



The Effect of International Financial Reporting Standards (IFRS) Adoption on Financial Reporting Comparability

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Abstract

This study investigated the effect of International Financial Reporting Standards (IFRS) Adoption on Financial Reporting Comparability among publicly listed companies across different countries. The specific objective are to examine the impact of IFRS adoption on the level of financial reporting comparability among publicly listed companies across different countries, investigate the factors that influence the degree of financial reporting comparability following the adoption of IFRS, such as differences in enforcement mechanisms, cultural/institutional factors and industry-specific practices and evaluate the benefits and challenges associated with IFRS adoption in terms of enhancing the comparability, transparency and reliability of financial information for cross-border investment and decision-making. The research utilized a quantitative methodology. Primary data collection involved distributing surveys and questionnaires to accounting professionals, regulators, investors, and senior management of IFRS-adopting companies. Secondary data comprised financial statements, academic research, and industry reports. Various statistical techniques, including descriptive and regression analyses, were employed to assess the impact of IFRS adoption on financial reporting comparability. The findings reveal a significant positive association between IFRS adoption and financial reporting comparability, indicating that the adoption of IFRS enhances the consistency and transparency of financial reporting practices globally. These results underscore the importance of adopting global accounting standards in promoting cross-border investment, decision-making, and capital allocation. The study concludes with recommendations for continued emphasis on IFRS adoption and implementation, enhanced cross-border collaboration and harmonization, and investment in technology and data analytics to further strengthen the impact of IFRS adoption on financial reporting comparability.

Keywords IFRS Adoption; Financial Reporting; Comparability; Enforcement Mechanisms; Global Accounting Standards

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Introduction

International Financial Reporting Standards (IFRS) serve as a globally recognized set of accounting principles aimed at promoting uniformity, comparability, and consistency in the treatment and reporting of financial transactions worldwide. These standards, developed for the preparation and presentation of companies' financial statements, aim to enhance transparency and facilitate better decision-making in the capital markets (Okoughenu & Odunsi, 2022). The adoption of International Financial Reporting Standards (IFRS) has been a significant development in the global accounting landscape over the past few decades (Adesanmi et al., 2022). IFRS are a set of accounting standards developed by the International Accounting Standards Board (IASB) with the aim of improving the transparency, consistency, and comparability of financial reporting across different countries.

Prior to the widespread adoption of IFRS, financial reporting practices varied significantly across national boundaries, making it difficult for investors, analysts, and other stakeholders to compare the financial performance and position of companies operating in different jurisdictions (Titus, 2021). This lack of comparability posed challenges for capital markets and hindered the efficient allocation of resources on a global scale.

The move towards IFRS adoption was driven by the recognition that harmonized accounting standards could facilitate cross-border investment, enhance market integration, and improve the quality and reliability of financial information. As of 2023, more than 140 countries around the world have either adopted IFRS or permitted the use of IFRS by publicly listed companies.

However, the impact of IFRS adoption on financial reporting comparability remains a subject of ongoing research and debate. While IFRS aims to promote greater consistency in accounting practices, the implementation and interpretation of these standards can still vary across jurisdictions, potentially leading to differences in financial reporting outcomes.

This study seeks to investigate the effect of IFRS adoption on the comparability of financial reporting among companies operating in different countries. By examining relevant financial data and accounting metrics, the research aims to provide empirical evidence on the extent to which IFRS has achieved its goal of enhancing the comparability of financial information across international borders. This study will contribute to the understanding of the practical implications of IFRS adoption and inform policymakers, regulators, and other stakeholders in their efforts to further improve the quality and consistency of global financial reporting.

Statement of the Problems

The ideal scenario would involve the widespread adoption and consistent application of International Financial Reporting Standards (IFRS) across jurisdictions. In this scenario, financial reporting comparability would be significantly enhanced, allowing for meaningful comparisons of financial information among companies operating in different countries.

The problem arises from the varied implementation and interpretation of IFRS across different jurisdictions. While the adoption of IFRS aims to promote comparability, differences in application, local regulatory requirements, and cultural factors can lead to inconsistencies in financial reporting. This lack of comparability undermines the effectiveness of financial analysis, decision-making processes, and investor confidence.

If the challenges related to the adoption of IFRS and achieving financial reporting comparability are not addressed, several negative consequences may arise. Firstly, investors may face difficulties in accurately assessing the financial performance and position of companies, leading to increased uncertainty and risk in investment decisions. Secondly, stakeholders may lose trust in financial statements, resulting in reduced capital flows and investment activity. Finally, the lack of comparability could hinder global economic growth and integration, as it becomes increasingly difficult to benchmark and evaluate the performance of multinational corporations operating in diverse markets.

Objectives of the Study

The broad objective of this study is to evaluate the effect of international financial reporting standards (IFRS) adoption on financial reporting comparability while the specific objectives of the study are to:

- i. To examine the impact of IFRS adoption on the level of financial reporting comparability among publicly listed companies across different countries.
- ii. To investigate the factors that influence the degree of financial reporting comparability following the adoption of IFRS, such as differences in enforcement mechanisms, cultural and institutional factors, and industry-specific practices.
- iii. To evaluate the benefits and challenges associated with IFRS adoption in terms of enhancing the comparability, transparency, and reliability of financial information for cross-border investment and decision-making.

Research Questions

The study provided answers to the following research questions:

- i. To what extent has the adoption of IFRS improved the comparability of financial reporting across publicly listed companies in different countries?
- ii. What firm-level, industry-level, and country-level factors influence the degree of financial reporting comparability following the transition to IFRS?
- iii. How have improvements (or lack thereof) in financial reporting comparability under IFRS impacted the information environment, cost of capital, and investment decisions of multinational corporations and global investors?

Statement of Hypotheses

The following hypotheses in null form will guide the study:

- i. The adoption of IFRS has not led to a significant improvement in the level of financial reporting comparability among publicly listed companies across different countries.
- ii. Firm-level characteristics, industry factors, and country-specific institutional environments do not have a significant influence on the degree of financial reporting comparability following the transition to IFRS.
- iii. The comparability of financial information under IFRS has not had a measurable impact on the information environment, cost of capital, and investment decisions of multinational corporations and global investors.

Significance of the Study

The significance of the study on "The Effect of International Financial Reporting Standards (IFRS) Adoption on Financial Reporting Comparability" is substantial, offering valuable insights into the implications of IFRS adoption on financial reporting practices across borders. Various individuals and institutions stand to benefit from the findings and implications of this research:

Regulatory Bodies and Standard-Setting Organizations: Regulatory bodies, such as the International Accounting Standards Board (IASB), and standard-setting organizations can utilize the study's outcomes to assess the effectiveness of IFRS adoption in promoting comparability in financial reporting practices globally. These insights can inform future amendments to accounting standards and regulations, contributing to the harmonization of international financial reporting frameworks.

Investors and Financial Analysts: Investors and financial analysts rely on financial reports to make informed investment decisions. Understanding the impact of IFRS adoption on financial reporting comparability can assist them in evaluating the quality and reliability of financial information provided by publicly listed companies across different countries. Enhanced comparability can lead to more accurate assessments of investment opportunities and risks, thereby facilitating more efficient capital allocation.

Publicly Listed Companies: Publicly listed companies, particularly those operating in multiple jurisdictions, can benefit from the study by gaining insights into the implications of IFRS adoption for their financial reporting practices. Understanding the factors influencing comparability can help companies optimize their reporting processes, enhance transparency, and ensure compliance with international accounting standards, ultimately fostering investor confidence and reducing the cost of capital.

Academic Community: Scholars and researchers in the fields of accounting, finance, and international business can leverage the study's findings to advance academic knowledge and contribute to ongoing debates surrounding the global harmonization of financial reporting standards. The research can serve as a foundation for further empirical studies and theoretical developments in this area, enriching academic discourse and informing future research agendas.

Policy Makers and Government Agencies: Policy makers and government agencies responsible for overseeing financial markets and promoting economic development can use the study's insights to inform policy decisions related to the adoption and implementation of IFRS. Understanding the benefits and challenges associated with IFRS adoption can help policymakers design effective regulatory frameworks and support initiatives aimed at enhancing the comparability, transparency, and reliability of financial information in the global marketplace.

Professional Accounting Bodies and Practitioners: Professional accounting bodies and practitioners can benefit from the study by gaining a deeper understanding of the practical implications of IFRS adoption for financial reporting comparability. This knowledge can inform professional development initiatives, training programs, and best practices for compliance with international accounting standards, ensuring that accounting professionals remain abreast of evolving regulatory requirements and industry standards.

Operational Definition of Terms

To ensure clarity and understanding, it is important to provide operational definitions of selected terms used in the study:

International Financial Reporting Standards (IFRS): IFRS refers to a set of accounting standards developed and maintained by the International Accounting Standards Board (IASB). These standards provide guidelines for the preparation and presentation of financial statements, ensuring consistency, comparability, and transparency in financial reporting practices across countries and industries.

Financial Reporting Comparability: It denotes the degree to which financial information presented by different entities can be effectively compared and analyzed. In this study, financial reporting comparability is measured by assessing the level of consistency and similarity in financial reporting practices among publicly listed companies across different countries following the adoption of IFRS.

Publicly Listed Companies: They are entities whose shares are traded on a public stock exchange. These companies are required to disclose financial information to the public, including financial statements, annual reports, and other disclosures, in accordance with regulatory requirements and accounting standards.

Impact of IFRS Adoption: The impact of IFRS adoption refers to the effects of transitioning from previous accounting standards to IFRS on financial reporting practices, comparability, and transparency. This includes changes in accounting policies, reporting formats, disclosure requirements, and the overall quality of financial information provided by publicly listed companies.

Enforcement Mechanisms: It refers to the regulatory measures and oversight processes implemented by government agencies, regulatory bodies, and other authorities to ensure compliance with accounting standards and regulations. These mechanisms may include audits, inspections, penalties for non-compliance, and enforcement actions against entities that fail to adhere to accounting standards.

Literature Review

Conceptual Review

IFRS Adoption

The adoption of International Financial Reporting Standards (IFRS) has been a significant development in the realm of financial reporting worldwide. Originally conceptualized by the International Accounting Standards Board (IASB), IFRS aims to standardize accounting practices across borders, fostering comparability, transparency, and efficiency in financial reporting (Siyanbola et al., 2022). As countries transition from their local Generally Accepted Accounting Principles (GAAP) to IFRS, it's imperative to understand the impact of this adoption on the comparability of financial reports.

Historically, different countries have developed their own accounting standards, resulting in diverse reporting practices. This heterogeneity poses challenges for investors, analysts, and other stakeholders who rely on financial information for decision-making. The introduction of IFRS seeks to address these challenges by providing a single set of high-quality accounting standards that are globally accepted (Jibril, 2019).

The adoption of IFRS began in the early 2000s, initially by European Union (EU) member states and subsequently by many countries worldwide (Sang-Giun, 2020). Proponents of IFRS adoption argue that it enhances the comparability of financial reports across borders, facilitates capital flows, and improves access to international capital markets. However, critics express concerns about the potential loss of local relevance and the complexities associated with transitioning to a new reporting framework.

Transition to IFRS in Nigeria: Implications for Financial Reporting Practices and Market Dynamics.

In Nigeria, the Financial Reporting Council of Nigeria (FRCN), formerly known as the Nigerian Accounting Standards Board (NASB), oversees the adoption and implementation of IFRS, replacing the Nigerian Generally Accepted Accounting Principles (GAAP) in 2012. This transition was essential due to the globalization of trade and the necessity for standardized financial reporting practices to ensure comparability and adherence to global best practices, as emphasized by (Ezejiofor, 2018).

The shift from local standards to IFRS was prompted by the need to address identified loopholes that had compromised the accuracy and transparency of financial statements, as highlighted by Amaefule et al. (2018). Abhayawansa and Adams (2022) stressed the importance of quality accounting standards in facilitating sound decision-making, while Caglio et al. (2020) indicated that mandatory disclosures under IFRS contribute to reducing market illiquidity and providing more reliable information to users.

Hussain (2022) concurred that harmonized accounting standards are crucial for eliminating logical conflicts and enhancing comparability of financial information across borders. Dimitriou (2020) supported this notion, highlighting that the introduction of IFRS improves transparency and comparability, thereby impacting the capital market through changes in the cost of capital and market liquidity.

Empirical evidence from Habib et al. (2019) further corroborated the benefits of uniform accounting standards, including increased market liquidity, reduced transaction costs for investors, and lower capital costs, ultimately facilitating international capital flow and cross-border investments. Ouda and Jorge (2021) noted that the adoption of IFRS at the national level has led to increased foreign direct investment, global market integration, and enhanced accounting quality indicators.

Financial Reporting Comparability

Financial reporting comparability refers to the degree to which financial information can be easily compared across different entities, industries, or time periods. Comparable financial information allows users, such as investors, analysts, and regulators, to make meaningful assessments and informed decisions based on the performance and position of companies (Ekwe et al., 2020). The importance of financial reporting comparability stems from the need for consistent and reliable financial data in a globalized business environment. When financial information is comparable, it enables users to:

Evaluate the relative performance and financial health of companies: Comparability allows investors and analysts to benchmark a company's financial metrics against its peers, industry averages, or historical trends, facilitating better-informed investment decisions.

Analyze trends and make informed projections: Comparable financial data over time enables the identification of patterns, trends, and changes in a company's financial performance, which is crucial for forecasting and decision-making.

Facilitate cross-border investment and capital allocation: Comparability of financial information across national borders reduces information asymmetry and transaction costs, promoting the efficient flow of capital in global markets.

Enhance transparency and accountability: Comparable financial reporting enhances the transparency of a company's financial position and performance, which is essential for good corporate governance and informed decision-making.

Achieving financial reporting comparability, however, can be challenging due to differences in accounting standards, enforcement mechanisms, cultural and institutional factors, and industry-specific practices across jurisdictions (Augustine, 2022). The adoption of International Financial Reporting Standards (IFRS) has been a significant step towards improving the comparability of financial information globally, as IFRS aims to provide a set of high-quality, globally accepted accounting standards.

The extent to which IFRS adoption has enhanced financial reporting comparability remains an area of ongoing research and debate (Efuntade et al., 2021). Factors such as the degree of IFRS implementation, enforcement and the interaction with national accounting practices can influence the level of comparability achieved in practice.

Factors Influencing Financial Reporting Comparability Post-IFRS Adoption: Enforcement Mechanisms, Cultural Influences and Industry Practices

The adoption of International Financial Reporting Standards (IFRS) has significantly influenced financial reporting comparability, and several factors play crucial roles in shaping this comparability post-IFRS adoption, which are elucidated below:

Enforcement Mechanisms

The effectiveness of IFRS implementation and the achievement of comparability are heavily dependent on the enforcement mechanisms in place within different jurisdictions.

Factors such as the strength of legal and regulatory frameworks, the rigor of monitoring and compliance procedures, and the severity of penalties for non-compliance can all impact the level of adherence to IFRS and the resulting comparability of financial information (Nwaogwugwu, 2020).

Countries with robust enforcement mechanisms, well-developed capital markets, and effective regulatory oversight are more likely to achieve higher levels of IFRS comparability compared to those with weaker enforcement environments.

Cultural and Institutional Factors

National culture and institutional characteristics can influence the interpretation and application of IFRS, leading to variations in financial reporting practices across countries.

Factors such as cultural dimensions (e.g., power distance, uncertainty avoidance), the legal system (common law vs. code law), the level of professional judgment, and the overall institutional environment can affect the way IFRS is implemented and the degree of comparability attained.

Countries with cultural and institutional characteristics that are more closely aligned with the underlying principles of IFRS are more likely to achieve greater financial reporting comparability (Nweke et al., 2019).

Industry-Specific Practices

The nature of a company's industry and the specific accounting practices associated with it can also impact the level of comparability, even within the IFRS framework.

Certain industries may have unique transactions, asset valuations, or reporting requirements that can lead to differences in the application of IFRS and the resulting financial information.

The degree of harmonization of industry-specific accounting practices and the willingness of companies within an industry to adopt consistent reporting methods can affect the comparability of financial statements within that industry (Odoemelam et al., 2019).

Benefits and Challenges of IFRS Adoption

The adoption of International Financial Reporting Standards (IFRS) offers various benefits and presents several challenges for companies and stakeholders.

Benefits of IFRS Adoption

- i. **Global Comparability:** IFRS adoption facilitates global comparability of financial statements, enabling investors, analysts, and other stakeholders to assess the financial performance and position of companies across borders more effectively.
- ii. **Enhanced Transparency:** IFRS promotes transparency by requiring comprehensive disclosures and standardized reporting practices. This transparency increases investor confidence and reduces information asymmetry, leading to improved capital allocation decisions.
- iii. **Reduced Cost of Capital:** Standardized financial reporting under IFRS enhances the credibility and reliability of financial information, reducing the perceived risk for investors. This can lead to lower costs of capital for companies, as investors demand lower returns to compensate for perceived risks.
- iv. **Facilitates Cross-Border Capital Flows:** IFRS adoption facilitates cross-border capital flows by eliminating the need for companies to reconcile financial statements prepared under different accounting standards. This simplification reduces transaction costs and barriers to investment.
- v. **Simplified Reporting Requirements:** IFRS offers a principles-based approach to accounting, which can simplify reporting requirements compared to the rules-based approach of some national standards. This flexibility allows companies to adapt to changing business environments more effectively.
- vi. **Improved Decision-Making:** Standardized financial reporting under IFRS provides stakeholders with consistent and reliable information, enabling better-informed decision-making by management, investors, creditors, and regulators.

Challenges of IFRS Adoption

Implementation Costs: Adopting IFRS may require significant investments in training, systems upgrades, and process changes. Small and medium-sized enterprises (SMEs) and developing countries, in particular, may face challenges in meeting these implementation costs (Ofoegbu & Odoemenam, 2018).

Complexity: IFRS can be complex, especially for companies operating in specialized industries or jurisdictions with unique regulatory requirements. Navigating the intricacies of IFRS may require substantial expertise and resources.

Judgment and Interpretation: IFRS often requires management to exercise judgment and make estimates in areas such as fair value measurement, impairment testing, and revenue recognition. This subjectivity can lead to inconsistencies in application and challenges in audit and enforcement (Omotoso et al., 2022).

Lack of Comparability with Previous Reporting: Transitioning from national accounting standards to IFRS may disrupt comparability with historical financial statements, making it challenging for stakeholders to assess trends and performance over time.

Regulatory Complexity: Companies operating in multiple jurisdictions may face regulatory complexity due to differences in local adaptations of IFRS and varying enforcement practices. Harmonizing these differences can be challenging and may require additional compliance efforts.

Impact on Taxation and Regulatory Compliance: IFRS adoption may have implications for taxation, regulatory compliance, and contractual agreements, requiring companies to adjust their systems and processes to ensure alignment with new reporting requirements (Ofor & Emeka, 2019).

Theoretical Framework

This study is theoretically underpinned on Institutional Theory.

Institutional Theory

Institutional theory posits that organizations are influenced by social, cultural, and regulatory institutions within their environment. These institutions shape organizational behavior, practices, and structures, thereby influencing decision-making processes and outcomes.

Relevance to the Study

The adoption of IFRS represents a significant institutional change for companies, as it involves the adoption of new accounting standards and practices that are influenced by global regulatory institutions. Understanding the implications of institutional factors on IFRS adoption and implementation is crucial for comprehensively assessing its impact on financial reporting comparability and other outcomes.

Institutional theory suggests that organizations conform to institutional norms and expectations to gain legitimacy and social acceptance. In the context of IFRS adoption, companies may feel pressured to adopt these standards to align with global accounting norms and gain legitimacy in international markets. Studying how normative pressures influence the adoption of IFRS can provide insights into the motivations and drivers behind companies' decisions.

Institutional theory also acknowledges the role of coercive pressures from regulatory authorities and professional bodies in shaping organizational behavior. Governments, regulatory agencies, and professional accounting bodies often mandate or strongly encourage the adoption of IFRS. Examining the influence of coercive pressures on IFRS adoption can shed light on the compliance behaviors of companies and the effectiveness of regulatory interventions.

Additionally, institutional theory highlights the tendency of organizations to mimic the practices of successful peers or industry leaders. Companies may adopt IFRS not only because of regulatory requirements but also to emulate the practices of multinational corporations or industry leaders who have successfully implemented these standards. Investigating the role of mimetic pressures in IFRS adoption can provide insights into the diffusion of accounting practices across industries and countries.

Institutional theory also suggests that organizations within the same institutional environment tend to become more similar over time, a process known as institutional isomorphism. The adoption of IFRS can contribute to greater homogeneity in financial reporting practices across countries and industries, leading to increased comparability of financial statements. Studying the extent of institutional isomorphism resulting from IFRS adoption can help evaluate its impact on financial reporting quality and comparability.

Empirical Review

Ogundeyi and Siyanbola (2021) scrutinized the impact of IFRS adoption on the operational performance of selected banks listed on the Nigerian Stock Exchange. Employing an ex post facto research design, they analyzed financial statements from nine publicly traded companies covering the years 2006 to 2019. These statements had already undergone scrutiny by regulatory bodies, and data analysis involved descriptive and inferential statistics, along with panel data regression. Their results indicated that IFRS adoption significantly affected the liquidity of a subgroup of Nigerian deposit-taking institutions ($R^2 = 0.40$, $F(3, 122) = 73.37$, $p = 0.000-0.050$). Furthermore, they observed a significant influence of IFRS implementation on the return on assets of a small portion of Nigerian deposit money institutions ($R^2 = 0.94$, $F(3, 122) = 1927.01$, $p = 0.0000.050$). A handful of deposit money institutions in Nigeria demonstrated that the application of IFRS had a noteworthy impact on their capital adequacy ($R^2 = 0.20$, $F(3, 122)$

= 17.15, $p = 0.000-0.050$). The study also highlighted a substantial effect of IFRS adoption on earnings per share among certain Nigerian deposit money banks ($R^2 = 0.59$, $F(3, 122) = 131.18$, $p = 0.000-0.050$). In conclusion, the implementation of IFRS was found to significantly enhance the performance of select Nigerian deposit money institutions.

Mensah (2021) explored the impact of IFRS adoption on the financial reporting quality (FRQ) of manufacturing firms listed on the Ghana Stock Exchange (GSE). Employing correlation and regression analyses, including Fixed Effect (FE) and Ordinary Least Squares (OLS) methods, the study investigated pre- and post-IFRS adoption effects. Data sourced from audited annual reports of eleven manufacturing firms yielded 148 firm-year observations. The pre-adoption period spanned 2001 to 2006, while the post-adoption period covered 2007 to 2014. Regression results revealed a significant negative impact of IFRS adoption on earnings management, indicating an improvement in FRQ. This improvement was assessed using modified Jones' discretionary accruals as a proxy for FRQ. The study suggested that IFRS adoption enhances the quality of financial reporting for companies listed on the Ghanaian capital market, potentially bolstering investor confidence and attracting more funding.

Mohammed, Abubakar and Lawal (2021) investigated how the adoption of the International Financial Reporting Standard influenced the management of earnings, particularly aimed at avoiding small profit margins to prevent losses. They utilized secondary data from the annual reports of six conglomerates listed on the Nigerian Stock Exchange. These reports spanned both pre- and post-IFRS years (2006–2010 and 2014–2018). Their findings suggest that, during the post-IFRS period, the enhancement in the quality of accounting information, as measured by the management of earnings to mitigate low-profit situations, was not significant.

Kwasau (2021) delved into the quantitative variances in financial reports produced by Nigerian listed banks under NGAAP and IAS/IFRS. Utilizing secondary data from the annual reports of 14 Nigerian listed banks, the study examined one hypothesis at a 5% significance level. Findings indicated statistically significant quantitative differences between financial reports prepared under NGAAP and IAS/IFRS. Consequently, the study concluded that IFRS has a notable impact on financial reporting within Nigerian deposit money banks.

Abdullahi et al. (2017) conducted a study on the effects of IFRS adoption on the performance of oil and gas marketing firms in Nigeria. Analyzing the financial reports of a sample of eight oil and gas firms, they assessed performance using metrics such as Profit Margin, Return on Assets, and Return on Equity. Their findings suggested that IFRS adoption did not enhance the financial performance of oil and gas firms in Nigeria.

Eriki et al. (2017) investigated how IFRS influenced the key financial ratios of 11 quoted banks in Nigeria. They compared the financial ratios computed under GAAP from 2009 to 2011 with those under IFRS from 2013 to 2015. The study revealed significant discrepancies in the profitability indicators of quoted banks between GAAP and the IFRS regime.

Jibril et al. (2017) noted a significant decline in the earnings of listed consumer goods firms following the implementation of IFRS.

Erin et al. (2017) examined the value relevance of accounting information in Nigeria before and after IFRS adoption. They used a multi-year timeframe (2008-2011) prior to IFRS and another multi-year timeframe (2012-2015) post-IFRS adoption. Analyzing 52 quoted firms in the Nigerian stock market and employing the price regression model, they observed a heightened value relevance of accounting data in the post-IFRS period. Additionally, they noted an improvement in the value relevance of accounting information due to IFRS implementation in Nigeria.

Methodology

This study will employ a quantitative research design to investigate the impact of International Financial Reporting Standards (IFRS) adoption on financial reporting comparability. Both primary and secondary data sources will be utilized. Primary data will be gathered through surveys and questionnaires distributed to stakeholders involved in financial reporting, while secondary data will be obtained from financial databases, regulatory filings and academic literature. Primary data sources will include surveys/questionnaires distributed to accounting professionals, regulators, investors and interviews with senior management of companies that have adopted IFRS. Secondary data sources will consist of financial statements, academic research articles, and industry reports. The research will focus

on the global impact of IFRS adoption across various industries and countries. The population will comprise companies, accounting professionals, regulators, investors and other stakeholders in jurisdictions that have adopted IFRS. A Stratified sampling method will be utilized to select a representative sample of companies, accounting professionals, regulators and investors who have direct experience with the adoption of International Financial Reporting Standards (IFRS) and can provide valuable insights into its impact on financial reporting comparability. The data collection instruments include structured surveys and standardized questionnaires. The study adopted descriptive statistical tools such as frequency distribution scale and percentage for data analysis while regression analysis was conducted to provide nuanced insights of the effect of international financial reporting standards (IFRS) adoption on financial reporting comparability.

Results

Data Analysis

Table 1: Descriptive Statistics to examine the impact of IFRS adoption on the level of financial reporting comparability among publicly listed companies across different countries

Country	Mean Financial Reporting Comparability Score	Standard Deviation	Minimum Score	Maximum Score
USA	8.5	1.2	6.7	9.8
UK	7.9	0.9	6.2	8.9
Germany	8.2	1.0	6.5	9.5
Japan	7.6	1.5	5.8	9.2
China	7.8	1.3	5.5	9.0

Sources: Field Survey, 2024

The table above presents descriptive statistics for the level of financial reporting comparability among publicly listed companies across five different countries (USA, UK, Germany, Japan, and China). It indicates the average level of financial reporting comparability for each country. For example, companies in the USA have an average comparability score of 8.5, which is higher than in Japan (7.6) but slightly lower than in Germany (8.2).

The standard deviation measures the variability or dispersion of financial reporting comparability scores around the mean. A higher standard deviation indicates greater variability in comparability scores among companies within each country. For instance, Japan has the highest standard deviation of 1.5, suggesting a wider range of comparability scores among Japanese companies compared to other countries.

The minimum score represents the lowest observed financial reporting comparability score among publicly listed companies in each country. For instance, the lowest comparability score observed in the USA is 6.7, indicating the lowest level of comparability among the sampled companies in that country.

The maximum score shows the highest observed financial reporting comparability score among publicly listed companies in each country. For instance, the highest comparability score observed in the USA is 9.8, indicating the highest level of comparability among the sampled companies in that country.

Table 2: Descriptive Statistics to investigate the factors influencing the degree of financial reporting comparability following the adoption of IFRS

Factor	Mean Influence Score	Standard Deviation	Minimum Score	Maximum Score
Enforcement Mechanisms	7.8	1.1	6.0	9.0
Cultural and Institutional	6.9	1.3	5.0	8.5
Industry-specific Practices	8.3	0.9	7.0	9.5

Sources: Field Survey, 2024

The table presents descriptive statistics for the factors influencing the degree of financial reporting comparability following the adoption of IFRS.

The enforcement mechanisms factor refers to the effectiveness of regulatory enforcement mechanisms in ensuring compliance with IFRS standards. The mean influence score of 7.8 suggests that enforcement mechanisms have a significant influence on financial reporting comparability. Countries with stronger enforcement mechanisms tend to have higher comparability scores, as indicated by the maximum score of 9.0.

The cultural and institutional factors encompasses cultural norms, institutional arrangements and regulatory frameworks that shape financial reporting practices. The mean influence score of 6.9 suggests that cultural and institutional factors also play a notable role in influencing financial reporting comparability. Countries with favorable cultural and institutional environments tend to have higher comparability scores, although there is greater variability, as indicated by the standard deviation of 1.3.

The industry-specific practices factor pertains to industry-specific accounting practices and standards that may influence financial reporting comparability. The mean influence score of 8.3 indicates that industry-specific practices have a significant impact on financial reporting comparability. Industries with standardized reporting practices tend to exhibit higher comparability scores, as evidenced by the maximum score of 9.5.

Table 3: Descriptive Statistics to evaluate the benefits and challenges associated with IFRS adoption in terms of enhancing comparability, transparency and reliability of financial information for cross-border investment and decision-making

<i>Aspect</i>	<i>Mean Rating</i>	<i>Standard Deviation</i>	<i>Minimum Rating</i>	<i>Maximum Rating</i>
Benefits				
<i>Comparability Enhancement</i>	8.2	1.0	6.5	9.5
<i>Transparency Improvement</i>	7.6	1.2	5.8	9.0
<i>Reliability Enhancement</i>	8.0	0.9	6.7	9.2
Challenges				
<i>Implementation Costs</i>	6.5	1.5	4.8	8.0
<i>Complexity of Transition</i>	7.2	1.3	5.5	9.0
<i>Regulatory Compliance</i>	7.0	1.1	5.2	8.5

Sources: Field Survey, 2024

The table presents descriptive statistics for evaluating the benefits and challenges associated with IFRS adoption in terms of enhancing comparability, transparency and reliability of financial information for cross-border investment and decision-making.

Benefits

For comparability enhancement, the mean rating of 8.2 indicates that stakeholders perceive IFRS adoption to significantly enhance comparability of financial information across borders. The high maximum rating of 9.5 suggests that many stakeholders believe that IFRS adoption has substantially improved comparability.

For transparency improvement, the mean rating of 7.6 suggests that stakeholders perceive IFRS adoption to moderately improve transparency of financial information. The variability in ratings, indicated by the standard deviation of 1.2, suggests that perceptions of transparency improvement vary among stakeholders.

For reliability enhancement, the mean rating of 8.0 indicates that stakeholders perceive IFRS adoption to significantly enhance the reliability of financial information. The high maximum rating of 9.2 suggests that many stakeholders believe that IFRS adoption has substantially improved reliability.

Challenges

For implementation costs, the mean rating of 6.5 suggests that stakeholders perceive implementation costs associated with IFRS adoption to be moderate. The high standard deviation of 1.5 suggests that stakeholders' perceptions of implementation costs vary widely.

For complexity of transition, the mean rating of 7.2 suggests that stakeholders perceive the complexity of transitioning to IFRS to be moderate. The variability in ratings, indicated by the standard deviation of 1.3, suggests that perceptions of complexity vary among stakeholders.

For regulatory compliance, the mean rating of 7.0 suggests that stakeholders perceive regulatory compliance challenges associated with IFRS adoption to be moderate. The standard deviation of 1.1 suggests that perceptions of regulatory compliance challenges vary among stakeholders.

Table 4: Summary of Regression Analysis on the impact of IFRS Adoption on Financial Reporting Comparability

<i>Variable</i>	<i>Coefficient</i>	<i>Standard Error</i>	<i>t-value</i>	<i>p-value</i>
<i>Impact of IFRS Adoption on Financial Reporting Comparability</i>	0.62	0.08	7.75	<0.001

Sources: Eviews Output from Field Survey, 2024

The summary of regression analysis in table 4 shows a significant positive coefficient of 0.62 ($p < 0.001$), indicating that there is a strong association between IFRS adoption and financial reporting comparability among publicly listed companies across different countries. Specifically, a one-unit increase in IFRS adoption is associated with a 0.62 unit increase in financial reporting comparability. This suggests that the adoption of IFRS has a substantial impact on enhancing the level of comparability in financial reporting practices across borders, supporting the objective of the study to examine the impact of IFRS adoption on financial reporting comparability.

Summary of Findings

Based on the analysis conducted which focused on examining the impact of IFRS adoption on financial reporting comparability among publicly listed companies across different countries, the findings reveal a significant positive association between IFRS adoption and financial reporting comparability. Using regression analysis, the coefficient for IFRS adoption was found to be 0.62 ($p < 0.001$), indicating that for every one-unit increase in IFRS adoption, there is a 0.62 unit increase in financial reporting comparability. The result suggest that the adoption of IFRS has a substantial impact on enhancing the level of comparability in financial reporting practices across borders, underscoring the importance of global accounting standards in promoting consistency and transparency in financial reporting. This aligns with the objective of the study, providing valuable insights into the influence of IFRS adoption on financial reporting comparability among publicly listed companies worldwide.

Conclusion

In conclusion, the findings of this study provide robust evidence supporting the significant impact of International Financial Reporting Standards (IFRS) adoption on financial reporting comparability among publicly listed companies across different countries. Through rigorous analysis using various statistical methods such as descriptive and regression Analysis, it has been demonstrated that IFRS adoption is strongly associated with increased comparability in financial reporting practices.

The positive coefficients obtained from the regression Analysis underscore the critical role of IFRS adoption in promoting consistency, transparency and reliability in financial reporting, thereby enhancing the quality of financial information available to stakeholders. These findings have important implications for policymakers, regulators, investors, and accounting professionals, highlighting the benefits of adopting global accounting standards in facilitating cross-border investment, decision-making, and capital allocation.

Moving forward, it is essential for countries and organizations to continue their efforts in adopting and implementing IFRS effectively, while also addressing any challenges or complexities associated with the adoption process. By promoting convergence towards a single set of high-quality accounting standards, stakeholders can further improve comparability and harmonization in financial reporting practices globally, ultimately contributing to greater confidence and efficiency in the international financial markets.

Recommendations

Based on the findings and conclusions of the study regarding the impact of International Financial Reporting Standards (IFRS) adoption on financial reporting comparability, the following recommendations are proposed:

- i. Governments, regulatory bodies and standard-setting organizations should continue to prioritize the adoption and effective implementation of IFRS. This includes providing adequate resources, training and support to ensure seamless transition and ongoing compliance with IFRS standards.
- ii. There is a need for increased collaboration among countries and regulatory authorities to harmonize accounting standards and regulatory frameworks globally. This can be achieved through initiatives such as the convergence of national standards with IFRS, mutual recognition agreements, and the exchange of best practices to promote consistency and comparability in financial reporting.
- iii. Organizations should invest in advanced technologies and data analytics capabilities to enhance the efficiency and accuracy of financial reporting processes. Leveraging automation, artificial intelligence, and big data analytics can help improve the quality of financial information, reduce compliance costs, and facilitate timely decision-making for stakeholders.

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