AKENTEN APPIAH MENKAH UNIVERISTY OF SKILL TRAINING & ENTREPRENEURIAL DEVELOPMENT (AAMUSTED)

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ADOPTION, CORPORATE GOVERNANCE, AUDIT QUALITY AND REPORTING QUALITY; EVIDENCE FROM NON – LISTED MANUFACTURING FIRMS IN GHANA

GIDEON ADDAI TAWIAH

OCTOBER 2023

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BY

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A thesis submitted to the School of Graduate Studies, Akenten Appiah-Menkah University of Skill Training & Entrepreneurial Development in partial fulfilment of the requirements for the award of a Master of Philosophy degree in Accounting.

OCTOBER 2023

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own genuine work and that no part of it has been presented for another degree at this university or elsewhere.

Candidate's Name: **GIDEON ADDAI TAWIAH**

Signature: ……………………………… Date: ……………………..

Supervisors' Declaration

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with the guidelines on supervision of thesis laid down by the Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development.

Supervisor's Name: ERIC EFFAH SARKODIE

Signature: …………………………. Date: ……………………......

ABSTRACT

The study evaluated how corporate governance influences the relationship between the adoption of IFRSs, audit quality, and reporting quality in Ghanaian manufacturing enterprises. The study focused on the population of manufacturing companies in Ghana, employing a structured questionnaire as the primary data collection tool. A simple random sampling technique was used to select a total of 250 respondents. The data was analyzed using the covariance-based structural equation modelling in Amos (version 23). The approach adopted in the research was quantitative, non-experimental, and utilized both survey and cross-sectional research strategies. The study reviewed that the adoption of IFRSs has a negative and insignificant impact on financial reporting quality. Conversely, the quality of the audit process had a statistically significant and positive effect on financial reporting quality. Furthermore, the study reviewed that there is a significant and positive relationship between corporate governance and the quality of financial report. Notably, the study revealed that the nexus between the adoption of IFRSs and the caliber of quality of financial report is moderated by corporate governance. The report provides industrial organizations with recommendations based on these finding. Firstly, it advises these firms to consider implementing IFRSs during the preparation and in the presentation of financial statements. Additionally, management of manufacturing firms should prioritize adherence to corporate governance principles in the management of their entities. Furthermore, internal audit units in these firms should adhere to the ethical guidelines outlined by the Institute of Internal Auditors (IIA). The study proposes that committee members must have diverse experiences and skills, allocate sufficient time to attend board meetings, and conduct regular follow-ups to assess the corrective actions taken in response to identified issues. Lastly, the study encourages the continuous training and professional development of internal audit staff through relevant programs.

ACKNOWLEDGEMENT

The author wishes to extend their utmost appreciation to the Lord Jesus Christ for the invaluable guidance provided throughout the course of this research. Heartfelt appreciations are extended to Mr. Eric Effah Sarkodie, the supervisor, for meticulously reviewing the entire work, rectifying errors, and providing valuable suggestions; may the blessings of the Almighty God be upon him. Additionally, sincere appreciation is owed to the authors whose works have been referenced, both directly and indirectly, to bolster this research endeavour.

Furthermore, the author expresses gratitude to his immediate family and healthcare providers for their care and emotional support throughout his challenging times, which greatly helped in completing this work.

DEDICATION

This work is dedicated to my parents, Mr. Prince Tawiah and Mrs. Cynthia Tawiah, in recognition of their unwavering support and commitment to my educational journey.

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

1.0 Overview

The study evaluated how corporate governance influences the relationship between the adoption of IFRSs, audit quality, and reporting quality in Ghanaian manufacturing enterprises. The chapter details the background of the study, problem statement, the purpose of the study, the significance of the study, the scope and limitations of the study and the organization of the study.

1.1 Background of the Study

After a series of financial crises, many countries have emphasized the importance of promoting responsibility and transparency in financial transactions. This has resulted in the implementation of mandatory or voluntary disclosure requirements in various jurisdictions, guided by different conceptual and legal frameworks (Baksaas & Stenheim, 2019). Due to the global nature of many business operations, there has been a need to establish consistent accounting regulations on an international level. The International Financial Reporting Standards (IFRS) was created under the International Accounting Standards Board (IASB) to achieve uniformity and transparency in financial statements preparation and presentation across different countries (Baksaas & Stenheim, 2019). As of 2018, the adoption of the IFRS had extended to 158 countries globally, as reported by Hellman et al. (2018). This illustrates the growing recognition of the stakeholder perspective in corporate governance. According to the stakeholder perspective, it is the responsibility of management to protect the interests of the parties with a stake in the company (Odoemelam et al., 2019).

Furthermore, when prospective or existing investors are making decisions regarding the purchase, sale, or retention of equity and debt instruments, their choices hinge on the anticipated returns from these investments. These projected returns are gauged based on the information disclosed in financial statements (Odoemelam et al., 2019). Consequently, the accuracy of decisions made by these diverse stakeholders is dependent on the level of quality present in financial reports. Management of organizations are entrusted with the task of preparing financial statements with the overarching aim of furnishing comprehensive information that serves the interests all the stakeholders in their economic decision-making processes (Baksaas & Stenheim, 2019). As articulated by the International Accounting Standards Board (IASB) in 2010, the fundamental purpose of financial reporting is to deliver top-tier financial information pertaining to economic entities, predominantly of a financial nature, that proves invaluable for facilitating economic decision-making.

Additionally, financial statements serve as a means to gauge the extent to which management has effectively and efficiently harnessed the resources at the entity's disposal. Sloan (2001) has put out the idea that financial statements are the main source of information about a company, and that high-quality financial statements are necessary to guarantee that they meet the various demands of consumers. Audit delay, as discussed by Givoly and Palmon (2021), is recognized as a critical factor influencing the promptness of earnings announcements. Knechel and Payne (2019) have pointed out a correlation between reporting delays and the quality of information. In the context of financial reporting, it is imperative to acknowledge it as an integral facet of the accountability process, ensuring that shareholders receive timely information about the economic events of the preceding financial year.

However, Almosa and Alabbas (2018) noted that the duration of external auditors' audits can impact the timely release of financial statements. Boyne and Law (1991) argue that the annual report is the main mechanism for managerial accountability. Marton and Shrives (1991) further highlight that the timely release of the annual report is crucial for effective decision-making as it serves as the primary means of disseminating important financial information to the public. Delays in audit reports can erode investor confidence in the presented reports, worsening the agency problem. Additionally, delayed disclosure allows certain investors, usually those with extensive resources or exceptional investigative skills, to access costly private information before it becomes publicly available. These "well-informed" investors can then exploit this private knowledge to the detriment of "less-informed" investors (Bamber et al., 2020). Consequently, regulatory bodies like the International Accounting Standards Board (IASB, 2008) express concerns about the timeliness of public information disclosures, considering it vital to maintain the relevance of financial reports.

Numerous studies conducted in developed countries or jurisdictions have explored the factors influencing audit report lag, with the aim of reducing it and enhancing the value relevance of accounting information (Bonson-Ponte et al., 2008; Al-Ajmi, 2008; Lee et al., 2008, 2009; Krishnan & Yang, 2009; Niami et al., 2010; Lee & Jahng, 2011; Tanyi, 2011; van Hout, 2012; Wei, 2012; Eghliaow, 2013; Dao & Pham, 2014; Habib, 2015). Given the potential benefits associated with high-quality financial reporting, there is a growing need for international accounting organizations and governments of developing nations to improve the quality of financial reports (see Elkins & Entwistle, 2018; Hellman et al., 2018; IASB, 2019a; Ofoegbu & Odoemelam, 2018). One prominent strategy in this pursuit is the adoption of International Financial Reporting Standards (IFRS), which has been a central focus of discussion in the accounting literature. Various empirical studies, such as Odoemelam et al. (2019), Meeks and Swann (2009), Agyei-Mensah (2013), and Amidu et al. (2016), have suggested a positive link between IFRS adoption and the quality of financial reporting. Nonetheless, some studies, including those conducted by Jeanjean and Stolowy (2008), Lin et al. (2012), and A. S. Ahmed et al. (2013), have uncovered evidence indicating a decline in reporting quality following the implementation of IFRS. Meanwhile, another segment of the literature has identified no significant improvement in reporting quality after IFRS adoption, as evidenced in Christensen et al. (2015) and Kao (2014).

In an effort to address the ongoing debate surrounding the relationship between IFRS and reporting quality, this study proposes that the connection between IFRS and reporting quality is influenced by enforcement mechanisms, particularly corporate governance within each IFRS jurisdiction. Previous research in accounting has attributed variations in reporting quality to differences in corporate governance. Numerous studies have shown that specific corporate governance structures have a substantial impact on reporting quality (Abbott et al., 2000; Adams & Ferreira, 2003; Ahmed et al., 2006; Campbell & Mínguez-Vera, 2008; Chen, Cheng & Wang, 2014; Cornett et al., 2008; Jimeno & Redondo, 2008; Kukah et al., 2016; Nelson & Devi, 2013; Peasnell et al., 2005; Vafeas, 2000). Taking these factors into account, this study deviates from existing research that examines the relationship between IFRS and the quality of financial reporting, as well as the connection between corporate governance and financial reporting quality. Instead, it investigates the role of corporate governance in shaping the association between IFRS and reporting quality.

1.2 Problem Statement

While recent literature has emphasized the significance of robust corporate governance structures in response to various corporate scandals, there remains a gap in our understanding of how corporate governance can impact the relationship between IFRS and the quality of financial reporting. To address this gap and enhance our comprehension of the connection between IFRS and financial reporting quality, it is imperative to undertake studies that investigate how actual compliance with IFRS standards improves reporting quality. Additionally, exploring how corporate governance influences the relationship between the adoption of IFRS and financial reporting quality, especially in the context of a developing economy like Ghana, is essential. Ghana is a compelling location for conducting this study for several reasons. Firstly, according to the Report on the Observance of Standards and Codes (ROSC, 2014) by the World Bank, Ghana has made progress in adopting IFRS, but there is still room for improvement, particularly in terms of compliance with IFRS standards. Furthermore, existing literature on IFRS compliance in Ghana has primarily focused on the extent of compliance and its association with company attributes such as size, profitability, leverage, firm age, auditor type, internationality, and industry type (as seen in Marfo-Appiah et al., 2016; Yiadom & Atsunyo, 2014).

However, these studies have overlooked the potential impact of IFRS compliance on elevating the quality of financial reporting. Lastly, the issue of corporate governance has gained prominence in Ghana, especially in the wake of several corporate collapses in recent times. The prevalence of notable corporate collapses and ongoing scandals within corporate institutions has raised awareness and intensified discussions about the effectiveness of corporate governance structures in assessing the quality of financial reporting (Zhang et al., 2019). Given the significance of timely audit reports for investors and other stakeholders, the role of corporate governance mechanisms in preventing potential business scandals has gained considerable importance. In developing economies, Afify (2019) highlights that corporate governance influences the lag in audit reports, with a noted negative connection between board independence and financial reporting quality. Considering that corporate governance is influenced by legal and regulatory frameworks, economic factors, cultural norms, political conditions, and accounting practices (Aboagye-Otchere, 2014), there is a growing need to better comprehend the impact of corporate governance on financial reporting quality. Given the factors mentioned above and the inconsistencies in empirical studies regarding the timely demand for relevant and reliable financial information, particularly in the Ghanaian context, conducting this study has become increasingly relevant. Sultana et al. (2015) suggest that research examining the influence of a firm's corporate governance structure has been relatively scarce, with a predominant focus on the influence of firm characteristics on financial reporting quality. However, despite the importance of having relevant and reliable information, Bedard and Gendron (2010) conclude that empirical analyses of specific corporate governance characteristics, such as the audit committee, have been largely overlooked.

Similarly, previous studies by Lee and Jahng (2011), Tanyi (2011), and Eghliaow (2013) have established a positive relationship between the presence of an audit committee and financial reporting quality. However, these studies defined audit quality solely based on the availability of an audit committee in an organization, disregarding other determinants of audit quality. Sultana et al. (2015) explain that the mere presence of an audit committee alone does not necessarily reduce the lag in audit reports; instead, factors like the committee's independence, the gender composition of the committee, the presence of financial expertise on the committee, and the committee's size also play a role. Consequently, this study incorporates these factors as a composite variable within its assessment of corporate governance characteristics and their impact on financial reporting quality. Finally, a lion's share of past researches undertaken in Ghana focused solely on listed manufacturing companies meanwhile; most of the manufacturing companies in Ghana are not listed on the Ghana Stock Exchange. For this reason, this study considered non-listed manufacturing companies in Ghana.

1.3 Purpose of the Study

Generally, the study aims to investigate the roles IFRSs adoption, audit quality and corporate governance play ensuring financial reporting quality. Specifically, the study sought to;

1. Examine the effect of IFRSs adoption on financial reporting quality of non-listed manufacturing firms in Ghana.
2. Assess the effect of audit quality on financial reporting quality of non-listed manufacturing firms in Ghana.
3. Examine the effect of corporate governance on financial reporting quality of non-listed manufacturing firms in Ghana.
4. Examine the moderation role of corporate governance in the relationship between IFRSs adoption and financial reporting quality of non-listed manufacturing firms in Ghana.

1.4 Hypothesis

The following hypotheses were formulated to achieve the research objectives.

1. IFRSs adoption has no effect on financial reporting quality of non-listed manufacturing firms in Ghana.

2. Audit quality has no effect on financial reporting quality of non-listed manufacturing firms in Ghana.
3. Corporate governance has no effect on financial reporting quality of non-listed manufacturing firms in Ghana.
4. Corporate governance does not moderate the relationship between IFRSs adoption and financial reporting quality of non-listed manufacturing firms in Ghana.

1.5 Significance of the Study

The previous accounting framework had several deficiencies, including issues such as low-quality financial statements and delays in the release of financial information. The switch to a new framework aimed to address these shortcomings. This paper adds to the body of knowledge by empirically examining how the mandatory adoption of International Financial Reporting Standards (IFRS) affects the quality of financial reporting in firms operating within an emerging economy like Ghana, which faces challenges stemming from an inefficient regulatory environment. In terms of policy implications, this study provides valuable insights supported by empirical evidence within the specific institutional context of Ghana. These findings can be used to formulate practical regulations targeted at enhancing the efficiency and effectiveness of the financial reports. Through this, it aids in bridging the existing knowledge gap by analyzing how the adoption of IFRS can impact the financial reporting quality of firms among a developing economy. Furthermore, from a practical perspective, the study offers guidance to non-listed manufacturing firms, outlining the key corporate governance factors they should prioritize to enhance their financial reporting. By identifying and enhancing critical corporate governance attributes such as the effectiveness of audit committees and the independence of boards, firms can provide stakeholders with reliable and timely information. This, in turn, instills confidence in the relevance and quality of their financial reports, ultimately ensuring stakeholders receive dependable and pertinent information in a timely manner.

1.6 Scope of the study

The focus of the current study was Ghana. Ghana has more than one thousand business organizations owned by the government and private individuals with more than five hundred employees. Such business organizations are hotels, restaurants, schools, cosmetics, pharmaceuticals, financial institutions, telecommunication businesses, beauty salons, chop bars, technology repairers, car fitting, alcohol and alcoholic beverages, various entrepreneurial businesses, etc. While the outcomes of this research will have broader applicability to companies in Ghana, it's important to note that the empirical investigation primarily centered on non-listed manufacturing firms. Additionally, it's crucial to highlight that this study pertains to the voluntary adoption of IFRS; therefore, it does not encompass firms subject to mandatory IFRS adoption regulations. The study's specific focus is on the commercial sector, specifically within the domain of manufacturing firms in Ghana. In terms of its conceptual framework, the research delves into IFRS adoption, audit quality, corporate governance, and financial reporting quality.

1.7 Limitation of the study

The research is constrained by limitations in both its scope and the availability of data for analysis. Getting data from respondents is usually a challenge as they are quite skeptical about giving out information to researchers. This is because they may think that their responses will be used for other purposes which may affect them one way or the other. To overcome this challenge, the researcher sought a solution by obtaining an introductory letter from Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development (referred to as AAMUSTED). This letter was then appended to the questionnaire before distributing it to the participants. This increased the respondents' assurance that the study is solely an academic endeavor and not to indict any staff. Second, the distance among the regions was very far coupled with the imposition of curfew by the Government of Ghana on Bawku Municipality and its environs in the Upper East region which restricted the researcher to interact directly with the respondents. For this matter, the researcher developed Electronic Questionnaire (here after, EQ) with sections and instructions clearly stated and issue to respondents through electronic mail, and social sites such as WhatsApp, Instagram, Facebook, Twitter etcetera. The EQ was designed to include the introductory letter from AAMUSTED. Furthermore, getting access to literature especially restricted access literature was problematic since payment has to be made to access such literature. Some restricted access literature is sold for $27.95 and even more depending on the journal. Due to financial constraint as the researcher was a student, the researcher could not afford the costs. This challenge was addressed by accessing such literature from the databases through AMMUSTED online library. Additionally, time constraint compelled the study to include fewer variables.

1.8 Organisation of the Study

The current study is structured into five main sections. The first part, in this chapter, outlines the introduction to the study, the background of the study, the statement of the problem, the purpose of the study, research questions, the significance of the study's, the scope of the study, any limitations, and the overall organization of the study. Three main elements make up the second phase of the literature review: an empirical review, a theoretical review, and a conceptual review.

It also encompasses the development of hypotheses and the establishment of a conceptual framework. The third chapter centers on the methodology, encompassing the study's target population, the research design, the sampling strategy used, the data collection techniques, the data sources, the determination of the sample size, data analysis techniques, considerations of data validity and reliability, and ethical aspects. The fourth chapter revolves around analysis of the data and the presentation of outcomes. This includes analysis of respondents' demographics, a descriptive analysis, and the testing of hypotheses. The final chapter provides a summary of the results, conclusions, and suggestions for further research projects.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The purpose of this study was to examine the moderating role of corporate governance in the relationship between International Financial Reporting Standards (IFRS) adoption, audit quality, and reporting quality in the context of manufacturing firms in Ghana. This chapter summarizes the already existed pertinent and related studies on the various variables and their relationships to provide theoretical and empirical basis for achieving the aim and objectives of the study. Sub-headings looked at were; IFRSs adoption, corporate governance, audit quality, reporting quality, and the nexus between them. This chapter also presents the theories on which the empirical review is based. The conceptual framework is also presented in this chapter.

2.1 Conceptual Review

2.1.1 IFRS adoption

IFRS adoption refers to the choice made by companies or nations to embrace the IFRS as their preferred accounting framework (Mensah, 2021). IFRS represents a collection of accounting standards formulated by the International Accounting Standards Board (IASB), serving as a universal means for financial reporting across diverse countries and industries (Dayanandan et al., 2016). IFRS plays a pivotal role in standardizing financial reporting and enhancing the comparability and transparency of financial information when employed by companies and nations (Mensah, 2021). The global adoption of IFRS is of significant importance as countries worldwide aim to standardize and improve the reliability and comparability of financial statements for organizations (Okpala, 2020; Palea, 2019). According to the IFRS Framework established by the

IASB, qualitative characteristics play a crucial role in making financial information in statements valuable. Given the widespread implementation of IFRS in various countries, it is essential to explore the extent to which accounting regulations can influence the quality of financial reporting. Many nations have already embraced IFRS, and more are considering its adoption in the near future. Previous research suggests that implementing IFRS can have a positive impact on the quality of financial reporting. For example, Psaros and Trotman (2004) contend that the use of a common accounting standard is expected to enhance the quality of financial reporting. Similarly, Armstrong et al. (2021) discovered that European investors perceived net benefits associated with IFRS adoption. Bodle et al. (2016) present evidence that the transition from Australian GAAP to IFRS results in improved information quality for predicting bankruptcy. As the African economy becomes increasingly integrated into the global landscape, it is suggested that IFRS adoption can boost global investor and analyst confidence in financial statements, while also promoting consistency and comparability for companies in Ghana and Nigeria, as indicated by Agyei-Mensah (2014) and Okpala (2020). Before the adoption of IFRS in Ghana, the country primarily relied on the Ghana National Accounting Standards (GNAS), which were developed by the Institute of Chartered Accountants, Ghana (ICAG). However, the GNAS was considered outdated and significantly divergent from the International Accounting Standards (IAS). In 2007, prompted by recommendations from the World Bank and inspired by the pursuit of global standards, the ICAG initiated the adoption of IFRS, starting with firms listed on the Stock Exchange of Ghana. The worldwide implementation of IFRS as the worldwide standard for financial reporting from corporations have been hailed as a major transformation in the field of accounting (Mensah, 2021). However, concerns have arisen about the complexities involved in preparing and auditing financial statements compliant with IFRS, prompting questions about the effect of this significant modifications to financial reporting regulations. Agyei-Mensah's 2013 study on companies listed on the Ghana Stock Exchange indicated that the adoption of IFRS generally enhances the quality of accounting disclosures in Ghana. Nevertheless, other research argues that IFRS adoption can create opportunities for the manipulation of accounting figures. In essence, IFRS may encourage creative managerial judgment, potentially reducing the comparability, transparency, relevance, and reliability of financial information, which could have a negative impact on the quality of financial reporting (Barth et al., 2018). Ahmed et al. (2013) and Barth et al. found significant increases in income smoothing, aggressive accrual reporting, and a decrease in the timeliness of recognizing losses in IFRS-compliant firms. Nevertheless, these findings contrast with those in other studies, which suggest that IFRS adoption enhances accounting quality. Faced with these inconclusive and contentious findings, it becomes crucial to investigate whether the adoption of IFRS genuinely leads to improvements in the quality of published financial statements in Sub-Saharan African countries, such as Ghana, where business dynamics significantly differ from those in previous research.

2.1.2 Audit Quality

The separation of ownership and control, combined with information asymmetry between management and absentee shareholders, creates agency issues that necessitate external audits (Lin & Hwang, 2021). Responsibility is upon external auditors to for confirm that financial statements adhere to Generally Accepted Accounting Principles (GAAP) and accurately represent the financial status and performance of the entity. Consequently, verification provided by external auditors enhances the credibility of a company's financial statements. Also, external auditors are required to use auditing standards to engage in discussions with their discussions with the audit committee not only regarding the acceptability but also the quality of the accounting principles applied by the client company (Lin & Hwang, 2021). Consequently, an audit with a higher quality is expected to deter gains based on opportunistic manipulation to mitigate the risk of significant misstatements or omissions in financial reports. Generally Accepted Auditing Standards provide methods and criteria used to evaluate the correctness of an external auditor's performance, encompassing attributes such as competence, being independent, and the ability to exercise professional due care (Lin & Hwang, 2021). Thus, the adequacy of the performance of an auditor, as defined by auditing standards, is multifaceted, and variations in audit quality should be anticipated. As Balsam et al. (2003) assert, "Audit quality differences lead to variability in the credibility provided by auditors and in the earnings quality of their audit clients. Because auditor quality is multi-dimensional and inherently unobservable, no single auditor characteristic can serve as a proxy for it." Considering the fact that, audit quality can be influenced by a variety of elements, it is not surprising that previous studies adopted diverse measures to approximate quality of audit (Lin & Hwang, 2021). For example, researchers have explored the impact of auditor brand recognition (auditor size) and industry specialization, auditor tenure, the provision of different services by auditors, and auditor independence on various issues directly or indirectly related to financial reporting. The empirical findings regarding these measures of audit quality have been inconclusive (Lin & Hwang, 2021). For instance, while many existing studies suggest that engaging brand-name auditors (e.g., Big 4/5/6) reduces earnings management (e.g., Becker et al., 1998; Francis et al., 1999; Lin et al., 2006), others do not confirm such findings (e.g., Bédard et al., 2004; Davidson et al., 2005). Another example is Frankel et al. (2002), who report that the ratio of non-audit service fees to total auditor fees (a proxy for compromised auditor independence) is positively associated with minor earnings surprises and the magnitude of discretionary accruals (proxies managing earnings or achieving quality). Their results support the SEC's position that non-audit fees can compromise auditor independence and, consequently, audit quality. In contrast, Chung & Kallapur (2003) find no significant link between discretionary accruals and audit fees or non-audit fees. Similarly, Raghunandan et al. (2003) find no evidence to support the claim that non-audit charges or total charges inappropriately influence the audit of financial statements that are subsequently restated.

2.1.3 Corporate Governance

Modern organizations need a corporate governance framework to control and supervise management, reduce agency expenses, and align management interests with those of investors since ownership and management are divided, which leads to agency difficulties (Lin & Hwang, 2021). Corporate governance may be defined as a system that includes all people, procedures, and actions that guarantee the prudent administration of an organization's resources, even if there isn't a single, widely recognized definition (Messier et al., 2008). A strong governance framework guarantees that management allocates the company's resources to the benefit of absentee owners and truthfully discloses the company's financial status and operational achievements (Lin & Hwang, 2021). The board members that make up the audit committee help to supervise the financial reporting procedure. Maintaining the credibility of company financial statements and ensuring conformity with GAAP are the two key functions of the corporate governance structure in financial reporting (Lin & Hwang, 2021). Corporate governance practises that are connected to the composition and operations of the board and the audit committee in particular have been the subject of recent rules and earlier research. It is expected that strong corporate governance frameworks will reduce earnings management by furnishing efficient supervision of the management during the financial reporting phase. The association between measures of corporate governance effectiveness and profits management, however, has not been consistently supported by empirical studies to far (Lin & Hwang, 2021). For instance, although Park & Shin (2019) and Peasnell et al. (2018) find no significant association, Davidson et al. (2020) and Klein (2020) discover a considerably unfavorable link between board independence and earnings management. Empirical results pertaining to the relationships between earnings management and other characteristics associated with the efficacy of the board in overseeing the financial reporting process also exhibit this kind of inconsistency. The audit committee is in charge of monitoring financial reporting, and the board of directors frequently assigns significant responsibilities to its standing committees (Lin & Hwang, 2021). The audit committee's main responsibility is to make sure the company reports its finances in a high-quality manner. Consequently, it is anticipated that a well-functioning audit committee will lessen opportunistic profits management. Similar to research on the board of directors' efficacy in lowering earnings management, recent studies have looked at the influence of audit committee features on earnings management, although the results have been conflicting (Lin & Hwang, 2021). For instance, Choi et al. (2019) show no such effect, despite Abbott et al. (2020) finding that the prevalence of earnings management diminishes with audit committee independence. Similarly, Xie et al. (2021) discover no meaningful connection between earnings management and the number of audit committee directors. On the other hand, Yang & Krishnan (2019) imply that the size of the audit committee has a negative relationship with earnings management (using aberrant accruals as a proxy), suggesting that the quality of financial reporting may be impacted by the minimal number of audit committee members. Additionally, it has been expressed that giving audit committee directors shares and options as compensation may undermine their independence (Millstein, 2022). Up until lately, there hasn't been much empirical data on this topic. According to Bédard et al. (2004), there is a larger chance of aggressive earnings management the more stock options that can be exercised in the near future compared to the total number of options and stocks that audit committee directors own. Furthermore, board members on the audit committee who hold shares have a good correlation with earnings management (Yang & Krishnan, 2005). These findings contradict those of Beasley (1996), who found that when outside directors (not necessarily audit committee directors) control a larger percentage of the board's shares, the probability of fraud falls. Since the 1930s, researchers in organizations have created theoretical frameworks pertaining to corporate governance, taking into account elements like stakeholder management, resource dependency, agent behavior, institutional isomorphism, and transaction costs (Demirag, 2005). It has long been believed that improving company governance is essential to increasing stakeholders' long-term value (Peni et al., 2010). According to Levitt (2000), sound corporate governance is crucial for maintaining market discipline in the technologically advanced information era of today. Cohen et al. (2002) highlight the increasing expectations of stakeholders and investors about increased responsibility from corporate boards. They suggest that the capital market's efficiency may be enhanced by improving the efficacy of the audit committee in enhancing management ownership quality. To assist governments in evaluating and enhancing the corporate governance regulatory environment, the Organization for Economic Cooperation and Development (OECD) published corporate governance principles and recommendations in 1999 (OECD, 1999). These recommendations offer a path forward for individuals engaged in the development of corporate governance. Scholars, professionals, authorities, and the industry all talk a lot about corporate governance (Bozec et al., 2004). "The system by which companies are directed and controlled" is the most often used definition of corporate governance (Cadbury Report, 1992; OECD, 1999). This structure lays out the rules and processes for making decisions on corporate matters as well as the rights and duties that are assigned to various parties, including the stakeholders, shareholders, management, and board. It also offers the structure for establishing goals, achieving them, and keeping track of performance inside an organization. According to this concept, corporate governance pertains to the strategies used by lenders to businesses to ensure that they will get their money back (Shleifer and Vishny, 1997). According to Oman et al. (2003), corporate governance is the formal and informal private and governmental institutions in a nation that regulate the interactions between company insiders and other stakeholders who make investments in the nation's firms. Unlike countries such as the US and the UK, Ghana does not have a comprehensive framework for corporate governance. Rather, regulations controlling the interactions between a company's stakeholders are dispersed throughout several legal frameworks, leaving Ghanaian businesses without a unified, comprehensive set of corporate governance guidelines. All corporations are required to abide by the corporate governance requirements of the corporations Act, which cover topics such as the appointment, responsibility, and directors' removal, shareholder meetings, rights of shareholders, and the appointment and obligations of auditors. However, according to Asenso-Okofo et al. (2011), these provisions are out of current because they haven't been revised since 1963. Voluntary rules are applied in Ghana. Examples include the SEC Guidelines on Best Corporate Governance Practises and the Ghana Manual on Corporate Governance, which is published by the Private Enterprises Foundation (PEF) and the Institute of Directors (IOD). The OECD's principles form the basis of the SEC recommendations. Unfortunately, because of Ghana's relatively low adherence to statutory rules, these voluntary codes are not commonly acknowledged or followed (Aboagye-Otchere, 2014). Certain elements of corporate governance have been found to have a major impact on how quickly companies report to their stakeholders in accounting study literature. These attributes mainly concern the board (board independence, size, makeup, etc.), with the attributes of the audit committee becoming more and more significant (Sultana et al., 2015). The ownership structure, board size, and board independence are other characteristics of corporate governance. Compared to agency theorists, resource dependence theorists have a different viewpoint on the ideal size of the audit committee that would result in the timely production of financial statements. Collier & Gregory (1999) and Hillman & Dalziel (2003) assert that cohesive and cohesive groups function better. On the other hand, proponents of agency theory contend that sizable groups might result in inefficiency due to the free rider effect, tardiness in making decisions, and opportunistic behaviour. Large audit committees can draw people with important resources and experience that help the business, according to resource dependence theorists (De Zoort et al., 2002; Turley & Zaman, 2007). Resource dependence theorists and agency theorists have different ideas about the optimal size of the audit committee.

2.1.4 Financial Reporting Quality

As articulated by the IASB in 2010, financial information in statements is characterized by two fundamental qualities: relevance and faithful representation. Relevance signifies the information's ability to influence a user's decision regarding a financial statement, with relevant information possessing confirmatory or predictive value. Conversely, faithful representation signifies that the information accurately reflects real-world economic events or transactions it is meant to represent, ensuring a true portrayal of these phenomena (Palea, 2020). These two qualities, relevance and faithful representation, are essential in making financial statements valuable to their users.

In addition to these fundamental characteristics, there are several enhancing qualitative characteristics that complement the core attributes. These include comparability, verifiability, timeliness, and understandability. These enhancing qualities serve to differentiate more valuable information from less valuable information (Palea, 2020). They further enrich the usefulness of financial reporting information, which not only needs to be relevant but also faithfully represented. The idea of making financial reporting more beneficial is a foundational concept within the IASB's conceptual framework. The primary objective of financial reporting, according to the IASB (2010), is to provide information that is valuable to investors, creditors, and other parties involved in making decisions related to investments, credit, and similar resource allocations. While financial reporting users encompass a wide spectrum, the IASB primarily focuses on the needs of participants in capital markets. Specifically, the emphasis is on investors, who, due to their limited direct access to firms, heavily rely on the information presented in financial reports. Furthermore, since investors provide firms with risk capital, financial statements that cater to their informational needs also tend to meet the requirements of a diverse range of users. As a result, the needs of investors are considered highly representative of a wide range of user demands (IASB, 2010).

2.2 Empirical Review and Hypothesis Development

2.2.1 IFRS Adoption and Financial Reporting Quality (Objective 1)

The literature now in existence about the connection between using IFRS and the caliber of financial reporting yields conflicting results. These results imply that the enhancement of reporting quality by companies is largely related to adhering to these standards and the put in place enforcement procedures, rather than being exclusively attributed to the implementation of IFRS. In Ghana, financial reports generated following the adoption of IFRS are not consistently exhibiting the anticipated degree of quality, highlighting the gap between IFRS's initial adoption and its actual application (ROSC, 2014). It has been correctly noted by Hellström (2006) that a large portion of the research on reporting quality frequently fails to differentiating between IFRS adoption and successful application. Elevated benchmarks hold significant importance, but without strong control measures to guarantee compliance, they won't transfer into high-quality financial statements, according to this research. The accounting literature has given considerable emphasis to the relationship between quality of reporting and IFRS, particularly since the implementation of IFRS. In the 1960s through the 1980s, research on the quality of financial reports, profits quality, and management of earnings had its start in the US. In the late 1990s, it spread to Europe (Mensah, 2021). Studies on these subjects began to appear in Asian nations in the early 21st century, and as Callao et al. (2014) point out, there has been a recent upsurge in studies employing samples from Asia. Earlier, Liu et al. (2011) had urged scholars to investigate the connections between IFRS, accounting quality, and profits management in countries that do not speak English, especially in Asia, like China. A growing number of studies on earnings management and the quality of financial reporting have been conducted in recent years as a result of this call for research, which has now expanded to Africa (e.g., Amidu et al., 2016; 2019; Amidu & Kuipo, 2015; Rabin, 2016; Rabin & Negash, 2007; Uwalomwa et al., 2014; Waweru & Ntui, 2018; Waweru & Riro, 2013; Yiadom, 2016).

Accounting research has focused heavily on the adoption of IFRS and how it affects the quality of financial reporting, both within and outside of Africa (e.g., Abedana et al., 2016; Agyei-Mensah, 2014; Okpala, 2020; Umoren & Enang, 2015; Baig & Khan, 2016; Kang, 2013; Landsman et al., 2012; Pena & Franco, 2017). The IASB has been pushing for the global endorsement of IFRS as a way to improve the quality and integrity of financial reporting (Agyei-Mensah, 2014; Psaros & Trotman, 2004) and to increase investor confidence, which will increase capital market efficiency (Barth et al., 2018; Okpala, 2020). This has generated a lot of interest in the field of research and academic debates. A lot of empirical research has been done on how the adoption of IFRS affects the calibre of financial reporting. According to Barth et al. (2018), IFRS may inspire managers to exercise creative professional judgement, which might have a detrimental effect on reporting quality and reduce the dependability of financial information. According to Tendeloo and Vanstraelen's (2005) research, German firms who adopted IFRS did not show appreciably different earnings management practices from those that followed German GAAP. Stated differently, the results indicated that reduced profits management was not a necessary consequence of Germany's voluntary adoption of IFRS. Christensen et al. (2008) and Christensen et al. (2015) examined standards and incentives as potential predictors of changes in accounting quality. Their research focused on timely loss recognition criteria and earnings management, which included income smoothing and managing towards tiny positive profits. The results showed that there was no discernible increase in accounting quality for companies who were required to implement IFRS. They did discover, nevertheless, that voluntary adoption of IFRS was linked to earlier loss recognition and less profits management.

According to research by Liu and O'Farrell (2011), China's earnings management has dropped since 2007 as a consequence of IFRS, indicating regulators, filers, and information users would all gain right away. According to Kousenidis et al. (2010), who looked into the value relevance of accounting information before and after the adoption of IFRS, IFRS has led to an increase in the incremental information content of earnings for the post-IFRS period while decreasing the additional information contained in equity book values for stock prices. while according to different research conducted in 2013 by Kargin using comparable quality indicators, book values showed an improvement in the value relevance of accounting information, while earnings did not. Research about the effect of changing standards on the quality of accounting was carried out in

Turkey by Uyar (2013). The study looked at value relevance, prompt loss recognition, and management of profits. The results showed that when the market become more active, accounting quality went up. According to Umoren and Enang's (2015) analysis of Nigerian listed banks, equity per share book value decreased progressively over the post - IFRS period, although profits per share increased in relevance. This suggests that after the introduction of IFRS, equity investors have been able to determine the value of Nigerian commercial banks with more clarity thanks to the earnings reports provided by the banks. Twelve listed banks from the pre- and post-IFRS eras (2010 and 2011) and (2012 and 2013) were the subject of the investigation. The impact of IFRS adoption on accounting quality was investigated using descriptive statistics and least squares regression analysis. These diverse approaches produced conflicting and ambiguous empirical data, which emphasises the need for more study. In contrast to the banking, insurance, and extractive industries in Ghana, the research sought to evaluate the effect of IFRS adoption on the integrity of financial statements of non-listed manufacturing enterprises. This sector is known for its stability and strong growth potential.

When Barth et al. (2018) evaluated the features of accounting information across a sizable sample of businesses from several nations that had implemented IFRS and businesses that had not, they discovered that businesses that had implemented IFRS had higher-quality reporting than businesses that had not. The adoption of IFRS has raised the timeliness and earnings conservatism components of reporting quality, according to Balsari et al. (2010), who investigated whether the global shift from national accounting standards to IFRS has improved the utility and quality of financial reporting. By using five distinct measures for reporting quality, Rad and Embong (2013) discovered comparable findings, noting that the adoption of IFRS has resulted in significant modifications to accounting rules. As a consequence, the results showed an improvement in the quality of financial information. According to Dayanandan et al. (2016), the adoption of IFRS has enhanced the quality of financial reporting in Europe and throughout the world. It has also been observed that the implementation of IFRS has decreased income smoothing and earnings management in a number of nations, which has improved the quality of reporting. Neel (2017) found firm-level data indicating that companies that have implemented IFRS benefited financially from high-quality reporting. Amidu *et al.* (2016) examined how standard of accounting information will change as a result of IFRS implementation. and discovered that financial institutions since the implementation of IFRS, financial reporting has improved. Furthermore, Agyei-Mensah (2013) used pre and post analysis to examine the financial reporting quality prior to and following Ghana's adoption of IFRS. She discovered that the financial information disclosure mean was 76.80% during the pre-adoption period and 87.09% during the post-adoption period, indicating only a rise in reporting quality following IFRS adoption.

While the literature that has been studied thus far indicates that IFRS are positively relevant to reporting quality, there are alternative lines of writing that contend that the adoption of IFRS hinders reporting quality, and yet others that maintain that IFRS have no bearing on reporting quality. Through an analysis of the early impacts of required IFRS adoption on reporting standards across 20 countries, A. S. Ahmed et al. (2013) contended that, on general, financial report quality declined following the mandatory implementation of IFRS. Because improvements in reporting quality can be attributed to reasons other than just adopting IFRS, their analysis cast doubt on conclusions drawn from earlier research that show a positive correlation between IFRS adoption and reporting quality. When IFRS standards were mandated, Jeanjean and Stolowy (2008) examined the impact on profits quality. They opined that the extent of management of earnings did not reduce as a result of IFRS. Accordingly, their research suggested that other criteria, such as compliance, may be crucial in defining the quality of financial reporting, and that adopting standards alone would not be sufficient to reduce the degree of earnings management. According to Kao's (2014) research, faithful representation—a crucial component of high-quality financial reporting—is not considerably impacted by the implementation of IFRS. According to Amidu et al. (2016), there is conflicting data in the empirical literature, suggesting that IFRS by itself does not improve reporting quality unless there are safeguards in place to guarantee adherence to these standards. An analysis of the impact of adopting IFRS on accounting quality was carried out by Barth et al. (2018). They discovered that companies with voluntary IFRS adoption have better-quality accounting than those without. This implies that the implementation of IFRS may result in financial reporting that is more accurate and trustworthy. Hail, Daske, Leuz, and Verdi (2013) looked at how adopting IFRS might affect the economy. They discovered that different businesses have different consequences from the implementation of IFRS, with some suffering from favourable effects and others from negative ones. This emphasises how crucial it is to take into account each company's unique situation when determining whether or not to use IFRS. The 2013 study by Glaum, Street, and Wahlen concentrated on how the implementation of IFRS affected equity valuation. They concluded that, the adoption of IFRS had a favourable impact on stock value for European companies that were cross-listed in the US. This implies that the implementation of IFRS may be seen by investors as an indication of improved financial reporting quality. Nobes (2015) looked at the merits and disadvantages of adopting IFRS. The author made the case that while adopting IFRS has costs, such implementation fees and more complexity, it also has major advantages, including enhanced comparability and transparency. This emphasises the necessity for businesses to thoroughly consider the advantages and disadvantages of adopting IFRS before making a decision. At last, Ramanna and Sletten (2014) investigated the rationale for national adoption of IFRS. They discovered that a number of factors, including institutional support, financial incentives, and political pressure, influence the choice to adopt IFRS. Daske and Gebhardt (2006) reported an improvement in accounting quality among a sample of German, Austrian, and Swiss enterprises moving to IAS/IFRS prior to their mandated adoption in Europe using disclosure quality scores supplied by reliable experts. Studies on value-relevance that highlight a rise in the value-relevance of earnings for German businesses adopting IAS/IFRS, such those by Bartov et al. (2005) and Jermacowicz et al. (2007), echoes similar conclusions.

In a comparative study of 21 nations using local GAAP and IAS/IFRS, Barth et al. (2008) found that companies using IAS/IFRS have less earnings management, faster loss recognition, and more value-relevant accounting metrics. It's important to remember that these studies focus on the voluntary adoption of IAS/IFRS, motivated by business incentives to improve transparency. For instance, Ashbaugh (2001) discovered a favourable correlation between the choice to report under IAS/IFRS and variables including corporate size, the quantity of overseas stock marketplaces where the company trades its shares, and the issue of new equity shares. Similar reports from Cuijpers and Buijink (2005) and Gassen and Selhorn (2006) indicated that European firms' voluntary move to IAS/IFRS is mostly driven by reasons such as geographic operating dispersion, overseas listing, and other considerations. Based on available data, it appears that these companies choose to use IAS/IFRS in order to improve financial reporting quality and openness. Additionally, Covrig et al. (2007) found that adopters of IAS/IFRS had a much larger ownership of international mutual funds, suggesting that the voluntary switch to IAS/IFRS was made with the intention of luring overseas investors by giving them access to more recognisable and educational financial data. As demonstrated by Hung and Subramanyam (2007), who found no significant differences in the value-relevance of accounting numbers under domestic GAAP or IAS/IFRS for their selected sample of German firms, in contrast to findings by Bartov et al. (2005) and Jermacowicz et al. (2007), it is important to take into account the possibility of self-selection bias, which may explain mixed research results. Results from voluntary shifts might not immediately apply to obligatory instances, as these incentives are unlikely to apply to required adoption of IAS/IFRS. In Germany, for instance, firms had the option to adopt IAS/IFRS before 2005. *Christensen et al.* (2008) studied both voluntary and mandatory shifts to IAS/IFRS, and their findings show that voluntary adoption is associated with enhanced accounting quality as determined by prompt loss recognition and earnings management, while mandatory shifts do not show this improvement. This implies that when businesses do not see a net advantage from adopting IAS/IFRS, superior accounting standards such as IAS/IFRS may not always result in higher-quality accounting. This data supports the conclusions stated by Daske et al. (2013), who also stress the importance of shifting reporting incentives for businesses when deciding whether or not to implement IAS/IFRS. Since businesses have a great deal of latitude in applying the new standards, some could accept IAS/IFRS with little modification and more as a show of force than as a means of dramatically strengthening their commitment to openness (Daske et al., 2013).

Considering the discussion above, the hypothesis emerges that:

H1: IFRSs adoption has no effect on financial reporting quality of non-listed manufacturing firms in Ghana.

2.2.2 Audit Quality and Financial Reporting Quality (Objective 2)

The idea of internal audit quality was investigated by Roussy and Brivot (2016) in order to learn how different stakeholders, such as internal auditors, the Institute of Internal Auditors (IIA), audit committee members, and external auditors, see it. The competency of internal auditors and the degree of independence upheld by the Internal Audit Function are the two basic criteria that external auditors use to evaluate the quality of internal audits. On the other hand, the IIA defines quality as following the guidelines and best practices that the Institute promotes. On the other hand, internal auditors and audit committee members evaluate the perceived value of internal audit reports when determining the quality of internal audits. This study incorporates all these dimensions, encompassing competence, independence, and compliance with professional standards, as measures of internal audit quality.

Furthermore, Bananuka et al. (2018) define the effectiveness of internal audit as one that assesses the efficiency of internal controls, actively participates in managing risk, and guarantees adherence to pertinent laws and rules. In essence, the ability of the internal audit to evaluate internal controls' effectiveness and actively engage in risk management demonstrates its competence. Conversely, internal audit teams lacking competence, independence, and adherence to professional standards cannot effectively fulfill their roles, leading to an ineffective internal audit. It is worth noting that limited research has explored the relationship between the quality of internal audit and the quality of financial reporting in financial institutions, especially in developing countries, including those in Africa. Most of the existing literature that links financial reporting quality to internal audit quality primarily rely on evidence from developed countries. For example, Prawitt et al. (2020) studied 218 publicly listed US firms from 2000 to 2005 and realized that the Internal Audit Function (IAF) quality put constrains on earnings management. Johl et al. (2013) discovered that internal audit quality is significantly associated with abnormal accruals when the internal audit function outsources its activities. However, Johl et al. (2023) noted that when the internal audit function does not outsource its activities and lacks political connections, there is a negative relationship between internal audit quality and abnormal accruals. Johl et al. (2023) further observed that characteristics such as internal audit organizational independence, a focus on financial aspects in investment and audit activities are linked to a reduction in income-inflating abnormal accruals. Furthermore, Bananuka et al. (2018) established a significant connection between the internal audit function and the accountability of Ugandan statutory corporations. These findings emphasize the crucial role of a well-executed internal audit in the realm of financial reporting, although its extent and impact within financial institutions in Uganda have not been extensively explored. This study argues that a robust internal audit process helps organizations achieve their financial reporting objectives by providing a systematic and detailed account of the firm's operations and their compliance with established standards. Acting as a guardian of financial operations, internal audit contributes to enhanced financial reporting practices. It was then hypothesize that:

H2. Audit quality has no effect on financial reporting quality of non-listed manufacturing firms in Ghana.

2.2.3 Financial Reporting Quality and Corporate Governance (Objective 3 & 4)

Several studies highlight how important corporate governance frameworks are to maintaining high reporting quality standards. Thus, it is evident that a firm's reporting quality is influenced by corporate governance characteristics such as board diversity, size, independence, and audit committee independence. (Vafeas, 2000, Peasnell et al., 2005, Cornett et al., 2008; Jimeno &

Redondo, 2008; Fakhfakh Sakka & Jarboui, 2016; Kukah et al., 2016; Nelson & Devi, 2013). Strong corporate mechanisms are necessary to guarantee that companies report their financial information in a high-quality manner, according to a number of empirical studies. Therefore, in order to better grasp how IFRS and reporting quality are related, it is important to look at this matter while taking corporate governance frameworks into account. In contrast to companies with less effective governance structures, Krismiaji et al. (2016) discovered that the adoption of IFRS by companies with strong board governance practices enhanced the consider their financial statements to be relevant. Studies that establish connections between corporate governance attributes like board independence, board performance, and financial expertise and financial reporting quality are relatively scarce in emerging economies, particularly in Uganda. Notably, Nalukenge et al. (2017) discovered a significant link between board performance and the financial expertise of the board internal financial reporting controls, but board independence did not show a significant association. An additional Nalukenge et al. (2018) study revealed a significant link between adherence to IFRS and corporate governance, as determined by the board's financial knowledge, independence, and performance.

Moreover, Mansor et al. (2013) highlighted how crucial corporate governance is to accomplishing effective reporting, decision-making, and financial management. Their study underscored that corporate governance has a substantial impact on a company's overall performance and formal financial reporting. While these findings indicate a strong connection between corporate governance and financial reporting, it is essential to note that the mentioned authors did not specifically focus on the manufacturing sector, and their conclusions may not entirely reflect the situation within this specific industry. Previous research consistently demonstrated significant links between various corporate governance mechanisms and issues related to inadequate quality of financial reporting, including problems related to financial statement fraud and earnings management (Beasley et al., 2001). Additionally, Bananuka et al. (2019a, b, c) revealed that board performance significantly affects internet reporting in Uganda. Nalukenge (2020) also found that board performance is significantly associated with compliance with International Financial Reporting Standards disclosure requirements in Uganda. Moreover, in a study on International Financial Reporting Standards adoption, Bananuka et al. (2019a, b, c) identified that the effectiveness of boards of directors, which includes financial expertise, is significantly linked to IFRS adoption in Ugandan MFIs.

The significance of board size in preserving the calibre of financial reporting has been highlighted in a great deal of research. According to Vafeas (2000), bigger boards often have fewer directors, which makes it harder for them to effectively carry out their monitoring obligations. Larger boards are said to have difficulties making choices that affect the production of high-quality reports, and their size may cause board members to feel less accountable to one another (Vafeas, 2000). In the past, Beasley (1996) contended that a larger board will probably lead to more financial statements that are dishonest. Quite the reverse; smaller boards are better at maintaining high standards of reporting quality, as K. Ahmed et al. (2006) found. The research has shown that one corporate governance factor that favourably affects reporting quality is board independence. Peasnell et al. (2005) argued that the number of independent directors on the board affects how well the board monitors matters, and they supported having more independent directors because they are more effective and independent when it comes to monitoring. Additionally, Cornett et al. (2008) discovered that independent directors give the company a substantial amount of knowledge, especially in the area of monitoring. Similar evidence was previously discovered by Osma and Noguer (2007) demonstrating the significance of independent board members in a company's governance, especially in relation to fraud prevention and discretionary accounting accruals. Klein (2002) also discovered a correlation between a decrease in the extent of profits management and an increase in the number of independent board members. According to Xie et al. (2003), having a larger number of independent board members acts as a check on managerial behaviour, making it more difficult to manipulate earnings or falsify the financial performance of the firm. Xie et al. (2003) claim that by guaranteeing the independence of the board, having a sizable number of independent board members aids in resolving the agency problem in businesses. According to Peasnell et al. (2000), having independent directors on board successfully prevents the manipulation of discretionary accruals. Furthermore, a greater degree of board independence is thought to lessen the possibility of financial statement manipulations, according to Chen et al. (2014). Compared to their executive counterparts, independent board members are less vulnerable to familiarity risks at work, which reduces the likelihood of managing earnings and raises the calibre of reporting inside the company.

One important board committee that helps members in their oversight of the financial reporting process to guarantee its integrity and openness is the audit committee (Klein, 2002). As mandated by Sarbanes-Oxley Section 202, companies must form an audit committee. The independence of audit committee members is essential to their efficacy in addition to their financial skills. According to Klein (2002), an audit committee cannot perform its oversight function effectively if it lacks independence. The idea behind this rule is that independent directors retain neutrality while analysing financial statements. Numerous scholarly investigations have emphasised the function of autonomous audit committees in carrying out their obligations within the domain of financial reporting. The findings of Klein (2002) and Abbott, Park, and Parker (2000) indicate that audit committee independence serves as a disincentive to financial statement and earnings management fraud. Klein (2002) particularly argued that anomalous or discretionary accruals were substantially lower in companies with a higher proportion of outside directors on their audit committee. Consequently, having a larger percentage of independent members on the audit committee is beneficial as it serves as a restraint on the avaricious actions of management. Similar evidence was also discovered by Nelson and Devi (2013). From the standpoint of agency theory, Dalziel and Hillman (2003) contended that female board members frequently bring a variety of perspectives to the table, which increases board independence and, as a result, improves reporting quality. The inclusion of females in a

H3: Corporate governance has no effect on financial reporting quality of non-listed manufacturing firms in Ghana.

H4: Corporate governance does not moderate the relationship between IFRSs adoption and financial reporting quality of non-listed manufacturing firms in Ghana.

2.3 Theoretical Review

2.3.1 Agency Theory

The agency theory as Jensen and Meckling first proposed it in 1976, represents a fundamental pillar underpinning various corporate governance theories. This theory provides an explanatory framework for understanding the dynamic between shareholders, who serve as the principal stakeholders in a company, and the agents, typically comprising the firm's managers or board of directors. Given the impracticality of active participation by numerous shareholders in the daily operations of large companies, shareholders delegate authority to the board of directors, which, in turn, is responsible for selecting and overseeing the management of the firm to manage its operations. However, this separation between ownership and management can potentially give rise to agency problems. The root cause of agency problems is the conflicting interests of principals, or shareholders, and agents, or managers or the board of directors. This is because agents may be more driven to put their own interests and job security ahead of those of shareholders or the objective of increasing the firm's overall value. Renowned academics like as Fama and Jensen (1983) have contended that the resolution of principal-agent conflicts may be accomplished by putting in place strong corporate governance frameworks. In this sense, corporate governance refers to a set of rules, checks, and balances that are intended to lessen the effects of management's opportunistic actions and, consequently, the gap in information between the company's shareholders and management (Jensen & Meckling, 1976; Fama & Jensen, 1983). Accordingly, the implementation of effective control mechanisms is perceived as a means of constraining agents' actions that might deviate from the interests of the principals.

2.3.2 Stewardship Theory

In contrast to the propositions of agency theory, the concept of stewardship theory, introduced by Donaldson and Davis in 1997, offers a different perspective. According to stewardship theory, management and the board of directors of a firm have an inherent duty to work in the best interests of the principles, who are usually the shareholders. In this view, while these stewards wield significant control over the firm's activities, they are inherently motivated to work in a manner that serves the shareholders' interests by minimizing costs and maximizing profits. This motivation primarily stems from their desire to safeguard their positions, as articulated by Fama in 1980.

Stewardship theory operates on the premise that executives and directors are inclined to operate in a manner that maximizes the well-being of shareholders.

2.3.3 Information Asymmetry Theory

The idea of information asymmetry, which explains the substantial influence of accessible information on the behaviour of players in financial markets, particularly potential shareholders, was first presented by Akerlof in 1978 in his landmark book. According to this idea, there exists an information asymmetry whereby market players do not have equal access to the same kinds and amounts of information. Information asymmetry can result in adverse selection and moral hazards, according to Akerlof (1978). It is important to understand that information asymmetry problems can occur when certain parties have access to information that gives them a competitive edge over others, which could lead to disputes in the market. As a result, reducing the degree of information asymmetry becomes essential to reducing market disputes.

2.3.4 Stakeholder Theory

According to the stakeholder theory, managers should take into account the interests of all parties involved in a business, including consumers, workers, communities, and government representatives in addition to financial stakeholders (Freeman, 1984). This viewpoint holds that companies ought to give priority to fulfilling the various goals of a wide range of stakeholders, going beyond only shareholders. Businesses should consider the interests of several stakeholders more while making strategic choices, according to Freeman (1984). This notion is strongly related to the idea of "accountability," which is defined by Peasnell et al. (1998) as one party's obligation to another in a relationship in which one party assigns the other specified responsibilities. Thus, it may be argued that timely reduction of information asymmetry between the organization and its interested parties is facilitated by high-quality financial reporting, which in turn improves the relationship between the parties. In order to meet the demands of stakeholder theory (Peasnell et al., 1998), managers must constantly give the wide range of stakeholders reliable information. Companies that have good internal audit quality and have board members who are capable, independent of management, and have financial competence are better positioned to address the diverse demands of different stakeholders, according to stakeholder theory.

2.4 Conceptual framework

The conceptual framework below (as shown in figure 1) provides a roadmap for understanding the complex interplay of factors influencing financial reporting quality in non-listed manufacturing firms in Ghana.

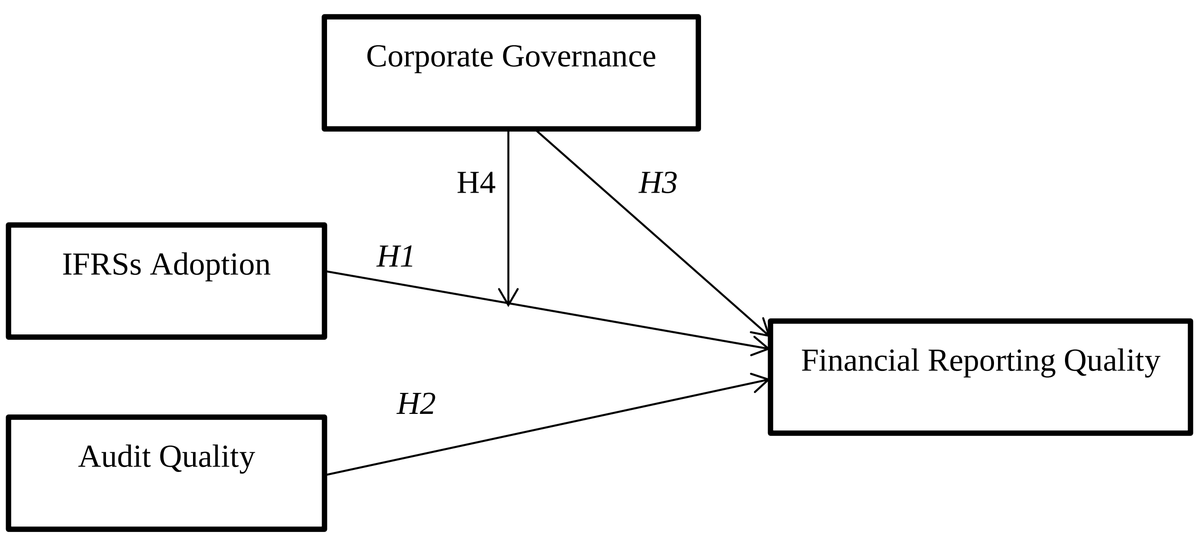

Figure 1 Conceptual Framework

Source: Field Work (2023)

The study aims to determine how the quality of financial reporting is affected by the other independent variables. IFRS Adoption, Audit Quality and Corporate Governance are the independent variables and are hypothesized to influence financial reporting quality, either directly or indirectly. Financial is the dependent variable in the framework. The framework is a visual representation of the proposed relationships between IFRS adoption, audit quality and corporate governance, and the hypotheses will be tested using empirical data. The arrows H1, H2, and H3 indicate the direction of the impact between the dependent variables and the independent variables. While H4, indicates the moderating role of Corporate Governance in the nexus between IFRS adoption in ensuring Financial Reporting Quality.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This study evaluated how corporate governance moderates the relationship between Ghanaian manufacturing businesses' adoption of IFRSs, audit quality, and reporting quality. The structure and procedures adopted to gather as well process the data are covered within this chapter. The chapter outlines the fundamental principles guiding the research, the overall research methodology, the study's structure, the target population, how participants were selected, data sources, tools used for research, variable measurements, data collection methods, the approach to the study of the data, and ethical issues.

3.1 Research Philosophy

Research in various fields is guided by four fundamental philosophical assumptions, namely the research paradigm, epistemology, ontology, and axiology. In their work, Saunders and colleagues (2012) describe a research paradigm as a framework that delineates the methods for collecting and explaining knowledge about a particular phenomenon. For this study, a Naive Realism paradigm was employed, indicating the researcher's belief in the existence of universal truths awaiting discovery (Ponterotto, 2005). In terms of epistemology, the study embraced Positivism, signifying an objective perspective on ontology, where the researcher maintained a detached stance from the study's outcomes. Furthermore, a Value-Free Axiology was adopted, underscoring the researcher's commitment to avoiding the imposition of personal values and expectations on the study's outcome.

3.2 Research Approach

The two main approaches to research are qualitative and quantitative. Research with a qualitative approach encompasses phenomena related to qualities or kinds, delving into the intrinsic nature of subjects (Kothari, 2004). In contrast, quantitative research deals with phenomena that can be precisely measured in terms of quantity (Kothari, 2004). The research approach undertaken in this study was deductive, rooted in existing well-established phenomena and theories found in the literature. Deductive research is grounded in pre-existing knowledge and theories rather than aiming to develop new theories (Cresswell, 2012). A quantitative research methodology was used in this investigation. Quantitative research is characterized by its precision in data requirements, allowing researchers to tailor research instruments to collect specific data, particularly in cases gathering the primary data (Hair et al., 2016). According to Asenahabi (2019), further elucidated that quantitative research involves the collection and analysis of data using mathematical and statistical techniques. This method aligns with a scientific and positivist paradigm, as highlighted by Grinnell Jr and Unrau (2010) and Rovai et al. (2013), respectively.

3.3 Research Design

As per Sileyew's perspective (2019), the main goal of developing a research design is to establish a well-suited framework for a study. When conducting research, investigators typically face the decision of selecting from various approaches, including surveys, experiments, historical analyses, archival record assessments, and case studies. Because surveys are often associated with deductive research projects, the survey was selected as the research strategy for this study. Surveys serve as a valuable tool for researchers as they enable the sampling of a segment of the overall population, conducting a detailed examination of it, and subsequently drawing general conclusions that apply to the entire population using quantitative methodologies. As articulated by Robson (2020), surveys often involve the utilization of questionnaires, which are instrumental in collecting quantitative data. This quantitative data can then be systematically gathered and subjected to quantitative analysis through descriptive and inferential statistical methods, mirroring the approach taken in this study.

3.4 Population of the Study

In research, the term "population" describes the grouping of individual units or a group of entities that constitute the subject of study (Punch, 2006). In the confines of this study, the population encompasses all manufacturing companies operating in Ghana. The study encompasses more than twenty organizations involved in manufacturing and production activities within Ghana, a fact corroborated by the National Board for Small Scale Business (Frempong and Adu-Yeboah, 2021).

3.5 Sample Size and Sample Technique

A sample refers to a subset of the overall population, whether chosen through random or non-random methods, with the intention of serving as a representative segment of the population (Punch, 2006). According to Saunders et al. (2012), sampling techniques are broadly categorized into two groups: probability and non-probability sampling techniques. In probability sampling, each case's likelihood of selection from the population is established and is typically equal for all cases. Conversely, non-probability sampling techniques involve cases being chosen from the total population without known or equal probabilities for each case.

This study adopted the simple random sampling technique to engage respondents for the study. The justification for this sampling technique is the fact that apart from being scientific and avoiding research bias, it allows equal access of the respondents to make contributions in realizing the research objectives. The study sampled 250 respondents for the study.

3.6 Source of Data

Data in the setting of a research study refers to information acquired throughout the research process. Data can be grouped into two main types: primary and secondary data. Primary data encompasses information that is collected directly through various means like systematic observation, archival records, responses obtained from surveys, interviews, and compiled case studies (Jankuwics, 2020). On the other hand, secondary data consists of a compilation of published and unpublished documents relevant to the research, forming the foundational structure for the research endeavour (Merriam, 2009). In this research, primary data was employed as the main source to gather information. The choice of primary data was made because the researcher aimed to engage directly with the respondents to acquire the necessary information through direct interaction.

3.7 Data Collection Instrument

As asserted by Saunders *et al*. (2012), data collection is concerned with soliciting information from respondents. The study employed a structured questionnaire as the primary data collection instrument. Specifically, this study developed online questionnaire using Google Form to collect the data. It was indicated by Saunders *et al*. (2012) that questionnaire has been dominantly used in business research. The structured questionnaire was developed to include five (5) main sections.

The first section presented the demographics of the respondents which happen to be the control variables. Measurement items under IFRSs adoption and audit quality were presented in Sections B and C respectively. Finally, Sections D and E presented the observed variables under corporate governance and the quality of financial reports respectively. 1-strongly disagree to 5-strongly agree on a five-point Likert scale was adopted for the study. Whiles section A had 3 constant variables; sections B had 6 measurement items. These observed items were adapted from (Sappor et al., 2023). Sections C, and D had 9 and 11 measurement items respectively. Observed variables under section C were adapted from (Marfo-Yiadom et al., 2016) whiles that of section D were adapted from (Kaawaase et al., 2021). The measurement items included in Section E were modified from [Osasere and Ilaboya, 2018; Kaawaase et al., 2021].

3.8 Data Collection Procedure

The respondents were reached through electronic questionnaire developed using Google form. The reason for the choice of this medium is the long distances among the 16 regions as well as the the imposition of curfew at the time of conducting this study by the Government of Ghana on Bawku Municipality and its environs in the Upper East region. This enabled the author to include manufacturing firms from all the 16 regions in Ghana. With regards to how the respondents got access to the electronic questionnaire, it was sent to the various social media platforms of manufacturing firms by engaging informants. The author equally e-mailed the electronic questionnaire to respondents that had their e-mails on their websites. Phone calls were also placed to respondents that had only contact numbers without e-mails on their websites. Each manufacturing firm was expected to respond to a questionnaire with any management staff that had the needed knowledge about the firm, and the constructs to provided responses to the measurement items.

3.9 Data Validity and Reliability

3.9.1 Evaluation of Common Method Bias

When utilizing questionnaires to assess opinions, it's crucial to recognize that the formulation of the questionnaire can impact the likelihood of obtaining diverse responses, a phenomenon referred to as Common Method Bias (CMB). Therefore, it becomes necessary to employ systematic and statistical methods to assess the presence of this bias, as recommended by Podsakoff et al. (2012). Consequently, a pilot test was conducted by the author to ensure that all statements were clear and unambiguous, thus enhancing content validity. Additionally, specific labels such as "1=Strongly Disagree, 2=Disagree, 3=Indifferent, 4=Agree, and 5=Strongly Agree" were assigned to each point on the Likert scale. In terms of statistical analysis, the widely recognized Harman's one-factor test was employed to detect the presence of CMB. This test suggests that CMB is present if a single factor explains 50% or more of the variance among the measurement items. The results of Harman's one-factor test, conducted in SPSS, indicated that the measurement items were not affected by CMB, as the first factor accounted for a total variance of 40.786%.

3.9.2 Convergent Validity

The study used a number of measures, such as Cronbach Alpha (CA), Average Variance Extracted (AVE) and Composite Reliability (CR), to evaluate the instrument's reliability. Each scale was evaluated for reliability as they addressed distinct issues, ensuring internal consistency. For reliability, the study aimed to achieve values of 0.70 or higher for the Cronbach's Alpha

Coefficient, a minimum AVE of 0.5, and a minimum CR of 0.7. These reliability thresholds were satisfied for each and every construct, according to the results, which are shown in Table 3.1.

Table 3.1 Convergent Validity and Reliability

Latent Variable	Number of Items	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
IFRSs Adoption	4	0.898	0.958	0.820
Audit Quality	5	0.966	0.921	0.746
Corporate Governance	4	0.876	0.875	0.638
Financial Reporting Quality	4	0.879	0.871	0.629

Source: Researcher's Field Work (2023)

3.9.3 Discriminant Validity

According to Trochim and Donnelly (2001), assessing discriminant validity, measurement items' degree of within one construct do not exhibit significant correlations with measurement items from different constructs. As recommended by Fornell and Larcker (1981), the square root of Average Variance Extracted (√AVE) was compared with inter-correlation coefficients in this study to measure discriminant validity. The results, presented in Table 3.2, demonstrate that the dataset successfully established discriminant validity, as the lowest √AVE value, 0.793, exceeds the highest correlation coefficient, 0.624. Additionally, to examine multicollinearity, correlation coefficients were analyzed, following the guidance of Borah et al. (2021). When correlation coefficients rise above 0.7, multicollinearity becomes an issue, according to Tabachnick et al. (2007). However, in the present study, the highest correlation coefficient reported was 0.624, indicating that all correlation coefficients remained below the 0.7 threshold, and multicollinearity was absent.

Table 3.2 Discriminant Validity

	FirmAge	Size	Leverage	FSA	QUA	CPG	FRQ
FirmAge	_						
Size	.065	_					
Leverage	.156*	-.112	_		.		
FSA	-.027	-.028	-.023	***.906***			
QUA	.129*	.018	.211**	.294**	***.864***		
CPG	.014	.011	.077	.165**	.358**	***.799***	
FRQ	-.065	.043	.092	.146*	.405**	.624**	***.793***

- The correlation is statistically significant at the 0.05 level (two-tailed).

- The correlation is highly statistically significant at the 0.01 level (two-tailed).

- The square root of the Average Variance Extracted (√AVE) is indicated by being in bold, italics, and underlined.

Source: Researcher's Field Work (2023)

3.9.4 Exploratory Factor Analysis (EFA)

EFA assesses whether the observed variables are appropriately linked to their respective underlying latent variables. This study involved five latent variables: IFRS Adoption, Audit Quality, Corporate Governance, and Financial Reporting Quality. Initially, based on the questionnaire (Appendix I), IFRS Adoption had six measurement items, Audit Quality had nine measurement items, Corporate Governance had eleven measurement items, and Financial

Reporting Quality had 8 observed variables. After the removal of observed variables which had factor loadings less than 0.5 and items that loaded onto multiple constructs, the study retained 4 measurement items for IFRS Adoption, 5 for Audit Quality, 4 for Corporate Governance, and 4 for Financial Reporting Quality.

To assess this adequacy of the EFA results, certain criteria need to be met. The Total Variance Extracted should be equal to or greater than 50%, and in this study, it was achieved at 78.858%. The study obtained a value of 0.884 for the Kaiser-Meyer-Olkin measure of sample adequacy, which should be at least 0.6. The Bartlett's Sphericity Test, indicating the degree of association among variables, should be statistically significant. In this study, the Chi-Square (X2) value of 3532.410 was found to be statistically significant at the 0.000 level. Finally, the Determinant of Correlation, reflecting the positive definiteness in the data, should not be zero (0). The results presented in Table 3.3 demonstrate that the Determinant of 4.718E-7 is not zero, indicating the data's positive definiteness. In summary, the results obtained from the EFA are suitable for Confirmatory Factor Analysis.

Table 3.3 Exploratory Factor Analysis (EFA)

	Component			
Measurement Items	**1**	**2**	**3**	**4**
QUA1	.901			
QUA2	.913			
QUA3	.919			
QUA4	.909			
QUA5	.884			
FSA1		.877		
FSA2		.886		
FSA3		.875		
FSA4	·	.815		
CPG1			.716	
CPG2			.827	
CPG3			.846	
CPG4			.799	
FRQ1				.732
FRQ2				.866
FRQ3				.822
FRQ4				.744

Total Variance Explained		*78.858%*
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		*.884*
Bartlett's Test of Sphericity	*Approx. Chi-Square*	*3532.410*
	Df	*136*
	Sig.	*.000*
a. Determinant		4.718E-7

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

Source: Researcher's Field Work (2023)

3.9.6 Confirmatory Factor Analysis (CFA)

The CFA results, as displayed in Table 3.4 and Figure 3.1, were computed after conducting the EFA and meeting the relevant criteria. Notably, the threshold of 0.5 was exceeded for all the measurement variables in the standardized factor loadings, implying that each measurement item significantly contributed to the explanation of its respective latent variable. In evaluating the model's appropriateness, the study adhered to the criteria delineated by Hair et al. (2010). According to these standards, the CMIN/DF ratio should be equal to or less than 3, the GFI (Goodness of Fit Index) should be 0.8 or higher, PClose should exceed 0.05, the TLI (Tucker-Lewis Index) should be 0.9 or greater, the CFI (Comparative Fit Index) should be 0.9 or higher, the RMSEA (Root Mean Square Error of Approximation) should be equal to or less than 0.08, and the RMR (Root Mean Square Residual) should be 0.08 or less. The results in Table 3.4 demonstrated that all these benchmarks were met. Therefore, it was concluded that the dataset appropriately conformed to the estimated model.

Table 3.4 Confirmatory Factor Analysis (CFA)

Model-fit Indices CMIN=217.768; DF=112; CMIN/DF=1.944; GFI=.906; PClose=.060; TLI=.963; CFI=.970; RMSEA=.062; RMR=.045	**Factor Loading**
IFRSs Adoption (IFR)	
FSA1	.852
FSA2	.860
FSA3	.848
FSA4	.759
Audit Quality (AUD)	
QUA1	.904
QUA2	.944
QUA3	.940
QUA4	.926
QUA5	.894
*Corporate Governance (*GOV*)*	
CPG1	.761
CPG2	.839
CPG3	.880
CPG4	.737
Financial Reporting Quality (REP)	
FRQ1	.704
FRQ2	.780
FRQ3	.874
FRQ4	.814

Source: Researcher's Field Work (2023)

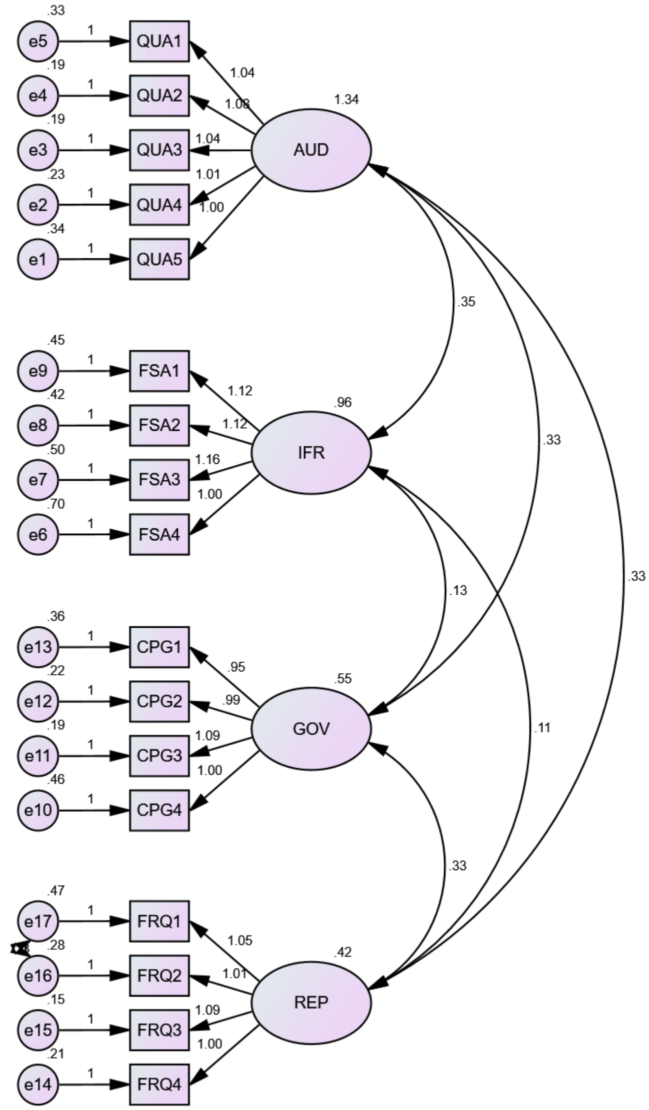

Figure 3.1 Confirmatory Factor Analysis

Source: Researcher’s Field Work (2023)

3.10 Structural Equation Modeling

In the conducted study, Structural Equation Modeling (SEM) was employed as part of the methodology to assess the relationships between latent variables. Following the completion of Exploratory Factor Analysis (EFA) and adherence to the criteria outlined by Hair et al. (2010), the Confirmatory Factor Analysis (CFA) was performed. As illustrated in Table 3.4 and Figure 3.1, the CFA results displayed crucial model-fit indices. The CMIN/DF ratio of 1.944 was below the recommended threshold of 3, and other indices such as GFI, PClose, TLI, CFI, RMSEA, and RMR also met the specified criteria. The standardized factor loadings in Table 3.4 indicated that each measurement item for latent variables, including IFRS Adoption, Audit Quality, Corporate Governance, and Financial Reporting Quality, surpassed the threshold of 0.5. These results collectively affirmed the appropriateness of the dataset conforming to the estimated SEM. Consequently, the study provides a robust foundation for exploring the intricate relationships among the variables of interest in the context of accounting research (Hair et al., 2010).

3.11 Data Analysis

The process of analysing the data involves evaluating the collected data to meet the study's objectives. For data analysis, we utilized SPSS (version 23), Amos (version 23), and Microsoft Excel. Structural Equation Modelling (SEM) in AMOS was specifically employed to analyze the gathered data. Initially, we conducted a descriptive analysis of the respondents' demographics. We used frequency distributions and percentages to summarize the demographic data. Subsequently, we performed a descriptive analysis of the primary constructs, which encompassed IFRSs Adoption, Audit Quality, Corporate Governance, and Financial Reporting Quality. To describe these constructs, we calculated mean scores and standard deviations. For the study's objectives, we conducted Path Analysis to obtain the results. Finally, we ran a two-way interaction analysis to further address the fourth objective of the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.0 Introduction

The study assessed the moderation effect of corporate governance in the nexus between IFRSs adoption, audit quality, and reporting quality among manufacturing firms in Ghana. This chapter provides an overview of the results derived from the data analysis. It involves a comprehensive examination of the statistics to extract meaningful insights. The discussion is centered around the study's four primary objectives, namely: the impact of IFRSs on financial reporting quality, the influence of audit quality on financial reporting quality, the impact of corporate governance on financial reporting quality, and the moderating role of corporate governance in the relationship between IFRSs adoption and financial reporting quality. Additionally, this chapter encompasses an analysis of respondents' characteristics and a descriptive assessment of variables, including IFRSs adoption, audit quality, corporate governance, and financial reporting quality. The data analysis was conducted using various techniques, such as frequencies, percentages, mean scores, and Structural Equation Modelling (SEM), to interpret and present the findings.

4.1 Respondents Characteristics

From Table 4 it could be inferred that, 33.6% of the participants had employees ranging below 20, 36.0% of the respondents had employees ranging from 20 to 40, 10.0% of the respondents had employees ranging from 41 to 60, 8.4% of the respondents had employees ranging from 61 to 80, 5.2% of the respondents had employees ranging from 81 to 100, with the remaining 6.8% above 100 employees. Thus, the majority of the respondents had employees ranging from 20 to 40.

Moderately geared firms dominated the study, comprising 46.8% of the total sample with the minority (16.0%) lowly geared. However, 37.2% were highly geared. This means a larger percentage of the respondents are being moderately financed with debt. According to the respondents' firm age distribution, 17.2% of them were under five years old, 21.6% were between five and ten years old, 17.2% were between eleven and fifteen years old, 24.5% were between sixteen and twenty years old, and 24.0% were beyond twenty years old. Thus, the age range of the majority of respondents was 16 to 20 years old.

Table 4.1 Respondents' Demographics

Variable	**Responses**	**Frequency (*N*)**	**Percentages (*%*)**
Firm Size	Below 20 employees	84	33.6
	20-40 employees	90	36.0
	41-60 employees	25	10.0
	61-80 employees	21	8.4
	81-100 employees	13	5.2
	Above 100 employees	17	6.8
	Totals	***250***	***100.0***
Leverage	Lowly geared	40	16.0
	Moderately geared	117	46.8
	Highly geared	93	37.2
	Totals	***250***	***100.0***
Firm Age	Less than 5 years	31	17.2
	5-10 years	31	21.6
	11-15 years	51	17.2
	16-20 years	77	24.5
	Above 20 years	60	24.0
	Totals	***250***	***100.0***

Source: Field Work (2023)

4.2 Descriptive Analysis

4.2.1 IFRSs Adoption

The data for this construct was analyzed and presented in Table 4.2. Respondents provided their ratings on a Likert scale ranging from 1 (indicating "strongly disagree") to 5 (indicating "strongly agree"). For ease of interpretation, mean scores exceeding 3 were categorized in the 'agree' range, while mean scores below 3 were categorized in the 'disagree' range. The total mean score for IFRSs Adoption was found to be 3.418, which is above 3. Consequently, it can be concluded that the respondents generally agreed that their firms have adopted IFRSs. Additionally, it was observed that all four individual measurement items within this construct received mean scores exceeding 3. This implies that respondents expressed agreement regarding various aspects, including the use of accrual based IFRSs for financial statements, the presence of accounting systems that align with IFRSs, the involvement of Chartered Accountants in facilitating IFRSs adoption, and the appraisal of the accounting department's performance in IFRSs adoption.

Table 4.2 IFRSs Adoption

Variables	**Mean**	**Std. Deviation**
My organisation uses accrual bases IFRSs to present financial statements	3.356	1.291
My firm has accounting systems in place to practice IFRSs	3.332	1.279
My entity has Chartered Accountants to facilitate IFRSs adoption	3.440	1.341
My firm appraises the accounting department on IFRSs adoption	3.544	1.292
Total	***3.418***	***1.139***

Source: Field Work (2023)

4.2.2 Audit Quality

The data analysis for this construct was displayed in Table 4.3. Respondents used a Likert scale ranging from 1 (indicating "strongly disagree") to 5 (indicating "strongly agree") to respond to the measurement items. Mean scores above 3 were categorized as indicative of the respondents being in agreement, while mean scores below 3 were categorized as indicative of disagreement. The overall mean score for Audit Quality was found to be 3.808, which is above 3. Consequently, it can be concluded that the respondents generally agreed that their firms have improved their audit functions. Furthermore, all five individual observed variables within this construct received mean scores exceeding 3. This shows that the respondents agreed on a number of points, including the fact that internal audit units at their companies follow the code of ethics established by the Institute of Internal Auditors, the cumulative experiences and skill sets possessed by audit committee members, the attendance and time allotted by committee members at board meetings, the internal audit unit's routine checks to review actions taken in response to issues raised, and the Continuous Professional Development programmes' regular training and refresher courses for internal audit staff.

Table 4.3 Audit Quality

Variables	**Mean**	**Std. Deviation**
Internal Audit unit adheres to the Institute of Internal Auditors code of ethics	3.780	1.340
The audit committee members have divers experience and skills	3.840	1.329
The audit committee members have time and attend to board meetings	3.796	1.281
Internal Audit unit does regular follow-up to examine actions taken to correct problems identified	3.808	1.269
Internal audit staff get regular training and refresher courses through Continuous Professional Development programs	3.816	1.298
Total	***3.808***	***1.222***

Source: Field Work (2023)

4.2.3 Corporate Governance

The analysis for this construct was outlined in Table 4.4. Respondents used a Likert scale, ranging between 1 (indicating "strongly disagree") and 5 (indicating "strongly agree"), to rate the items for measurement. Mean scores exceeding 3 were considered as indicative of agreement, whereas mean scores below 3 indicated disagreement. The overall mean score for Corporate Governance was determined to be 4.213, which is above 3. This implies that the respondents generally agreed that their firms adhere to principles of corporate governance. Furthermore, all four measurement items within this construct received mean scores exceeding 3. This signifies that the respondents expressed agreement regarding various aspects of corporate governance in their firms. These aspects include their firms' regular convening of annual general meetings to discuss institutional performance, provision of advice by the board to senior management on relevant issues, the board's balanced composition with members possessing skills pertinent to the interpretation of accounting terminology, and the experience of board members who have previously chaired such committees elsewhere.

Table 4.4 Corporate Governance

Variables	**Mean**	**Std. Deviation**
The board regularly calls for annual general meeting every year to discuss the institution’s performance	4.276	.927
Board members advise senior management on way forward on pertinent issues	4.272	.872
Our board is balanced in terms of skills that are relevant for interpretation of accounting terms	4.196	,917
Our board committees have chaired such committees elsewhere	4.108	1.006
Total	***4.213***	***.795***

Source: Field Work (2023)

4.2.4 Financial Reporting Quality

In Table 4.5 the analysis for this construct was shown. Respondents used the Likert scale ranging from 1 (representing "strongly disagree") to 5 (representing "strongly agree") to rate the items of measurement. Mean scores exceeding 3 were categorized as indicative of agreement, while mean scores below 3 were categorized as indicative of disagreement. The overall mean score for Financial Reporting Quality was calculated to be 4.254, which is above 3. This indicates that the respondents generally concurred that their firms have improved their financial reporting. Additionally, all four measurement items within this construct received mean scores exceeding 3. This suggests that the respondents expressed agreement regarding various aspects of financial reporting quality in their firms. These aspects encompass their firms' provision of easily understandable financial reports, the timely availability of financial information, the production of financial information that can be readily compared to that of other entities for decision-making purposes, and the generation of financial information that possesses both confirmatory and predictive value.

Table 4.5 Financial Reporting Quality

Variables	**Mean**	**Std. Deviation**
Our firm provides financial reports that are easily understandable	4.264	.966
Our organisation provides financial information on timely basis	4.244	.841
Our firm produces financial information that are easily comparable to other entities for decision making	4.240	.811
Our organisation provides financial information that is has both confirmatory and predictive value	4.268	.799
Total	***4.254***	***.734***

Source: Field Work (2023)

4.3 Path Analysis

To estimate the route coefficients, the study used Amos software (version 23) using covariance-based structural equation modelling (SEM). The Bias-Corrected (BC) percentile method of bootstrapping, with a 95% confidence level and 5,000 bootstrap samples, was used to provide robust findings. The outcomes of this analysis are shown in Table 4.6 and Figure 4.1. To account for their potential influence on financial reporting quality, the study added control variables for leverage, firm age and size. The results revealed that firm age had a statistically significant negative impact on financial reporting quality ($\beta = -0.066$; $p < 0.01$). In practical terms, this implies that a one percent increase in firm age is associated with a 6.6% decrease in financial reporting quality, all else being equal. However, the relationship between firm size and financial reporting quality was found to be negative but statistically insignificant ($\beta = -0.001$; $p > 0.05$), indicating insufficient statistical evidence to establish a significant association between firm size and financial reporting quality. Similarly, leverage was observed to have a positive but statistically insignificant effect on financial reporting quality ($\beta = 0.035$; $p > 0.05$), highlighting a lack of adequate statistical support to confirm the relationship between leverage and financial reporting quality.

4.3.1 Effect of IFRSs Adoption on Financial Reporting Quality

Regarding the specific paths being nvestigated, it was observed that the implementation of IFRSs had an insignificant and adverse impact on the financial reporting quality of the manufacturing firms ($\beta = -0.002$; $p > 0.05$). Consequently, there exists insufficient statistical support to establish a significant influence of IFRSs adoption on financial reporting quality. Based on these results, the study contends that the use of IFRSs has no discernible impact on financial reporting quality. In terms of empirical evidence, this finding diverges from the conclusions of a prior study conducted by Mensah (2021), which indicated a statistically significant negative relationship between IFRSs adoption and quality of financial reports.

4.3.2 Effect of Audit Quality on Financial Reporting Quality

The influence of the quality of audit on financial reporting quality was determined to be significant statistically and positive ($\beta = 0.496$; $p < 0.01$). This implies that an increment in audit quality is associated with a 49.6% increase in financial reporting quality, and vice versa. In real terms, this means that in organisations where the internal audit unit abides by the code of ethics established by the Institute of Internal Auditors, where committee members of audit actively participate in board meetings, where the internal audit unit conducts routine follow-up to assess actions taken to address identified issues, and where internal audit staff regularly undergo training and professional development programmes, financial reports are more understandable, financial information is provided promptly, and financial information serves both a confirmatory and predictive purpose. It is significant to highlight that the results of this study do not support the conclusions of Lin and Hwang (2010), who found a negative correlation between the quality of financial reporting and audit quality.

4.3.3 Effects of Corporate Governance on Financial Reporting Quality

Corporate governance and the quality of financial reporting have a statistically significant and positive link ($\beta=0.496$; $p<0.01$), according to this study. This signifies that a percentage increase in corporate governance is associated with a 49.6% improvement in financial reporting quality. In practical terms, this suggests that firms where the board consistently convenes annual general meetings to assess the company's performance, provides guidance to senior management on critical matters, maintains a well-balanced board with skills relevant to interpreting accounting principles, and has board members with experience in similar roles tend to produce financial reports that are easily comprehensible, deliver financial information in a timely manner, generate financial data that can be readily compared to that of other entities for informed decision-making, and offer financial information that confirms past trends and predicts future outcomes. It is noteworthy that these findings diverge from those of Lin and Hwang (2010), who reported a negative correlation between corporate governance and financial reporting quality.

4.3.4 Moderation role of Corporate Governance in the relationship between IFRS Adoption and Financial Reporting Quality

The results of the study, as depicted in Table 4.6, highlight a statistically significant positive influence of the interaction between the adoption of IFRSs and corporate governance (FSA_CPG) on financial reporting quality ($\beta = .068$; p-value < 0.01). This implies that when corporate governance is involved in the connection between the quality of financial reporting and the adoption of IFRSs, it enhances the connection in a positive manner. Figure 4.2 visually illustrates that both high levels of IFRSs adoption and corporate governance (represented by the red line) correspond to improvements in financial reporting quality. Conversely, both low levels of IFRSs adoption and corporate governance (indicated by the blue line) lead to declines in financial reporting quality. These results offer strong evidence in support of the hypothesis that corporate governance has a positive and statistically significant moderating effect on the relationship between the adoption of IFRSs and the calibre of financial reporting.

Table 4.6 Path Coefficients

Paths	Unstd. Estimates	S. E.	C. R.
Firm Age → REP	-.066	.025	-2.609**
Firm Size → REP	-.001	.022	-.039
Leverage → REP	.035	.048	.726
IFR → REP	-.002	.036	-.044
AUD → REP	.133	.030	4.433**
GOV → REP	.496	.060	8.250**
FSA_CPG → REP	.068	.033	2.050**

Bias-Corrected (BC) Percentile Method, involving 5000 Bootstrap samples at a 95% Confidence level, was employed for the analysis.
** indicates statistical significance at the 5% level (0.05),*
*** indicates statistical significance at the 1% level (0.01).*

Source: Authors' Field Work (2023)

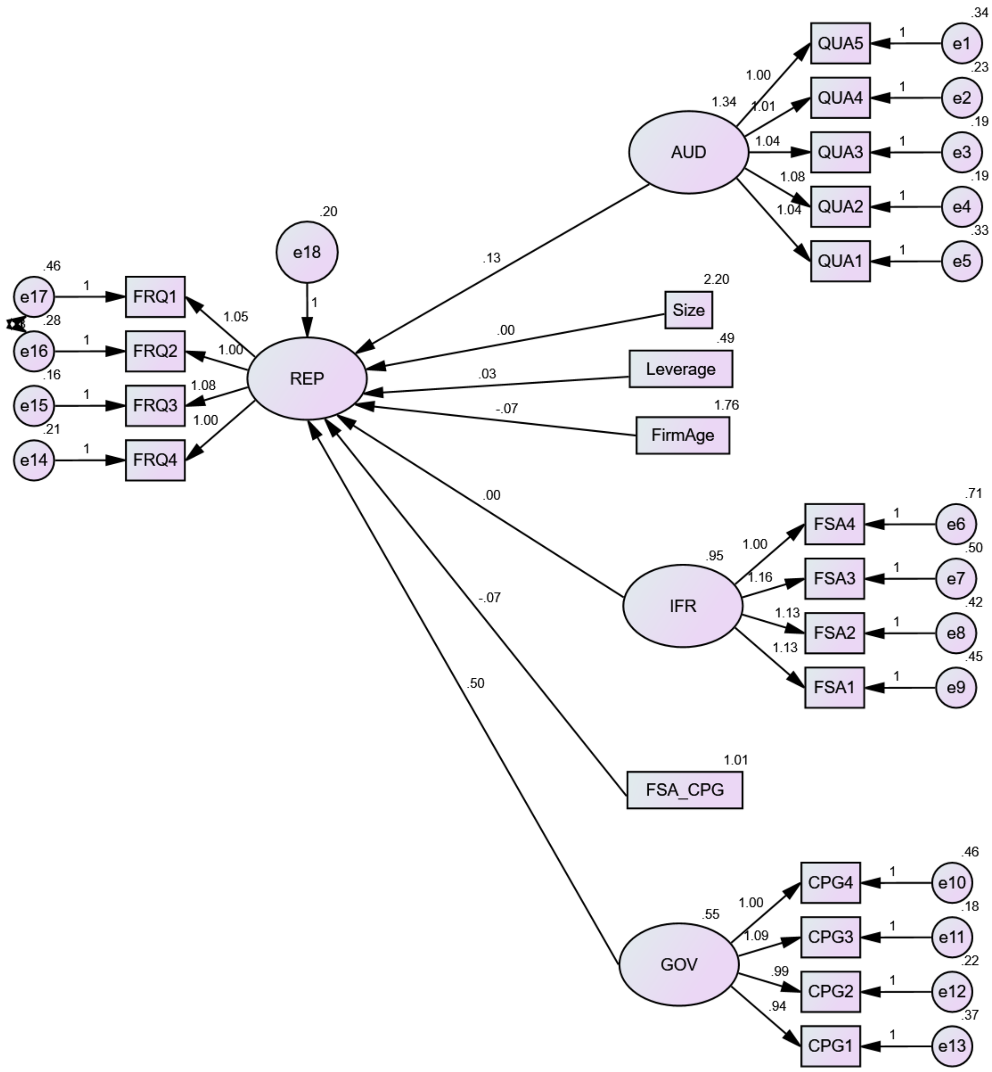

Figure 4.1 Structural Equation Model

Source: Field Work (2023)

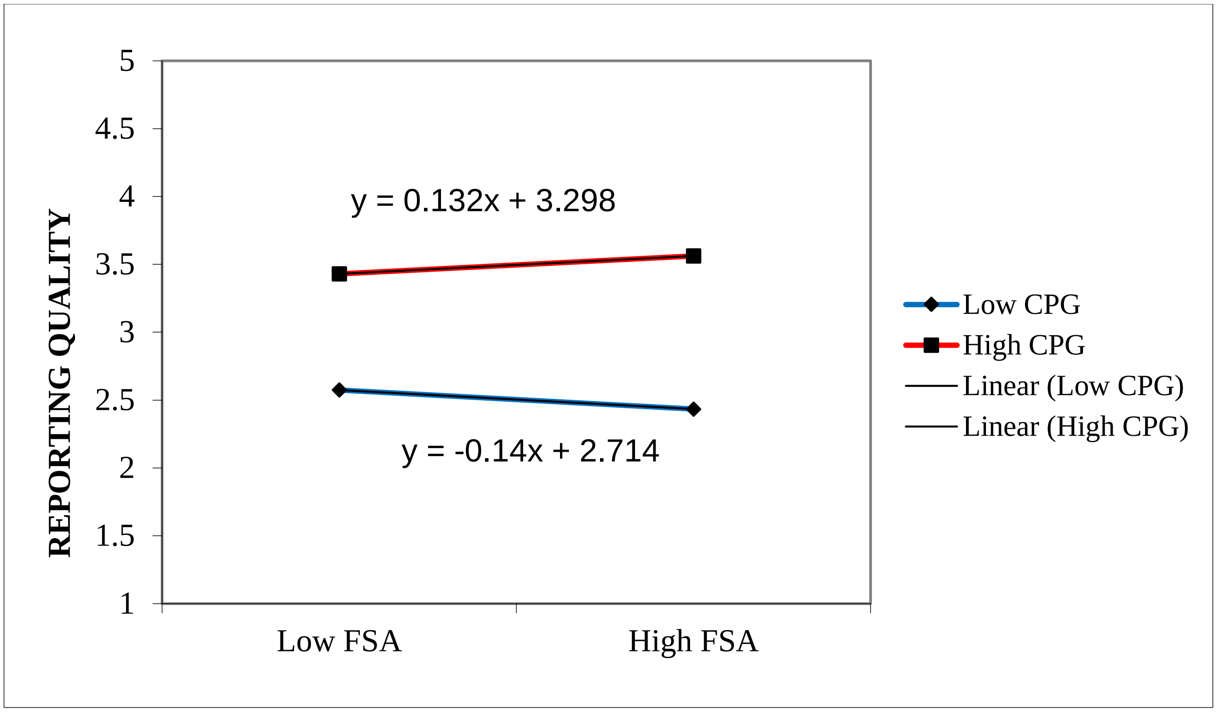

Figure 4.2 Two-Way Interaction

Source: Field Work (2023)

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

The study evaluated how corporate governance moderates the relationship between Ghanaian manufacturing businesses' adoption of IFRSs, audit quality, and reporting quality. After a thorough examination of relevant literature, the implementation of suitable research methods, and meticulous data analysis, it is crucial to summarise the principal discoveries of this investigation. The impact of IFRS adoption on financial reporting quality, the effect of audit quality on financial reporting quality, the impact of corporate governance on financial reporting quality, and the role of corporate governance as a moderator in the relationship between IFRS adoption and financial reporting quality are all covered by these results. This chapter also concludes with conclusions drawn from the data and presents a list of suggestions meant to enhance the quality of financial reporting.

5.1 Summary of Findings

5.1.1 Effects of IFRSs Adoption on Financial Reporting Quality

Upon completion of the research, it was revealed that the effect of IFRSs adoption on financial reporting quality was negative but statistically negligible. This connotes that the study found inadequate statistical evidence to establish that manufacturing firms that use accrual bases IFRSs to present financial statements, have accounting systems in place to practice IFRSs, have Chartered Accountants to facilitate IFRSs adoption, and appraise the accounting department on IFRSs adoption provide financial reports that are easily understandable, provide financial information on timely basis, produce financial information that are easily comparable to other entities for decision making, and provide financial information that is has both confirmatory and predictive value.

5.1.2 Effects of Audit Quality on Financial Reporting Quality

The results of the study showed a statistically significant and favorable correlation between the caliber of financial reporting and audit quality. Put another way, companies in the manufacturing sector that have internal audit units that rigorously follow the code of ethics established by the IIA, members of the audit committee with a variety of experiences and skills, committee members who willingly put in time and attend board meetings, internal audit units that regularly monitor the corrective action taken for identified issues, and internal audit staff that regularly participate in training sessions and refresher courses offered by Continuous Professional Development programmes are more likely to improve the quality of their financial reporting. This improvement is manifested through the production of financial reports that are easily comprehensible, the timely provision of financial records, the creation of accounting information that can be readily compared to other entities for accurate decision-making, and the generation of accounting information that holds both confirmatory and predictive value.

5.1.3 Effects of Corporate Governance on Financial Reporting Quality

The study established a notable and positive statistical nexus between corporate governance practices and the financial reporting quality within manufacturing firms. This implies that in such firms, where corporate boards consistently convene annual general meetings to deliberate on organizational performance, offer guidance to senior management on pertinent matters, maintain a balanced composition of skills relevant to accounting interpretations, and where board members have experience in leading such committees, there is an observable tendency to enhance financial reporting. This enhancement is characterized by the production of financial reports that are easily comprehensible, the provision of accounting information in a timely manner, creation of financial information that facilitates comparisons with other entities for decision-making, and the presentation of financial information with both confirmatory and predictive value.

5.1.4 Moderation role of Corporate Governance in the relationship between IFRSs Adoption and Financial Reporting Quality

The research outcome indicate that corporate governance plays a positive moderating role in the nexus between the adoption of IFRSs and the financial reporting quality. In essence, the presence of effective corporate governance mechanisms is crucial for IFRSs adoption to exert a substantial effect on the financial reporting quality. Consequently, manufacturing firms that place a strong emphasis on corporate governance are more likely to enhance financial reporting quality through the adoption of IFRSs compared to firms with lesser focus on corporate governance. In manufacturing firms, the use of accrual based IFRSs for financial statement presentation, the establishment of accounting systems compliant with IFRSs, the involvement of Chartered Accountants in facilitating IFRSs adoption, and providing oversight regarding IFRSs adoption within the accounting department are associated with enhanced financial reporting practices. Specifically, these firms tend to offer financial reports that are easily comprehensible, furnish financial information in a timely manner, generate financial information that is readily comparable to that of other entities for informed decision-making, and provide financial information with both confirmatory and predictive value. Furthermore, when the company's board of directors consistently convenes annual general meetings to deliberate on the organization's performance, offers guidance to senior management on strategic matters, maintains a balanced composition of board members possessing skills relevant for interpreting accounting concepts, and these members have prior experience in chairing pertinent committees, it contributes positively to the improvement of financial reporting.

5.2 Conclusion

In conclusion, this research aimed to examine the multifaceted dynamics influencing the financial reporting quality of non-listed manufacturing firms in Ghana. The investigation delved into the effects of International Financial Reporting Standards (IFRS) adoption, audit quality, and corporate governance on the quality of financial reports, providing nuanced insights into each objective.

Firstly, concerning the adoption of IFRS, the findings suggested a negative, though statistically negligible, impact on financial reporting quality. While accrual-based IFRS usage and supportive accounting systems may not significantly enhance reporting quality, the involvement of Chartered Accountants and effective oversight within the accounting department positively contributed to the understandability, timeliness, comparability, and value of financial reports.

Secondly, the study revealed a noteworthy and statistically significant correlation between audit quality and financial reporting quality. Non-listed manufacturing firms with internal audit units adhering to the Institute of Internal Auditors (IIA) code of ethics, diverse and actively engaged audit committees, as well as regular monitoring and training, exhibited enhanced financial reporting. These improvements encompassed comprehensibility, timeliness, comparability, and the incorporation of both confirmatory and predictive value.

Thirdly, the examination of corporate governance practices demonstrated a positive and statistically significant nexus with financial reporting quality in manufacturing firms. Firms with robust corporate governance, including active boards, balanced skill compositions, and experienced members, showcased heightened financial reporting quality. This improvement manifested in reports that were easily understandable, timely, comparable, and possessed both confirmatory and predictive value.

Lastly, the research explored the moderation role of corporate governance in the relationship between IFRS adoption and financial reporting quality. The outcomes underscored the crucial role of effective corporate governance mechanisms in amplifying the impact of IFRS adoption on financial reporting quality. Manufacturing firms prioritizing corporate governance practices were found to be more likely to enhance financial reporting quality through IFRS adoption, emphasizing the significance of board oversight, skilful composition, and experience.

In synthesizing these findings, it is evident that a holistic approach involving the harmonious interplay of IFRS adoption, audit quality, and corporate governance is essential for non-listed manufacturing firms in Ghana to achieve high-quality financial reporting. While IFRS adoption alone may not yield substantial improvements, the complementary roles of effective audit practices and robust corporate governance mechanisms are pivotal in ensuring the production of financial reports that meet international standards, facilitate informed decision-making, and contribute to the overall transparency and reliability of financial information in the non-listed manufacturing sector in Ghana.

5.3 Recommendations

Based on the insights derived from this study, several recommendations are put forward for manufacturing firms to enhance their financial reporting quality. Firstly, it is advisable for these firms to embrace the adoption of IFRSs as a fundamental practice for preparing and presenting their financial statements. To accomplish this, they should specifically utilize accrual based IFRSs, establish robust accounting systems that facilitate the application of IFRSs, engage Chartered Accountants to facilitate the integration of IFRSs, and continually evaluate and appraise the accounting department concerning IFRSs adoption.

The values stated in the code of ethics published by the Institute of Internal Auditors should also be adhered to by the internal audit departments of these companies. In addition to actively participating in board meetings, the audit committee members should have a variety of backgrounds and skill sets. Internal audit units should also regularly perform follow-up evaluations to examine the steps taken to address concerns that have been discovered. Additionally, internal audit personnel have to participate in refresher courses and ongoing training via programmes for continuous professional development.

Furthermore, it is strongly recommended that the management of manufacturing firms prioritize the adherence to corporate governance principles in overseeing and managing their organizations. Key aspects include ensuring that the board consistently convenes annual general meetings to deliberate on the institution's performance, offer valuable guidance to senior management regarding critical matters, maintain a well-balanced board composition featuring skills relevant for the interpretation of accounting terminologies, and involve board members with experience in chairing such committees elsewhere.

These collective actions are poised to enable manufacturing firms to deliver financial reports that are easily comprehensible, provide timely financial information, produce data that can be readily compared to that of other entities, and offer financial information with both confirmatory and predictive value.

5.4 Future Research Suggestion

The sample used in this study consisted of non-listed manufacturing firms in Ghana. To enhance the applicability of future research findings, it is advisable to broaden the scope by incorporating firms operating in the service sector. Additionally, conducting a comparative analysis across different countries or continents, such as comparing Ghana and Nigeria, would yield valuable insights.

Furthermore, this study captured data at a specific point in time. Given that manufacturing firms may react differently to IFRSs adoption under varying market conditions (e.g., bullish, stable, or bear markets), it is recommended that future research adopts a longitudinal approach. This approach would enable the observation of how manufacturing firms respond to IFRSs adoption in diverse market conditions and assess its impact on financial reporting quality over time.

Lastly, this study relied on structured questionnaires with respondents providing feedback using a 5-point Likert Scale. For a more comprehensive understanding of the relationship between IFRSs adoption and financial reporting quality, future research could incorporate interviews to gain deeper insights from respondents, potentially uncovering more nuanced aspects of this relationship.

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APPENDIX

QUESTIONNAIRE

Dear respondent,

*Please could you spend some few minutes to complete this questionnaire? The purpose of the study is to "*assess the role of corporate governance in IFRSs Adoption, Audit Quality, and Reporting Quality in Ghanaian Manufacturing Firms*". This is entirely an academic activity. You are entreated to respond to the questions sincerely since any information provided will strictly be kept confidential. Kindly respond to the* questions by ticking (√) the appropriate response applicable in your case. There is no right or wrong answer.

Section A: Demographics

1. ***Firm Age:***

Less than 5 years [ ]   5-10 years [ ] 11-15 years [ ] 16-20 years [ ] Above 20 years [ ]

2. ***Firm Size***

Below 20 employees [ ]   20-40 employees [ ]   41-60 employees [ ]

61-80 employees [ ]   81-100 employees [ ]   Above 100 employees [ ]

3. **Leverage**

Lowly Geared [ ]   Moderately Geared [ ]   Highly Geared [ ]

Section B: IFRS Adoption

4. Please indicate the extent to which you agree with the following statements regarding the adoption of IFRSs in your organisation. Respond using a Likert scale of: ***1=Strongly disagree, 2=Disagree, 3=Indifferent, 4=Agree and 5=Strongly agree.***

Code	**IFRSs Adoption (Adapted from Sappor et al., 2023)**	**1**	**2**	**3**	**4**	**5**
FSA1	My firm knows the various types of IFRS used in preparing financial statements					
FSA2	My organisation uses accrual bases IFRSs to present financial statements					
FSA3	My firm has accounting systems in place to practice IFRSs					
FSA4	My entity has Chartered Accountants to facilitate IFRSs adoption					
FSA5	My firm appraises the accounting department on IFRSs adoption					
FSA6	Independent party is involved in evaluating the extent of IFRSs adoption by my entity					

Section C: Audit Quality

5. Please indicate the extent to which you agree with the following statements regarding the quality of audit in your organisation. Respond using a Likert scale of: ***1=Strongly disagree, 2=Disagree, 3=Indifferent, 4=Agree and 5=Strongly agree.***

Code	**Audit Quality (adapted from Marfo-Yiadom et al., 2016)**	**1**	**2**	**3**	**4**	**5**
QUA1	Internal Audit unit adheres to the Institute of Internal Auditors code of ethics					
QUA2	The audit committee members have divers experience and skills					
QUA3	Internal Audit unit reports are clear and accurate					
QUA4	The audit committee members have time and attend to board meetings					
QUA5	Internal Audit unit does regular follow-up to examine actions taken to correct problems identified					
QUA6	Internal Audit unit organizes or performs peer reviews or self -assessment of its performance					
QUA7	There is presence of accounting expert on the board					
QUA8	The function of Internal Auditing is done every quarter and for all departments					
QUA9	Internal audit staff get regular training and refresher courses through Continuous Professional Development programs					

Section D: Corporate Governance

6. Please indicate the extent to which you agree with the following statements regarding how your firm is being directed and controlled. Respond using a Likert scale of: ***1=Strongly disagree, 2=Disagree, 3=Indifferent, 4=Agree and 5=Strongly agree.***

Code	**Corporate Governance (Adapted from Kaawaase et al., 2021)**	**1**	**2**	**3**	**4**	**5**
CPG1	Our board ratifies major decisions					
CPG2	The board regularly calls for annual general meeting every year to discuss the institution's performance					
CPG3	Our board monitors management performance					
CPG4	Board members advice senior management on way forward on pertinent issues					
CPG5	Board members delegate authority to management					
CPG6	The board represents the institution's interests in the community					
CPG7	The board sets resources for special projects and goals of the institution					
CPG8	Board members have no conflict of interest					
CPG9	Our board is balanced in terms of skills that are relevant for interpretation of accounting terms					
CPG10	Our board committees have chaired such committees elsewhere					
CPG11	Most of our board members have knowledge in financial statements analysis					

Section E: Financial Reporting Quality

7. Please indicate the extent to which you agree with the following statements regarding the quality of financial reporting in you organisation. Respond using a Likert scale of: ***1=Strongly disagree, 2=Disagree, 3=Indifferent, 4=Agree and 5=Strongly agree.***

Code	**Financial Reporting Quality (Adapted from** Kaawaase et al., 2021; Osasere and Ilaboya, 2018)	**1**	**2**	**3**	**4**	**5**
FRQ1	Our firm provides financial reports that are easily understandable					
FRQ2	Our organisation provides financial information on timely basis					
FRQ3	Our firm produces financial information that are easily comparable to other entities for decision making					
FRQ4	Our organisation provides financial information that is has both confirmatory and predictive value					
FRQ5	Our firm produces neutral financial information that are free from material mistakes					
FRQ6	Our organisation provides financial information that can be verified from their source documents.					
FRQ7	Our annual report format does not change over periods					
FRQ8	Our financial statements contain the necessary detail					

THANK YOU!!!