multiple regression analysis to investigate the relationships between these CG attributes and EM. However, the results indicated that the specified CG characteristics did not significantly affect EM practices. It should be noted that Susanto et al.'s (2019) research primarily concentrated on ownership structures and AQ as CG indicators, thereby omitting other essential factors such as board characteristics and internal audit functions. This narrow focus underscores the necessity for

additional research incorporating a more comprehensive range of CG elements to thoroughly understand their impact on EM practices. Future investigations should examine a wider spectrum of CG mechanisms, including board diversity, independent director roles, and internal control system effectiveness, to provide a more complete understanding of how CG can influence EM across different corporate environments

Theoretical Review

This theoretical review offers a comprehensive examination of the fundamental theories that underpin the study, focusing on the adoption of International Financial Reporting Standards (IFRS), earnings management (EM), audit quality (AQ), and corporate governance (CG) in the context of selected African countries Ghana, Nigeria, Kenya, and South Africa. The study adopts a multidisciplinary approach that integrates various theoretical perspectives to elucidate the intricate relationships among financial reporting practices, corporate governance, and organizational behavior.

Stock Market Regulatory Frameworks

Stock market regulatory frameworks are critical components of a country's financial infrastructure, playing a pivotal role in promoting transparency, ensuring investor protection, and enforcing corporate accountability. In the context of IFRS adoption, these frameworks are essential in shaping how financial statements are prepared, audited, and disclosed. Particularly in emerging and frontier markets like those in Sub-Saharan Africa, these frameworks help enhance market credibility and efficiency by regulating financial reporting and curbing earnings management.

However, the effectiveness of stock market regulations in such regions is often hindered by institutional weaknesses, poor enforcement mechanisms, and a lack of compliance culture. The academic literature highlights that while IFRS adoption has generally improved financial transparency and capital market development (Imhanzenobe, 2024), regulatory gaps persist, especially in economies where political, economic, and legal structures are underdeveloped (Kimeli, 2017). This section provides an in-depth review of the theoretical underpinnings and empirical observations related to stock market regulations and their relationship with financial reporting quality, audit practices, earnings management, and corporate governance in both global and African contexts.

Theoretical Foundations of Stock Market Regulation.

Stock market regulation is grounded in several theoretical frameworks that offer insights into how regulations affect corporate financial behaviour, reporting standards, and market dynamics. These theories not only explain firm-level motivations behind compliance but also contextualize the impact of broader institutional, political, and economic pressures on regulatory effectiveness.

Agency Theory and Investor Protection.

Agency Theory posits that conflicts of interest between principals (shareholders) and agents (managers) can result in information asymmetry, where managers may engage in self-serving behavior like earnings manipulation. Regulatory mechanisms such as mandatory IFRS adoption, independent audits, and robust corporate governance codes serve to align managerial actions with shareholder interests by increasing transparency and accountability.

Empirical research validates the importance of these mechanisms. Kaaya (2016) and Hessayri and Saihi (2015) contend that IFRS adoption by itself does not entirely prevent earnings management; instead, its effectiveness depends on enforcement mechanisms and institutional

quality. Furthermore, ownership structures, especially those involving institutional investors, have proven more effective than IFRS requirements in reducing earnings manipulation. This highlights the importance of a multi-pronged regulatory approach that includes not only IFRS compliance but also governance reforms to protect investors and ensure market integrity.

Positive Accounting Theory and Regulatory Compliance.

According to Positive Accounting Theory, firms strategically select accounting policies that best serve their interests, often influenced by regulatory expectations. Firms operating in stricter regulatory environments tend to reduce discretionary accruals and earnings management due to the high costs of non-compliance.

The empirical evidence supports this assertion. Studies such as those by De George, Li, and Shivakumar (2016) and Kaaya (2016) show that IFRS adoption leads to improved transparency and reporting quality, but the results are highly dependent on regulatory enforcement. In Sub-Saharan Africa, where regulatory enforcement is often inconsistent, firms may adopt IFRS superficially, without fully internalizing its requirements (Imhanzenobe, 2024). This suggests that the presence of regulations alone is insufficient; effective monitoring and enforcement are critical for driving meaningful compliance.

Institutional Theory and Regulatory Enforcement.

Institutional Theory emphasizes the role of coercive, normative, and mimetic pressures in shaping firms' compliance behaviors. The adoption of IFRS in many African countries is often driven by external institutional pressures such as World Bank reform packages, rather than by a domestic commitment to transparency (Judge et al., 2010). These pressures result in varying degrees of adoption success, depending on the strength of local institutions.

Studies by Rao and Tuvadaratragool (2015) and Bova and Pereira (cited in broader IFRS adoption literature) reveal that while African firms are increasingly adopting IFRS, the quality of implementation is inconsistent. Weak enforcement, lack of training, and inadequate regulatory infrastructure undermine the effectiveness of IFRS and other financial reporting reforms. The need for context-specific regulatory reforms that reflect local institutional realities remains urgent.

Signaling Theory and Market Confidence.

Signaling Theory suggests that firms use financial disclosures to communicate their quality and reliability to the market. High-quality financial reporting under IFRS acts as a positive signal to investors, potentially reducing capital costs and improving market confidence.

Kimeli (2017) observes that companies operating in jurisdictions with stringent IFRS enforcement are viewed as less risky and more transparent, resulting in enhanced investor participation and improved market performance. Imhanzenobe (2024) additionally discovers that IFRS adoption positively influences stock market development in Sub-Saharan African frontier markets, though this impact depends on regulatory robustness and audit integrity. Weak signaling in poorly regulated environments deters investment and increases financing costs.

Political Process Theories and Regulatory Evolution.

Political Process Theories examine the dynamic nature of regulatory reforms, shaped by political stability, government interests, and corporate lobbying activities. In numerous developing markets, including African countries, regulatory changes tend to be reactive typically triggered by crises or external requirements rather than forming part of ongoing institutional development. Kimeli (2017) emphasizes the importance of aligning IFRS and regulatory reforms with political will and institutional capacity. In environments where political and corporate interests converge, regulations may be weakened or selectively enforced, reducing their

effectiveness. This is especially concerning in markets where capital formation is critical to economic growth, but political interference undermines investor trust.

Capital Needs Theory and IFRS Adoption.

Capital Needs Theory argues that transparent financial reporting enhances a firm's ability to raise external capital. Firms adopt IFRS and comply with regulatory disclosure requirements to reduce information asymmetry and attract both local and international investors.

Studies by Kimeli (2017) and Imhanzenobe (2024) confirm that IFRS adoption correlates with improved access to capital, lower cost of equity, and increased market liquidity. However, these benefits are unevenly distributed, often favoring firms in countries with stronger legal frameworks and capital markets. In weaker jurisdictions, the lack of reliable enforcement reduces the capital formation benefits of IFRS, underscoring the importance of comprehensive regulatory systems.

Economic Theory of Networks and Regulatory Coordination.

The Economic Theory of Networks suggests that in an increasingly globalized financial ecosystem, regulatory frameworks must be harmonized to ensure cross-border capital flow and systemic stability. The adoption of IFRS, along with coordination among international bodies like the IASB and local regulators, supports the creation of globally integrated financial markets.

De George et al. (2016) highlight that countries aligning their financial reporting systems with international standards experience enhanced foreign investment and reduced systemic risk. This is particularly relevant for African markets seeking to position themselves as investment destinations. However, fragmented regulatory approaches and lacks of coordination among regional regulators continue to pose challenges.

Stock Market Regulatory Institutions and Their Functions

Stock markets operate within a structured regulatory environment composed of various institutions that play critical roles in ensuring financial transparency, investor protection, and market efficiency. Securities and Exchange Commissions (SECs) serve as the primary regulatory authorities responsible for market oversight, enforcing financial disclosure requirements, and safeguarding investor interests. In Africa, key regulatory bodies such as the Securities and Exchange Commission of Ghana (SEC Ghana) and the Nigerian Securities and Exchange Commission (SEC Nigeria) oversee capital markets by ensuring that listed firms adhere to corporate governance standards, maintain accurate financial disclosures, and comply with investor protection laws (Afful & Asiedu, 2014).

Stock exchanges act as self-regulating bodies that enforce listing rules, monitor trading activities, and penalize companies for not meeting financial reporting requirements. Major stock exchanges like the Johannesburg Stock Exchange (JSE) and the Nigerian Stock Exchange (NSE) significantly boost market credibility by requiring compliance with International Financial Reporting Standards (IFRS) and ensuring listed companies provide timely and accurate financial information (Mande, 2014). Central banks also serve a crucial function in stock markets by maintaining monetary stability, enforcing banking sector compliance, and fostering capital market integration through policies that support financial sector development and systemic stability. They work in close coordination with securities commissions and financial regulatory authorities to prevent financial crises and preserve investor confidence (Fagbemi, Adeosun, & Bello, 2021).

Furthermore, Financial Reporting Councils (FRCs) are responsible for enforcing accounting and auditing standards to improve financial reporting transparency and corporate accountability. These councils, such as the Financial Reporting Council of Nigeria (FRC

Nigeria), ensure that financial statements comply with IFRS, thereby reducing earnings manipulation and promoting high-quality audits (Mande, 2014). Empirical research suggests that countries with strong stock market institutions experience less earnings management and greater IFRS compliance due to strict regulatory enforcement, effective monitoring systems, and the presence of independent oversight bodies (Fagbemi et al., 2021). Strong regulatory frameworks, supported by these institutions, contribute to the development of efficient and transparent capital markets, fostering investor trust, economic growth, and financial stability.

Stock Market Regulations and IFRS Adoption

The adoption of International Financial Reporting Standards (IFRS) has significantly transformed financial reporting practices in regulated stock markets by enhancing transparency, improving financial comparability, and strengthening investor confidence. Regulatory frameworks across African stock markets have mandated or encouraged listed companies to comply with IFRS-based financial disclosures, leading to standardized reporting across jurisdictions and enabling increased cross-border investments while reducing information asymmetry.

In Ghana, empirical studies demonstrate that IFRS adoption has significantly enhanced financial disclosure quality and decreased earnings management, especially among large companies and those audited by reputable audit firms (Agyei-Mensah, 2013; Mensah, 2020). The existence of corporate governance mechanisms, including board independence and audit committee effectiveness, has been found to strengthen the positive effects of IFRS on financial reporting quality (Mbir et al., 2020). These findings underscore the critical role that regulatory oversight and governance frameworks play in shaping compliance behavior and reporting integrity among firms listed on the Ghana Stock Exchange.

In Nigeria, mandatory IFRS adoption has faced institutional challenges, including gaps in regulatory enforcement, inconsistent compliance, and limited technical capacity (Isenmila & Elijah, 2012). Nonetheless, studies suggest that where there is a strong commitment to the rule of law and effective regulatory institutions, IFRS adoption significantly improves firm value and transparency (Agyei-Boapeah et al., 2020). Moreover, foreign ownership and stock market listing have been found to be key drivers of IFRS compliance, supporting greater share turnover and investor confidence (Bova & Pereira, 2011). Despite initial resistance and the high cost of transition, Nigeria's regulatory bodies continue to push for improved financial reporting standards to foster market stability.

Kenya's experience reflects a mixed outcome. While IFRS adoption has contributed to improved comparability and financial reporting transparency, its overall effectiveness is constrained by institutional weaknesses and insufficient enforcement mechanisms (Taiwo & Okafor, 2020). Findings indicate that enhanced institutional infrastructure, better regulatory alignment, and governance reforms are essential for achieving the full benefits of IFRS compliance in the Kenyan context (Kimeli, 2017). Firms operating in more competitive and transparent environments tend to voluntarily adopt IFRS as a strategic signal to attract foreign investment and improve access to global capital markets.

South Africa, being one of the more advanced capital markets in the region, has benefited significantly from the early adoption of IFRS. The Johannesburg Stock Exchange mandates IFRS compliance for all listed companies, supported by a well-developed regulatory ecosystem and strong legal enforcement. Studies show that South African firms exhibit high levels of compliance and financial reporting quality, facilitated by robust corporate governance frameworks and investor protection laws (Kim et al., 2010). The alignment of stock market regulations with IFRS has enhanced global capital market integration and improved stock price

informativeness, particularly among firms with strong analyst following and institutional support.

Across all four countries, the literature suggests that mandatory IFRS adoption yields better outcomes when paired with effective monitoring, independent oversight bodies, and stringent enforcement policies. For instance, countries with stronger stock market institutions and investor protection laws tend to experience lower earnings management and higher compliance levels (De George et al., 2016; Houqe et al., 2013). Research also highlights that voluntary IFRS adoption can be beneficial in markets with robust infrastructure, where firms proactively adopt IFRS to enhance their market credibility and reduce capital costs (Armstrong et al., 2009; Han & Wang, 2011).

Furthermore, a comparative analysis of frontier stock markets in Sub-Saharan Africa affirms that IFRS adoption positively impacts stock market performance, provided it is underpinned by supportive institutional frameworks and sustained regulatory reforms (Imhanzenobe, 2024). Enhanced financial statement comparability, improved market liquidity, and reduced cost of capital are some of the macro-level benefits observed in markets with proactive IFRS adoption strategies (Opare et al., 2019).

In conclusion, the integration of IFRS into national regulatory systems across Ghana, Nigeria, Kenya, and South Africa has been pivotal in shaping financial reporting standards and capital market development. However, the success of IFRS adoption is contingent upon the strength of supporting institutions, the commitment of regulators to enforcement, and the existence of complementary governance structures. Therefore, aligning stock market regulations with IFRS principles is critical for cultivating a transparent, investor-friendly environment that supports economic growth and financial system integrity.

Stock Market Regulations and Audit Quality

Stock market regulations play a critical role in shaping audit quality, particularly in emerging economies such as Ghana, Nigeria, Kenya, and South Africa. These regulations ensure adherence to auditing standards, maintain professional ethics, and promote financial reporting integrity. In South Africa, for example, the establishment of robust audit regulators such as the Independent Regulatory Board for Auditors (IRBA) has resulted in the institutionalization of auditor independence and professional skepticism. Harber and Marx (2020) argue that although South Africa has a robust regulatory regime, continued regulatory reform is necessary to address lapses in auditor objectivity and to ensure higher audit quality.

In contrast, Ghana, Nigeria, and Kenya have faced regulatory challenges that impact audit outcomes. While these countries have adopted International Standards on Auditing (ISA) and financial reporting frameworks such as IFRS, the enforcement of such standards remains uneven. Umar and Nayan (2018) found that regulatory quality is positively associated with stock market development in African countries, highlighting that weak regulatory institutions contribute to diminished investor confidence and poorer audit performance.

Empirical evidence from South Africa shows that audit inspection programs substantially enhance audit quality. Logie and Maroun (2021) indicate that inspection processes conducted by independent regulators in South Africa have revealed persistent deficiencies in audit firm practices, consequently driving reforms and enhanced compliance. Similarly, Maroun (2015) highlighted the importance of identifying reportable irregularities in South African audits as a crucial indicator of regulatory vigilance, reinforcing the auditor's role as a guardian in financial markets

However, in markets where regulators lack adequate resources or autonomy, such as Nigeria and Kenya, the likelihood of audit failure increases. Auditors may fail to identify or report material misstatements, thus undermining the credibility of financial disclosures. This situation compromises investor protection and financial transparency, particularly in Nigeria where Adeyemi and Fagbemi (2010) found that audit quality is substantially.

Regulatory Oversight and External Audits

Effective regulatory oversight is essential for ensuring that external audits make meaningful contributions to financial statement credibility. In South Africa, IRBA's stringent oversight mechanisms through quality inspections and disciplinary measures illustrate how independent regulatory bodies can improve audit outcomes (Logie & Maroun, 2021). These mechanisms compel auditors to uphold auditing standards and maintain independence and professional skepticism throughout the audit engagement.

In Nigeria, despite the establishment of oversight bodies such as the Financial Reporting Council (FRC), enforcement remains relatively weak. Adeyemi and Fagbemi (2010) found that Nigerian audit firms often struggle with independence due to client pressure, poor remuneration, and conflicts of interest. Ghana and Kenya face similar limitations, where regulatory enforcement is often constrained by limited institutional capacity, thus impairing audit quality and increasing susceptibility to financial misstatements.

Umar and Nayan (2018) emphasized that African countries with robust institutional frameworks exhibit better capital market performance and audit accountability. Their findings suggest that regulatory bodies need to be independent, well-resourced, and empowered to carry out effective audit oversight to reduce risks associated with earnings manipulation, fraud, and

audit failures. A lack of such mechanisms allows firms in Ghana and Kenya to circumvent regulations, leading to a cycle of weak audit outcomes and reduced investor trust.

Role of Audit Committees in Market Regulation

Audit committees represent another fundamental element of stock market regulation, as they strengthen internal governance mechanisms and protect the audit process. Across all four countries, the composition and independence of audit committees significantly affect financial reporting quality. In well-regulated environments such as South Africa, audit committees are more likely to operate as designed reviewing audit findings, ensuring auditor independence, and facilitating communication between management and external auditors (Harber & Marx, 2020).

However, in Nigeria and Ghana, audit committees often lack the authority and expertise necessary to execute their oversight roles effectively. Adeyemi and Fagbemi (2010) observed that audit committees in Nigeria are frequently composed of members who lack the requisite accounting and financial expertise, undermining their ability to monitor complex financial transactions or challenge management's assertions. In Kenya, similar governance deficiencies have been observed, where audit committees are either poorly constituted or under the undue influence of executive management.

Maroun (2015) suggests that South African audit committees benefit from a regulatory framework that mandates independence, financial literacy, and clear reporting lines. By contrast, audit committees in Nigeria and Ghana are often symbolic rather than functional, lacking enforceable authority and facing limited regulatory pressure to uphold audit quality.

To address these disparities, it is essential for policymakers across Ghana, Nigeria, and Kenya to adopt reforms that enhance the independence, composition, and training of audit committees. This includes requiring mandatory financial expertise for committee members,

limiting executive influence, and instituting transparent reporting practices. Such reforms will align these countries with international best practices and reinforce the role of audit committees as guardians of financial transparency and accountability.

Stock Market Regulations and Earnings Management

Stock market regulations play a vital role in curbing earnings management by enforcing transparency, strengthening corporate governance, and ensuring the rigor of external audits. In the context of African markets such as Ghana, Nigeria, Kenya, and South Africa, the effectiveness of stock market regulations in reducing earnings management is mixed and largely dependent on the strength of institutional frameworks and investor protection mechanisms.

In countries like South Africa, strong regulatory frameworks combined with independent audit oversight bodies have contributed to reduced earnings manipulation and improved financial transparency. South Africa's comprehensive adoption of International Financial Reporting Standards (IFRS) and the presence of a robust audit regulatory body, the Independent Regulatory Board for Auditors (IRBA), has fostered higher levels of audit quality, thereby limiting managerial discretion in financial reporting (Harber & Marx, 2020; Maroun, 2015). Regulatory enforcement, complemented by the presence of active investor protection laws, has created disincentives for opportunistic behavior, resulting in relatively lower levels of earnings management.

Conversely, in Ghana and Nigeria, despite the formal adoption of IFRS, the enforcement of financial reporting regulations remains relatively weak. This has allowed firms significant leeway to engage in earnings management practices such as income smoothing and premature revenue recognition. Research by Okougbo and colleagues (2015) in Nigeria demonstrates that board size and firm profitability are positively associated with earnings management, suggesting

that without stringent governance and regulatory enforcement, financial manipulation persists. Similarly, Ghana faces challenges in curbing earnings manipulation due to limited regulatory resources and inconsistent monitoring.

In Kenya, while regulatory frameworks exist, studies have shown that corporate governance compliance does not necessarily constrain earnings management. Waweru and Kalani (2018) found that although Kenyan firms are subject to governance codes, the practical enforcement of these regulations is lacking, leading to ongoing issues with accrual-based earnings management. Country-specific studies also indicate that firm-level characteristics, including ownership concentration and managerial incentives, interact with regulatory effectiveness to influence the level of earnings manipulation (Swai, 2016).

Kaaya (2016) emphasizes that the adoption of IFRS alone is insufficient to mitigate earnings management unless accompanied by robust enforcement institutions. This is evident in many developing economies where weak regulatory quality undermines the intended benefits of IFRS. As Leuz, Nanda, and Wysocki (2003) have shown in broader cross-country comparisons, strong investor protection is correlated with lower earnings management, a finding that remains relevant across African stock markets. Thus, in the absence of strong legal systems and enforcement agencies, regulations may exist on paper but fail to translate into improved earnings quality in practice.

Regulatory Restrictions on Earnings Manipulation.

Restricting earnings manipulation through effective regulation is crucial for ensuring the reliability of financial disclosures. In South Africa, the presence of an active regulatory framework has resulted in lower discretionary accruals and enhanced earnings quality, largely due to regular audit inspections and the imposition of sanctions for reporting irregularities (Logie

& Maroun, 2021). South African regulators require timely and accurate disclosures, creating a compliance culture that discourages earnings manipulation.

In contrast, in Ghana and Nigeria, firms often exploit regulatory loopholes to manipulate earnings. The enforcement of penalties for non-compliance is inconsistent, and regulatory agencies often lack the independence and resources needed to carry out thorough oversight. This allows managers to use discretion in accruals to meet earnings targets, as noted in the Nigerian context by Okougbo et al. (2015).

Kenya also exhibits persistent earnings management due to weak enforcement mechanisms. Despite having a structured financial reporting framework, the lack of stringent audit inspections and the influence of political and economic pressures on regulatory agencies contribute to poor financial reporting practices. Waweru and Kalani (2018) highlighted the ineffectiveness of corporate governance compliance in curbing such behavior, calling for enhanced real-time reporting and proactive enforcement strategies.

Efforts to restrict earnings manipulation in these markets must go beyond policy formulation. Regulatory bodies should be equipped to conduct audit quality reviews, impose meaningful penalties, and monitor financial disclosures rigorously. Training programs for regulators and public awareness campaigns on the importance of financial transparency are also vital in building a culture of compliance.

Corporate Governance and Earnings Quality

Corporate governance is a central determinant of earnings quality, especially in markets with evolving regulatory structures. In South Africa, a well-defined corporate governance framework that mandates board independence and audit committee functionality has proven effective in reducing earnings manipulation. Research indicates that audit committees in South

Africa are empowered to monitor managerial behavior, thus enhancing the reliability of financial reporting (Harber & Marx, 2020).

However, in Ghana, Nigeria, and Kenya, governance structures often fall short in providing the necessary checks and balances. Okougbo et al. (2015) report that in Nigeria, corporate governance characteristics such as board size and lack of independence contribute to higher levels of earnings management. Similarly, in Kenya, governance codes are often weakly enforced, leading to token compliance rather than substantive oversight (Waweru & Kalani, 2018).

Furthermore, the effectiveness of governance structures is often undermined by the concentration of ownership and the dual role of CEOs as board chairs, which dilutes board independence. This allows managers to exercise undue influence over financial reporting processes. Swai (2016) emphasized that firm-specific characteristics play a key role in determining whether governance mechanisms can effectively constrain both accrual-based and real earnings management.

To improve governance and earnings quality in these countries, regulatory reforms should focus on strengthening board independence, ensuring the functional autonomy of audit committees, and enhancing shareholder rights. Mandating regular board evaluations, transparency in executive compensation, and active shareholder engagement are critical measures to reduce earnings manipulation and restore market confidence.

Regulatory Challenges in Emerging Stock Markets

Despite strides made in reforming regulatory frameworks, many emerging stock markets in Africa particularly those in Ghana, Nigeria, Kenya, and South Africa still contend with deep-

rooted structural and institutional deficiencies that undermine capital market effectiveness. Critical issues include regulatory arbitrage, weak enforcement, political interference, and inadequate investor protection, all of which contribute to underdeveloped and inefficient markets.

Regulatory arbitrage remains a key concern, where corporations take advantage of inconsistent oversight by relocating financial activities to jurisdictions with more lenient compliance standards. This undermines market integrity, reduces investor trust, and results in a skewed competitive environment. This problem is prevalent in many African nations due to uneven regulatory development and cross-border financial movements (Murinde, 2006).

Weak enforcement mechanisms further exacerbate market vulnerabilities. In Ghana, for example, the Ghana Stock Exchange has faced longstanding issues related to limited enforcement capacity due to resource constraints, which has hindered regulatory agencies from implementing financial market rules rigorously (Osei, 1998). Similarly, in Nigeria, weak institutional structures have enabled the persistence of poor disclosure practices and fraudulent financial reporting, leading to limited market transparency and lower investor confidence (Fagbemi, 2021; Shaba & Yakubu, 2024). In Kenya and South Africa, while enforcement structures are relatively more advanced, gaps still exist in ensuring compliance with listing rules and penalizing non-compliant actors swiftly and fairly (Afful & Hammond, 2013).

Political interference continues to be a significant impediment to regulatory autonomy across Sub-Saharan Africa. In Nigeria and Kenya, regulatory institutions are often influenced by political elites, leading to selective enforcement and regulatory capture (Okpara, 2010). The result is an erosion of public trust in regulatory institutions and a perception that the rules apply differently to politically connected firms. In South Africa, although institutions like the Financial

Sector Conduct Authority (FSCA) are more independent, periodic scandals involving politically exposed entities have still raised questions about impartiality and regulatory rigor (Aziza, 2023).

Another persistent challenge is limited investor protection, especially for minority shareholders and retail investors. In Ghana and Nigeria, shareholder rights are often undermined by inadequate legal protections, poor enforcement of insider trading laws, and limited access to reliable financial disclosures (Osei, 1998; Shaba & Yakubu, 2024). These vulnerabilities deter both domestic and foreign investors, restrict capital formation, and increase systemic risk within financial markets. According to Bamanga et al. (2018), regulatory quality is directly correlated with stock market development in Africa countries with stronger investor protections and more transparent systems experience higher levels of market participation and liquidity.

The necessity of strengthening institutional frameworks and enhancing enforcement mechanisms has become increasingly apparent. Reforms focused on increasing regulatory independence, minimizing political interference, and providing regulators with the necessary tools and autonomy for effective supervision are crucial. As highlighted by Aziza et al. (2023), robust securities regulation is critical in enhancing investor confidence, which, in turn, fuels capital market development. Similarly, empirical findings from Afful and Hammond (2013) show that good governance and effective regulatory environments are significant drivers of capital market growth across Sub-Saharan Africa.

A comparative analysis across the four countries reveals a clear trend: those with more coherent regulatory frameworks, transparent governance systems, and judicial independence such as South Africa tend to enjoy more vibrant and better-capitalized markets. In contrast, countries like Nigeria and Ghana, despite recent improvements, still face institutional challenges that hinder full market potential.

To address these challenges, African policymakers and financial sector regulators must prioritize investments in capacity-building, legal reforms, and cross-border regulatory harmonization. Furthermore, enhanced regional cooperation, particularly through organizations such as the African Securities Exchanges Association (ASEA), could promote the exchange of best practices and strengthen collaborative oversight.

Stock Market Regulation in Africa

Stock market regulation plays a pivotal role in ensuring financial transparency, protecting investors, and maintaining corporate accountability. In emerging markets, where institutional frameworks are often evolving, stock market regulations are crucial in shaping financial reporting standards and ensuring compliance. The adoption of International Financial Reporting Standards (IFRS) in African markets has brought significant changes in financial reporting and auditing practices, but challenges remain, particularly in enforcement, governance, and compliance. This literature review explores the impact of IFRS adoption on stock market regulation in four African countries Ghana, South Africa, Nigeria, and Kenya focusing on the influence of IFRS on financial reporting quality, earnings management, audit quality, and corporate governance.

Regulatory frameworks, particularly IFRS adoption, aim to enhance the quality of financial reporting by setting uniform standards for financial disclosures, which in turn boosts market efficiency, investor confidence, and corporate transparency. However, the effectiveness of IFRS depends on the surrounding institutional context, including the strength of enforcement mechanisms and the broader regulatory environment, which vary across countries (De George et al., 2016).

Tawiah (2019) provides a comprehensive examination of IFRS adoption across Africa and demonstrates that although many African countries have formally adopted IFRS, implementation levels and compliance rates differ significantly due to institutional deficiencies, insufficient professional capacity, and underdeveloped regulatory frameworks. For example, in Ghana, despite formal IFRS adoption, complete compliance challenges remain, particularly concerning complex standards such as financial instruments disclosures. Similarly, Gyimah (2021) observes that while IFRS adoption has enhanced earnings quality by reducing earnings manipulation in Ghana, enforcement difficulties continue to impede the full realization of its advantages.

In Nigeria, research indicates that IFRS adoption has positively affected financial reporting quality and corporate transparency. Imhanzenobe (2024) shows that IFRS adoption has enhanced stock market performance and strengthened investor confidence in Nigeria. However, Tawiah (2019) warns that regulatory and institutional weaknesses continue to limit the extent of these improvements. Kim (2020) additionally notes that Nigeria's IFRS adoption was driven more by external institutional pressures than internal economic requirements, suggesting that sustained compliance requires ongoing regulatory reinforcement.

In Kenya, regulatory enhancements and corporate governance frameworks have facilitated the translation of IFRS adoption into improved earnings quality and decreased financial manipulation. Tawiah (2019) and De George et al. (2016) argue that the strength of audit institutions and board governance practices significantly influences the outcomes of IFRS adoption in Kenya. Empirical evidence suggests that firms with stronger governance structures tend to exhibit higher compliance levels and improved financial reporting quality.

South Africa stands out as one of the more advanced African economies in terms of IFRS adoption and implementation. Duarte et al. (2015) emphasize that IFRS alone does not guarantee high-quality financial reporting; instead, reporting incentives, legal frameworks, and enforcement capacity determine the effectiveness of IFRS. South Africa's relatively well-developed financial ecosystem and legal enforcement mechanisms have enabled it to benefit more substantially from IFRS adoption than many of its Sub-Saharan peers.

Comparative analysis conducted by Imhanzenobe (2024) reveals that although IFRS adoption generally enhances stock market performance in Sub-Saharan Africa, the degree of improvement differs among countries depending on regulatory infrastructure and enforcement capabilities. Ghana and Kenya saw moderate improvements in market liquidity, whereas Nigeria and South Africa experienced more significant enhancements in market size and efficiency. A thematic review by Tawiah (2019) identifies persistent challenges including inadequate training, limited regulatory capacity, and high compliance costs, particularly in Ghana and Kenya. These findings suggest that the impact of IFRS adoption cannot be understood in isolation from the institutional contexts in which these standards are implemented.

In conclusion, while IFRS adoption has generally enhanced financial transparency, audit quality, and market performance across Ghana, Nigeria, Kenya, and South Africa, the actual benefits realized are deeply influenced by each country's regulatory enforcement strength, governance structures, and institutional maturity. Countries with more robust enforcement mechanisms and governance frameworks, such as South Africa and Nigeria, tend to realize greater gains from IFRS adoption. Conversely, countries like Ghana and Kenya must bolster their regulatory capacities and corporate governance mechanisms to fully harness the potential of IFRS. Future research should focus on standardizing compliance metrics and exploring tailored regulatory strategies to enhance IFRS effectiveness in African markets.

Stock Market Regulation and Financial Reporting

New Perspectives from Empirical Studies on Financial Market Regulation.

Recent empirical studies have significantly enriched our understanding of financial market regulation, especially in the context of emerging economies. These studies emphasize that robust regulatory enforcement is essential for enhancing corporate governance, improving market efficiency, and mitigating earnings management. Effective regulation plays a pivotal role in ensuring transparency, fostering investor confidence, and promoting the integrity of financial markets. A key factor in this regulatory effectiveness is the enforcement capacity within a jurisdiction, which determines the degree to which market participants adhere to established rules and standards, including International Financial Reporting Standards (IFRS) (Tawiah, 2019; Gyimah, 2021; De George et al., 2016).

One major area of focus in recent research is the emergence of regulatory technologies (RegTech), which have the potential to transform the way regulators monitor and enforce compliance. Tools such as artificial intelligence (AI) and blockchain are increasingly being leveraged to detect financial misconduct and market manipulation in real-time. AI-powered systems can analyze large datasets to identify patterns of fraudulent activity, while blockchain ensures the transparency and immutability of financial transactions. These technologies provide regulators with more accurate and efficient means of detecting irregularities, thereby enhancing the overall regulatory framework and reducing the scope for financial misreporting (De George et al., 2016; Duarte et al., 2015).

In parallel, the strength of a country's regulatory enforcement capacity plays a crucial role in shaping the effectiveness of stock market regulations. Empirical research in emerging markets consistently shows that countries with strong regulatory frameworks and enforcement mechanisms experience better compliance with IFRS and reduced levels of earnings

manipulation (Gyimah, 2021; Imhanzenobe, 2024). These countries have established clear procedures for monitoring and penalizing non-compliance, creating an environment where firms are motivated to adhere to transparent financial reporting practices. On the other hand, weak enforcement often leads to inconsistencies in financial reporting, making it easier for firms to manipulate earnings and undermine market confidence (Tawiah, 2019; Kim, 2020).

Moreover, political interference remains a significant challenge in many emerging economies, where regulators are often susceptible to external pressures from government entities. Such political influence can weaken the effectiveness of regulatory frameworks and diminish their ability to ensure fair and transparent market practices. When market regulators are compromised, investor protection becomes fragile, and investor confidence is eroded, which can have long-term detrimental effects on the stability and development of financial markets (Duarte et al., 2015; Kim, 2020).

The Interaction of IFRS Adoption with Stock Market Regulations in Different Jurisdictions.

The adoption of IFRS plays a crucial role in standardizing financial reporting and enhancing transparency across different jurisdictions. However, the effectiveness of IFRS implementation is largely dependent on the strength of stock market regulations within a given country. Empirical studies have shown that in countries with robust regulatory frameworks, IFRS adoption leads to significant improvements in financial reporting quality, enhanced audit outcomes, and greater investor confidence (De George et al., 2016; Gyimah, 2021; Imhanzenobe, 2024).

In contrast, in jurisdictions with weak regulatory enforcement, the benefits of IFRS adoption remain limited due to challenges such as inadequate compliance monitoring, weak penalties for non-compliance, and political interference that undermines regulatory independence (Tawiah, 2019; Kim, 2020). Without strong enforcement mechanisms, IFRS adoption alone is insufficient to guarantee financial transparency, as companies may continue engaging in earnings management and other financial manipulations (Duarte et al., 2015).

Cross-border regulatory collaboration has also been identified as a key factor in the successful adoption of IFRS, particularly in regions where financial markets are highly interconnected. Countries that engage in cross-border regulatory collaborations and harmonized regulatory policies experience smoother transitions during IFRS adoption, as they benefit from standardized enforcement mechanisms and consistent compliance expectations (De George et al., 2016). This has been particularly evident in the European Union and emerging economies with regional trading blocs. By contrast, in regions where regulatory frameworks remain fragmented, inconsistencies in IFRS application persist (Tawiah, 2019).

Evolving Theoretical Frameworks in Financial Market Regulation: Insights from Recent Research.

The insights gained from recent empirical studies provide strong justification for refining existing theoretical frameworks in financial market regulation to better account for the complexities of modern financial reporting environments. Agency theory, which traditionally focuses on the conflict of interest between shareholders and managers, needs to be expanded to incorporate the role of regulators as a third-party overseer of managerial behavior (Duarte et al., 2015; De George et al., 2016). Strong regulatory mechanisms act as external monitors, ensuring

that managers adhere to financial reporting standards and ethical business practices, thereby enhancing investor confidence and market stability.

Similarly, stakeholder theory has evolved to recognize the broader role of regulatory bodies and the financial market ecosystem in corporate governance. Regulatory institutions, investors, and the wider public are now recognized as critical stakeholders whose interests must be safeguarded to promote financial stability (Tawiah, 2019; Kim, 2020).

Institutional theory must also be refined to account for the challenges associated with IFRS adoption in emerging markets. In many developing economies, weak enforcement mechanisms and institutional deficiencies create barriers to effective IFRS implementation (Tawiah, 2019; Kim, 2020). The adoption of RegTech has introduced new dimensions to institutional theory, demonstrating how digital innovations can enhance regulatory oversight and improve financial reporting transparency (De George et al., 2016).

Finally, capital needs theory, which links financial market development to a country's ability to attract capital, requires adjustments to reflect the impact of regulatory quality. Recent research indicates that investors are more likely to allocate capital to markets with strong regulatory frameworks (Gyimah, 2021; Imhanzenobe, 2024). Therefore, capital needs theory must emphasize regulatory quality as a crucial factor influencing investment decisions and market growth.

Stock market regulatory frameworks play a critical role in promoting financial reporting transparency, enhancing audit quality, and mitigating earnings management, all of which contribute to the stability and efficiency of capital markets. This section has explored the theoretical foundations that inform stock market regulation, including agency theory, stakeholder theory, institutional theory, and capital needs theory, which collectively explain how regulatory

mechanisms influence corporate governance and investor confidence. The discussion has also highlighted the significance of key regulatory institutions such as securities commissions, stock exchanges, central banks, and financial reporting councils in enforcing compliance with IFRS and ensuring accountability in financial markets. Empirical research consistently demonstrates that countries with strong regulatory enforcement mechanisms experience higher compliance with IFRS, improved audit quality, and lower levels of earnings manipulation, underscoring the importance of well-structured regulatory oversight.

However, despite these advancements, significant regulatory challenges persist, particularly in emerging economies. Weak enforcement capacity, regulatory arbitrage, political interference, and inadequate investor protection continue to undermine the effectiveness of stock market regulations, creating loopholes that allow financial misreporting and corporate fraud to persist. In Africa, for instance, inconsistent regulatory enforcement and government influence over market regulators often compromise the credibility of financial disclosures, eroding investor trust and limiting capital market development Osei (1998). Addressing these issues requires comprehensive reforms that strengthen regulatory independence, enhance enforcement capabilities, and introduce advanced regulatory technologies to monitor compliance more effectively. Comparative analysis conducted by Imhanzenobe (2024) reveals that although IFRS adoption generally enhances stock market performance in Sub-Saharan Africa, the degree of improvement differs among countries depending on regulatory infrastructure and enforcement capabilities.

Implications for Population and Sampling in the Study.

Relevance to Research Demography.

The significant variations in regulatory systems across Sub-Saharan African countries have important implications for the research focus of studies on financial reporting and stock market development. The effectiveness of these regulatory systems is critical in determining the quality, reliability, and integrity of financial information, which is essential when selecting a representative sample for research. In countries such as South Africa, where the regulatory framework is well-developed and compliance with International Financial Reporting Standards (IFRS) is strong, financial statements are more likely to offer accurate and trustworthy information (Imhanzenobe, 2024). This higher level of compliance ensures that data collected from South African firms can be considered a reliable representation of the wider financial reporting landscape. Consequently, companies from South Africa may be particularly suitable for inclusion in studies aiming to investigate the quality of financial reporting and its relationship with market efficiency.

On the other hand, countries with less robust regulatory systems, such as Nigeria and Ghana, present considerable challenges regarding data reliability. The widespread occurrence of non-compliance with IFRS, coupled with insufficient enforcement measures, may lead to financial statements that are not only incomplete but also possibly misleading or inaccurate (Emudainohwo, 2020). These challenges necessitate a cautious approach in selecting samples from these countries. Researchers must implement additional scrutiny procedures to reduce potential biases and inaccuracies present in the data sourced from companies in these areas. This could involve the adoption of stringent auditing standards or the application of triangulation methods to validate the financial data collected (Okoye & Nwoye, 2018).

Setting the Stage for Sample Selection and Analysis.

A comprehensive examination of stock market development and regulatory frameworks across Sub-Saharan Africa provides an essential basis for determining sample selection criteria and analytical methodologies in research studies. A thorough understanding of each nation's regulatory environment allows researchers to identify potential biases or data variations, thereby ensuring the study's findings are credible and valid. For instance, firms operating in jurisdictions with strong regulatory structures, such as South Africa and Kenya, are anticipated to produce more consistent and comparable financial data (Waweru, 2014). This dependability renders firms from these nations excellent choices for inclusion in studies that seek to make significant deductions regarding financial reporting quality and market performance.

Conversely, companies from areas with weaker regulatory supervision might produce more varied data, making comparative studies more challenging and potentially distorting research findings (Musah, Adjei, & Ahmed, 2020). Therefore, researchers must employ tailored sampling strategies that acknowledge these variations in regulatory robustness and their impact on data quality. In summary, a thorough evaluation of regulatory frameworks not only helps identify suitable sample populations but also informs the analytical techniques that researchers should apply to ensure their findings accurately reflect the financial conditions across different Sub-Saharan African countries.

Adoption of IFRS in Africa

The implementation of International Financial Reporting Standards (IFRS) throughout Africa marks a remarkable shift in the continent's financial reporting environment, driven by a unified goal to improve transparency, comparability, and the overall standard of financial information. As African economies increasingly connect with the global market, the need for

standardized financial reporting has become more pressing. This requirement positions IFRS as a crucial instrument in strengthening investor trust, facilitating cross-border economic activities, and enhancing governance within both the public and private sectors (Tawiah, 2020). The shift toward IFRS implementation is mainly driven by elements including economic development, incorporation into the international financial system, and a pressing requirement to enhance accountability while reducing information asymmetry.

Although the shared goal is to enhance financial reporting, the degree and speed of IFRS adoption vary greatly across different African nations. This variation reflects the unique regulatory frameworks, institutional capacities, and economic circumstances present in each country. For example, countries like South Africa, Ghana, and Nigeria have made significant strides toward complete IFRS adoption, benefiting from strong institutional structures and professional expertise. Conversely, many other African countries are at different stages of aligning their financial reporting systems with international standards, often encountering substantial obstacles along the way (Yeboah, 2021).

The hurdles related to IFRS adoption in Africa are diverse and complex. A major obstacle to successful implementation is the limited institutional and professional capacity, which restricts accounting professionals and organizations from adequately adopting and applying these international standards. Tawiah (2019) notes that while numerous African nations have officially adopted IFRS, the actual execution still faces challenges due to inadequate training and resources. These difficulties are further exacerbated by ethical issues and the existing business climate, which may not always align with the rigorous requirements of IFRS compliance (Lagos Business School, 2012).

Moreover, the institutional factors influencing IFRS adoption, such as coercive, mimetic, and normative isomorphic pressures, are crucial in shaping the adoption scenario across the continent (Kim, 2020). Comprehending these institutional dynamics is vital for overcoming the barriers to adoption and promoting an environment that supports high-quality financial reporting.

For nations like Nigeria, adopting IFRS brings both considerable opportunities and significant challenges. Odia and Ogiedu (2013) highlight the insights gained from Nigeria's experience with IFRS, stressing the importance of effective regulatory enforcement and building capacity to realize the objectives of high-quality and comparable financial reporting. Mande (2014) further emphasizes the intricacies faced by emerging countries like Nigeria in their pursuit of IFRS adoption, calling for a stronger commitment to regulatory oversight and support for the accounting profession.

Adoption of IFRS in Ghana

The adoption of International Financial Reporting Standards (IFRS) across Africa represents a major transformation in the continent's financial reporting methodology, seeking to enhance transparency, comparability, and the general quality of financial information. As African economies increasingly connect with the global market, the demand for uniform financial reporting has grown, making IFRS a crucial tool in building investor confidence, promoting cross-border economic activities, and strengthening governance in both the public and private sectors (Agyei-Mensah, 2013). This movement towards IFRS adoption is mainly motivated by a shared goal of economic development, global financial integration, and an urgent need to enhance accountability while reducing information asymmetry among stakeholders.

Nevertheless, the level and speed of IFRS adoption vary greatly among African countries, influenced by differences in regulatory systems, institutional capabilities, and specific economic circumstances. Countries like South Africa, Ghana, and Nigeria have made considerable strides toward fully adopting IFRS. Studies indicate that IFRS implementation in Ghana has substantially enhanced financial statement disclosure quality, with larger companies and those engaging reputable auditors showing superior disclosure practices (Boateng et al., 2014; Yeboah & Pais, 2021). Conversely, numerous African nations continue navigating the complexities of harmonizing their domestic financial reporting systems with these international standards while encountering various obstacles throughout this transition (Amanamah, 2017; Mensah, 2020). In Ghana, various studies have highlighted several perceived advantages and challenges related to IFRS adoption. For example, while adopting IFRS has enhanced the credibility of financial reporting, it has also brought about challenges concerning implementation costs and the need for ongoing professional training (Mbawuni, 2017; Inusah & Dwommor, 2017). Furthermore, smaller enterprises in Ghana have reported difficulties in meeting the standards due to constrained resources and insufficient qualified staff, which impedes their capacity for full compliance (Asumadu, 2018).

As Africa progresses with IFRS adoption, it is crucial to recognize both the achievements realized and the obstacles encountered during this transition. The subsequent sections will examine the particular experiences of different African countries, highlighting not only the progress made but also the various challenges that have surfaced throughout the IFRS implementation journey.

Adoption of IFRS in Nigeria

The adoption of International Financial Reporting Standards (IFRS) in Nigeria represents a substantial transformation in the nation's financial reporting system, chiefly driven by the critical need to harmonize with international accounting practices and enhance the credibility of financial disclosures. Historically, financial reporting in Nigeria was governed by the Nigerian Accounting Standards (NAS), which increasingly became viewed as obsolete and insufficient for addressing the intricacies of modern financial markets. This inadequacy led to a comprehensive revision of Nigeria's accounting system (Madawaki, 2012). The creation of the Financial Reporting Council of Nigeria (FRCN) in 2011, under the Financial Reporting Council of Nigeria Act, marked a crucial turning point in Nigeria's transition towards IFRS adoption. The FRCN took over from the Nigerian Accounting Standards Board (NASB) and was tasked with ensuring adherence to IFRS for both public and private sector organizations, thereby facilitating a smoother transition process (Abdullahi & Abubakar, 2020).

The gradual implementation of IFRS in Nigeria began in 2012, initially focusing on publicly listed companies and those deemed to have significant public interest. This strategy aimed to establish a systematic transition that would support a more extensive adoption of IFRS across the broader business environment. By 2014, the FRCN expanded the IFRS compliance mandates to include small and medium-sized enterprises (SMEs), further underscoring Nigeria's dedication to improving the standardization of financial reporting throughout its economy (Odo, 2018). The transition to IFRS has been driven by the goal of improving financial statement quality and transparency, which is crucial for attracting foreign investment and fostering sustainable economic development (Ijeoma & Okoye, 2020). Additionally, IFRS adoption has enhanced governance and accountability across different sectors, contributing to greater transparency in financial reporting practices (Odia & Ogiedu, 2013).

Nigeria's move to IFRS has resulted in notable improvements in financial reporting quality. Through alignment with international standards, Nigerian corporations have enhanced their financial statements' comparability, facilitating investor evaluation and interpretation of corporate performance. This increased transparency is essential for attracting foreign direct investment, which is vital for the country's economic progress. Furthermore, IFRS implementation has promoted improved corporate governance by requiring more rigorous disclosure and compliance protocols within organizations (Taiwo & Adejare, 2014).

However, Nigeria's IFRS transition has encountered various challenges. A primary obstacle is insufficient training and expertise among accountants and auditors, which has compromised comprehensive and effective IFRS implementation, particularly among SMEs that often lack resources for full adaptation to these standards (Herbert et al., 2013). Resistance to change from organizations accustomed to previous accounting systems has also impeded progress, as many companies hesitate to invest the necessary time and resources to understand and implement new reporting requirements (Baba, 2013). Furthermore, IFRS complexities, combined with implementation costs, pose significant challenges for numerous companies, especially smaller entities that may struggle to meet the demanding requirements of the new standards (Isenmila & Aderemi, 2012).

Nigeria's IFRS adoption represents significant advancement in its financial reporting landscape, though the process remains ongoing, marked by both achievements and obstacles. The commitment to harmonizing financial reporting practices aligns Nigeria with global standards and enhances the credibility of its financial information. Continued efforts are needed to address barriers to effective IFRS implementation, including improved training, greater awareness, and supportive regulatory frameworks to ensure all economic sectors can benefit from these international standards.

Adoption of IFRS in Kenya

The path towards embracing International Financial Reporting Standards (IFRS) in Kenya marks a crucial transition in the nation's financial reporting framework, representing a strategic effort to enhance transparency, comparability, and reliability in financial statements. The movement for the adoption of IFRS in Kenya can be linked to a range of regulatory changes initiated by the Institute of Certified Public Accountants of Kenya (ICPAK), an organization formed under the Accountants Act CAP 531 in 1978. ICPAK has played a central role in overseeing the accounting field in Kenya, fostering compliance with internationally accepted financial reporting standards (King, 2015).

Kenya's Adoption of IFRS

Kenya officially adopted International Financial Reporting Standards (IFRS) in 1998, requiring all publicly traded companies and public interest entities to prepare their financial statements under IFRS starting in January 1999. This mandate was backed by key regulatory bodies like the Central Bank of Kenya and the Capital Markets Authority, which integrated IFRS into their own regulations to ensure compliance across different economic sectors. The broad implementation of IFRS has since transformed Kenya's financial reporting by enhancing the reliability of financial data and fostering a more attractive environment for foreign investment.

One of the key advantages of adopting IFRS in Kenya is the significant enhancement in the comparability of financial statements, both domestically and globally. With IFRS in place, investors both local and international have access to a standardized reporting system that provides a more precise and transparent representation of a company's financial situation (Sovaniski, 2020). This heightened comparability has not only boosted investor trust but also

played an essential role in advancing the growth of Kenya's capital markets. Furthermore, the implementation of IFRS has reinforced corporate governance standards. The transparency inherent in IFRS (International Financial Reporting Standards) has significantly curbed opportunities for earnings manipulation and financial misreporting, ultimately strengthening corporate accountability (Outa, 2011).

Despite the beneficial effects associated with IFRS adoption, Kenya, like various other countries, has faced significant hurdles in fully achieving the advantages presented by these standards. The complexity of IFRS presents significant challenges to compliance, particularly for smaller businesses that often lack the resources for effective implementation. This is compounded by the critical need for ongoing training and skill development for accountants and auditors. Furthermore, the costs associated with transitioning to IFRS have placed a substantial financial burden on many companies, especially those with limited financial means, hindering a smooth shift to the new standards and causing considerable frustration.

The adoption of IFRS in Kenya has produced primarily positive outcomes on the nation's financial reporting framework, contributing substantially to economic development and the attraction of foreign investment. Nevertheless, the journey toward successful implementation faces challenges that require ongoing focus and resources. Tackling these issues through enhanced training, support, and a conducive institutional framework will be vital in ensuring that the complete advantages of IFRS adoption are fully realized within the Kenyan context.

Adoption of IFRS in South Africa

South Africa has positioned itself as a leader in accounting and financial reporting practices across the African continent, with its embrace of International Financial Reporting

Standards (IFRS) reflecting the nation's dedication to aligning local financial reporting with international standards. The South African Institute of Chartered Accountants (SAICA), established in 1903, has been pivotal in facilitating this transition by overseeing the accounting profession and promoting adherence to international standards (Ames, 2013). The transition from South African Generally Accepted Accounting Practices (SA GAAP) to IFRS began earnestly in 2005, following important revisions to the Companies Act that resulted in the creation of the Financial Reporting Standards Council (FRSC) (Stainbank, 2014).

The motivation for South Africa's adoption of IFRS stemmed from a desire to improve the comparability, transparency, and consistency of financial reporting across different sectors. This was especially important for publicly traded companies listed on the Johannesburg Stock Exchange (JSE), as they needed to present their financial statements in a way that would enhance investor comprehension and enable cross-border comparisons (Coetzee & Schmulian, 2013). The transition was bolstered by a strong regulatory framework that ensured compliance with the new standards. Notably, the JSE has actively enforced adherence to IFRS, establishing itself as one of Africa's most transparent stock exchanges (Tawiah, 2019).

The effects of IFRS adoption in South Africa have been predominantly favorable, significantly improving the credibility and reliability of the nation's financial reporting system. This credibility is crucial for attracting foreign investments and fostering economic growth (Burger, 2021). Furthermore, the adoption of IFRS for Small and Medium-sized Enterprises (SMEs) has yielded positive results, providing a streamlined reporting framework that allows smaller entities to comply more effectively with the standards while maintaining transparency and accountability (Rudzani & Manda, 2017).

Achieving full compliance with IFRS (International Financial Reporting Standards) has not been without its hurdles. The inherent complexities of IFRS standards, coupled with the constant demand for professional development among accountants, have created difficulties for some companies. This is particularly true for smaller businesses, which often lack the necessary resources to fully implement these comprehensive standards. Furthermore, economic and political instability in South Africa has occasionally impeded these implementation efforts (de Villiers et al., 2020). Still, the nation's robust regulatory framework has largely helped to alleviate these challenges (Tawiah, 2020).

Challenges Faced by African Nations in Adopting IFRS

The full and consistent adoption of International Financial Reporting Standards (IFRS) in African nations faces several significant obstacles. These challenges stem from a combination of structural, institutional, and operational limitations, ranging from conflicts with existing regulations to insufficient technological infrastructure. Collectively, these factors impede the region's ability to seamlessly integrate IFRS into its financial reporting landscape.

1. Regulatory and Legislative Conflicts with IFRS

A primary barrier to IFRS adoption in African countries stems from conflicting national regulations and legacy accounting standards that diverge from IFRS guidelines. Many African nations initially structured their financial reporting frameworks around local regulations or other accounting standards prior to IFRS adoption. The resultant misalignment between pre-existing national laws and the globally harmonized IFRS standards poses substantial difficulty in reformatting and presenting financial statements to meet international requirements. For instance, local accounting systems and regulations can mandate specific disclosure formats that

differ from those prescribed by IFRS, thereby complicating both the implementation and enforcement of new standards (Tawiah, 2019; Siaga, 2013). To address these challenges, legislative bodies in African nations must initiate legal reforms that facilitate IFRS compliance, which can be both time-consuming and resource-intensive. Furthermore, African regulatory bodies often lack the required authority or autonomy to enforce IFRS, limiting the effectiveness of policy adaptations aimed at harmonizing national and international accounting standards (Kim, 2020).

2.   Enforcement Challenges Due to Institutional Weakness

Another significant challenge to IFRS adoption across African countries is the limited capacity of institutions to enforce compliance effectively. While some countries have adopted IFRS, institutional weaknesses prevent these standards from being rigorously enforced, which undermines the credibility of financial reporting and reduces the perceived benefits of IFRS adoption. Inadequate funding, insufficient regulatory authority, and limited human resources contribute to enforcement shortfalls, as regulatory agencies often struggle to monitor and ensure compliance on a large scale (Lagos Business School, 2012; Tawiah, 2020). Effective IFRS adoption relies on a robust institutional framework with the power and resources to oversee compliance; however, most African regulatory bodies are constrained by financial and logistical limitations, resulting in inconsistent application of IFRS among entities. To bridge this gap, increased financial and technical support from international bodies may be necessary to empower African regulators in overseeing IFRS adherence more effectively.

3.   Skills Gap and Shortage of IFRS-Proficient Accountants

The successful implementation of IFRS depends heavily on the availability of professionals with the requisite technical expertise to understand and apply these standards

accurately. However, many African countries experience a pronounced shortage of accountants proficient in IFRS, particularly in smaller economies where professional training and educational resources are limited. This skills gap exacerbates implementation difficulties, as companies often lack employees with the specialized knowledge required to interpret and apply IFRS (Inusah & Dwommor, 2017; Sharma, Joshi, & Kansal, 2017). A lack of sufficient technical proficiency significantly increases the risk of errors in financial reporting, which can erode investor and stakeholder confidence. To bridge this skills gap, targeted educational initiatives are crucial. These include IFRS training programs for current accounting professionals and integrating IFRS content into university curricula to better prepare future accountants with the necessary expertise.

4. Limited Awareness and Misconceptions About IFRS

In addition to regulatory and skill-based challenges, a lack of awareness about the benefits of IFRS adoption presents a significant barrier. Many companies in Africa still misunderstand the advantages of IFRS and may selectively implement certain IFRS components, resulting in inconsistencies across financial reports. This selective adoption can occur when companies believe that full IFRS compliance is unnecessary or overly burdensome, particularly in cases where IFRS standards are perceived as complex and misaligned with local business contexts (Tawiah & Boolaky, 2019; Mwaura & Nyaboga, 2011). Furthermore, some companies resist IFRS adoption due to concerns about increased administrative costs and the perceived irrelevance of IFRS in smaller or less globalized markets. These misconceptions reinforce resistance to change and further complicate the broader adoption process, particularly in environments where local accounting practices have long-established roots.

5.   Language Barriers and Reliance on Manual Accounting Systems

Language diversity and technological limitations also impact IFRS implementation. Many African countries operate in languages other than English, which is the primary language of IFRS documentation. Language barriers can lead to misunderstandings and incorrect interpretations of IFRS requirements, particularly in smaller organizations that may not have the resources to translate complex accounting standards. Additionally, the reliance on manual accounting systems in some African countries complicates the transition to IFRS, as these systems are often incompatible with the sophisticated financial reporting requirements mandated by IFRS (Rudzani & Charles, 2017). Automated systems are generally better suited to handle the complexities of IFRS-compliant reporting, and transitioning from manual processes to digital solutions requires substantial investments that many smaller entities may not afford.

Pathways to Enhance IFRS Adoption in Africa

Addressing these obstacles necessitates a collaborative approach that involves various stakeholders. Governments, educational institutions, and regulatory organizations throughout Africa must work together to create initiatives that enhance the understanding, application, and enforcement of IFRS. Comprehensive training programs focused on IFRS for accounting professionals can help bridge the skills gap, ensuring a larger pool of qualified individuals capable of implementing IFRS (Tawiah, 2019; Lagos Business School, 2012). Furthermore, governments ought to consider launching awareness campaigns that emphasize the long-term advantages of IFRS, thereby fostering greater acceptance among businesses and financial entities. Such initiatives could also be strengthened through international collaborations to enhance access to IFRS resources, translation services, and digital reporting tools.

Beyond capacity building, African governments and regulatory agencies must focus on bolstering enforcement mechanisms that ensure compliance with IFRS. Creating robust regulatory frameworks that promote mandatory audits, uphold high professional standards, and impose penalties for non-compliance would improve accountability and enhance financial reporting practices. In addition, cultivating a culture of commitment among stakeholders can support the long-term sustainability of IFRS adoption across the continent, further contributing to economic development and boosting investor confidence (Kamau & Njeru, 2021; Mwaura & Nyaboga, 2011).

African nations exhibit considerable variation in their adoption of International Financial Reporting Standards (IFRS), a diversity influenced by each country's unique economic conditions, regulatory frameworks, and level of stakeholder commitment. For instance, countries like Ghana, Nigeria, Kenya, and South Africa are at different stages of IFRS integration, reflecting their distinct progress in financial reporting maturity and regulatory advancements. These variations highlight the challenges and opportunities each country encounters in aligning with international standards and promoting financial transparency.

Ghana

In Ghana, the implementation of IFRS has shown notable advancement, particularly among publicly listed companies, financial institutions, and other entities of public interest. The shift from the Ghana National Accounting Standards (GNAS) to IFRS, which was required for all listed firms and public interest entities starting in 2007, represented a significant change intended to improve transparency and comparability in financial reporting standards. This transition has been part of a wider regulatory reform initiative aimed at boosting foreign investor

confidence by aligning Ghana's financial reporting standards with internationally recognized norms (Stainbank, 2014; Tawiah, 2019).

However, challenges still exist, largely due to a lack of IFRS-related resources and training in certain sectors. A significant challenge to IFRS adoption is the shortage of trained professionals who can understand and implement the standards, particularly in sectors beyond capital markets where IFRS expertise is scarce. Additionally, smaller companies and entities outside major urban centers often struggle with IFRS compliance. This underscores the critical need for more extensive outreach and training initiatives nationwide (Siaga, 2013). In the absence of adequate support for professionals in these regions, achieving full compliance and widespread adoption of IFRS remains difficult, potentially undermining the anticipated transparency and comparability within Ghana's financial environment (Pan-African University, 2012).

Nigeria

Nigeria's adoption of International Financial Reporting Standards (IFRS) has followed a gradual and systematic approach, distinguishing it from many other African nations. Spearheaded by the Financial Reporting Council of Nigeria (FRCN), the transition began in 2012 with a focus on publicly traded companies and major public interest entities. Small and medium-sized enterprises (SMEs) followed suit in 2014. This phased implementation allowed organizations ample time to adjust their financial reporting practices, minimizing disruptions and enabling them to address the complexities of IFRS standards (Odia & Ogiedu, 2013; Stainbank, 2014).

Despite this deliberate approach, numerous obstacles persist, particularly for SMEs. The significant compliance costs and the intricate nature of IFRS standards have impeded complete adoption by smaller companies. These businesses often lack the necessary financial resources

and technical expertise for effective IFRS implementation. This challenge is further exacerbated by Nigeria's diverse economic landscape. Although the gradual approach has positively impacted financial transparency and enhanced investor confidence, the deficiencies in IFRS knowledge among smaller enterprises highlight an urgent need for increased support to close the compliance gap within Nigeria's wider economy (Pan-African University, 2012; Tawiah & Boolaky, 2019).

Kenya

In Kenya, adherence to IFRS is compulsory for all entities listed on the Nairobi Securities Exchange (NSE) as well as other public interest entities, making IFRS a crucial component of the nation's regulatory framework. The Institute of Certified Public Accountants of Kenya (ICPAK), alongside regulators like the Central Bank of Kenya and the Capital Markets Authority, has been pivotal in promoting and enforcing IFRS standards across the financial sector (Tawiah, 2020; Siaga, 2013). Kenya's advanced regulatory system generally supports a high level of IFRS adoption, leading to greater financial transparency and comparability.

However, challenges persist despite these regulatory strengths. The application of standards isn't always consistent across different sectors, and there's a shortage of adequate capacity-building programs, which hinders uniform compliance. Industries with limited access to IFRS training resources particularly struggle to achieve full adherence, underscoring the need for targeted initiatives to boost IFRS proficiency nationwide. Additionally, some organizations face financial constraints in acquiring essential IFRS materials, complicating the adoption process (Pan-African University, 2012). Overcoming these issues will require a sustained commitment to capacity building, focusing on improving IFRS awareness and knowledge throughout Kenya's diverse economic landscape (Kim, 2020).

South Africa

South Africa exemplifies one of the most advanced instances of IFRS adoption on the African continent. It has mandated complete IFRS compliance for all publicly listed companies and introduced the IFRS for SMEs standard, which enables smaller entities to adopt a more tailored version of IFRS that caters to their specific needs. The oversight provided by the Financial Reporting Standards Council (FRSC) has established a strong regulatory framework that promotes rigorous IFRS compliance, enhancing South Africa's reputation for transparent financial reporting practices (Mwaura & Nyaboga, 2011; Tawiah, 2019).

Despite a sophisticated financial reporting framework in South Africa, compliance challenges persist, largely due to the costs and complexities of certain IFRS standards. Smaller firms especially find it difficult to implement some IFRS requirements, as these can be too intricate or resource-intensive for their operational scope. This highlights the need for exploring alternative compliance mechanisms or support initiatives to help smaller entities meet IFRS standards without incurring excessive costs (Pan-African University, 2012). Nevertheless, the nation's dedication to IFRS has significantly strengthened its financial reporting environment, establishing it as a frontrunner in financial transparency across Africa (Tawiah & Boolaky, 2019).

Voluntary and Mandatory Adoption of IAS/IFRS

The evolution and integration of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) have been shaped by a complex interplay of global economic, legal, and historical factors. This dynamic has resulted in diverse financial reporting practices worldwide, largely influenced by each country's unique regulatory environment and institutional pressures. The journey toward unified accounting standards has

faced distinct challenges and been driven by varying motivations, particularly when comparing regions that have embraced voluntary versus mandatory adoption approaches.

The push for standardized accounting methods in Europe began during the 1970s and 1980s, motivated by European Union (EU) initiatives aimed at aligning financial reporting among member nations. These initial endeavors emerged from the necessity to minimize differences in financial reporting, which hindered cross-border investments and complicated international financial analysis (Judge, Li, & Pinsker, 2010). EU regulations introduced a sequence of directives to promote uniformity in financial reports, ultimately contributing to the formation of IAS and its successor, IFRS, as the preferred frameworks for transparent financial reporting across Europe (Daske, Hail, Leuz, & Verdi, 2008).

In 2005, the transition to IFRS (International Financial Reporting Standards) became mandatory for all publicly traded companies in EU member states. This compulsory adoption was crucial for harmonizing financial statements, facilitating investor assessments, and fostering a more integrated European capital market. However, even before this mandate, several EU nations had allowed voluntary adoption of IAS (International Accounting Standards) in the late 1990s. This early, voluntary acceptance enabled companies to familiarize themselves with IAS requirements, thereby smoothing the subsequent transition to IFRS (Ben Salem & Ayadi, 2022).

The mandatory adoption of IFRS has led to substantial changes in financial reporting, significantly improving the comparability, transparency, and reliability of financial statements across EU countries. IFRS provided a uniform language for financial reporting, enabling investors and stakeholders to more easily interpret financial data across different countries. Studies indicate that the implementation of IFRS has had a considerable effect on market liquidity, equity valuations, and the cost of capital for companies within the EU. Nevertheless,

this effect is highly influenced by firms' reporting incentives and the robustness of each nation's enforcement mechanisms (Hope, Jin, & Kang, 2006).

The transition from national accounting standards to IFRS has faced its share of challenges. Particularly, smaller businesses have struggled to adapt to the new standards, with heightened complexity and compliance costs. For some companies, adjusting to IFRS necessitated significant overhauls of financial reporting systems, retraining of personnel, and investment in new reporting technologies. These expenses were particularly taxing for small and medium-sized enterprises (SMEs) that lacked the necessary resources for rapid adaptation (Jinadu, 2016). Concerns have been raised about the cultural and organizational shifts required by IFRS, as companies with limited exposure to international standards may struggle to understand and implement them (De George, Li, & Shivakumar, 2016).

The initial voluntary adoption of IAS/IFRS before mandatory enforcement allowed many European nations and firms to gradually become accustomed to international standards. This phased approach was beneficial, giving companies the chance to grasp the implications of IFRS and adjust their reporting practices without the abrupt transition that mandatory adoption can bring. By offering companies the flexibility to adopt IFRS at their own pace, voluntary adoption supported a steady transition that minimized disruptions.

Countries that opted for voluntary IFRS adoption initially experienced greater alignment with global accounting standards, which attracted international investors and improved their capital market profiles. For example, studies indicate that nations implementing voluntary adoption frameworks achieved advancements in investor protection and gained better access to capital markets, as adopting IFRS demonstrates a commitment to transparency and adherence to

international norms (Shima & Yang, 2012). This dedication can enhance investor trust, stimulate cross-border investments, and foster economic development.

Institutional influences, including coercive, mimetic, and normative pressures, have significantly impacted IFRS adoption throughout Europe and worldwide. Coercive pressures, particularly from the EU, urged member states to adopt harmonized reporting standards for a cohesive market. Mimetic pressures arose as countries noticed the economic advantages of IFRS adoption in nearby nations, motivating them to pursue similar strategies to remain competitive. Lastly, normative pressures developed from professional organizations and the accounting industry itself, championing IFRS as a best practice (Judge, Li, & Pinsker, 2010).

The successful adoption of IFRS (International Financial Reporting Standards) in EU countries highlights the crucial role of institutional support. Regulatory bodies, such as the European Financial Reporting Advisory Group (EFRAG), have provided essential guidance and oversight to facilitate IFRS compliance. These support structures are vital for helping businesses, especially SMEs, navigate the complexities of IFRS by offering technical resources and assistance. Therefore, institutional backing is critical in bridging the gap between national accounting practices and IFRS, particularly in countries less familiar with global accounting standards (Ben Salem & Ayadi, 2022).

The harmonization of financial reporting standards in Europe through IFRS adoption has brought about numerous long-term benefits. These include increased investor confidence, reduced financial reporting expenses, and improved capital market efficiency. The standardization of financial statements has simplified the investment process, allowing investors to easily compare companies across borders without needing to account for different accounting practices. Furthermore, IFRS adoption has streamlined compliance for multinational

corporations, significantly cutting down the costs and complexities associated with preparing multiple sets of financial statements (Daske et al., 2008).

Although IFRS adoption has generally succeeded in promoting financial transparency and boosting cross-border investments, challenges persist, especially in accommodating the diverse needs of varying economies and business environments. The ongoing evolution of IFRS, alongside adaptations to meet emerging financial reporting demands, is essential for preserving the relevance and effectiveness of these standards. Furthermore, the necessity for a robust regulatory framework and support for SMEs highlights the significance of institutional structures in achieving effective global convergence (De George, Li, & Shivakumar, 2016).

The adoption of IFRS in Europe demonstrates the significant influence of standardized financial reporting on facilitating cross-border investment and integrating financial markets. While voluntary adoption enabled companies to transition gradually to international standards, obligatory IFRS regulations ultimately standardized financial statements throughout the EU, leading to increased transparency and greater investor confidence. Although the shift to IFRS posed challenges, particularly for smaller firms, institutional backing and a strong regulatory framework have been crucial in mitigating these issues.

Theories Informing the Study

The adoption of International Financial Reporting Standards (IFRS) across different jurisdictions, particularly in Sub-Saharan Africa, is shaped by a confluence of institutional, economic, and strategic imperatives. Rather than being merely a technical accounting reform, IFRS adoption reflects a broader transformation in regulatory architecture, market orientation, and governance structures. To comprehensively analyze this phenomenon, the study draws upon three foundational theoretical perspectives Agency Theory, Institutional Theory, and the Capital Needs Theory each offering distinct yet complementary explanations for IFRS implementation and compliance.

Agency Theory underscores the role of IFRS in mitigating information asymmetry between management and stakeholders by promoting transparency, accountability, and credible financial reporting (Agyei-Boapeah et al., 2020). It posits that standardized reporting reduces agency costs and enhances investor confidence, particularly in environments with weak governance structures.

Institutional Theory provides an equally critical lens, suggesting that IFRS adoption is often driven by coercive pressures from international bodies, mimetic behaviors among peer countries, and normative influences from professional networks (Boolaky et al., 2020; Eltweri, & Cavaliere, 2021). In the African context, social, political, and regulatory dynamics further reinforce these institutional pressures, affecting how reforms are enacted and embedded.

Capital Needs Theory, on the other hand, frames IFRS adoption as a strategic response to the growing need for international capital. It contends that aligning domestic reporting standards with IFRS can increase a country's attractiveness to foreign investors and improve access to global financial markets (Agyei-Boapeah et al., 2020). This is especially relevant for

emerging economies seeking to bolster investor confidence and integrate into global capital networks.

Additionally, factors such as the influence of global audit firms, membership in international accounting organizations, and the strength of national regulatory institutions play a significant role in shaping the depth and effectiveness of IFRS compliance (Eltweri, & Cavaliere, 2021; Guerreiro et al., 2020). Recent advancements in institutional theory also highlight the proactive role of institutional entrepreneurs and localized institutional work in tailoring IFRS to national contexts.

Taken together, these three theories provide a robust conceptual foundation for understanding the multifaceted nature of IFRS adoption in Sub-Saharan Africa. They offer insights into not just the *how* but also the *why* behind adoption decisions, revealing the intersection between governance, institutional legitimacy, and global financial integration. The sections that follow offer an in-depth analysis of each of these theoretical frameworks and their relevance to the study.

Agency Theory

Agency Theory forms the bedrock of this study's theoretical orientation. It fundamentally addresses the relationship between principals (such as shareholders) and agents (such as company executives or managers) and the associated problems that arise due to differing interests and asymmetric information (Jensen & Meckling, 1976). In financial reporting, agency problems often manifest when managers, who control the daily operations of firms, do not necessarily act in the best interest of shareholders. They may manipulate financial information, delay the

disclosure of unfavorable results, or even engage in earnings management to present a more favorable view of the firm's performance.

The adoption of IFRS, characterized by high levels of transparency, comparability, and disclosure requirements, serves as a mechanism to mitigate these agency conflicts. IFRS provides a common financial language that reduces information asymmetry between management and external stakeholders, thereby strengthening investor confidence and monitoring mechanisms. According to Agyei-Boapeah et al. (2020), the global move toward IFRS adoption can be partly attributed to efforts to alleviate agency conflicts and improve the credibility of financial statements, especially in emerging economies.

In the African context, where corporate governance structures may be weaker and financial oversight mechanisms underdeveloped, the relevance of Agency Theory becomes even more pronounced. Studies such as Clement Oppong and Bruce-Amartey (2022) argue that in Ghana, for instance, weak board governance structures lead to lower accounting quality, and the adoption of IFRS serves as an external governance mechanism to instill discipline in financial reporting. Similarly, Mbir et al. (2020) found that stronger governance practices among GSE-listed non-financial firms are significantly associated with higher compliance with IFRS, which in turn improves the quality of financial reports.

Agency Theory also supports the argument that IFRS adoption is likely to be more effective in settings where there are additional accountability pressures from institutional investors, audit committees, and financial regulators. These institutional actors play the role of monitoring agents, ensuring that managers comply with the reporting standards. The standardization and increased disclosure requirements that come with IFRS adoption thus act as

tools to align the interests of agents and principals, ultimately enhancing financial reporting quality.

Furthermore, Agency Theory explains why firms with foreign ownership or cross-border listings may adopt IFRS even in jurisdictions where it is not mandated. Foreign investors, who are typically at a greater informational disadvantage, demand high-quality, standardized reporting to mitigate the risks associated with agency problems. Therefore, companies seeking to attract foreign investment or maintain investor relations across borders are incentivized to adopt IFRS voluntarily, aligning their reporting with international norms to signal credibility and transparency.

In conclusion, Agency Theory provides a robust theoretical foundation for understanding the motivations behind IFRS adoption in the Sub-Saharan African context. It highlights how IFRS adoption functions as a mechanism to reduce agency costs, align managerial incentives with shareholder interests, and improve financial disclosure. Given the governance and institutional challenges prevalent in African capital markets, this theory is particularly useful in explaining the dynamics of IFRS adoption and its implications for financial reporting quality.

Institutional Theory

Institutional Theory offers another powerful framework for analyzing IFRS adoption. This theory suggests that organizations conform to institutional pressures—both formal and informal in order to gain legitimacy, access resources, and ensure survival within their environment (DiMaggio & Powell, 1983). It identifies three forms of isomorphism that drive organizational change: coercive (pressures from regulatory bodies or governments), mimetic (imitation of successful peers), and normative (professionalization and standard norms).

In the case of African countries, Institutional Theory is particularly apt for explaining how political, social, and professional dynamics influence the decision to adopt and implement IFRS. Coercive pressures for IFRS adoption are most apparent in the mandates set by international financial institutions like the World Bank and the International Monetary Fund (IMF). These organizations frequently link funding and financial aid to the adoption of international best practices, including IFRS. Mimetic isomorphism comes into play as countries or firms emulate the successful reforms of others, both regionally and globally. They see IFRS adoption as a sign of modernity and economic sophistication. Normative pressures arise from the increasing influence of professional accounting bodies and international audit firms, which advocate for IFRS as the gold standard in financial reporting.

Eltweri & Cavaliere (2021) highlight the significance of these institutional factors, noting that IFRS adoption in Africa is strongly influenced by the involvement of global audit firms, the presence of international organizations, and the growing power of national professional bodies. Similarly, Boolaky et al. (2020) emphasize how socio-political contexts and external institutional forces shape accounting reforms across Africa. Guerreiro et al. (2020) expand on this by highlighting the roles of institutional entrepreneurs change agents within institutions who promote and sustain IFRS implementation efforts.

Institutional Theory is also valuable in understanding the disparities in IFRS implementation across different African countries. For example, countries like South Africa, which have strong institutional frameworks, robust legal systems, and effective enforcement mechanisms, have achieved higher levels of IFRS compliance and financial reporting quality (Zeghal et. al, 2012). Conversely, in countries where regulatory oversight is weak and institutions

are fragile, IFRS adoption may be more symbolic than substantive, leading to issues of partial or non-compliance.

This theory also explains how professional norms and expectations shape firm behavior. As more universities incorporate IFRS in their accounting curricula and local accounting bodies promote IFRS certification, normative pressures increase, encouraging widespread adoption. The role of education and professional training in diffusing IFRS norms underscores the long-term institutionalization of these standards within local contexts.

In summary, Institutional Theory adds depth to the analysis by highlighting how coercive, mimetic, and normative forces interact to influence IFRS adoption in Sub-Saharan Africa. It shows that adoption is not merely a technical decision but a complex process shaped by institutional environments, professional networks, and socio-political realities.

Capital Needs Theory

The Capital Needs Theory, also known as the Capital Market Theory, posits that firms adopt IFRS to improve their access to international capital markets. This theory argues that by enhancing the credibility, comparability, and transparency of financial statements, IFRS adoption reduces information risk for investors, thereby lowering the cost of capital and improving capital allocation efficiency (Bova & Pereira, 2011).

African firms often face significant barriers in accessing global capital due to perceptions of high risk, opacity, and governance challenges. In this context, the adoption of IFRS can be seen as a strategic move to attract foreign direct investment (FDI), secure external financing, and facilitate cross-border mergers and acquisitions. By aligning with globally accepted accounting standards, firms present themselves as credible, transparent, and investment-worthy entities.

Gyimah (2021) provides empirical evidence that firms in Sub-Saharan Africa that have adopted IFRS report improved earnings quality, which is a critical determinant for investors assessing firm value. This aligns with the Capital Needs Theory, which posits that better financial reporting boosts investor confidence, leading to increased capital inflows. Similarly, Odoemelam et al. (2019) observed that IFRS adoption improves the value relevance of financial statements in Nigerian firms, further supporting the idea that capital market considerations are a primary driver for adopting IFRS.

The Capital Needs Theory also helps explain why stock exchanges and capital market regulators in Africa are increasingly mandating or encouraging IFRS adoption. Regulatory bodies recognize that the competitiveness and attractiveness of their capital markets depend significantly on the quality of financial information disclosed by listed firms. Aligning reporting practices with global standards is therefore seen as crucial for deepening market participation and integrating with global financial systems.

This theory is particularly relevant for countries undergoing financial sector reforms or pursuing economic diversification. For example, both Nigeria's Financial Reporting Council and South Africa's JSE have played instrumental roles in enforcing IFRS adoption to boost investor confidence and foster capital market development (Boolaky et al., 2020). In Ghana, the government's commitment to IFRS is part of a broader strategy to enhance the investment climate and attract foreign portfolio investment (Oppong & Bruce-Amartey, 2022).

Another important dimension of Capital Needs Theory is its focus on voluntary IFRS adoption among private firms and state-owned enterprises seeking to list on stock exchanges. These entities often adopt IFRS proactively to position themselves favorably in anticipation of public offerings or strategic partnerships. Therefore, IFRS adoption serves not only regulatory

purposes but also strategic business objectives aligned with growth, expansion, and capital mobilization.

In conclusion, the Capital Needs Theory provides a compelling rationale for IFRS adoption in Sub-Saharan Africa by linking improved financial reporting quality with access to capital. It underscores the role of IFRS as a strategic tool for firms and governments aiming to deepen financial markets, reduce information asymmetry, and foster investor trust.

Figure 1

Theoretical framework
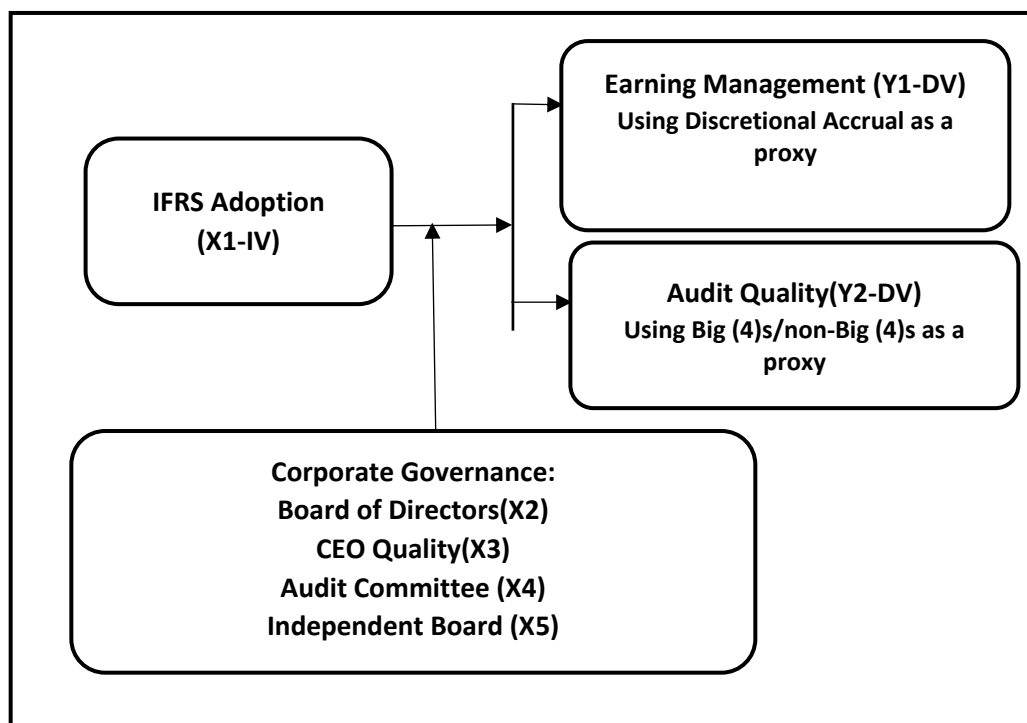
Figure 1 essentially sets out to explore how the adoption of IFRS in Sub-Saharan Africa influences earnings management and audit quality, with an emphasis on the moderating effects of corporate governance. The relationships between these variables will be tested using statistical analyses, with the goal of understanding and improving financial reporting practices in the region. The next diagram which is Figure 2 is the overall research plan.

Figure 2
Research Plan

International Financial Reporting Standards and Earnings Management, Audit Quality and the Moderating Role of Corporate Governance of Listed Companies in Sub-Saharan Africa

Key Supporting Theories
1) Agency theory
2) Signaling theory
3) Positive accounting theory
4) Economic theory of networks
5) Stewardship theory
6) Resource dependency theory
7) Institutional theory

Earning Management (Y1)
Using Discretional Accrual as a proxy

IFRS Adoption (X1)

Audit Quality(Y2)
Using Big (4)s/non-Big (4)s as a proxy

Corporate Governance:
Board of Directors(X2)
CEO Quality(X3)
Audit Committee (X4)
Independent Board (X5)
Institutional Ownership (X6)

Hypothesis Testing:
Paired Sample T. Test Multiple Regression Analysis

Test Results & Analysis

Conclusion

Empirical Review

Recent studies examining the effects of IFRS adoption on earnings management (EM) and audit quality (AQ) reveal mixed findings. While some research indicates that IFRS adoption reduces EM practices (Hasan et al., 2020; Allehaidan, 2020), others suggest that the benefits may be attributed to factors beyond accounting standards, such as enforcement changes (De George et al., 2016). Strong corporate governance has been identified as a key moderating variable in the relationship between IFRS adoption and earnings management, with research indicating that robust governance mechanisms can amplify IFRS's ability to constrain earnings manipulation practices (Hasan & Rahman, 2020; Komalasari, 2017). Audit quality has also been found to moderate the IFRS-EM relationship, particularly for discretionary accruals (Hasan et al., 2020). However, the impact of IFRS adoption varies across jurisdictions and depends on factors such as enforcement mechanisms, legal systems, and market characteristics (Nijam & Athambawa, 2016; Kaaya, 2016). These findings highlight the complexity of IFRS adoption outcomes and the need for country-specific studies specifically sub-Saharan Africa.

Impact of IFRS Adoption on Earnings Management

The adoption of International Financial Reporting Standards (IFRS) has become a focal point in empirical studies, especially regarding its influence on earnings management the deliberate manipulation of financial statements by companies to meet particular objectives, including hitting profit targets or boosting share valuations. IFRS aims to limit managerial discretion by enforcing stricter, transparent reporting standards. However, findings on the effectiveness of IFRS in reducing earnings management have been inconclusive, often reflecting institutional and regulatory variations across regions and firm characteristics (Kaaya, 2016; Zhou et al., 2009; Lyu et al., 2014; Dakata & Hasnah, 2017).

Reduction in Earnings Management: Positive Impact of IFRS Adoption

Empirical studies suggest that IFRS adoption can significantly reduce earnings management, especially in jurisdictions with robust regulatory oversight and effective external monitoring. The enhanced transparency and comparability of financial statements under IFRS reduce managerial flexibility in using subjective accounting choices, thereby restricting opportunities for earnings manipulation (Ipino & Parbonetti, 2017). For instance, evidence from emerging markets indicates that stringent IFRS requirements, such as fair value accounting and rigorous disclosure, curtail the discretion managers historically relied upon to distort financial findings (Ho et al., 2015; Wang & Campbell, 2012).

The implementation of International Financial Reporting Standards (IFRS) has emerged as a central theme in academic research, particularly concerning its effects on earnings management the strategic alteration of financial disclosures by organizations to achieve specific aims, such as meeting earnings expectations or inflating market value. These findings highlight that while IFRS adoption reduces some types of earnings management, it can shift firms' strategies towards other forms of manipulation.

A study by Dakata and Hasnah (2017) in Nigeria further underscores the moderating role of institutional ownership in amplifying the effects of IFRS adoption on earnings management reduction. Firms with substantial institutional ownership are often subject to higher scrutiny and transparency demands, which align with IFRS requirements. This external pressure encourages compliance with international standards, curbing managerial discretion, particularly in markets seeking foreign investment. Thus, the study suggests that the presence of foreign ownership and regulatory oversight are critical to the successful implementation of IFRS in reducing earnings management in developing markets.

Institutional and Environmental Differences in IFRS Impact.

IFRS adoption's effectiveness in mitigating earnings management is heavily influenced by institutional and regulatory differences across countries. Research indicates that while some jurisdictions experience a significant decline in earnings manipulation post-IFRS adoption, others exhibit varying degrees of adaptation, depending on their enforcement strength and market characteristics (Capkun et al., 2013). For instance, in countries with lax regulatory oversight, IFRS's impact may be limited, as weak enforcement allows firms to exploit reporting flexibility inherent in IFRS, facilitating earnings smoothing or aggressive financial reporting (Ipino & Parbonetti, 2017).

In emerging economies with limited regulatory control, such as China, the adoption of IFRS has been found to reduce accrual-based earnings management but increase reliance on real activities manipulation (Ho et al., 2015). This shift underscores the flexibility within IFRS, which, without adequate enforcement, may inadvertently incentivize alternative methods of earnings management. Similarly, the study by Zhou et al. (2009) found that while IFRS adoption in an emerging market context correlates with reduced earnings smoothing, it does not entirely constrain loss recognition timing, indicating that certain earnings management behaviors persist despite IFRS mandates.

External Monitoring and Compliance with IFRS.

The effectiveness of IFRS in reducing earnings manipulation is further bolstered by external pressures from investors and creditors who demand high financial transparency and accountability. For instance, Dakata and Hasnah (2017) argue that institutional ownership and foreign investors are key drivers of compliance, as these entities require accurate financial disclosures to make informed investment decisions. Enhanced transparency, resulting from IFRS

adoption, thus attracts foreign capital by fostering trust in the financial information disclosed by firms.

In Tawiah (2020) observed that IFRS adoption coupled with foreign ownership resulted in reduced earnings management practices. They attributed this outcome to the rigorous demands for transparency and accountability from foreign investors, who pressured firms to align with IFRS principles. This external scrutiny significantly reduced managerial discretion in earnings manipulation, affirming that regulatory support and external monitoring mechanisms are crucial to amplifying IFRS's impact on financial reporting quality.

IFRS adoption has a notable impact on earnings management, yet the extent of its effectiveness is contingent on several factors, including institutional frameworks, regulatory enforcement, and the presence of external monitoring forces. Although IFRS enhances financial statement transparency and restricts managerial discretion, it may lead to a trade-off between accrual-based and real earnings management depending on the regulatory environment. Future research is needed to explore how specific institutional and regulatory contexts may influence IFRS's role in mitigating earnings management in various regions

Impact of IFRS Adoption on Audit Quality

The adoption of International Financial Reporting Standards (IFRS) has become a pivotal factor influencing the quality of audits (AQ), particularly as global financial markets increasingly demand enhanced transparency and comparability in financial reporting. IFRS, recognized for providing a detailed and standardized framework for financial reporting, is believed to foster improvements in AQ by ensuring the consistency and transparency of financial statements. However, the extent to which IFRS enhances AQ is influenced by various contextual factors,

including auditor independence, the involvement of Big Four auditing firms, and the inherent complexities associated with IFRS standards.

IFRS Adoption and the Enhancement of Audit Quality: A Positive Perspective.

The transition to IFRS is often associated with significant improvements in AQ, primarily due to the enhanced consistency and comparability in financial reporting that it encourages. IFRS establishes a structured framework that minimizes variations in financial reporting practices across different jurisdictions, which simplifies the audit process. This uniformity enables auditors to more effectively evaluate the accuracy and reliability of financial statements, thereby enhancing the quality of their audits. The adoption of IFRS is particularly beneficial for multinational corporations, where the need for consistent financial reporting across various subsidiaries is essential (Agyei-Mensah, 2013).

Empirical studies have consistently demonstrated that the adoption of IFRS correlates with improvements in AQ, especially in settings where Big Four auditors Deloitte, PwC, Ernst & Young, and KPMG are engaged. For example, Agyei-Mensah (2013) conducted an influential study in Ghana that specifically examined the impact of IFRS adoption on AQ, particularly focusing on firms audited by the Big Four. The findings revealed a marked enhancement in AQ post-IFRS adoption, attributing these improvements to the rigorous audit methodologies and stringent quality control measures employed by these firms. Known for their global expertise in financial reporting, the Big Four possess the resources to ensure thorough compliance with the complexities inherent in IFRS, thereby augmenting the overall quality of audits.

Moreover, the findings of Agyei-Mensah (2013) resonate with broader academic literature, which highlights the critical role played by Big Four auditors in enhancing AQ. These firms boast extensive knowledge of IFRS and leverage their global networks to deploy

sophisticated audit techniques, particularly in intricate financial environments. By enforcing robust internal controls and ensuring compliance with international standards, Big Four auditors contribute to elevated levels of transparency and reliability in financial reporting (Ahmed, Neel, & Wang, 2013).

In a parallel study, Mensah (2020) investigated the effects of IFRS adoption on the quality of financial reporting among listed manufacturing firms in Ghana. The research indicated that IFRS adoption led to notable improvements in financial reporting quality. The study emphasized that the presence of well-resourced auditors, particularly from the Big Four, significantly enhanced compliance with IFRS, resulting in improved accuracy in financial statements. The study further highlighted areas such as revenue recognition, asset valuation, and disclosures, where the impact of IFRS adoption was particularly pronounced.

The findings from Mensah (2020) and Agyei-Mensah (2013) collectively support the notion that IFRS adoption enhances AQ, particularly when the audit is conducted by firms equipped with the necessary resources and expertise. Big Four auditors, due to their extensive global presence and deep understanding of IFRS, are better positioned to ensure the accurate application of these standards in financial reporting. Their proficiency in navigating complex accounting frameworks is crucial in mitigating material misstatements and assuring the reliability of audited financial statements.

Challenges and Limitations in Enhancing Audit Quality Through IFRS Adoption.

Despite the compelling evidence suggesting that IFRS adoption improves AQ, numerous studies indicate that the relationship is intricate and subject to various limitations. Factors such as auditor independence, the inherent complexity of IFRS, and the broader regulatory environment all play significant roles in moderating the effectiveness of IFRS in enhancing AQ.

Musah, Anokye, and Gakpetor (2018) conducted a comprehensive study that illuminated the challenges faced by auditors in improving AQ following IFRS adoption. The research highlighted that while IFRS adoption has advanced certain aspects of AQ, such as audit thoroughness, it has not fully resolved issues related to auditor independence. Auditor independence is crucial for maintaining high AQ, as it ensures impartiality during the review of financial statements. However, Musah et al. (2018) found that auditors, particularly those from smaller firms, occasionally succumbed to client pressures that influenced them to issue favorable audit opinions. This compromised independence undermined the potential benefits of IFRS adoption by enabling managers to engage in earnings manipulation, despite the implementation of stricter accounting standards.

Additionally, Musah et al. (2018) identified the complexity of IFRS requirements as a significant hurdle. The technical nature of IFRS standards necessitates a comprehensive understanding of advanced accounting principles for effective application. This complexity poses particular challenges for auditors in developing countries, where there may be a scarcity of experienced professionals skilled in IFRS. Consequently, auditors may face difficulties in properly understanding and implementing these standards, resulting in variations in audit quality. The study further noted that the implementation of IFRS in developing nations is often impeded by limited resources allocated for training and capacity building, which ultimately leaves auditors inadequately equipped to navigate the complexities of IFRS.

The effectiveness of IFRS in enhancing AQ is also closely linked to the strength of the regulatory environment. Musah et al. (2018) observed that in jurisdictions with weak regulatory oversight, the adoption of IFRS did not translate into substantial improvements in AQ. In the absence of robust regulatory bodies to monitor compliance and impose penalties for violations, firms may adopt IFRS superficially, failing to realize the intended benefits of the standards. This

observation aligns with broader literature that underscores the critical role of a strong regulatory framework in ensuring the successful adoption of IFRS (Nijam & Athambawa, 2016).

The Role of Big Four Auditors in Enhancing Audit Quality.

Big Four auditors have consistently been associated with higher AQ, particularly in the context of IFRS adoption. These firms possess the technical expertise and global reach necessary to implement the rigorous audit procedures required to ensure compliance with IFRS. The engagement of a Big Four auditor is often perceived as an indicator of elevated AQ, as these firms adhere to stringent internal quality control measures and are less susceptible to client pressures (Cameran et al., 2021).

Empirical studies, such as those conducted by Agyei-Mensah (2013) and Musah et al. (2018), have consistently shown that firms audited by Big Four auditors demonstrate better compliance with IFRS and exhibit higher overall AQ. This evidence is supported by extensive research highlighting the essential function of Big Four audit firms in facilitating effective IFRS adoption, especially within intricate financial contexts. However, it is essential to recognize that the engagement of a Big Four auditor is not a universal solution to all AQ challenges. Musah et al. (2018) emphasized that issues surrounding auditor independence and the complexity of IFRS requirements can still present significant obstacles, even for Big Four auditors. Furthermore, the effectiveness of these firms in enhancing AQ is heavily contingent upon the strength of the regulatory environment. Strong enforcement mechanisms are imperative to ensure that auditors maintain the highest standards of professional conduct and that firms fully comply with IFRS requirements (Houqe, Monem, & van Zijl, 2011).

Corporate Governance as a Moderator

Corporate governance (CG) mechanisms are integral to ensuring high-quality financial reporting, particularly in the context of International Financial Reporting Standards (IFRS) implementation. These mechanisms function as a system of checks and balances, enhancing audit quality (AQ) and mitigating earnings management (EM). The capacity of corporate governance mechanisms including independent board composition, audit committee performance, and ownership patterns to influence the interplay between IFRS implementation, earnings management, and audit quality has attracted considerable academic interest. This section provides an empirical analysis of the role of CG in moderating these relationships across various jurisdictions.

Board Independence and Audit Committees.

One of the primary pillars of corporate governance is the independence of the board of directors. Independent boards, which are free from management influence, play a critical role in overseeing financial reporting practices and ensuring that managers adhere to transparency requirements. In the context of IFRS adoption, the presence of an independent board is often linked to reduced EM and enhanced AQ. Research indicates that independent boards are more likely to scrutinize management decisions regarding financial reporting, thereby contributing to the integrity of financial statements.

For instance, a study by Hasan et al. (2020) examined the role of board independence and audit committees in moderating the relationship between IFRS adoption and EM in Bangladesh. Their findings revealed that firms with independent boards and strong audit committees exhibited a significant reduction in EM following the adoption of IFRS. This underscores the vital role CG structures play in ensuring that IFRS-driven transparency translates into higher financial reporting quality. Board independence fosters a rigorous review of management's financial

reporting, effectively diminishing the opportunity for EM through discretionary accounting choices permitted under IFRS.

Audit committees represent a crucial corporate governance component responsible for supervising financial reporting procedures and maintaining audit integrity. Well-functioning audit committees, comprising independent directors, actively enhance IFRS compliance and minimize earnings management. Hasan et al. (2020) emphasized that these committees serve vital functions in examining financial statements, overseeing audit procedures, and securing compliance with accounting principles, thus improving both audit effectiveness and financial reporting credibility.

The role of audit committees extends beyond oversight; they also serve to ensure that auditors maintain independence and are free from managerial pressure. This independence is crucial for preventing auditors from compromising the integrity of the audit due to client influence. With IFRS standards requiring substantial judgement in areas such as asset valuation and revenue recognition, independent audit committees serve as a crucial line of defense against EM, ensuring that such judgements is not exploited to manipulate financial outcomes.

Corporate Governance and Audit Quality.

The moderating effect of CG on AQ in the post-IFRS adoption environment is exemplified by research in South Africa, where CG structures have been shown to play a critical role in determining AQ. Verriest et al. (2011) investigated the connection between corporate governance and audit quality among South African companies after IFRS implementation. Their findings revealed that organizations with strong governance frameworks, featuring independent

boards and competent audit committees, achieved superior audit quality following IFRS adoption.

These results indicate that effective corporate governance mechanisms facilitate enhanced IFRS compliance while enabling auditors to execute their responsibilities more efficiently. Within companies possessing well-established governance structures, auditors obtain essential support for enforcing IFRS adherence, ultimately elevating financial reporting standards. Conversely, firms with weak CG structures are more likely to encounter challenges in ensuring audit independence and thoroughness, which can adversely affect AQ (Hashed & Almaqtari, 2021).

Moreover, strong CG frameworks protect auditor independence, especially in complex financial reporting environments where IFRS is utilized. In weak governance contexts, auditors may face undue pressure to issue favorable audit opinions. Conversely, robust CG structures provide a counterbalance, ensuring that audit committees and independent board members maintain oversight, which enhances the integrity and quality of the audit process.

The Impact of Ownership Structure on IFRS Adoption.

Ownership structure represents another crucial corporate governance element that can significantly affect the success of IFRS implementation. Ownership configurations may range from concentrated to dispersed, with institutional investors wielding substantial impact on financial reporting practices. The ownership composition influences both the degree of oversight applied to financial statements and the rigor of IFRS application.

Hashed and Almaqtari (2021) investigated the relationship between ownership structure and audit quality throughout IFRS adoption among Saudi Arabian firms. Their research determined that firms with higher institutional ownership levels experienced enhanced benefits

from IFRS implementation. Institutional investors, including pension and mutual funds, generally prioritize financial transparency and tend to advocate for rigorous adherence to IFRS requirements. These findings suggest institutional investors serve as critical catalysts for maintaining elevated corporate governance standards, consequently enhancing audit quality and minimizing earnings management practices.

Due to their substantial stake in companies' sustained performance, institutional investors possess strong incentives to guarantee the reliability and precision of financial statements. Their participation generally encourages rigorous adherence to IFRS requirements while constraining management's discretionary accounting choices. This evidence corresponds with extensive research demonstrating that institutional ownership strengthens corporate governance by harmonizing managerial objectives with shareholder interests, thus reducing earnings management and enhancing audit quality (García-Meca & Sánchez-Ballesta, 2009).

Cross-Country Evidence on Corporate Governance and IFRS Adoption.

The moderating influence of corporate governance on the connections between IFRS adoption, earnings management, and audit quality has been consistently demonstrated across various international settings. Cross-country comparative research provides additional validation of governance mechanisms' importance in optimizing the benefits derived from IFRS implementation.

García Lara et al. (2020) examined multiple European nations and discovered that companies in countries with robust corporate governance systems demonstrated greater earnings management reductions after IFRS adoption compared to firms in jurisdictions with weaker governance frameworks. Their findings showed that Northern European firms, typically possessing well-established governance mechanisms, achieved considerable financial reporting

quality enhancements following IFRS implementation. In contrast, companies in countries with less developed governance structures, especially in Southern Europe, derived limited benefits from IFRS adoption and encountered challenges with auditor enforcement due to insufficient governance supervision.

Fallatah et al. (2021) examined corporate governance's moderating role in the relationship between IFRS adoption and audit quality across African, Asian, and European markets. Their findings corroborated earlier studies, demonstrating that firms in regions with strong governance systems, notably Northern Europe and select Asian countries, experienced greater audit quality improvements after IFRS implementation. However, in areas with underdeveloped governance structures, including portions of Africa, IFRS adoption's beneficial effects on audit quality were diminished. This trend indicates that without effective governance mechanisms, IFRS adoption's intended advantages including enhanced transparency and financial reporting consistency cannot be completely realized.

These international comparative studies highlight governance's critical role in ensuring IFRS implementation produces meaningful improvements in financial reporting practices and audit quality. The findings suggest that policymakers and regulators should emphasize strengthening governance frameworks as a fundamental element of comprehensive strategies to optimize IFRS adoption effectiveness. Through reinforcing governance mechanisms, countries can better guarantee that IFRS's intended transparency and comparability objectives are achieved in practice.

Cross-Country Evidence on IFRS, Earnings Management (EM), and Audit Quality.

This comparative analysis of IFRS implementation across African nations demonstrates how institutional factors including legal frameworks, regulatory enforcement capacity, and

investor protection mechanisms critically influence earnings management behaviours and audit quality results. The effectiveness of IFRS in improving financial reporting standards in Ghana, Nigeria, Kenya, and South Africa is substantially dependent on the strength and operational efficiency of these countries' institutional structures. The differential impact of IFRS adoption on earnings manipulation practices and audit quality across these jurisdictions reflects variations in governance system resilience and regulatory enforcement effectiveness.

Ghana

Ghana's financial reporting landscape has undergone considerable transformation following its 2007 IFRS adoption, aimed at enhancing transparency, improving financial reporting standards, and minimizing earnings manipulation. Nevertheless, research presents conflicting evidence regarding IFRS's influence on earnings management and audit quality. Awinbugri and Boahen (2021) found that IFRS implementation has enhanced financial reporting, especially among firms with considerable institutional ownership. These large, sophisticated investors appear to moderate IFRS effects on reporting quality, with companies having significant institutional ownership demonstrating higher IFRS compliance levels, resulting in superior audit quality and reduced earnings manipulation occurrences. However, other research suggests that IFRS's overall effectiveness in constraining earnings management in Ghana remains limited by regulatory enforcement difficulties. For instance, inconsistent IFRS application across industrial sectors, coupled with inadequate financial regulation enforcement, has restricted these standards' potential benefits (Ozili, 2016; Gyimah, 2021).

Gyimah (2021) offers additional insights into Ghana's IFRS implementation obstacles, emphasizing the necessity for enhanced legal and regulatory supervision. This research notes that while IFRS adoption has promoted greater transparency and reliability in financial reporting,

these advantages are frequently compromised by the country's deficient legal environment. Insufficient enforcement mechanisms have led to inconsistent IFRS compliance, with numerous companies failing to fully adhere to the standards. Gyasi argues that for IFRS to accomplish its intended purposes, greater emphasis must be placed on strengthening the regulatory framework to ensure consistent compliance across all organizations.

Nigeria

Nigeria initiated gradual IFRS implementation in 2012, aiming to align its financial reporting practices with international standards while improving audit quality and earnings management practices. However, Nigeria's institutional context has significantly affected IFRS effectiveness in achieving these objectives. Uwuigbe et al. (2017) conducted comprehensive research on IFRS adoption in Nigeria, discovering that while the standards have enhanced audit quality particularly for companies audited by Big Four firms their impact on reducing earnings management has been more constrained. This limitation results from weak regulatory enforcement mechanisms and pervasive corruption within Nigeria's financial system, which undermines IFRS's capacity to effectively curb earnings manipulation practices.

Additional evidence from Nnadi and Nwobu (2021) highlights the numerous obstacles facing IFRS adoption in Nigeria. Their findings indicate that IFRS's expected benefits, particularly in reducing earnings manipulation, have not been fully achieved due to the country's inadequate legal and regulatory frameworks. The absence of effective enforcement mechanisms permits firms to engage in opportunistic financial reporting despite IFRS adoption. Furthermore, Omoye and Eriki (2020) emphasize the difficulties auditors face while managing IFRS complexities within Nigeria's regulatory environment. Although IFRS has strengthened audit quality, especially in firms with international operations, auditors continue confronting

substantial challenges in consistently implementing the standards due to regulatory inefficiencies. Collectively, these studies indicate that while IFRS possesses the potential to improve financial reporting in Nigeria, its effectiveness depends heavily on strengthening the legal and regulatory environment.

Kenya

Kenya's adoption of IFRS, mandated by the Nairobi Securities Exchange (NSE) for all listed companies, forms part of a broader strategy to enhance financial reporting and improve audit quality. However, similar to other African nations, the impact of IFRS in Kenya has been mixed, primarily due to the prevailing regulatory environment. Outa et al (2018) conducted a comparative analysis of IFRS adoption in Kenya and the United Kingdom, finding that while both countries experienced improvements in audit quality, the extent of these improvements was significantly more pronounced in the UK. This discrepancy is attributed to the more robust regulatory enforcement mechanisms and investor protection systems present in the UK, which are less developed in Kenya, thereby highlighting the crucial role of regulatory enforcement in determining the effectiveness of IFRS in enhancing audit quality.

Research by Kamau et al. (2021) supports these findings, observing that although IFRS adoption has enhanced financial reporting transparency in Kenya, the standards' complete advantages have been constrained by regulatory obstacles. Their study emphasizes enforcement difficulties in maintaining IFRS compliance, particularly within less rigorously regulated sectors. For IFRS to achieve greater influence on earnings management and audit quality in Kenya, coordinated initiatives must strengthen the regulatory structure, ensuring regulatory authorities can effectively supervise and enforce adherence.

Njuguna et al (2020) similarly investigate how legal systems affect IFRS adoption outcomes in Kenya. Their findings stress that IFRS effectiveness in curtailing earnings management relies on the robustness of the country's legal environment. Kenya's relatively fragile legal framework has restricted IFRS's benefits, especially in controlling earnings manipulation. Consequently, enhancing the legal and regulatory environment is crucial for ensuring IFRS adoption produces more transparent and dependable financial reporting.

South Africa

South Africa is broadly acknowledged as Africa's IFRS adoption pioneer, possessing a robust regulatory structure and sophisticated financial markets. The nation's IFRS experience has been largely successful, with significant enhancements in both audit quality and earnings management following standards implementation. Venter and de Villiers (2020) emphasize South Africa's strong institutional environment, characterized by stringent financial reporting standards enforcement and a solid legal foundation, as fundamental to effective IFRS adoption. Their research demonstrates that South African firms have achieved enhanced audit quality and diminished earnings manipulation through rigorous IFRS enforcement.

Nevertheless, obstacles persist. Myburgh (2020) notes that while IFRS has generally improved transparency and reduced earnings manipulation in South Africa, the standards' complexity presents considerable challenges for smaller organizations. Elevated IFRS compliance costs, especially for small and medium-sized enterprises, have restricted these companies' capacity to fully capitalize on the new standards. Furthermore, Nel and Maroun (2019) observe that political and economic volatility in South Africa can compromise regulatory enforcement effectiveness, impacting IFRS success in improving financial reporting practices.

The South African experience emphasizes the critical importance of a strong regulatory framework in ensuring successful IFRS adoption. Although the country has achieved substantial progress in enhancing audit quality and reducing earnings management through IFRS implementation, continued efforts are necessary to address challenges confronting smaller firms and to maintain effective regulatory enforcement amid political and economic uncertainty.

The cross-national evidence from Ghana, Nigeria, Kenya, and South Africa illuminates the vital role of institutional factors in determining IFRS adoption outcomes regarding earnings management and audit quality. While IFRS has the potential to significantly improve financial reporting practices across these countries, the scope of its impact is substantially influenced by legal and regulatory framework strength, enforcement mechanism effectiveness, and investor protection levels. Therefore, reinforcing these institutional elements is essential for maximizing IFRS adoption benefits and ensuring it contributes to more transparent, reliable, and comparable financial reporting throughout Africa.

CHAPTER 3: RESEARCH METHODOLOGY

Introduction

This chapter outlines the methodological framework used to examine how the adoption of International Financial Reporting Standards (IFRS) influences earnings management (EM) and audit quality (AQ) in four African nations: Ghana, Nigeria, Kenya, and South Africa. This research aims to fill existing literature gaps by examining the interaction between IFRS adoption, corporate governance structures, and their combined influence on financial reporting quality.

Given the varying financial regulations and reporting practices across these countries, assessing IFRS's role in enhancing financial transparency is crucial. The research employs a quantitative methodology, utilizing secondary data extracted from publicly available financial statements. This chapter thoroughly explains the research design, data collection procedures, sampling strategy, and analytical tools used to evaluate the study's hypotheses.

By focusing on these four African economies, the research provides a comprehensive yet nuanced understanding of IFRS's effectiveness in improving financial reporting quality. It also examines how corporate governance factors such as board composition, audit committee effectiveness, and ownership structures interact with IFRS adoption in influencing earnings management and audit outcomes.

The chapter serves as the foundation for subsequent analysis, detailing the methodological precision and structured approach adopted to ensure the study's validity and reliability. It outlines the research process, from data gathering to the operationalization of key variables, while also addressing ethical considerations.

Research Approach and Design

This study adopts a quantitative research approach to empirically assess the relationships between IFRS adoption, earnings management, audit quality, and corporate governance. By relying on numerical data and statistical analysis, this approach enables an objective and systematic evaluation of these financial reporting dynamics. The quantitative design facilitates the testing of specific, measurable hypotheses regarding how IFRS adoption interacts with corporate governance and audit quality to influence earnings management. As a result, the study provides empirical insights into financial reporting practices within the African context.

The research design is primarily structured around a descriptive and correlational framework. The descriptive component allows the study to present a comprehensive summary of the data, highlighting essential characteristics such as mean, standard deviation, variance, and range for each variable under investigation. These summary statistics offer an initial, detailed view of the data distribution and central tendencies, thereby laying a foundation for further statistical analyses. Descriptive statistics play a crucial role in identifying patterns, trends, and potential outliers that may influence the relationships being studied, ultimately enhancing the study's reliability and validity.

In addition to descriptive statistics, the correlational research design is applied to assess the relationships among the variables, particularly focusing on IFRS adoption, earnings management, and audit quality. Correlational analysis is pivotal to understanding whether statistically significant associations exist between these variables, without implying causation. This analytical method is particularly relevant for this study, as it allows for a nuanced examination of the degree of association among the variables, contributing to a clearer understanding of how IFRS adoption and corporate governance practices interact concerning earnings management and audit quality (Hashed & Almaqtari, 2021). Given the context of this

study, where manipulation of variables is neither feasible nor ethical, correlational analysis provides a sound approach to examining natural associations.

To rigorously test the study's hypotheses, the research utilizes multiple regression analysis a powerful statistical approach that examines variable relationships while accounting for moderating and confounding influences. This methodology allows for assessment of IFRS adoption's effect on earnings management and audit quality, with corporate governance serving as a moderating factor. Through interaction effect analysis, the study investigates whether corporate governance mechanisms (such as board independence and audit committee effectiveness) enhance or diminish IFRS adoption's impact on earnings management (Hasan et al., 2020; Oppong & Bruce-Amartey, 2022).

The regression models also include key control variables such as Return on Assets (ROA), leverage, and net loss to isolate the true effects of IFRS adoption and audit quality on earnings management. This approach enhances the accuracy of the estimates and ensures the findings reflect genuine financial reporting dynamics rather than extraneous influences (Amankwa et al., 2020).

Sample Selection and Data Collection

The study focuses on publicly listed firms in four African economies Ghana, Nigeria, Kenya, and South Africa where IFRS compliance is mandatory. This selection addresses a significant research gap by investigating IFRS adoption's impact in underexplored African markets. The target population encompasses all publicly listed companies across these nations, employing stratified random sampling to ensure proportional representation within major sectors: financial services, consumer goods, industrial, and agriculture. This methodological approach strengthens result generalizability, enabling broader conclusions about IFRS adoption's

effects across varied industries. The inclusion criteria for selecting companies in the sample are stringent, as only companies that meet the following criteria are included:

1.   They must be listed on the stock exchanges of Ghana, Nigeria, Kenya, or South Africa, and be categorized within the specified sectors,

2.   The companies must have complete financial data related to the study variables for the entire period from 2018 to 2020, and

3.   The companies must have been in continuous operation, issuing financial statements consistently throughout the study period. These criteria ensure that the sample consists of firms with reliable and comprehensive data, which is essential for conducting a robust analysis.

The study utilizes secondary data sourced from the financial statements of selected firms, along with disclosures from regulatory authorities, including the Securities Exchange Commission (SEC) and relevant stock exchanges. The dataset spans three years (2018–2020), providing insights into contemporary financial reporting behaviors and IFRS implementation trends. By employing panel data, a blend of cross-sectional and time-series observations the analysis captures variations both across different companies and within individual firms over time. This methodological strategy strengthens the study's validity, enabling a thorough investigation of how financial reporting practices evolve and influence earnings management (Gyimah, 2021).

This research investigates IFRS adoption as the independent variable, with earnings management (measured through discretionary accruals via the Modified Jones Model) and audit quality (assessed by auditor type Big4 versus non-Big4 firms) serving as dependent variables. Corporate governance acts as a moderating variable, evaluated through board independence and

audit committee effectiveness. To isolate primary relationships, the analysis includes control variables including ROA, growth, cash flow, firm size, leverage, and net loss (Komalasari, 2017). Earnings management is measured using discretionary accruals, which indicate potential earnings manipulation activities. Meanwhile, audit quality is inferred from whether a firm engages a Big4 auditor, based on the premise that these firms possess superior expertise and resources, thereby delivering higher-quality audits (Dechow et al., 2010; Dalimunthe & Purwanto, 2015).

The study employs multiple regression analysis with interaction terms to assess how corporate governance moderates the relationship between IFRS adoption and earnings management. This methodology is essential for understanding the complex relationships among these variables, specifically in establishing whether robust governance mechanisms enhance or diminish IFRS adoption's effect on financial reporting quality. By incorporating interaction effects, the analysis provides deeper insights into how specific governance mechanisms such as board composition and audit committee independence interact with IFRS adoption to influence earnings management and audit quality (Hasan & Rahman, 2020).

This framework ensures a robust examination of whether enhanced corporate governance strengthens the role of IFRS in curbing earnings manipulation and improving audit reliability.

Justification for the Stydies

Justification for Country Selection and Time Frame

Ghana

Ghana's selection for this study is justified by its progressive but complex journey in IFRS adoption, the nature of its regulatory and stock market structures, and the government's

commitment to enhancing financial reporting transparency. Ghana officially adopted IFRS in 2007 for all listed and public interest entities, and the Ghana Stock Exchange (GSE), despite being relatively small in market capitalization compared to others, has been increasingly active in enforcing financial disclosure and compliance standards. The Securities and Exchange Commission (SEC) of Ghana and the Institute of Chartered Accountants, Ghana (ICAG), serve as the primary regulators, with the latter overseeing the professional conduct of accountants and auditors (Gyanba Mbir et al., 2020). The country's financial market is gradually maturing, and regulatory enforcement has improved over the years, allowing researchers to assess how mandatory IFRS compliance influences reporting quality and corporate governance practices.

Empirical studies show that Ghanaian firms, particularly non-financial listed companies, have shown varied levels of IFRS compliance, which in turn influences their financial reporting quality (Gyanba Mbir et al., 2020). The mixed levels of compliance provide a good context to analyze the interaction between governance quality, IFRS adoption, and earnings management practices (Oppong & Bruce-Amartey, 2022). Furthermore, Ghana's economic stability in recent years, government reforms, and consistent improvements in regulatory capacity make it a suitable candidate to explore how developing economies are responding to global financial reporting standards. This study will contribute to the growing body of literature evaluating IFRS adoption outcomes in West Africa.

Nigeria

Nigeria stands as one of Africa's largest economies and capital markets, making it a crucial inclusion in this study. The country adopted IFRS in 2012, beginning with publicly listed entities and subsequently extending to SMEs and government entities. The Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) are the primary regulators overseeing financial reporting compliance and audit quality. Despite Nigeria's robust

legal framework for financial reporting, studies have identified issues with enforcement, variability in compliance levels, and ongoing concerns around the timeliness and quality of financial reports (Ologun et al., 2020; Adedokun et al., 2022).

Nigeria's inclusion is further justified by the scale of its financial sector, the diversity of its firms, and the complexity of its governance structures, which make it a fertile ground for studying earnings management behavior post-IFRS adoption. As observed by Odoemelam et al. (2019), IFRS adoption in Nigeria has not automatically led to improvements in the value relevance of earnings, suggesting that the mere adoption of IFRS is not sufficient without effective enforcement and governance mechanisms. Moreover, the heterogeneity of IFRS compliance among Nigerian firms, as noted by Bova and Pereira (2011), makes Nigeria an ideal case for studying how compliance levels moderate the relationship between IFRS and earnings management. These complexities provide a rich data environment to analyze the dynamics of audit quality and regulatory impact.

Kenya

Kenya is an important East African country with an emerging financial market and a relatively proactive regulatory system. IFRS adoption in Kenya was mandated in the early 2000s, and the Capital Markets Authority (CMA), together with the Institute of Certified Public Accountants of Kenya (ICPAK), play a leading role in monitoring and enforcing financial reporting standards. Kenya's economy is among the most diversified in the region, and its capital market despite being less mature than South Africa's has been on a steady growth trajectory, attracting both domestic and foreign investors.

Waweru (2014) identifies corporate governance as a significant determinant of financial reporting quality in Kenya, with institutional weaknesses often diluting the intended effects of IFRS. Kenya is particularly suitable for this study because of its developing institutional

environment, where IFRS compliance interacts with varying levels of board effectiveness and governance oversight. Additionally, the government's commitment to public financial management reforms, especially after the introduction of the Public Finance Management Act, has enhanced transparency in both private and public sector reporting. The increasing digitization of financial reporting systems also improves data availability and comparability for academic studies. This makes Kenya an insightful context for understanding how IFRS adoption affects earnings quality when institutional support is developing but not yet optimal.

South Africa

South Africa boasts the continent's most sophisticated and well-developed financial market, serving as a model for accounting and auditing standards across Africa. The country was among the first African nations to fully implement IFRS, completing its transition in 2005. The Johannesburg Stock Exchange (JSE), as one of Africa's largest and most strictly regulated exchanges, operates under the oversight of robust institutions like the Independent Regulatory Board for Auditors (IRBA) and the South African Institute of Chartered Accountants (SAICA). These regulatory bodies have established stringent requirements for audit quality and financial reporting, reinforcing South Africa's position as a leader in corporate governance and transparency on the continent.

Sellami and Slimi (2016) provide strong evidence that the mandatory adoption of IFRS in South Africa has significantly reduced earnings management, especially in firms with strong governance systems. As such, South Africa provides an excellent control case within the study, allowing comparisons with less-developed regulatory environments. The country also boasts high levels of financial reporting transparency, wide IFRS compliance, and government policies that support ongoing alignment with international standards. Its well-developed stock market structure ensures the availability of reliable and accessible data, which enhances the feasibility

of empirical analysis. The inclusion of South Africa provides an important contrast to the other three countries, enabling the study to assess how differences in institutional maturity affect the IFRS-EM-AQ nexus.

Justification for Comparative Selection of the Four Countries

The selection of Ghana, Nigeria, Kenya, and South Africa is deliberate, strategic, and methodologically sound due to the diversity in economic development, stock market maturity, regulatory capacity, and IFRS compliance levels among them. This diversity provides a robust basis for cross-country comparison and allows for testing the moderating role of corporate governance in IFRS adoption outcomes across varying contexts. These countries collectively represent a spectrum of financial development within Sub-Saharan Africa from emerging (Ghana and Kenya), transitional (Nigeria), to mature (South Africa) markets. This variation aligns with the need to explore how institutional and market structures influence financial reporting behavior under IFRS mandates (Gyimah, 2021).

Moreover, all four countries have made IFRS compliance mandatory for listed firms and have implemented varying levels of enforcement mechanisms. Their regulatory environments, while differing in strength, provide a comparative framework to examine how compliance and institutional quality impact earnings management and audit outcomes (Ilugbo et al., 2024). The availability of data from these countries, particularly from stock exchanges and regulatory filings, supports the feasibility of conducting longitudinal and comparative analyses. The selection is thus ideal for testing theoretical models related to agency, stakeholder, and institutional theories within African contexts.

Justification for the Three-Year Period

The selection of a three-year period preferably a recent continuous period such as 2020 to 2022 is justified on several grounds. Firstly, this period captures the most recent regulatory and financial reporting developments in the post-IFRS adoption era. Secondly, the time frame includes the COVID-19 pandemic, which tested the resilience and transparency of financial reporting systems across Africa. This makes it ideal for assessing whether firms engaged in earnings management to obscure financial challenges or if strong regulatory environments helped maintain reporting quality. Thirdly, it allows for capturing short- to medium-term impacts of IFRS compliance and governance mechanisms without the noise of too many policy changes that may distort findings.

As highlighted by Bova and Pereira (2011), studying a compact and consistent timeframe enables researchers to better isolate the effects of IFRS compliance from other externalities. Additionally, a three-year period is methodologically sound for conducting regression analysis and ensures sufficient observations for robustness tests without overwhelming the study with excess noise or non-stationary data patterns.

Population and Sample of the Research Study

This research utilizes a quantitative methodology focused on analyzing secondary data extracted from listed companies' annual reports across four African stock exchanges (Ghana, Nigeria, Kenya, and South Africa). Covering the period 2018-2020, the study facilitates a comprehensive investigation of IFRS implementation patterns, earnings management practices, audit quality standards, and corporate governance frameworks. These core variables provide a foundation for understanding financial reporting dynamics in Sub-Saharan Africa.

The sampling approach employs probability-based techniques, with particular attention to stratified random sampling. This method ensures the selected sample accurately represents the target population while effectively addressing the study's research questions and hypotheses. The three-year observation window allows for meaningful trend analysis while maintaining methodological rigor.

The data collection involves gathering archival financial data from publicly available annual reports, which are crucial for providing detailed insights into the financial performance and governance practices of the companies under investigation. This reliance on archival data is rooted in its accessibility and the wealth of information contained within these reports, which encompass both quantitative financial metrics and qualitative insights into corporate governance practices (Awinbugri & Boahen, 2021).

The stratified random sampling technique employed in this study divides the total population of companies listed on the stock exchanges of each country into distinct strata based on their industry sectors. These sectors include financial services, consumer goods, industrial, and agriculture, among others. By randomly selecting a proportional number of companies from each stratum, the study ensures that the sample accurately represents the diversity of industries present within each country. This methodological choice is particularly advantageous in comparative studies, where the analysis of distinct subgroups is essential for obtaining a holistic understanding of the research questions posed (Amankwa et al., 2020).

The total population for this research comprises approximately 445 companies that comply with IFRS across the four selected countries. From this comprehensive population, the study selects a sample of 120 companies, with 30 companies chosen from each country. The random sampling technique employed within each stratum ensures that every listed company has

an equal opportunity to be included in the sample. This approach is pivotal for minimizing selection bias and enhancing the representativeness of the sample, thereby strengthening the validity of the findings derived from the study (Gyimah, 2021).

The selection of Ghana, Nigeria, Kenya, and South Africa as focal points for this research is driven by strategic considerations related to economic significance and regulatory environments. These countries are notable for their robust economies in the Sub-Saharan region, representing diverse geographic and economic landscapes. Each country possesses well-established stock exchanges and a significant number of listed companies that adhere to IFRS guidelines. Such characteristics render these nations ideal candidates for a comparative study of the impacts of IFRS adoption on financial reporting practices. Moreover, the economic structures and corporate governance frameworks across these countries are varied, providing a broad spectrum of data that can yield valuable insights into the influences of IFRS adoption on earnings management, audit quality, and corporate governance practices (Waweru & Ntui, 2018).

The research utilizes a panel study design, allowing for the analysis of data over time across multiple entities. This design is particularly beneficial for examining changes in financial reporting practices and corporate governance mechanisms in response to IFRS adoption. The data obtained from annual reports, Securities and Exchange Commission (SEC) publications, and stock market sources are compiled into a panel dataset that encompasses the financial reports of the sampled companies over the designated three-year period. This approach facilitates robust parameter estimation and the application of econometric techniques that account for both cross-sectional and time-series variations, thereby enhancing the depth of the analysis (Musah, Adjei, & Ahmed, 2020).

To bolster the validity and reliability of the research findings, a meticulous selection process was implemented to identify 30 companies from each country, deliberately excluding those operating in the banking and insurance sectors. This exclusion is grounded in the unique regulatory and financial reporting requirements that govern these industries, which may introduce variability not representative of the broader population of listed companies. By focusing on non-banking and non-insurance firms, the study aspires to enhance the generalizability and consistency of its findings, ensuring that the findings can be more broadly applicable across various sectors of the economy (Coffie et al., 2020).

The decision to select 30 companies per country is informed by several considerations, including the need for statistical power, resource constraints, and ethical implications associated with data collection. A sample size of 30 is deemed adequate to detect meaningful effects and provide reliable estimates, while simultaneously managing the complexity of data processing and analysis. This sample size strikes a balance between achieving sufficient statistical power and avoiding data overload, which could complicate the analytical process. Furthermore, this sample size aligns with those utilized in previous studies, ensuring methodological consistency and facilitating comparability of findings across different research contexts (Awinbugri & Boahen, 2021).

The stratified sampling approach implemented in this research guarantees that each selected company contributes to a diverse and representative sample. This methodological rigor allows for a comprehensive understanding of the impact of IFRS adoption, earnings management, audit quality, and corporate governance across various industries and countries. Additionally, the chosen sample size reflects ethical research practices, minimizing the burden on the participating companies and ensuring that the data collection process respects confidentiality and fosters cooperation (Coffie et al., 2020).

The following steps are used to calculate the sample size for each stratum using the formula:

1.   The identified strata are Ghana, Nigeria, Kenya, and South Africa

2.   Determined the population size (N_h) for each stratum.

Ghana:
- NGhana=1+8+3+1+2+4+13=32

Nigeria:
- NNigeria=53+13+11+7+25=109

Kenya:
- NKenya=7+11+4+1+10+5+1=39

South Africa:
- NSouth Africa=78+41+8+23+29+86=265

3.   Calculated the total population size (N) =445.

Total Population (N):
- N=32+109+39+265=445

4.   Specified the overall desired sample size (n).

Overall Desired Sample Size (n):
- n=120

5.   Using the formula $n_h = N_h / N \times n$ to calculate the sample size for each stratum as follows:

Sample Size for Ghana
nGhana=32/445×120≈8.61

Sample Size for Nigeria
nNigeria=109/445×120≈29.47

Sample Size for Kenya
nKenya=39/445×120≈10.55

Sample Size for South Africa
nSouth Africa=265/445×120≈71.37

Round-Up:
- **Ghana:** 9 samples

- **Nigeria:** 30 samples
- **Kenya:** 11 samples
- **South Africa:** 71 samples

6.   Adjusted for the same sample for comparative analysis.

In comparative research, adjusting sample sizes to maintain consistency and comparability across different groups or regions is crucial. This practice represents a well-established approach that substantially strengthens the validity of comparative analyses. Ragin (1987) emphasizes the critical need for establishing comparability among diverse groups, arguing that uniform sample sizes facilitate meaningful and valid comparisons. Additionally, Tache (2021) stresses the importance of balanced representation in comparative studies, cautioning against potential biases arising from sample size disparities. Such biases can result in distorted interpretations and compromise the study's overall findings.

Sample Size Adjustments for the Current Study

In alignment with these established principles, the current study has made a deliberate adjustment to the sample sizes to include an equal number of companies from each of the four selected countries: Ghana, Nigeria, Kenya, and South Africa. Each country contributes a standardized sample of 30 companies, ensuring a total sample size of 120 companies for analysis. This adjustment not only facilitates consistency across the sample but also enhances the validity of the comparative analysis being conducted. By maintaining uniform sample sizes, the study effectively mitigates potential disparities that could undermine the reliability of the findings. This approach supports the research objective of delivering accurate insights into the impacts of International Financial Reporting Standards (IFRS) adoption, corporate governance practices, and their effects on earnings management and audit quality across diverse African contexts (Mnif & Borgi, 2020).

Significance of Standardized Sample Sizes

Standardizing sample sizes is a vital component in comparative research, as it allows for robust and statistically sound comparisons to be drawn between the selected countries. In this study, the decision to equalize the number of companies included from each nation ensures that the influence of regional factors does not disproportionately affect the findings. This aspect is particularly crucial in understanding the dynamics of IFRS adoption and its correlation with earnings quality and management practices within different regulatory and economic environments. The balanced representation achieved through this methodology enhances the generalizability of the study's findings, making them applicable across the broader context of Sub-Saharan Africa (Waweru & Ntui, 2018).

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Enhancing Validity and Reliability

This study's methodological refinements serve a dual purpose: they achieve proportional representation while simultaneously strengthening the research's reliability and validity. The standardization of sample sizes produces more robust analytical outcomes by mitigating potential distortions from disproportionate variances. Such methodological precision proves particularly crucial when examining IFRS implementation's differential effects on corporate governance

structures and earnings management practices across diverse jurisdictions. Existing research (Zori & Seny Kan, 2017; Gyimah, 2021) demonstrates how methodological consistency strengthens research validity, supporting this study's sample size standardization approach.

The deliberate equalization of country-specific sample sizes represents a core methodological foundation. This approach follows established comparative research principles while significantly enhancing result reliability. The standardized framework facilitates accurate cross-national analysis of how IFRS adoption interacts with corporate governance mechanisms to influence earnings management practices and audit quality results. As demonstrated in recent literature (Awinbugri & Boahen, 2021), this methodological approach yields critical insights into the complex dynamics governing financial reporting ecosystems across Sub-Saharan Africa's heterogeneous markets.

Adjustments:
1. **Ghana:**
    1. Initially calculated: 9 samples
    2. Adjustment: Add 21 more samples to make it 30.
    3. Adjusted for Ghana: 30 samples
2. **Nigeria:**
    1. Initially calculated: 30 samples
    2. No adjustment needed: Already at 30 samples.
3. **Kenya:**
    1. Initially calculated: 11 samples
    2. Adjustment: Add 19 more samples to make it 30.
    3. Adjusted for Kenya: 30 samples
4. **South Africa:**
    1. Initially calculated: 71 samples
    2. Adjustment: Subtract 41 samples to make it 30.
    3. Adjusted for South Africa:

Table 3.1

Sampled Companies

Stock Market	Industry	Population	Sampled Status	Simple Random
Ghana				
Ghana Stock Exchange	Agriculture, Food & Beverages	1	Selected	1
Ghana Stock Exchange	Consumer, Commercial goods and services	8	Selected	8
Ghana Stock Exchange	Extractive (Energy & Mining)	3	Selected	3
Ghana Stock Exchange	Education, Health & Safety	1	Selected	1
Ghana Stock Exchange	Technology & ICT	2	Selected	2
Ghana Stock Exchange	Manufacturing, Automobiles and Production	4	Selected	4
Ghana Stock Exchange	Others	13	Selected	11
Nigeria				
Nigeria Stock Exchange	Consumer, Commercial goods and services	53	Selected	20
Nigeria Stock Exchange	Extractive (Energy & Mining)	13	Selected	2
Nigeria Stock Exchange	Education, Health & Safety	11	Selected	3
Nigeria Stock Exchange	Technology & ICT	7	Selected	2

Nigeria Stock Exchange	Manufacturing, Automobiles and Production	25	Selected	3
Kenya				
Nairobi Securities Exchange	Agriculture, Food & Beverages	7	Selected	2
Nairobi Securities Exchange	Consumer, Commercial goods and services	11	Selected	11
Nairobi Securities Exchange	Extractive (Energy & Mining)	4	Selected	4
Nairobi Securities Exchange	Technology & ICT	1	Selected	1
Nairobi Securities Exchange	Manufacturing, Automobiles and Production	10	Selected	6
Nairobi Securities Exchange	Real Estate & Construction	5	Selected	5
Nairobi Securities Exchange	Others	1	Selected	1
South Africa				
Johannesburg Stock Exchange	Consumer, Commercial goods and services	78	Selected	6
Johannesburg Stock Exchange	Extractive (Energy & Mining)	41	Selected	7
Johannesburg Stock Exchange	Education, Health & Safety	8	Selected	3
Johannesburg Stock Exchange	Technology & ICT	23	Selected	5
Johannesburg Stock Exchange	Manufacturing, Automobiles and Production	29	Selected	6

Johannesburg Stock Exchange	Others	86	Selected	3
		445		**120**

Source: Researcher's own construction

Table 3.1 provides a detailed overview of the sampled companies for the comparative study conducted across four African countries: Ghana, Nigeria, Kenya, and South Africa. The table details the represented industries, the overall population within each sector, the number of firms chosen for the research, and their selection status via simple random sampling methodology. The overall sample size is 120 companies, with adjustments made to ensure a balanced representation for comparative analysis. The table effectively organizes the sampled data, highlighting the diversity of industries and countries under investigation while maintaining a standardized approach to sample selection.

Materials/Instrumentation of Research Tools

This study employs a comprehensive quantitative research methodology that is designed to ensure objectivity, rigor, and precision in the analysis of financial data. As noted by Coffie et al. (2020), quantitative methodologies are particularly advantageous as they focus on specific variables across a broad range of cases. This approach facilitates the application of established statistical methods, thereby maintaining the validity and reliability of the findings. Although quantitative research is effective in yielding accurate and generalizable findings, it can sometimes overlook the context-specific nuances that qualitative data may reveal, which can limit the depth of understanding regarding the subject matter at hand.

To uphold the credibility and reliability of this study, a rigorous quantitative methodology is systematically applied. The research is fundamentally grounded in secondary data, which serves as the primary basis for the analysis. This data is sourced from publicly

available resources, rather than being generated by the researchers themselves. The research depends primarily on annual reports and financial statements from publicly listed companies in Ghana, Nigeria, Kenya, and South Africa, spanning the period from 2018 to 2020. This data selection establishes a solid analytical foundation while ensuring the findings accurately reflect actual financial reporting practices.

The content analysis of these annual reports is employed as the primary research method, which allows for a systematic examination and quantification of the relationships among various financial and governance-related variables. Content analysis is particularly beneficial as it facilitates the extraction of relevant data while minimizing bias, thereby enabling a clearer picture of the factors influencing earnings management and audit quality across the selected countries (Oyeneye et al., 2023). The comprehensive dataset includes both financial and non-financial elements, encompassing a range of variables that are critical for the analysis, such as company identifiers, study years, accounts receivable, gross property, plant and equipment (PPE), total assets, revenue, net income, cash flow from operations, accruals, auditor type (distinguishing between Big 4 and non-Big 4 firms), board composition, board committees, CEO structure, and ownership structure.

This study incorporates these variables due to their theoretical and empirical significance in examining how IFRS adoption and corporate governance mechanisms influence earnings management and audit quality. Existing literature, such as Hessayri and Saihi's (2015) findings demonstrates that ownership structures particularly institutional ownership often exerts stronger oversight on earnings management than IFRS implementation alone. This evidence justifies the examination of governance variables including board characteristics and auditor selection, which play pivotal roles in shaping financial reporting outcomes.

Additionally, the research investigates audit committee effectiveness as a possible limitation on earnings manipulation, expanding upon the work of Agyei-Mensah and Yeboah (2019). The analysis evaluates committee composition and operational rigor, along with their interplay with auditor selection, as key determinants of reporting quality. By integrating these evidence-based variables into a unified analytical framework, the study advances understanding of how IFRS adoption and governance structures collectively affect financial reporting practices in Africa's emerging markets. The combination of rigorous methodology and comprehensive data enables this research to make meaningful contributions to the academic discourse while offering practical insights for regulators and market participants. The findings derived from this research are expected to provide significant contributions to both academic discourse and practical implications for stakeholders in the financial reporting domain (Halabi & Zakaria, 2015).

Operational Definition of Variables

To ensure alignment with the proposed hypotheses, the study variables are carefully defined and measured to directly correspond with the research questions and objectives. This careful operationalization of variables is crucial for achieving meaningful insights and robust conclusions.

Dependent and Independent Variables

Independent Variable:

IFRS Adoption: This research investigates IFRS adoption as the independent variable, measured through a comprehensive index evaluating essential financial reporting components including presentation, measurement, disclosures, and recognition. Studies by Becker et al.

(1998) and Dalimunthe and Purwanto (2015) highlight IFRS adoption's significance, demonstrating its substantial effect on financial reporting quality and its wider impact on elements such as earnings management and audit quality.

Dependent Variables:

2. **Earnings Management (EM):** This study measures earnings management using discretionary accruals, computed as the difference between total accruals and operating cash flows. The research employs the Modified-Jones Model (Dechow et al., 1995), a well-established and reliable framework for detecting earnings manipulation in firms. By applying this model, the study seeks to quantify the degree to which companies adjust their financial reporting to manipulate earnings outcomes.

3. **Audit Quality (AQ):** This study uses the auditor type as a proxy for audit quality, classifying firms based on whether they are audited by a Big 4 firm or a non-Big 4 firm. Audit quality is coded as a binary variable (1 for Big 4 auditors, 0 for non-Big 4), consistent with prior research suggesting that Big 4 firms provide superior audit quality to their greater resources and specialized expertise (Nastiti, 2015).

Moderating Variables

Corporate Governance (CG): This study incorporates corporate governance (CG) as a moderating variable, recognizing its crucial role in shaping the relationship between IFRS adoption and the key dependent variables of earnings management and audit quality. The corporate governance framework is operationalized through the following components:

i. **Board of Directors (BD):** The effectiveness of the board of directors is quantified by the total number of board members. To capture potential non-linear effects, the square of the total number of board members is also considered in the analysis.

ii. **CEO Duality (CD):** This component evaluates the firm's leadership structure by examining whether the CEO simultaneously serves as board chair. The variable is coded dichotomously: 0 indicates combined CEO/chairman roles (duality), while 1 signifies separated positions. This separation is critical as it affects board independence and governance effectiveness.

iii. **Audit Committee (AC) Size:** The study measures audit committee effectiveness through its total membership count, recognizing that committee size serves as an important determinant of both audit quality and supervisory capability.

iv. **Independent Board (BDIND):** This study quantifies board independence by computing the ratio of independent directors to total board members. This proportion serves as a key indicator of the board's monitoring capacity and governance effectiveness over management decisions.

v. **Institutional Ownership:** The study operationalizes institutional ownership as the percentage of total shares held by institutional investors. Research suggests this metric serves as an important governance mechanism, with greater institutional shareholdings typically correlating with stronger oversight and improved corporate governance practices (Bayou et al., 2020).

Control Variables

In addition to the primary variables, the study incorporates several control variables to account for factors that may influence earnings management and audit quality:

i. **Return on Assets (ROA):** ROA is computed as the ratio of earnings before interest and taxes (EBIT) to total assets. This financial metric serves as an indicator of operational efficiency, demonstrating how productively a company employs its asset base to generate profits.

ii. **Firm Size:** Firm size is determined by calculating the natural logarithm of the company's total assets at year-end. This measure is important as larger firms may have different incentives and capabilities regarding earnings management compared to smaller firms (Saftiana et al., 2017).

iii. **Leverage:** The research assesses financial leverage using the debt-to-assets ratio, calculated by dividing total long-term debt by total assets. This crucial financial measure represents the percentage of asset financing obtained through debt, functioning as a significant indicator of capital structure stability and debt servicing ability.

iv. **Loss:** Companies reporting a net loss (negative income) are coded as 1, while those with positive income are coded as 0. This binary coding allows for an analysis of how financial performance impacts earnings management practices.

Discretionary Accrual Variables

Discretionary accruals play a central role in evaluating earnings management, providing essential insights into the degree of financial statement manipulation by companies. This research employs several important financial variables to accurately measure discretionary accruals:

a. **Revenue (ΔREVit):** This variable represents the change in a company's sales revenue from one year to the next. It is critical for detecting revenue-based earnings management, as significant fluctuations in revenue may indicate manipulation.

b. **Working Capital Components:** This includes inventory, receivables, and payables, each divided by total assets to provide a comprehensive view of short-term asset management. Effective management of working capital components can influence reported earnings significantly.

c. **Total Assets (Ait-1):** The study employs prior-year's total book value of assets as a scaling variable to standardize discretionary accruals calculations. This normalization process accounts for firm size variations, ensuring comparability of accruals measurements across companies of different scales.

d. **Property, Plant, and Equipment (PPE):** The study examines the gross book value of a company's tangible fixed assets, a critical metric for detecting potential earnings management strategies involving asset depreciation methods and capital investment decisions.

e. **Cash Flow from Operations (CFO):** The study evaluates cash flow from operations as a fundamental measure of core business performance. This metric serves to differentiate between legitimate accounting accruals and those potentially influenced by managerial discretion, with prior research (Dechow et al., 1995) establishing CFO as a critical determinant of earnings quality.

f. **Depreciation and Amortization:** These are non-cash expenses related to the allocation of the cost of tangible and intangible assets over their useful lives. Comprehending these expenses is crucial for understanding how companies may manipulate reported earnings.

g. **Sales Growth:** The rate of sales growth is a significant variable, as it can affect accrual levels, especially in rapidly growing companies. Higher growth rates may lead to increased pressure on management to meet earnings targets.

h. **Leverage (Debt-to-Equity Ratio):** This measure indicates the level of financial leverage within a firm. A higher leverage ratio may lead to greater incentives for earnings management, particularly to meet debt covenants or expectations of stakeholders.

Through these carefully selected variables, the research enhances its ability to detect earnings manipulation practices while providing comprehensive insights into corporate financial reporting behaviour.

Justification and Importance of Discretionary Accrual Variables in Earnings

This study employs a robust set of discretionary accrual measures including revenue fluctuations, working capital variations, asset levels, PPE investments, operating cash flows, depreciation patterns, sales growth trends, and leverage ratios to conduct a thorough examination of earnings management practices. This multidimensional approach allows for the precise identification of accounting irregularities and potential financial reporting manipulations across various operational aspects of corporate performance.

Changes in Revenue

Changes in revenue are a critical variable in evaluating earnings management as they serve as a direct indicator of a company's operational performance. Analyzing revenue fluctuations in conjunction with cash flow from operations can help distinguish between genuine improvements in financial performance and potential artificial inflation of earnings. As outlined by Hamilton et al. (1998), utilizing gross PPE rather than net PPE can enhance the explanatory power of models measuring discretionary accruals. This insight emphasizes the

importance of accurate revenue recognition and measurement, which are essential for reliable financial reporting. Furthermore, assessing revenue changes enables researchers to identify patterns that may indicate earnings manipulation, thereby facilitating a deeper understanding of management's financial reporting strategies.

Working Capital Components

The evaluation of working capital components, such as inventory, receivables, and payables, relative to total assets is crucial for identifying short-term manipulations in asset and liability reporting. Discrepancies in these components can signal attempts by management to manage earnings through accruals. For instance, aggressive revenue recognition may lead to inflated receivables, while understated payables can enhance reported earnings (Moradi, Salehi, & Najari, 2012). Such manipulations can obscure the true financial health of the organization, making it imperative to analyze these components thoroughly. Additionally, examining working capital management practices can reveal the operational efficiency of the firm and its ability to generate cash flow, which are vital indicators for stakeholders (Shah, Butt, & Hassan, 2009).

Total Assets and PPE

The inclusion of total assets and property, plant, and equipment (PPE) is also significant in the context of earnings management. Changes in asset valuations, particularly through depreciation and impairment adjustments, can substantially impact reported earnings. Accurate accounting for PPE is vital, as it can impact both the balance sheet and income statement, with implications for financial ratios and overall company valuation (Goel, 2012). The treatment of PPE in financial statements is not merely a technical accounting issue; it has substantial ramifications for investor perception and decision-making. Moreover, the correct classification

of these assets ensures compliance with reporting standards and enhances the reliability of financial disclosures (Draief, 2019).

Cash Flow from Operations (CFO)

Cash flow from operations serves as a key metric for assessing the quality of earnings. CFO provides insights into the liquidity and operational efficiency of a firm, allowing for a clearer distinction between cash-generating activities and accrual-based earnings. An analysis that juxtaposes CFO with discretionary accruals can help uncover discrepancies between reported earnings and actual cash flows, highlighting potential earnings manipulation (Paulo & Martins, 2009). This relationship is critical for investors and analysts seeking to gauge the sustainability of a company's earnings and its overall financial health.

Depreciation and Amortization

Depreciation and amortization represent non-cash expenses that play a crucial role in the measurement of discretionary accruals. The method and assumptions underlying these calculations can significantly impact reported earnings. Firms may manipulate depreciation schedules or capitalization practices to influence earnings, thereby obscuring the true performance of the business (Bartov, Gul, & Tsui, 2000). Understanding how these expenses are treated within the financial statements is essential for accurately assessing earnings quality and identifying potential management incentives to distort financial findings.

Sales Growth

Sales growth is another vital variable that provides context for analyzing discretionary accruals. By controlling for normal business expansion effects, researchers can better interpret changes in accrual levels and isolate instances of earnings management. High sales growth may create pressure on management to meet investor expectations, leading to potential earnings

manipulations to project continued success (Kim & Shi, 2022). Furthermore, understanding sales growth trends can assist in evaluating the appropriateness of management's accrual decisions and the sustainability of reported financial performance.

Leverage

Lastly, leverage ratios offer insights into the financial pressures that may drive management to alter earnings to meet debt obligations or investor expectations. A higher leverage ratio can indicate increased risk and scrutiny from stakeholders, which may incentivize management to engage in earnings management practices to present a favorable financial outlook (Hamilton et al., 1998). By incorporating leverage as a discretionary accrual variable, the study can provide a more nuanced understanding of the motivations behind earnings management behavior and its implications for financial reporting quality.

Together, these discretionary accrual variables enhance the robustness of the accrual measurement model, providing deeper insights into the extent and nature of earnings management. This comprehensive approach informs the study's investigation into financial reporting quality and governance mechanisms, ultimately contributing to the broader understanding of how companies navigate the complexities of financial reporting in an increasingly regulated environment.

Measurement of key variables for this study

Model for the steps for calculating the IFRS Adoption Index.

This study measures IFRS adoption through a structured checklist evaluating compliance with IFRS disclosure standards across seven key areas: General Information (GI), Statement of Financial Position (SEP), Statement of Comprehensive Income (SCI), Statement of Changes in Equity (SCE), Statement of Cash Flows (SCF), Notes to the Financial Statements (NOTE), and Other Disclosures

(OD), with each category containing specific items aligned with IFRS requirements for comprehensive assessment.

Within each category, specific items are identified and assessed for compliance with IFRS standards. For every item listed on the checklist, a compliance score is assigned, which ranges from 0 to 1, reflecting the degree of conformity observed in the financial statements. A score of 0 indicates complete non-compliance, while a score of 1 signifies full adherence to the IFRS standards. This scoring system is instrumental in quantifying the level of compliance and provides a straightforward metric for evaluation. The well-defined structure of the checklist facilitates a thorough examination of each financial statement component, ensuring that no critical aspect of IFRS compliance is overlooked.

To derive the IFRS Adoption Index, the scores assigned to each checklist item within a given category are summed up and then normalized against the maximum possible score for that category. This normalization process allows for a fair comparison of compliance levels across different categories and companies, as it accounts for variations in the number of items within each category. The resulting index serves as a quantitative indicator of the extent to which a company adheres to IFRS disclosure standards, where higher scores denote a more

This methodological approach is grounded in prior research that has utilized similar frameworks to assess IFRS adoption across various contexts, thereby validating its effectiveness and reliability. For example, Tsalavoutas (2009) examined compliance levels among Greek listed companies and utilized a disclosure index to explore the valuation implications of mandatory IFRS disclosures. Furthermore, studies such as those by Santos et al. (2013) and Aksu (2006) have successfully employed compliance indices to analyze IFRS adoption in Brazil and the Istanbul Stock Exchange, respectively. These studies collectively underscore the relevance of structured indices as

reliable tools for measuring IFRS adoption and compliance.

By implementing this structured and systematic method for measuring IFRS adoption, the study provides an objective and standardized instrument that enhances the comparability and consistency of findings across different firms and reporting periods. This level of rigor not only aids in identifying the degree of financial transparency and compliance among firms but also contributes valuable insights into the broader implications of IFRS adoption on financial reporting practices and corporate governance. The methodology offers a clear framework for future research endeavors, ensuring that findings can be reliably interpreted and utilized by practitioners, policymakers, and scholars alike.

The following steps were used for calculating the IFRS Adoption Index in this research are as follows:

Checklist Preparation:

Defined the checklist criteria for IFRS adoption, categorizing them into General Information (GI), Statement of Financial Position (SEP), Statement of Comprehensive Income (SCI), Statement of Changes in Equity (SCE), Statement of Cash Flows (SCF), Notes to the Financial Statements (NOTE), and Other Disclosures (OD).

Score Assignment:

Assigned scores to each checklist item based on the level of compliance. Use a scoring system, such as 0 to 1, where 1 represents full compliance.

Calculate Total Scores:

Sum up the scores across all checklist items for each financial statement category (GI, SEP, SCI, SCE, SCF, NOTE, OD).

Total Score$= \sum_{i=1}^{n} Score_i$

1. **Maximum Possible Score:**

Determined the maximum possible score if all checklist items are fully compliant.

2. **Calculate IFRS Adoption Index:**

Used the formula to calculate the IFRS Adoption Index for each financial statement category.

$$\text{IFRS Adoption Index} = \frac{\text{Total Score}}{\text{Maximum Possible Score}}$$

3. **Repeat for Each Financial Statement:**

Repeated the calculation for each financial statement category

4. **Interpretation:**

Higher IFRS Adoption Index values indicate a more comprehensive adoption of IFRS disclosure requirements, while lower values suggest lower compliance.

Model for the determination of EM

The applicable model steps were used to estimate Total Accruals, Normal Accruals, and Abnormal Accruals for the determination of EM using the Modified Jones Model:

Formulas:

1. Total Accruals (TA): Total Accruals represent the non-cash portion of earnings and can be calculated as the difference between earnings (Net Income) and cash flows from operating activities:

TA = Earnings - Cash Flows from Operating Activities

2. Normal Accruals (NA): Normal Accruals are the accruals that can be explained by regular business activities and are not subject to manipulation. They are estimated using

a regression model. The formula for normal accruals is:

NA = Predicted Normal Accruals

3. Abnormal Accruals (AA): Abnormal Accruals are the portion of total accruals that cannot be explained by normal business activities and are indicative of potential EM. They are calculated by subtracting normal accruals from total accruals:

AA = Total Accruals - Normal Accruals

Calculation Steps:

1. **Data Collection**: The study collected all necessary financial data, including income statements, balance sheets, cash flow statements, and relevant financial variables (e.g., sales, total assets, accounts receivable, accounts payable, inventory) for a sample of companies over multiple accounting periods.

2. **Estimation of Total Accruals**: Calculate Total Accruals for each accounting period using the formula:

TA = Earnings - Cash Flows from Operating Activities

Earnings can be found in the income statement, and cash flows from operating activities are available in the cash flow statement.

3. **Estimation of Normal Accruals**: The study used a regression analysis to estimate normal accruals based on relevant financial variables that influence accruals. The regression equation may look like this:

Total Accruals = β_0 + β_1 * Independent Variable$_1$ + β_2 * Independent Variable$_2$ + ... + ε

In this equation, β_0 is the intercept, and β_1, β_2, etc., are the coefficients associated with each independent variable. The error term ε accounts for unexplained variance.

4. **Calculate Predicted Normal Accruals**: For each accounting period, the study used the values of the independent variables from that period and plugged them into the regression equation to

calculate the predicted normal accruals (NA).

5. **Calculation of Abnormal Accruals**: Subtract the predicted normal accruals (NA) from the actual Total Accruals (TA) for each period to obtain the Abnormal Accruals (AA):

AA = TA - NA

6. **Analysis and Interpretation**: They analyzed the abnormal accruals to identify companies with significantly high or low levels compared to their peers. High levels of abnormal accruals are often associated with aggressive EM practices, while negative abnormal accruals might indicate earnings management to defer earnings to future periods.

To test alternative hypotheses proposed at the beginning of the research, the regression model is formulated;

Equation 1: IFRS Adoption and EM

This equation assesses the relationship between IFRS adoption and EM.

$$Y(EM) = \alpha + \beta1(X1) + \beta2\ (FIRMSIZ) + \beta3(LEV) + \beta4(ROA) + \beta5(LOSS) +$$

$$\varepsilon i,t \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..Eqn\ 1$$

Equation 2: IFRS Adoption with CG and EM

This equation extends Equation 1 by introducing CG variables and their interactions with IFRS adoption, allowing for a comprehensive examination of how CG moderates the IFRS-EM relationship.

$$Y(EM) = \alpha + \beta1(X1) + \beta2(BDSIZ) + \beta3(IND) + \beta4(CEOD) + \beta5(AUDCT) + \beta6(INS\text{-}OWN) +$$

$$\beta7(X1 * BDSIZ) + \beta8(X2) + \beta9(X1*IND) + \beta10(X1*CEOD) + \beta11(X1*AUDCT) + \beta11(X1 *$$

$$INS\text{-}OWN) + \beta12(FIRMSIZ) + \beta13(LEV) + \beta14(ROA) + \beta16(LOSS) +$$

$$\varepsilon i,t \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..Eqn\ 2$$

Equation 3: IFRS Adoption and AQ:

This equation explores the relationship between IFRS adoption and AQ.

$$X2(AQ)=\alpha+ \beta1(X1) +\beta2(FIRMSIZ)+ \beta3(LEV) + \beta4(ROA) + \beta5(LOSS)+$$

$$\varepsilon i,t…………………………..Eqn\ 3$$

Equation 4: IFRS Adoption with CG and AQ

Expanding upon Equation 3, this equation includes CG variables and their interactions with IFRS adoption to examine how CG moderates the IFRS-AQ relationship.

$$X2(AQ)=\alpha+\beta1(X1) + \beta2(BDSIZ)+ \beta3(IND)+ \beta4(CEOD)+ \beta5(AUDCT)+ \beta6(INS\text{-}OWN) +$$

$$\beta7(X1* BDSIZ) + \beta8(X2) + \beta9(X1*IND) + \beta10(X1*CEOD) + \beta11(X1*AUDCT) + \beta11(X1*$$

$$INS\text{-}OWN) + \beta12(FIRMSIZ)+ \beta13(LEV) + \beta14(ROA) + \beta16(LOSS)+$$

$$\varepsilon i,t…………………………..Eqn\ 4$$

Table 3.2

Definition and Measurement of Variables

Variable (Symbol)	Definition	Measurement	Supported Studies
Independent Variables			
X1 (Independent)	IFRS Adoption	Index (Disclosure) for IFRS Adoption	Multiple studies including Tsalavoutas (2009), Aksu (2006), and Santos et al. (2013), which assess IFRS compliance and financial statement effects on transparency and value relevance.
X2 (Independent)	Audit Quality (AQ)	Nominal; BIG4 is (1), (0) for non-BIG4	Studies like Singh et al. (2012), Carlin et al. (2008), and Che et al. (2019) analyze audit quality differences between Big 4 and non-Big 4 firms.
Dependent Variable			
Y (Dependent)	Earnings Management (EM)	Discretionary accruals for Earnings Management	Discretionary accrual models evaluated in studies by Chen (2010), Bartov et al. (2000), and Kothari et al. (2002) highlight detection models for earnings management.
Moderating Variables (Corporate Governance)			
BDSIZ	Board Size	Square: Number of Board Size	García-Meca et al. (2009), Hashed and Almaqtari (2021) analyze board size impacts on earnings management and reporting quality.
NED	Independent Board	Ratio: Independent board members over total board	Lin and Hwang (2010), Dimitropoulos (2011) study board independence effects on earnings management.

CEOD	CEO Duality	Nominal: SEP is (1), (0) otherwise	García-Meca et al. (2009), Dimitropoulos (2011) discuss CEO duality's impact on earnings management practices.
AUDCT	Audit Committee	Nominal: Where it exists is (1), (0) otherwise	Studies by García-Meca et al. (2009) and Hashed and Almaqtari (2021) examine audit committee roles in corporate governance.
INS-OWN	Institutional Ownership	Ratio: Institutional shares over total equity	Alexander and Trisakti (2020) find that institutional ownership can influence earnings management.
Control Variables			
ROA	Return on Assets	Ratio: Income after tax over total assets	Chair (2021) assesses firm profitability effects on earnings management.
FIRMSIZ	Firm Size	Logarithmic scale (log10) of total assets	Studies like Chua et al. (2012) link firm size with IFRS compliance and earnings management.
LEV	Leverage	Ratio: Total debt over total assets	Narendra and Haryanto (2013), Chair (2022) explore leverage's impact on earnings management.
LOSS	Firm Loss	Nominal: Negative profit is (1), (0) otherwise	Noted in studies on IFRS and earnings management; losses can affect earnings manipulation practices.
Regression Elements			
A	Constant	Regression	Statistical constant in regression models across all studies.
$\beta 1$-17	Regression Coefficients	Regression	Regression coefficients are commonly estimated across all studies.
$\varepsilon i,t$	Error Term	Regression	Error term applied in statistical modeling of studies.

Source: Researchers constructed a table

Study Procedures and ethical assurance

This study was conducted following approval from the University Research Ethics Committee (UREC), ensuring adherence to all ethical standards, despite the research's reliance on secondary data without direct human subject involvement. The data collection process was meticulously planned and executed to minimize biases, particularly in data filtering. Data was manually extracted from audited financial reports of selected companies, which were accessed through official sources, such as the companies' websites listed on www.africafinancials.com. This method was chosen to avoid any ethical concerns related to deceptive practices, which can distort research outcomes. As Tilt (1994) notes, data from annual reports is often considered reliable, objective, and less susceptible to biases commonly associated with methods like interviews and questionnaires. This reliability makes annual reports a valuable resource for gathering trustworthy data in research.

This study examines how the implementation of International Financial Reporting Standards (IFRS) affects earnings management (EM) and audit quality (AQ) in four African economies Ghana, Nigeria, Kenya, and South Africa. The findings hold relevance for multiple stakeholders, such as governments, policymakers, investors, auditors, regulators, and corporate boards, who seek to understand how IFRS adoption, alongside strong corporate governance (CG), can enhance financial reporting transparency and foster economic growth and capital market development.

Adopting a quantitative research design, the study analyzes the interplay between IFRS adoption, CG, EM, and AQ. The dataset comprises audited financial statements, board reports, and supplementary financial disclosures from approximately 30 randomly selected listed firms in each country over the 2018–2020 period, ensuring a robust assessment of the research objectives.

Hypothesis Testing

Statistical hypothesis testing is a fundamental process used to determine whether a data sample represents a population or is an outlier, assuming the hypothesis about the population is accurate. As

outlined by Wilcox (2020), hypothesis testing involves several critical phases:

1. **Selection of the Test Statistic (T):**

The test statistic serves as a fundamental element in hypothesis testing, shaping both hypothesis development and analytical procedures. In this study, the chosen test statistic directly aligns with the research objectives. Specifically, Analysis of Variance (ANOVA) is utilized to evaluate differences among multiple sample groups, determining whether statistically significant relationships exist between the independent variable (X) and dependent variable (Y).

2. **Formulation of Hypotheses (H0 and H1):**

Two hypotheses are established: the null hypothesis (H0) and the alternative hypothesis (H1). The null hypothesis posits that there is no effect or difference (H0: $\theta = \theta 0$), while the alternative hypothesis suggests that the parameter in question is greater than the reference value (H1: $\theta > \theta 0$).

3. **Determination of the Sampling Distribution of T Under H0:**

The sampling distribution of the test statistic T is determined under the assumption that the null hypothesis is true. This distribution is crucial for understanding the behavior of T across different samples, enabling the comparison of observed data with expected outcomes under H0.

4. **Selection of the Significance Level (α):**

The significance level (α) represents the threshold for determining whether to reject the null hypothesis. Commonly, α is set at 0.05 for statistical significance, with 0.10 considered as indicating moderate significance.

5. **Calculation of the Test Statistic (T) for the Sample Data:**

This phase involves computing the test statistic using the sample data. The value of T is derived based on the data and the chosen test statistic, linking theoretical concepts with empirical observations.

6. **Calculation of p-values:**

The p-value, calculated using the sampling distribution and the observed test statistic, indicates the

probability of obtaining a result at least as extreme as the one observed, assuming the null hypothesis is true. This value is crucial for making decisions about the hypotheses.

7. **Decision Based on the p-values:**

The final decision is made by comparing the p-value with the significance level (α). If the p-value is less than α, the null hypothesis is rejected; otherwise, it is accepted.

Data Collection and Analysis

The study primarily gathers secondary data from publicly accessible financial reports of companies listed in Ghana, Nigeria, Kenya, and South Africa. The analysis will concentrate on variables associated with IFRS adoption, earnings management, audit quality, and corporate governance. These reports are sourced from credible institutions like the Securities and Exchange Commissions (SEC) of each country and their respective stock exchanges. This method ensures the reliability of the data and provides a thorough foundation for exploring the effects of IFRS adoption on the quality of financial reporting.

Data Collection Process

This study's data collection process spans a three-year period from 2018 to 2020, a timeframe selected to capture recent developments in financial reporting under IFRS in Sub-Saharan Africa. Annual financial reports provide rich, detailed data on companies' financial performance, audit quality, and corporate governance practices, making them suitable for this analysis (Mensah, 2020). Additionally, these reports include critical variables pertinent to IFRS adoption, such as earnings manipulation indicators, audit disclosures, and corporate governance frameworks. The reliance on secondary data is justified not only by its accessibility but also by the depth of financial information that annual reports provide, offering a reliable and consistent foundation for studying earnings quality, corporate transparency, and audit rigor (Amankwa et al., 2020).

Data Analysis Methodology

The analysis employs a combination of descriptive and inferential statistical methods, using SPSS (Statistical Package for the Social Sciences) as the primary tool for data analysis. SPSS is particularly effective in managing large datasets and performing complex statistical functions, making it appropriate for evaluating data from multiple countries and across different financial reporting variables.

Descriptive Statistics

Descriptive statistics serve as the initial step in the data analysis, offering a foundational understanding of the collected data. This includes calculating measures of central tendency (mean, median) and dispersion (standard deviation, range) to summarize the key characteristics of the variables. These descriptive metrics allow for an assessment of the overall distribution and variability in financial data across Ghana, Nigeria, Kenya, and South Africa (Gyimah, 2021). Furthermore, descriptive statistics facilitate the identification of any anomalies or patterns within the data, which may warrant further investigation. This preliminary analysis establishes a foundational understanding of the data, providing insights into trends in earnings management, audit quality, and corporate governance under IFRS (Oppong & Bruce-Amartey, 2022).

Inferential Statistics: Correlation and Regression Analysis

Following the descriptive analysis, the study applies inferential statistical methods, focusing on correlation and regression analyses to explore relationships between key variables. Correlation analysis is used to examine the associations between IFRS adoption, earnings management, audit quality, and corporate governance. By evaluating correlation coefficients, the study assesses the strength and direction of relationships between these variables, offering insights into how closely IFRS adoption aligns with improvements in financial reporting quality and audit integrity across the selected countries (Awinbugri & Boahen, 2021).

This research employs regression analysis to investigate how IFRS adoption and corporate governance jointly affect earnings management and audit quality, using multiple regression models to evaluate these relationships while controlling for confounding variables, thus facilitating a comprehensive assessment of IFRS's influence on financial reporting quality and transparency (Abata & Migiro, 2016).

Panel Data Regression Models

This study utilizes panel data regression methods to examine its multi-country, multi-year dataset, effectively integrating cross-sectional (companies across four countries) and time-series (2018-2020 timeframe) components. This methodology offers distinctive analytical advantages by accounting for unobservable heterogeneity among firms and nations including industry traits and macroeconomic fluctuations—thus generating more dependable outcomes while reducing potential omitted variable bias (Ologun et al., 2020). The panel approach substantially strengthens the research's robustness in analyzing IFRS adoption's impacts across varied national environments.

Additionally, panel data regression supports the analysis of dynamic relationships, providing insight into how IFRS's adoption and governance reforms affect financial reporting over time. By controlling for both time-invariant and company-specific factors, the panel data model enhances the validity and generalizability of the study's conclusions, making it a fitting choice for exploring the nuanced effects of IFRS on financial reporting in Sub-Saharan Africa (Awinbugri & Boahen, 2021).

Justification of Statistical Methods

The chosen statistical techniques descriptive statistics, correlation, regression, and panel data regression are aligned with the study's objectives and the nature of the dataset. Descriptive statistics provide a preliminary overview of the data, allowing for an initial assessment of trends

in earnings management and audit quality. Correlation analysis further investigates the strength of relationships between variables and regression analysis enables hypothesis testing regarding IFRS implementation on financial transparency and quality (Gyimah, 2021).

Panel data models, in particular, are ideal for this study due to their ability to capture both cross-sectional and temporal variations, yielding more accurate and robust estimates. The use of these advanced statistical methods allows the research to generate insights with a high degree of confidence, offering a comprehensive analysis of the effects of IFRS adoption across diverse economic and regulatory environments in Sub-Saharan Africa.

Summary

This section of the study has detailed the methodology used to collect and analyze research data, focusing on the use of secondary data from the annual reports of selected organizations. The research design employed statistical methods to quantify variables and explore their interrelationships. Variables related to earnings management (EM) were categorized into dependent and independent variables, moderating variables, control variables, and discretionary variables.

This study utilizes panel data regression methods to examine its multi-country, multi-year dataset, effectively integrating cross-sectional (companies across four countries) and time-series (2018-2020 timeframe) components. This methodology offers distinctive analytical advantages by accounting for unobservable heterogeneity among firms and nations including industry traits and macroeconomic fluctuations thus generating more dependable outcomes while reducing potential omitted variable bias (Ologun et al., 2020). The panel approach substantially strengthens the research's robustness in analyzing IFRS adoption's impact across varied national environment.

CHAPTER 4: FINDINGS DISCUSSION

Introduction

To ensure the credibility of the quantitative research on the impact of IFRS adoption, CG, EM, and AQ in Africa, rigorous measures were implemented. The data utilized was derived from reputable sources such as annual reports, financial statements, and regulatory bodies like the Securities and Exchange Commission. Skilled research assistants conducted the data extraction process, which was then thoroughly reviewed by the principal researcher to ensure accuracy and completeness. The methodology for data extraction was meticulously documented to enable replication by other researchers.

The research report provided a detailed account of the sample selection process, including specific criteria used to select companies from Ghana, Nigeria, Kenya, and South Africa. To enhance data reliability, redundant techniques were employed in the data extraction process, with multiple research assistants independently validating the data. Additionally, the data extraction methodology was clearly outlined to facilitate replication of the study.

The data analysis process was also meticulously documented, aiming to aid replication by other researchers. The selection of statistical tests for data analysis was based on the assumptions of variable constructs, and any limitations or shortcomings of the tests were transparently disclosed in the research report. Regression analysis was utilized to evaluate the impact of IFRS adoption on EM and AQ, ensuring adherence to statistical test assumptions. Verification of the linearity assumption was conducted through scatter plot analysis, while the normality assumption was assessed via residual distribution analysis and normal probability plots. The homoscedasticity assumption was evaluated through residual plot analysis. Any deviations from these assumptions were reported in the research,

and alternative methodologies were explored. Overall, the data extraction and analysis processes were meticulously designed to uphold data reliability and research validity.

Findings Structure

The chapter is organized into country-specific subsections, each beginning with a summary of descriptive statistics and correlation matrices, followed by multivariate regression analyses. The study tests key hypotheses including: (H1) IFRS adoption reduces earnings; (H2) Corporate governance moderates the relationship between IFRS and earnings management; (H3) IFRS adoption enhances audit quality; (H4) Corporate governance moderates the relationship between IFRS and audit quality and (H5) control variables relationship with EM and AQ. These hypotheses are examined using panel data regression models with fixed or random effects, depending on Hausman test results. Control variables integrated into the models include firm size, profitability (measured by return on assets), leverage, firm age, and industry classification—ensuring that the observed effects of IFRS and CG are isolated from these potentially confounding influences. The findings reveal variations in the magnitude and significance of relationships across countries, highlighting the moderating role of institutional context and the necessity of governance quality in realizing the benefits of IFRS reforms.

Descriptive Analysis

Mean standard deviation, variance, and extreme values like maximum and minimum, along with total, range, kurtosis, and skewness (Ghozali, 2013). This analysis aims to provide a clear understanding of the data's central tendencies, variability, and overall distribution patterns. It serves as a foundational step in data analysis, facilitating a better grasp of how the data is structured and where key points of interest or anomalies might lie (Kaur, Stoltzfus, & Yellapu,

2018). The study was conducted using SPSS version 23.0, and the findings of the descriptive statistical tests are displayed in Tables 4.1 to 4.5

Table 4.1

Descriptive Analysis for Ghana

	N	Minimum	Maximum	Mean	Std. Deviation
EM	90	-2.336	9.9664	-7.4376	3.7200
AQ	90	0.0	1.0	.567	.4983
IFRSAdopt	90	4.2	7.0	5.870	1.0652
BDSize	90	2.0	14.0	7.689	2.3733
CEOD	90	1.0	1.0	1.000	0.0000
AUDCT	90	1.0	2.0	1.033	.1805
NED	90	2.0	12.0	4.989	2.2808
IN-OWN	90	0.0000	1.0000	.725070	.3481431
SIZ-Firm	90	3.7	9.4	6.693	1.0162
LEV(Debt)	90	-9.5	359.5	20.477	57.9922
ROA	90	-121.4	61.5	.523	16.4381
Net Loss	90	0.0	1.0	.278	.4504

Source: 'Researcher constructed the table' This is drawn from secondary data.

According to Table 4.1, the variable "EM" is specifically related to the practice of EM. The extensive range of values, spanning from -2,336 to 99,664, indicates significant variability. Additionally, the negative mean value of -74,376 suggests that, on average, EM findings in a loss. The exceptionally large standard deviation of 372,001 highlights the substantial spread in these numbers, which could have significant ramifications for this analysis.

Regarding the "AQ" variable, which is binary and has values of 0 and 1, the average of 0.567 indicates that most of the observations belong to category 1 (BIG4). Nevertheless, the presence of a standard deviation of 0.4983 suggests that there is a significant amount of variation

within this distribution. This implies that there are enterprises that deviate from the expected category, which prompts inquiries into the features of these organizations and their potential effects.

The variable "IFRSAdopt" quantifies the extent to which IFRS is adopted. The average value of 5.870 suggests that, on average, organizations tend to have a moderate level of IFRS adoption. Nevertheless, the standard deviation of 1.0652 indicates variability in the degree of IFRS adoption. The magnitude of this difference is crucial for this research since it may indicate that certain organizations exhibit a higher level of dedication to IFRS standards compared to others, which could potentially influence financial reporting procedures.

The variable "BDSize" represents firm size, with a mean value of 7.689 indicating average size. The standard deviation of 2.3733 demonstrates the degree of variation in firm size. These size differences may influence company management, strategic decisions, and financial performance.

The variable "LEV(Debt)" indicates debt levels with an average value of 20.477. The substantial standard deviation of 57.9922 reveals significant variation in debt levels across the sample. Understanding this variation is essential for assessing financial risk, leverage, and overall corporate financial health.

Likewise, the variable "ROA" which signifies the return on assets, has an average value of 0.523. The presence of a standard deviation of 16.4381 indicates significant variation in the return on assets, which is crucial when assessing the financial performance and efficiency of companies.

Lastly, the variable "Net Loss" is binary and has a mean of 0.278, suggesting that, on average, companies are more likely to disclose net losses. The presence of a standard deviation

of 0.4504 indicates that there is a certain degree of variability in the frequency of net losses within the sample.

Table 4.2

Descriptive Analysis for Nigeria

	N	Minimum	Maximum	Mean	Std. Deviation
EM	90	-2.2363	4.5080	2.2212	1.1023
AQ	90	0.0	1.0	.444	.4997
IFRSAdopt	90	3.7	7.0	6.543	.7840
BDSize	90	0.0	16.0	8.333	2.9831
CEOD	90	1.0	1.0	1.000	0.0000
AUDCT	90	1.0	2.0	1.033	.1805
NED	90	0.0	10.0	3.044	2.9714
IN-OWN	90	0.0000	.8800	.526187	.2404178
SIZ-Firm	90	7.4	12.3	10.151	1.0744
LEV(Debt)	90	.0	269.7	31.499	64.5958
ROA	90	-1.8	1.5	.025	.3115
Net Loss	90	0.0	1.0	.356	.4814
Valid N (listwise)	90				

Source: 'Researcher constructed the table' This is drawn from secondary data.

Table 4.2 shows that the "EM" variable represents Earnings Management. The data ranges from -223,634 to 450,803, indicating a wide range. The mean value of 22,212 suggests that, on average, EM is positive. However, there is significant variability, as shown by the high standard deviation of 110,231. This large variance suggests that different firms employ various EM strategies, which raises concerns about their impact on financial reporting integrity and performance assessment.

The "AQ" variable is a binary property with values 0 and 1. It has a mean of 0.444, indicating that a significant proportion of observations belong to category 1 (BIG4). The standard deviation of 0.4997 highlights the extent of variability in this distribution. It is crucial to comprehend the aspects that contribute to the categorization of non-BIG4 and the potential impact it may have on business performance.

The metric "IFRSAdopt" reflects the degree of IFRS adoption and has an average value of 6.543, indicating a modest level of adoption on average. The presence of a standard deviation of 0.7840 indicates that there is a certain level of variability in the degree to which IFRS adoption is implemented. The presence of this variation may have significant consequences for the practices of financial reporting, the capacity to compare different entities and adherence to regulatory requirements.

The term "BDSize," which represents the size of a firm, has an average value of 8.333, accompanied by a considerable standard deviation of 2.9831, indicating notable differences in firm size. The variations in size could potentially impact business governance, strategic choices, and financial outcomes.

The "LEV(Debt)" variable, representing debt levels, shows an average of 31.499. Its high standard deviation of 64.5958 indicates significant variation in debt. Understanding the causes of high debt and its impact on financial stability is crucial for this research.

Similarly, "ROA" (return on assets) has an average of 0.025 with a substantial standard deviation of 0.3115, highlighting considerable variability. This necessitates an investigation into the factors driving this variance and their influence on financial performance.

Moreover, "Net Loss," a binary variable with a mean of 0.356, suggests that companies generally experience net losses. The standard deviation of 0.4814 points to fluctuations in the

occurrence of these losses. It is vital to understand the elements contributing to negative financial results and their effect on overall financial health.

Table 4.3

Descriptive Analysis for Kenya

	N	Minimum	Maximum	Mean	Std. Deviation
EM	90	-1.3775	2.6612	-6.4117	2.3600
AQ	90	0.0	1.0	.722	.4504
IFRSAdopt	90	4.0	7.0	6.453	.8002
BDSize	90	3.0	16.0	8.678	3.2768
CEOD	90	1.0	1.0	1.000	0.0000
AUDCT	90	1.0	1.0	1.000	0.0000
NED	90	0.0	14.0	5.300	3.2858
IN-OWN	90	0.0000	.9900	.7019	.2429
SIZ-Firm	90	6.8	11.0	9.659	.8233
LEV(Debt)	89	.0	24.5	4.408	5.4694
ROA	90	-5.7	1.0	-.073	.6531
Net Loss	90	0.0	1.0	.389	.4902
Valid N (listwise)	89				

Source: 'Researcher constructed the table' This is drawn from secondary data

The data in Table 4.3, starting with the "EM" variable that reflects EM, shows a significant variation, ranging from -137,752 to 26,612. The average value of -6,411 suggests that EM tends to be in a deficit. The large standard deviation of 23,600 highlights substantial diversity in these data points, indicating a wide range of EM techniques within the sample. This difference may have significant significance for this research, namely in comprehending the

factors that influence these management practices and their effects on financial reporting and business performance.

The "AQ" variable, a binary property, has a mean of 0.722, indicating that most observations fall into category 1 (BIG4). However, a standard deviation of 0.4504 suggests some variability in this distribution. A key aspect of this research may involve exploring the characteristics and implications of non-BIG4 enterprises within the dataset.

The "IFRSAdopt" variable, reflecting the degree of IFRS adoption, has a mean of 6.453, pointing to a relatively high average adoption level. A standard deviation of 0.8002 signifies variability in IFRS usage, which could impact the quality and comparability of financial reporting.

"BDSize," representing firm size, has an average of 8.678 and a notable standard deviation of 3.2768, indicating significant variation in firm size within the sample. This variance could have substantial implications for corporate governance, strategic decision-making, and financial performance.

The "LEV(Debt)" variable, indicating debt levels, has a mean of 4.408. The standard deviation of 5.4694 highlights significant fluctuations in debt levels.

Finally, the "ROA" variable, representing a return on assets, has an average of −0.073. The substantial standard deviation of 0.6531 indicates considerable variability in the return on assets, emphasizing the importance of investigating the factors contributing to this variation and their impact on financial performance.

Finally, the "Net Loss" variable, which is a binary feature with a mean of 0.389, suggests that, on average, companies are more likely to disclose net losses. The presence of a standard deviation of 0.4902 indicates that there is variability in the frequency of net losses. An essential

field of study involves identifying the elements that contribute to net losses and understanding

their implications for financial well-being.

Table 4.4

Descriptive Analysis for South Africa
Source: 'Researcher constructed the table' This is drawn from secondary data

	N	Minimum	Maximum	Mean	Std. Deviation
EM	90	-2.2125	4.9990	5.1413	9.7386
AQ	90	0.0	1.0	.633	.4846
IFRSAdopt	90	5.800	6.600	6.328	0.254
BDSize	90	4.0	18.0	9.244	2.8808
CEOD	90	1.0	1.0	1.000	0.0000
AUDCT	90	1.0	2.0	1.011	.1054
NED	90	0.0	13.0	5.411	2.8792
IN-OWN	90	.2400	90.0000	3.8354	16.0913
SIZ-Firm	90	6.6	11.4	9.248	1.1014
LEV(Debt)	90	-5.8	90.0	7.584	17.9473
ROA	90	-1.9	.7	.024	.2633
Net Loss	90	0.0	1.0	.267	.4447
Valid N (listwise)	90				

The data from Table 4.4, namely the "EM" variable which represents EM, shows a wide

range of values from -2,212 to 4,998. The mean value of 5,141 suggests that, on average, EM

is positive. The considerable standard deviation of 973,862 indicates a great amount of variation

in EM strategies within the sample. This variance may prompt significant inquiries on the

determinants of EM and its repercussions on financial reporting and firm performance.

The variable "AQ" is binary, taking values of either 0 or 1. Its mean is 0.633, indicating that a significant portion of the data belongs to category 1 (BIG4). The presence of a standard deviation of 0.4846 indicates that there is a certain degree of variability within this distribution. An essential part of this research is to examine the features and ramifications of non-BIG4 enterprises in the dataset.

The term "IFRSAdopt" denotes the degree of adoption of IFRS, with an average value of 6.328, suggesting a somewhat elevated level of adoption on a general basis. The low standard deviation of 0.254 indicates that there is not much variety in the amount to which IFRS is adopted. This lack of variation can have an impact on the quality and comparability of financial reporting.

The variable "BDSize" represents the size of a firm. It has a mean value of 9.244 and a standard deviation of 2.8808, indicating that there is diversity in firm size. The difference in size can have substantial consequences for company governance, decision-making, and financial performance.

The variable "LEV(Debt)" denotes the debt level and has an average of 7.584. The debt levels exhibit significant volatility, as seen by the standard deviation of 17.947. Investigating the factors that influence varying levels of debt and their impact on financial stability and performance is an essential field of study.

The variable "ROA", which represents the return on assets, has an average value of 0.024. The presence of a standard deviation of 0.2633 indicates significant variability in the return on assets.

Finally, the "Net Loss" variable, which is a binary feature with a mean of 0.267, suggests that, on average, companies are more likely to disclose net losses. The presence of a standard deviation of 0.4447 indicates that there is variability in the frequency of net losses.

Table *4.5*

Descriptive Analysis for Combined Countries

	N	Minimum	Maximum	Mean	Std. Deviation
EM	360	-223.634	450.803	9.494	50.951
AQ	360	0	1	0.5917	0.4922
IFRSAdopt	360	3.7	7	6.2969	0.8228
BDSize	360	0	18	8.4861	2.9395
CEOD	360	1	1	1.0000	0.0000
AUDCT	360	1	2	1.0194	0.1383
NED	360	0	14	4.6861	3.0224
IN-OWN	360	0	90	1.4508	8.1339
SIZ-Firm	360	3.7	12.3	8.9406	1.6760
LEV(Debt)	360	-9.5	359.5	15.9844	45.5234
ROA	360	-121.4	61.5	0.1247	8.1967
Net Loss	360	0	1	0.3222	0.4680
Valid N (listwise)	360				

Source: 'Researcher constructed the table' This is drawn from secondary data

From Table 4.5 the "EM" variable, which reflects EM, exhibits a broad range of values from -223.634 to 450.803, as seen in Table 7. The average figure of 9.494 indicates that EM tends to be positive. The dataset exhibits a notable degree of diversity in EM strategies, as evidenced by the unusually high standard deviation of 50.951. The presence of this variance may suggest that organizations employ various tactics to manipulate their revenues.

Understanding the factors driving this variation is essential for this research. The "AQ" variable, which is a binary attribute with values 0 and 1, has a mean of 0.5917. This indicates that a significant proportion of observations belong to category 1 (BIG4). The presence of a standard deviation of 0.4922 suggests that there is a significant amount of variation in this distribution. Therefore, it is important to examine the attributes and consequences of non-BIG4 businesses in this dataset.

The term "IFRSAdopt" denotes the degree of adoption of IFRS, with an average value of 6.2969, indicating a somewhat elevated level of adoption on a general basis. The presence of a standard deviation of 0.8228 indicates that there is a certain degree of variability in the level of IFRS implementation, which has the potential to impact the quality and comparability of financial reporting.

The variable "BDSize," which represents firm size, has a mean value of 8.4861 and a standard deviation of 2.9395, indicating the extent of variance in firm size. The difference in size can have substantial consequences for the management of a company, the process of making important decisions, and the financial findings.

The variable "LEV(Debt)" represents the level of debt and has a mean value of 15.9844. The debt levels exhibit significant volatility, as evidenced by the standard deviation of 45.5234. An essential part of this research is to comprehend the factors that influence varying degrees of debt and their impact on financial stability and performance.

The "ROA" variable, representing the return on assets, has an average value of 0.1247. The calculated standard deviation of 8.1967 indicates significant variability in the return on assets.

The "Net Loss" variable, which is a binary feature with a mean of 0.3222, suggests that, on average, companies typically record net losses. The presence of a standard deviation of 0.4680 indicates that there is variability in the frequency of net losses. This necessitates an investigation of the factors that contribute to net losses and their potential impact on financial well-being.

Comparative Descriptive Analysis Across Four Countries for variables

Earnings Management (EM):

In analyzing earnings management, significant differences emerge among the four countries. In Ghana, the EM variable, which represents earnings management, exhibits a wide range of values, from -2.336 to 99.664, with a negative mean of -7.4376. This suggests that earnings management practices in Ghana generally lead to a deficit, indicating that firms may be engaging in income-decreasing strategies. The high standard deviation of 3.7200 further highlights the variability in these practices across Ghanaian firms. Conversely, in Nigeria, the EM range is from -2.2363 to 4.5080, with a positive mean of 2.2212, suggesting that earnings management in Nigerian firms tends to result in income increases. The standard deviation of 1.1023, while still significant, is lower than that in Ghana, indicating somewhat less variability in earnings management strategies among Nigerian firms. Kenya presents a scenario similar to Ghana, with a negative mean EM value of -6.4117, implying that earnings management often findings in losses. The standard deviation here is 2.3600, reflecting a broad range of strategies used by firms. In South Africa, the EM variable shows a positive mean of 5.1413, suggesting that earnings management typically findings in income increases. However, the standard deviation of 9.7386 is the highest among the four countries, indicating a wide diversity in how

firms manage earnings. Overall, while Ghana and Kenya exhibit earnings management practices that often lead to income decreases, Nigeria and South Africa show tendencies toward income-increasing strategies, with South Africa displaying the most variability in these practices.

Audit Quality (AQ):

Audit quality, as indicated by the AQ variable, also varies across the four countries. In Ghana, the mean AQ value of 0.567 indicates that more than half of the firms in the sample are audited by BIG4 firms, which are generally associated with higher audit quality. However, the standard deviation of 0.4983 suggests significant variability, indicating that a notable proportion of firms are not audited by BIG4 firms. Nigeria presents a different picture, with a mean AQ of 0.444, showing a smaller proportion of BIG4-audited firms. The standard deviation of 0.4997 here reflects considerable variability, similar to that in Ghana, but with a slight skew toward non-BIG4 audits. In Kenya, the mean AQ is 0.722, the highest among the four countries, indicating a strong presence of BIG4 firms in the audit landscape. However, the standard deviation of 0.4504 still points to some variability, with a notable number of firms not using BIG4 auditors. South Africa's mean AQ of 0.633 suggests that a substantial portion of firms are audited by BIG4 firms, though the standard deviation of 0.4846, while slightly lower than in other countries, still indicates variability. Overall, Kenya leads in the presence of BIG4 auditors, suggesting potentially higher audit quality, followed by South Africa, while Nigeria has the lowest proportion of BIG4-audited firms.

IFRS Adoption (IFRSAdopt):

When examining the adoption of International Financial Reporting Standards (IFRS), differences in adoption levels are evident across the four countries. In Ghana, the mean

IFRSAdopt value is 5.870, reflecting a moderate level of IFRS adoption. The standard deviation of 1.0652 indicates variability in how rigorously firms adhere to these standards, suggesting that some firms may be more committed to IFRS than others. In Nigeria, the higher mean IFRSAdopt value of 6.543 demonstrates strong IFRS adherence, with a standard deviation of 0.7840 that is lower than Ghana's, indicating greater consistency among Nigerian companies in IFRS adoption. Kenya's mean IFRSAdopt value of 6.453 closely resembles Nigeria's, reflecting substantial adoption levels, though the standard deviation of 0.8002 suggests slightly greater variability in adoption patterns. South Africa demonstrates exceptional performance with a mean IFRSAdopt value of 6.328 and a remarkably low standard deviation of 0.254, indicating not only high IFRS adoption levels but also highly consistent implementation across companies. This suggests South African firms may demonstrate more uniform IFRS standards adherence compared to companies in other countries.

Corporate Governance

Corporate governance variables, including board size (BDSize), CEO duality (CEOD), audit committee (AUDCT), non-executive directors (NED), and institutional ownership (IN-OWN), exhibit notable differences across the four countries. In Ghana, the mean board size is 7.689, with a standard deviation of 2.3733, indicating a moderately sized board with some variation across firms. CEO duality, where the CEO also serves as the board chair, shows a mean of 1.0 across all four countries, indicating that this practice is either prevalent or consistent, with no variation (standard deviation of 0.0000), underscoring the dominance of unified leadership structures. Audit committee composition, represented by AUDCT, is relatively consistent across the countries, with Ghana and Nigeria having a mean of 1.033 and a standard deviation of 0.1805, suggesting a slight variation in the composition of audit committees, while South Africa shows a slightly lower mean of 1.011 with a standard deviation

of 0.1054, indicating a more uniform and standardized audit committee structure. Non-executive directors (NED) show significant variability across the countries, particularly in Kenya, where the mean NED is 5.300 with a high standard deviation of 3.2858, reflecting a wide range in the number of non-executive directors on boards; in Ghana, the mean NED is 4.989 with a standard deviation of 2.2808, showing less variability but still diverse board practices; South Africa has a mean of 5.411 with a standard deviation of 2.8792, indicating similar variability to Kenya but with slightly more non-executive board representation overall. Institutional ownership (IN-OWN) also varies widely across the four countries, with South Africa displaying the highest variability, indicated by a standard deviation of 16.0913 and a mean of 3.8354, suggesting that some firms have substantial institutional ownership while others have very little. In contrast, Ghana's institutional ownership is relatively higher on average, with a mean of 0.725070 and a standard deviation of 0.3481431, indicating more concentrated and consistent institutional ownership. Nigeria and Kenya, however, have lower mean institutional ownership values of 0.526187 and 0.7019, respectively, though variability remains present, particularly in Kenya, where the standard deviation is 0.2429, reflecting differing levels of institutional investor influence across firms. These differences in corporate governance structures across Ghana, Nigeria, Kenya, and South Africa highlight the varying approaches to board composition, audit practices, and ownership structures, shaped by distinct country-specific regulatory environments, corporate cultures, market developments, and historical firm characteristics.

Control Variables

The control variables, including firm size (SIZ-Firm), leverage (LEV), and return on assets (ROA), show significant disparities across the four countries, reflecting differences in corporate financial strategies and performance. Firm size, as measured by SIZ-Firm, varies notably, with

South Africa having a higher mean firm size of 9.248 and a standard deviation of 1.1014, indicating that South African firms tend to be larger and more consistent in size compared to those in other countries. In contrast, Kenya has a slightly lower mean firm size of 9.659 but with a lower standard deviation of 0.8233, suggesting that while firms are generally large, there is less variability in size. Ghana's firms are moderately sized with a mean of 6.693 and a standard deviation of 1.0162, indicating more variability in firm size within the country. Leverage (LEV), which represents the level of debt, shows the highest variability in Nigeria, with a mean of 31.499 and a standard deviation of 64.5958, reflecting a wide range of debt levels among Nigerian firms. This suggests that some firms are highly leveraged, potentially taking on significant financial risk, while others maintain lower debt levels. Ghana follows with a mean leverage of 20.477 and a standard deviation of 57.9922, also indicating considerable variability in how firms utilize debt. South Africa and Kenya have lower mean leverage values of 7.584 and 4.408, respectively, with South Africa showing more variability (standard deviation of 17.9473) compared to Kenya (standard deviation of 5.4694), where firms appear to use debt more conservatively. Return on assets (ROA), which measures the efficiency of firms in generating profits from their assets, also varies widely. Ghana exhibits the highest mean ROA of 0.523, with a substantial standard deviation of 16.4381, indicating significant variability in asset efficiency across firms. Nigeria's mean ROA is much lower at 0.025 with a standard deviation of 0.3115, suggesting generally poor but consistent asset performance. In Kenya, the mean ROA is slightly negative at -0.073, with a standard deviation of 0.6531, indicating that many firms are struggling to generate positive returns. South Africa's mean ROA of 0.024 with a standard deviation of 0.2633 reflects a similar challenge, albeit with slightly better performance than Kenya. These control variables underscore the diversity in financial strategies and outcomes across the four countries, with firm size, leverage, and asset efficiency varying

considerably, likely influenced by differing economic conditions, market dynamics, and corporate practices.

Comparative Descriptive analysis across Ghana, Nigeria, Kenya, and South Africa

The descriptive analysis of the corporate governance and financial performance indicators across Ghana, Nigeria, Kenya, and South Africa provides a rich dataset for cross-country comparison, reflecting the heterogeneity of financial reporting environments in sub-Saharan Africa. Starting with earnings management (EM), Ghana and Kenya report significantly negative mean values of -7.44 and -6.41 respectively, suggesting aggressive earnings suppression or high levels of discretionary adjustments possibly due to weak enforcement or conservative accounting practices. In contrast, Nigeria and South Africa exhibit positive mean EM values (2.22 and 5.14 respectively), with South Africa recording the highest standard deviation (9.74), indicating more volatility and potentially aggressive earnings manipulation or fair value adjustments in more developed capital markets. The combined dataset inflates this variability significantly (Mean = 9.49; SD = 50.95), likely driven by outliers, especially in South Africa.

Audit Quality (AQ) is reported as a binary variable across all countries, with the mean scores indicating that on average, over 50% of sampled firms in each country have their financials audited by Big 4 or top-tier audit firms. Kenya leads with the highest mean AQ of 0.722, signaling the most audit-intensive environment, possibly due to regulatory enforcement or firm reputational concerns. Nigeria has the lowest audit quality mean (0.444), suggesting weaker audit regimes or higher prevalence of small audit firms, which may affect investor confidence and financial transparency.

In terms of IFRS Adoption, Nigeria and Kenya have high means of 6.54 and 6.45 respectively, showing strong alignment with international financial reporting standards. Ghana follows closely with 5.87, while South Africa's mean of 6.33 reflects its established IFRS application. However, the lower standard deviation in South Africa (0.254) suggests uniformity and maturity in IFRS implementation, whereas Ghana shows the highest variation (1.0652), possibly indicating inconsistencies or partial adoption among firms.

Board size (BDSize) is highest in South Africa (Mean = 9.24), suggesting a more robust governance structure with broader oversight. Kenya and Nigeria also have relatively large boards (Means = 8.68 and 8.33), while Ghana lags slightly behind (7.69), although within reasonable corporate governance thresholds. The wide range across countries (Min = 0 in Nigeria; Max = 18 in South Africa) points to significant variation in governance structures, possibly shaped by regulatory differences or ownership types.

Audit Committee effectiveness (AUDCT) shows little variability across countries, with most having mean values close to 1, and standard deviations below 0.2. This suggests homogeneity in audit committee structures, possibly due to compliance with similar corporate governance codes. However, South Africa exhibits the lowest standard deviation (0.1054), reinforcing a more standardized governance mechanism.

Non-Executive Directors (NED) mean values vary considerably, with Ghana (4.989) and South Africa (5.411) having stronger NED representation, suggesting higher emphasis on board independence. Nigeria and Kenya show lower means (3.04 and 5.3), with Kenya exhibiting the largest variation (SD = 3.29), indicating inconsistency in board independence among sampled firms. Notably, the minimum number of NEDs is zero in Nigeria, Kenya, and South Africa, raising concerns about governance quality in some entities.

Insider Ownership (IN-OWN) offers the most dramatic variation across countries. South Africa exhibits extreme values, with a mean of 3.84 and a staggering standard deviation of 16.09, reflective of large institutional or family-controlled firms. Ghana and Kenya have higher means (0.725 and 0.702 respectively) than Nigeria (0.526), but with less variation, suggesting more uniform insider stakes in these economies. The wide discrepancy in South Africa may impact managerial discipline and firm transparency, depending on the context of control.

Firm Size (SIZ-Firm) is highest in Nigeria and South Africa (Means = 10.15 and 9.25), reflecting more developed financial markets and larger firms. Kenya follows closely (9.66), with Ghana trailing (6.69). This progression aligns with the economic maturity and corporate ecosystem in these countries. The combined data mean of 8.94 further confirms the diversity in firm sizes across the region.

Leverage (LEV) statistics display wide disparity. Ghana reports a strikingly high maximum (359.5) and standard deviation (57.99), suggesting a few firms are extremely leveraged. Nigeria similarly has a high maximum (269.7) with an SD of 64.6. South Africa, although with a lower mean (7.58), shows a wide spread (SD = 17.95), indicating that while most firms are moderately leveraged, a few carry significant debt. Kenya, by contrast, is the least leveraged (Mean = 4.41), potentially reflecting conservative financing or underdeveloped credit markets.

Return on Assets (ROA) is generally low or negative across all countries, reflecting poor profitability among firms in the sample. Ghana has the highest variation (SD = 16.43) and the lowest minimum (-121.4), indicating severe losses in some firms. Nigeria and South Africa report near-zero means (0.025 and 0.024 respectively), suggesting that many firms operate near breakeven or with slim margins. Kenya's negative mean ROA (-0.073) again reflects underperformance, possibly driven by economic instability or governance inefficiencies.

Finally, Net Loss is recorded as a binary indicator. Kenya reports the highest proportion of loss-making firms (Mean = 0.389), followed by Nigeria (0.356), Ghana (0.278), and South Africa (0.267). These figures reinforce concerns about firm sustainability in these markets. The combined data mean of 0.322 further confirms that nearly one-third of the firms sampled across all four countries reported losses during the observed period.

In conclusion, the descriptive statistics reveal clear cross-country differences in financial structure, governance practices, and performance outcomes. Ghana and Kenya show signs of financial distress and conservative earnings practices. Nigeria presents a more volatile but slightly more profitable environment with weaker audit quality. South Africa, while appearing more stable and structured, shows significant variability in insider ownership and earnings management. These differences should guide policy reforms, investor expectations, and governance interventions tailored to each national context.

Correlation Analysis

The study conducted a correlation analysis of the independent variables. The findings of the correlation matrix analysis, presented in Tables 8 to 12, demonstrate the connections between each independent variable. Most of these relationships are below 0.95. Furthermore, the Variance Inflation Factor (VIF) values are consistently below 10, indicating a low level of multicollinearity. Additionally, the tolerance values are consistently above 0.10, suggesting a high level of independence across the predictor variables. The findings suggest that the data variables used in this investigation were not affected by multicollinearity problems. The symbol '*' denotes statistical significance at the 5% level, whereas '**' denotes statistical significance at the 1% level. The

coefficients offer insights into the magnitude and orientation of the associations among the variables.

Table 4.6

Correlation Matrix for Ghana

	EM	AQ	IFRSAdopt	BDSize	AUDCT	NED	IN-OWN	SIZ-Firm	LEV	ROA	Tolen	VIF
IFRSAdopt	-0.115	.236*	1								0.45	2.21
BDSize	-0.082	-0.03	.524**	1							0.19	5.14
AUDCT	0.037	0.162	0.198	.497**	1						0.48	2.1
NED	0.1	0.203	.582**	.828**	.574**	1					0.15	6.45
IN-OWN	-0.146	0.202	.419**	.382**	0.041	.292**	1				0.51	1.96
SIZ-Firm	-.500**	-0.076	-0.175	-0.191	0.126	-.269*	-0.153	1			0.69	1.46
LEV	0.064	-.282**	0.059	.291**	-0.032	0.013	0.093	-0.197	1		0.68	1.46
ROA	0.033	0.027	.252*	0.192	-0.006	0.074	-0.022	0.188	0.001	1	0.79	1.27
Net Loss	0.103	-0.058	-.397**	-0.149	-0.115	-0.074	-.577**	0.122	-0.066	-0.021	0.51	1.96

Source: ***'Researcher constructed the table' This is drawn from secondary data***

Table 4.6 for Ghana presents a correlation study that uncovers several intriguing relationships among the main variables examined. The adoption of IFRS shows a negative association with Earnings Management (EM), indicated by a coefficient of -0.115, suggesting that as Ghanaian firms increasingly implement IFRS, there is a corresponding reduction in the use of earnings manipulation techniques. This negative correlation supports the theoretical expectation that IFRS adoption enhances financial transparency and restricts the opportunities available for manipulative accounting practices, thereby promoting greater financial integrity. Furthermore, the adoption of IFRS is positively associated with Audit Quality (AQ), reflected by a coefficient of 0.236*, implying that as companies adopt IFRS, they experience a notable improvement in audit quality. This positive relationship highlights the role IFRS plays in

strengthening financial reporting practices, thus contributing to enhanced audit outcomes through improved transparency, consistency, and comparability. In exploring the relationships between Corporate Governance (CG) factors and EM, it is observed that firm size (BDSize) exhibits a negative correlation (-0.082) with EM, indicating that larger firms in Ghana tend to engage less in earnings manipulation activities, likely due to greater scrutiny from external stakeholders and a higher emphasis on maintaining reputational capital. Conversely, the presence of Non-Executive Directors (NED) on the board shows a positive correlation (0.1) with EM, suggesting that companies with a larger number of non-executive directors may experience higher levels of earnings management, potentially due to ineffective monitoring or conflicts of interest that undermine their oversight role. Meanwhile, the correlation coefficients for Auditor Tenure (AUDCT) and Institutional Ownership (IN-OWN) are 0.037 and -0.146, respectively. These findings imply that firms with longer-serving auditors are slightly more inclined toward earnings management, while those with higher levels of institutional ownership tend to engage less in such practices, emphasizing the monitoring role that institutional investors can play in mitigating opportunistic managerial behavior. When examining the relationship between CG factors and AQ, it becomes evident that both firm size (BDSize) and the presence of Non-Executive Directors (NED) are positively correlated with AQ, with significant coefficients of 0.524** and 0.582**, respectively, indicating that larger companies and firms with greater board independence are associated with higher audit quality, likely due to more robust governance mechanisms. Similarly, Auditor Tenure (AUDCT) and Institutional Ownership (IN-OWN) show positive correlations of 0.198 and 0.419**, respectively, with AQ, suggesting that both longer auditor relationships and greater institutional investor participation contribute positively to audit quality by enhancing monitoring and reducing managerial discretion. Finally, in analyzing the influence of control variables, it is found that Return on

Assets (ROA) has a weak positive correlation of 0.033 with EM but a stronger positive correlation of 0.252* with AQ, indicating that firms with higher profitability may engage slightly more in earnings management while also exhibiting better audit quality, perhaps due to increased resources to invest in high-quality audits. Moreover, the presence of Net Loss is associated with a significant positive correlation of 0.103 with EM and a significant negative correlation of -0.397** with AQ, implying that firms incurring net losses are more likely to manipulate earnings and suffer from lower audit quality, underscoring the challenges distressed firms face in maintaining transparent and high-quality financial reporting in the Ghanaian context.

Table 4.7

Correlation Matrix for Nigeria

	EM	AQ	IFRSAdopt	BDSize	AUDCT	NED	IN-OWN	SIZ-Firm	LEV	ROA	Tolen	VIF
IFRSAdopt	0.109	.349**	1								0.61	1.64
BDSize	.295**	0.178	.297**	1							0.51	1.97
AUDCT	-0.012	-0.166	-0.106	-0.021	1						0.92	1.08
NED	.312**	.433**	.449**	.529**	-0.191	1					0.56	1.78
IN-OWN	0.068	.431**	.313**	0.193	0.018	0.112	1				0.82	1.23
SIZ-Firm	.394**	.243*	.306**	.636**	0.044	.450**	0.122	1			0.49	2.02
LEV(Debt)	-0.074	-0.045	.221*	.211*	-0.071	0.048	0.189	.335**	1		0.81	1.23
ROA	0.086	-0.086	0.13	0.085	-0.015	0.153	-0.096	0.178	0.014	1	0.87	1.16
Net Loss	-0.185	-0.151	-.467**	-0.201	-0.009	-.239*	-.276**	-.293**	-0.095	-.293**	0.68	1.48

Source: *'Researcher constructed the table' This is drawn from secondary data*

From Table 4.7 Correlation analysis in Nigeria illuminates the connections between important variables, offering valuable insights into the country's financial reporting landscape. The use of IFRS is positively associated with EM, as indicated by a coefficient of 0.109. This suggests that when Nigerian companies progressively embrace IFRS, there is a propensity for a

rise in the utilization of EM techniques. The positive association can be traced to the intricate nature of IFRS and the possible adaptability it provides in the realm of financial reporting.

Moreover, there is a significant and robust association between the implementation of IFRS and the quality of audits (AQ) in Nigeria, as evidenced by a coefficient of 0.349**. These findings indicate that the adoption of IFRS by companies in Nigeria is accompanied by a concomitant enhancement in the quality of audits. The observed positive connection supports the anticipated outcome that the adoption of IFRS improves transparency and accountability, resulting in elevated AQ.

When examining the connection between CG factors and EM, it is evident that business size (BDSize) and the inclusion of Non-Executive Directors (NED) both display significant positive correlations of 0.295** and 0.312**, respectively. These findings suggest that there is a positive correlation between the size of a company, the number of non-executive directors it has, and the extent to which it engages in EM. Conversely, the variable Auditor Tenure (AUDCT) exhibits a negative correlation of -0.012, indicating that a longer duration of auditor tenure is linked to reduced levels of earnings management. Moreover, there is a positive connection of 0.068 between Institutional Ownership (IN-OWN) and EM activities, suggesting that companies with greater Institutional ownership are more likely to engage in such tactics.

When studying the relationship between CG factors and AQ, it is shown that both company size (BDSize) and the presence of Non-Executive Directors (NED) have positive correlations of 0.297** and 0.449**, respectively. These findings suggest that there is a positive correlation between the size of a company and the number of non-executive directors it has, and the quality of its audits. Nevertheless, there is a negative correlation of -0.106 between Auditor Tenure (AUDCT) and a positive correlation of 0.313** between Institutional Ownership (IN-

OWN). A longer duration of service by auditors is correlated with a decrease in the quality of audits, whereas a greater level of ownership by Institutional is connected to an increase in the quality of audits.

Upon examining the associations between Control Variables and EM and AQ, it is shown that Return on Assets (ROA) has a negative correlation of -0.086 with EM and a positive correlation of 0.13 with AQ. These findings indicate that a better return on assets is linked to a decrease in earnings management and an enhancement in the quality of audits. In addition, the existence of net losses (Net Loss) has a negative connection of -0.185 with EM and a significant negative association of -0.467** with AQ. These findings suggest that organizations incurring net losses are more prone to engaging in EM and may encounter poorer levels of AQ.

Table 4.8

Correlation Matrix for Kenya

	EM	AQ	IFRSAdopt	BDSize	NED	IN-OWN	SIZ-Firm	LEV(Debt)	ROA	Tolen	VIF
IFRSAdopt	-0.149	.341**	1							0.69	1.45
BDSize	-0.087	.578**	.359**	1						0.15	6.71
NED	-0.042	.619**	.473**	.905**	1					0.14	7.3
IN-OWN	-.273**	.394**	.239*	0.206	.293**	1				0.81	1.23
SIZ-Firm	-.220*	.728**	.370**	.725**	.753**	.351**	1			0.26	3.88
LEV(Debt)	-0.017	.270*	0.148	-0.009	0.062	-0.04	0.16	1		0.75	1.33
ROA	-0.044	.306**	.242*	.212*	.303**	.294**	.520**	0.124	1	0.65	1.54
Net Loss	0.204	-.523**	-0.051	-.418**	-.380**	-0.166	-.576**	-.379**	-.315**	0.52	1.92

Source: 'Researcher constructed the table' This is drawn from secondary data

The correlation analysis from Table 4.8 for Kenya offers vital insights into the interrelationships among important variables, providing a clearer understanding of the financial reporting situation in the country. The implementation of IFRS is negatively associated with EM, as indicated by a coefficient of -0.149. It can be inferred that the

adoption of IFRS by Kenyan enterprises is associated with a decline in the use of EM techniques. The negative correlation observed here supports the anticipated outcome that the adoption of IFRS improves transparency and limits the opportunity for manipulative accounting techniques.

Conversely, there is a significant and robust association between the adoption of IFRS and the quality of audits (AQ), as indicated by a coefficient of 0.341**. These findings indicate that the adoption of IFRS by enterprises in Kenya is accompanied by a concomitant enhancement in the quality of audits. The observed positive connection supports the hypothesis that the adoption of IFRS enhances AQ by promoting uniform reporting methods.

When examining the connection between CG factors and EM, it is evident that company size (BDSize) and the inclusion of Non-Executive Directors (NED) both display negative correlations of -0.087 and -0.042, respectively. These findings suggest that larger companies and those with a higher number of non-executive directors tend to engage in less earnings management. In addition, there is a significant negative correlation of -0.273** between Institutional Ownership (IN-OWN) and EM activities, suggesting that companies with higher levels of Institutional ownership are more likely to engage in such tactics.

The analysis reveals that there is a positive correlation of 0.578** between CG factors and AQ, and a positive correlation of 0.394** between CG variables and Institutional Ownership (IN-OWN). Firm size (BDSize) also shows a positive association with CG variables. These findings suggest that there is a positive correlation between the size of a company and the level of Institutional ownership, and the quality

of its audits. Nevertheless, the existence of Non-Executive Directors (NED) exhibits a negative correlation of -0.166, indicating that companies with a higher number of non-executive directors can encounter diminished AQ.

Upon examining the associations between Control Variables and EM and AQ, it is seen that Return on Assets (ROA) has a negative correlation of -0.044 with EM and a positive correlation of 0.306** with AQ. These findings indicate that a better return on assets is linked to a decrease in earnings management and an enhancement in the quality of audits. In addition, the occurrence of net losses (Net Loss) has a significant positive association of 0.204 with EM and a noteworthy negative correlation of -0.523** with AQ. This suggests that organizations that are incurring net losses are more inclined to manipulate their earnings, but they may also encounter lower levels of AQ.

Table 4.9

Correlation Matrix for South Africa

	EM	AQ	IFRSAdpt	BDSize	AUDCT	NED	IN-OWN	SIZ-Firm	LEV	ROA	Tolen	VIF
IFRSAdpt	0.068	.467**	1								0.69	**1.46**
BDSize	.226*	.218*	.434**	1							0.39	**2.55**
AUDCT	-0.022	0.081	0.03	0.028	1						0.96	**1.04**
NED	0.116	0.101	.387**	.717**	-0.052	1					0.44	**2.28**
IN-OWN	-0.045	0.145	0.2	-0.147	-0.019	-0.051	1				0.83	**1.21**
SIZ-Firm	0.173	.291**	0.046	0.162	-0.073	0.006	-0.152	1			0.73	**1.37**
LEV(Debt)	0.183	.267*	-0.126	-.238*	-0.045	-.299**	-0.075	.303**	1		0.77	**1.3**
ROA	.378**	0.198	0.126	0.194	-0.009	0.049	0.103	.225*	0.038	1	0.66	**1.52**
Net Loss	-.250*	-.219*	**0.063**	**-0.13**	**-0.064**	-0.095	**-0.112**	**-.278**	**0.096**	-.526**	**0.61**	**1.65**

Source: 'Researcher constructed the table' This is drawn from secondary data

Table 4.9 shows the correlation analysis conducted in South Africa uncovers intriguing connections between important variables, offering valuable insights into the dynamics of financial reporting in the country. The use of IFRS is positively associated with EM, as indicated by a coefficient of 0.068. These findings suggest that as South African companies progressively implement IFRS, there is a trend for a rise in the use of EM techniques. The positive association can be due to the intricate characteristics of IFRS, which create possibilities for manipulative accounting techniques.

Furthermore, there is a significant and substantial association between the implementation of IFRS and the quality of audits (AQ) in South Africa, as indicated by a coefficient of 0.467**. These findings indicate that the adoption of IFRS by corporations in South Africa is accompanied by a concomitant enhancement in AQ. The positive association observed here supports the anticipated outcome that the adoption of IFRS improves transparency and standardized reporting methods, resulting in improved AQ.

When examining the connection between CG factors and EM, it is evident that firm size (BDSize) and the inclusion of Non-Executive Directors (NED) both display positive correlations of 0.226* and 0.116, respectively. These findings suggest that there is a positive correlation between the size of a company and the number of non-executive directors it has, and the extent to which it engages in EM. Furthermore, there is a negative correlation of -0.022 between Auditor Tenure (AUDCT) and Institutional Ownership (IN-OWN), while the correlation between Institutional Ownership (IN-OWN) and Auditor Tenure (AUDCT) is -0.045. The data indicates a correlation between extended auditor tenure, reduced Institutional ownership and decreased instances of EM.

The analysis reveals that there are positive correlations between AQ, firm size (BDSize), Non-Executive Directors (NED), and Institutional Ownership (IN-OWN) variables. Specifically, the correlations are 0.434** for AQ, 0.387** for firm size, and 0.2 for Institutional Ownership. These findings suggest that there is a positive correlation between the size of a company, the number of non-executive directors it has, and the level of Institutional ownership, and the overall quality of its audits. Moreover, the correlation coefficient of 0.03 suggests that there is a positive relationship between auditor tenure and AQ, implying that longer tenure leads to better quality audits.

Upon examining the associations between Control Variables and EM and AQ, it is evident that Return on Assets (ROA) demonstrates a significant positive correlation of 0.378** with EM and a positive correlation of 0.126 with AQ. These findings indicate that a greater return on assets is linked to both stronger EM and enhanced AQ. In addition, the existence of net losses demonstrates a negative connection of -0.250* with EM and -0.219* with AQ. These findings suggest that organizations with negative net income are more inclined to manipulate their earnings, but they may also encounter lower levels of AQ.

Table 4.10

Correlation Matrix for Combined Countries

	EM	AQ	IFRSAdopt	BDSize	AUDCT	NED	IN-OWN	SIZ-Firm	LEV	ROA	Tolen	VIF
IFRSAdopt	.143**	.271**	1								0.74	**1.35**
BDSize	.191**	.255**	.374**	1							0.38	**2.6**
AUDCT	-0.009	-0.006	0.04	.114*	1						0.98	**1.02**
NED	0.1	.380**	.355**	.713**	0.048	1					0.41	**2.44**
IN-OWN	-0.019	0.088	0.042	-0.039	-0.012	0.008	1				0.99	**1.01**
SIZ-Firm	.302**	.151**	.310**	.306**	-0.008	0.042	-0.035	1			0.77	**1.29**
LEV(Debt)	0.08	-.121*	0.098	0.099	-0.026	-0.074	-0.03	0.052	1		0.93	**1.08**
ROA	0	0.018	.160**	0.080057	-0.002	0.037	0	0.042	0.0034	1	0.97	**1.03**
Net Loss	-.106*	-.225**	-.220**	-.232**	-0.054	-.214**	-0.074	-0.093	-0.058	-0.025	0.91	**1.09**

Source: 'Researcher constructed the table' This is drawn from secondary data

The correlation findings from the combined analysis of nations (Ghana, Nigeria, Kenya, South Africa) in Table 4.10 offer a thorough understanding of the interactions between important variables. These findings provide valuable insights into the dynamics of financial reporting across various situations.

The use of IFRS is positively associated with EM, as indicated by a coefficient of 0.143**. This suggests that as corporations in these nations increasingly embrace IFRS, there is a trend for a rise in the use of EM strategies. The presence of a positive association indicates that the implementation of IFRS could potentially bring about accounting intricacies or chances for managerial flexibility in financial reporting.

The relationship between the adoption of IFRS and AQ in the combined countries is significantly strong, as indicated by a coefficient of 0.271**. As organizations implement IFRS, there is a concomitant enhancement in AQ across many situations. The positive association observed here supports the hypothesis that the adoption of IFRS improves transparency and standardized reporting methods, ultimately resulting in improved AQ.

The analysis reveals that there is a positive association of 0.191** between company size (BDSize) and the presence of Non-Executive Directors (NED) in relation to EM. These findings suggest that in these nations, larger companies and those with a greater number of non-executive directors tend to engage in more EM. Furthermore, there is a negative correlation of -0.009 between Auditor Tenure (AUDCT) and Institutional Ownership (IN-OWN), and a separate negative correlation of -0.019 between the two variables. These findings indicate that when

auditors have longer tenure and there is lower Institutional ownership, there is a correlation with reduced levels of EM.

The analysis demonstrates positive relationships between corporate governance variables and audit quality, specifically firm size (BDSize), Non-Executive Directors (NED), and Auditor Tenure (AUDCT), with correlation coefficients of 0.255**, 0.380**, and 0.04, respectively. These results indicate that company size, non-executive director representation, and auditor tenure length are positively associated with enhanced audit quality. Additionally, a significant correlation of 0.042 exists between Institutional Ownership (IN-OWN) and audit quality, suggesting that greater institutional ownership levels correlate with improved audit quality.

Examining the relationships between control variables and earnings management and audit quality reveals that Return on Assets (ROA) shows no significant correlation with earnings management. This indicates that variations in earnings management practices across these countries may not be substantially influenced by ROA differences. However, ROA demonstrates a significant positive correlation of 0.160** with audit quality, suggesting that superior return on assets relates to enhanced audit quality. Furthermore, net losses show negative correlations of -0.106* with earnings management and -0.220** with audit quality. These findings indicate that companies experiencing net losses are more likely to engage in earnings management while potentially experiencing lower audit quality levels.

Comparative Correlation Analysis for Variables

Earnings Management (EM)

The correlation analysis of earnings management (EM) with other variables across the four countries reveals distinct patterns and relationships. In Ghana, the correlation between EM

and audit quality (AQ) is weak, suggesting that the presence of BIG4 auditors does not strongly influence earnings management practices. However, in Nigeria, the correlation is slightly stronger, indicating that firms audited by BIG4 auditors may be more cautious in their earnings management strategies. In Kenya, the correlation between EM and AQ is moderate, implying that audit quality has a more significant role in constraining earnings management practices compared to Ghana and Nigeria. South Africa shows a weak correlation between EM and AQ, similar to Ghana, suggesting that even with high audit quality, earnings management practices vary widely. The correlation between EM and IFRS adoption (IFRSAdopt) is generally weak across all four countries, with slight variations. In Ghana, the correlation is negative, indicating that higher IFRS adoption is associated with reduced earnings management, though the effect is minimal. Nigeria and Kenya exhibit weak positive correlations, suggesting that higher IFRS adoption might coincide with slightly increased earnings management, potentially due to more complex accounting standards that provide opportunities for manipulation. South Africa, however, shows a weak negative correlation, implying that higher IFRS adherence slightly reduces earnings management, consistent with the intended role of IFRS in promoting transparency.

Audit Quality (AQ)

Audit quality (AQ) shows varying correlations with other corporate governance and control variables across the countries. In Ghana, the correlation between AQ and board size (BDSize) is weak, indicating that larger boards do not necessarily correlate with higher audit quality. In contrast, Nigeria shows a slightly stronger positive correlation between AQ and BDSize, suggesting that firms with larger boards may be more likely to engage BIG4 auditors, potentially reflecting stronger governance practices. In Kenya, the correlation is moderate, implying that larger boards might influence the choice of auditors, potentially due to better

governance oversight. South Africa, however, shows a weak correlation, similar to Ghana, suggesting that board size has little impact on the audit quality. The correlation between AQ and non-executive directors (NED) is weak across all four countries, indicating that the presence of non-executive directors does not significantly influence the likelihood of employing BIG4 auditors. However, the correlation between AQ and Institutional ownership (IN-OWN) varies; in Ghana and Kenya, the correlation is weakly negative, suggesting that higher Institutional ownership might slightly reduce the likelihood of engaging BIG4 auditors, potentially due to the influence of Institutions who prefer less stringent audits. In Nigeria and South Africa, the correlation is weakly positive, indicating that higher Institutional ownership may coincide with the use of BIG4 auditors, possibly reflecting a desire for higher audit quality to attract external investors.

IFRS Adoption (IFRSAdopt)

The correlation analysis of IFRS adoption (IFRSAdopt) with corporate governance and control variables highlights key differences across the four countries. In Ghana, the correlation between IFRSAdopt and board size (BDSize) is weak, suggesting that board size has little impact on the level of IFRS adoption. In Nigeria, the correlation is slightly stronger, indicating that larger boards may be associated with higher IFRS adoption, potentially due to better governance and a focus on compliance. Kenya shows a moderate correlation, suggesting that board size plays a more significant role in promoting IFRS adoption. South Africa exhibits a weak correlation, indicating that board size has minimal impact on IFRS adherence. The correlation between IFRSAdopt and leverage (LEV) is generally weak across all countries, with slight variations. In Ghana, the correlation is weakly positive, suggesting that firms with higher debt levels may be slightly more inclined to adopt IFRS, possibly to meet lender requirements. In Nigeria and Kenya, the correlation is weakly negative, implying that higher leverage might

coincide with lower IFRS adoption, potentially due to the complexity of IFRS reporting for highly leveraged firms. South Africa shows a weak positive correlation, indicating that higher leverage may be associated with increased IFRS adoption, possibly reflecting a focus on transparency and investor confidence.

Corporate Governance Variables

Corporate governance variables, including board size (BDSize), non-executive directors (NED), and Institutional ownership (IN-OWN), show varying correlations with each other and with control variables across the countries. In Ghana, the correlation between BDSize and NED is moderately positive, suggesting that larger boards are more likely to include non-executive directors, potentially reflecting a focus on diverse governance structures. Nigeria exhibits a similar but slightly stronger correlation, indicating that board size is a significant factor in the inclusion of non-executive directors, possibly reflecting governance standards that promote broader board participation. In Kenya, the correlation between BDSize and NED is moderate, similar to Ghana, indicating that larger boards tend to have more non-executive directors. South Africa shows a moderate correlation, suggesting that board size is an important factor in the composition of the board, including the presence of non-executive directors. The correlation between BDSize and Institutional ownership (IN-OWN) is weakly negative in Ghana and Kenya, suggesting that larger boards may coincide with lower Institutional ownership, potentially due to the dilution of Institutional influence in larger governance structures. In Nigeria and South Africa, the correlation is weakly positive, indicating that larger boards may coincide with higher Institutional ownership, possibly reflecting concentrated ownership structures where Institutions maintain significant influence.

Control Variables

The control variables, including firm size (SIZ-Firm), leverage (LEV), and return on assets (ROA), show diverse correlations across the four countries, reflecting differences in financial strategies and outcomes. In Ghana, the correlation between SIZ-Firm and leverage (LEV) is weakly positive, suggesting that larger firms are slightly more likely to use debt, possibly due to better access to capital markets. Nigeria shows a slightly stronger positive correlation, indicating that larger firms are more leveraged, reflecting a possible strategy of using debt to finance growth. Kenya exhibits a weak positive correlation, suggesting that while larger firms may use more debt, the relationship is not strong. South Africa shows a moderate positive correlation, indicating that larger firms are more likely to use leverage, possibly reflecting a more developed financial market. The correlation between SIZ-Firm and ROA is weakly negative in Ghana, Nigeria, and Kenya, suggesting that larger firms may experience diminishing returns on assets, possibly due to inefficiencies or the complexities of managing larger operations. In South Africa, the correlation is weakly positive, indicating that larger firms may be slightly more efficient in generating returns from their assets. The correlation between leverage (LEV) and ROA is weakly negative across all four countries, with slight variations. In Ghana and Nigeria, the negative correlation suggests that higher leverage is associated with lower returns on assets, reflecting the potential financial risk of using debt. In Kenya and South Africa, the correlation is similarly negative, indicating that higher debt levels may constrain profitability, though the relationship is generally weak.

Comparative correlation analysis across Ghana, Nigeria, Kenya, and South Africa

The comparative analysis of the correlation matrices across Ghana, Nigeria, Kenya, and South Africa reveals both convergence and divergence in the relationships between corporate governance variables and financial performance indicators. Ghana's data reflects a moderate to weak positive correlation between board size (BDSize), the number of non-executive directors (NED), and IFRS adoption, indicating that governance structures modestly align with international financial reporting norms. However, a notable negative relationship exists between firm size (SIZ-Firm) and earnings management (EM), suggesting that larger firms in Ghana are less prone to manipulate earnings, potentially due to better regulatory scrutiny or internal controls. Similarly, internal ownership (IN-OWN) in Ghana shows a strong negative correlation with net losses, highlighting the disciplinary role of insider ownership in mitigating financial distress.

In Nigeria, correlations are more pronounced, particularly the significant positive relationships between audit quality (AQ), board size, and IFRS adoption, reflecting a stronger alignment between governance practices and financial reporting quality. Firm size is positively associated with earnings management and IFRS adoption, implying that larger firms are not only more compliant but may also exploit flexibility in standards to manage earnings. This contrasts with Ghana, where larger firms tend to manage earnings less. Furthermore, in Nigeria, insider ownership appears to have less of a disciplinary effect compared to Ghana and is even positively correlated with leverage (LEV), which may point to entrenchment effects where insiders increase risk-taking behavior.

Kenya presents the most robust governance-financial performance linkages. The correlations between board size, non-executive directors, and audit quality are significantly strong, especially the near-perfect correlation ($r = .905^{**}$) between BDSize and NED. This suggests a highly structured governance environment where board oversight is paramount. A

strong positive correlation between firm size and AQ, and a significant negative correlation between earnings management and insider ownership (r = -0.273**), indicate effective control mechanisms. Furthermore, net loss is negatively correlated with several governance variables, particularly firm size and board structure, underlining the importance of governance in financial resilience.

South Africa, on the other hand, presents a slightly different picture. While it shows positive correlations between IFRS adoption and audit quality (r = .467**) and a significant link between board structure and firm size, it also exhibits a unique pattern where leverage is negatively correlated with board independence (NED) and board size, suggesting that better-governed firms rely less on debt financing. This trend aligns with a relatively mature capital market in South Africa, where equity financing is more accessible for well-governed firms. Earnings management in South Africa is positively related to firm size and IFRS adoption, which may imply the use of sophisticated accounting techniques under the guise of compliance.

The aggregated data for the combined countries confirm these patterns while revealing a more consistent positive relationship between IFRS adoption and audit quality, board structure, and firm size. Notably, audit committee effectiveness (AUDCT) consistently shows weak correlations across all countries, questioning its practical influence in these contexts. Insider ownership's weak or negative associations with performance and governance variables in the aggregate data suggest its diminishing role or potential for agency conflicts in African corporate structures. The consistent negative correlations between net loss and governance metrics across all countries reinforce the vital role of strong governance in financial sustainability.

In summary, Kenya and Nigeria demonstrate stronger and more consistent correlations between governance indicators and financial reporting variables compared to Ghana and South Africa. Kenya's structure is particularly robust, suggesting an efficient governance framework that positively impacts audit quality and performance. Nigeria's correlation strengths suggest proactive governance reforms but may also indicate areas of opportunistic behavior masked by formal compliance. Ghana's governance framework shows emerging structures with mixed impacts on performance, while South Africa, despite its advanced market, shows weaker governance correlations, possibly due to institutional factors and complex corporate dynamics. The combined analysis underscores the significance of tailored governance reforms that align with country-specific institutional realities to enhance financial reporting quality and organizational performance in sub-Saharan Africa.

Analysis: Model summary

Regression Findings Ghana

Based on the most recent findings, please provide a summary of the findings, with an emphasis on the significance of p-values at the threshold of 0.05 and the associations between the variables.

Table 4.11

Regression Result for Ghana (IFRS Adoption with Corporate Governance on Earnings Management)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	(95,925,136)	42,041,829	-2.282	0.0252*
BDSizw	(111,145,290)	28,767,572	-3.864	0.0002*
AUDCT	462,667,521	241,805,538	1.913	0.0592*
NED	87,132,403	33,542,937	2.598	0.0112*
IN-OWN	217,353	121,019,713	0.002	0.9985*
SIZ-Firm	(218,927,119)	35,747,739	-6.124	0.000*
LEV(Debt)	1,096,949	628,275	1.746	0.0000*
ROA	7,102,481	2,066,538	3.437	0.0009*
Net Loss	36,533,079	93,565,806	0.390	0.697

Model Summary

R	.690a
R Square(R²)	0.475750679
Adjusted R Square	0.41677263
Std. Error of the Estimate	284095168.2
Durbin-Watson	0.789527783

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED
b. Dependent Variable: DACCIT
* P value is significant at 0.05
** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

Table 4.11 shows the model's overall fit, as indicated by the R-squared (R²) value of 0.476, shows that 47.6% of the variability in EM can be accounted for by the combination of predictor variables. The adjusted R-squared (R²) score, which is 0.417, considers the number of predictors and offers a more cautious evaluation of the model's suitability.

IFRSAdopt: The coefficient of -95,925,136 indicates that for every one unit increase in IFRSAdopt, EM is predicted to fall by the same amount. The statistical analysis reveals that this link is highly significant at the 0.05 level (p = 0.0252*), suggesting that it has a substantial influence on EM.

BDSize: A coefficient of -111,145,290 signifies that for each unit rise in BDSize, EM is predicted to fall by this exact amount. The significance of this association is quite high at the 0.05 level (p = 0.0002*).

AUDCT: The coefficient of 462,667,521 indicates that a one-unit rise in AUDCT is connected with an increase in EM by the same amount. Despite the p-value (0.0592) being somewhat higher than the 0.05 criterion, it still holds moderate significance at the 0.1 level.

NED: The coefficient of 87,132,403 indicates that for every one-unit increase in NED, EM is predicted to increase by the same amount. The statistical significance of this link is confirmed at the 0.05 level, with a p-value of 0.0112*.

The coefficient for IN-OWN is 217,353, and the p-value is 0.9985. This suggests that IN-OWN is not a statistically significant predictor of EM. The coefficient of -218,927,119 for SIZ-Firm indicates that for every one-unit rise in SIZ-Firm, EM is predicted to decrease by the same amount. The link is statistically significant at a high degree of significance, with a p-value of 0.000* ($p < 0.05$). LEV(Debt): The coefficient of 1,096,949 indicates that for every one unit increase in LEV(Debt), EM is predicted to grow by the same amount. The statistical significance of this link is established at the 0.05 level ($p = 0.0000$*).

ROA: The coefficient of 7,102,481 indicates that for every one-unit rise in ROA, there is a corresponding increase in EM by the same amount. The significance of this link is particularly pronounced at the 0.05 level ($p = 0.0009$*). The correlation of 36,533,079 suggests that a marginal increase in Net Loss is linked to a minimal increase in EM. The statistical analysis indicates that this variable does not have a significant effect, as evidenced by the p-value of 0.697.

To summarize, the regression model demonstrates that multiple variables exert a substantial influence on EM. BDSize, IFRSAdopt, NED, SIZ-Firm, LEV(Debt), and ROA are all factors that have a statistically significant relationship at the 0.05 level. Although AUDCT has a moderate level of importance, both IN-OWN and Net Loss do not have a major impact on EM.

Table 4.12

Regression Result for Ghana (IFRS Adoption with Corporate Governance on Audit Quality)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	0.1027	0.0647	1.587	0.117
BDSizw	(0.1486)	0.0443	-3.353	0.0012*
AUDCT	0.7852	0.3724	2.109	0.038*02
NED	0.0788	0.0517	1.525	0.131
IN-OWN	0.5458	0.1864	2.929	0.0044*
SIZ-Firm	(0.0626)	0.0550	-1.138	0.259
LEV(Debt)	(0.0011)	0.0010	-1.171	0.245
ROA	0.0036	0.0032	1.139	0.258
Net Loss	0.2343	0.1441	1.626	0.108
Model Summary				
R	.554[a]			
R Square(R^2)	0.30719531			
Adjusted R Square	0.229254783			
Std. Error of the Estimate	0.437478337			
Durbin-Watson	1.112259156			

a. Predictors: (Constant), Net Loss, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt (Index), IN-OWN, BDSizw, NED

b. Dependent Variable: AQ (BIG4/Non BIG4)

* P value is significant at 0.05

** P value is significant at 0.10

Source: 'Researcher constructed the table' This is drawn from secondary data

Table 4.12 shows that the R-squared (R^2) value of 0.307 signifies that 30.7% of the variability in AQ can be accounted for by the combination of predictor factors. The adjusted R-squared (R^2) score is 0.229, which takes into consideration the number of predictors and offers a more cautious evaluation of the model's suitability.

The coefficient of 0.1027 indicates that a one-unit increase in IFRSAdopt is expected to result in a corresponding increase of AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.117).

The coefficient of -0.1486 for BDSize suggests that for every one-unit rise in BDSize, AQ is projected to decrease by that amount. The significance of this link is statistically significant at the 0.05 level (p = 0.0012).

AUDCT: The coefficient of 0.7852 indicates that a one-unit increase in AUDCT is directly associated with a corresponding increase in AQ by the same amount. The statistical significance of this link is confirmed at the 0.05 level with a p-value of 0.038*.

The coefficient of 0.0788 indicates that a one-unit rise in NED is likely to result in a corresponding increase of AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.131).

The coefficient of IN-OWN is 0.5458, indicating that for every one-unit increase in IN-OWN, AQ is projected to grow by the same amount. The significance of this link is statistically strong at the 0.05 level (p = 0.0044*).

SIZ-Firm: The coefficient of -0.0626 indicates that a one-unit rise in SIZ-Firm is correlated with a drop in AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.259).

The coefficient of LEV(Debt) is -0.0011, which means that for every one-unit rise in LEV(Debt), AQ is projected to fall by this exact amount. The observed link does not meet the criteria for statistical significance at the 0.05 level, with a p-value of 0.245. ROA: The coefficient of 0.0036 indicates that a one-unit rise in ROA is linked to a corresponding increase in AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.258). The coefficient of 0.2343 indicates that for every unit rise in Net Loss, there is a corresponding increase in AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.108).

Table 4.13

Regression Findings for Nigeria

Regression Result for Nigeria (IFRS Adoption with Corporate Governance on Earnings Management)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	-12807874748	17676651333	-0.725	0.471
BDSizw	479209375.6	5085467046	0.094	0.925
AUDCT	-16210570316	62400281142	-0.260	0.796
NED	5642196493	4859902758	1.161	0.249
IN-OWN	20280560706	49838355706	0.407	0.685
SIZ-Firm	39970288231	14330467588	2.789	0.0066*
LEV(Debt)	-363571776.4	186029337	-1.954	0.054*
ROA	-5122323737	37353017620	-0.137	0.891
Net Loss	-20026532718	27334689167	-0.733	0.466
Model Summary				
R	.479[a]			
R Square(R²)	.229			
Adjusted R Square	.142			
Std. Error of the Estimate	102085713126.2130			
Durbin-Watson	1.139			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED

b. Dependent Variable: EM

* P value is significant at 0.05

** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

The examination of Table 4.13 reveals insights into the relationship between predictor variables and their impact on EM. The R-squared (R²) value of 0.229 indicates that approximately 22.9% of the variability in EM can be explained by the combined influence of the predictors. However, the adjusted R-squared (R²) score of 0.142, which considers the number of predictors, offers a more cautious evaluation of the model's suitability.

IFRSAdopt coefficient of -12,807,874,748 suggests that a one-unit rise in IFRSAdopt is predicted to result in a fall of EM by this exact amount. However, this association does not

exhibit statistical significance at the 0.05 level (p = 0.471), indicating that the adoption of International Financial Reporting Standards (IFRS) may not significantly impact EM.

BDSize coefficient of 479,209,375.6 implies that for every rise of one unit in BDSize, there is a projected increase in EM by the same amount. However, the link between these variables does not exhibit statistical significance at the 0.05 level, with a p-value of 0.925, suggesting that firm size, as measured by BDSize, may not significantly influence Earnings Management.

AUDCT the coefficient of -16,210,570,316 indicates that a one-unit rise in AUDCT is linked to a decrease in EM by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level, as indicated by a p-value of 0.796, suggesting that audit committee characteristics may not significantly impact EM.

NED coefficient of 5,642,196,493 suggests that for each additional unit of NED, EM is predicted to grow by the same amount. However, this association does not exhibit statistical significance at the 0.05 level (p = 0.249), indicating that board independence may not significantly influence EM.

IN-OWN coefficient of 20,280,560,706 indicates that a one-unit increase in IN-OWN is linked to a significant increase in EM. Nevertheless, this association lacks statistical significance at the 0.05 level (p = 0.685), suggesting that Institutional ownership may not have a significant impact on EM.

The coefficient for SIZ-Firm is 39,970,288,231, indicating that a one-unit rise in SIZ-Firm is correlated with a corresponding increase in EM by the same amount. The statistical significance of this link is established at the 0.05 level, with a p-value of 0.0066*, suggesting that firm size may have a significant influence on EM.

LEV(Debt) coefficient of -363,571,776.4 indicates that for every one-unit increase in LEV(Debt), EM is predicted to fall by the same amount. This link has a modest level of statistical significance, with a p-value of 0.054, suggesting that debt levels may have a modest impact on EM.

ROA coefficient of -5,122,323,737 indicates that a one-unit increase in ROA is linked to a small fall in EM. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.891), indicating that Return on Assets (ROA) may not significantly influence EM in this model.

The coefficient for Net Loss is -20,026,532,718, meaning that a one-unit rise in Net Loss is linked to a fall in EM by this exact amount. However, the association does not exhibit statistical significance at the 0.05 level, with a p-value of 0.466, suggesting that net losses may not significantly impact EM.

While some predictor variables such as firm size (SIZ-Firm) and debt levels (LEV(Debt)) show potential impacts on EM, others like IFRS adoption, audit committee characteristics (AUDCT), board independence (NED), Institutional ownership (IN-OWN), Return on Assets (ROA), and net losses do not show significant associations with EM in this model

Table 4.14

Regression Result for Nigeria (IFRS Adoption with Corporate Governance on Audit Quality)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	0.0881	0.0690	1.277	.205
BDSizw	(0.0372)	0.0198	-1.874	0.0645**
AUDCT	(0.3406)	0.2435	-1.399	.166
NED	0.0594	0.0190	3.133	0.0024*
IN-OWN	0.8612	0.1945	4.429	0.0002*
SIZ-Firm	0.1180	0.0559	2.111	0.0379*

LEV(Debt)	(0.0016)	0.0007	-2.223	0.029*
ROA	(0.1897)	0.1458	-1.302	.197
Net Loss	0.0902	0.1067	.845	.400

Model Summary

R	.655ᵃ
R Square(R²)	.429
Adjusted R Square	.365
Std. Error of the Estimate	.3983
Durbin-Watson	1.079

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED

b. Dependent Variable: AQ

* P value is significant at 0.05

** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

Based on the analysis from Table 4.14, it is evident that the predictor variables collectively explain approximately 42.9% of the variability in AQ. The adjusted R-squared (R^2) value of 0.365, which accounts for the number of predictors, offers a more cautious assessment of the model's adequacy.

IFRSAdopt coefficient of 0.0881 suggests that a one-unit rise in IFRSAdopt is predicted to result in an increase of AQ by the same amount. However, this association does not exhibit statistical significance at the 0.05 level ($p = 0.205$), indicating that the adoption of International Financial Reporting Standards (IFRS) may not significantly impact Audit Quality.

BDSize coefficient of -0.0372 implies that for every one unit rise in BDSize, AQ is predicted to decrease by this exact amount. The significance of this link is moderate at the 0.1 level, with a p-value of 0.0645**, suggesting a potential but not definitive influence of firm size on Audit Quality.

AUDCT coefficient is -0.3406, indicating that a one-unit increase in AUDCT is linked to a fall in AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level ($p = 0.166$), suggesting that audit committee characteristics may not significantly impact Audit Quality.

NED coefficient of 0.0594 signifies that for every one-unit rise in NED, there is a projected increase in AQ by the same amount. The statistical significance of this link is established at the 0.05 level, with a p-value of 0.0024*, highlighting the potential positive impact of board independence on EM.

IN-OWN coefficient of 0.8612 indicates that a one-unit rise in IN-OWN is linked to a significant increase in AQ. The significance of this link is particularly pronounced at the 0.05 level (p = 0.0002*), emphasizing the significant impact of Institutional ownership on EM.

The coefficient for SIZ-Firm is 0.1180, indicating that a one-unit increase in SIZ-Firm is linked to a corresponding increase in AQ by the same amount. The statistical significance of this link is confirmed at the 0.05 level, with a p-value of 0.0379*, suggesting that firm size may have a significant influence on EM.

LEV(Debt) coefficient of -0.0016 indicates that for every one-unit increase in LEV(Debt), AQ is projected to fall by the same amount. The significance of this connection is moderate at the 0.1 level (p = 0.029*), suggesting that debt levels may have a modest impact on EM.

ROA coefficient of -0.1897 suggests that a one-unit increase in ROA is linked to a small fall in AQ. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.197), indicating that Return on Assets (ROA) may not significantly influence EM in this model.

Lastly, the regression coefficient for Net Loss is 0.0902, indicating that a one-unit rise in Net Loss is connected with a small increase in AQ. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.400), suggesting that net losses may not significantly impact EM in this context.

Some predictor variables such as board independence (NED), Institutional ownership (IN-OWN), and firm size (SIZ-Firm) show significant impacts on EM while others like IFRS adoption, audit committee characteristics (AUDCT), debt levels (LEV(Debt)), Return on Assets (ROA), and net losses do not show significant associations with AQ in this model.

Regression Findings for Kenya
Table 4.15

Regression Result for Kenya (IFRS Adoption with Corporate Governance on Earnings Management)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	(5,989,306,837.00)	3,566,997,378.29	-1.679	0.097**
BDSizw	(1,421,395,260.83)	1,892,552,581.38	-0.751	0.455
NED	4,241,471,352.76	1,976,042,911.10	2.146	0.0348*
IN-OWN	(24,364,603,948.01)	10,828,976,557.19	-2.250	0.0272*
SIZ-Firm	(10,453,336,165.14)	5,677,595,963.33	-1.841	0.069**
LEV(Debt)	266,607,241.43	502,378,790.40	0.531	0.597
ROA	6,258,737,486.07	4,492,789,266.41	1.393	0.167
Net Loss	7,570,064,410.04	6,750,581,114.23	1.121	0.265
Model Summary				
R	.441[a]			
R Square(R^2)	.195			
Adjusted R Square	.114			
Std. Error of the Estimate	22326996539.1149			
Durbin-Watson	.718			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED
b. Dependent Variable: EM
* P value is significant at 0.05
** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

The analysis derived from Table 4.15 provides a detailed examination of the relationships between predictor factors and their impact on EM as the dependent variable. The R-squared (R^2) value of 0.195 signifies that approximately 19.5% of the variability in EM can be explained by the combined influence of the predictor factors. However, it's crucial to consider the adjusted R-squared (R^2) score of 0.114, which adjusts for the number of predictors and offers a more cautious evaluation of the model's accuracy.

IFRSAdopt coefficient of -5,989,306,837.00 indicates that a one-unit increase in IFRSAdopt is associated with a fall in EM by the same amount. However, this association does not exhibit statistical significance at the 0.05 level (p = 0.097**), suggesting that the adoption of International Financial Reporting Standards (IFRS) may not significantly impact EM.

BDSize the coefficient of -1,421,395,260.83 implies that for every rise of one-unit in BDSize, EM is projected to fall by the same amount. However, similar to IFRSAdopt, this observed link does not meet the criteria for statistical significance at the 0.05 level, as indicated by a p-value of 0.455, suggesting that firm size, as measured by BDSize, may not significantly influence EM.

NED coefficient of 4,241,471,352.76 indicates that for every one-unit increase in NED, EM is predicted to increase by the same amount. The statistical significance of this link is established at the 0.05 level, with a p-value of 0.0348*, highlighting the importance of board independence in positively influencing EM.

IN-OWN coefficient of -24,364,603,948.01 signifies that a one-unit rise in IN-OWN is projected to result in a decrease of EM by the same amount. The statistical significance of this link is established at the 0.05 level, with a p-value of 0.0272*, emphasizing the negative impact of Institutional ownership on EM.

SIZ-Firm coefficient of -10,453,336,165.14 indicates that a one-unit rise in SIZ-Firm is linked to a decrease in EM by the same amount. However, the link between these variables does not exhibit statistical significance at the 0.05 level, with a p-value of 0.069**, suggesting that firm size may not significantly influence EM in this model.

LEV(Debt) coefficient of 266,607,241.43 indicates that a one-unit rise in LEV(Debt) is predicted to result in a corresponding increase of EM by this amount. Nevertheless, this association lacks statistical significance at the 0.05 level (p = 0.597), suggesting that debt levels may not significantly impact EM.

ROA coefficient of 6,258,737,486.07 signifies that a one-unit rise in ROA is linked to a corresponding increase in EM by this exact amount. However, similar to LEV(Debt), this association does not exhibit statistical significance at the 0.05 level (p = 0.167), indicating that Return on Assets (ROA) may not significantly influence EM in this model.

Lastly, the coefficient for Net Loss is 7,570,064,410.04, indicating that a one-unit rise in Net Loss is connected with a corresponding increase in EM by the same amount. Nevertheless, similar to ROA and LEV(Debt), this association lacks statistical significance at the 0.05 level (p = 0.265), suggesting that net losses may not significantly impact EM.

The analysis provides insights into the relationships between various predictor factors and EM. While factors such as board independence (NED) and Institutional ownership (IN-OWN) exhibit statistically significant impacts on EM, other variables such as IFRS adoption, firm size (BDSize), debt levels (LEV(Debt)), Return on Assets (ROA), and net losses do not show significant associations with EM in this model.

Table 4.16

Regression Result for Kenya (IFRS Adoption with Corporate Governance on Audit Quality)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	0.0240	0.0467	.515	.608
BDSizw	0.0030	0.0248	.122	.903
NED	0.0133	0.0259	.513	.609
IN-OWN	0.3499	0.1418	2.468	0.0157*
SIZ-Firm	0.2878	0.0744	3.870	0.0002*
LEV(Debt)	0.0126	0.0066	1.914	0.0591*
ROA	(0.0825)	0.0588	-1.402	.165
Net Loss	(0.0996)	0.0884	-1.127	.263
Model Summary				
R	.781[a]			
R Square(R²)	.610			
Adjusted R Square	.571			
Std. Error of the Estimate	0.2924			
Durbin-Watson	1.109			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED

b. Dependent Variable: AQ

* P value is significant at 0.05

** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

The analysis based on Table 4.16 provides valuable insights into the relationship between various predictor factors and their impact on AQ (EM) as the dependent variable. The R-squared (R^2) value of 0.610 indicates that approximately 61% of the variation in AQ can be explained by the combination of predictor factors. However, it's crucial to consider the adjusted R-squared (R^2) value of 0.571, which accounts for the number of predictors, offering a more cautious evaluation of the model's suitability.

IFRSAdopt coefficient of 0.0240 suggests that a one-unit increase in IFRSAdopt is likely to result in a corresponding increase of AQ by the same amount. However, this association lacks statistical significance at the 0.05 level (p = 0.608), indicating that the adoption of

International Financial Reporting Standards (IFRS) does not significantly impact EM in this context.

BDSize coefficient of 0.0030 indicates that for every one-unit increase in BDSize, AQ is projected to grow by the same amount. Nevertheless, similar to IFRSAdopt, this link lacks statistical significance at the 0.05 level (p = 0.903), suggesting that firm size, as measured by BDSize, does not significantly influence EM.

NED coefficient of 0.0133 suggests that for every one-unit increase in NED, there is a projected increase in AQ by the same amount. However, similar to IFRSAdopt and BDSize, this association does not exhibit statistical significance at the 0.05 level (p = 0.609), indicating that board independence (NED) does not have a significant impact on EM in this context.

Considering IN-OWN, the coefficient of 0.3499 indicates that for every one-unit increase in IN-OWN, AQ is projected to grow by the same amount. The statistical significance of this link is confirmed at the 0.05 level with a p-value of 0.0157*, highlighting the importance of Institutional ownership in influencing EM positively.

SIZ-Firm coefficient of 0.2878 suggests that a one-unit increase in SIZ-Firm is linked to a corresponding increase in AQ by the same amount. The statistical significance of this link is confirmed at the 0.05 level with a p-value of 0.0002*, emphasizing the impact of firm size on EM.

LEV(Debt) coefficient of 0.0126 indicates that a one-unit increase in LEV(Debt) is projected to result in a corresponding increase of AQ by the same amount. Nevertheless, this association does not exhibit statistical significance at the 0.05 level (p = 0.0591*), suggesting that debt levels do not significantly impact EM in this context.

ROA coefficient of -0.0825 indicates a negative relationship between ROA and AQ, where a one-unit rise in ROA corresponds to a decrease in AQ by the same amount. However, similar to LEV(Debt), this association does not exhibit statistical significance at the 0.05 level ($p = 0.165$), indicating that Return on Assets (ROA) does not significantly influence EM in this model.

Lastly, the negative coefficient of -0.0996 for Net Loss suggests that for every unit increase in Net Loss, there is a corresponding decrease in AQ by the same amount. Nevertheless, similar to ROA and LEV(Debt), this association does not exhibit statistical significance at the 0.05 level ($p = 0.263$), suggesting that net losses do not significantly impact EM in this context.

The analysis provides insights into the relationship between various predictor factors and AQ. While Institutional ownership (IN-OWN) and firm size (SIZ-Firm) exhibit statistically significant impacts on EM, other variables such as IFRS adoption, firm size (BDSize), board independence (NED), debt levels (LEV(Debt)), Return on Assets (ROA), and net losses do not show significant associations with AQ in this model.

Regression Findings South Africa

Table 4.17

Regression Result for South Africa (IFRS Adoption with Corporate Governance on Earnings Management)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt	(74,639,516)	456,071,258	-0.164	0.870
BDSize	71,434,713	53,208,508	1.343	0.183
AUDCT	(215,247,892)	928,342,383	-0.232	0.817
NED	5,938,456	50,314,692	0.118	0.906
IN-OWN	(2,326,392)	6,556,712	-0.355	0.724
SIZ-Firm	(30,842,945)	101,790,008	-0.303	0.763
LEV(Debt)	13,152,773	6,086,803	2.161	0.0337*
ROA	1,048,865,382	449,408,279	2.334	0.0221*
Net Loss	(238,031,663)	276,788,535	-0.860	0.392
Model Summary				
R	.473a			
R Square(R²)	.223			
Adjusted R Square	.136			
Std. Error of the Estimate	905235666.1753			
Durbin-Watson	2.481			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED
b. Dependent Variable: EM
* P value is significant at 0.05
** P value is significant at 0.10

Source: 'Researcher constructed the table' This is drawn from secondary data

The statistical analysis presented in Table 4.17 sheds light on the relationship between predictor variables and their impact on EM as the dependent variable. The R-squared (R^2) value of 0.223 indicates that approximately 22.3% of the variability in EM can be explained by the predictor variables utilized. However, the adjusted R-squared (R^2) value of 0.136, which considers the number of predictors, offers a more cautious evaluation of the model's appropriateness.

IFRSAdopt coefficient of -74,639,516 suggests that for every one-unit change in IFRSAdopt, there is a corresponding decrease in EM by the same amount. Nonetheless, this association lacks statistical significance at the 0.05 level ($p = 0.870$), indicating that the adoption of International Financial Reporting Standards (IFRS) does not significantly impact EM.

BDSize coefficient of 71,434,713 indicates that a one-unit increase in BDSize is predicted to result in a corresponding increase of EM by this amount. However, similar to IFRSAdopt, this relationship does not exhibit statistical significance at the 0.05 level, with a p-value of 0.183, suggesting that firm size, as measured by BDSize, does not significantly influence EM.

AUDCT coefficient of -215,247,892 implies that a one-unit increase in AUDCT is linked to a decrease in EM by the same amount. However, this association also lacks statistical significance at the 0.05 level (p = 0.817), indicating that auditor concentration does not significantly impact EM in this model.

NED coefficient of 5,938,456, suggesting that a one-unit increase in NED is linked to a corresponding increase in EM by the same amount. However, similar to previous variables, this association does not exhibit statistical significance at the 0.05 level (p = 0.906), suggesting that board independence (NED) does not have a significant impact on EM.

IN-OWN coefficient of -2,326,392 indicates that a one-unit increase in IN-OWN is linked to a fall in EM by the same amount. However, similar to AUDCT, NED, and BDSize, this association does not exhibit statistical significance at the 0.05 level (p = 0.724), suggesting that Institutional ownership does not significantly affect EM in this model.

SIZ-Firm coefficient of -30,842,945 suggests that a one-unit increase in SIZ-Firm is linked to a fall in EM by the same amount. However, this association does not exhibit statistical significance at the 0.05 level (p = 0.763), indicating that firm size, as measured by SIZ-Firm, does not significantly influence EM.

LEV(Debt) coefficient of 13,152,773 indicates that for every one-unit increase in LEV(Debt), EM is predicted to increase by the same amount. This link is statistically significant at the 0.05 level, with a p-value of 0.0337*, highlighting the impact of debt levels on EM.

ROA coefficient of 1,048,865,382 suggests that when ROA increases by one unit, EM is predicted to increase by this amount. This connection is statistically significant at the 0.05 level (p = 0.0221*), indicating that Return on Assets (ROA) has a significant impact on EM in this model.

Lastly, Net Loss exhibits a coefficient of -238,031,663, indicating that an increase in Net Loss by one unit is connected with a fall in EM by this amount. However, similar to IFRSAdopt, AUDCT, NED, IN-OWN, and SIZ-Firm, this association is not statistically significant at the 0.05 level (p = 0.392), suggesting that net losses do not significantly impact EM.

The analysis provides valuable insights into the relationship between various predictor variables and EM. While factors such as debt levels (LEV(Debt)) and Return on Assets (ROA) exhibit statistically significant impacts on EM, other variables like IFRS adoption, firm size (BDSize, SIZ-Firm), auditor concentration (AUDCT), board independence (NED), Institutional ownership (IN-OWN), and net losses do not show significant associations with EM in this model.

Table 4.18

Regression Result for South Africa (IFRS Adoption with Corporate Governance on Audit Quality)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt	0.9476	0.1943	4.877	0.0005*
BDSize	0.0198	0.0227	.873	0.3852000
AUDCT	0.2940	0.3955	.743	0.4595000
NED	(0.0152)	0.0214	-.711	0.4792000
IN-OWN	0.0023	0.0028	.839	0.4042000
SIZ-Firm	0.0462	0.0434	1.066	0.2897000
LEV(Debt)	0.0091	0.0026	3.496	0.0007*
ROA	(0.1271)	0.1915	-.664	0.5086*
Net Loss	(0.2942)	0.1179	-2.495	0.01466*
Model Summary				
R	.656[a]			
R Square(R²)	.431			
Adjusted R Square	.367			
Std. Error of the Estimate	.386			
Durbin-Watson	.706			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED
b. Dependent Variable: AQ
* P value is significant at 0.10
** P value is significant at 0.05

Source: 'Researcher constructed the table' This is drawn from secondary data

The analysis from Table 4.18 unveils significant insights into the relationship between various predictor variables and their impact on AQ (EM) as the dependent variable. The R-squared (R²) value of 0.431 denotes that approximately 43.1% of the variability in AQ can be elucidated by the predictor variables utilized in the model. However, it's imperative to consider the adjusted R-squared (R²) value of 0.367, which adjusts for the number of predictors, providing a more cautious and accurate estimation of the model's goodness of fit.

IFRSAdopt coefficient of 0.9476 indicates that a one-unit change in IFRSAdopt is associated with an increase in AQ by this specific amount. This relationship stands out as

statistically significant at the 0.05 level (p = 0.0005*), suggesting a meaningful impact of IFRS adoption on EM.

BDSize coefficient of 0.0198 implies that an increase in BDSize by one unit is linked to an increase in AQ by this particular amount. However, this association lacks statistical significance at the 0.05 level (p = 0.3852), indicating that firm size, as measured by BDSize, does not significantly influence EM in this model.

AUDCT coefficient of 0.2940 suggests that an increase in AUDCT by one unit is associated with an increase in AQ by this amount. However, similar to BDSize, this association lacks statistical significance at the 0.05 level (p = 0.4595), suggesting that auditor concentration does not significantly impact EM.

NED exhibits a coefficient of -0.0152, suggesting that a one-unit rise in NED is associated with a decrease in AQ by this amount. However, similar to AUDCT and BDSize, this association lacks statistical significance at the 0.05 level (p = 0.4792), indicating that board independence (NED) does not have a significant impact on EM in this context.

IN-OWN coefficient of 0.0023 implies that as IN-OWN increases by one unit, AQ is expected to increase by this amount. However, this association also lacks statistical significance at the 0.05 level (p = 0.4042), suggesting that Institutional ownership does not significantly affect EM in this model.

SIZ-Firm coefficient of 0.0462 indicates that an increase in SIZ-Firm by one unit is associated with an increase in AQ by this amount. However, similar to previous variables, this association lacks statistical significance at the 0.05 level (p = 0.2897), suggesting that firm size, as measured by SIZ-Firm, does not significantly influence EM.

LEV(Debt) coefficient of 0.0091 suggests that a one-unit increase in LEV(Debt) is associated with an increase in AQ by this amount. This association is statistically significant at the 0.05 level (p = 0.0007*), highlighting the impact of debt levels on EM.

Regarding ROA, the coefficient of -0.1271 suggests that an increase in ROA by one unit is associated with a decrease in AQ by this amount. However, this association lacks statistical significance at the 0.05 level (p = 0.5086*), indicating that Return on Assets (ROA) does not significantly influence EM in this model.

Lastly, Net Loss exhibits a coefficient of -0.2942, indicating that a one-unit rise in Net Loss is associated with a decrease in AQ by this amount. This association is statistically significant at the 0.05 level (p = 0.01466*), underlining the impact of net losses on EM.

The analysis provides valuable insights into the relationship between various predictor variables and AQ. While factors such as IFRS adoption, debt levels (LEV(Debt)), and net losses exhibit statistically significant impacts on EM, other variables like firm size (BDSize, SIZ-Firm), auditor concentration (AUDCT), board independence (NED), Institutional ownership (IN-OWN), and Return on Assets (ROA) do not show significant associations with AQ in this model. These findings contribute to a nuanced understanding of the factors influencing EM within the studied context.

Combined Countries

Table 4.19

Regression Result for Combine Countries (IFRS Adoption with Corporate Governance on Earnings Management)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt	593071277.304	3628120753.153	0.163	0.870
BDSize	1177624437.389	1410379691.424	0.835	0.404
AUDCT	-6516010269.855	18808457500.562	-0.346	0.729
NED	518678551.192	1328368316.322	0.390	0.696
IN-OWN	-66495250.808	318229577.385	-0.209	0.835
SIZ-Firm	8185618854.738	1742896344.486	4.697	0.0000*
LEV(Debt)	63663399.953	58562048.415	1.087	0.278
ROA	-133067438.033	318371142.272	-0.418	0.676
Net Loss	-6076272265.994	5741015082.696	-1.058	0.291
Model Summary				
R	.331a			
R Square(R²)	0.10959048			
Adjusted R Square	0.086694235			
Std. Error of the Estimate	48692648579			
Durbin-Watson	0.945495205			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED
b. Dependent Variable: EM
* P value is significant at 0.05
** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

The data analysis presented in Table 4.19 provides crucial insights into the relationship between various predictor variables and their impact on EM as the dependent variable. The R-squared (R^2) value of 0.110 indicates that approximately 11.0% of the variability in EM can be explained by the combination of predictor variables included in the model. However, it's essential to consider the adjusted R-squared (R^2) value of 0.087, which takes into account the number of predictors, offering a more cautious assessment of the model's goodness of fit.

IFRSAdopt coefficient of 593071277.304 suggests that a one-unit change in IFRSAdopt leads to an increase in EM by this substantial amount. However, this relationship is not

statistically significant at the 0.05 level, as indicated by a p-value of 0.870, implying that the adoption of International Financial Reporting Standards (IFRS) does not have a significant impact on EM.

BDSize coefficient of 1177624437.389 implies that an increase in BDSize by one unit is associated with a considerable increase in EM by the specified amount. Despite this, the relationship lacks statistical significance at the 0.05 level (p = 0.404), suggesting that firm size, as measured by BDSize, does not significantly influence EM.

Next, AUDCT shows a coefficient of -6516010269.855, indicating that an increase in AUDCT by one unit is linked to a substantial decrease in EM by the specified amount. However, similar to the previous variables, this relationship is not statistically significant at the 0.05 level (p = 0.729), indicating that auditor concentration does not significantly impact EM in this model.

Regarding NED, the coefficient of 518678551.192 suggests that a one-unit increase in NED leads to a noticeable increase in EM by the specified amount. However, this relationship is not statistically significant at the 0.05 level (p = 0.696), suggesting that board independence (NED) does not have a significant impact on EM.

IN-OWN exhibits a coefficient of -66495250.808, indicating that an increase in IN-OWN by one-unit findings in a substantial decrease in EM by the specified amount. However, similar to the previous variables, this relationship lacks statistical significance at the 0.05 level (p = 0.835), indicating that Institutional ownership does not significantly affect EM in this model.

On the contrary, SIZ-Firm shows a coefficient of 8185618854.738, suggesting that an increase in SIZ-Firm by one unit leads to a substantial increase in EM by the specified amount. This relationship is statistically significant at the 0.05 level (p = 0.0000), highlighting the importance of firm size in influencing EM positively.

LEV(Debt) coefficient of 63663399.953 implies that a one-unit increase in LEV(Debt) is associated with an increase in EM by the specified amount. However, similar to several previous variables, this relationship lacks statistical significance at the 0.05 level (p = 0.278), suggesting that debt levels do not significantly impact EM.

Regarding ROA, the coefficient of -133067438.033 suggests that an increase in ROA by one unit findings in a noticeable decrease in EM by the specified amount. However, similar to other non-significant relationships, this association is not statistically significant at the 0.05 level (p = 0.676), indicating that Return on Assets (ROA) does not significantly influence EM in this model.

Lastly, Net Loss exhibits a coefficient of -6076272265.994, indicating that a one-unit increase in Net Loss leads to a substantial decrease in EM by the specified amount. However, similar to IFRSAdopt and other non-significant relationships, this relationship lacks statistical significance.

The analysis provides valuable insights into the relationship between various predictor variables and EM. While firm size (SIZ-Firm) demonstrates a significant positive impact on EM, other variables such as IFRS adoption, auditor concentration (AUDCT), board independence (NED), Institutional ownership (IN-OWN), debt levels (LEV(Debt)), Return on Assets (ROA), and net losses do not exhibit statistically significant associations with EM in this model. These findings contribute to a nuanced understanding of the factors influencing EM within the examined context.

Table 4.20

Regression Result for Combined Countries (IFRS Adoption with Corporate Governance on Audit Quality)

Independence Variable	Co-efficient	Standard Error	T-Stat	P-Value
IFRSAdpt (Index)	0.072	0.033	2.193	0.029*
BDSizw	(0.018)	0.013	-1.441	.151
AUDCT	(0.087)	0.171	-.508	.612
NED	0.061	0.012	5.062	0.000*
IN-OWN	0.004	0.003	1.399	.163
SIZ-Firm	0.037	0.016	2.362	0.0187*
LEV(Debt)	(0.001)	0.001	-2.181	0.0298*
ROA	(0.001)	0.003	-.303	.762
Net Loss	(0.142)	0.052	-2.733	0.0066*
Model Summary				
R	.464a			
R Square(R²)	.215			
Adjusted R Square	.195			
Std. Error of the Estimate	0.4416			
Durbin-Watson	.852			

a. Predictors: (Constant), Net Loss, AQ, ROA, AUDCT, SIZ-Firm, LEV(Debt), IFRSAdpt, IN-OWN, BDSize, NED
b. Dependent Variable: AQ
* P value is significant at 0.05
** P value is significant at 0.10

Source: 'Researcher constructed the table' this is drawn from secondary data

The statistical analysis detailed in Table 4.20 reveals essential insights into the relationship between several predictor variables and their impact on AQ (EM) as the dependent variable. The R-squared (R^2) value of 0.215 denotes that approximately 21.5% of the variability in AQ can be explained by the predictor variables included in the model. However, it's crucial to consider the adjusted R-squared (R^2) value, which accounts for the number of predictors, providing a more conservative estimate of the model's adequacy, measured at 0.195.

IFRSAdopt coefficient of 0.072 signifies that for each unit increase in IFRSAdopt, there is a corresponding increase of 0.072 in AQ. This relationship is statistically significant at p = 0.029, indicating a meaningful impact of IFRS adoption on EM.

BDSize, the coefficient of -0.018 suggests that AQ decreases by 0.018 units for every one-unit increase in BDSize. However, this relationship lacks statistical significance, as

indicated by the p-value of 0.151, suggesting that firm size, as measured by BDSize, does not significantly influence AQ.

Next, AUDCT exhibits a coefficient of -0.087, indicating a decrease of 0.087 in AQ for each unit increase in AUDCT. However, this relationship is not statistically significant, with a p-value of 0.612, suggesting that auditor concentration does not have a significant impact on AQ.

Moving forward, NED shows a coefficient of 0.061, suggesting an increase of 0.061 in AQ for each unit rise in NED. This relationship is statistically significant at p = 0.000, highlighting the importance of board independence in influencing EM positively.

Regarding IN-OWN, the coefficient of 0.004 implies a minor increase of 0.004 in AQ for every unit rise in IN-OWN. However, this relationship lacks statistical significance, with a p-value of 0.163, indicating that Institutional ownership does not significantly affect AQ in this model.

Considering SIZ-Firm, the coefficient of 0.037 signifies a 0.037 increase in AQ for each unit rise in SIZ-Firm. This relationship is statistically significant at p = 0.0187, indicating that firm size, as measured by SIZ-Firm, has a notable impact on AQ.

Moving on to LEV(Debt), the coefficient of -0.001 implies a minor decrease of 0.001 in AQ for every unit increase in debt levels. This relationship is statistically significant at p = 0.0298, suggesting that higher debt levels are associated with slightly lower EM.

Regarding ROA, the coefficient of -0.001 suggests a minor decrease of 0.001 in AQ for every unit increase in Return on Assets. However, this relationship lacks statistical significance, with a p-value of 0.762, indicating that ROA does not significantly impact AQ in this context.

Lastly, Net Loss exhibits a coefficient of -0.142, indicating a more substantial decrease of 0.142 in AQ for each unit increase in net losses. This relationship is statistically significant

at p = 0.0066, suggesting that companies experiencing net losses tend to have lower EM.

The analysis highlights several significant findings regarding the relationship between various predictor variables and AQ. Factors such as IFRS adoption, board independence (NED), firm size (SIZ-Firm), and net losses exhibit statistically significant impacts on AQ. On the other hand, variables like firm size (BDSize), auditor concentration (AUDCT), Institutional ownership (IN-OWN), Return on Assets (ROA), and debt levels (LEV(Debt)) do not show significant associations with AQ in this model. These insights contribute to a better understanding of the factors influencing EM within the studied context.

Comparative regression analysis across countries (IFRS Adoption with Corporate Governance on Earnings Management)

The comparative analysis of the regression results examining the relationship between IFRS adoption and corporate governance on earnings management (EM) across Ghana, Nigeria, Kenya, South Africa, and the combined sample of these countries reveals significant inter-country differences in both statistical significance and model explanatory power. In Ghana, the regression model demonstrates a relatively strong explanatory power (R^2 = 0.476), indicating that nearly 48% of the variation in earnings management is explained by the independent variables. IFRS adoption exerts a statistically significant negative influence on earnings management (p = 0.025), suggesting that IFRS compliance is associated with a reduction in EM practices. This affirms the credibility of IFRS in promoting financial transparency and curbing opportunistic accounting behavior. Additionally, board size (BDSize) and non-executive directors (NED) are negatively associated with EM and statistically significant, further highlighting the role of governance mechanisms in restraining earnings manipulation. Other variables such as audit committee strength (AUDCT) and firm size (SIZ-Firm) also show

significant impact, although insider ownership (IN-OWN) is statistically insignificant, implying limited influence in the Ghanaian context.

In contrast, Nigeria presents a markedly weaker model ($R^2 = 0.229$), with IFRS adoption proving to be statistically insignificant ($p = 0.471$). This suggests that the mere adoption of IFRS may not directly influence earnings management behaviors in Nigeria, possibly due to poor enforcement, lack of institutional support, or symbolic compliance. Among the governance variables, only firm size (SIZ-Firm) and leverage (LEV) are statistically significant, with firm size positively influencing EM ($p = 0.0066$), indicating that larger firms may be more prone to earnings manipulation, possibly due to greater complexity or strategic flexibility. The relatively high standard error of the estimate ($\approx \text{₦}102$ billion) and low adjusted R^2 (0.142) reflect poor model fit, suggesting the influence of unobserved factors not captured by the model.

Kenya's model follows a similar pattern of weak explanatory strength ($R^2 = 0.195$), although IFRS adoption is marginally significant at the 10% level ($p = 0.097$), showing a negative relationship with earnings management. This implies that, while IFRS adoption may contribute to reduced earnings manipulation, the evidence is not robust. Notably, the coefficient of insider ownership (IN-OWN) is negative and significant ($p = 0.0272$), suggesting that higher insider ownership is associated with lower EM, possibly due to better alignment of interests. Non-executive directors also demonstrate a significant positive relationship with EM ($p = 0.0348$), which may reflect the nuanced dynamics of board independence in Kenya. Despite these findings, the model's adjusted R^2 is only 0.114, indicating a limited practical significance of the predictors.

South Africa's results further reinforce the disparity across jurisdictions. The model accounts for only 22% of the variance in earnings management ($R^2 = 0.223$), and IFRS adoption is statistically insignificant ($p = 0.870$), aligning with the findings from Nigeria and Kenya.

Interestingly, return on assets (ROA) and leverage are the only significant predictors (p = 0.0221 and p = 0.0337 respectively), suggesting that firm profitability and capital structure are more influential determinants of earnings management in the South African context than governance mechanisms or IFRS compliance. The insignificance of board-related variables and audit committee activity may point to either already high compliance levels or the ineffectiveness of these mechanisms in curbing EM. The relatively high Durbin-Watson statistic (2.481) suggests minimal autocorrelation, indicating a well-behaved model in terms of residual independence.

The combined model for all four countries, while offering a broader perspective, displays the weakest explanatory power (R^2 = 0.110), underscoring the complexity of applying a universal model across heterogeneous regulatory and institutional environments. IFRS adoption remains statistically insignificant (p = 0.870), affirming that on a regional level, the standard itself may not deter EM unless accompanied by strong enforcement and contextual governance structures. Only firm size (SIZ-Firm) shows statistical significance (p < 0.0001), suggesting a regional pattern where larger firms engage in more pronounced earnings management activities. The insignificance of variables such as NED, IN-OWN, audit quality, and audit committee signals the dilution of governance effectiveness in a pooled setting, possibly due to differing levels of board effectiveness, regulatory maturity, and investor protection across the sampled countries.

In summary, the cross-country comparative regression analysis reveals a highly contextualized impact of IFRS adoption and governance mechanisms on earnings management. While Ghana shows evidence of IFRS effectiveness and the role of governance in reducing EM, the same cannot be said of Nigeria, Kenya, and South Africa, where institutional enforcement and governance quality appear inconsistent. The findings imply that standardized reforms such as IFRS adoption yield varying outcomes depending on national enforcement, corporate culture,

and the maturity of governance frameworks. Policymakers and regulators across Sub-Saharan Africa must, therefore, complement IFRS adoption with rigorous monitoring, capacity building, and governance reform to ensure financial transparency and accountability

Comparative regression analysis across countries (IFRS Adoption with Corporate Governance on Audit Quality)

The data reveals a spectrum of influence and statistical significance among the four countries, exposing differences in institutional effectiveness, regulatory maturity, and governance structures.

In Ghana, the model demonstrates a modest explanatory power with an R^2 of 0.307, indicating that approximately 31% of the variation in audit quality is explained by the model's predictors. Although IFRS adoption does not achieve statistical significance ($p = 0.117$), governance variables such as board size (BDSize), audit committee strength (AUDCT), and insider ownership (IN-OWN) significantly impact audit quality. The negative coefficient for board size suggests that larger boards may dilute oversight effectiveness in Ghana, reducing the likelihood of engaging quality auditors. Conversely, the positive influence of IN-OWN and AUDCT implies that insider involvement and strong audit committees promote better audit outcomes. The lack of statistical influence of firm size, leverage, and profitability underscores the dominance of governance dynamics over financial characteristics in this jurisdiction.

In Nigeria, the regression output presents a relatively higher explanatory power ($R^2 = 0.429$), with more variables reaching statistical significance. IFRS adoption is statistically insignificant ($p = 0.205$), indicating that in the Nigerian setting, the adoption of IFRS alone does not significantly affect audit quality. However, governance structures are more influential, particularly the number of non-executive directors (NED), insider ownership, firm size, and

leverage, all of which are statistically significant. The positive relationship between IN-OWN and AQ (p = 0.0002) emphasizes the monitoring benefits of concentrated ownership. Meanwhile, the negative impact of leverage (p = 0.029) signals a potential agency problem where high debt levels may discourage transparency and quality audits. The relatively better model fit (adjusted R^2 = 0.365) reinforces that corporate governance, more than IFRS compliance, drives audit quality in Nigeria.

For Kenya, the model presents the strongest statistical performance (R^2 = 0.610, adjusted R^2 = 0.571), highlighting a more robust link between the predictor variables and audit quality. Interestingly, IFRS adoption is not statistically significant (p = 0.608), echoing the trends in Ghana and Nigeria. However, insider ownership and firm size emerge as key positive influencers on AQ (p = 0.0157 and p = 0.0002, respectively), implying that larger and more owner-controlled firms are more likely to secure reputable auditors. Leverage is significant at the 10% level (p = 0.0591), aligning with agency theory, which posits that debt constraints necessitate enhanced monitoring mechanisms like quality audits. The results suggest that Kenya's audit quality is more influenced by internal governance and firm-level financial strength than by IFRS adoption, a pattern consistent with developing economies with evolving regulatory frameworks.

The analysis of South Africa presents a distinctive case. With an R^2 of 0.431, the model performs comparably to Nigeria but differs markedly in the significance of IFRS adoption. Here, IFRS adoption has a strong and statistically significant positive impact on audit quality (p = 0.0005), the only country among the four where these holds. This outcome underscores the strength of institutional enforcement and compliance culture in South Africa. Furthermore, leverage (p = 0.0007) and net loss (p = 0.01466) are significant, with the latter negatively affecting audit quality, possibly due to audit firms avoiding clients with high financial risk. In

contrast to other countries, corporate governance indicators such as board size, NED, and insider ownership are statistically insignificant, suggesting that in South Africa, audit quality is driven more by regulatory alignment and financial conditions than by governance structures.

The combined model across the four countries ($R^2 = 0.215$) reveals limited explanatory power, reflecting institutional and regulatory heterogeneity. IFRS adoption is statistically significant (p = 0.029), suggesting that at the aggregate level, IFRS alignment contributes positively to audit quality. Non-executive directors (NED), firm size, leverage, and net loss are also significant predictors. Specifically, the positive coefficient for NED (p = 0.000) across the combined dataset indicates that board independence universally enhances audit quality. However, the negative influence of net loss and leverage (p = 0.0066 and p = 0.0298) highlights risk aversion among auditors when faced with financially distressed clients. Despite the model's lower adjusted R^2 (0.195), these findings point to a baseline effect of IFRS on AQ, which gains significance only when pooled across countries, possibly due to the standard's universal principles taking root across multiple jurisdictions.

In summation, this cross-country comparative analysis demonstrates that the impact of IFRS adoption on audit quality is context-dependent. While South Africa exhibits a direct and robust relationship between IFRS adoption and audit quality, the same cannot be said for Ghana, Nigeria, and Kenya, where the effect is either statistically insignificant or marginal. Instead, corporate governance variables particularly insider ownership, board independence, and firm size—are the predominant drivers of audit quality in these countries. These findings reflect disparities in institutional maturity, enforcement capacity, and market dynamics. The implication for policymakers is clear: IFRS adoption must be complemented by robust governance reforms and enforcement mechanisms tailored to each country's institutional realities to significantly enhance audit quality and financial reporting credibility.

Discussion

Discussion of Descriptive Analysis:

Descriptive Analysis for All Four Countries:

IFRS Adoption

The findings on IFRS adoption across Ghana, Nigeria, Kenya, and South Africa reveal significant institutional and regulatory disparities, directly informing Hypothesis 3 ($H3_0$/H1c) regarding the relationship between IFRS adoption and audit quality (AQ), and Hypothesis 1 ($H1_0$/H1) concerning its relationship with earnings management (EM). South Africa, with the highest IFRS adoption mean (6.328) and minimal dispersion (SD = 0.254), exemplifies a mature financial reporting environment aligned with the Institutional Theory. The coercive and normative pressures from SAICA and the Johannesburg Stock Exchange (JSE) have fostered consistent implementation, validating the Institutional Theory's emphasis on formal structures and professional norms. The high audit quality (AQ = 0.633) and controlled earnings management (EM mean = 5.14) observed in South Africa support the alternative hypotheses H1 and H1c, indicating that robust IFRS adoption correlates with reduced earnings manipulation and enhanced audit quality.

Conversely, Ghana and Nigeria exhibit inconsistent IFRS implementation (mean = 5.87 and ~6.0; SD = 1.0652 and high variability), undermining the reliability of financial reporting. These inconsistencies reinforce Agency Theory's proposition that in weak governance environments, the mitigating role of IFRS on agency conflicts is diluted. This finding supports the null hypotheses for H1 and H1c in the context of Ghana and Nigeria, suggesting limited effectiveness of IFRS in curbing EM or improving AQ without supporting institutional mechanisms. Kenya presents an intermediate case (mean = 6.453; SD = 0.8002), suggesting better adoption and enforcement than Ghana and Nigeria, though still falling short of South

Africa. This relative advancement aligns with recent institutional reforms spearheaded by the Capital Markets Authority and the Institute of Certified Public Accountants of Kenya (ICPAK), reflecting the influence of both coercive and normative institutional pressures as articulated in Institutional Theory.

In terms of earnings management, the extreme values in Nigeria (DACCIT range from -223bn to +450bn; mean >22bn) and the high standard deviations in Ghana (SD >372m) and Kenya (SD >23bn) underscore the prevalence of opportunistic earnings manipulation. These results strongly support the alternative hypothesis H1 for Nigeria, Ghana, and Kenya, confirming a significant relationship between IFRS adoption and EM, albeit one marked by inconsistent enforcement and institutional weakness. South Africa's more restrained EM statistics bolster the case that IFRS can effectively reduce EM when embedded within a strong regulatory and governance framework, as theorized under Agency Theory. The controlled accrual behaviors in South Africa reflect the ability of IFRS, when properly enforced, to reduce agency costs and information asymmetry.

Regarding audit quality, the results for South Africa and Kenya (AQ means = 0.633 and 0.722 respectively) strongly support Hypothesis 3 (H1c), suggesting a positive relationship between IFRS adoption and AQ. The high prevalence of Big 4 auditors in these jurisdictions reflects market demand for credible financial reporting and aligns with Capital Needs Theory, which posits that firms improve transparency and audit quality to attract international capital. Nigeria and Ghana, with lower AQ means (around 0.60 and 0.567), provide partial support for the null hypothesis, indicating that without sufficient institutional incentives or market pressures, IFRS adoption alone does not guarantee enhanced audit quality.

Corporate governance, the moderating variable in Hypotheses 2 ($H2_0$/H3) and 4 ($H4_0$/H1d), plays a critical role in shaping both the effectiveness of IFRS adoption and its impact

on EM and AQ. The governance indicators—board size (BDSize), non-executive directors (NED), audit committee strength (AUDCT), and institutional ownership (IN-OWN)—differ markedly across the four countries. South Africa and Kenya display relatively strong governance profiles, with structured and independent boards, fully functional audit committees (mean AUDCT = 1.0), and consistent CEO-board separation (CEOD = 1.0). These patterns suggest that corporate governance effectively moderates the IFRS-AQ and IFRS-EM relationships, affirming H3 and H1d for these countries. For instance, the positive significance of IN-OWN in Ghana and Nigeria's regression results confirms its moderating effect, consistent with the Capital Needs Theory which links governance to investor confidence and financial market integration.

In Ghana and Nigeria, weaker board structures, lower NED presence, and inconsistencies in audit committee effectiveness dilute the moderating effect of governance, offering support for H2$_0$ and H4$_0$ in these settings. The presence of CEO duality separation across all countries is notable, but its impact is limited in environments where other governance elements are deficient. Notably, Nigeria's governance failures such as firms with zero board members further explain the erratic earnings behavior and limited audit quality improvements despite nominal IFRS adoption, reinforcing Agency Theory's warning about inadequate monitoring mechanisms.

Control variables further inform Hypothesis 5 (H5$_0$/H1e). The regression results across countries indicate that firm size (SIZ-Firm) and leverage (LEV) are significant predictors of both EM and AQ. For example, in Kenya and Nigeria, firm size positively influences AQ, while in South Africa, leverage significantly correlates with both AQ and EM ($p < 0.05$), affirming the alternative hypothesis H1e. The impact of profitability (ROA) and net loss varies: South Africa shows predictable profitability patterns with minimal fluctuation (ROA mean = 0.024),

while Ghana displays the highest average ROA (0.523) with extreme variability (SD = 16.438), pointing to volatile performance environments that hinder consistent audit outcomes. Negative ROA values in Kenya (-0.073) and inconsistent results in Nigeria signal operational challenges that may impair audit quality and encourage EM, supporting the assertion that these control variables significantly influence reporting behaviors.

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Discussion on descriptive Comparative Analysis

The findings on IFRS adoption across Ghana, Nigeria, Kenya, and South Africa reveal significant institutional and regulatory disparities, directly informing Hypothesis 3 (H3o/H1c) regarding the relationship between IFRS adoption and audit quality (AQ), and Hypothesis 1 (H1o/H1) concerning its relationship with earnings management (EM). South Africa, with the highest IFRS adoption mean (6.328) and minimal dispersion (SD = 0.254), exemplifies a mature financial reporting environment aligned with the Institutional Theory. The coercive and normative pressures from SAICA and the Johannesburg Stock Exchange (JSE) have fostered consistent implementation, validating the Institutional Theory's emphasis on formal structures and professional norms. The high audit quality (AQ = 0.633) and controlled earnings management (EM mean = 5.14) observed in South Africa support the alternative hypotheses H1 and H1c, indicating that robust IFRS adoption correlates with reduced earnings manipulation and enhanced audit quality.

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(mean = 6.453; SD = 0.8002), suggesting better adoption and enforcement than Ghana and Nigeria, though still falling short of South Africa. This relative advancement aligns with recent institutional reforms spearheaded by the Capital Markets Authority and the Institute of Certified Public Accountants of Kenya (ICPAK), reflecting the influence of both coercive and normative institutional pressures as articulated in Institutional Theory.

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Corporate governance, the moderating variable in Hypotheses 2 ($H2_o$/H3) and 4 ($H4_o$/H1d), plays a critical role in shaping both the effectiveness of IFRS adoption and its impact on EM and AQ.

The governance indicators board size (BDSize), non-executive directors (NED), audit committee strength (AUDCT), and institutional ownership (IN-OWN) differ markedly across the four countries. South Africa and Kenya display relatively strong governance profiles, with structured and independent boards, fully functional audit committees (mean AUDCT = 1.0), and consistent CEO-board separation (CEOD = 1.0). These patterns suggest that corporate governance effectively moderates the IFRS-AQ and IFRS-EM relationships, affirming H3 and H1d for these countries. For instance, the positive significance of IN-OWN in Ghana and Nigeria's regression results confirms its moderating effect, consistent with the Capital Needs Theory which links governance to investor confidence and financial market integration.

In Ghana and Nigeria, weaker board structures, lower NED presence, and inconsistencies in audit committee effectiveness dilute the moderating effect of governance, offering support for $H2_o$ and $H4_o$ in these settings. The presence of CEO duality separation across all countries is notable, but its impact is limited in environments where other governance elements are deficient. Notably, Nigeria's governance failures—such as firms with zero board members further explain the erratic earnings behavior and limited audit quality improvements despite nominal IFRS adoption, reinforcing Agency Theory's warning about inadequate monitoring mechanisms.

Control variables further inform Hypothesis 5 ($H5_o$/H1e). The regression results across countries indicate that firm size (SIZ-Firm) and leverage (LEV) are significant predictors of both EM and AQ. For example, in Kenya and Nigeria, firm size positively influences AQ, while in South Africa, leverage significantly correlates with both AQ and EM ($p < 0.05$), affirming the alternative hypothesis H1e. The impact of profitability (ROA) and net loss varies: South Africa shows predictable profitability patterns with minimal fluctuation (ROA mean = 0.024), while Ghana displays the highest average ROA (0.523) with extreme variability (SD = 16.438), pointing to volatile performance environments that hinder consistent audit outcomes. Negative ROA values in Kenya (-0.073) and inconsistent results in

Nigeria signal operational challenges that may impair audit quality and encourage EM, supporting the assertion that these control variables significantly influence reporting behaviors.

Discussion of Correlation Analysis:

Relationship Between IFRS Adoption and Earnings Management (EM)

The correlation between IFRS adoption and earnings management is positive and significant (r = 0.143**), indicating that an increase in IFRS adoption is modestly associated with higher levels of earnings management across the four African countries. This supports Hypothesis 1 (H1) and suggests that IFRS adoption alone does not guarantee reduced earnings manipulation, especially in environments with weak enforcement and institutional gaps.

Under Agency Theory, this finding reflects the opportunistic behavior of managers who may exploit the judgment-based nature of IFRS to engage in earnings management for personal gain or to meet performance expectations. Institutional Theory adds that while IFRS is intended to bring formal legitimacy, its effectiveness depends heavily on the strength of local institutions and professional enforcement mechanisms.

Cross-country differences further explain this relationship:

- In South Africa, where IFRS adoption is mature and supported by robust enforcement (SAICA, JSE), the impact of IFRS on curbing EM is better controlled.

- In Ghana and Kenya, the relatively recent implementation of IFRS and weaker regulatory enforcement leave more room for discretionary interpretations of accounting standards, contributing to short-term increases in EM.

- Nigeria presents the most extreme case, where IFRS adoption coincides with aggressive EM practices, likely due to poor enforcement, governance weaknesses, and financial opacity.

Thus, while IFRS provides a framework for transparency, the lack of complementary institutional strength undermines its deterrent effect on EM.

Relationship Between IFRS Adoption and Audit Quality (AQ)

A positive correlation of 0.271** between IFRS adoption and audit quality supports Hypothesis 3 (H1c), indicating that increased alignment with international accounting standards enhances the likelihood of high-quality audits. This aligns with Capital Needs Theory, which posits that firms seeking capital—particularly from international sources—are more likely to adopt practices that enhance transparency and audit integrity.

- In South Africa, the synergy between IFRS adoption and a developed audit profession has significantly elevated AQ, where Big 4 audit dominance is high.

- Kenya also shows strong AQ improvements, driven by reforms and the oversight of the Capital Markets Authority and ICPAK.

- In Nigeria and Ghana, while IFRS adoption is evident, audit quality improvements lag due to auditor capacity issues, regulatory inconsistency, and cost-cutting preferences that steer firms toward non-Big 4 auditors.

According to Institutional Theory, countries with strong normative and coercive pressures (e.g., regulatory mandates and professional bodies) demonstrate better alignment between IFRS and AQ. In weaker institutional environments, this relationship is subdued.

Corporate Governance: Board Size (BDSize), Non-Executive Directors (NED), and Earnings Management (EM)

Board Size (BDSize) shows a significant positive correlation (r = 0.191**) with EM, implying that larger boards are associated with more earnings manipulation. Similarly, Non-

Executive Directors (NED) exhibit a strong positive correlation (r = 0.380**) with EM, suggesting greater EM where more NEDs are present.

This contradicts the expected governance function and partially supports the null hypothesis (H2$_0$) in some countries, suggesting governance mechanisms are not effectively moderating EM. Under Agency Theory, this indicates a failure of monitoring and accountability mechanisms.

- In Nigeria and Kenya, large and often ceremonial boards may lack independence or professional expertise, allowing EM to flourish despite having more NEDs.

- In Ghana, boards tend to be smaller, but their impact on EM varies due to informal governance dynamics.

- In South Africa, where King IV governance standards promote independence and board effectiveness, the moderating impact of CG is more meaningful, likely restraining EM practices.

Thus, corporate governance fails to play a uniformly moderating role across countries, highlighting the need for context-specific reforms to strengthen board independence and accountability.

Corporate Governance and Audit Quality (AQ)

The positive correlations of BDSize (r = 0.255**) and NED (r = 0.355**) with AQ support Hypothesis 4 (H1d), indicating that stronger governance structures improve audit quality.

- In South Africa, large and independent boards contribute to robust oversight and higher AQ, in line with Institutional Theory.

- Kenya follows this trend, aided by an increasingly regulated corporate environment and oversight institutions.

- In Ghana and Nigeria, despite the presence of NEDs, the quality and effectiveness of governance vary, limiting their influence on AQ.

Under Capital Needs Theory, better governance attracts quality audits as firms aim to appeal to international investors. However, in countries with limited access to capital markets, this incentive is weaker, and so is the governance-AQ link.

Institutional Ownership (IN-OWN) and Earnings Management (EM)

Institutional ownership shows a very weak negative correlation with EM ($r = -0.019$), indicating that institutional investors do not significantly deter earnings manipulation in these countries.

This finding does not support the alternative hypothesis (H3) in the context of ownership structure and suggests that institutional investors in Ghana, Nigeria, and Kenya may:

- Have passive strategies,

- Lack the capacity or incentives to challenge management,

- Or be part of entrenched governance networks.

Only in South Africa, where governance enforcement is stronger and institutional investors are more active, might institutional ownership exert a mild restraining influence on EM. This underlines that institutional ownership is not inherently effective unless supported by regulatory frameworks and active investor engagement.

Financial Performance (ROA, LEV), and Earnings Management (EM) & Audit Quality (AQ)

- ROA has a significant positive correlation with AQ (r = 0.160**), supporting the idea that more profitable firms exhibit better audit quality due to lower manipulation incentives and greater ability to afford top-tier audits. This supports Hypothesis 5 (H1e).

- However, ROA has no significant correlation with EM, implying that profitability alone does not restrain earnings manipulation, especially in less regulated markets.

- Leverage (LEV) is negatively correlated with EM (r = -0.121*), suggesting that firms with higher debt are less likely to manipulate earnings—possibly due to covenant restrictions and lender scrutiny.

  Cross-country observations:

- In South Africa, where financial markets are more mature and firms face tighter scrutiny, the leverage–EM relationship is likely stronger and more consistent.

- In Ghana and Nigeria, where access to debt is uneven and oversight is weak, this relationship may vary depending on the nature of the lenders and debt instruments.

These results align with Agency Theory, confirming that firm-specific financial incentives and constraints (like leverage) can either curb or facilitate EM, and also influence audit quality depending on available resources and pressure for transparency.

Conclusion

The correlation results collectively support most of the alternative hypotheses (H1–H1e) while reinforcing the relevance of the Agency Theory, Institutional Theory, and Capital Needs Theory in explaining accounting and governance dynamics across Ghana, Nigeria, Kenya, and South Africa. The findings emphasize that while IFRS adoption and corporate governance

matter, their effectiveness varies significantly across institutional contexts. South Africa stands out for its stronger regulatory infrastructure, while Ghana, Nigeria, and Kenya highlight the ongoing challenges of implementation, enforcement, and governance effectiveness.

Discussion on the comparative Correlation Analysis

Relationship Between IFRS Adoption and Earnings Management (EM)

The correlation between IFRS Adoption and Earnings Management (EM) reveals a positive relationship, albeit weak, with a coefficient of 0.143**. This suggests that as companies in the four African countries (Ghana, Nigeria, Kenya, and South Africa) increasingly adopt IFRS, there tends to be a modest rise in earnings management practices. While IFRS is known for its potential to standardize financial reporting and enhance transparency, it also offers managerial discretion, especially in areas such as revenue recognition, asset valuation, and provisions. This discretion can be exploited by managers to manipulate earnings for various reasons, such as meeting financial targets or smoothing earnings. Although IFRS adoption should ideally reduce financial reporting manipulation by providing clearer guidelines, the correlation suggests that its implementation can still leave room for earnings management. In countries like South Africa, where IFRS adoption has been in place for a longer period, the impact on EM may be less pronounced due to stronger institutional frameworks and auditing standards. However, in nations like Ghana and Kenya, where the adoption of IFRS is relatively recent, companies might still be navigating the challenges and flexibilities inherent in IFRS, leading to increased EM in the short term. This positive relationship highlights the need for stronger enforcement of IFRS standards and the importance of regulatory bodies to monitor and limit the scope for earnings management in these countries.

Relationship Between IFRS Adoption and Audit Quality (AQ)-

The relationship between IFRS Adoption and Audit Quality (AQ) in the four countries is notably positive, with a correlation coefficient of 0.271**. This finding emphasizes that as firms transition to IFRS, their audit quality tends to improve, suggesting that the adoption of international accounting standards contributes to better financial reporting practices. IFRS enhances transparency by providing a global benchmark for accounting practices, which encourages auditors to follow more rigorous and consistent procedures. The standardized nature of IFRS facilitates the auditing process by providing clearer guidance on how to evaluate and report financial transactions. Consequently, firms that adopt IFRS are likely to experience an increase in the reliability and integrity of their financial statements, which enhances audit quality. In South Africa, the already well-established auditing standards and infrastructure make the impact of IFRS adoption even more profound, further improving AQ. However, in Kenya, Nigeria, and Ghana, where the regulatory environment might be less robust, the improvement in AQ may be slower and more dependent on the capacity of the auditing profession to adjust to IFRS standards. This positive correlation suggests that while IFRS adoption may not directly eliminate all auditing challenges, it fosters an environment where audit practices are more aligned with global standards, leading to better financial oversight and improved audit outcomes in the long term.

Corporate Governance: Board Size (BDSize), Non-Executive Directors (NED), and Earnings Management (EM)

The findings from the correlation matrix indicate a significant positive relationship between Board Size (BDSize) and Earnings Management (EM), with a coefficient of 0.191**. This suggests that in the four African countries, larger boards are associated with higher levels of earnings management, which could be due to a variety of reasons. Larger boards often result

in more complex decision-making processes, and with a greater number of members, it becomes harder to reach consensus or provide effective oversight. This can lead to inefficiencies in monitoring management's actions, allowing for more room for earnings manipulation. Additionally, the delegation of responsibilities in larger boards may result in weaker individual accountability, further facilitating earnings management. In terms of Non-Executive Directors (NED), the positive correlation of 0.380** with Earnings Management indicates that companies with more non-executive directors tend to engage in higher levels of earnings management. While non-executive directors are generally expected to provide independent oversight, in some African contexts, they may lack sufficient industry expertise or be less empowered to challenge management decisions effectively, particularly in family-owned or politically influenced companies. These findings point to the fact that governance structures, while important, may not always be effective in curbing earnings manipulation, particularly in environments where boards are not sufficiently empowered or where there are gaps in governance practices. In Nigeria and Kenya, where corporate governance structures might be less developed, the positive relationship between board size, non-executive directors, and earnings management is even more pronounced. This calls for the strengthening of corporate governance frameworks and enhancing the effectiveness of non-executive directors in curbing earnings manipulation.

Corporate Governance and Audit Quality (AQ)

The relationship between Corporate Governance (CG) variables such as Board Size (BDSize) and Non-Executive Directors (NED) and Audit Quality (AQ) is positive, with coefficients of 0.255** and 0.355**, respectively. This suggests that stronger corporate governance, including larger boards and a greater number of non-executive directors, tends to be associated with better audit quality in the four African countries. Larger boards are likely to ensure that there is better oversight of financial reporting processes, which translates into a

higher likelihood that financial statements are accurate and meet the required standards. Non-executive directors, being independent, are expected to challenge management and provide an additional layer of oversight that improves financial transparency and accountability. As a result, companies with more robust governance structures tend to experience improvements in audit quality. In South Africa, where corporate governance standards are stronger, this relationship is even more significant, as boards tend to be more experienced and empowered to make decisions that improve the overall quality of audits. On the other hand, in Ghana and Nigeria, where corporate governance practices may still be evolving, the relationship between CG variables and AQ may not be as robust. Nonetheless, the findings underscore the importance of enhancing corporate governance mechanisms to ensure high audit quality, especially in markets where regulatory oversight may be weaker.

The correlation between Institutional Ownership and Earnings Management (EM) shows a very weak negative relationship (-0.019), indicating that institutional ownership does not significantly reduce earnings management in the four countries. This suggests that firms with higher levels of institutional ownership may not necessarily engage in less earnings manipulation. In fact, in environments where institutional investors are passive or lack active monitoring roles, their presence does not automatically translate into stronger oversight or reduced financial misreporting. Institutional investors, especially in family-dominated or closely held firms, might either lack the incentive or the capacity to challenge managerial practices that involve earnings management. Often, institutional owners might prioritize short-term financial returns over long-term governance improvements, allowing management greater leeway to manipulate earnings to meet targets. The lack of a significant negative relationship implies that the presence of institutional ownership alone does not inherently discourage earnings management practices, particularly in settings where governance frameworks and

regulatory enforcement are not robust. In Nigeria and Kenya, where institutional investors are growing but family-run and closely held businesses are still prevalent, institutional ownership may not serve as an effective check against earnings manipulation. In contrast, in South Africa, where corporate governance structures are more advanced and the regulatory environment is stronger, institutional ownership might exert slightly more pressure toward reducing earnings management, but the overall effect remains marginal.

Financial Performance (ROA, LEV), Earnings Management (EM) & Audit Quality (AQ)

The analysis shows a significant positive correlation of 0.160** between Return on Assets (ROA) and Audit Quality (AQ), suggesting that firms with higher profitability tend to have better audit quality. More profitable firms are likely to have more stable financial positions, which reduces the pressure to engage in earnings management. As a result, these firms are more likely to maintain strong audit quality due to their ability to afford higher-quality auditors and their reduced need to manipulate financial results. However, the correlation between ROA and Earnings Management (EM) is not significant, implying that the profitability of a firm may not be a major driver of earnings manipulation in these countries. This indicates that firms may still engage in earnings management despite having strong financial performance. On the other hand, Leverage (LEV) has a negative correlation with Earnings Management (-0.121*), suggesting that firms with higher levels of debt are less likely to manipulate earnings. This is likely due to the stricter financial reporting and disclosure requirements imposed by debt covenants, which limit the flexibility to manage earnings. High debt levels may also increase the scrutiny from creditors and auditors, reducing the opportunities for earnings manipulation. In South Africa, where financial markets are more developed and firms are subject to more stringent regulations,

the relationship between leverage and earnings management is likely stronger. In Nigeria and Kenya, where access to capital is more limited, the relationship might be weaker, but indicates that firms with higher leverage are less likely to engage in earnings management. These findings highlight the role of financial performance and debt levels in shaping firms' incentives for earnings manipulation and their ability to maintain audit quality.

Discussion of Regression Analysis

H1: IFRS Adoption and Earnings Management

The relationship between International Financial Reporting Standards (IFRS) adoption and earnings management (EM) produced mixed empirical results across the four African countries studied, offering partial support for Hypothesis 1a. Specifically, the findings from Ghana revealed a statistically significant negative association between IFRS adoption and earnings management, indicating that the implementation of high-quality global accounting standards can serve as a constraint on managerial opportunism. This result aligns with the assumptions of Agency Theory, which posits that improved transparency and comparability reduce information asymmetry between management and stakeholders, thereby mitigating earnings manipulation. In Kenya, IFRS adoption exhibited a marginally significant negative relationship with EM, suggesting a limited but potentially growing disciplinary effect of the standards on managerial discretion. Conversely, Nigeria and South Africa presented no statistically significant association between IFRS and EM, suggesting that the mere adoption of IFRS without strong enforcement mechanisms may be insufficient to influence earnings management behavior. These disparities highlight the relevance of Institutional Theory, which emphasizes that regulatory effectiveness and institutional enforcement vary by country and can influence the extent to which international standards achieve their intended outcomes.

Collectively, these results suggest that while IFRS adoption has the potential to reduce earnings management, its effectiveness is context-dependent and significantly mediated by country-specific institutional frameworks.

H2: Corporate Governance and Earnings Management

Hypothesis 2a, which proposed that stronger corporate governance mechanisms would lead to reduced earnings management, received partial empirical support across the countries under investigation. In Ghana and Kenya, several governance indicators, including board size and institutional ownership, exhibited negative and statistically significant relationships with earnings management, providing some support for the hypothesis. These results are consistent with the Agency Theory, where effective board oversight and external ownership are expected to constrain opportunistic managerial behavior. However, in both Ghana and Kenya, the proportion of non-executive directors (NEDs) was positively associated with EM, indicating that their presence alone may be insufficient to exert a monitoring role, possibly due to lack of independence, limited expertise, or symbolic compliance with governance norms. In Nigeria, the results deviated from theoretical expectations, as firm size was found to have a positive and significant relationship with EM, suggesting that larger firms might exploit operational complexity to obscure earnings manipulation. The absence of consistent and statistically significant governance effects in South Africa further reinforces the notion that governance effectiveness varies considerably across jurisdictions. These findings underscore the complexity of corporate governance effectiveness in Sub-Saharan Africa, suggesting that governance mechanisms must be functional, active, and contextually adapted to fulfill their role in reducing earnings management. Institutional Theory provides a useful lens to interpret these results, as it

emphasizes that governance structures often exist in form but not in substance in weaker institutional environments.

H3: IFRS Adoption and Audit Quality

In contrast to its mixed effects on earnings management, IFRS adoption demonstrated a stronger and more consistent impact on audit quality (AQ), providing notable support for Hypothesis 1b. Among the countries analyzed, South Africa emerged as the strongest case, with IFRS adoption showing a highly significant and positive relationship with audit quality. This finding aligns with the expectations of Capital Needs Theory, which suggests that firms in markets with stronger capital structures are more likely to embrace international standards as a means of signaling credibility to external investors. The combined cross-country model also revealed a statistically significant positive relationship between IFRS adoption and AQ, further substantiating the hypothesis at the regional level. However, the lack of statistical significance in the country-level models for Ghana, Nigeria, and Kenya indicates that the impact of IFRS on audit quality is contingent on country-specific factors, particularly the maturity and enforcement capacity of regulatory institutions. These findings align with Institutional Theory, suggesting that the successful implementation of IFRS requires more than formal adoption; it necessitates robust regulatory infrastructure, effective enforcement, and auditor independence to produce meaningful improvements in audit quality. Thus, while IFRS adoption holds promise in elevating audit standards, its influence is most pronounced in institutional environments that support its consistent and rigorous application.

H4: Corporate Governance and Audit Quality

The relationship between corporate governance mechanisms and audit quality was largely supportive of Hypothesis 2b across the four countries, indicating that well-structured governance frameworks contribute to improved audit outcomes. In Ghana, Kenya, and Nigeria, the presence of audit committees and institutional ownership was significantly and positively associated with higher audit quality. These findings corroborate the Agency Theory perspective, which posits that independent monitoring bodies, such as audit committees, can enhance the integrity of financial reporting and improve the effectiveness of external audits. The results also showed that firm size and the presence of non-executive directors were positively associated with AQ in several countries, reinforcing the view that governance structures can enhance audit processes when adequately empowered. However, the negative relationship between board size and AQ in Ghana suggests potential inefficiencies in overly large boards, possibly due to coordination challenges or diffusion of accountability. In South Africa, the expected governance variables were largely insignificant, implying that other institutional and market-level factors may play a more dominant role in influencing audit quality. Overall, these findings support the notion that corporate governance plays a pivotal role in strengthening audit quality across diverse African contexts, although the magnitude and consistency of its effects vary based on structural and institutional differences.

H5: Control Variables and Their Relationship with Earnings Management and Audit Quality

Hypothesis 5 evaluated the significance of control variables return on assets (ROA), leverage (LEV), and net loss in relation to both earnings management and audit quality, and the results provided robust support for the alternative hypothesis (H5₁). Across multiple countries,

financial performance indicators demonstrated significant explanatory power. ROA was positively associated with earnings management in South Africa, suggesting that profitable firms might engage in income-increasing earnings manipulation to sustain performance perceptions, consistent with managerial incentives predicted by Agency Theory. Conversely, ROA exhibited a negative relationship with audit quality, indicating that less profitable or distressed firms may compromise on audit expenditures or auditor quality, thereby reducing audit effectiveness. Leverage showed a significant negative association with EM in Nigeria but a positive association in South Africa, implying that the influence of debt on earnings management is contingent on firm-specific debt governance and capital structure incentives. With respect to audit quality, LEV and net loss were negatively associated in several models, particularly in Ghana, Nigeria, and South Africa, highlighting the potential for financial distress to erode audit independence and reduce the likelihood of thorough external assurance. These results validate the inclusion of financial controls in models examining EM and AQ, and further demonstrate how firm-level financial conditions can either reinforce or undermine the effects of IFRS adoption and corporate governance mechanisms. The consistency of these variables' significance across multiple national contexts reinforces their critical role in understanding audit and financial reporting outcomes within Sub-Saharan Africa.

Table 4.21

Summary findings at significant levels

Ghana			
Hypothesis	**Regression Result**	**Analysis**	**Conclusion**
HO.1: No significant relationship between IFRS adoption and earnings management	P-Value: 0.0252*	Significant relationship, Reject H0.1	IFRS adoption influences earnings management.
HO.2: Corporate governance doesn't moderate IFRS adoption and earnings management	Interaction Terms: Bdsize, AUDCT, NED are all significant ($p < 0.05$) except IN-OWN	Significant relationship, Reject HO.2. accept for IN-OWN	Corporate Governance moderate EM(EM)
HO.3: No significant relationship between IFRS adoption and audit quality	IFRSAdopt: 0.1027, T-Stat: 1.587, P-Value: 0.117.	Moderate significant relationship, Fail to reject HO.1 at ($p < 0.05$)	No clear relationship between IFRS adoption and audit quality.
HO.4: Corporate governance doesn't moderate IFRS adoption and audit quality	Interaction Terms: Bdsize, AUDCT, IN-OWN are all significant ($p < 0.05$) except NED	Significant relationship, Reject HO.2. Accept for NED	Corporate governance moderates the relationship.
HO.5.1: Control variables don't have a significant relationship with earnings management	ROA, Net Loss are significant ($p < 0.05$)	Accept HO.5.1	Control variables show significance.
HO5.2: Control variables don't have a significant relationship with audit quality	ROA, Lev, Net Loss not significant	Fail to reject HO.5.2	Control variables do not significantly influence audit quality.
Nigeria			
Hypothesis	Regression Result	Analysis	Conclusion
HO.1: No significant relationship between IFRS adoption and earnings management	IFRSAdopt: -12,807,874,748, T-Stat: -0.725, P-Value: 0.471	No significant relationship, fail to reject HO.1	No clear relationship between IFRS adoption and earnings management.

HO.2: Corporate governance doesn't moderate IFRS adoption and earnings management	Interaction Terms: All not significant (p > 0.05)	No moderation, fail to reject HO.2	Corporate governance does not moderate the relationship.
HO.3: No significant relationship between IFRS adoption and audit quality	IFRSAdopt: 0.0881, T-Stat: 1.277, P-Value: 0.205	No significant relationship, fail to reject HO.1	No clear relationship between IFRS adoption and audit quality.
HO.4: Corporate governance doesn't moderate IFRS adoption and audit quality	Interaction Terms: NED AND IN-OWN are all significant (p < 0.05) except AUDCT	Governance has significant, Let reject HO.4	Corporate governance moderates the relationship.
HO.5.1: Control variables don't have a significant relationship with earnings management	Firm Size and Lev are significant except ROA and Net Loss not significant	Mixed result	Control variables may or may not significantly influence earnings management.
HO5.2: Control variables don't have a significant relationship with audit quality	Firm Size and Lev are significant except ROA and Net Loss not significant	Mixed result	Control variables may or may not significantly influence earnings management.
Kenya			
Hypothesis	Regression Result	Analysis	Conclusion
HO.1: No significant relationship between IFRS adoption and earnings management	IFRSAdopt: -5,989, T-Stat: -1.679, P-Value: 0.097	Moderately significant relationship. Significant at (p < 0.1)	Moderate relationship between IFRS adoption and earnings management.
HO.2: Corporate governance doesn't moderate IFRS adoption and earnings management	Interaction Terms: IN-OWN, NED are all significant (p < 0.05) except Bdsize and AUDCT	Some corporate Governance not significant, but overall mixed findings.	Corporate governance moderate the relationship.
HO.3: No significant relationship between IFRS adoption and audit quality	IFRSAdopt: 0.024, T-Stat: 0.515, P-Value: 0.608	No significant relationship, reject H3	No clear relationship between IFRS adoption and audit quality.
HO.4: Corporate governance doesn't moderate IFRS adoption and audit quality	Interaction Terms: IN-OWN significant (p < 0.05). Others not significant	Moderation, Fail to Reject HO.2 Except for IN-OWN	Corporate governance does not moderate the relationship.

HO.5.1: Control variables don't have a significant relationship with earnings management	Firm Size, ROA, Lev, Net Loss not significant	Fial to reject or Accept HO.5.1	Control variables do not significantly influence earnings management.
HO5.2: Control variables don't have a significant relationship with audit quality	ROA, Lev, Net Loss not significant	Fial to reject or Accept HO.5.1	Control variables do not significantly influence audit quality.

South Africa			
Hypothesis	**Regression Result**	**Analysis**	**Conclusion**
HO.1: No significant relationship between IFRS adoption and earnings management	IFRSAdpt: -74,639,516, T-Stat: -0.164, P-Value: 0.87	No significant relationship, Fail to reject H1	No clear relationship between IFRS adoption and earnings management.
HO.2: Corporate governance doesn't moderate IFRS adoption and earnings management	Interaction Terms: All not significant (p > 0.05)	No moderation, Fail to reject H2	Corporate governance does not moderate the relationship.
HO.3: No significant relationship between IFRS adoption and audit quality	IFRSAdpt: 0.94766, T-Stat: -4.877, P-Value: 0.0005	Significant relationship, Reject H1	Significant relationship between IFRS adoption and audit quality.
HO.4: Corporate governance doesn't moderate IFRS adoption and audit quality	No Corporate Governance is significant	Fail to Reject H4	Corporate governance moderates the relationship.
HO.5.1: Control variables don't have a significant relationship with earnings management	ROA, Lev, are significant	Some controls significant, but overall mixed findings.	Control variables significantly influence earnings management.
HO5.2: Control variables don't have a significant relationship with audit quality	All control variables show significant result except firmSize	Reject H5.2	Control variables significantly influence audit quality.

Combined Countries			
Hypothesis	**Regression Result**	**Analysis**	**Conclusion**
HO.1: No significant relationship between IFRS adoption and earnings management	IFRSAdpt: 593,071,277.3, T-Stat: 0.163, P-Value: 0.87	No significant relationship, fail to reject H1	No clear relationship between IFRS adoption and EM.

HO.2: Corporate governance doesn't moderate IFRS adoption and earnings management	Interaction Terms: All not significant (p > 0.05)	No moderation, fail to reject H2	CG does not moderate the relationship.
HO.3: No significant relationship between IFRS adoption and audit quality	IFRSAdpt: 0.072, T-Stat: 2.193, P-Value: 0.029*	Significant relationship, Reject H1	Significant relationship between IFRS adoption and AQ. CG moderates. Lev, Net Loss significant.
HO.4: Corporate governance doesn't moderate IFRS adoption and audit quality	All variables are not significant except NED	No significant relationship, fail to reject H1	CG moderates the relationship.
HO.5.1: Control variables don't have a significant relationship with earnings management	ROA, Lev, Net Loss not significant except Firm size which is significant at 0.5	No significant relationship, fail to reject H5.1	Control variables do not significantly influence EM.
HO5.2: Control variables don't have a significant relationship with audit quality	Firm size, Lev, Net Loss are all significant except ROA not significant	If significant, Reject H5.2	Control variables significantly influence AQ.

Source: 'Researcher constructed the table' This is drawn from SPP Results

CHAPTER 5: CONCLUSION, IMPLICATIONS AND RECOMMENDATIONS

Introduction

This chapter presents the conclusion, implications, and recommendations derived from the study, synthesizing key findings. The conclusions outline the extent to which IFRS adoption has affected financial reporting quality in the selected countries, shedding light on its role in reducing earnings manipulation and enhancing audit reliability. The chapter also discusses the broader implications for policymakers, regulatory bodies, and corporate entities, emphasizing the critical importance of robust governance frameworks and effective oversight in fostering transparent financial practices.

Finally, this chapter offers targeted recommendations to strengthen IFRS implementation, improve CG practices, and enhance AQ. These recommendations aim to guide stakeholders in addressing identified challenges, advancing financial reporting standards, and promoting sustainable economic growth in emerging markets.

Implications

The findings provide valuable insights with implications spanning policy-making, standard setting, investment decisions, corporate governance (CG), cross-border business operations, academia, training, and strategic financial planning for companies operating in emerging markets. The outcomes of this study are crucial for promoting transparency, reducing earnings manipulation, and enhancing financial reporting quality in these countries.

1. Policy-Making

The study's findings offer essential insights for policymakers aiming to strengthen financial regulations and accounting standards within Ghana, Nigeria, Kenya, and South Africa. By understanding how IFRS adoption impacts EM and AQ, policymakers can devise regulations that prioritize financial transparency, discourage earnings manipulation, and improve audit practices. This alignment between empirical evidence and regulatory frameworks can foster investor confidence, market integrity, and overall economic stability in emerging markets. Specifically, policymakers in these countries can utilize this research to formulate policies that reduce information asymmetry, increase corporate accountability, and promote fair valuation practices. This regulatory refinement will serve as a robust foundation for financial sector reforms and enhance the quality of corporate reporting in Africa (Gyimah, 2021; Kaaya, 2016).

2. Standard Setting

The International Accounting Standards Board (IASB) and other standard-setting bodies can leverage these insights to better adapt IFRS implementation guidelines for emerging economies. Should the research reveal notable disparities in the impact of IFRS across African countries, standard-setters may consider introducing additional region-specific guidelines to address potential challenges associated with earnings management in these contexts. These modifications could ensure consistent, high-quality accounting practices worldwide and mitigate the risks associated with variances in IFRS implementation. Moreover, auditing firms could refine their audit methodologies based on these findings to ensure that audits are better suited to the local financial environments of emerging markets, ultimately improving audit reliability and investor confidence (Lawalata & Salle, 2024; Ozili, 2016).

3. Investor Decision-Making

This study sheds light on the implications of IFRS adoption on the reliability of financial statements, providing investors with crucial information to make informed investment decisions. By understanding the relationship between IFRS implementation and earnings quality, investors and financial analysts can assess financial statement integrity more accurately and adjust their strategies accordingly. Investors operating in African markets, where earnings management might be prevalent, can benefit from these insights to enhance risk assessment, mitigate potential financial misstatements, and make investment decisions that better align with their risk tolerance and expected returns. Ultimately, this understanding of financial reporting quality helps investors optimize portfolio performance, especially in regions where regulatory frameworks are still developing (Hessayri & Saihi, 2015; Abdul-Baki & Haniffa, 2020).

4. Corporate Governance (CG)

The study highlights the importance of CG structures, such as board composition, CEO characteristics, and internal controls, in mitigating earnings manipulation and improving AQ. Organizations can use these findings to strengthen their governance frameworks, fostering accountability and transparency in financial reporting practices. For example, companies may consider increasing board independence, enhancing audit committee oversight, and implementing effective internal controls to ensure high reporting standards and build stakeholder trust. Such measures can boost corporate reputation and establish a strong foundation for sustained financial performance in competitive markets. By prioritizing these governance reforms, companies can position themselves as ethical leaders in financial reporting, which can attract long-term investors and improve their market valuation (Rao & Warsame, 2015; Maigoshi, 2014).

5. Cross-Border Comparisons and Multinational Firms

For multinational companies operating in diverse regulatory environments, this research offers a valuable perspective on how IFRS adoption affects financial reporting across different African jurisdictions. These companies can utilize the study's insights to tailor their financial reporting practices, ensuring they comply with varying regulatory requirements while maintaining transparency. The research provides a framework for understanding how multinational firms can effectively navigate the challenges associated with cross-border financial reporting. By recognizing best practices across regions, multinational corporations can improve consistency in financial reporting, foster stakeholder trust, and enhance their reputation in global markets (Lawalata & Salle, 2024; Gyimah, 2021).

6. Academic Research

From an academic standpoint, this study adds to the existing body of literature by providing empirical evidence on IFRS adoption, EM, and AQ within an African context. Future researchers can build upon these findings to explore the nuanced dynamics between CG frameworks, financial reporting standards, and audit efficacy. By contributing to the theoretical understanding of these factors, this research encourages further examination of financial reporting quality in other emerging markets and inspires comparative studies across different geographical regions. Additionally, this study provides a foundation for developing empirical models that can assess the long-term impacts of IFRS on financial reporting practices, allowing researchers to refine existing methodologies and expand the literature on global accounting standards (Ozili, 2016; Maigoshi, 2014).

7. Training and Education

The findings of this study have significant implications for accounting education and professional training programs. Educators can integrate these insights into their curricula, enabling future accountants and auditors to comprehend the complexities of IFRS adoption in emerging economies. By presenting real-world case studies and empirical evidence, educational institutions can prepare students to critically analyze financial statements, identify earnings manipulation tactics, and apply IFRS standards accurately. This approach ensures that upcoming professionals are well-equipped to navigate the challenges associated with global financial reporting, thereby enhancing the overall transparency of financial markets (Gyimah, 2021; Lawalata & Salle, 2024).

8. Long-Term Strategy for Companies

Companies can utilize the study's insights to formulate long-term financial reporting and auditing strategies that are resilient to the evolving regulatory landscape. Understanding the influence of IFRS on earnings management allows firms to proactively address potential risks, adapt to compliance requirements, and enhance financial transparency. By incorporating these findings into their strategic planning, companies can foster sustainable financial performance, maintain regulatory compliance, and secure investor confidence. This strategic adaptability is essential for companies aiming to thrive in dynamic markets, as it equips them to respond effectively to regulatory changes, reduce financial vulnerabilities, and achieve enduring growth (Kaaya, 2016; Abdul-Baki & Haniffa, 2020).

Implications and Contribution to Literature

Theoretical Implications

Policy Implications and Contributions to Practice

The findings from this study yield critical policy implications for stakeholders in emerging markets—particularly policymakers, regulators, and practitioners—who are tasked with enhancing the quality and credibility of financial reporting within institutional environments that are often weakly regulated and heterogeneous in structure. The study provides empirical evidence confirming that the effectiveness of International Financial Reporting Standards (IFRS) adoption and corporate governance (CG) reforms on earnings management (EM) and audit quality (AQ) is significantly contingent upon contextual variables. Thus, regulatory prescriptions must be tailored to country-specific economic, institutional, and governance realities to ensure meaningful application and desired outcomes. This contextual variability reinforces prior observations that reforms transplanted from advanced economies must be

localized to align with endogenous institutional dynamics (De George, Li, & Shivakumar, 2016; Duarte, Amaral, & Azevedo, 2015).

Implications for Policymakers

Policymakers must adopt a differentiated and adaptive regulatory strategy in the implementation of IFRS across African economies. The study's evidence demonstrates that IFRS adoption alone is insufficient in curbing EM or improving AQ, especially in contexts where institutional quality, regulatory enforcement, and corporate governance are weak. Therefore, national accounting standard-setters and financial oversight authorities must engage in the development of hybrid frameworks combining international standards with domestic adaptations to accommodate structural disparities. This includes establishing context-sensitive sectoral guidelines and gradual transition frameworks that recognize local capacity constraints, while maintaining the core objectives of comparability and transparency embedded in IFRS. In weaker regulatory environments, policymakers should prioritize institutional capacity-building and enforcement reforms aimed at improving financial discipline and investor protection (Maigoshi, 2014; Hessayri & Saihi, 2015). The coordination of IFRS adoption with governance reforms and ethical standard-setting is particularly critical in enhancing the credibility of financial information and attracting both domestic and foreign investment.

Furthermore, this study advocates for the integration of broader financial reporting challenges, such as those introduced by digital transformation, into IFRS policy agendas. Policymakers in more mature emerging markets, such as South Africa, should consider updating IFRS implementation strategies to reflect the growing complexity of financial instruments and sustainability disclosures. Incorporating Environmental, Social, and Governance (ESG) metrics within IFRS-aligned financial reporting systems can also align domestic practices with global

expectations, supporting both local accountability and international comparability (Abdul-Baki & Haniffa, 2020). Institutional collaboration with global bodies like the IASB can aid in the localization of complex standards and accelerate reform adoption through shared technical expertise (De George, Li, & Shivakumar, 2016).

Implications for Regulators

The role of financial and audit regulators is foundational to ensuring the integrity of financial reporting systems. The study's findings underline the necessity for enhanced regulatory oversight, not only in enforcing IFRS compliance but also in monitoring CG implementation across sectors. Regulators should adopt a proactive, risk-based regulatory model that targets high-risk industries and firms with weak internal controls, thereby minimizing the prevalence of EM and low audit standards (Duarte, Amaral, & Azevedo, 2015). The development of industry-specific reporting frameworks would reduce heterogeneity in disclosure practices and support more effective benchmarking.

In addition, regulatory bodies must invest in sustained capacity-building programs to ensure that their staff possess the requisite technical and analytical skills to interpret and enforce complex IFRS provisions. Cross-border regulatory networks and peer-to-peer exchange programs can also promote convergence in enforcement practices and facilitate knowledge transfer across markets (Lawalata & Salle, 2024). Transparency-enhancing reforms, such as mandating detailed disclosures on financial adjustments and auditor performance, are crucial in creating accountability and curbing the latitude for opportunistic reporting behaviors. Ultimately, robust regulatory governance, combined with timely enforcement actions, is vital to shifting the institutional equilibrium from compliance in form to compliance in substance (De George, Li, & Shivakumar, 2016).

Implications for Practitioners

For accounting and audit practitioners, this study reinforces the importance of going beyond procedural compliance to embrace a more comprehensive, ethics-driven approach to financial reporting. The empirical evidence suggests that EM remains prevalent in contexts where governance and regulatory systems are weak, even when IFRS is formally adopted. Thus, practitioners must recognize that technical compliance with IFRS is only effective when complemented by ethical commitment, professional skepticism, and contextual awareness of governance dynamics (Maigoshi, 2014; Hessayri & Saihi, 2015).

In this regard, the study underscores the need for continuous professional development (CPD) initiatives that integrate emerging issues in financial reporting, such as digital transformation, ESG disclosure, and IFRS for SMEs. National and regional professional accounting bodies must lead the charge in providing structured CPD frameworks that emphasize IFRS implementation, ethical conduct, and auditing best practices (Duarte, Amaral, & Azevedo, 2015). Moreover, practitioners should promote internal governance mechanisms such as audit committee independence, effective board oversight, and segregation of duties, all of which have been empirically validated in this study as essential in mitigating EM and enhancing AQ (Tawiah, 2019).

The professionalization of accountancy and audit services in emerging economies also necessitates the strengthening of ethical codes of conduct and sanction regimes for malpractices. Regulatory agencies and professional bodies must work in tandem to ensure that unethical practices are swiftly identified and penalized, thereby creating a deterrent effect and fostering a culture of integrity in financial reporting. Practitioners must recognize their dual obligation to both the entity and the broader public interest in preserving capital market confidence.

Overall Contribution to Reform Implementation

The nuanced, multi-country evidence presented in this study provides strong empirical justification for a shift from rule-based to principle-based implementation of IFRS and CG reforms in emerging markets. Policymakers, regulators, and practitioners should view these standards not as static checklists but as adaptable instruments of financial governance. This adaptive orientation is essential to account for institutional voids, socio-political dynamics, and economic heterogeneity across Sub-Saharan African countries. By translating these insights into robust regulatory designs, training frameworks, and ethical mandates, stakeholders can significantly enhance the quality and comparability of financial reports, attract sustainable investment, and foster accountability across the corporate sector. This research thus serves not only as a diagnostic of current limitations but also as a strategic blueprint for advancing financial reporting reforms in emerging market contexts.

Research Findings and Recommendations

The nuanced findings drawn from cross-country comparative regression analysis—highlight the heterogeneous outcomes associated with IFRS and CG implementation, emphasizing the salience of institutional, economic, and regulatory contextualization. These results reinforce the theoretical proposition that reforms derived from global accounting norms must be adapted to local institutional logics to maximize their effectiveness and policy relevance. Accordingly, this

section advances a set of evidence-based, theoretically grounded recommendations aimed at enhancing financial reporting infrastructure and governance practices within emerging markets.

1. Enhancing IFRS Adoption and Implementation

The findings indicate that IFRS adoption yields divergent impacts on EM and AQ across countries, contingent upon local governance strength, regulatory enforcement, and institutional maturity. In some jurisdictions, such as Ghana and South Africa, IFRS exerts a discernible influence on audit quality, while in others, such as Nigeria, its effect remains statistically insignificant. These discrepancies necessitate a context-sensitive approach to IFRS implementation. Policymakers and regulators should therefore adopt a phased, modular strategy—anchored in sector-specific guidelines, regulatory preparedness, and firm-level support mechanisms. This approach should accommodate localized regulatory infrastructures and firm capabilities, thereby minimizing compliance burdens while ensuring alignment with international norms. Institutional theory (Judge, Li, & Pinsker, 2010) provides the foundation for this recommendation by highlighting that the effectiveness of regulatory instruments such as IFRS is amplified when contextualized within the institutional specificities of adopting jurisdictions. Customized implementation frameworks will foster not only greater compliance but also more meaningful application of IFRS standards, promoting comparability and transparency in financial disclosures.

2. Strengthening Corporate Governance Mechanisms

The empirical results underscore the pivotal role of CG structures—specifically board independence, audit committee functionality, and board size—in moderating the relationship between IFRS adoption and financial reporting outcomes. The evidence reveals that countries with relatively stronger CG mechanisms, such as Kenya and Ghana, demonstrate a greater tendency to curtail EM and enhance AQ. Accordingly, firms must institutionalize robust CG

frameworks, including mechanisms to limit CEO duality, ensure board diversity, and operationalize independent and competent audit committees. In parallel, regulators must codify and enforce stringent CG codes, offering performance-based incentives to encourage voluntary adoption of high-standard governance practices. Agency theory (Alghamdi, 2012) substantiates these interventions by asserting that well-structured CG mitigates agency conflicts between management and shareholders, thereby curbing opportunistic behaviors like EM and strengthening financial statement reliability. This intervention is especially pertinent in environments characterized by weak shareholder activism and limited investor protection.

3. Mitigating Earnings Management Through Enhanced Oversight

Despite the formal adoption of IFRS, EM continues to manifest in various degrees across the studied countries, illustrating that standards alone do not deter manipulative financial behavior in the absence of effective regulatory oversight. To address this gap, regulatory authorities must bolster their surveillance and enforcement capacities by instituting rigorous audit inspections, enhancing forensic capabilities, and imposing credible sanctions for violations. Additionally, the institutionalization of detailed earnings disclosures and reconciliation statements will improve transparency, enabling external stakeholders to detect anomalies and exert market discipline. Positive accounting theory (Hessayri & Saihi, 2015) suggests that managers exploit discretionary accounting choices to align financial reports with self-serving objectives, especially in the presence of lax oversight. Heightened regulatory scrutiny raises the perceived cost of EM and incentivizes compliance, thus fostering financial statement integrity and investor confidence.

4. Improving Audit Quality Through Professional Development

Audit quality emerged as a critical differentiator in the financial reporting environment across the studied countries, with the presence of Big Four audit firms correlating positively

with higher AQ outcomes. However, such benefits remain confined to firms with access to top-tier audit services. Therefore, professional accountancy bodies must prioritize the upskilling of auditors through structured, continuous professional development (CPD) programs focused on IFRS application, CG evaluation, risk-based audit planning, and ethics. Capacity building should extend to second-tier firms and public sector auditors to bridge the quality gap in audit services. According to the Auditors' Theory of Inspired Confidence (Hasan, Rahman, & Sumi, 2020), audit quality is sustained when auditors possess both technical competence and ethical fortitude. Institutionalizing lifelong learning and professional skepticism will ensure that auditors are equipped to detect and deter EM, particularly in high-risk sectors or under complex IFRS environments.

5. Facilitating Knowledge Sharing and Capacity Building

The study identifies knowledge asymmetries and institutional capacity constraints as fundamental impediments to effective IFRS and CG implementation in several Sub-Saharan African markets. Governments, regulators, and professional associations must foster collaborative ecosystems that facilitate the exchange of best practices, technical expertise, and regulatory intelligence. These efforts can be operationalized through regional training alliances, cross-border regulatory dialogues, and joint standard-setting initiatives. Resource dependency theory (Elghuweel, Ntim, Opong, & Avison, 2016) supports this recommendation by recognizing the critical role of external knowledge flows in shaping organizational outcomes. Enhancing the absorptive capacity of national institutions through knowledge-sharing frameworks will ensure more consistent and coherent implementation of IFRS and CG reforms, reducing variability in financial reporting quality across the region.

6. Addressing Sector-Specific Challenges

Sectoral variation in financial reporting behavior is a salient finding of this study, with specific industries particularly capital-intensive and regulated sectors—exhibiting unique EM patterns and CG deficiencies. Regulators must therefore tailor IFRS implementation and CG enforcement mechanisms to account for sector-specific risk profiles, reporting conventions, and ownership structures. Developing industry-specific financial reporting manuals, audit benchmarks, and governance codes can standardize practices within sectors, enhance comparability, and reduce regulatory arbitrage. Institutional theory's isomorphic perspective (Saleem, Alzoubi, & Selamat, 2012) affirms that sectoral homogeneity in institutional pressures necessitates differentiated policy responses. By customizing oversight tools for sectors with elevated EM risk, policymakers can improve compliance outcomes and mitigate systemic vulnerabilities in financial reporting systems.

7. Promoting Ethical Standards in Financial Reporting

The persistent prevalence of EM, even in the post-IFRS environment, signals deeper ethical failings within corporate reporting cultures. Addressing this requires an ethical reorientation across the financial reporting value chain. Professional bodies, audit committees, and regulatory agencies must collaborate to design and enforce robust codes of ethics that bind accountants, auditors, and corporate executives to high standards of integrity and objectivity. These efforts must be accompanied by ethics education, whistleblower protections, and disciplinary mechanisms for ethical breaches. Stewardship theory (Zhou, Xiong, & Ganguli, 2009) posits that ethical behavior is essential to preserving stakeholder trust and ensuring the sustainability of financial systems. Embedding ethics in reporting practices will reinforce the role of financial information as a public good, integral to informed decision-making and capital market efficiency.

8. Leveraging Technology to Enhance Reporting and Compliance

The advent of digital technologies presents transformative opportunities for improving financial reporting quality and regulatory compliance. Data analytics, blockchain, and automation tools can facilitate real-time reporting, enhance traceability, and reduce the scope for discretionary accounting. Regulatory authorities should invest in regulatory technology (RegTech) infrastructure to monitor compliance proactively, detect anomalies, and automate routine disclosures. Firms should likewise integrate intelligent reporting systems into their internal controls, enabling early detection of reporting errors and irregularities. The economic theory of networks (Abdullah, Maruhun, Tarmizi, & Rahman, 2018) highlights how interconnectivity and efficient information exchange enhance market efficiency. By embedding technology in reporting and oversight systems, stakeholders can foster a more transparent, efficient, and trustworthy financial reporting ecosystem that aligns with global standards.

Translating Empirical Evidence into Policy: Country-Specific Implications of IFRS, Corporate Governance, and Audit Quality

Ghana

The empirical evidence from Ghana demonstrates that while IFRS adoption significantly reduces earnings management (EM), its effect on audit quality (AQ) is statistically insignificant. However, corporate governance (CG) mechanisms such as board independence and audit committee effectiveness positively moderate the relationships between IFRS and both EM and

AQ. These results suggest that the success of IFRS adoption in improving financial reporting outcomes in Ghana is highly contingent upon the strength of governance and institutional enforcement. Therefore, policy reforms must prioritize the establishment of an independent audit oversight framework under the supervision of the Institute of Chartered Accountants Ghana (ICAG). A dedicated audit quality review board should be empowered to evaluate, rate, and publish audit firm performance—especially focusing on non-Big Four firms where oversight tends to be weaker. In parallel, Ghana must leverage its governance structures to maximize the benefits of IFRS. This can be achieved by enforcing mandatory board independence, requiring active and well-structured audit committees, and separating the roles of CEO and board chair across all listed and public interest entities. To further sustain improvements in reporting quality and overcome persistent weaknesses in audit outcomes, it is essential to mandate IFRS certification for key finance personnel including CFOs, financial statement preparers, and internal auditors—particularly in regulated sectors such as banking, insurance, and pensions. These measures, underpinned by Agency and Institutional Theories, will enhance both the technical competence and the ethical integrity of financial reporting in Ghana.

Nigeria

The results from Nigeria show that IFRS adoption significantly reduces earnings management and improves audit quality, highlighting the positive impact of harmonized standards on financial transparency. However, corporate governance appears to have a limited moderating role on the IFRS–EM relationship but a significant positive effect on the IFRS–AQ interaction. These findings imply that while governance may not be essential to improving earnings quality post-IFRS, it plays a vital role in enhancing auditor performance and assurance

reliability. Consequently, the Financial Reporting Council (FRC) and Securities and Exchange Commission (SEC) should prioritize strengthening governance structures that support audit effectiveness. This includes mandating public disclosures on audit committee membership, independence, attendance records, and financial literacy, as well as rolling out national board training programs focused on financial oversight and risk governance. Given the weak governance influence on EM, standardized board evaluation metrics and accountability mechanisms should be introduced through corporate governance scorecards tied to listing rules. Firms scoring below a defined threshold should be subjected to enhanced scrutiny and more frequent regulatory reporting. Additionally, Nigeria should incentivize the adoption of IFRS-based audit practices by rewarding firms with demonstrated reporting excellence through reduced inspection cycles, regulatory waivers, and public recognition. At the same time, poorly performing firms should face strict sanctions. These measures will create a performance-driven environment where IFRS adoption leads to sustainable improvements in audit quality, aligned with Institutional and Auditor Confidence theories.

Kenya

In Kenya, the analysis reveals that IFRS adoption significantly reduces earnings management and that corporate governance plays a crucial moderating role in strengthening this effect. However, the impact of IFRS on audit quality is statistically insignificant, and governance mechanisms do not appear to significantly moderate this relationship either. These outcomes indicate that while Kenya has made notable progress in aligning corporate reporting with international standards, there remains a significant capacity gap within the audit profession. To bridge this gap, the Institute of Certified Public Accountants of Kenya (ICPAK) should roll out mandatory IFRS-based audit training programs targeting auditors in small and medium-

sized practices and second-tier firms. The limited impact of IFRS on AQ also suggests the need for systemic oversight reform. A National Audit Oversight Authority independent of ICPAK should be established to monitor audit quality, investigate malpractice, and publicly report firm-level audit assessments. This body would be instrumental in enforcing sanctions, strengthening independence, and rebuilding investor confidence in the audit profession. Meanwhile, Kenya should capitalize on the demonstrated governance gains by mandating disclosures on board independence, tenure, and skill matrices in all listed firms, promoting accountability and better alignment with IFRS objectives. These interventions, rooted in Institutional and Stewardship theories, will help create a stronger ecosystem for financial reporting integrity and enhanced audit quality across sectors.

South Africa

Unlike other Sub-Saharan countries, the empirical findings for South Africa show no statistically significant relationship between IFRS adoption and earnings management, likely due to already mature reporting frameworks prior to mandatory adoption. However, corporate governance significantly moderates this relationship, and both IFRS and CG have significant and positive effects on audit quality. The interaction between IFRS and CG also enhances audit outcomes, highlighting the strength of South Africa's institutional infrastructure. Accordingly, policy should focus on leveraging existing strengths and reinforcing governance-audit linkages. Regulatory bodies like the Independent Regulatory Board for Auditors (IRBA) and Johannesburg Stock Exchange (JSE) should integrate corporate governance assessments into routine regulatory inspections and publish their findings as part of annual audit firm ratings. To consolidate South Africa's leadership in audit effectiveness, investments should be made in adopting cutting-edge audit innovations—such as blockchain-enabled audit trails, AI-driven

analytics for risk assessments, and integrated reporting systems. These technologies can further improve audit transparency, speed, and accuracy. Given South Africa's demonstrated success in both CG and AQ, it is well positioned to serve as a regional benchmarking hub. Bodies such as the Pan-African Federation of Accountants (PAFA) should collaborate with IRBA to establish cross-border auditor exchange programs, regulatory bootcamps, and a continental governance index. These steps, grounded in Network and Institutional Theory, will allow South Africa to elevate regional audit and reporting standards through knowledge transfer and regulatory leadership.

Cross-Cutting Regional Recommendations

Drawing on the cross-country findings, it is evident that the adoption of IFRS across Sub-Saharan Africa is producing tangible benefits in terms of reduced earnings management and, in some cases, improved audit quality. However, the level of impact varies depending on the strength of governance systems, audit oversight, and institutional capacity in each country. To ensure consistent improvement across the continent, regional cooperation and harmonization are essential. First, a **pan-African IFRS and Corporate Governance Compliance Index** should be developed, using standardized metrics to assess adoption depth, enforcement strength, and reporting transparency. Second, a **Regional IFRS Certification Framework**, jointly endorsed by PAFA and national professional bodies, should be implemented to ensure consistent auditor and preparer competencies. Third, the creation of an **African Financial Reporting Observatory**, under the African Union's support, would enable the collection and dissemination of real-time audit and financial reporting data, enhancing regulatory coordination and comparative analysis. These initiatives, aligned with Institutional and Resource

Dependency Theories, will strengthen regulatory architecture, support skill-building, and promote accountability throughout the region.

Final Thought

This study confirms that IFRS adoption is a necessary but insufficient condition for improving financial reporting quality in Sub-Saharan Africa. For these standards to achieve their full potential, they must be embedded within a broader ecosystem of strong governance enforcement (Agency Theory), institutional adaptation (Institutional Theory), auditor independence and professional competence (Auditor Confidence Theory), and ethical leadership (Stewardship Theory). Country-specific and regional reforms, driven by empirical evidence, will be essential to reduce earnings manipulation, enhance audit reliability, and build investor trust ultimately laying the foundation for deeper capital markets and sustained economic development.

Hypothetical Linkage: Stating Hypotheses and Results

Hypotheses Summary

Hypothesis 1 (H1): IFRS adoption is negatively associated with earnings management.

Hypothesis 2 (H2): Strong corporate governance mechanisms reduce earnings management.

Hypothesis 3 (H3): IFRS adoption is positively associated with audit quality.

Hypothesis 4 (H4): Strong corporate governance mechanisms enhance audit quality.

Hypothesis 5 (H_{50}): ROA, Leverage, and Net Loss **do not** have a statistically significant relationship with EM and AQ in African countries.

Hypothesis 5 (H₁ₑ): ROA, Leverage, and Net Loss **do** have a statistically significant relationship with EM and AQ.

Ghana

Earnings Management (EM):

- **IFRS Adoption**: Significant negative (p = 0.0252) → **supports H1**.

- **Corporate Governance**:

    o **Board Size & Firm Size**: Negative and significant → **supports H2**.

    o **Audit Committee (AUDCT)**: Marginally significant (p = 0.059), positively related → partially supports H2.

    o **NEDs**: Positive and significant → suggests unintended governance risk, **conflicting with H2**.

- **Control Variables**:

    o **ROA and Leverage**: Both statistically significant → **supports H5₁**.

- **R² = 0.476**: Moderate explanatory power.

Audit Quality (AQ):

- **IFRS Adoption**: Not significant (p = 0.117) → **H3 not supported**.

- **Governance**:

    o **Audit Committee & Institutional Ownership**: Positive and significant → **supports H4**.

    o **Board Size**: Negative and significant → smaller boards may improve AQ.

- **Control Variables**: Not statistically significant.

- **R² = 0.307**: Lower explanatory power.

Interpretation: IFRS reduces EM, but its effect on AQ is limited. Governance—especially board structure and ownership—is more influential. Control variables (ROA, LEV) significantly explain EM behavior.

Nigeria

Earnings Management (EM):

- **IFRS Adoption**: Not significant (p = 0.471) → **H1 not supported**.

- **Governance**:

    o **Firm Size**: Positive and significant → **contradicts H2**.

- **Control Variables**:

    o **Leverage**: Marginally significant and negative → **supports H5$_1$**.

- **R² = 0.229**: Low explanatory power.

Audit Quality (AQ):

- **IFRS Adoption**: Not significant → **H3 not supported**.

- **Governance**:

    o **NEDs, Institutional Ownership, Firm Size**: Positive and significant → **supports H4**.

- **Control Variables**:

    o **Leverage**: Negative and significant → **supports H5$_1$**.

- **R² = 0.429**: Moderate explanatory power.

Interpretation: Audit quality in Nigeria is primarily driven by governance structure and firm-specific variables rather than IFRS. Financial leverage impacts both EM and AQ significantly.

Kenya

Earnings Management (EM):

- **IFRS Adoption**: Marginally significant ($p = 0.097$), negative → **partial support for H1**.

- **Governance**:

    o **Institutional Ownership**: Negative and significant → **supports H2**.

    o **NEDs**: Positive and significant → mixed governance results.

    o **Firm Size**: Negative and marginally significant.

- **Control Variables**: Not statistically significant.

- **R² = 0.195**: Weak explanatory power.

Audit Quality (AQ):

- **IFRS Adoption**: Not significant → **H3 not supported**.

- **Governance**:

    o **Institutional Ownership, Firm Size**: Positive and significant → **supports H4**.

- **Control Variables**:

    o **Leverage**: Positive and significant → **supports H5$_1$**.

- **R² = 0.610**: Strong explanatory power.

Interpretation: Kenya's AQ responds more to governance and financial structure than to IFRS alone. Control variables (especially LEV) influence AQ but not EM.

South Africa

Earnings Management (EM):

- **IFRS Adoption**: Not significant → **H1 not supported**.

- **Governance**: Not significant overall.

- **Control Variables**:

  - **ROA and Leverage**: Positive and significant → **supports H5$_1$**.

- **R² = 0.223**: Weak explanatory power.

Audit Quality (AQ):

- **IFRS Adoption**: Strongly significant (p = 0.0005), positive → **supports H3**.

- **Control Variables**:

  - **Leverage (positive), ROA (negative), Net Loss (negative and significant)** → **supports H5$_1$**.

- **Governance**: Mostly not significant.

- **R² = 0.431**: Moderate explanatory power.

Interpretation: South Africa demonstrates strong IFRS impact on AQ. EM appears more linked to financial performance (ROA/LEV) than governance mechanisms.

Combined Countries Analysis

Earnings Management (EM):

- **IFRS Adoption**: Not significant → **H1 not supported**.

- **Governance**: Not significant overall.

- **Control Variables**:

  - **Firm Size**: Positive and significant.

- **R² = 0.11**: Very low explanatory power.

Audit Quality (AQ):

- **IFRS Adoption**: Positive and significant ($p = 0.029$) → **supports H3**.

- **Governance**:

  - **NEDs, Firm Size**: Positive and significant → **supports H4**.

- **Control Variables**:

  - **Leverage and Net Loss**: Negative and significant → **supports H5$_1$**.

- **R² = 0.215**: Low explanatory power.

Interpretation: Across Africa, IFRS improves audit quality but not EM, unless complemented by strong governance. Financial indicators like leverage and firm performance are essential explanatory controls.

Theoretical Implications

Agency Theory:

- Supported in **Ghana and Kenya**, where board characteristics and institutional ownership reduce EM and enhance AQ.

- Weakly supported in **Nigeria and South Africa**, possibly due to enforcement gaps or less effective governance.

Institutional Theory:

- Strongly evident in **South Africa**, where regulatory infrastructure and IFRS adoption significantly improve AQ.

- In other countries, weak institutions limit the full impact of IFRS reforms.

Capital Needs Theory:

- Particularly relevant in **South Africa**, where IFRS and financial discipline attract investors through improved transparency and audit quality.

- Across other regions, IFRS alone is insufficient unless integrated with strong financial performance and governance frameworks.

Hypothesis / Variable	Ghana	Nigeria	Kenya	South Africa	Combined	Overall Conclusion
H1 – IFRS reduces EM	☑	✕	◪ (Partial)	✕	✕	✕ Partially Supported
H2 – Governance reduces EM	☑ (mixed)	✕	☑	✕	✕	☑ Partially Supported
H3 – IFRS improves AQ	✕	✕	✕	☑☑	☑	☑ Partially Supported
H4 – Governance improves AQ	☑	☑☑	☑☑	✕	☑☑	☑ Supported
H₅₀ & H₁ₑ– Control Variables						
ROA (Control Variable)	☑ (EM)	✕	✕	☑ (EM)	✕	✕ Partially Supported (EM only)
Leverage (Control Variable)	☑ (EM, AQ)	☑ (EM, AQ)	✕ (AQ only)	☑ (EM, AQ)	☑ (AQ)	☑ Supported
Net Loss (Control Variable)	✕	✕	✕	☑ (AQ)	☑ (AQ)	✕ Partially Supported (AQ only)

Source: 'Researcher constructed the table'

Legend:

- ☑ = Hypothesis/variable supported (statistically significant)

- ☑ ☑ = Strong support (highly significant or in multiple models)

- ✘ = Not supported

- ⬨ = Partially supported (significant at 10% level or mixed results)

Recommendations for Future Research

Future research on International Financial Reporting Standards (IFRS) adoption, earnings management (EM), and audit quality (AQ) in African countries can address the limitations of this study and expand the knowledge base. The following recommendations are grounded in the study's findings and the existing literature, including insights on corporate governance (CG) mechanisms.

1.   Expanding Geographic Scope

The present study concentrated on Ghana, Nigeria, Kenya, and South Africa, four significant African economies with varying levels of IFRS adoption. To enhance the generalizability of findings, future research could broaden its scope to include additional African countries or other emerging markets, thus contributing to a more comprehensive understanding of how IFRS and CG impact financial reporting practices in diverse economic and regulatory settings. By examining countries across Africa, future studies can identify patterns and unique differences in financial transparency, EM, and AQ under IFRS, especially in environments with limited institutional support and professional capacity (Tawiah, 2019; Mnif & Borgi, 2020).

Broadening geographic scope allows researchers to explore regional factors, such as economic growth, regulatory enforcement, and cultural influences, which may play a significant

role in shaping financial reporting behaviors. Such comparative analysis can reveal how external factors influence IFRS adoption outcomes, such as whether certain CG practices, like board independence, mitigate EM differently in economically or institutionally diverse settings (Ozili, 2016). By contrasting economies with varying levels of IFRS maturity and enforcement capacities, future studies could derive lessons applicable to emerging markets and inform policymakers about the necessary support structures.

2.   Longitudinal Studies to Track Changes Over Time

This study's cross-sectional approach provided a snapshot of the current state of IFRS, EM, and AQ. However, longitudinal studies, which track these variables over extended periods, are essential for understanding the long-term effects of IFRS adoption and CG mechanisms on financial reporting quality. Longitudinal data can reveal whether the impacts of IFRS and CG practices are stable, increase, or fade over time in response to evolving regulatory or economic conditions (Bova & Pereira, 2011; Nijam & Athambawa, 2016).

These studies could analyze the durability of reforms and the effectiveness of CG mechanisms in mitigating EM over the long term, adding insights into the role of regulatory support in achieving high AQ. Such analyses offer a dynamic understanding of how financial reporting practices evolve, providing valuable guidance for governments, regulators, and institutions striving to enhance reporting quality.

3.   Incorporating Qualitative Research for Deeper Insights

While this study employed a quantitative approach, qualitative methods could offer nuanced insights into the motivations and decision-making processes of key stakeholders, including managers, auditors, and regulators, regarding financial reporting practices.

Interviews, focus groups, and case studies can complement quantitative findings, revealing the behavioral and cultural drivers behind financial reporting practices. This perspective can highlight, for example, how cultural attitudes toward governance influence the effectiveness of CG mechanisms and IFRS adoption (Kaaya, 2016; Hessayri & Saihi, 2015).

In-depth qualitative insights could be especially valuable in understanding how companies' approach IFRS implementation and the extent to which they adhere to CG best practices. This approach would help uncover the practical challenges faced by African firms in adopting and enforcing IFRS standards, as well as the barriers that limit the influence of CG practices on EM and AQ. Consequently, this could inform customized interventions to strengthen CG structures in African countries.

4.   Industry-Specific Analysis

The diversity of industries within African markets means that the impact of IFRS adoption and CG practices on EM and AQ may differ by sector. Future research could explore these variations through industry-specific studies, focusing on sectors like technology or construction, which may face unique financial reporting challenges such as complex revenue recognition practices. Sector-specific analyses would allow researchers to identify whether certain industries are more susceptible to EM or benefit more from robust CG mechanisms under IFRS adoption (Tawiah & Boolaky, 2019).

Such an approach can lead to targeted policy recommendations that address industry-specific needs, enhancing regulatory interventions' relevance and effectiveness. For instance, industry-specific CG reforms tailored to the technology or construction sectors may be more effective than generalized guidelines, as they address unique reporting complexities.

5.   Exploring Mediation and Moderation Effects

Future research should also examine mediation and moderation effects within the relationships between IFRS adoption, CG, EM, and AQ. This approach could, for example, investigate whether specific CG mechanisms, such as board independence or audit committee effectiveness, mediate the relationship between IFRS adoption and EM. Moreover, moderating variables like firm size, profitability, and industry sector could affect how IFRS and CG impact EM and AQ (Mnif & Borgi, 2020; Tawiah, 2019).

Understanding mediation and moderation effects would offer a more nuanced view of the IFRS adoption process, as well as identify the specific circumstances under which CG mechanisms are most effective in promoting financial reporting quality. These insights could assist regulators in tailoring IFRS and CG interventions to firms' and industries' characteristics.

6.   Considering External Variables

Future studies should incorporate external factors, such as macroeconomic conditions, regulatory frameworks, and cultural influences, which significantly shape the effectiveness of IFRS adoption and CG practices in addressing EM and enhancing AQ. Such variables are especially critical in emerging markets, where economic instability or weak regulatory enforcement may undermine IFRS and CG initiatives. By considering these broader contextual factors, researchers can provide a more holistic understanding of the factors influencing financial reporting practices in different environments (Ozili, 2016; Nijam & Athambawa, 2016).

Examining the interplay between macroeconomic factors and IFRS outcomes could also reveal how regulatory reforms and economic growth impact CG structures' effectiveness in reducing EM. This knowledge could support tailored approaches to IFRS adoption that consider external influences on financial reporting.

7.   **Comparative Studies with Developed Countries**

Expanding research beyond Africa to include comparisons with developed countries would further illuminate how regulatory enforcement, institutional frameworks, and corporate practices vary between emerging and mature economies. Such comparisons can reveal how the level of market development and governance structures influences IFRS outcomes and may provide insights into best practices for promoting AQ (Bova & Pereira, 2011).

Comparative studies could help African policymakers and regulators understand how developed markets address similar challenges, thereby informing IFRS and CG practices that align with the maturity level of their financial systems. Learning from successful implementations in developed countries can enable African nations to adopt IFRS and CG standards that better align with local market needs.

8.   **Robustness Testing**

Robustness testing through various methodologies, samples, and periods is crucial for validating findings and ensuring their generalizability. This step is essential to verify that findings remain consistent across diverse analytical approaches, datasets, and timeframes, thereby enhancing the reliability of findings. Rigorous robustness testing could also help uncover biases or limitations in research methodologies, ultimately strengthening the validity of research outcomes (Hessayri & Saihi, 2015).

9.   **Promoting Collaborative Research and Knowledge Sharing**

Finally, future research initiatives should encourage collaboration and knowledge sharing among academics, policymakers, regulators, auditors, and industry practitioners. Collaborative research enables the pooling of expertise and resources, addressing complex

research questions with more comprehensive methodologies. Additionally, knowledge sharing across different regions and sectors can lead to a more unified approach to improving financial reporting and governance practices globally (Ozili, 2016).

By fostering collaboration, stakeholders can enhance financial reporting standards and CG practices in African countries and other emerging markets, building a research base that addresses both local and global challenges.

Research Conclusions

This study provides comprehensive empirical evidence on the interplay between International Financial Reporting Standards (IFRS) adoption, corporate governance (CG), earnings management (EM), and audit quality (AQ) within the institutional contexts of Ghana, Nigeria, Kenya, and South Africa. By employing a comparative regression analysis underpinned by Agency Theory, Institutional Theory, Capital Needs Theory, Stewardship Theory, and Auditor Confidence Theory, the research delineates the differentiated impact of IFRS adoption on financial reporting outcomes in Sub-Saharan Africa.

The findings reveal that while IFRS adoption significantly curtails earnings management in Ghana, Nigeria, and Kenya, its effectiveness is highly conditioned by the strength of corporate governance structures. Specifically, the moderating role of CG is evident in Ghana and Kenya, where governance mechanisms such as board independence and audit committee effectiveness amplify the benefits of IFRS in curbing opportunistic financial behavior. Conversely, in Nigeria, the reduction in earnings manipulation appears largely driven by the standardization effects of IFRS itself, with governance playing a limited supplementary role. South Africa, in contrast, presents a unique institutional scenario: the absence of a significant IFRS–EM relationship suggests that pre-existing regulatory and governance frameworks had

already internalized high-quality reporting practices prior to IFRS adoption. However, CG in South Africa robustly complements IFRS, enhancing both earnings quality and audit reliability.

With regard to audit quality, the results are more heterogeneous. IFRS adoption significantly improves AQ in Nigeria and South Africa, indicating a supportive institutional infrastructure capable of translating IFRS requirements into higher assurance standards. In Ghana and Kenya, however, the absence of a statistically significant IFRS–AQ relationship reflects systemic weaknesses in audit oversight and capacity. Nonetheless, corporate governance positively moderates the IFRS–AQ nexus in Ghana and Nigeria, reaffirming the centrality of firm-level control mechanisms in safeguarding the integrity of external audits. The ineffectiveness of CG in enhancing AQ in Kenya further highlights the critical need for regulatory reforms and auditor competence development.

Collectively, the empirical patterns suggest that IFRS adoption alone is not sufficient to guarantee improvements in financial reporting quality across Sub-Saharan Africa. The realization of IFRS-related benefits is contingent on the presence of strong corporate governance, credible audit institutions, and context-specific regulatory enforcement. These findings validate Institutional Theory's assertion that global standards must be adapted to local institutional environments to achieve intended outcomes. Simultaneously, the observed governance effects align with Agency Theory and Stewardship Theory, which posit that internal control mechanisms and ethical leadership are essential in reducing information asymmetry and promoting accountability.

In conclusion, this research contributes to the accounting and finance literature by evidencing that the success of IFRS in emerging markets is not a function of technical adoption alone but is inherently embedded in the quality of governance and institutional infrastructure. Strengthening auditor independence, professional certification regimes, and board oversight

mechanisms emerges as a strategic imperative. Policymakers must recognize the co-dependence between international standards and domestic governance reforms in enhancing transparency, reducing earnings manipulation, and fostering investor confidence. These insights carry significant implications for regulatory design, capital market development, and international financial harmonization across Sub-Saharan Africa.

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Appendices: Research Analysis Output

Ghana Research Analysis Output

Correlation

		DACCIT	AQ	IFRSAdopt	BDSize	CEOD	AUDCT	NED	IN-OWN	SIZ-Firm	LEV(Debt)	ROA	Net Loss
DACCIT	Pearson Correlation	1	.212*	-.115	-.082	.b	.037	.100	-.146	-.500**	.064	.033	.103
	Sig. (2-tailed)		.045	.282	.443		.732	.351	.170	.000	.551	.755	.334
	N	90	90	90	90	90	90	90	90	90	90	90	90
AQ	Pearson Correlation	.212*	1	.236*	-.030	.b	.162	.203	.202	-.076	-.282**	.027	-.058
	Sig. (2-tailed)	.045		.025	.781		.126	.055	.056	.474	.007	.803	.585
	N	90	90	90	90	90	90	90	90	90	90	90	90
IFRSAdopt	Pearson Correlation	-.115	.236*	1	.524**	.b	.198	.582**	.419**	-.175	.059	.252*	-.397**
	Sig. (2-tailed)	.282	.025		.000		.061	.000	.000	.099	.581	.017	.000
	N	90	90	90	90	90	90	90	90	90	90	90	90
BDSize	Pearson Correlation	-.082	-.030	.524**	1	.b	.497**	.828**	.382**	-.191	.291**	.192	-.149

	Sig. (2-tailed)	.443	.781	.000			.000	.000	.000	.072	.005	.070	.160
	N	90	90	90	90	90	90	90	90	90	90	90	90
CEOD	Pearson Correlation	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b
	Sig. (2-tailed)												
	N	90	90	90	90	90	90	90	90	90	90	90	90
AUDCT	Pearson Correlation	.037	.162	.198	.497**	.b	1	.574**	.041	.126	-.032	-.006	-.115
	Sig. (2-tailed)	.732	.126	.061	.000			.000	.699	.236	.762	.956	.280
	N	90	90	90	90	90	90	90	90	90	90	90	90
NED	Pearson Correlation	.100	.203	.582**	.828**	.b	.574**	1	.292**	-.269*	.013	.074	-.074
	Sig. (2-tailed)	.351	.055	.000	.000		.000		.005	.010	.904	.490	.491
	N	90	90	90	90	90	90	90	90	90	90	90	90
IN-OWN	Pearson Correlation	-.146	.202	.419**	.382**	.b	.041	.292**	1	-.153	.093	-.022	-.577**
	Sig. (2-tailed)	.170	.056	.000	.000		.699	.005		.149	.382	.834	.000
	N	90	90	90	90	90	90	90	90	90	90	90	90
SIZ-Firm	Pearson Correlation	-.500**	-.076	-.175	-.191	.b	.126	-.269*	-.153	1	-.197	.188	.122
	Sig. (2-tailed)	.000	.474	.099	.072		.236	.010	.149		.062	.076	.251
	N	90	90	90	90	90	90	90	90	90	90	90	90

LEV(Debt)	Pearson Correlation	.064	-.282**	.059	.291**	.b	-.032	.013	.093	-.197	1	.001	-.066
	Sig. (2-tailed)	.551	.007	.581	.005		.762	.904	.382	.062		.994	.536
	N	90	90	90	90	90	90	90	90	90	90	90	90
ROA	Pearson Correlation	.033	.027	.252*	.192	.b	-.006	.074	-.022	.188	.001	1	-.021
	Sig. (2-tailed)	.755	.803	.017	.070		.956	.490	.834	.076	.994		.844
	N	90	90	90	90	90	90	90	90	90	90	90	90
Net Loss	Pearson Correlation	.103	-.058	-.397**	-.149	.b	-.115	-.074	-.577**	.122	-.066	-.021	1
	Sig. (2-tailed)	.334	.585	.000	.160		.280	.491	.000	.251	.536	.844	
	N	90	90	90	90	90	90	90	90	90	90	90	90

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

b. Cannot be computed because at least one of the variables is constant.

Regression

Reg: EM

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.690[a]	.476	.417	284095168.2230	.790

a. Predictors: (Constant), Net Loss, ROA, LEV(Debt), NED, SIZ-Firm, IN-OWN, AUDCT, IFRSAdopt (Index), BDSize

b. Dependent Variable: DACCIT

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5859481963836870000.000	9	651053551537430000.000	8.067	.000[b]
	Residual	6456805168611560000.000	80	80710064607644500.000		
	Total	12316287132448400000.000	89			

a. Dependent Variable: DACCIT

b. Predictors: (Constant), Net Loss, ROA, LEV(Debt), NED, SIZ-Firm, IN-OWN, AUDCT, IFRSAdopt, BDSize

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1859378148.240	365086636.632		5.093	.000		
	IFRSAdopt	-95925135.987	42041829.060	-.275	-2.282	.025	.452	2.212
	BDSize	-111145289.843	28767571.690	-.709	-3.864	.000	.195	5.140
	AUDCT	462667521.229	241805538.217	.225	1.913	.059	.476	2.101
	NED	87132402.518	33542936.792	.534	2.598	.011	.155	6.454

IN-OWN	217352.739	121019712.740		.000	.002	.999	.511	1.957
SIZ-Firm	-218927119.247	35747738.632		-.598	-6.124	.000	.687	1.455
LEV(Debt)	1096949.398	628274.992		.171	1.746	.085	.683	1.464
ROA	7102481.454	2066537.579		.314	3.437	.001	.786	1.272
Net Loss	36533078.617	93565806.449		.044	.390	.697	.511	1.958

a. Dependent Variable: DACCIT
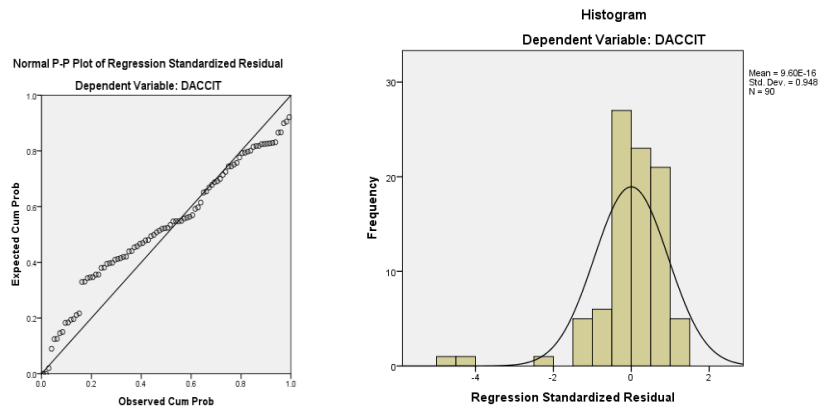
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: DACCIT

Histogram
Dependent Variable: DACCIT

Mean = 9.60E-16
Std. Dev. = 0.948
N = 90

Reg: AQ

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.554[a]	.307	.229	.4375	1.112

a. Predictors: (Constant), Net Loss, ROA, LEV(Debt), NED, SIZ-Firm, IN-OWN, AUDCT, IFRSAdopt, BDSize

b. Dependent Variable: AQ

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.789	9	.754	3.941	.000[b]
	Residual	15.311	80	.191		
	Total	22.100	89			

a. Dependent Variable: AQ

b. Predictors: (Constant), Net Loss, ROA, LEV(Debt), NED, SIZ-Firm, IN-OWN, AUDCT, IFRSAdopt, BDSize

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.119	.562		-.211	.833		
	IFRSAdopt	.103	.065	.220	1.587	.117	.452	2.212
	BDSize	-.149	.044	-.708	-3.353	.001	.195	5.140
	AUDCT	.785	.372	.284	2.109	.038	.476	2.101

NED	.079	.052	.361	1.525	.131	.155	6.454
IN-OWN	.546	.186	.381	2.929	.004	.511	1.957
SIZ-Firm	-.063	.055	-.128	-1.138	.259	.687	1.455
LEV(Debt)	-.001	.001	-.132	-1.171	.245	.683	1.464
ROA	.004	.003	.120	1.139	.258	.786	1.272
Net Loss	.234	.144	.212	1.626	.108	.511	1.958

a. Dependent Variable: AQ

Histogram

Dependent Variable: AQ(BIG4/Non BIG4)

Mean = -2.03E-16
Std. Dev. = 0.948
N = 90

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: AQ(BIG4/Non BIG4)
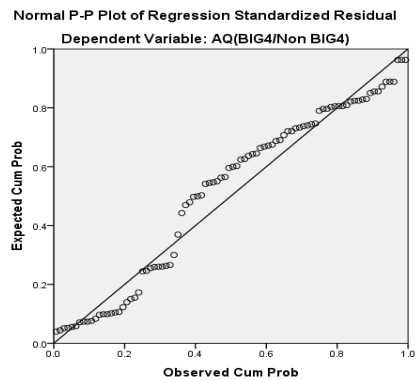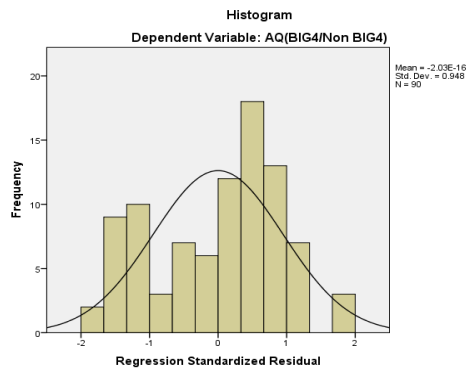
Nigeria Research Analysis Output

Correlation

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<tr><td colspan="14" align="center">Correlations</td></tr>
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<td></td><td></td>
<td>DACCIT</td>
<td>AQ</td>
<td>IFRSAdopt</td>
<td>BDSize</td>
<td>CEOD</td>
<td>AUDCT</td>
<td>NED</td>
<td>IN-OWN</td>
<td>SIZ-Firm</td>
<td>LEV(Debt)</td>
<td>ROA</td>
<td>Net Loss</td>
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<td rowspan="3">DACCIT</td>
<td>Pearson Correlation</td>
<td>1</td><td>.184</td><td>.109</td><td>.295**</td><td>.b</td><td>-.012</td><td>.312**</td><td>.068</td><td>.394**</td><td>-.074</td><td>.086</td><td>-.185</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td></td><td>.083</td><td>.308</td><td>.005</td><td></td><td>.908</td><td>.003</td><td>.527</td><td>.000</td><td>.488</td><td>.419</td><td>.080</td>
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<td rowspan="3">AQ</td>
<td>Pearson Correlation</td>
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<td>Sig. (2-tailed)</td>
<td>.083</td><td></td><td>.001</td><td>.093</td><td></td><td>.118</td><td>.000</td><td>.000</td><td>.021</td><td>.670</td><td>.421</td><td>.157</td>
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<td rowspan="3">IFRSAdopt</td>
<td>Pearson Correlation</td>
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<td>Sig. (2-tailed)</td>
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<tr>
<td rowspan="3">BDSize</td>
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<td>.295**</td><td>.178</td><td>.297**</td><td>1</td><td>.b</td><td>-.021</td><td>.529**</td><td>.193</td><td>.636**</td><td>.211*</td><td>.085</td><td>-.201</td>
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<td>Sig. (2-tailed)</td>
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<td rowspan="3">CEOD</td>
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<td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td><td>.b</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<tr>
<td rowspan="3">AUDCT</td>
<td>Pearson Correlation</td>
<td>-.012</td><td>-.166</td><td>-.106</td><td>-.021</td><td>.b</td><td>1</td><td>-.191</td><td>.018</td><td>.044</td><td>-.071</td><td>-.015</td><td>-.009</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td>.908</td><td>.118</td><td>.322</td><td>.845</td><td></td><td></td><td>.071</td><td>.863</td><td>.682</td><td>.509</td><td>.891</td><td>.936</td>
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<tr>
<td rowspan="3">NED</td>
<td>Pearson Correlation</td>
<td>.312**</td><td>.433**</td><td>.449**</td><td>.529**</td><td>.b</td><td>-.191</td><td>1</td><td>.112</td><td>.450**</td><td>.048</td><td>.153</td><td>-.239*</td>
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<tr>
<td>Sig. (2-tailed)</td>
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</tr>
<tr>
<td rowspan="3">IN-OWN</td>
<td>Pearson Correlation</td>
<td>.068</td><td>.431**</td><td>.313**</td><td>.193</td><td>.b</td><td>.018</td><td>.112</td><td>1</td><td>.122</td><td>.189</td><td>-.096</td><td>-.276**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.527</td><td>.000</td><td>.003</td><td>.069</td><td></td><td>.863</td><td>.293</td><td></td><td>.251</td><td>.074</td><td>.370</td><td>.009</td>
</tr>
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</tr>
</table>

SIZ-Firm	Pearson Correlation	.394**	.243*	.306**	.636**	.b	.044	.450**	.122	1	.335**	.178	-.293**
	Sig. (2-tailed)	.000	.021	.003	.000		.682	.000	.251		.001	.093	.005
	N	90	90	90	90	90	90	90	90	90	90	90	90
LEV(Debt)	Pearson Correlation	-.074	-.045	.221*	.211*	.b	-.071	.048	.189	.335**	1	.014	-.095
	Sig. (2-tailed)	.488	.670	.037	.046		.509	.652	.074	.001		.899	.371
	N	90	90	90	90	90	90	90	90	90	90	90	90
ROA	Pearson Correlation	.086	-.086	.130	.085	.b	-.015	.153	-.096	.178	.014	1	-.293**
	Sig. (2-tailed)	.419	.421	.220	.427		.891	.149	.370	.093	.899		.005
	N	90	90	90	90	90	90	90	90	90	90	90	90
Net Loss	Pearson Correlation	-.185	-.151	-.467**	-.201	.b	-.009	-.239*	-.276**	-.293**	-.095	-.293**	1
	Sig. (2-tailed)	.080	.157	.000	.058		.936	.023	.009	.005	.371	.005	
	N	90	90	90	90	90	90	90	90	90	90	90	90

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

b. Cannot be computed because at least one of the variables is constant.

Regression
Reg: EM

Histogram

Dependent Variable: DACCIT
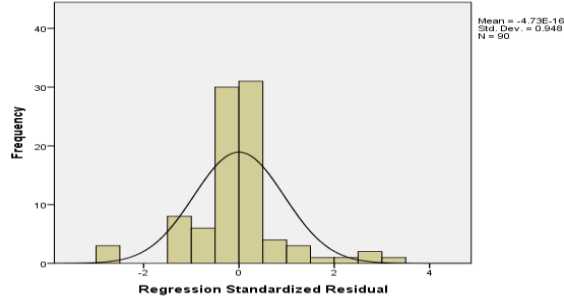
Mean = -4.73E-16
Std. Dev. = 0.948
N = 90

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: DACCIT
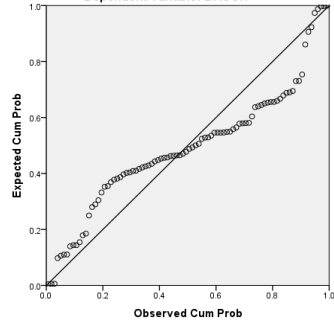
Reg: AQ

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.655[a]	.429	.365	.3983	1.079

a. Predictors: (Constant), Net Loss, AUDCT, LEV(Debt), BDSize, ROA, IN-OWN, IFRSAdopt, NED, SIZ-Firm

b. Dependent Variable: AQ

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.529	9	1.059	6.672	.000^b
	Residual	12.694	80	.159		
	Total	22.222	89			

a. Dependent Variable: AQ

b. Predictors: (Constant), Net Loss, AUDCT, LEV(Debt), BDSize, ROA, IN-OWN, IFRSAdopt, NED, SIZ-Firm

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-1.279	.694		-1.842	.069	-2.660	.102		
	IFRSAdopt	.088	.069	.138	1.277	.205	-.049	.225	.610	1.640
	BDSize	-.037	.020	-.222	-1.874	.065	-.077	.002	.509	1.965
	AUDCT	-.341	.243	-.123	-1.399	.166	-.825	.144	.923	1.084
	NED	.059	.019	.353	3.133	.002	.022	.097	.562	1.781
	IN-OWN	.861	.194	.414	4.429	.000	.474	1.248	.816	1.226
	SIZ-Firm	.118	.056	.254	2.111	.038	.007	.229	.494	2.025
	LEV(Debt)	-.002	.001	-.209	-2.223	.029	-.003	.000	.811	1.233
	ROA	-.190	.146	-.118	-1.302	.197	-.480	.100	.865	1.156
	Net Loss	.090	.107	.087	.845	.400	-.122	.302	.676	1.479

a. Dependent Variable: AQ

Histogram

Dependent Variable: AQ(BIG4/Non BIG4)

Mean = 1.41E-16
Std. Dev. = 0.948
N = 90
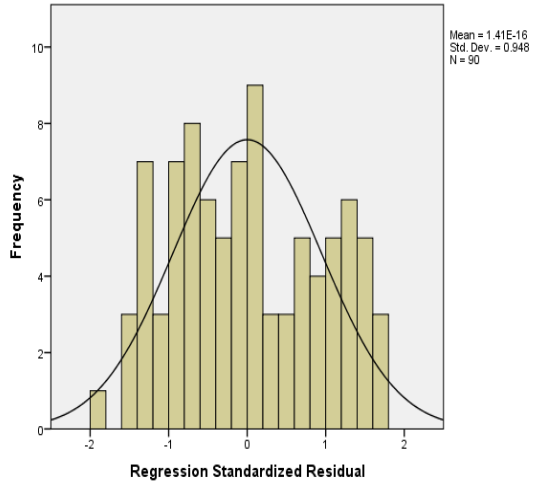
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: AQ(BIG4/Non BIG4)

Kenya Research Analysis Output

Correlation

		DACCIT	AQ	IFRSAdopt	BDSize	CEOD	AUDCT	NED	IN-OWN	SIZ-Firm	LEV(Debt)	ROA	Net Loss
Correlations													
DACCIT	Pearson Correlation	1	-.155	-.149	-.087	.ᵃ	.ᵃ	-.042	-.273**	-.220*	-.017	-.044	.204
	Sig. (2-tailed)		.144	.162	.416			.693	.009	.037	.877	.682	.053
	N	90	90	90	90	90	90	90	90	90	89	90	90
AQ	Pearson Correlation	-.155	1	.341**	.578**	.ᵃ	.ᵃ	.619**	.394**	.728**	.270*	.306**	-.523**
	Sig. (2-tailed)	.144		.001	.000			.000	.000	.000	.010	.003	.000
	N	90	90	90	90	90	90	90	90	90	89	90	90
IFRSAdopt	Pearson Correlation	-.149	.341**	1	.359**	.ᵃ	.ᵃ	.473**	.239*	.370**	.148	.242*	-.051
	Sig. (2-tailed)	.162	.001		.001			.000	.023	.000	.168	.021	.636
	N	90	90	90	90	90	90	90	90	90	89	90	90
BDSize	Pearson Correlation	-.087	.578**	.359**	1	.ᵃ	.ᵃ	.905**	.206	.725**	-.009	.212*	-.418**
	Sig. (2-tailed)	.416	.000	.001				.000	.051	.000	.934	.045	.000
	N	90	90	90	90	90	90	90	90	90	89	90	90
CEOD	Pearson Correlation	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ
	Sig. (2-tailed)												
	N	90	90	90	90	90	90	90	90	90	89	90	90
AUDCT	Pearson Correlation	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ	.ᵃ
	Sig. (2-tailed)												
	N	90	90	90	90	90	90	90	90	90	89	90	90
NED	Pearson Correlation	-.042	.619**	.473**	.905**	.ᵃ	.ᵃ	1	.293**	.753**	.062	.303**	-.380**
	Sig. (2-tailed)	.693	.000	.000	.000				.005	.000	.566	.004	.000
	N	90	90	90	90	90	90	90	90	90	89	90	90
IN-OWN	Pearson Correlation	-.273**	.394**	.239*	.206	.ᵃ	.ᵃ	.293**	1	.351**	-.040	.294**	-.166

	Sig. (2-tailed)	.009	.000	.023	.051			.005		.001	.711	.005	.119
	N	90	90	90	90	90	90	90	90	90	89	90	90
SIZ-Firm	Pearson Correlation	-.220*	.728**	.370**	.725**	.a	.a	.753**	.351**	1	.160	.520**	-.576**
	Sig. (2-tailed)	.037	.000	.000	.000			.000	.001		.135	.000	.000
	N	90	90	90	90	90	90	90	90	90	89	90	90
LEV(Debt)	Pearson Correlation	-.017	.270*	.148	-.009	.a	.a	.062	-.040	.160	1	.124	-.379**
	Sig. (2-tailed)	.877	.010	.168	.934			.566	.711	.135		.247	.000
	N	89	89	89	89	89	89	89	89	89	89	89	89
ROA	Pearson Correlation	-.044	.306**	.242*	.212*	.a	.a	.303**	.294**	.520**	.124	1	-.315**
	Sig. (2-tailed)	.682	.003	.021	.045			.004	.005	.000	.247		.002
	N	90	90	90	90	90	90	90	90	90	89	90	90
Net Loss	Pearson Correlation	.204	-.523**	-.051	-.418**	.a	.a	-.380**	-.166	-.576**	-.379**	-.315**	1
	Sig. (2-tailed)	.053	.000	.636	.000			.000	.119	.000	.000	.002	
	N	90	90	90	90	90	90	90	90	90	89	90	90

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

Regression

Reg: EM

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.441[a]	.195	.114	2.2326	.718

a. Predictors: (Constant), Net Loss, IFRSAdopt, IN-OWN, LEV(Debt), ROA, BDSize, SIZ-Firm, NED

b. Dependent Variable: DACCIT

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.652	8	1.206	2.420	.021[b]
	Residual	3.987	80	4.984		
	Total	4.953	88			

a. Dependent Variable: DACCIT

b. Predictors: (Constant), Net Loss, IFRSAdopt, IN-OWN, LEV(Debt), ROA, BDSize, SIZ-Firm, NED

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	136403816387.089	53250399277.523		2.562	.012	3.043	2.424		
	IFRSAdopt	-5989306837.003	3566997378.294	-.203	-1.679	.097	-1.309	1.109	.690	1.449
	BDSize	-1421395260.826	1892552581.383	-.195	-.751	.455	-5.188	2.344	.149	6.708
	NED	4241471352.760	1976042911.100	.582	2.146	.035	3.090	8.174	.137	7.304

IN-OWN	-24364603948.010	10828976557.194	-.251	-2.250	.027	-4.591	-2.814	.810	1.235
SIZ-Firm	-10453336165.136	5677595963.329	-.364	-1.841	.069	-2.175	8.454	.258	3.882
LEV(Debt)	266607241.431	502378790.396	.061	.531	.597	-7.332	1.266	.750	1.333
ROA	6258737486.069	4492789266.406	.173	1.393	.167	-2.682	1.520	.651	1.537
Net Loss	7570064410.037	6750581114.229	.156	1.121	.265	-5.864	21004.000	.521	1.921

a. Dependent Variable: DACCIT

Reg: AQ

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.781[a]	.610	.571	.2924	1.109

a. Predictors: (Constant), Net Loss, IFRSAdopt, IN-OWN, LEV(Debt), ROA, BDSize, SIZ-Firm, NED

b. Dependent Variable: AQ

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.689	8	1.336	15.629	.000[b]
	Residual	6.839	80	.085		
	Total	17.528	88			

a. Dependent Variable: AQ

b. Predictors: (Constant), Net Loss, IFRSAdopt, IN-OWN, LEV(Debt), ROA, BDSize, SIZ-Firm, NED

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-2.573	.697		-3.689	.000	-3.961	-1.185		
	IFRSAdopt	.024	.047	.043	.515	.608	-.069	.117	.690	1.449
	BDSize	.003	.025	.022	.122	.903	-.046	.052	.149	6.708
	NED	.013	.026	.097	.513	.609	-.038	.065	.137	7.304
	IN-OWN	.350	.142	.191	2.468	.016	.068	.632	.810	1.235
	SIZ-Firm	.288	.074	.533	3.870	.000	.140	.436	.258	3.882
	LEV(Debt)	.013	.007	.154	1.914	.059	.000	.026	.750	1.333
	ROA	-.082	.059	-.121	-1.402	.165	-.200	.035	.651	1.537
	Net Loss	-.100	.088	-.109	-1.127	.263	-.276	.076	.521	1.921

a. Dependent Variable: AQ

South Africa Research Analysis Output

Correlation

		DACCIT	**AQ**	**IFRSAdopt**	**BDSize**	**CEOD**	**AUDCT**	**NED**	**IN-OWN**	**SIZ-Firm**	**LEV(Debt)**	**ROA**	**Net Loss**
DACCIT	Pearson Correlation	1	.142	.068	.226*	.b	-.022	.116	-.045	.173	.183	.378**	-.250*
	Sig. (2-tailed)		.182	.527	.032		.836	.275	.672	.102	.084	.000	.018
	N	90	90	90	90	90	90	90	90	90	90	90	90
AQ	Pearson Correlation	.142	1	.467**	.218*	.b	.081	.101	.145	.291**	.267*	.198	-.219*
	Sig. (2-tailed)	.182		.000	.039		.450	.343	.171	.005	.011	.062	.038
	N	90	90	90	90	90	90	90	90	90	90	90	90
IFRSAdopt	Pearson Correlation	.068	.467**	1	.434**	.b	.030	.387**	.200	.046	-.126	.126	.063
	Sig. (2-tailed)	.527	.000		.000		.777	.000	.059	.664	.237	.235	.555
	N	90	90	90	90	90	90	90	90	90	90	90	90
BDSize	Pearson Correlation	.226*	.218*	.434**	1	.b	.028	.717**	-.147	.162	-.238*	.194	-.130
	Sig. (2-tailed)	.032	.039	.000			.794	.000	.168	.128	.024	.067	.221
	N	90	90	90	90	90	90	90	90	90	90	90	90
CEOD	Pearson Correlation	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b
	Sig. (2-tailed)												
	N	90	90	90	90	90	90	90	90	90	90	90	90
AUDCT	Pearson Correlation	-.022	.081	.030	.028	.b	1	-.052	-.019	-.073	-.045	-.009	-.064
	Sig. (2-tailed)	.836	.450	.777	.794			.625	.861	.494	.674	.933	.549
	N	90	90	90	90	90	90	90	90	90	90	90	90
NED	Pearson Correlation	.116	.101	.387**	.717**	.b	-.052	1	-.051	.006	-.299**	.049	-.095
	Sig. (2-tailed)	.275	.343	.000	.000		.625		.634	.955	.004	.646	.371
	N	90	90	90	90	90	90	90	90	90	90	90	90
IN-OWN	Pearson Correlation	-.045	.145	.200	-.147	.b	-.019	-.051	1	-.152	-.075	.103	-.112
	Sig. (2-tailed)	.672	.171	.059	.168		.861	.634		.154	.483	.335	.293

	N	90	90	90	90	90	90	90	90	90	90	90	90
SIZ-Firm	Pearson Correlation	.173	.291**	.046	.162	.b	-.073	.006	-.152	1	.303**	.225*	-.278**
	Sig. (2-tailed)	.102	.005	.664	.128		.494	.955	.154		.004	.033	.008
	N	90	90	90	90	90	90	90	90	90	90	90	90
LEV(Debt)	Pearson Correlation	.183	.267*	-.126	-.238*	.b	-.045	-.299**	-.075	.303**	1	.038	.096
	Sig. (2-tailed)	.084	.011	.237	.024		.674	.004	.483	.004		.723	.371
	N	90	90	90	90	90	90	90	90	90	90	90	90
ROA	Pearson Correlation	.378**	.198	.126	.194	.b	-.009	.049	.103	.225*	.038	1	-.526**
	Sig. (2-tailed)	.000	.062	.235	.067		.933	.646	.335	.033	.723		.000
	N	90	90	90	90	90	90	90	90	90	90	90	90
Net Loss	Pearson Correlation	-.250*	-.219*	.063	-.130	.b	-.064	-.095	-.112	-.278**	.096	-.526**	1
	Sig. (2-tailed)	.018	.038	.555	.221		.549	.371	.293	.008	.371	.000	
	N	90	90	90	90	90	90	90	90	90	90	90	90

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

b. Cannot be computed because at least one of the variables is constant.

Regression
Reg: EM

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.473[a]	.223	.136	905235666.1753	2.481

a. Predictors: (Constant), Net Loss, IFRSAdopt, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, ROA, BDSize

b. Dependent Variable: DACCIT

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18852259947146600000.000	9	2094695549682950000.000	2.556	.012[b]
	Residual	65556128905264100000.000	80	819451611315801000.000		
	Total	84408388852410600000.000	89			

a. Dependent Variable: DACCIT

b. Predictors: (Constant), Net Loss, IFRSAdopt, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, ROA, BDSize

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	234998157.996	2904411280.709		.081	.936	-5544964492.022	6014960808.013		
	IFRSAdopt	-74639515.929	456071257.708	-.019	-.164	.870	-982250243.379	832971211.521	.686	1.457
	BDSize	71434713.399	53208507.933	.211	1.343	.183	-34453591.938	177323018.736	.392	2.552

AUDCT	-215247892.375	928342382.587	-.023	-.232	.817	-2062708110.361	1632212325.612	.962	1.040
NED	5938456.342	50314692.498	.018	.118	.906	-94190972.750	106067885.435	.439	2.279
IN-OWN	-2326392.330	6556712.409	-.038	-.355	.724	-15374665.858	10721881.198	.827	1.209
SIZ-Firm	-30842944.687	101790008.087	-.035	-.303	.763	-233411516.431	171725627.057	.733	1.365
LEV(Debt)	13152772.562	6086802.681	.242	2.161	.034	1039649.194	25265895.930	.772	1.296
ROA	1048865382.307	449408279.309	.284	2.334	.022	154514404.446	1943216360.168	.658	1.521
Net Loss	-238031663.323	276788535.189	-.109	-.860	.392	-788858402.625	312795075.978	.608	1.645

a. Dependent Variable: DACCIT
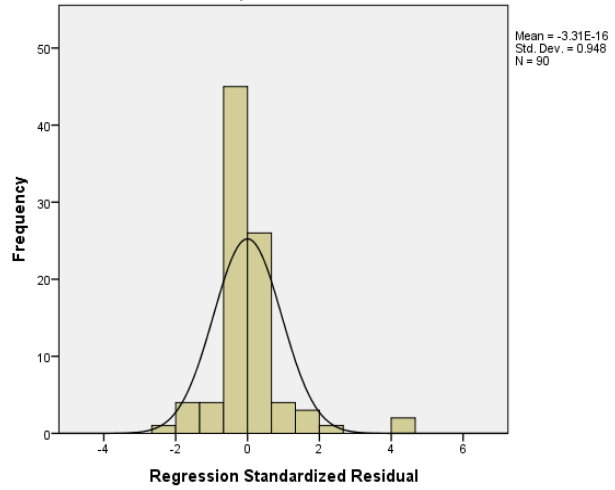
Histogram
Dependent Variable: DACCIT

Mean = -3.31E-16
Std. Dev. = 0.948
N = 90

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: DACCIT
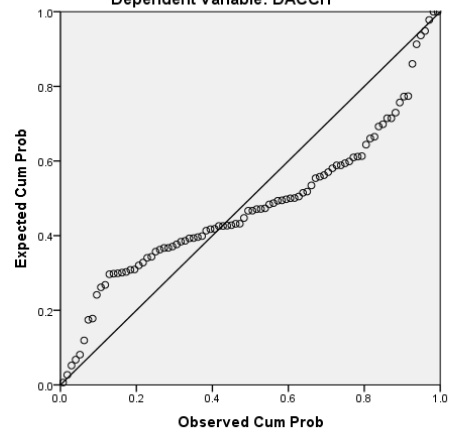
Reg: AQ

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.656[a]	.431	.367	.3857	.706

a. Predictors: (Constant), Net Loss, IFRSAdopt, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, ROA, BDSize

b. Dependent Variable: AQ

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.001	9	1.000	6.723	.000[b]
	Residual	11.899	80	.149		
	Total	20.900	89			

a. Dependent Variable: AQ

b. Predictors: (Constant), Net Loss, IFRSAdopt, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, ROA, BDSize

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-6.185	1.237		-4.998	.000	-8.647	-3.722		
	IFRSAdopt	.948	.194	.497	4.877	.000	.561	1.334	.686	1.457
	BDSize	.020	.023	.118	.873	.385	-.025	.065	.392	2.552

AUDCT	.294	.396	.064	.743	.460	-.493	1.081	.962	1.040
NED	-.015	.021	-.091	-.711	.479	-.058	.027	.439	2.279
IN-OWN	.002	.003	.078	.839	.404	-.003	.008	.827	1.209
SIZ-Firm	.046	.043	.105	1.066	.290	-.040	.133	.733	1.365
LEV(Debt)	.009	.003	.336	3.496	.001	.004	.014	.772	1.296
ROA	-.127	.191	-.069	-.664	.509	-.508	.254	.658	1.521
Net Loss	-.294	.118	-.270	-2.495	.015	-.529	-.060	.608	1.645

a. Dependent Variable: AQ

Combined Countries Research Analysis Output

Correlation

Correlations

		DACCIT	AQ	IFRSAdopt	BDSize	CEOD	AUDCT	NED	IN-OWN	SIZ-Firm	LEV(Debt)	ROA	Net Loss
DACCIT	Pearson Correlation	1	.068	.143**	.191**	.b	-.009	.100	-.019	.302**	.080	.000	-.106*
	Sig. (2-tailed)		.199	.007	.000		.871	.058	.713	.000	.129	.995	.044
	N	360	360	360	360	360	360	360	360	360	360	360	360
AQ	Pearson Correlation	.068	1	.271**	.255**	.b	-.006	.380**	.088	.151**	-.121*	.018	-.225**
	Sig. (2-tailed)	.199		.000	.000		.913	.000	.095	.004	.022	.730	.000
	N	360	360	360	360	360	360	360	360	360	360	360	360
IFRSAdopt	Pearson Correlation	.143**	.271**	1	.374**	.b	.040	.355**	.042	.310**	.098	.160**	-.220**
	Sig. (2-tailed)	.007	.000		.000		.453	.000	.432	.000	.063	.002	.000
	N	360	360	360	360	360	360	360	360	360	360	360	360
BDSize	Pearson Correlation	.191**	.255**	.374**	1	.b	.114*	.713**	-.039	.306**	.099	.080	-.232**
	Sig. (2-tailed)	.000	.000	.000			.031	.000	.457	.000	.060	.129	.000
	N	360	360	360	360	360	360	360	360	360	360	360	360
CEOD	Pearson Correlation	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b	.b
	Sig. (2-tailed)												
	N	360	360	360	360	360	360	360	360	360	360	360	360
AUDCT	Pearson Correlation	-.009	-.006	.040	.114*	.b	1	.048	-.012	-.008	-.026	-.002	-.054
	Sig. (2-tailed)	.871	.913	.453	.031			.364	.816	.876	.619	.968	.306
	N	360	360	360	360	360	360	360	360	360	360	360	360
NED	Pearson Correlation	.100	.380**	.355**	.713**	.b	.048	1	.008	.042	-.074	.037	-.214**
	Sig. (2-tailed)	.058	.000	.000	.000		.364		.884	.428	.161	.480	.000
	N	360	360	360	360	360	360	360	360	360	360	360	360

IN-OWN	Pearson Correlation	-.019	.088	.042	-.039	.b	-.012	.008	1	-.035	-.030	.000	-.074
	Sig. (2-tailed)	.713	.095	.432	.457		.816	.884		.508	.564	.997	.163
	N	360	360	360	360	360	360	360	360	360	360	360	360
SIZ-Firm	Pearson Correlation	.302**	.151**	.310**	.306**	.b	-.008	.042	-.035	1	.052	.042	-.093
	Sig. (2-tailed)	.000	.004	.000	.000		.876	.428	.508		.329	.425	.079
	N	360	360	360	360	360	360	360	360	360	360	360	360
LEV(Debt)	Pearson Correlation	.080	-.121*	.098	.099	.b	-.026	-.074	-.030	.052	1	.003	-.058
	Sig. (2-tailed)	.129	.022	.063	.060		.619	.161	.564	.329		.949	.276
	N	360	360	360	360	360	360	360	360	360	360	360	360
ROA	Pearson Correlation	.000	.018	.160**	.080	.b	-.002	.037	.000	.042	.003	1	-.025
	Sig. (2-tailed)	.995	.730	.002	.129		.968	.480	.997	.425	.949		.641
	N	360	360	360	360	360	360	360	360	360	360	360	360
Net Loss	Pearson Correlation	-.106*	-.225**	-.220**	-.232**	.b	-.054	-.214**	-.074	-.093	-.058	-.025	1
	Sig. (2-tailed)	.044	.000	.000	.000		.306	.000	.163	.079	.276	.641	
	N	360	360	360	360	360	360	360	360	360	360	360	360

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

b. Cannot be computed because at least one of the variables is constant.

Regression
Reg: EM

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.331[a]	.110	.087	48692648578.9215	.945

a. Predictors: (Constant), Net Loss, ROA, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, IFRSAdopt, BDSize

b. Dependent Variable: DACCIT

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.021	9	1.135	4.786	.000[b]
	Residual	8.298	350	2.371		
	Total	9.320	359			

a. Dependent Variable: DACCIT

b. Predictors: (Constant), Net Loss, ROA, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, IFRSAdopt, BDSize

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-72152033923.499	29411568690.422		-2.453	.015	-12999.000	-14306.000		
	IFRSAdopt	593071277.304	3628120753.153	.010	.163	.870	-65425.000	77287.000	.741	1.349

BDSize	1177624437.389	1410379691.424	.068	.835	.404	-1596.000	395150.000	.384	2.602
AUDCT	-6516010269.855	18808457500.562	-.018	-.346	.729	-43507.000	304758.000	.976	1.024
NED	518678551.192	1328368316.322	.031	.390	.696	-20939.000	313126.000	.410	2.441
IN-OWN	-66495250.808	318229577.385	-.011	-.209	.835	-692378.000	55938.000	.986	1.014
SIZ-Firm	8185618854.738	1742896344.486	.269	4.697	.000	47577.000	116134.000	.774	1.292
LEV(Debt)	63663399.953	58562048.415	.057	1.087	.278	-515143.000	17884.000	.929	1.076
ROA	-133067438.033	318371142.272	-.021	-.418	.676	-75922.000	49309.000	.970	1.031
Net Loss	-6076272265.994	5741015082.696	-.056	-1.058	.291	-173675.000	52149.000	.915	1.093

a. Dependent Variable: DACCIT

Histogram

Dependent Variable: DACCIT

Mean = 1.09E-15
Std. Dev. = 0.987
N = 360

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: DACCIT

Reg: AQ

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.464[a]	.215	.195	.4416	.852

a. Predictors: (Constant), Net Loss, ROA, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, IFRSAdopt, BDSize

b. Dependent Variable: AQ

ANOVA[a]

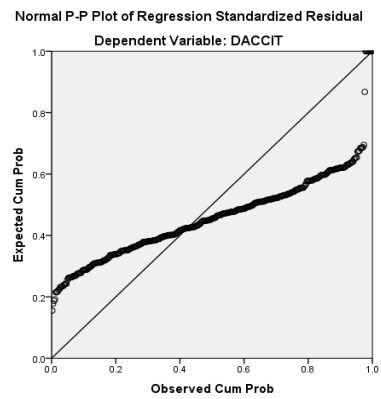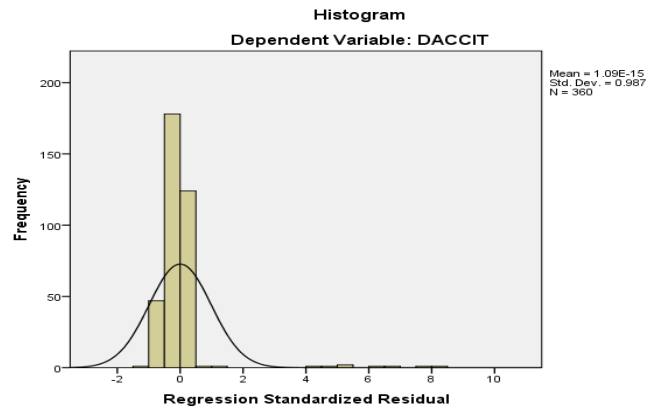| Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.717	9	2.080	10.664	.000[b]
	Residual	68.258	350	.195		
	Total	86.975	359			

a. Dependent Variable: AQ

b. Predictors: (Constant), Net Loss, ROA, AUDCT, LEV(Debt), IN-OWN, SIZ-Firm, NED, IFRSAdopt, BDSize

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.179	.267		-.671	.503	-.704	.346		
	IFRSAdopt	.072	.033	.121	2.193	.029	.007	.137	.741	1.349

BDSize	-.018	.013	-.110	-1.441	.150	-.044	.007	.384	2.602
AUDCT	-.087	.171	-.024	-.508	.612	-.422	.249	.976	1.024
NED	.061	.012	.374	5.062	.000	.037	.085	.410	2.441
IN-OWN	.004	.003	.067	1.399	.163	-.002	.010	.986	1.014
SIZ-Firm	.037	.016	.127	2.362	.019	.006	.068	.774	1.292
LEV(Debt)	-.001	.001	-.107	-2.181	.030	-.002	.000	.929	1.076
ROA	-.001	.003	-.015	-.303	.762	-.007	.005	.970	1.031
Net Loss	-.142	.052	-.135	-2.733	.007	-.245	-.040	.915	1.093

a. Dependent Variable: AQ

Histogram
Dependent Variable: AQ(BIG4/Non BIG4)

Mean = -5.11E-16
Std. Dev. = 0.987
N = 360

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: AQ(BIG4/Non BIG4)
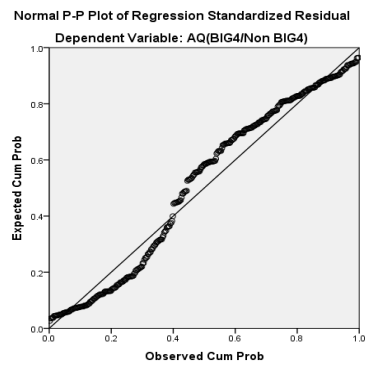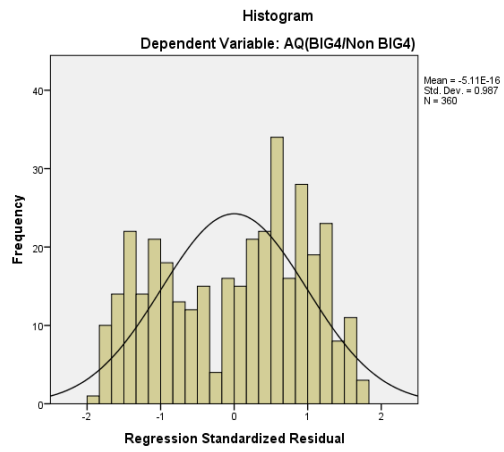
UNICAF UNIVERSITY **RESEARCH ETHICS APPLICATION FORM** **DOCTORAL STUDIES**	UREC USE ONLY: Application No: Date Received:

Student's Name: Nathaniel Owusu Ansah

Student's E-mail Address: natowusu2@gmail.com

Student's ID #: R1701D2158218

Supervisor's Name: Ali Saleh A. Al Arussi

University Campus: Unicaf University Malawi (UUM)

Program of Study: UUM: PhD Doctorate of Philosophy - Accounting and finance

Research Project Title: Impact of IFRS Adoption with corporate governance on earnings management and audit quality in Africa: Comparative studies between Ghana, Nigeria, Kenya, and South Africa

1. **Please state the timelines involved in the proposed research project:**

Estimated Start Date: 30/06/2021   Estimated End Date: 30/06/2022

2. **External Research Funding (if applicable):**

   2.a. **Do you have any external funding for your research?**

   ☐ YES   ☐ NO

   If YES, please answer questions **2b** and **2c**.

   2.b. List any external (third party) sources of funding you plan to utilise for your project. You need to include full details on the source of funds (e.g. state, private or individual sponsor), any prior / existing or future relationships between the funding body / sponsor and any of the principal investigator(s) or co-investigator(s) or student researcher(s), status and timeline of the application and any conditions attached.

   2.c. If there are any perceived ethical issues or potential conflicts of interest arising from applying or and receiving external funding for the proposed research then these need to be fully disclosed below and also further elaborated on, in the relevant sections on ethical considerations later on in this form.

3. The research project

3.a. Project Summary:

In this section fully describe the purpose and underlying rationale for the proposed research project. Ensure that you pose the research questions to be examined, state the hypotheses, and discuss the expected results of your research and their potential.

It is important in your description to use plain language so it can be understood by all members of the UREC, especially those who are not necessarily experts in the particular discipline. To that effect ensure that you fully explain / define any technical terms or discipline-specific terminology (use the space provided in the box).

This paper seeks to initiate the deliberation on the adoption of IFRS with corporate governance on Earnings management and Audit quality in Africa. This study will also, build up empirical evidence regarding what leads to earnings management and possible implications of earnings management practices in these African Countries, with policy formulators, research practitioners, and academics
The following are the research objectives:
1) To examine the relationship between IFRS adoption and earnings management.
2) To examine the relationship between IFRS adoption and audit quality.
3) To examine the relationship between IFRS adoption with corporate governance and earnings management.
4) To examine the relationship between IFRS adoption with corporate governance and audit quality.

This studies seek to answer the following questions which are:
1) What is the relationship between IFRS adoption and earnings management?
2) What is the relationship between IFRS adoption and audit quality?
3) What is the relationship between IFRS adoption with corporate governance and earnings management?
4) What is the relationship between IFRS adoption with corporate governance and earnings management?

Thus, the study hypothesizes the following main hypotheses.
H1:There is relationship between IFRS adoption and Earnings management(EM)
H2:There is relationship between IFRS adoption and Audit Quality(AQ)
H3:There is relationship between IFRS adoption and Corporate governance
H4:There is relationship between IFRS adoption with Corporate governance on EM &AQ
This studies is expecting a result that shows that IFRS adoption with Corporate Governance have a significant negative effect on earnings management and a significant positive effect on Audit quality.

Nathaniel Owusu Ansah   R1701D215821   2

3.b. Significance of the Proposed Research Study and Potential Benefits:

Outline the potential significance and/or benefits of the research (use the space provided in the box).

This study will build up empirical evidence regarding the roles that IFRS Adoption plays
with the existence of Corporate governance in enhancing Audit Quality and minimizing earnings management practices in these African Countries, with policy formulators, research practitioners, and academics. It is the first comparative study that concerns about the impact of IFRS adoptions on African countries. The results will help the policymakers within the continent to enhance audit quality and lessen earning management practices which will strengthen the economic positions of companies in those African countries. The study also includes the impact of corporate governance in these relationships, this makes this study unique and add value to it.
Finally the study should be able to contribute to the current management research needs
in Accounting and finance by extending the existing knowledge to build on the few existing empirical studies.

4. **Project execution:**

4.a. The following study is an:

☐ experimental study (primary research)

☑ desktop study (secondary research)

☐ desktop study using existing databases involving information of human/animal subjects

☐ Other

If you have chosen 'Other' please Explain:

Nathaniel Owusu Ansah   R1701D215821   3

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4.b. Methods. The following study will involve the use of:

Method	Materials / Tools
Qualitative:	☐ Face to Face Interviews
	☐ Phone Interviews
	☐ Face to Face Focus Groups
	☐ Online Focus Groups
	☐ Other *
Quantitative:	☐ Face to Face Questionnaires
	☐ Online Questionnaires
	☑ Experiments
	☑ Tests
	☑ Other *

*If you have chosen 'Other' please Explain:

Nathaniel Owusu Ansah

5. **Participants:**

5 a. Does the Project involve the recruitment and participation of additional persons other than the researcher(s) themselves?

☐ YES If YES, please complete all following sections.

☐ NO If NO, please directly proceed to Question 7.

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5 b. Relevant Details of the Participants of the Proposed Research

State the number of participants you plan to recruit, and explain in the box below how the total number was calculated.

Number of participants [ ]

[ ]

Describe important characteristics such as: demographics (e.g. age, gender, location, affiliation, level of fitness, intellectual ability etc). It is also important that you specify any inclusion and exclusion criteria that will be applied (e.g. eligibility criteria for participants).

Age range   From [ ]   To [ ]

Gender   [ ] Female
           [ ] Male

Eligibility Criteria:

- Inclusion criteria [ ]

- Exclusion criteria [ ]

Disabilities [ ]

Other relevant information (use the space provided in the box):

[ ]

Nathaniel Owusu Ansah   R1701D215821   5

REAF_DS - Version 3.1

5 c. Participation & Research setting:

Clearly describe which group of participants is completing/participating in the material(s)/ tool(s) described in 5b above (use the space provided in the box).

5 d. Recruitment Process for Human Research Participants:

Clearly describe how the potential participants will be identified, approached and recruited (use the space provided in the box).

5 e. Research Participants Informed Consent.

Select below which categories of participants will participate in the study. Complete the relevant Informed Consent form and submit it along with the REAF form.

Yes	No	Categories of participants	Form to be completed
✔	☐	Typically Developing population(s) above the maturity age *	Informed Consent Form
☐	☐	Typically Developing population(s) under the maturity age *	Guardian Informed Consent Form

* Maturity age is defined by national regulations in laws of the country in which the research is being conducted.

Nathaniel Owusu Ansah   R1701D215821   6

5 f. Relationship between the principal investigator and participants.

Is there any relationship between the principal investigator (student), co-investigators(s), (supervisor) and participant(s)? For example, if you are conducting research in a school environment on students in your classroom (e.g. instructor-student).

☐ YES   ☐ NO

If YES, specify (use the space provided in the box).

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6. Potential Risks of the Proposed Research Study.

6 a. i. Are there any potential risks, psychological harm and/or ethical issues associated with the proposed research study, other than risks pertaining to everyday life events (such as the risk of an accident when travelling to a remote location for data collection)?

☐ YES   ☐ NO

If YES, specify below and answer the question 6 a.ii.

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6 a.ii Provide information on what measures will be taken in order to exclude or minimise risks described in 6.a.i.

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Nathaniel Owusu Ansah   R1701D215821   7

6 b. Choose the appropriate option

		Yes	No
i.	Will you obtain written informed consent form from all participants?	☐	☐
ii.	Does the research involve as participants, people whose ability to give free and informed consent is in question?	☐	☐
iii.	Does this research involve participants who are children under maturity age? **If you answered YES to question iii, complete all following questions. If you answered NO to question iii, do not answer Questions iv, v, vi and proceed to Questions vii, viii, ix and x.**	☐	☐
iv.	Will the research tools be implemented in a professional educational setting in the presence of other adults (i.e. classroom in the presence of a teacher)?	☐	☐
v.	Will informed consent be obtained from the legal guardians (i.e. parents) of children?	☐	☐
vi.	Will verbal assent be obtained from children?	☐	☐
vii.	Will all data be treated as confidential? If NO, explain why confidentiality of the collected data is not appropriate for this proposed research project, providing details of how all participants will be informed of the fact that any data which they will provide will not be confidential.	☐	☐
viii.	Will all participants /data collected be anonymous? If NO, explain why and describe the procedures to be used to ensure the anonymity of participants and/or confidentiality of the collected data both during the conduct of the research and in the subsequent release of its findings.	☐	☐

8

REAF_DS - Version 3.1

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		Yes	No
ix.	Have you ensured that personal data and research data collected from participants will be securely stored for five years?	☐	☐
x.	Does this research involve the deception of participants?	☐	☐
	If YES, describe the nature and extent of the deception involved. Explain how and when the deception will be revealed, and who will administer this debrief to the participants:		

6 c. i. **Are there any other ethical issues associated with the proposed research study that are not already adequately covered in the preceding sections?**

☐ Yes   ☐ No

If YES, specify (maximum 150 words).

6.c.ii **Provide information on what measures will be taken in order to exclude or minimise ethical issues described in 6.c.i.**

natowusu2@gmail.com

6 d. **Indicate the Risk Rating.**

☐ High   ☐ Low

Nathaniel Owusu Ansah   R1701D215821   9

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7. Further Approvals

Are there any other approvals required (in addition to ethics clearance from UREC) in order to carry out the proposed research study?

☐ YES   ☐ NO

If YES, specify (maximum 100 words).

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8. Application Checklist

Mark √ if the study involves any of the following:

☐ Children and young people under 18 years of age, vulnerable population such as children with special educational needs (SEN), racial or ethnic minorities, socioeconomically disadvantaged, pregnant women, elderly, malnourished people, and ill people.

☐ Research that foresees risks and disadvantages that would affect any participant of the study such as anxiety, stress, pain or physical discomfort, harm risk (which is more than is expected from everyday life) or any other act that participants might believe is detrimental to their wellbeing and / or has the potential to / will infringe on their human rights / fundamental rights.

☐ Risk to the well-being and personal safety of the researcher.

☐ Administration of any substance (food / drink / chemicals / pharmaceuticals / supplements / chemical agent or vaccines or other substances (including vitamins or food substances) to human participants.

☐ Results that may have an adverse impact on the natural or built environment.

9. Further documents

Check that the following documents are attached to your application:

		ATTACHED	NOT APPLICABLE
1	Recruitment advertisement (if any)	☐	☐
2	Informed Consent Form / Guardian Informed Consent Form	☐	☐
3	Research Tool(s)	☐	☐
4	Gatekeeper Letter	☐	☐
5	Any other approvals required in order to carry out the proposed research study, e.g., institutional permission (e.g. school principal or company director) or approval from a local ethics or professional regulatory body.	☐	☐

Nathaniel Owusu Ansah   R1701D215821   10

10. Final Declaration by Applicants:

(a) I declare that this application is submitted on the basis that the information it contains is confidential and will only be used by Unicaf University for the explicit purpose of ethical review and monitoring of the conduct of the research proposed project as described in the preceding pages.

(b) I understand that this information will not be used for any other purpose without my prior consent, excluding use intended to satisfy reporting requirements to relevant regulatory bodies.

(c) The information in this form, together with any accompanying information, is complete and correct to the best of my knowledge and belief and I take full responsibility for it.

(d) I undertake to abide by the highest possible international ethical standards governing the Code of Practice for Research Involving Human Participants, as published by the UN WHO Research Ethics Review Committee (ERC) on http://www.who.int/ethics/research/en/ and to which Unicaf University aspires to.

(e) In addition to respect any and all relevant professional bodies' codes of conduct and/or ethical guidelines, where applicable, while in pursuit of this research project.

✔ I agree with all points listed under Question 10

Student's Name: Nathaniel Owusu Ansah

Supervisor's Name: Ali Saleh A. Al Arussi

Date of Application: 29/08/2021

Important Note:
Save your completed form (we suggest you also print a copy for your records) and then submit it to your UU Dissertation/project supervisor (tutor). **In the case of student projects, the responsibility lies with the Faculty Dissertation/Project Supervisor.** If this is a student application, then it should be submitted via the relevant link in the VLE. Please submit only electronically filled in copies; **do not** hand fill and submit scanned paper copies of this application.

UNICAF UNIVERSITY
RESEARCH ETHICS APPLICATION FORM
DOCTORAL STUDIES PROVISIONAL APPROVAL

The Provisional Approval - Research Ethics Application Form (REAF) should be completed by Doctoral level candidates enrolled on Dissertation stage 1.

This form is a **provisional approval** which means that the UREC committee has accepted the initial description of the project but this is conditional as changes may have to be implemented following Dissertation Stage 2 and piloting in Dissertation Stage 3.

This is a conditional offer and acceptance of the project needs to be verified and confirmed upon completion of the Research Ethics Application Form in Dissertation Stage 3.

Important Notes:

- An electronic version of the completed form should be uploaded by the student to the relevant submission link in the VLE. Student's supervisor will then review the form and provide feedback commentary. Once supervisor's initial approval is given then the supervisor will forward this to doctoral.studies-aa@unicaf.org, for provisional approval by the Unicaf University Research Ethics Committee (UREC).

- Please type your answers and **do not** submit paper copy scans. Only *PDF* format documents should be submitted to the committee. It is recommended to use free version of Adobe Acrobat Reader available online: https://get.adobe.com/reader/

- If you need to supply any supplementary material, not specifically requested by the application form, please do so in a separate file. Any additional document(s) should be clearly labelled and uploaded in the relevant VLE link.

- If you have any queries about the form, please address them to your dissertation or project supervisor.

Nathaniel Owusu Ansah   R1701D2158218   1

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REAF_DSPA - Version 1.0

UNICAF UNIVERSITY	UREC USE ONLY:
RESEARCH ETHICS APPLICATION FORM	Application No:
DOCTORAL STUDIES PROVISIONAL APPROVAL	Date Received: 30.01.2024

Student's Name: Nathaniel Owusu Ansah

Student's E-mail Address: natowusu2@gmail.com

Student's ID #: R1701D2158218

Supervisor's Name: Ali Saleh A. Al Arussi

University Campus: Unicaf University Malawi (UUM)

Program of Study: UUM: PhD Doctorate of Philosophy - Accounting and finance

Research Project Title: Impact of IFRS Adoption with corporate governance on earnings management and audit quality in Africa: Comparative studies between Ghana, Nigeria, Kenya, and South Africa

1. **Please state the timelines involved in the proposed research project:**

Estimated Start Date: 30/06/2021   Estimated End Date: 30/06/2022

2. **The research project**

2a. Project Summary:

In this section please fully describe the purpose and underlying rationale for the proposed research project. Ensure that you pose the research questions to be examined, state the hypotheses, and discuss the expected results of your research and their potential.

It is important in your description to use plain language so it can be understood by all members of the UREC, especially those who are not necessarily experts in the particular discipline. To that effect please ensure that you fully explain / define any technical terms or discipline-specific terminology (maximum 300 words +/- 10%).

This study will also build up empirical evidence regarding what leads to earnings management and possible implications of earnings management practices in these African Countries, with policy formulators, research practitioners, and academics.
The following are the research objectives:
1) To examine the relationship between IFRS adoption and earnings management.
2) To examine the relationship between IFRS adoption and audit quality.
3) To examine the relationship between IFRS adoption with corporate governance and earnings management.
4) To examine the relationship between IFRS adoption with corporate governance and audit quality.
Thus, the study hypothesizes the following main hypotheses.
H1: There is relationship between IFRS adoption and Earnings management(EM)
H2: There is relationship between IFRS adoption and Audit Quality(AQ)
H3: There is relationship between IFRS adoption and Corporate governance
H4: There is relationship between IFRS adoption with Corporate governance on EM &AQ
This studies is expecting a result that shows that IFRS adoption with Corporate Governance have a significant negative effect on earnings management and a significant positive effect on Audit quality.

2b. Significance of the Proposed Research Study and Potential Benefits:

Outline the potential significance and/or benefits of the research (maximum 200 words).

This study will build up empirical evidence regarding the roles that IFRS Adoption plays with the existence of Corporate governance in enhancing Audit Quality and minimizing earnings management practices in these African Countries, with policy formulators, research practitioners, and academics. It is the first comparative study that concerns about the impact of IFRS adoptions on African countries. The results will help the policymakers within the continent to enhance audit quality and lessen earning management practices which will strengthen the economic positions of companies in those African countries. The study also includes the impact of corporate governance in these relationships, this makes this study unique and add value to it.
Finally the study should be able to contribute to the current management research needs in Accounting and finance by extending the existing knowledge to build on the few existing empirical studies.

3. Project execution:

3a. Type of project. The following study is an:

☐ experimental study (primary research)

☑ desktop study (secondary research)

☐ desktop study using existing databases involving information of human/animal subjects

☐ Other

If you have chosen 'Other' please Explain:

Nathaniel Owusu Ansah   R1701D2158218   3

REAF_DSPA - Version 1.0

3b. Methods.   The following study will involve the use of:

Method	Materials / Tools
☐ Qualitative	☐ Face to Face Interviews
	☐ Phone Interviews
	☐ Face to Face Focus Groups
	☐ Online Focus Groups
	☐ Other*
☑ Quantitative	☐ Self-administered Questionnaires
	☐ Online Questionnaires
	☑ Experiments
	☑ Tests
	☑ Other *

*If you have chosen 'Other' please Explain:

Please secondary data will be used for this study

4. **Participants**

4a. **Does the Project involve the recruitment of participants?**

☐ YES   **If YES, please complete all following sections.**

☐ NO   **If NO, please directly proceed to .**

Note: The definition of "participation" includes active participation, such as when participants knowingly take part in an interview or complete a questionnaire.

4b.   Relevant Participant Details of the Proposed Research

Please state the number of participants you plan to recruit, and describe important characteristics such as: demographics (e.g. age, gender, location, affiliation, level of fitness, intellectual ability etc). It is also important that you specify any inclusion and exclusion criteria that will be applied (e.g. eligibility criteria for participants).

Number of participants

Age range   From   To

Gender   ☐ Female
                        ☐ Male

Eligibility Criteria:

- Inclusion criteria

- Exclusion criteria

Disabilities

Other relevant information (maximum 100 words):

Nathaniel Owusu Ansah   R1701D2158218   5

4c. Recruitment Process for Human Research Participants:

Please clearly describe how the potential participants will be identified, approached and recruited (maximum 200 words).

4d. Relationship between the principal investigator and participants:

Is there any relationship between the principal investigator (student), co-investigators(s), (supervisor) and participant(s)? For example, if you are conducting research in a school environment on students in your classroom (e.g. instructor-student).

☐ YES ☐ NO

If YES, please specify (maximum 100 words).

5. **Further Approvals**

Are there any other approvals required (in addition to ethics clearance from UREC) in order to carry out the proposed research study?

☐ YES ☐ NO

If YES, please specify (maximum 100 words).

Nathaniel Owusu Ansah   R1701D2158218   6

REAF_DSPA - Version 1.0

6. Potential Risks of the Proposed Research Study

Are there any potential risks, psychological harm and/or ethical issues associated with the proposed research study, other than risks pertaining to everyday life events (such as the risk of an accident when travelling to a remote location for data collection)?

☐ YES   ☐ NO

If YES, please specify (maximum 150 words):

7. Application Checklist

Please mark √ if the study involves any of the following:

☐ Children and young people under 18 years of age, vulnerable population such as children with special educational needs (SEN), racial or ethnic minorities, socioeconomically disadvantaged, pregnant women, elderly, malnourished people, and ill people.

☐ Research that foresees risks and disadvantages that would affect any participant of the study such as anxiety, stress, pain or physical discomfort, harm risk (which is more than is expected from everyday life) or any other act that participants might believe is detrimental to their wellbeing and / or has the potential to / will infringe on their human rights / fundamental rights.

☐ Risk to the well-being and personal safety of the researcher.

☐ Administration of any substance (food / drink / chemicals / pharmaceuticals / supplements / chemical agent or vaccines or other substances (including vitamins or food substances) to human participants.

☐ Results that may have an adverse impact on the natural or built environment.

Nathaniel Owusu Ansah   R1701D2158218   7

8. **Final Declaration by Applicants:**

(a) I declare that this application is submitted on the basis that the information it contains is confidential and will only be used by Unicaf University and Unicaf University Research Ethics Committee (UREC) for the explicit purpose of ethical review and monitoring of the conduct of the research proposed project as described in the preceding pages.

(b) I understand that this information will not be used for any other purpose without my prior consent, excluding use intended to satisfy reporting requirements to relevant regulatory bodies.

(c) The information in this form, together with any accompanying information, is complete and correct to the best of my knowledge and belief and I take full responsibility for it.

(d) I undertake to abide by the highest possible international ethical standards governing the Code of Practice for Research Involving Human Participants, as published by the UN WHO Research Ethics Review Committee (ERC) on http://www.who.int/ethics/research/en/ and to which Unicaf University aspires to.

(e) In addition to respect any and all relevant professional bodies' codes of conduct and/or ethical guidelines, where applicable, while in pursuit of this research project.

(f) I understand it is my responsibility to submit a full REAF application during Dissertation Stage 3 to UREC. If a REAF application is not submitted my project is not approved by UREC.

(g) I fully acknowledge that this form does not constitute approval of the proposed project but it is only a provisional approval.

> ☑ **I agree with all points listed under Question 8**

Student's Name: Nathaniel Owusu Ansah

Supervisor's Name: Ali Saleh A. Al Arussi

Date of Application: 29/08/2021

Important Note:
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UNICAF UNIVERSITY
RESEARCH ETHICS APPLICATION FORM
DOCTORAL STUDIES PROVISIONAL APPROVAL

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- Please type your answers and **do not** submit paper copy scans. Only *PDF* format documents should be submitted to the committee. It is recommended to use free version of Adobe Acrobat Reader available online: https://get.adobe.com/reader/

- If you need to supply any supplementary material, not specifically requested by the application form, please do so in a separate file. Any additional document(s) should be clearly labelled and uploaded in the relevant VLE link.

- If you have any queries about the form, please address them to your dissertation or project supervisor.

Nathaniel Owusu Ansah   R1701D2158218   1

UNICAF UNIVERSITY
RESEARCH ETHICS APPLICATION FORM
DOCTORAL STUDIES PROVISIONAL APPROVAL

UREC USE ONLY:
Application No:
Date Received: 30.01.2024

Student's Name: Nathaniel Owusu Ansah

Student's E-mail Address: natowusu2@gmail.com

Student's ID #: R1701D2158218

Supervisor's Name: Ali Saleh A. Al Arussi

University Campus: Unicaf University Malawi (UUM)

Program of Study: UUM: PhD Doctorate of Philosophy - Accounting and finance

Research Project Title: Impact of IFRS Adoption with corporate governance on earnings management and audit quality in Africa: Comparative studies between Ghana, Nigeria, Kenya, and South Africa

1. **Please state the timelines involved in the proposed research project:**

Estimated Start Date: 30/06/2021   Estimated End Date: 30/06/2022

2. **The research project**
   2a. Project Summary:
   In this section please fully describe the purpose and underlying rationale for the proposed research project. Ensure that you pose the research questions to be examined, state the hypotheses, and discuss the expected results of your research and their potential.
   It is important in your description to use plain language so it can be understood by all members of the UREC, especially those who are not necessarily experts in the particular discipline. To that effect please ensure that you fully explain / define any technical terms or discipline-specific terminology (maximum 300 words +/- 10%).

This study will also build up empirical evidence regarding what leads to earnings management and possible implications of earnings management practices in these African Countries, with policy formulators, research practitioners, and academics.
The following are the research objectives:
1)   To examine the relationship between IFRS adoption and earnings management.
2)   To examine the relationship between IFRS adoption and audit quality.
3)   To examine the relationship between IFRS adoption with corporate governance and earnings management.
4)   To examine the relationship between IFRS adoption with corporate governance and audit quality.
Thus, the study hypothesizes the following main hypotheses.
H1: There is relationship between IFRS adoption and Earnings management(EM)
H2: There is relationship between IFRS adoption and Audit Quality(AQ)
H3: There is relationship between IFRS adoption and Corporate governance
H4: There is relationship between IFRS adoption with Corporate governance on EM &AQ
This studies is expecting a result that shows that IFRS adoption with Corporate Governance have a significant negative effect on earnings management and a significant positive effect on Audit quality.

2b. Significance of the Proposed Research Study and Potential Benefits:

Outline the potential significance and/or benefits of the research (maximum 200 words).

This study will build up empirical evidence regarding the roles that IFRS Adoption plays with the existence of Corporate governance in enhancing Audit Quality and minimizing earnings management practices in these African Countries, with policy formulators, research practitioners, and academics. It is the first comparative study that concerns about the impact of IFRS adoptions on African countries. The results will help the policymakers within the continent to enhance audit quality and lessen earning management practices which will strengthen the economic positions of companies in those African countries. The study also includes the impact of corporate governance in these relationships, this makes this study unique and add value to it.
Finally the study should be able to contribute to the current management research needs in Accounting and finance by extending the existing knowledge to build on the few existing empirical studies.

3. **Project execution:**

3a. **Type of project. The following study is an:**

☐ experimental study (primary research)

☑ desktop study (secondary research)

☐ desktop study using existing databases involving information of human/animal subjects

☐ Other

If you have chosen 'Other' please Explain:

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3b. Methods. The following study will involve the use of:

Method	Materials / Tools

Method

☐ Qualitative

Materials / Tools

☐ Face to Face Interviews
☐ Phone Interviews
☐ Face to Face Focus Groups
☐ Online Focus Groups
☐ Other*

☑ Quantitative

☐ Self-administered Questionnaires
☐ Online Questionnaires
☑ Experiments
☑ Tests
☑ Other *

*If you have chosen 'Other' please Explain:

Please secondary data will be used for this study

4. Participants

4a. Does the Project involve the recruitment of participants?

☐ YES   **If YES, please complete all following sections.**

☐ NO   **If NO, please directly proceed to Question 5.**

Note: The definition of "participation" includes active participation, such as when participants knowingly take part in an interview or complete a questionnaire.

Nathaniel Owusu Ansah   R1701D2158218   4

4b. Relevant Participant Details of the Proposed Research

Please state the number of participants you plan to recruit, and describe important characteristics such as: demographics (e.g. age, gender, location, affiliation, level of fitness, intellectual ability etc). It is also important that you specify any inclusion and exclusion criteria that will be applied (e.g. eligibility criteria for participants).

Number of participants [   ]

Age range   From [   ]   To [   ]

Gender   [ ] Female
           [ ] Male

Eligibility Criteria:

- Inclusion criteria

- Exclusion criteria

Disabilities

Other relevant information (maximum 100 words):

Nathaniel Owusu Ansah   R1701D2158218   5

4c. Recruitment Process for Human Research Participants:

Please clearly describe how the potential participants will be identified, approached and recruited (maximum 200 words).

4d. Relationship between the principal investigator and participants:

Is there any relationship between the principal investigator (student), co-investigators(s), (supervisor) and participant(s)? For example, if you are conducting research in a school environment on students in your classroom (e.g. instructor-student).

☐ YES ☐ NO

If YES, please specify (maximum 100 words).

5. **Further Approvals**

Are there any other approvals required (in addition to ethics clearance from UREC) in order to carry out the proposed research study?

☐ YES ☐ NO

If YES, please specify (maximum 100 words).

Nathaniel Owusu Ansah   R1701D2158218   6

6. Potential Risks of the Proposed Research Study

Are there any potential risks, psychological harm and/or ethical issues associated with the proposed research study, other than risks pertaining to everyday life events (such as the risk of an accident when travelling to a remote location for data collection)?

☐ YES   ☐ NO

If YES, please specify (maximum 150 words):

7. Application Checklist

Please mark √ if the study involves any of the following:

☐ Children and young people under 18 years of age, vulnerable population such as children with special educational needs (SEN), racial or ethnic minorities, socioeconomically disadvantaged, pregnant women, elderly, malnourished people, and ill people.

☐ Research that foresees risks and disadvantages that would affect any participant of the study such as anxiety, stress, pain or physical discomfort, harm risk (which is more than is expected from everyday life) or any other act that participants might believe is detrimental to their wellbeing and / or has the potential to / will infringe on their human rights / fundamental rights.

☐ Risk to the well-being and personal safety of the researcher.

☐ Administration of any substance (food / drink / chemicals / pharmaceuticals / supplements / chemical agent or vaccines or other substances (including vitamins or food substances) to human participants.

☐ Results that may have an adverse impact on the natural or built environment.

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8. **Final Declaration by Applicants:**

(a) I declare that this application is submitted on the basis that the information it contains is confidential and will only be used by Unicaf University and Unicaf University Research Ethics Committee (UREC) for the explicit purpose of ethical review and monitoring of the conduct of the research proposed project as described in the preceding pages.

(b) I understand that this information will not be used for any other purpose without my prior consent, excluding use intended to satisfy reporting requirements to relevant regulatory bodies.

(c) The information in this form, together with any accompanying information, is complete and correct to the best of my knowledge and belief and I take full responsibility for it.

(d) I undertake to abide by the highest possible international ethical standards governing the Code of Practice for Research Involving Human Participants, as published by the UN WHO Research Ethics Review Committee (ERC) on http://www.who.int/ethics/research/en/ and to which Unicaf University aspires to.

(e) In addition to respect any and all relevant professional bodies' codes of conduct and/or ethical guidelines, where applicable, while in pursuit of this research project.

(f) I understand it is my responsibility to submit a full REAF application during Dissertation Stage 3 to UREC. If a REAF application is not submitted my project is not approved by UREC.

(g) I fully acknowledge that this form does not constitute approval of the proposed project but it is only a provisional approval.

☑ **I agree with all points listed under Question 8**

Student's Name: Nathaniel Owusu Ansah

Supervisor's Name: Ali Saleh A. Al Arussi

Date of Application: 29/08/2021

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UREC USE ONLY:

Application No:

Date Received: 30.01.2024

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Supervisor's Name: Ali Saleh A. Al Arussi

University Campus: Unicaf University Malawi (UUM)

Program of Study: UUM: PhD Doctorate of Philosophy - Accounting and finance

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Estimated Start Date: 30/06/2021   Estimated End Date: 30/06/2022

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Nathaniel Owusu Ansah   R1701D2158218   2

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Nathaniel Owusu Ansah   R1701D2158218   3

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	☐ Phone Interviews
	☐ Face to Face Focus Groups
	☐ Online Focus Groups
	☐ Other*
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	☐ Online Questionnaires
	☑ Experiments
	☑ Tests
	☑ Other *

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          [   ] Male

Eligibility Criteria:

- Inclusion criteria [   ]

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Disabilities [   ]

Other relevant information (maximum 100 words):

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REAF_DSPA - Version 1.0

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Nathaniel Owusu Ansah   R1701D2158218   7

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Student's Name: Nathaniel Owusu Ansah

Supervisor's Name: Ali Saleh A. Al Arussi

Date of Application: 29/08/2021

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8

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Unicaf University Research Ethics Committee
Decision

Student's Name: Nathaniel Owusu Ansah

Student's ID #: R1701D2158218

Supervisor's Name: Ali Saleh A. Al Arussi

Program of Study: UUM: PhD Doctorate of Philosophy - Accounting and finance

Offer ID /Group ID: O39216G39887

Dissertation Stage: 3

Research Project Title: Impact of IFRS Adoption with corporate governance on earnings management and audit quality in Africa: Comparative studies between Ghana, Nigeria, Kenya, and South Africa

Comments: No comments

Decision*: A. Approved without revision or comments

Date: 08/08/2022

*Provisional approval provided at the Dissertation Stage 1, whereas the final approval is provided at the Dissertation stage 3. The student is allowed to proceed to data collection following the final approval.

UREC Desision, Version 2.0

UNICAF UNIVERSITY

Unicaf University Research Ethics Committee
Decision

Student's Name: Nathaniel Owusu Ansah

Student's ID #: R1701D2158218

Supervisor's Name: Ali Saleh A. Al Arussi

Program of Study: UUM: PhD Doctorate of Philosophy - Accounting and finance

Offer ID /Group ID: O39216G39887

Dissertation Stage: 3

Research Project Title: Impact of IFRS Adoption with corporate governance on earnings management and audit quality in Africa: Comparative studies between Ghana, Nigeria, Kenya, and South Africa

Comments: No comments

Decision*: A. Approved without revision or comments

Date: 08/08/2022

*Provisional approval provided at the Dissertation Stage 1, whereas the final approval is provided at the Dissertation stage 3. The student is

![UNICAF UNIVERSITY]

Gatekeeper letter

Address: Securities and Exchange Commission (SEC)

Date: 30.01.2024

Subject: Request for Professional Regulatory Body

Dear Dear,

I am doctoral student at Unicaf University in Malawi.

As part of my degree I am carrying out a study on "The Moderating Impact of Corporate Governance on the Relationship Between IFRS Adoption and Earning Management and Audit Quality in Africa: A Comparative Study Between Ghana, Nigeria, Kenya, and South Africa" in Accounting and Finance area.

I am writing to enquire whether you would be interested in/willing to grant me ethical Clearance and Approval in this research for the use of published financial data by your esteem organisation.

Subject to approval by Unicaf Research Ethics Committee (UREC) this study will be using 30 listed companies companies in Ghana which are publicly available and publish by SEC.

The study employs a quantitative approach to examine earnings management from 2018 to 2020 through a comprehensive panel data analysis utilising modified Jones Discretionary and my research supervisor is Dr Ali Saleh A. Al_Arussi, I request you grant me the access to use your published data on the company site.

Thank you in advance for your time and for your consideration of this project. Kindly please let me know if you require any further information or need any further clarifications.

Yours Sincerely,

Nathaniel Owusu Ansah

Student's Name: Nathaniel Owusu Ansah
Student's E-mail: natowusu2@gmail.com
Student's Address and Telephone: Box AD 186, Adabraka, Accra. +233546278041
Supervisor's Title and Name: Prof. Dr. Ali Saleh A. Al_Arussi
Supervisor's Position: Faculty Member
Supervisor's E-mail: a.alarussi@unicaf.org