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COMPLIANCE AND FINANCIAL REPORTING QUALITY OF LISTED

FIRMS IN GHANA: THE ROLE OF CORPORATE GOVERNANCE

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FIRMS IN GHANA: THE ROLE OF CORPORATE GOVERNANCE

BY

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Thesis submitted to the Department of Accounting, School of Business,

College of Humanities and Legal Studies, University of Cape Coast, in partial

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in Accounting

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DECLARATION

Candidate's Declaration

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

Candidate's signature…………………………..   Date……………………

Name: Deborah Esi Gyanba Mbir

Supervisors' Declaration

We hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Principal Supervisor's Signature: ……………………. Date: …………………

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ABSTRACT

The adoption of International Financial Reporting Standards (IFRS) has been presented as a factor that improves the quality of financial reports. However, Ghana has not attained the desired levels of financial reporting quality after the adoption of IFRS in 2007. Lack of proper enforcement of these high-quality standards may result in limited compliance and thus, undermine the effectiveness of these standards in terms of resulting in high-quality financial reports. In addition, corporate governance mechanisms serve as an absorptive capacity in the IFRS adoption-reporting quality relationship. In line with this discourse, this study argues that the relationship between IFRS compliance and reporting quality of listed firms revolves around some corporate governance structures in every economy. Therefore, by using random effect estimation technique, this study found that the right corporate governance mechanisms will enhance the positive effect of IFRS compliance on reporting quality. Also, the study found that the right corporate governance mechanism in itself can enhance reporting quality. This study recommends that to gain an appreciable level of public confidence in the annual reports of firms listed on the Ghana Stock Exchange, audit committee independence and board independence should be strengthened to ensure that management does not only adopt IFRS, but that the standards are actually complied with. Such efforts will yield better results if other corporate governance factors such board size, board gender diversity are checked and properly managed.

KEY WORDS

Corporate Governance

Earnings Management

International Financial Reporting Standard

Listed Firms

Reporting Quality

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DEDICATION

To my mother Lady Alberta Yoyouwa Roberts and my siblings: Grace, Isaac,

Blessed, Eunice, Love Panyin and Kakra, Emma, Jedidiah, and Zoe- Damaris

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LIST OF ACRONYMS

GAAP   Generally Accepted Accounting Principles

GSE   Ghana Stock Exchange

IASB   International Accounting Standards Board

ICAG   Institute of Chartered Accountants Ghana

IFRS   International Financial Reporting Standards

ROSC   Report on the Observance of Standards and Codes

SEC   Securities and Exchange Commission

CHAPTER ONE

INTRODUCTION

International Financial Reporting Standards (IFRS) adoption has been identified in literature as a major factor that affects the financial reporting quality of listed firms, although results from literature are inconsistent as to whether IFRS adoption indeed enhances the quality of financial reports. Empirical works have also narrowly identified corporate governance as a factor that could strengthen the effect of IFRS adoption on reporting quality of financial statements. Perhaps, the interaction of IFRS adoption and other structures of corporate governance will reveal a broader view of the role of corporate governance in the relationship between IFRS adoption and reporting quality of financial statements. Theoretically, this study contributes to extant literature on IFRS adoption, corporate governance, and reporting quality. Practically it aims at providing useful information to policy makers such as the Securities and Exchange Commission (SEC) as well as accounting practitioners to understand the importance of good corporate governance systems in the relationship between IFRS adoption and reporting quality.

Background to the Study

Entities prepare financial statements for the purpose of providing general information that is useful to various stakeholders in making economic decisions. According to the International Accounting Standards Board's (IASB, 2010), the primary objective of financial reporting is to provide high-quality financial reporting information concerning economic entities, primarily financial in nature, useful for economic decision- making. Financial statements also reveal the extent to which management have discharged their

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duty to use the entity's resources effectively and efficiently. Sloan (2001) posited that financial statements provide first source of information about a firm and that in order for financial statements to meet the diverse needs of users, it is necessary that they do not only conform to the IFRS that guide their preparation and presentation, but they must also be of high quality. The provision of high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions to enhance overall market efficiency (IASB, 2006). The IASB in its Conceptual Framework explains that financial information is of quality when it possesses certain qualitative characteristics. In elaborating this, the IASB indicates that information presented in financial statements is of quality when they have the basic qualities of relevance and faithful representation. It further explains that the qualitative characteristics are enhanced if the information is comparable, verifiable, timely and understandable.

Due to the nature of decisions made by users of financial statements, it is imperative that these statements are of high quality and truly present what it purports to be presenting. For instance, when existing or potential investors are making decisions about buying, selling or holding equity and debt instruments, they will depend on the returns that they expect from an investment in those instruments. These expected returns are estimated using the information disclosed by existing financial statements. Thus, accurate decisions will depend on whether financial statements are of high quality or not.

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As a result of this, countries as well as firms have heightened the use of compulsory or voluntary disclosure requirements through conceptual and legal frameworks. Various conceptual and legal frameworks guide the preparation and presentation of financial statements in various jurisdictions. For instance, the IFRS, which was developed by the IASB was intended to be used worldwide to harmonize and guide the preparation and presentation of financial statements in various jurisdictions. As at 2018, 158 countries worldwide had adopted the IFRS. In Ghana, the Institute of Chartered Accountants, Ghana (ICAG) is the relevant jurisdiction authority with the mandate to regulate the accountancy profession, as well as setting professional standards. Based on the recommendations of the Report on Observance of Standards and Codes issued by the International Monetary Fund (ROSC, 2004), the Institute adopted the IFRS to replace the Ghana National Accounting Standards in 2007. These standards were put in place to ensure that firms become internationally competitive and to improve the reporting quality of firms (IASB, 2010).

In accessing the jurisdictional profile of Ghana, the IASB found that Ghana has made a significant commitment to the adoption of IFRS. For instance, the Ghana Stock Exchange (GSE), as part of their listing rules, requires companies to prepare their financial statements in accordance to the Ghana National Accounting Standards as issued by the ICAG. In addition, the IFRS for Small and Medium- Sized Enterprises (SMEs) was adopted in Ghana in 2010. These actions fall in line with the IASB's requirement for all domestic and foreign companies whose securities trade on a public market to use the IFRS in their consolidated financial statements as well as in their

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separate financial statements. Furthermore, the preparation and reporting of the financial statements of all government business enterprises, banks, insurance companies, securities brokers, pension funds, and public utilities, whether or not their securities trade in a public market should be guided by the IFRS. Any other business entity whose securities do not trade in a public market are permitted, although not necessarily required, to use either full IFRS or the IFRS for SMEs.

From Enron to recent global financial crisis, the importance of good corporate governance in enhancing transparency and accountability cannot be ignored (Aksu & Espahbodi, 2016). According to Habib and Jiang (2015), corporate governance is a set of mechanisms that enables outside stakeholders to shield themselves against expropriation by insiders. Such mechanisms could be internal or external. Habib and Jiang (2015) further explain that the board of directors is used as a primary internal mechanism whilst mechanisms such as external auditors and non- executive managers are used as external mechanisms. Eventually such mechanisms are to ensure a high quality financial reporting which would lead to accountability as well as effective and efficient allocation of resources.

The collapse of Unique Trust Bank and Capital Bank Limited in 2017, which was subsequently followed by collapse of other financial institutions, raised questions about the corporate governance situation in Ghana. The revoking of their license became necessary due to liquidity challenges, poor corporate governance practices, solvency challenges among other factors (Bank of Ghana, 2019). These companies were faced with huge capital inadequacy problems although the values on their financial statements from

previous years which were prepared based on IFRS suggested otherwise. This means that those financial reports lacked the quality of faithful representation. In line with this, IFRS may not lead to an appreciable level of reporting quality in the presence of poor corporate governance practices.

Statement of the Problem

Generally, the adoption of IFRS is expected to improve reporting quality of financial statements. Therefore, after the adoption of IFRS in various jurisdictions, many empirical works have been done to assess the consequence of IFRS adoption on financial reporting quality (Meeks & Swann, 2009; Agyei-Mensah, 2013; Amidu, Yorke, & Harvey, 2016). Empirical studies however, show inconsistent findings in relation to the effect of IFRS adoption on reporting quality. Some empirical works reveal that reporting quality have improved in countries that have adopted IFRS than countries that have not (Meeks & Swann, 2009; Chua, Cheong, & Gould, 2012). On the other hand, other studies conclude that reporting quality deteriorated with the adoption of IFRS (Ahmed, Neel, & Wang, 2013, Lin, Riccardi & Wang, 2012; Jeanjean & Stolowy, 2008). Yet still, another stance is that there is no significant improvement in reporting quality after the adoption of IFRS (Kao & Wei, 2014; Christensen, Lee & Walker, 2015).

Although the adoption of IFRS is expected to ensure high quality financial reports, Amidu, Yorke, and Harvey (2016) argued that the mixed evidence presented by various empirical literature could be because, IFRS in isolation does enhance reporting quality unless mechanisms are put in place to ensure compliance to these standards. Ahmed (2013) thus posited that the

effectiveness of IFRS adoption in ensuring reporting quality critically depends on the efficacy of enforcement mechanisms of the IFRS.

The situation is not much different in Ghana. According to the Report on the Observance of Standards and Codes (ROSC, 2014) by the World Bank, although Ghana has made some progress in the adoption of IFRS, more work needs to be done to improve reporting quality. This creates the assumption that although IFRS adoption predictably is associated with improvement in reporting quality of financial statements, lack of proper enforcement of these high-quality standards may result in limited compliance, thereby undermining the effectiveness of these standards in producing high-quality information (Barth, Landsman, & Lang, 2008).

Similarly, Armstrong, Barth, Jagolinzer, and Riedl (2012) argued that lack of proper enforcement mechanisms can lead to variations in the implementation and enforcement of IFRS which eventually results in increase in opportunistic managerial discretion, thus undermining the effectiveness of IFRS in producing high-quality information. Therefore, it cannot be assumed that IFRS adoption will necessarily lead to high quality financial reports in all jurisdictions. In addition, Kothari (2000) postulated that weak enforcement of accounting standards will lead to poor accounting information quality regardless of the quality of accounting standards.

Despite the extensive literature on IFRS adoption and reporting quality, most of such literature have focused on how the adoption of these accounting standards affect the quality of financial reports and not the effect of actual compliance of the standards. Literature on reporting quality (for instance, Kothari, 2000; Barth, Landsman, & Lang, 2008; Armstrong, Barth,

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Jagolinzer, & Riedl, 2012) theoretically link the quality of accounting information to the effective enforcement and implementation of accounting standards. However, no empirical research in Ghana explores the relationship between the actual compliance with accounting standards and the quality of accounting information of financial statements. Literature on IFRS compliance in Ghana so far have focused on the level of compliance and how the level of compliance is associated with company attributes such as size, profitability, leverage, firm age , auditor type, internationality and industry type (Marfo-Yiadom & Atsunyo, 2014; Appiah, Awunyo-Vitor, Mireku, & Ahiagbah, 2016). Thus, a gap that remains in extant literature is the examination of the relationship between actual compliance to IFRS and reporting quality of firms listed on the GSE.

In addition, although IFRS adoption without compliance does not necessary lead to high reporting quality, there is yet to be a study that examines the relationship between IFRS compliance and reporting quality when good enforcement mechanisms are put in place. Krismiaji, Aryani, and Suhardjanto (2016) advanced the relevance of corporate governance structures to reporting quality by arguing that IFRS adoption in firms with proper board governance increased the value relevance of their financial statements than firms without proper board governance. However, board governance only forms a dimension of corporate governance. Other literatures have argued the importance of other dimensions of corporate governance to reporting quality. For instance Vafeas (2000) posited that board size plays a key role in ensuring reporting quality. Also, Chen, Cheng, and Wang found that higher level of board independence will check the manipulations of discretionary accruals.

Kukah, Ahmidu and Abor (2016) found evidence that board diversity increases reporting quality. Nelson and Devi (2013) argued that audit committee independence impedes misstatements in financial reports thereby enhancing reporting quality.

Thus, adopting a similar approach by Krismiaji, et al. (2016), this study fills another gap in literature by examining whether, the presence or absence of other corporate governance structures such as board size, board independence, board diversity, and audit committee independence would strengthen or weaken the relationship between IFRS compliance and reporting quality.

Purpose of the Study

The purpose of the study was to examine the role of corporate governance plays in the relationship between IFRS compliance and reporting quality of firms listed on the Ghana Stock Exchange (GSE).

Research Objectives

The research objectives were to:

1. Examine the effect of IFRS compliance on reporting quality of firms listed on the GSE;

2. Assess the effect of corporate governance structures (board size, board independence, board diversity, and audit committee independence) on reporting quality of firms listed   on the GSE;

3. Examine the role of corporate governance structures (board size, board independence, board diversity, and audit committee independence) in the relationship between IFRS compliance and reporting quality of firms listed on the GSE.

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Research Hypothesis

H_1: There is a significant positive relationship between IFRS adoption and reporting quality of firms listed on the GSE

H_{2a}: There is a significant positive relationship between board size and reporting quality of firms listed on the GSE.

H_{2b}: There is a significant positive relationship between board independence and reporting quality of firms listed on the GSE.

H_{2c}: There is a significant positive relationship between board diversity and reporting quality of firms listed on the GSE.

H_{2d}: There is a significant positive relationship between audit committee independence and reporting quality of firms listed on the GSE.

H_{3a}: There is a significant positive effect of board size on the relationship between   IFRS compliance and reporting quality of firms listed on the GSE.

H_{3b}: There is a significant positive effect of board independence on the relationship between   IFRS compliance and reporting quality of firms listed on the GSE.

H_{3c}: There is a significant positive effect of board diversity on the relationship between   IFRS compliance and reporting quality of firms listed on the GSE.

H_{3d}: There is a significant positive effect of audit committee independence on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.

Significance of the Study

The significance of this study is viewed in two strands: research and policy. In research, this study will contribute to existing literature on IFRS compliance, corporate governance and reporting quality, especially the case of

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firms listed on the GSE. For policy, this study will also be useful securities regulators (Security and Exchange Commission), standard setters and accounting practitioners, by providing if corporate governance mechanisms can strengthen or weaken the effect of IFRSs compliance on the quality of financial reporting of firms listed on the GSE.

Delimitations

Although there are various dimensions of corporate governance such as ownership structure, board meetings, board qualifications, among others which have bearing on reporting quality, this study focused on board size, board independence, board diversity, and audit committee independence. This was due to unavailability of data and also by reason that this study was within a limited time frame.

Limitation of the study

The study was conducted on firms listed on the GSE. Specifically, non- financial firms listed on the GSE was used for this study. According to Kukah (2015) if financial firms are included, generalization of the results will a bit inconsistent because of the effects financial institutions have on the computation of discretionary accruals. Therefore 23 non-financial firms out of 41 firms were used for the study. Discretionary accruals are further explained in the definition of Reporting Quality as used in this study.

Definition of Terms

Corporate Governance

The two most popular definitions of corporate governance are those of the Organization for Economic Co-operation and Development (OECD) and Cadbury Report. According to the OECD, it is the "procedures and

processes according to which an organization is directed and controlled and the Cadbury Report (1992) defines corporate governance as "The system by which companies are directed and controlled".

Reporting Quality

Prior studies provide different definitions for the quality of financial reporting due to its context- specificity. The IASB's qualitative characteristics, earnings quality, accrual model, among others are examples of such dimensions of defining reporting quality (Kukah, Amidu & Abor, 2016; Beest, Braam, & Boelens, 2009; Zheng, 2010). The IASB indicate that information that financial reports or statements present are of quality when they have characteristics that make them useful to users in making economic decisions. The fundamental characteristics are relevance and faithful representation. It further explains that these characteristics are enhanced if the information is comparable, verifiable, timely and understandable.

IFRS Compliance

IFRS are a set of accounting standards developed by the IASB, which are becoming the guideline for the preparation of public company financial statements across the globe. Adoption of IFRS occurs when the SEC of a country sets a specific timetable when publicly listed companies would be required to use IFRS as issued by the IASB. Ghana adopted the IFRS in 2007. Compliance of IFRS simply means the extent to which firms adhere strictly to the IFRS when preparing annual reports.

Organization of the Study

The study was organized into five chapters. Chapter one gives the introduction, which sets out the background to the study, statement of the

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problem, the purpose and significance of the study. The delimitations, limitations, definition of terms as well as organization of the study were also spelt out. Chapter two presents an extensive review of literature on corporate governance, reporting quality and IFRS compliance, the theoretical, and conceptual framework of the study. This helped to bring to bear the gaps in existing literature that this study seeks to fill. Chapter three presents the research methods which detail the research design and approach, a description of the study area, population, sample, data collection procedures, data processing and analysis. The results of the study were discussed in Chapter four. Finally, a summary of the study, conclusions and recommendations were presented in Chapter five.

Chapter Summary

Ghana has not attained the desired levels of reporting quality despite the adoption of IFRS. This chapter began by giving a background to the problem, states the problem of the study and objectives of the study. The study focused on the role played by corporate governance structures in the relationship between IFRS compliance and reporting quality of firms listed on the GSE. The chapter ended by providing definition of some of the key terms in the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter discusses and compares insights from extant literature on compliance of IFRS, corporate governance and reporting quality. The chapter begins by presenting a theoretical review of the agency theory, stewardship theory, and information asymmetry theory and how they are related to the objectives of the study. Although there are numerous empirical literatures, the chapter further reviews empirical literature that is closely related to the objectives of the study. Thus, the chapter presents a review on the relationship between IFRS and reporting quality, and the importance of corporate governance in the relationship between IFRS compliance and reporting quality. Finally, the chapter presents the conceptual framework of the study which summarizes the key insights derived from the both the theoretical and the empirical review of existing literature.

Theoretical Review

Agency Theory

The agency theory was initially put forth by Jensen and Meckling (1976) and serves as a bedrock for all corporate governance theories. The agency theory explains the relationship between the shareholders, who are the principals of the company, and the agents who are the managers or the board of directors of the company. Given the large number of shareholders of sizable companies, the shareholders cannot actively participate in the day-to-day management of the firm and thus appoint board of directors, who in turn hire and supervise the management of the firm to run the affairs of the company.

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Thus, there are possible agency problems that could arise because of the separation between ownership and management. In setting up policies and strategies, managers are tempted to protect their jobs and satisfy their self-seeking interest at the expense of the best interest of shareholders or the maximization of firm value. Scholars like Fama and Jensen (1983) posited that the principal-agent conflict could be mitigated through the institutionalization of sound corporate governance structures.

Corporate governance is seen as a set of regulatory, control, and monitoring mechanisms that seek to reduce the effects of opportunistic actions of management and then lessen information asymmetry between management and shareholders (Jensen & Meckling, 1976; Fama & Jensen, 1983). Therefore, Jensen and Meckling (1976) posited that establishing the control mechanisms would limit the anomalous actions of the agents.

Stewardship Theory

In contrast to the arguments of the agency theory, the stewardship theory, which was put forth by Davis and Donaldson (1997) emanated. The stewardship theory explains that the core mandate of managers or board of directors is to serve the best interest of the principals (shareholders). That is, even though these stewards have a high level of control over the activities of the company, they strive to serve the interest of their principals by minimizing cost and maximizing profits, for the fear of loss of job (Fama, 1980). This theory recognizes that executives and directors will work in such a manner as to maximize welfare of shareholders.

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Information Asymmetry Theory

Akerlof (1978) introduced the information asymmetry theory. The theory explains that the behavior of participants in the financial market, especially prospective shareholders are essentially determined by the information available them. Akerlof (1978) explained information asymmetry to be a situation where not all participants in a market are privy to the same type and amount of information. Further, Akerlof (1978) explained that information asymmetry led to adverse selection and finally moral hazards. It is worth noting that there are possible information asymmetry problems when information makes some parties who are privy to it have advantage over other parties who do not possess such information, which may result in possible conflicts. Thus to avoid market conflicts, the level of information asymmetry should be reduced to the barest minimum.

Application of theories to the study

Based on arguments from the agency theory, corporate governance is seen as a set of regulatory, control and monitoring mechanisms that seek to reduce the effects of opportunistic actions of management and lessen information asymmetry between management and shareholders. Through sound corporate governance practices, the agents (managers) will be good stewards over the affairs of their principals (owners) by being accountable to principals through the provision of high quality financial reports.

Generally, the financial accounting literature have highlighted the role of accounting standards in reducing information asymmetry through determining the quality of financial reporting and disclosure (Ball & Shivakumar, 2008; Barth, Landsman, & Lang, 2008; Charitou, Karamanou, &

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Lambertides, 2015; Leuz & Wysocki, 2016; Muller, Riedl, & Sellhorn, 2011; Panaretou, Shackleton, & Taylor, 2013; Ramalingegowda, Wang, & Yu, 2013; Wang & Welker, 2011; & Brüggemann, Hitz, & Sellhorn, 2013). Brüggemann, Hitz, and Sellhorn, (2013) argued that financial reporting under IFRS should yield positive economic outcomes because of reduction in information asymmetry. Leuz and Wysocki (2016) also concluded that International Accounting Standards (such as IFRS) have the potency to reduce adverse selection among investors through imposing an increased level of accounting disclosure on adopting firms. Agency theory also explains that the degree of compliance with IFRS and its importance thereof depends on the corporate governance structures put in place (Samaha & Stapleton, 2009). Thus, this study argues that compliance to the IFRS will ensure reporting quality but such benefits will be enhanced in the presence of sound corporate governance practices.

Overview of Accounting Regulatory Framework in Ghana

Before Ghanaian accounting for companies practices were formalized by the Companies Act 1963, Act 179, accounting practices in Ghana were tailored to the British Accounting System. This was evidenced by the importation of accounting professional personnel from the United Kingdom (UK), and this to a large extent meant that, all major businesses in the country had to be managed in accordance to the British system (Antwi, 2010). Because the development of accounting systems in a country depends on professional accountants and by extension professional accounting bodies, the British accounting bodies set up examination centres in few major cities in developing

countries like Ghana and this allowed local people to obtain British professional accounting qualifications.

After Ghana attained independence, the training of accountants was experiencing severe difficulties and there was the need to train accountants who could work local in the midst of our local business practices. In view of this, a local accountancy professional body was incorporated on 19th April, 1963 as the Institute of Chartered Accountants Ghana (ICAG) by an Act of parliament Act 170. The ICAG was charged with the regulation of the accountancy profession in Ghana, including setting professional standards. Thus, the bedrock of formal accounting regulatory framework in Ghana was formalized by the establishment of the ICAG.

According to the World Bank (2004), the Companies Act 1963, Act 179 provides the basic requirements for formal accounting practices in Ghana. The Companies' Code prescribes the formats for presentation of financial statements and requirements on disclosures but does not deal with preparing financial statements in accordance with prescribed standards as issued by the IASB. Thus, the ICAG introduced the Ghana National Accounting Standards in the late 1990s, which actually became effective in 1997. In 2007, the ICAG adopted IFRS as the accounting standards required for the preparation of financial statements of all government business enterprises, banks, insurance companies, securities brokers, pension funds, and public utilities. The monitoring of financial reporting and compliance with standards is the responsibility of the ICAG. However, the ICAG does not have the power to enforce compliance with the standards it adopts, and only works through its membership to persuade companies to comply. Since the adoption of the IFRS

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in 2007, there are still some gaps in reporting quality (ROSC, 2014), and this could be attributed to the fact that adoption of standards is different from actual compliance to those standards (Hellstrom, 2006).

The Ghana Stock Exchange was established in July 1989 under the Companies Act1963, Act 179. It was given recognition as an authorized Stock Exchange under the Stock Exchange Act of 1971 (Act 384) in October 1990.Some of the mandate of the exchange, among others, include providing the facilities and framework to the public for the purchase and sales of bonds, shares and other securities; regulating the dealings of members with their clients and other members; coordinating the stock dealing activities of members and facilitate the exchange of information including prices of securities listed for their mutual advantages and for the benefit of their clients. Furthermore, co-operating with associations of stockbrokers and Stock Exchanges in other countries, and obtaining and making available to members information and facilities likely to be useful to them or to their clients are also mandates of the exchange.

The population was selected due to the strict regulatory requirements of the GSE. The listing regulations require listed companies to report to investors any relevant and material information of price sensitive nature, necessary to enable investors to evaluate the performance of companies. These include members of the board and key executives and their remuneration, material foreseeable risk factors, major share ownership and voting rights, material issues regarding employees and other stakeholders and the financial and operating results of the company. The GSE, unlike the ICAG, has the

power to suspend or de-list non-complying companies from the exchange (Aboagye- Otchere, Bedi, & Ossei- Kwakye, 2012).

Empirical Review

IFRS and Reporting Quality

The relationship between IFRS and reporting quality has attracted a lot of attention in literature after the IFRS was introduced. Many studies have argued that the adoption of the IFRS has positively affected the quality of financial reporting. On the other hand, other studies have argued that the adoption of the IFRS have stifled reporting quality or may be irrelevant to the quality of financial reports.

Dayanandan, Donker, Ivanof and Karahan (2016) posited that the quality of financial reporting have improved after the adoption of IFRS in Europe and across the world. By employing dynamic panel estimation framework, results from their study suggested that IFRS adoption has reduced the ability of managers to use discretionary accounting techniques to present financial reports that depicts an overly positive view of their companies' financial performance and financial position. Thus, the adoption of the IFRS has reduced income smoothing and earnings management across several countries thereby enhancing reporting quality. Sajad, Rad, and Embong (2013) found similar evidence across several countries when the quality of accounting information was compared before and after the adoption of IFRS. Sajad et al. (2016) argued that the IFRS has brought about substantial changes in accounting standards and thus by employing five different indicators for reporting quality, the results revealed that financial information quality has improved after IFRS adoption.

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Barth, Landsman, and Lang (2005) compared the characteristics of accounting information of a large sample of firms from several countries that had adopted IFRS with firms that had not adopted IFRS to examine whether financial reporting under IFRS was associated with predictable increases in reporting quality. The overall results suggested that reporting quality in terms of value relevant earnings and book values are better for IFRS-adopting firms than firms that have not adopted the IFRS.

Similarly, Balsar, Ozkan and Durak (2010) examined whether the usefulness and quality of financial reporting had increase because of the global move from national accounting standards to IFRS. By employing firm-level evidence from Turkey since all publicly traded companies in Turkey have mandatorily been preparing their financial statements according to IFRS from the year 2005, results from their study showed that IFRS adoption has increased both the timeliness and earnings conservatism dimensions of reporting quality. Conservative accounting practices require high degree of verification before laying claims to profits as it requires recognition of all expenditure as they are incurred and losses as they are discovered. Thus, Watts (2003) opined that earnings conservatism increases the efficiency of contracting with debt-holders and managers, and reduces expected litigation costs, the present value of taxes, and the political costs imposed on standard-setters and regulators. Therefore, the adoption of the IFRS will enhance these economic benefits of earnings conservatism.

Another firm-level evidence from the study by Neel (2017) suggested that increases in Tobin's Q, stock liquidity, analyst forecast accuracy and analyst forecast agreement are the economic outcomes that can be enjoyed

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from the adoption of IFRS. Neel (2017) employed firm-level evidence to examine the relative economic importance of cross-country accounting comparability and firm-specific quality to explain these economic benefits of IFRS adoption given that improvements in both comparability and reporting quality are primary stated objectives of the International Accounting Standards Board (IASB) . Results from the study suggested that firms that had adopted IFRS enjoyed the economic benefits of reporting quality. This therefore means that at the firm level also, IFRS adoption has positive influence on reporting quality.

Also, by focusing on the IFRS in the UK and the switch from the UK GAAP to IFRS, Latridis (2010) examined whether IFRS adoption lead to higher quality accounting numbers. Results from the study suggested that IFRS generally reinforces accounting quality. Specifically, the findings revealed that the implementation of IFRS reduces the scope for earnings management, thereby leading to more timely loss recognition and more value relevant accounting measures. Eventually, this will reduce information asymmetry and earnings manipulation and will promote the disclosure of informative and higher quality accounting information which would further assist investors in making informed and unbiased judgments.

Amidu, Yorke and Harvey (2016) analysed the implications of adoption of IFRS for accounting information quality and tax avoidance in Ghana. By employing a sample of 119 firms after the implementation of IFRS to test for two related hypotheses, results from their study indicated that the adoption of IFRS increase earnings quality. Similarly, Edmund (2016) examined the effect of IFRS adoption on financial reporting quality (earnings

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management) and audit fees in the financial institutions in Ghana and found that financial institutions exhibit less earnings management after IFRS adoption. Generally, the study indicated that the adoption of the IFRS has brought about an improvement in the quality of financial reporting among financial institutions in Ghana. However, its implementation has been faced with challenges such as high audit fees.

In addition, by using pre and post analysis, Agyei-Mensah (2013) investigated the quality of financial reports before and after adopting IFRSs in Ghana. The study also controlled for firm-specific characteristics such as firm size, profitability, debt equity ratio, liquidity and audit firm size. Results from their study indicated a financial information disclosure mean of 76.80% for pre-adoption period and 87.09% for the post-adoption period which signals the improvement in reporting quality after the adoption IFRS.

Although, the literature reviewed so far points out the favorable relevance of IFRS to reporting quality, other strand of literature believe that IFRS adoption impedes reporting quality while some still believe it is irrelevant to reporting quality. By examining the initial effects of mandatory IFRS adoption on accounting quality of from 20 countries, Ahmed, Nell and Wang (2013) argued that generally the quality of financial reports decreased after the mandatory adoption of the IFRS. Specifically their study suggested that IFRS adoption has rather improved income smoothing, decreased volatility of net income, the volatility of net income relative to the volatility of cash flows, and the correlation between cash flows and accruals for IFRS firms. It is thus evident from their study that the results across all proxies employed were inconsistent, but taken together, the findings gives an

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indication that accounting quality decreased after mandatory IFRS adoption. Thus, their study raise doubts about inferences that has been made from previous studies that pointed out a positive link between IFRS adoption and reporting quality because improvement in reporting quality may be driven by factors other than IFRS adoption. This therefore causes the need for a research that will provide an understanding on the relevance of actual compliance of the IFRS to the quality of financial reports.

Lin, Riccardi and Wang (2013) found similar evidence for a sample for high tech German firms that the switched from U.S. GAAP to IFRS. The study found that accounting numbers under IFRS generally exhibit more earnings management, less timely loss recognition, and less value relevance compared to those under reporting under the US GAAP. Overall, their findings suggested that the switch to the IFRS generally resulted in lower accounting quality number than application the national accounting standards.

Jeanjean and Stolowy (2008) analyzed the effects of the mandatory adoption of IFRS standards on earnings quality. By concentrating on three IFRS first-time adopter countries, results from their study indicated that the extensiveness of earnings management did not decline after the introduction of IFRS. Thus, their study posited the standards are not sufficient conditions to reduce the extent to which management could use accounting techniques to produce financial reports that present an overly positive view of their firms' financial performance and financial position. Hence, other factors like corporate governance, common business language, management incentives and institutional factors may play an important role in framing financial reporting quality. Kao (2014) also investigated the relationship between the

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information asymmetry, the ownership structure, the pledge of directors-supervisor, respectively, and the quality of accounting information under different accounting standards. Their findings revealed that the adoption of the IFRS does not significantly influences faithful representation, which is a key aspect of financial reporting quality.

This shows that the presence of some other factors could stimulate the importance of the IFRS to reporting quality. In addition, Amidu, Yorke, and Harvey (2016) argued that the mixed evidence presented by various empirical literature could be as a result that IFRS in isolation does enhance reporting quality unless mechanisms are put in place to ensure compliance to these standards. Ahmed (2013) thus posited that the effectiveness of IFRS adoption in ensuring reporting quality critically depends on the efficacy of enforcement mechanisms of the IFRS. Based on the inconclusiveness in literature, the study hypothesizes that:

H1: There is a significant positive relationship between IFRS compliance and reporting quality of firms listed on the Ghana Stock Exchange

Corporate Governance Structures and Reporting Quality

Various studies have highlighted the importance of corporate governance structures to ensuring high level of reporting quality. The various structures of the study are further discussed as follows:

Board Size and Reporting Quality

Extant literature has recorded the importance of the size of board on the quality of financial reports. Vafeas (2000) found that larger boards are less effective in their monitoring responsibilities as it will be spread among many directors. One of the reasons argued is that larger boards may find it difficult

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in reaching decisions when it comes to way to ensure that management produce high quality reports. Another possible reason is that due the mere size of the board, there is less personal responsibility assumed by each director. Beasley (1996) also opined that increases in board size are likely to result in increases in fraudulent financial statements. In addition, Ahmed, Hossain and Adams, (2006) found that smaller boards are more effective in ensuring high level of earnings quality. Xie, Davidson, and Dadalt (2003) find that larger boards are associated with lower earnings quality when discretionary accrual is used as proxy.

On the other hand, Klein (2002) argues made that the larger the size of the board, the better it is for the quality of the earnings reported. He extends his argument from the fact that the criteria for selecting persons on the board, and the integrity of firms are a key factor that influences the choosing of competent people with useful expertise. His study conclude that the larger the number, the better the knowledge base and expertise represented. Thus, it is apparent from literature that board size is associated with reporting quality and literature further provides room to further investigate how this specific structure is to be manipulated to improve reporting quality of firms

Board Independence and Reporting Quality

Board independence has been identified in literature as one of the corporate governance variables that enhances reporting quality. Peasnell, Pope and Young (2005) suggested that the effectiveness of monitoring responsibilities of boards depends on the number of independent directors constituted in the board, and advocates for a higher representation of outside directors because they are more independent and effective in their monitoring

duties. Moreover, Cornett Marcus, and Tehranian (2008) found that outside directors brings greater experience to the firm in terms of their monitoring activities. Osma and Noguer (2007) found similar evidence that board members who are independent from management are very instrumental to the governance of a company, predominantly in relation to fraud and discretionary accounting accruals prevention. Again Klein (2002) found that increases in the number of independent board members represented on a board led to reduction in the magnitude of earnings management.

Xie, et al. (2003) suggested that when there are a high number of independent board members, they serve as a sort of check on managers' behaviour. This therefore leaves managers no room to manipulate or manage the earnings to communicate a false state of the companies' financial performance and position but will rather ensure that reported financial statements will represent the true economic state of the firm, leading to preparation of financial reports that are of high quality. This is particularly essential because Xie et al. (2003) argued that to solve the agency problem in firms, the board of directors should be independent of the firm. Brickley, Coles and Terry (1994) posited that independent board members will be able to undertake their roles effectively without any form of influence from the CEO if the CEO does not appoint them as key managers of the firm. This means the most board directors should in no way have any other relationship with the firm apart from being members of the firm's board of directors.

Peasnell, Pope and Young (2000) also explained that the availability of non-executive directors is good in constraining the manipulations of discretionary accruals. Also, Chen, Cheng and Wang (2014) posited that

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higher level of board independence will check the manipulations that occur in financial statements. This is because, relative to the work of dependent board members, the work of independent board members are not faced with familiarity threats and thus the more independent board members there are on the board, the lower the propensity of earnings management and the higher the level of reporting quality in the firm. Based on these, it is apparent that board independence is necessary to enhance the level of reporting quality.

Audit Committee Independence and Reporting Quality

Audit Committee is one of the important corporate governance structures that assist board of directors in their monitoring responsibly to ensure transparency and integrity of the financial reports process (Klein, 2002). According to Section 202 of Sarbanes Oxley, firms are mandated to have an audit committee. Aside the financial expertise of the audit committee member, the independence of members on the committee is necessary for the effectiveness of the committee.

Klein (2002) re-emphasize that for an audit committee to be effective in its oversight role, the committee by its make-up, should be independent. This requirement is based on the notion that independent directors are more objective in their analysis of financial statements. Various studies have emphasized the role of the Audit committee in the discharge of their duties with regards to financial reporting. Wild (1996) found that the basic intent of the establishment of an audit committee is to enhance the quality of financial reports. Following the proposition of Wild (1996), empirical works such as Abbott, Park, and Parker (2000) as well as Klien (2002) found that audit committee independence actually impedes misstatements in financial

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statements and earnings management. Klien (2002) further argued that firms who have more outside directors making up the audit committee had significantly smaller abnormal or discretionary accruals. As such, the more independent members are on the audit committee, the better it is since it serves as a check on the management opportunistic behaviour.   Nelson and Devi (2013) also found similar evidence.

Board Diversity and Reporting Quality

Hillman and Dalziel (2003) argued from the agency theory perspective that female board directors normally incorporate a broad range of ideas, which in turn increases board independence and consequently enhance reporting quality. The inclusion of female in a firms board of directors incorporates a high sense of responsibility in the decision-making process (Adams & Ferreira, 2003; Jimeno & Redondo, 2008; Campbell & Mínguez-Vera, 2008). Kukah, Ahmidu and Abor (2016) found evidence a negative relationship between board diversity, more specifically having more women on the board, and earnings management. This indicates an increase in reporting quality. Segev and Yosef (2012) also show evidence of a negative relationship between women on boards and earnings management which implies a high level of financial reporting quality. They further posit that, firms that have higher female representation on the board, external auditor presence and influence is low yet earnings quality is high. This they attribute to the attitudes of female by their nature, to do the right thing

From the on-going discussions, it is apparent that corporate governance structures such as board size, board independence, audit committee

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independence, and board diversity affects the level of reporting quality of firms. Thus, this study hypothesizes that:

H_{2a}: *There is a significant positive relationship between board size and reporting quality of firms listed on the GSE*

H_{2b}: *There is a significant positive relationship between board independence and reporting quality of firms listed on the GSE*

H_{2c}: *There is a significant positive relationship between board diversity and reporting quality of firms listed on the GSE*

H_{2d}: *There is a significant positive relationship between audit committee independence and reporting quality of firms listed on the GSE*

IFRS Compliance, Corporate Governance and Reporting Quality

The review of literature on the relationship between IFRS adoption and reporting quality reveals inconclusive results. This means that increases in reporting quality of firms cannot be linked only to the adoption of the IFRS, but also to its compliance and enforcement mechanisms put in place. The distinction between the adoption of the IFRS and the actual compliance to these standards has become increasingly obvious in the Ghanaian context as the financial reports prepared after the adoption of the IFRS is not yielding the expected quality according to ROSC (2014). Hellstrom (2006) argued that current reporting quality research does not distinguish between the adoption of the IFRS and the implementation of the standards. The study further explains that high quality standards will not be effective in producing high quality unless effective control mechanisms are put in place to ensure that standards are actually implemented and complied with.

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Several empirical studies have argued that strong corporate mechanisms are required to ensure high reporting quality of firms. Therefore an important gap that has not been addressed by the extant literature is the role of corporate governance structures in the relationship between IFRS and reporting quality. This missing link may explain why some jurisdictions have not achieved the full benefits of IFRS. Though several empirical literature has moved forward to examine how absorptive capacities such as corporate governance structures affect the ability of firm to enhance their reporting quality, these absorptive capacities have been examined in isolation. The effect of IFRS on reporting quality may depend on absorptive capacities such as, the firm's corporate governance structures and as such the IFRS may interact with corporate governance structures to enhance reporting quality.

Krismiaji, Aryani, and Suhardjanto (2016) found that IFRS adoption in firms with proper board governance increased the value relevance of their financial statements than firms without proper board governance. However, board governance is just one of the structures of corporate governance. Therefore, a gap that remains in literature is the role other corporate governance structures in the relationship between IFRS compliance and reporting quality. For instance, to what extent will IFRS compliance enhance reporting quality in firms with more independent boards? Further, to what extent will IFRS compliance enhance reporting quality in firms with large or small board size? Also, to what extent will IFRS compliance increase reporting quality in the presence of high levels of audit committee independence? In all, how these structures should be manipulated specifically

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to bring about the needed increase in quality of financial reports remain largely unresolved in the extant literature. Consequently, the study tested the following hypothesis:

H_{3a}: *There is a significant positive effect of board size on the relationship between   IFRS compliance and reporting quality of firms listed on the GSE.*

H_{3b}: *There is a significant positive effect of board independence on the relationship between   IFRS compliance and reporting quality of firms listed on the GSE.*

H_{3c}: *There is a significant positive effect of board diversity on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.*

H_{3d}: *There is a significant positive effect of audit committee independence on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.*

Control Variables and Reporting Quality

The study controlled for firm size because it has been identified in literature as a factor that could affect reporting quality. According to Barton and Simko (2002) the managers of large-sized firms face more pressures to meet the expectation of stakeholders so they are likely to manage earnings. Myers and Skinner (2000) found evidence that most large-sized firms do not report the true state of the financial information. Again, large-sized firms have more bargaining power and thus auditors who audit such firms are likely to waive earnings management attempts by large clients (Nelson et al., 2002). Another reason why large-sized firms are able to manage earnings is that due to large size of their current assets and revenue, they have more room to

maneuver given wide range of accounting treatments available (Lazzem & Jilani, 2017).

Leverage has also been identified in literature to affect the inverse measure of reporting quality (earnings management). Januarsi et al. (2014) opined that managers of highly leveraged firms could artificially increase reported earnings to improve firm's bargaining power during debt negotiation in order to obtain funds at favorable conditions. Also Zagers-Mamedova (2009) found similar evidence that the level of real earnings management increase when leverage also increases.

The big four audit firms refer to Klynveld Peat Marwick Goerdeler (KPMG), Price Waterhouse and Coopers (PWC), Ernst and Young, and Deloitte. A study by Chtourou, Bedard and Courteau (2004) posited that these audit firms are able to reject the manipulations of the firms they audit due to their international affiliation and reputational. Kukah et al. (2016) found similar evidence for firms listed on the Ghana Stock Exchange.

Conceptual Framework
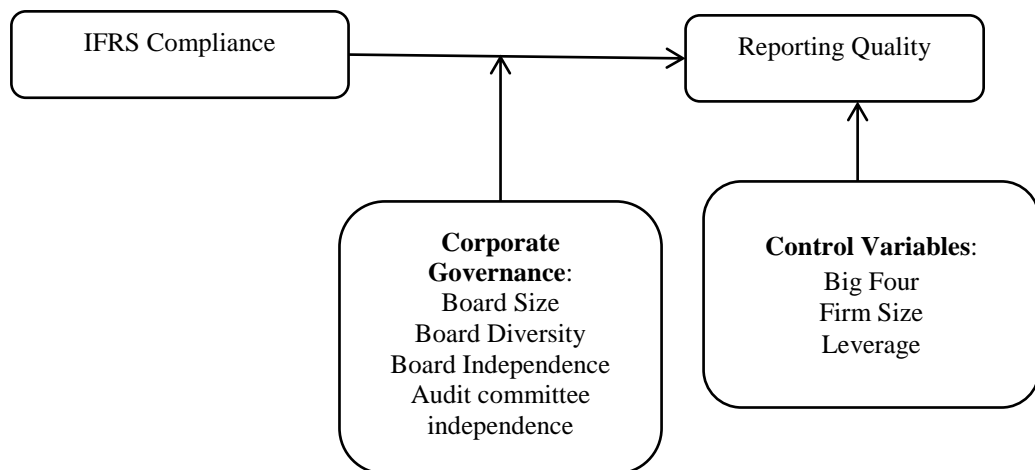
Figure 1: Conceptual Framework of the Study

Source: Author's Construct (2019)

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Based on the theoretical and empirical review on the relationship among IFRS compliance, corporate governance, and reporting quality, this study develops a conceptual framework showing how corporate governance mechanisms is important to the relationship between IFRS compliance and reporting quality. It is apparent from the literature review that actual compliance to the IFRS is required to enhance the quality of financial reports. However, IFRS compliance alone may just be a necessary condition but not sufficient to enhance reporting quality. That is, in the absence of strong corporate governance mechanisms such as independent boards, more diverse boards, smaller board sizes and independent audit committees, compliance to IFRS will not be realize and the desired reporting quality outcome will not be achieved. Also, the study controls for the Big Four because it represents an external governance mechanism that will ensure that firms prepare financial reports that are of high quality. Finally, the study controls for firm size because it is believed that firms with large sizes are most often subject to public scrutiny and this will reduce the possibility and ability of managers to manipulate the earnings of the firm (Kukah et. al, 2016).

Chapter Summary

The chapter begun provided an overview of accounting regulatory system in Ghana. After which the theories employed in the study were clearly explained and linked to the objectives of the study. The chapter employed the agency theory, stewardship theory and the information asymmetry theory and linked them to the objectives of the study. The chapter then provided the empirical justifications for the relationships among IFRS compliance, corporate governance and reporting quality, which led the development of

hypothesis. The chapter finally provides empirical justification for the control

variables used in the study.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter explains the procedures employed in examining and analysing the relationships among IFRS compliance, corporate governance and reporting quality has been established. The chapter specifically discusses the research philosophy, research design, research approach, data source, the population and the sample size used in the study. Further, the chapter presents how the model for the study was developed, the estimation strategy and finally how the variables employed were measured.

Research Philosophy

A research philosophy refers to the configuration of scientific and academic ideas that forms the basis for undertaking a research. The philosophy of research can be subdivided into three (3) main forms, namely; the positivist philosophy, the interpretivist philosophy and the critical philosophy (Saunders, Lewis & Thornhill, 2012). The positivism philosophy, which is in line with this study's objective, aims at explaining relationships by researching into an observable social reality and finally making law-like generalizations as done by the physical and natural scientist (Saunders, et al., 2012).Positivists are therefore known to be social scientists who try to imitate procedures followed by natural scientists to understand and control the natural world. In order to observe social reality, it must be measurable and quantifiable into variables.

Thus, Hallebone and Priest (2008) argued that the positivism philosophy of research quantifies social realities into variables, analyses the data by the use of statistical methods and finally confirm or reject a claim or

hypothesis. After concluding on the hypothesis, the results will allow for predictions about the phenomena being observed. The philosophy guiding this study is the positivist philosophy because the study quantifies the agency phenomena into variables like corporate governance, IFRS compliance and reporting quality. The study adopts the approach by the natural scientist to collect data on these variables, analyse the data to test the hypothesis on how corporate governance mechanisms ensures compliance to IFRS so that the desired level reporting quality can be achieved, and finally making generalizations. Like the natural scientists, the study controls for other variables that could affect the results.

Research Design

The research design adopted can have an impact on the choice of research approach to the entire study. According to Kothari (2004), a research design forms the conceptual structure within which the research is conducted and constitutes the blueprint for data collection, measurement and analysis. There are three basic research designs, namely, exploratory, descriptive and explanatory research design (Saunders et al., 2012). The explanatory research design, which mainly guides this study, lays emphasis on studying situations or variables in order to give an explanation to the relationship between the variables (Gill & Johnson, 2010).

The purpose of the study assessed how IFRS compliance affects reporting quality and the moderating role of corporate governance in the relationship between IFRS compliance and reporting quality, the explanatory research design was employed. In line with the first objective of the study, which was to assess the level of reporting quality in Ghana, the study

employed the descriptive design which, enables the study to communicate an accurate profile of the state of reporting quality of firms listed on the Ghana Stock exchange.

Research Approach

According to Creswell (2014), there are three main approaches to research, namely, the quantitative approach, the qualitative approach and the mixed research approach. The study adopted the quantitative approach, which focuses on maximizing objectivity, replicability as well as the generalizability of findings. Quantitative researches are predictive in nature and seek to search for causal explanations (Leedy & Ormrod, 2010; Creswell, 2014). It also enables the use and test of hypotheses in order to arrive at a required result and can be deductive because of the fact that it seeks to test for hypothesis in order to be able to adequately make generalizations and inferences about the specified population (Harwell, 2011). In line with the quantitative approach, the study also employed descriptive statistics to analyse various variables of the study.

Data Source and Collection Procedures

Data was collected on 23 non- financial firms listed on the GSE due to the effects financial institutions have on the computation of discretionary accruals (Kukah, 2015). Precisely, annual reports of the sampled firms for five years were used (2013- 2017). The annual reports were useful in providing the necessary financial reports, which aided in the construction of the IFRS compliance index as well as the calculation of the reporting quality measure. Specifically for the IFRS compliance, a self-developed compliance checklist adopted from Marfo- Yiadom and Atsunyo (2014) was used to collect data for

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the study. The self- developed compliance checklist as shown in Appendix B was designed for the selected IFRS. According to Marfo- Yiadom and Atsunyo (2014), the self- developed checklist was developed with reference to IFRS issued by the IASB, checklist used in prior research (Street & Gray, 2002; Al-shammari, 2005) and disclosure and presentation checklist published by Deloitte (2010). For each item on the checklist, 1 was assigned to the information item if it is disclosed in the annual report, 0 was assigned to the information item if it is not disclosed in the annual reports where it is applicable to the particular company. However, no number was assigned to the information item that was not disclosed in the annual reports where it was not applicable to the particular company.

The financial reports in the annual report also provided the necessary corporate governance information such as the board independence, board diversity, board size, and audit committee independence. Furthermore, the financial reports provided enough information for measuring the control variables. The Annual Report Ghana website as well as company specific websites served as the repository where the audited annual reports were obtained. The financial statements can be relied upon because they were audited by credible external auditors after which it was approved by shareholders before it was finally published.

Model Specification

Model 1: The relationship between IFRS compliance and reporting quality of firms listed on the Ghana Stock Exchange

Model 1 is the baseline model for the first and second objective. Following the arguments made by Armstrong et al. (2012), Kothari (2001) and

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Alfaraih (2009), the study expected that IFRS compliance would enhance reporting quality. That is , when firms goes beyond the adoption of IFRS to actually comply with the IFRS, little room will be left for managers to manipulate earnings and this will result in high level of reporting quality. Based on the empirical review, the model also examines the relationship between corporate governance variables and reporting quality, and controls for the big four, leverage and firms size. The first model is specified as follows:

$$lnRQ_{it} = \alpha_{ti} + \beta_1 COMP_{it} + \sum_{i=2}^{5} \beta_i lnCGOV_{it} + \sum_{i=6}^{9} \beta_i Z_{it} + \varepsilon_{it} \dots (1)$$

Where

- $lnRQ_{it}$ represents the natural log of the reporting quality reporting quality as measured by earnings management of firm i at time t

- $COMP_{it}$ represents the compliance index of firm i, at time t

- lnCGOV represents the vector of the natural log of each of the corporate governance variables

- Z denotes a vector of the control variables

- ε_{it} Represents the error term.

Justification of Model One

As stated above, model one seeks to assess the separate relationships of IFRS compliance and reporting quality of sampled listed firms. Harvey (2016) argued that IFRS in isolation does enhance reporting quality unless mechanisms are put in place to ensure compliance to these standards. Ahmed (2013) thus posited that the effectiveness of IFRS adoption in ensuring reporting quality critically depends on the efficacy of enforcement mechanisms of the IFRS. Again, Hellstrom (2006) opined that high quality standards will not be effective in producing high quality financial reports

unless effective control mechanisms are put in place to ensure that standards are actually implemented and complied with. In line with these arguments in literature, the study examined the relationship between IFRS compliance and reporting quality in Model one.

Again, model one also seeks to assess the relationship between corporate governance structures and reporting quality of sampled listed firms. In relation to this, the model included four dimensions of corporate governance, namely, Board Size, Board Independence, Audit committee Independence and Board diversity. Vafeas (2000) found that larger boards are less effective in their monitoring responsibilities as it will be spread among many directors. Thus Ahmed et al. (2006) argued that smaller boards are more effective in ensuring high level of earnings quality. Thus it is apparent from literature board size matters for reporting quality and as such, the study assesses the relationship between board size and reporting quality of sampled listed firms in Model one.

Peasnell, Pope and Young (2005) suggested that the effectiveness of monitoring responsibilities of boards depends on the number of independent directors constituted in the board, and advocates for a higher representation of outside directors because they are more independent and effective in their monitoring duties. Thus, Osma and Noguer (2007) argued that board members who are independent from management are very instrumental to the governance of a company, predominantly in relation to fraud and discretionary accounting accruals prevention. Based on these arguments, the study also assesses the relationship between board independence and reporting quality of sampled listed firms in Model one.

Also, Chen et al. (2014) posited that higher level of board independence will check the manipulations that occur in financial statements. This is because, relative to the work of dependent board members, the work of independent board members are not faced with familiarity threats and thus the more independent board members there are on the board, the lower the propensity of earnings management and the higher the level of reporting quality in the firm. Based on these, in Model one, the study assesses the relationship between board independence and the level of reporting quality.

Abbott et al. (2000) as well as Klien (2002) found that audit committee independence actually impedes misstatements in financial statements and earnings management. Nelson and Devi (2013) also found similar evidence. Thus the study also examines the relationship between audit committee independence and the level of reporting quality model one. Finally, Model one examines the relationship between board diversity and reporting quality of listed firms. This is because, Hillman and Dalziel (2003) argued from the agency theory perspective that female board directors normally incorporate a broad range of ideas, which in turn increases board independence and consequently enhance reporting quality.

Model 2 - The moderating role of corporate governance in the relationship between IFRS compliance and Reporting Quality of firms listed on the Ghana Stock Exchange

This model is the baseline model for the objective three. Based on the empirical review, the study expects that the institution of strong corporate governance mechanisms will ensure that IFRS compliance yield the necessary reporting quality. Thus the study made a slight modification to the first model

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to include an interaction of each of the corporate governance variables and the IFRS compliance as regressors. The second model was specified as:

$$RQ_{it} = \alpha_{ti} + \beta_1 COMP_{it} + \sum_{i=2}^{5} \beta_i lnCGOV_{it} + \sum_{i=6}^{9} \beta_i(lnCGOV * COMP)_{it} +$$

$$+ \sum_{i=10}^{12} \beta_i Z_{it} + \varepsilon_{it} \dots (2)$$

Where

- RQ_{it} represents reporting quality as measured by earnings management of firm i at time t

- $COMP_{it}$ represents the compliance index

- $COMP * lnCGOV$ represents the interaction term of IFRS compliance index and the vector of each of the corporate governance variables

- Z denotes a vector of the control variables

- ε_{it} Represents the error term.

Justification of Model Two

The second model assesses the moderating role of corporate governance structures in the relationship between IFRS compliance and reporting quality of sampled listed firms. The effect of IFRS compliance on reporting quality may depend on absorptive capacities such as the firm's corporate governance structures and as such the IFRS may interact with corporate governance structures to enhance reporting quality. For instance, Krismiaji at al. (2016) found that IFRS adoption in firms with proper board governance increased the value relevance of their financial statements than firms without proper board governance. Thus in extending the argument of Krismiaji at al.(2016), this study estimates the moderating role of Board Size, Board Independence, Audit committee Independence and Board diversity in

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the relationship between IFRS compliance and reporting quality of sampled

listed firms in Model two.

A Priori Expectations

Table 1 depicts the expected signs of the independent variables based

on theoretical and empirical literature discussed in chapter 2.

Table 1: Summary of measurements and A Priori expected signs of the independent variables

Variables	Expected signs Model 1	Expected signs Model 2
IFRS Compliance	-	
Board Size	+	
Board Independence	-	
Board Diversity	-	
Audit Committee Independence	-	
Big Four	-	
Firm Size	+	
Leverage	+	
Interaction(Board Size)		-
Interaction(Board Independence)		-
Interaction(Board Diversity)		-
Interaction (Audit Committee Independence)		-

Source: Field Data (2019)

Data processing Tool and Estimation Strategy

The study employed panel design because the data structure contained

both time series (years) and cross sectional dimensions (the firms). Abor

(2005) argued that panel data is more useful than either cross-section or time series data alone due to the following reasons;

a) Panel data provides more informative data, more variability, less collinearly among variables more degrees of freedom and more efficiency.

b) It provides controls for individual's heterogeneity due to hidden factors.

c) Better ability to study dynamics of adjustments.

d) Better ability to identify effects that are simply not detectable in pure cross –section or pure time- series data.

e) It enable researcher to construct and test more complicated behavioural models then cross-section on or time-section data.

The data was processed by Stata version 13.0 and the study employed the random effect estimator based on the results from the Hausman tests. The choice of either fixed effects or random effects depended on the results from the Hausman test. Wooldridge (2010) explained the basic structure of fixed effect approach to panel data analysis. The fixed effect estimator uses time-demeaning approach to eliminate the unobserved firm specific effects, which may be correlated with the independent variables. Thus once the unobserved effects are eliminated, all endogeneity issues or measurement errors in the panel structure will be removed (Verbeek, 2004). This means that fixed effect estimators require a formal test of serial correlation to verify the efficiency of the estimations.

One of the main assumptions of the fixed effect estimator is that the unobserved effect α_1 does not correlate with the independent variables. Once they are correlated, the random effect models become the most efficient estimator (Wooldridge, 2010). Sometimes, the panel data structure has missing

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values. Such panel data structure is referred to as unbalanced panel whilst that which does not have any missing values is referred to as balanced panel. Wooldridge (2010) suggests that empirical estimates normally favours the result of random effects when the panel structure is unbalanced based on the assumption that the unobserved term is uncorrelated with the independent variables. Therefore, aside the Hausman test, the random effect estimations was chosen because on missing values in the panel data structure. However, in practice, most researchers estimates both fixed and random effect models and choose between them based on the Hausman test. The null hypothesis of the Hausman test is that the unobserved term is uncorrelated with the independent variables. Thus, the null hypothesis is rejected, the fixed effect estimates are more efficient and the vice versa means that the random effect estimates are more efficient.

Diagnostics

Test for Multicollinearity

Multicollinearity refers to a situation in which two or more independent variables are highly related. When there is presence of multicollinearity, the regression estimated may have large variances, leading to an artificial high R square and this makes the results unreliable. Gujarati (2003) noted that the presence of multicollinearity is not as much a problem as its severity. Thus, this study employed a correlation matrix to access the issues of multicollinearity.

Test of Joint significance

One vital assumption underlying regression models is the assumption of joint significance of the independent variables. Thus, to access whether all

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the independent variables were able to jointly predict the dependent variable, a Wald test was performed. The null hypothesis of this test is that the independent variables jointly cannot predict the dependent variable against the alternative that the independent variables jointly can predict the dependent variable

Variables and Measurement

Reporting Quality

Earnings management, was employed as a measure of reporting quality. Amidst other measures, this measure is preferred as it responds to the incentives of company information (Burgstahler, Hail, & Leuz, 2006). Healy and Wahlen (1999) argued earnings management to be the results managers' actions to manipulate accounting information on company performance. Thus, Scott (2011) explained earnings management as the actions taken by managers who are supposed to implement accounting policies, to achieve some specific reported earnings that they wish to communicate. Managers could therefore do this through the use of operational activities and discretionary accounting methods (Giroux, 2004). Therefore, it is evident that reporting quality is directly related to the managers' discretionary behaviour toward producing accounting numbers.

Like many other studies on empirical earnings management, earnings management is measured by the amount of discretionary accruals. Accruals refer to the journal entry where a revenue is recorded when it is earned and expenses are recorded when they are incurred and not when an actual cash transaction takes place. Thus, discretionary accruals are non-mandatory income and expenses that are reported by the firm in its financial statements

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although the actual cash transaction of such expenses is yet to take place. Since such income and expenses were anticipated, the actual cash transaction may or may not take place, giving room for manipulations. Through discretionary accruals, managers could manipulate the company earnings to reflect high performance when in the actual sense the company is performing poorly.

This study measures reporting quality by earnings management using the Modified Jones Model and modified by Dechow, Sloan,& Sweeney (1995) which is called discretionary accrual (DA). It is employed in this study because it is considered as the best model to detect earnings management and provide the best accurate results (Sulistyanto, 2012). If the value of discretionary accrual (DA) is not equal to zero, earnings management can occur. If the discretionary accrual value is positive (DA> 0), it can be assumed that the company carries out earnings management by increasing its accrual profit reporting. Whereas if is negative (DA<0), it could signify that the company carries out earnings management by reducing its accrual profit reporting. If the value of DA = 0, it is assumed that the company does not conduct earnings management. It is good to note that this measurement represents an inverse measure of reporting quality.   It is calculated using the following steps

First of all the value of total accruals is calculated using the formula:

$$TA_{it} = NI_{it} - CFO_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (1)$$

Where TA represents Total Accruals of firm i, at time t , NI represents Net Income of firm i, at time t, and CFO represents Operating Cash Flows of firm i, at time t.

Next regression equation is estimated with the aim of determining the value of the coefficient α_1, α_2, and α_3 using the following equation:

$$TA_{it}/A_{it-1} = \alpha_1(1/A_{it-1}) + \alpha_2[(\Delta REV_{it} - \Delta REC_{it})/A_{it-1}] + \alpha_3 (PPE_{it}/A_{it-1}) + \varepsilon_{it}$$

Where A_{it-1}, denotes lag of total assets of firm i at time t, ΔREV_{it} represents change in revenue of firm i at time t, ΔREC_{it} change in receivables of firm i at time t, PPE_{it} represents property, plant and equipment of firm i at time t,

Next, the value of non-discretionary accruals is obtained by multiplying the coefficient values by certain factors as shown in the formula below:

$$NDA_{it} = \alpha_1(1/A_{it-1}) + \alpha_2[(\Delta REV_{it} - \Delta REC_{it})/A_{it-1}] + \alpha_3 (PPE_{it}/A_{it-1})$$

Finally the value of discretionary accruals is calculated using the following formula:

$$DA = TA_{it}/A_{it-1} - NDA_{it}$$

NDA represents non-discretionary accruals of firm i at time t, and DA represents discretionary accruals.

IFRS Compliance

The dependent variable in this research was IFRS compliance. The level of IFRS compliance was measured as a ratio of what a company presented and disclosed in its annual report to what it is required to present and disclose for each category of standard and this is in line with the measurement of Marfo-Yiadom and Atsunyo (2014). That is, the total number of 1s divided by the total applicable presentation and disclosure requirements. Nonetheless, companies that were not required to disclose certain information in their annual reports were not penalised for not disclosing such information.

It considered in this study because it focuses on the most fundamental disclosure requirement for listed firms.

Corporate Governance Variables

To measure a broad dimension of corporate governance, the study employed four dimension of corporate governance to examine how the several aspects of corporate governance influences the relationship between IFRS compliance and reporting quality. The corporate governance variables for the study include board independence, board size, board diversity, and audit committee independence.

Independent board members are board of directors who have no material interests in a company. Mostly, these board members are expected not to be influenced by interests in the company and are required to govern the company in an honest and objective manner. The study adopted the measurement by Hutchinson, Percy and Erkurtoglu (2008) as well as Klein (2002) to measure board independence as the number of non-executive directors divided by the total number of board members.

Board size simply measures the number of board members in the firm and this measure is consistent with that of Kukah et al. (2016).

Also, in line with the argument of Kukah et al. (2016), board diversity was measured as the number of the women on the board divided by the total number of board members.

Finally, in line with the measurement of Nelson and Devi (2013) the audit committee independence was measured by the number of independent non-executive directors on the audit committee divided by the total number of audit committee.

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Control Variables

Firm Size, the Big Four, and Leverage

Consistent with Kukah et al. (2016), firm size was measured by the logarithm of total assets. The study expected a negative relationship between firm size and reporting quality as recorded by Barton and Simko (2002).

The Big four was measured by a dummy, where 0 means that the firm is not audited by any of the Big Four and 1 means that represents the firm is audited by Klynveld Peat Marwick Goerdeler (KPMG), Price Waterhouse and Coopers (PWC), Ernst and Young, and Deloitte. It was also expected that a firm that is audited by any of the big four auditing firms will have higher quality of financial reports.

Another variable controlled for in the study was leverage. This was measured by long term debt divided by total assets of firm. It was expected to have a positive relationship with earnings management (Zangers- Mamedova, 2009). Table 2 shows a summary of the variables, and their sources.

Table 2: Variable Source and Description

Variable	Measurement	Source
Reporting Quality	Total Accruals minus non-discretionary accruals	Annual Report of listed companies, 2013-2017
IFRS Compliance	Total number of disclosed items divided by the total applicable presentation and disclosure requirements.	Annual Report of listed companies, 2013-2017
Board Size	Number of board members squared	Annual Report of listed companies, 2013-2017
Board independence	Proportion of Non-executive directors out of total board size	Annual Report of listed companies, 2013-2017
Audit committee independence	Proportion of outside directors out of the total number of audit committee members	Annual Report of listed companies, 2013-2017
Board Diversity	Proportion of women directors out of total board size	Annual Report of listed companies, 2013-2017
Firm size	Logarithm of total assets	Annual Report of listed companies, 2013-2017
Leverage	Long term debt divided by total assets of firm	Annual Report of listed companies, 2013-2017
Big four	Dummy variable, where 0 means that the firm is not audited by any of the Big Four and 1 means that represents the firm is audited by the big four.	Annual Report of listed companies, 2013-2017

Source: Author's construct (2019)

Chapter Summary

This chapter presented the research methods employed in conducting the study. The study is based on the positivism research philosophy and the quantitative research approach. The study also employed explanatory research design as it seeks to explain the relationships among IFRS compliance, corporate governance and reporting quality of listed firms in Ghana. The study developed two baseline models. The first model specification sought to establish a relationship between IFRS compliance and reporting quality. The

second model was developed to examine the role played by corporate governance mechanisms in the relationship between IFRS compliance and financial reporting quality of firms listed on the GSE. The study mainly employed random effect based on the Hausman test.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents and discusses the results obtained from the empirical analysis. Descriptive statistics on all variables employed in the study are also presented to give an idea of the state of financial reporting quality, corporate governance, and IFRS compliance of firms listed on the Ghana Stock Exchange. A correlation matrix, which aims to avoid issues of multicollinearity in the empirical specification, is also presented in the chapter. Subsequently, the chapter presents formal discussions on the various models estimated in the study.

Descriptive Statistics

Descriptive statistics is presented on a sample of 23 non-financial firms listed on the Ghana Stock Exchange out of 41 listed firms. Financial firms were excluded due to their effects on the computation of discretionary accruals. The list of the sample firms listed on the Ghana Stock Exchange included in the study is shown in Appendix A. The descriptive statistics presented in this section is the mean, which is the measure of average, the standard deviation which is the measure of degree of variability, the minimum and the maximum values for each variable, as well as the number of observations.

Table 3 : Descriptive Statistics of the Regress and the Regressors

Descriptive Statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
BIG4	112	.652	.479	0	1
COMP	107	.892	.059	.732	.964
BSS	115	64.609	36.314	9	144
NEDS	90	.711	.243	0	1
WOBS	110	.141	.148	0	.545
IACMS	84	.898	.187	.333	1
TA	107	-3.75e+08	1.96e+09	-1.93e+10	4.54e+07
NDA	67	-1.925	12.967	-106.083	-.007
DA	67	1.985	15.212	-1.157	124.413
Firmsize	104	18.074	3.01	11.429	24.906
LEV	80	.936	4.022	.001	31.212

Source: Field Data (2019)

BIG4 represents the Big 4 Audit firms, COMP represents Compliance Index, BSS represents Board Size Squared, NEDS represents Board Independence, WOBS represents Board Diversity, IACMS represents Audit Committee Independence, NDA represents Non-discretionary Accruals, DA represents Discretionary Accruals, Firmsize represents Firm size, Lev represents Firm leverage.

From the descriptive statistics, the Discretionary accrual variable, which is the inverse measure of reporting quality, had an average of 1.985 within the limits of -1.157 and 124.413. This shows that overall, the sampled listed companies do not have a high reporting quality. Specifically, some companies have discretionary accrual coefficient as high as 124.13. If the value of discretionary accrual (DA) is not equal to zero, earnings management can occur. If the discretionary accrual value is positive (DA> 0), it can be assumed that the company carries out earnings management by increasing its accrual profit reporting. Whereas if is negative (DA<0), it could signify that the company carries out earnings management by reducing its accrual profit reporting. If the value of DA = 0, it is assumed that the company does not conduct earnings management. This means that on the average most of the

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sampled listed firms are carrying out earnings management by increasing their accrual profit reporting. This statistics confirms the report of ROSC (2014) which revealed that although Ghana has made significant progress in reporting quality since the adoption of IFRS, more work needs to be done to improve reporting quality. On the other hand, the sampled listed companies recorded an average compliance of 0.892 within the limits 0.732 and 0.964. This depicts that although the sampled listed companies have made significant progress towards compliance to the IFRS of preparation and presentation of financial statements, attaining an average compliance level of 89.2%. Yet still, it can be inferred that more work could to be done to improve reporting quality.

As identified by extant literature, corporate governance could enhance the intensity of how IFRS compliance reduces earnings management and enhances reporting quality. Thus to enable an in-depth understanding of the state of corporate governance indicators in the sampled listed companies, the study also presented the descriptive statistics of each of the four corporate governance structures. Board size and board independence had averages of 36.314 within the limits 9 and 44 as well as 0.711 within the limits 0 and 1 respectively. Board diversity and Independent Audit committee members had averages of 0.141 within the limits 0 and 0.545 as well as 0.898 within the limits 0.333 and 1 respectively.

The firm size variable recorded an average of 18.047 with some firms having a size as small as 11.429 and as large as 24.906. The average leverage ratio of the sampled listed firms was 0.936, with the limits 0.001 and 31.212. In addition, from the descriptive statistics, over the period, 64.609% of the firm-year observations had their financial statements being audited by one of

the big four audit firms while the remaining 35% have their financial statements audited by firms other than the big four.

Table 4 presents the pairwise correlation matrix for the all the variables employed in the empirical analysis. A close examination of the correlation matrix reveals that there are no issues of multicollinearity in the empirical specification because the independent variables do not exhibit correlation coefficients more than 0.90 among themselves (Adam, 2015).

Correlation Analysis
Table 4 : Correlation Matrix

	lDA	COMP	lBSS	lNEDS	lWOBS	lIACMS	lnLEV	firm size	BIG4
lnDA	1.0000								
COMP	-0.7688	1.0000							
lnBSS	0.6548	0.4972	1.0000						
lnNEDS	-0.0845	-0.3986	-0.1929	1.0000					
lnWOBS	0.0153	0.4259	-0.1193	-0.2300	1.0000				
lnIACMS	-0.1390	0.2151	0.1924	-0.1137	0.2049	1.0000			
lnLEV	0.672	-0.0651	0.1111	-0.1613	0.2563	0.3250	1.0000		
Firmsize	0.8857	0.4017	0.7514	-0.1012	-0.1811	-0.0654	-0.0107	1.0000	
BIG4	-0.4499	-0.0562	0.4338	-0.3469	-0.1771	-0.3715	-0.0287	0.3604	1.0000

Source: Field Data (2019)

BIG4 represents the Big four Audit companies, COMP represents compliance Index, lnBSS represents the natural log of Board Size Squared, lnNEDS represents the natural log of Board Independence, lnWOBS represents the natural log of Board Diversity, lnIACMS represents the natural log of Audit committee independence, lnDA represents Discretionary accruals, firm size represents Firm size, lnLev represents the natural log of firm leverage

Regression results on the relationship among IFRS compliance, corporate governance mechanisms, and financial reporting quality of firms listed on the GSE

This subsection present and discusses the empirical results on the objectives of the study. The results of the regressions that estimate individual effects of IFRS compliance and corporate governance on reporting quality GSE listed firms, and the moderating role of corporate governance in the relationship between IFRS compliance and reporting quality are presented in

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Table 5: Relationship among IFRS compliance, corporate governance structures, and reporting quality of firms listed on the GSE

	Model 1	Model 2a	Model 2b	Model 2c	Model 2d
COMP	-10.11**	25.61***	-11.10**	-168.6**	-101.7**
	(3.516)	(7.269)	(3.528)	(58.63)	(34.00)
lnBSS	37.24*	1548.0**	37.29	308.0**	258.7**
	(18.203)	(557.9)	(22.33)	(100.9)	(82.90)
lnNEDS	-33.73*	-81.60***	-87.58***	-270.3**	-169.8*
	(17.053)	(21.63)	(24.86)	(88.20)	(76.16)
lnWOBS	29.97*	209.8**	28.96	5383.0**	356.9**
	(15.152)	(67.20)	(16.06)	(1976.1)	(121.1)
lnIACMS	-114.5*	-47.21	-113.4	-406.1***	30568.1**
	(57.887)	(45.94)	(61.56)	(114.4)	(11326.3)
Intbss		-17.08**			
		(6.306)			
Intneds			-0.365		
			(0.217)		
Intwobs				-54.79**	
				(20.23)	
Intacms					-342.9**
					(126.6)
Control Variables					
lnLEV	9.039*	6.608*	9.036*	6.608*	6.608*
	(4.569)	(2.980)	(4.571)	(2.980)	(2.980)
Firmsize	6.607*	34.42**	6.588	34.42**	34.42**
	(3.340)	(10.58)	(4.142)	(10.58)	(10.58)
BIG4	-13.87*	-176.8*	-14.94	-291.7**	-308.6**
	(7.012)	(70.79)	(12.74)	(113.0)	(119.3)
_cons	707.0	-2750.9*	705.7	13731.1**	7917.5**
	(398.6)	(1300.3)	(398.3)	(4814.2)	(2673.2)
N	69	67	66	69	73
R Square	0.8091	0.9707	0.8990	0.8991	0.9712
Wald Chi^2	35.65	99.48	92.13	99.48	99.48
P>Chi^2	0.000	0.000	0.001	0.000	0.000

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Field Data (2019)

BIG4 represents the Big four Audit firms, COMP represents compliance Index, lnBSS represents the natural log of Board Size Squared, lnNEDS represents the natural log of Board Independence, lnWOBS represents the natural log of Board Diversity, lnIACMS represents the natural log of Audit committee independence, lnDA represents Discretionary accruals, firm size represents Firm size, lnLev represents the natural log of firm leverage, Intbss

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represents the interaction term between Compliance index and board size, Intneds represents the interaction term between Compliance index and Board Independence, Intwobs represents the interaction term between Compliance index and board diversity, and Intacms represents the interaction term between Compliance index and audit committee independence.

Table 5 presents the regression result on model 1 that estimates the individual relationship of IFRS compliance and the individual corporate governance structures with reporting quality of firms listed on the GSE. These are specifically depicted under Model 1 of the Table. Models 2a – 2d of Table 5, present the regression result on model 2 that estimates the role of board size, board independence, board diversity, and audit committee independence in the relation between IFRS compliance and the reporting quality of firms listed on the GSE.

IFRS Compliance and financial reporting quality of GSE listed firms

The result from Model 1 depicts that, at 5% significance level, IFRS compliance has a significant negative effect on the inverse measure of reporting quality. This implies that IFRS compliance reduces earnings management and enhances reporting quality. The coefficient of -10.11% indicates that a 1% increase in level of IFRS compliance causes a 10.11% decrease in earnings management and a 10.11% increase in reporting quality compliance, holding all other factors constant. Therefore, the result confirms the first hypothesis that there is a significant positive relationship between IFRS compliance and reporting quality. This is because strict compliance to the IFRS tends to undermine the ability of managers to manage earnings and this result is in line with the information asymmetry theory, which explains that accounting standards has the potency to reduce information asymmetry through determining the quality of financial reporting and disclosure once

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these standards are adhered to (Ramalingegowda, Wang, & Yu, 2013; Brüggemann, Hitz, & Sellhorn, 2013).

The result is also consistent with Barth, Landsman and Lang (2005) who found that accounting information of firms that adhere to the implementation of IFRS is associated with predictable increases in quality. The result is also in line with Balsar, Ozkan and Durak (2010) who found that the usefulness and quality of financial reporting had increased because of the application of the IFRS. A similar result in Ghana was found by Agyei-Mensah (2013) who posits that financial information disclosure of listed firms improved with the adoption of the IFRS.

However, the result digresses from the findings of Ahmed, Nell and Wang (2013) that argued that generally the quality of financial reports decreased after the mandatory adoption of the IFRS. The result is also inconsistent with that of Kao (2014) who found that the adoption of the IFRS did not significantly influence financial reporting quality. The inconsistency with these studies could be explained by the argument of Hellstrom (2006) which opine that high quality standards will not be effective in producing high quality financial reports unless effective control mechanisms are put in place to ensure that standards are actually implemented and complied with. As such, the result confirms the first hypothesis that there is a significant positive relationship between IFRS compliance and reporting quality.

Corporate governance mechanisms and financial reporting quality of GSE listed firms

From Model 1 of Table 5, board size had a significant positive effect on the inverse measure of reporting quality (earnings management) of sampled

GSE listed firms at a significance level of 10%, as expected. The result thus shows that larger boards are less effective in their monitoring responsibilities and this could lead to higher earnings management. This result is in line with that of Vafeas (2000) who found that larger boards may be infective in board meetings in the sense that the board members may find it difficult in reaching decisions when it comes to ways to ensuring that management produce high quality reports. Also, the results also shows that the sheer size of the board will lead to less personal responsibility assumed by each director, including directors who have supervisory duties over financial report preparation and this argument. Again, the results depicts that increase in board size of sampled listed firms are likely to result in increase in fraudulent financial statements. This is also in line with the findings of Beasly (1996).On the other hand, the results signals that in the context of listed firms in Ghana, smaller boards will be more effective in ensuring high level of reporting quality. This finding is in line with Ahmed, Hossain and Adams, (2006) who found that smaller boards are more effective in ensuring high level of earnings quality.

From Model 1 in Table 5, at 10% significance level, the board independence variable showed a significant negative coefficient of -33.73. This means that board independence reduces earnings management and enhances reporting quality. The coefficient of   -33.73% shows that a 1% increase in the level of board independence (holding all other factors constant) will lead to 33.73% decrease in earnings management, hence a 33.73% increase in reporting quality. The negative relationship between the board independence and the inverse measure of financial reporting quality is in sync with the results of Peasnell, Pope and Young (2005) which posited that a

larger proportion of independent board members in boards make the board effective in their monitoring duties and therefore constraint management discretions on reporting earnings. Again the result is line with that of Cornett Marcus, and Tehranian (2008) who found a positive effect of board independence on reporting quality. Also, the result is in line with the study of Osma and Noguer (2007), which found that independent board members are very instrumental to the governance of a company, predominantly in relation to fraud and discretionary accounting accruals prevention.

Thus, this result means that the presence of non-executive directors leaves no room for managers to manipulate or manage the earnings to communicate a false state of the companies' financial performance and position. Instead it ensures that reported financial statements will represent the true economic state of the firm, leading to preparation of financial reports that are of high quality. Again, the results depicts that, relative to the work of dependent board members of sampled listed firms, the work of independent board members are not faced with familiarity threats and thus the more independent board members there are on the board, the lower the propensity of earnings management and the higher the level of reporting quality in the firm.

Model 1 in Table 5 further shows that at significance level of 10%, audit committee independence has a significant negative effect on the inverse measure of reporting quality by showing a coefficient of -114.5. The results indicate that the institution of independent audit committee members will help reduce earnings management. The results are in line with that of Wild (1996) who found that the basic intent of the establishment of an audit committee is to enhance the quality of financial reports. Again the results is in line with that of

Abbott, et al. (2000) as well as Klien (2002) who found that audit committee independence actually reduces misstatements of financial statements. Nelson and Devi (2013) also found similar evidence. It is worth noting that among all the corporate governance variables in the study, audit committee independence is the highest predictor of reporting quality. This therefore confirms that audit committee independence is the corporate governance function that is directly related to ensuring high level of reporting quality.

Also from the same Model 1, at 10% significant level, board diversity, which is measured by the number of women on boards, similarly showed a positive significant coefficient on earnings management. This means that more gender diverse board has the potency to increase earnings management. To this end, having a larger number of women on the boards of the sampled listed firms will not enhance the reporting quality of the listed firms in Ghana. This means that women on the boards of most of the sampled listed firms are naturally not conservative, and therefore may not ensure improvement in the reporting quality of firms.

The moderating role of corporate governance in the relationship between IFRS compliance and reporting quality of GSE listed firms.

Model 2a – 2d from Table 5 depict the regression analysis on the moderating role of the corporate governance variables in the relationship between IFRS compliance and reporting quality of GSE listed firms. Model 2a present results on the moderating role of board size in the relationship between IFRS compliance and reporting quality of listed firms. The interacting term between IFRS compliance and board size had a negative coefficient of -17.08, which is significant at 1%. By introducing this interaction term, the IFRS

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compliance variable rather attain a significant positive coefficient of 25.65 as compared to a coefficient of -10.11 in Model 1. This implies that a larger board size has the potential to make IFRS compliance better to ensure higher reporting quality but the sheer size could erode such benefits and rather cause IFRS compliance to be positively related to the inverse measure of reporting quality. The results thus shows that larger boards are less effective in their monitoring responsibilities and this could lead to higher earnings management and this is in line with the argument of Vafeas (2000).

Model 2b presents results on the moderating role of board independence in the relationship between IFRS compliance and reporting quality of listed firms. The interacting term between IFRS compliance and board independence attained an insignificant negative coefficient of -0.365. Introducing this interaction term causes the IFRS compliance variable to rather attain a significant coefficient of -11.10 as compared to a coefficient of -10.11 in Model 1. This result provides some evidence that the presence of independent board members will ensure that IFRS compliance translate into the required levels of reporting quality. This indicates that improving board independence is essential to enhance compliance to IFRS, and ripple to an improvement in reporting quality of GSE listed firms. This results is in line with Peasnell et al. (2005) who posited that a larger proportion of independent board members in boards makes the board effective in their monitoring duties and therefore constraint management discretions on reporting earnings.

Model 2c in Table 5 shows the moderating role of board diversity in the relationship of IFRS compliance and reporting quality of firms listed on the GSE. The interacting term between IFRS compliance and board diversity

shows a significant negative coefficient of 54.79 at significance level of 1%. The IFRS compliance now shows a negative coefficient of 168.66 as compared to its coefficient of 10.11 in Model 1. This therefore shows that IFRS compliance will better enhance reporting quality in the presence of a more diverse board. This means that even though more gender diverse board in isolation has the potency to increase earnings management, as discussed in the earlier subsection, the compliance to IFRS could be a tool that the larger number of women on the boards could use to ensure high reporting quality. Thus, the presence of a more diverse board can enhances the positive relationship between IFRS and reporting quality of sampled listed firms.

Lastly, Model 2d shows the moderating role of audit committee independence in the relationship of IFRS compliance and reporting quality of firms listed on the GSE. The interacting term between IFRS compliance and audit committee independence shows a negative coefficient of 342.9 at significance level of 5%. This causes the IFRS compliance variable to have a negative coefficient of 101.7 as compared to its coefficient of -10.11 in Model 1. This means that IFRS compliance will better enhance reporting quality in the presence of independent audit committee.   This is primarily because the basic intent of the establishment of an audit committee is to enhance the quality of financial reports. Again, amidst all the interaction terms presented in Models 2a – 2d, the interacting term between IFRS compliance and audit committee independence is the highest predictor of reporting quality. This, therefore, confirms that audit committee independence is the corporate governance function that is directly related to ensuring high level of reporting quality.

Results of control variables and reporting quality

In all the models presented in Table 5, firm size had a significant positive effect on the inverse measure of reporting quality. This therefore suggests that the reporting quality of the sampled listed firms reduces and as firm size increases. This result is in sync with that of Barton and Simko (2002) who found that the managers of large-sized firms face more pressures to meet the expectation of stakeholders so they are likely to manage earnings. Again the results is in line with the argument of Myers and Skinner (2000) who found evidence that most large-sized firms do not report the true state of the financial information. Another explanation for the positive effect of firm size on the inverse earnings management is because large-sized firms have more bargaining power and thus auditors who audit such firms are likely to waive earnings management attempts by large clients and this is in line with the argument of Nelson et al. (2002). Finally, another plausible reason for these results is that large-sized firms are able to manage earnings is that due to large size of their current assets, revenue and other financial statement items. Therefore they have more room to manoeuver around these large figures given wide range of accounting treatments available

From models 1 – 2d, presented in Table 5, firm leverage had a significant positive effect on the inverse measure of reporting quality. This means that reporting quality decreases with high levels of firm leverage. The result is in line with that of Januarsi et al. (2014) who found that managers of highly leveraged firms can artificially increase reported earnings to improve firm's bargaining power during debt negotiation in order to obtain funds at favorable conditions. Also the result is in line with that of Zagers-Mamedova

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(2009) who found similar evidence that the level of the earnings management increases when leverage also increases. This was because owners are widely separated and may have little knowledge about accounting.

Also, models 1- 2d of Table 5, present that the big four had a significant positive effect on the inverse measure of reporting quality. This means when a firm is being audited by any of KPMG, PWC, Ernst and Young, and Deloitte, there is a very low likelihood that the firms will be able to manipulate earnings because these audit firms are able to reject the manipulations of the firms they audit due to their international affiliation and reputational and this is also in line with the results of Chtourou, Bedard and Courteau (2004).

Diagnostics of the results

Test of Joint Significance

One vital assumption underlying regression models is the assumption of joint significance of the independent variables. Thus, to access whether all the independent variables in models 1- 2d of Table 5 were able to jointly predict the dependent variable, a Wald test was performed. The null hypothesis of this test is that the independent variables jointly cannot predict the dependent variable. The p-values of the Wald test rejected this null hypothesis, which means that all the independent variables in each model jointly explain their dependent variable respectively. This therefore means that all the R-square values in models 1- 2d of Table 5 are significant.

Interpretation of the R Square

In model 1, 80.91% variation in the inverse measure of reporting quality can be explained by the variation in the regressors. In model 2a, 97.07

% variation in the inverse measure of reporting quality can be explained by the variation in the regressors. In model 2b, 89.90 % variation in the inverse measure of reporting quality can be explained by the variation in the regressors. In model 2c, 89.91 % variation in the inverse measure of reporting quality can be explained by the variation in the regressors. And in model 2d, 97.12 % variation in the inverse measure of reporting quality can be explained by the variation in the regressors.

Chapter Summary

The descriptive statistics revealed that in all, the sampled listed companies do not have a high level of reporting quality even though the results revealed a high level of compliance to IFRS. This therefore showed that IFRS compliance in isolation might be insufficient to the attainment of high reporting quality by the sampled listed firms.

The regression results revealed that IFRS compliance though will be necessary for attaining high level of reporting quality, the presence of corporate governance mechanisms will also serves as a sufficient condition. Specially, the results revealed that a larger board size has the potential to make IFRS compliance to better ensure higher reporting quality but the sheer size could erode such benefits and rather cause IFRS compliance to be positively related to the inverse measure of reporting quality. Again the results provide some evidence that the presence of independent board members will ensure that IFRS compliance translates into the required levels of reporting quality. In addition, the presence of a more diverse board can enhance the positive effect of IFRS compliance on reporting quality. Finally, it was seen IFRS compliance will also better enhance reporting quality in the presence of

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independent audit committee. The control variables were also found to be

significant predictors of reporting quality.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter begins by presenting a summary of the research and more specifically the findings of the study. Further, the chapter concludes on the effect of IFRS compliance on reporting quality as well as the role played by corporate governance structures in the relationship between IFRS compliance and reporting quality. Finally, the chapter makes recommendations for both policy and future research.

Summary of the Research

Ghana has made significant progress in the adoption of IFRS, however more work needs to be done to improve reporting quality. This implies that although IFRS adoption predictably is associated with improvement in reporting quality of financial statements, lack of proper enforcement of these high-quality standards may result in limited compliance, thereby undermining the effectiveness of these standards in producing high-quality information. Literature suggests that various factors influences financial reporting quality, however emphasis was placed on the role played by corporate governance mechanisms in the relationship between IFRS compliance and financial reporting quality of GSE listed firms.

The literature review provided an overview of accounting regulatory framework in Ghana, theories employed in the study, and empirical evidence on the relationship among IFRS compliance, corporate governance, and financial reporting quality of firms listed on the GSE. Specifically, the agency theory, information asymmetry theory, and stewardship theory were used in

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the study. The empirical review showed that findings on the relationship between IFRS adoption and reporting quality were inconsistent. This was because prior studies did not pay attention to actual compliance of the IFRS when they are adopted. In addition, the effects of IFRS adoption and corporate governance on reporting quality have been analysed separately in prior studies. The literature revealed that IFRS compliance could better lead to reporting quality in the presence of the right corporate governance structures. This argument has also been ignored in prior research and thus formed the basis for this study.

The study was based on the positivism research philosophy and the quantitative research approach. The study also employed the explanatory research design to estimate two the baseline models developed. The first model specification sought to assess the individual effects of IFRS compliance and corporate governance structures on the reporting quality of firms listed on the GSE. The second model examined the role played by corporate governance structures in the relationship between compliance with IFRS and financial reporting quality of firms listed on the GSE. In addition, the study used 23 non- financial firms out of 41 firms listed on the GSE. This was due to the effects of financial institutions in the computation of discretionary accruals, an inverse measure of reporting quality. The study mainly employed a random effect based on the Hausman test.

Summary of Findings

A number of insightful and significant results that have good implications emerged from the findings of this study. The first objective of the study was to examine the effect of IFRS compliance on reporting quality of

firms listed on the GSE. The second objective examined the relationship between corporate governance mechanisms and reporting quality of GSE listed firms whilst the third objective examined the moderating role of corporate governance mechanisms in the relationship between IFRS compliance and reporting quality of GSE listed firms. The summary of the findings on these objectives are summarized in the table below:

Table 6: Summary of Results on the Hypotheses

Hypotheses	Confirmation
Ho: There is a significant positive effect of IFRS compliance on financial reporting quality of GSE listed firms.	Confirmed
H_{2a}: There is a significant positive relationship between board size and reporting quality of firms listed on the GSE.	Not Confirmed
H_{2b}: There is a significant positive relationship between board independence and reporting quality of firms listed on the GSE.	Confirmed
H_{2c}: There is a significant positive relationship between board diversity and reporting quality of firms listed on the GSE.	Not Confirmed
H_{2d}: There is a significant positive relationship between audit committee independence and reporting quality of firms listed on the GSE.	Confirmed
H_{3a}: There is a significant positive effect of board size on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.	Confirmed
H_{3b}: There is a significant positive effect of board independence on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.	Not confirmed
H_{3c}: There is a significant positive effect of board diversity on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.	Confirmed
H_{3d}: There is a significant positive effect of audit committee independence on the relationship between IFRS compliance and reporting quality of firms listed on the GSE.	Confirmed

Source: Field Data (2019)

The descriptive statistics revealed that on the overall, the sampled listed companies do not exhibit a high level of reporting quality even though the results revealed a high level of compliance to IFRS. This therefore showed that there might be certain conditions under which IFRS compliance will enhance reporting and one of such conditions identified in this study is corporate governance structures. First, the results reveal that IFRS compliance is a necessary condition to enhance reporting quality. Again the results revealed, overall, that the right corporate governance mechanisms will enhance the effect of IFRS compliance on reporting quality. Also, the results also revealed that the right corporate governance mechanism in itself will enhance reporting quality.

Conclusions

Based on the results from the study, some conclusions have been inferred. In relation to the first hypothesis, the study concludes that compliance to IFRS is required to increase the reporting quality of financial statements of firms listed on the GSE. This is so because, IFRS compliance show a significant positive effect on the reporting quality of financial statements.

Furthermore, the conclusion on the second hypothesis is that the right corporate governance structures are positively associated with reporting quality. Based on the third hypothesis, the study concludes that there is a positive moderating effect of corporate governance mechanisms on the relationship between IFRS compliance and reporting quality.

Recommendations

The findings of this research are of relevance to policy makers and regulators whose decisions directly affect the quality of financial reporting.

To enhance the level of public confidence in the annual reports of firms listed on the GSE, the audit committee independence and the board independence should be strengthened to ensure that management does not only adopt IFRS, but that the standards are actually complied with.

Such efforts will yield better results if other corporate governance factors such board size, board gender diversity are checked and properly managed. This will improve reporting quality in Ghana. Specifically, it would be very vital for the SEC to institute policies which ensures that firms adhere to proper corporate governance structures. This will ensure that there is high level of board independence and most prominently audit committee independence.

Also, the practice of having more women on corporate boards should be encouraged but with caution such that the conservative nature of women will be channeled into ensuring high levels of reporting quality.

Finally, the practice of having more large board should be encouraged but with caution so that the large board size will rather ensure that IFRS compliance leads to the desired levels of reporting quality.

Suggestions for Future Research

First of all, other studies can extend this current study by examining the moderating role played by corporate governance structures in the relationship between IFRS compliance and reporting quality of other firms which are not listed on the GSE. An extension of this study can be conducted

for financial institutions listed on the GSE. Other sources and dimensions of corporate governance could also be employed. For instance, further studies can examine the role played by country level corporate governance in the relation between IFRS compliance and reporting quality of firms. The study focused on IAS 1 for the construction index, other studies could look at other standards for compliance measure. Finally, further studies could employ other estimation techniques than those employed in this study.

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APPENDIX

A: IFRS Disclosure and Presentation Checklist

IAS 1 Presentation of Financial Statements

Reference	Presentation/disclosure requirement	Remarks Yes / No / N/A
	This section of the checklist addresses IAS 1, which prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.	
	Complete set of financial statements	
	A complete set of financial statements comprises:	
IAS 1:10(a)	a) a statement of financial position as at the end of the period;	
IAS 1:10(b)	b) an statement of comprehensive income for the period;	
IAS 1:10(c)	c) a statement of changes in equity for the period:	
IAS 1:10(d)	d) a statement of cash flows for the period;	
IAS 1:10(e)	e) notes, comprising a summary of significant accounting policies and other explanatory information; and	
	Fair presentation and compliance with IFRSs	
IAS 1:16	An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes.	
	Going concern	
IAS 1:25	When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern.	
	Accrual basis of accounting	
IAS 1:27	An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.	
IAS 1:29	An entity shall present each material class of similar items separately in the financial statements.	
	Comparative information	

IAS 1:38	Except when IFRSs permit or require otherwise, an entity shall disclose comparative information in respect of the previous period for all amounts reported in the current period's financial statements.

Identification of the financial statements

IAS 1:49	An entity shall clearly identify the financial statements and distinguish them from other information in the same published document.
IAS 1:51	An entity shall display the following information prominently, and repeat it when it is necessary for the information presented to be understandable:
IAS 1:51(a)	a) the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period;
IAS 1:51(b)	b) whether the financial statements are of the individual entity or a group of entities;
IAS 1:51(c)	c) the date of the end of the reporting period or the period covered by the set of financial statements or notes;
IAS 1:51(d)	d) the presentation currency.
IAS 1:51(e)	e) the level of rounding used in presenting amounts in the financial statements.

Statement of financial position

Information to be presented in the statement of financial position

IAS 1:54	As a minimum, the statement of financial position sheet shall include line items that present the following amounts:
IAS 1:54(a)	a) property, plant and equipment;
IAS 1:54(b)	b) investment property;
IAS 1:54(c)	c) intangible assets;
IAS 1:54(e)	d) investments accounted for using the equity method;
IAS 1:54(g)	e) inventories;
IAS 1:54(h)	f) trade and other receivables;
IAS 1:54(i)	g) cash and cash equivalents;
IAS 1:54(k)	h) trade and other payables;
IAS 1:54(l)	i) provisions;
IAS 1:54(n)	j) liabilities and assets for current tax, as defined in

	IAS 12 *Income Taxes*;
IAS 1:54(o)	k) deferred tax liabilities and deferred tax assets, as defined in IAS 12;

An entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes:

IAS 1:79(a)	a) for each class of share capital:
	i) the number of shares authorised;
	ii) the number of shares issued and fully paid, and issued but not fully paid;
	iii) par value per share, or that the shares have no par value;
IAS 1:79(b)	b) a description of the nature and purpose of each reserve within equity.

Information to be presented in the statement of comprehensive income

IAS 1:82(a)	a) revenue;
IAS 1:82(b)	b) finance costs;
IAS 1:82(d)	c) tax expense;
IAS 1:82(f)	d) profit or loss;
IAS 1:82(i)	e) total comprehensive income.

Statement of changes in equity

An entity shall present a statement of changes in equity, showing in the statement:

IAS 1:106(a)	a) total comprehensive income for the period.
IAS 1:106(b)	b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with IAS 8; and
IAS 1:106(d)	c) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period.

	Information to be presented in the statement of changes in equity or in the notes
IAS 1:107	An entity shall present, either in the statement of changes in equity or in the notes:
	a) the amount of dividends recognised as distributions to owners during the period, and
	b) the related amount of dividends per share.
	Disclosure of accounting policies
	An entity shall disclose in the summary of significant accounting policies:
IAS 1:117(a)	a) the measurement basis (or bases) used in preparing the financial statements; and
IAS 1:117(b)	b) the other accounting policies used that are relevant to an understanding of the financial statements.
	Judgements made in the process of applying accounting policies
IAS 1:122	An entity shall disclose, in the summary of significant accounting policies or other notes, the judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.
	Sources of estimation uncertainty
IAS 1:125	An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
	In respect of such assets and liabilities, the notes shall include details of:
IAS 1:125(a)	a) their nature; and
IAS 1:125(b)	b) their carrying amount as at the end of the reporting period.
IAS 1:134	An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

	To comply with paragraph 134 of IAS 1 (see above), the entity discloses the following:
IAS 1:135(a)	a) An entity shall disclose qualitative information about its objectives, policies and processes for managing capital, including: i) a description of what it manages as capital; ii) how it is meeting its objectives for managing capital;
IAS 1:135(b)	b) summary quantitative data about what it manages as capital;
IAS 1:136A(a)	a) summary quantitative data about the amount classified as equity;
	Other disclosures An entity shall disclose in the notes:
IAS 1:137(a)	a) the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period, and the related amount per share; and
IAS 1:137(b)	b) the amount of any cumulative preference dividends not recognised.
	An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:
IAS 1:138 (a)	a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office);
IAS 1:138(b)	b) **a description of the nature of the entity's operations and its principal activities;**

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APPENDIX

B: List of 23 non- financial firms listed on the Ghana Stock Exchange

1	African Champions Industries Ltd
2	Aluworks Ltd
3	AngloGold Ashanti Limited
4	Aryton Drugs Manufacturing
5	Benso Oil Palm Plantation Ltd
6	Camelot Ghana Ltd
7	ClydeStone Ghana Ltd
8	Cocoa Processing Company
9	Fan Milk Limited
10	Ghana Oil Company Limited
11	Golden Star Resources Ltd
12	Golden WEB
13	Guiness Ghana Breweries Ltd
14	Mechanical Lloyed Company
15	Produce Buying Company Ltd
16	Pioneer Kitchenware Ltd
17	PZ Cussons Ghana Ltd
18	Sam Wood Ltd
19	Starwin Products Ltd
20	Total Petroleum Ghana Ltd
21	Transol Solutions Ghana Ltd
22	TULLOW
23	Unilever Ghana Limited