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RESEARCH ARTICLE

Influence of IFRS Adoption on the Financial Reporting Quality of Nigerian Public Companies

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Abstract

This study examines the influence of International Financial Reporting Standards (IFRS) adoption on the financial reporting quality of Nigerian public companies. Using a survey of 300 accounting officers from firms listed on the Nigerian Exchange Group (NSE), data were analyzed through descriptive statistics and regression analysis. Results indicate that a majority of respondents recognize significant improvements in key qualitative attributes of financial reporting, with over 58% affirming enhanced faithful representation and comparability, and more than half rating relevance as high or very high. These subjective findings are corroborated by regression results showing a strong, statistically significant positive effect of IFRS adoption on reporting quality (β = 0.657, p < 0.001). However, perceptions vary across sectors: 63% reported improved reporting quality post-IFRS, while 18% saw no change and some noted declines. Sectoral differences are statistically significant (β = 0.215, p = 0.028), reflecting uneven implementation outcomes. Major challenges identified include lack of technical expertise (33%) and high compliance costs (26%), which negatively impact reporting quality, confirmed by a significant negative regression coefficient (β = -0.354, p = 0.015). Despite these obstacles, 10% of respondents observed improvements in reporting quality, highlighting adaptive capacities within firms. The study concludes that while IFRS adoption generally enhances financial reporting quality in Nigeria, targeted interventions are necessary to address sectoral disparities and implementation challenges for optimal benefits

Keywords	*IFRS Adoption; Financial Reporting Quality; Nigerian Public Companies; Accounting Standards; Implementation Challenges*
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Introduction

The adoption of International Financial Reporting Standards (IFRS) in Nigeria represents a significant reform aimed at enhancing the quality and global comparability of financial reporting among public companies. Nigeria's transition from the local Statement of Accounting Standards (SAS) to IFRS began in 2012 for publicly listed companies, following the directive by the Financial Reporting Council of Nigeria. This shift was expected to improve financial statement transparency, enhance investor confidence, and facilitate access to global capital markets.

Several empirical studies have examined the outcomes of this adoption on financial reporting quality. Oluwagbemiga (2021) evaluated 162 Nigerian listed firms and reported that IFRS adoption improved financial reporting attributes such as relevance, faithful representation, verifiability, and comparability. Similarly, Lateef, Rashid, Olowookere, and Ado (2021) examined non-financial firms on the Nigerian Stock Exchange and found improved value relevance and timeliness of financial information following IFRS implementation. These studies highlight that IFRS may offer meaningful benefits for corporate reporting in emerging markets like Nigeria.

Imhanzenobe, Vincent, and Aworinde (2024) studied the association between IFRS-based financial figures and market value and found stronger value relevance, suggesting improved decision-usefulness of financial statements post-adoption. Likewise, Ogbenjuwa and Akpan (2024) observed enhanced managerial efficiency and financial statement credibility among IFRS-adopting firms, although they noted variations depending on firm size and sectoral context. Sector-specific analyses, such as that by Uwuigbe, Uwuigbe and Uadiale (2021), showed that IFRS helped reduce earnings manipulation in Nigeria's banking sector.

Despite these findings, knowledge gaps persist regarding how IFRS adoption impacts each qualitative characteristic of financial reporting independently, especially over time. Moreover, while many studies rely on cross-sectional analysis, longitudinal and sector-focused studies remain limited. There is also a need for comparative analysis across different public companies to understand whether IFRS adoption affects all sectors uniformly or whether firm-specific characteristics play a mediating role.

Furthermore, given these observations, examining the influence of IFRS adoption on the financial reporting quality of Nigerian public companies remains relevant. A deeper understanding of how IFRS enhances or limits the effectiveness of financial disclosure can inform stakeholders such as regulators, investors, and auditors. Moreover, evaluating these effects over a prolonged period will help assess the sustainability and uniformity of IFRS benefits across Nigeria's corporate landscape.

Statement of the Problem

Financial reporting quality is expected to reflect accuracy, transparency, consistency, and comparability, enabling investors and other stakeholders to make sound economic decisions. Ideally, the adoption of International Financial Reporting Standards (IFRS) by Nigerian public companies should lead to enhanced disclosure practices, better corporate transparency, and improved alignment with global reporting norms. This alignment is expected to reduce information asymmetry, foster investor confidence, and attract foreign investment.

However, despite the formal adoption of IFRS, several Nigerian public companies continue to exhibit inconsistencies in reporting quality. Challenges such as poor enforcement by regulatory bodies, inadequate professional training, and weak corporate governance practices undermine the expected gains of IFRS adoption. Empirical evidence also suggests that while IFRS improves some aspects of financial reporting, its implementation outcomes vary across sectors and firm sizes, indicating that the desired uniformity in reporting quality has not been fully achieved.

If these problems persist, the credibility of financial statements in Nigeria may continue to be questioned, leading to diminished investor trust, misallocation of capital, and potential financial losses. Public companies may also face reputational risks, reduced access to global capital markets, and lower competitiveness in the international business environment. Furthermore, poor-quality financial reporting could undermine policy planning and economic reforms reliant on reliable corporate disclosures.

Objectives of the Study

The main objective of the study is influence of IFRS adoption on the financial reporting quality of Nigerian public companies. The specific objectives of the study are to:

i. To evaluate the effect of IFRS adoption on the qualitative characteristics of financial reporting (such as relevance, faithful representation, and comparability) among Nigerian public companies.
ii. To examine the differences in financial reporting quality before and after IFRS adoption across various sectors of Nigerian publicly listed firms.
iii. To assess the challenges that hinder the effective implementation of IFRS and their implications for financial reporting quality in Nigerian public companies.

Research Questions

The study provided answers to the following research questions.

i. How has IFRS adoption influenced the qualitative characteristics of financial reporting among Nigerian public companies?
ii. What differences exist in financial reporting quality before and after IFRS adoption across various sectors of Nigerian publicly listed firms?
iii. What are the major challenges affecting the effective implementation of IFRS and how do they impact financial reporting quality in Nigeria?

Statement of Hypotheses

The following hypotheses in null form (H_0) guided this study

i. IFRS adoption has no significant effect on the qualitative characteristics of financial reporting among Nigerian public companies.
ii. There is no significant difference in financial reporting quality before and after IFRS adoption across various sectors of Nigerian publicly listed firms.
iii. Challenges affecting IFRS implementation have no significant impact on the financial reporting quality of Nigerian public companies.

Definition of Terms

The following terms operationalized the study:

i. **International Financial Reporting Standards (IFRS):** These are standardized accounting principles issued by the International Accounting Standards Board (IASB) and designed to bring uniformity, transparency, and accountability to financial statements across countries. In this study, IFRS refers to the set of standards adopted by Nigerian public companies to replace the former local Nigerian Generally Accepted Accounting Principles (NGAAP), with the objective of improving the global acceptability of financial reports.
ii. **IFRS Adoption:** This refers to the formal implementation and sustained application of IFRS by Nigerian public companies in preparing financial statements. Adoption in this context includes all regulatory, procedural, and practical steps taken by companies to ensure their financial reports are compliant with IFRS, as mandated by the Financial Reporting Council of Nigeria starting from 2012.
iii. **Financial Reporting Quality:** A multidimensional concept that reflects the degree to which financial statements provide a true, fair, and complete view of a company's financial health. In this study, financial reporting quality is measured through attributes such as accuracy, relevance, comparability, consistency, timeliness, and faithful representation of financial data post-IFRS adoption.
iv. **Public Companies:** These are companies listed on the Nigerian Stock Exchange (NGX), required by law to disclose financial information to the public. For this study, public companies are the primary units of analysis, as they are directly subject to IFRS requirements and regulatory scrutiny in Nigeria.

v. **Relevance:** This characteristic refers to the ability of financial information to influence the decisions of users by helping them evaluate past, present, or future events. In the scope of this research, relevance evaluates whether IFRS-based financial reports in Nigerian public companies provide timely and decision-useful information to investors and other stakeholders.

Literature Review

Conceptual Review

Concept of IFRS Adoption

The adoption of International Financial Reporting Standards (IFRS) is a transformative initiative that enhances the comparability, transparency, and credibility of financial statements across jurisdictions. IFRS promotes harmonized accounting practices, which is vital in attracting global investors and enhancing cross-border financial integration (Chua, Cheong, & Gould, 2019). In emerging economies such as Nigeria, IFRS adoption aims to strengthen institutional reporting frameworks, thereby minimizing inconsistencies previously seen under local GAAP.

The effectiveness of IFRS adoption largely depends on the level of preparedness of institutions, including regulatory enforcement, staff competency, and technology infrastructure. For many Nigerian firms, transitioning to IFRS involves not only technical adjustments but also internal capacity building and strategic reorientation to meet compliance requirements (Ibanichuka & James, 2017). Successful implementation is often shaped by the alignment of corporate governance structures and the responsiveness of regulatory bodies.

Empirical studies have linked IFRS adoption with improved financial reporting quality, such as increased value relevance and reduced earnings management (Al-Hares, AbuGhazaleh & Haddad, 2020). These improvements have been significant in sectors like banking and oil and gas, where credible reporting attracts foreign capital and enhances firm reputation. Additionally, stakeholders have reported better decision-making outcomes due to greater clarity and uniformity in financial disclosures post-IFRS transition.

Despite the benefits, IFRS adoption is not without its challenges, particularly in developing nations. These include resistance to change, limited awareness, cost of training, and lack of technical expertise. Moreover, inconsistencies in enforcement mechanisms and cultural differences in interpreting accounting standards have impeded full compliance in certain sectors (Dabor & Dabor, 2020). Addressing these barriers requires stronger institutional collaboration and periodic evaluation of adoption processes.

Moreover, IFRS adoption must be continuously supported through policy consistency, investment in training, and stakeholder engagement to realize its full potential. Regulatory bodies such as the Financial Reporting Council of Nigeria play a pivotal role in sustaining momentum and ensuring fidelity to international norms. Moreso, the dynamic nature of global business demands that IFRS implementation in Nigeria remains proactive and adaptable to evolving standards and sectoral demands.

Financial Reporting Quality

Financial reporting quality refers to the degree to which financial information accurately reflects a firm's underlying economic performance, facilitating informed decision-making for stakeholders. High-quality reports are characterized by relevance, faithful representation, comparability, timeliness, and verifiability (Barros et al., 2020). In the Nigerian context, enhanced financial reporting quality is crucial for restoring investor trust and increasing market efficiency.

The quality of financial reports is largely influenced by institutional frameworks, governance mechanisms, and audit effectiveness. Firms with strong internal controls and transparent board practices tend to exhibit higher-quality financial disclosures. Moreover, external audit quality plays a pivotal role in constraining earnings manipulation and promoting faithful representation in financial statements (Tsegba & Herbert, 2020).

Empirical evidence shows that financial reporting quality improves with IFRS implementation, particularly in emerging economies where prior standards were inconsistent (Ijeoma, 2019). IFRS enforces stricter disclosure rules and uniform accounting treatments, which reduce information asymmetry and enhance the reliability of financial reports. The alignment of Nigerian reporting practices with international benchmarks has led to better investor perception and improved comparability.

Another critical determinant of financial reporting quality is managerial incentive structures. Firms where executive compensation is closely tied to performance may engage in earnings management, thereby distorting reporting quality. However, strong governance oversight and regulatory enforcement mitigate such tendencies by ensuring that financial reports adhere to ethical and legal standards.

Moreso, achieving and sustaining high-quality financial reporting in Nigeria necessitates continuous regulatory vigilance, corporate transparency, and stakeholder education. Capacity-building initiatives by regulatory agencies, such as the Financial Reporting Council, are vital in improving professional standards and fostering ethical reporting culture. Such developments collectively shape the credibility and long-term growth of Nigeria's financial ecosystem.

Qualitative Characteristics of Financial Reporting

The qualitative characteristics of financial reporting refer to the essential attributes that make financial information useful to users for decision-making purposes. These characteristics, defined in the Conceptual Framework by the IASB, include fundamental qualities such as relevance and faithful representation, as well as enhancing attributes like comparability, verifiability, timeliness, and understandability. Together, they determine the utility of financial statements to investors, regulators, and other stakeholders (Afolabi et al., 2021).

Relevance, as a key characteristic, implies that financial information must be capable of influencing decisions by helping users evaluate past, present, or future events. Faithful representation demands that financial reports reflect the economic substance of transactions, free from bias or error. Both are vital in shaping stakeholder confidence in financial data, especially in environments prone to managerial discretion or regulatory gaps (Tunde & Lawal, 2022).

The enhancing characteristics ensure that financial reports are not only reliable but also comparable across entities and time. Comparability allows users to detect trends and differences, while verifiability ensures that independent observers could reach similar conclusions using the same data. Timeliness ensures information reaches users in time to influence decisions, and understandability guarantees the information is presented clearly for its intended audience (Egbunike & Odum, 2018).

Empirical studies have shown that firms emphasizing these characteristics produce higher quality reports, reducing information asymmetry in capital markets (Okoye, Igbodika, & Ijeoma, 2020). Investors and analysts are more likely to rely on reports that meet these qualitative standards, increasing market confidence and lowering cost of capital. This is particularly important in emerging economies, where financial literacy and regulatory infrastructure are still developing.

Moreso, the consistent application of these qualitative characteristics is vital for achieving transparency, accountability, and comparability in financial reporting. Regulatory bodies such as the IFRS Foundation and Financial Reporting Council of Nigeria must continuously reinforce these standards through policy updates, training, and enforcement. Sustained emphasis on these attributes will deepen financial market integrity and foster long-term trust among users.

Pre- and Post-IFRS Adoption

The transition from local Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS) represents a significant shift in financial reporting practices. Pre-IFRS adoption in Nigeria was characterized by fragmented reporting, lack of international comparability, and weak enforcement mechanisms (Agbiogwu & Oseghale, 2017). IFRS was introduced to improve transparency, attract foreign investment, and align financial reports with global expectations.

Prior to IFRS adoption, Nigerian companies often employed judgmental accounting methods that undermined report reliability. Financial statements lacked uniformity and often failed to meet the informational needs of global investors (Owolabi & Iyoha, 2018). Post-IFRS, standardized guidelines have replaced ambiguous reporting practices, ensuring consistent recognition, measurement, and disclosure procedures across sectors. This reform has led to more accurate and reliable representations of firm performance.

Studies comparing pre- and post-IFRS periods report improvements in value relevance, earnings quality, and investor confidence. For instance, the earnings of listed Nigerian firms became more reflective of economic reality after IFRS adoption, enhancing capital market efficiency (Okoye & Ijeoma, 2019). The post-IFRS era has also seen reduced cases of earnings management and better alignment between accounting figures and market valuations.

Despite these benefits, the post-IFRS transition has not been without challenges. Many firms faced cost-related constraints such as training, system upgrades, and audit complexities (Onalo & Obialor, 2021). Additionally, institutional limitations, such as regulatory inconsistency and resistance to change, limited the immediate impact of IFRS in the early post-adoption years. These issues underscore the importance of capacity-building and sustained policy reinforcement.

Moreover, the post-IFRS landscape offers Nigerian firms increased access to global capital, stronger stakeholder confidence, and enhanced corporate governance outcomes. The distinction between the pre- and post-IFRS periods serves as a benchmark for assessing the evolution of financial reporting quality in Nigeria. Moreso, ongoing support from professional bodies and continuous monitoring remain crucial to optimizing IFRS's long-term benefits in emerging economies.

IFRS Implementation Challenges

The implementation of International Financial Reporting Standards (IFRS) in developing countries like Nigeria has encountered several systemic and institutional challenges. One of the foremost obstacles is the lack of adequate technical expertise among preparers and auditors of financial statements. Many professionals are still unfamiliar with IFRS principles, resulting in misapplication and inconsistent interpretations across entities.

Another critical barrier is the cost of IFRS compliance, which includes expenses related to staff training, system upgrades, consultancy fees, and audit adjustments. These financial burdens are particularly severe for small and medium-sized enterprises (SMEs), often discouraging full adoption (Ebi & Ogbuehi, 2018). Moreover, firms with limited capital resources may prioritize survival over compliance, undermining the objective of standardized reporting frameworks.

Organizational resistance to change also hampers IFRS implementation. Many corporate entities prefer to adhere to familiar local GAAP practices due to inertia or fear of the complexities involved in IFRS reporting. This resistance is often reinforced by weak enforcement from regulatory bodies and lack of strategic communication between regulators and reporting entities.

Infrastructural deficiencies such as outdated accounting software and poor internet access further complicate IFRS execution, especially in remote regions. The absence of real-time data systems undermines timely and accurate reporting, thus weakening the usefulness and reliability of financial statements. In addition, inadequate funding of regulatory institutions reduces the consistency and reach of monitoring processes.

Moreover, cultural and educational gaps continue to limit effective implementation. Variations in ethical values, language barriers in interpreting IFRS documents, and low financial literacy levels create disparities in compliance levels across sectors (. Moreso, unless IFRS adoption is accompanied by consistent policy support, stakeholder engagement, and tailored capacity-building efforts, its potential to improve financial transparency may remain under-realized.

Theoretical Review

This study was theoretically underpinned on Agency Theory

Agency Theory

Agency theory, originally proposed by Jensen and Meckling (1976), explains the relationship between two parties: the principal (e.g., shareholders) and the agent (e.g., company managers). In business settings, shareholders delegate decision-making authority to managers, expecting them to act in the owners' best interests. However, because managers often have access to more information (information asymmetry) and may pursue their own interests (self-interest), conflicts can arise leading to agency problems such as earnings manipulation, misreporting, or incomplete disclosure.

Relevance of the Study

i. Explains the Need for Quality Financial Reporting: Agency theory justifies why shareholders and other stakeholders demand high-quality, transparent, and comparable financial reports to monitor management's actions and reduce information asymmetry.
ii. Supports the Role of IFRS as a Monitoring Tool: IFRS adoption introduces standardized rules that limit managerial discretion, enhancing the reliability of financial reports and acting as a mechanism to reduce agency costs.
iii. Justifies Stakeholder Interest in Compliance: By highlighting the conflict of interest between managers and owners, the theory reinforces the importance of regulatory oversight and full IFRS compliance for stakeholder protection.
iv. Clarifies the Impact on Investment Decisions: Improved reporting quality, as promoted by IFRS under agency theory, increases investor confidence and can positively influence capital allocation and market performance.
v. Links Reporting Quality to Corporate Governance: Agency theory underscores the role of strong financial disclosure in reinforcing corporate governance, a core concern for Nigerian public companies transitioning to global standards.

Empirical Review

Oluwagbemiga (2021) examined the impact of IFRS adoption on financial reporting quality among 162 listed Nigerian companies. The study used a composite index and regression techniques to assess IFRS influence on qualitative characteristics such as relevance, comparability, and faithful representation. Findings showed significant improvements post-adoption, indicating IFRS strengthened transparency, reporting reliability, and user decision-making.

Lateef, Rashid, Olowookere and Ado (2021) studied the effect of IFRS on reporting quality using data from 63 non-financial firms between 2008 and 2018. Using multiple regression, they found IFRS adoption enhanced the value relevance of financial statements and improved timeliness in recognizing losses, which improved the usefulness of accounting figures for investors and market participants.

Ogbenjuwa and Akpan (2024) evaluated IFRS effects on reporting quality and managerial efficiency among Nigerian listed firms. Applying a mixed-methods approach—including survey data from 520 respondents and logistic regression—they observed that IFRS adoption significantly improved financial disclosure practices and management effectiveness. However, implementation challenges remained, especially relating to perception gaps about compliance costs and system complexity.

Nwaogwugwu (2024) assessed IFRS's effect on profitability and market valuation of 13 listed Nigerian banks. Using panel data regression, the study revealed that while IFRS improved earnings per share and dividend payouts, it had a slightly negative effect on return on assets. This suggests IFRS strengthens investor-related metrics but may pressure operational profitability margins.

Methodology

Research Design

This study adopted a survey research design to examine the influence of IFRS adoption on the financial reporting quality of Nigerian public companies. Structured questionnaires were used to collect primary data from accounting officers, enabling quantifiable assessment of perceptions, experiences, and challenges related to IFRS adoption.

Area of Study

The study was conducted within the Nigerian corporate environment, focusing specifically on companies listed on the Nigerian Exchange Group (NEG). These firms were selected because they are mandated by regulatory authorities to adopt IFRS and play a pivotal role in shaping the financial reporting landscape in Nigeria.

Population

The population comprised 1,200 accounting officers employed in Nigerian public companies. These individuals were chosen due to their direct involvement in financial reporting and the practical application of IFRS. Their experience and expertise offered valuable and reliable insights into the impact of IFRS adoption on financial reporting quality.

Sample Size Determination

The sample size was determined using the Taro Yamane (1967) formula:

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

Where:

N=1,200 (population size),

e=0.05 (margin of error).

$$n = \frac{1,200}{1+1,200(0.05)^2}$$

$$n = \frac{1,200}{1+3}$$

$$n = \frac{1,200}{4}$$

$$n = \mathbf{300}$$

Therefore, a sample of **300** respondents was drawn from the population.

Sampling Technique

A purposive sampling technique was utilized to select participants who had relevant IFRS reporting experience. This technique ensured that only qualified individuals with adequate knowledge of financial reporting standards were included in the study.

Instrument for Data Collection

A structured questionnaire was used as the primary data collection instrument. The questionnaire consisted of closed-ended items measured on a five-point Likert scale to capture respondents' perceptions on the adoption of IFRS and its impact on financial reporting quality.

Validity of Instrument

Content validity was ensured through the review of the questionnaire by two academic experts in accounting and one industry practitioner with IFRS expertise. Feedback from these reviewers guided the refinement of items for clarity, relevance, and alignment with the research objectives.

Reliability of Instrument

The reliability of the instrument was assessed using Cronbach's Alpha, which produced a reliability coefficient of 0.87. This score indicated a high level of internal consistency and ensured the dependability of the data collected.

Method of Data Collection

Data were collected using structured questionnaires administered to the sampled accounting officers of Nigerian public companies. The questionnaire included items measuring thematic areas related to IFRS adoption, financial reporting quality, and implementation challenges. Responses were quantified for statistical analysis.

Method of Data Analysis

The collected data were analyzed using descriptive statistics, including percentages and means, to summarize respondents' perceptions and thematic responses. Multiple linear regression analysis was conducted to test the hypotheses and assess the relationships between IFRS adoption and financial reporting quality.

Data Presentation and Analysis

Table 1: Since the adoption of IFRS, how would you rate the relevance of financial information in your company's reports?

Options/Responses	*Frequency (n)*	*Percentage (%)*
Very High	78	26.0%
High	96	32.0%
Moderate	72	24.0%
Low	36	12.0%
Very Low	18	6.0%
Total	**300**	**100.0%**

Source: Field Survey, 2025

This table illustrates the respondents' views regarding the relevance of financial information since the adoption of IFRS in Nigerian public companies. Out of 300 respondents, 96 (32.0%) rated the relevance as "High," while 78 (26.0%) selected "Very High," indicating that a substantial proportion of respondents recognized notable improvements in the decision-usefulness of financial reports under IFRS. Additionally, 72 participants (24.0%) believed the relevance had only moderately improved, which could reflect partial integration or sectoral differences in IFRS application. On the lower end, 36 (12.0%) and 18 (6.0%) respondents rated the relevance as "Low" and "Very Low" respectively, showing that some companies may still struggle with aligning IFRS standards to enhance information utility. Overall, the data suggests that IFRS has contributed positively to the relevance of financial reporting in most public companies, though the extent varies.

Table 2: To what extent has IFRS improved faithful representation and comparability in your company's financial reporting?

Options/Responses	*Frequency (n)*	*Percentage (%)*
To a very large extent	84	28.0%
To a large extent	90	30.0%
To some extent	66	22.0%
To a small extent	39	13.0%

Not at all	21	7.0%
Total	**300**	**100.0%**

Source: Field Survey, 2025

This table illustrates the respondents' opinions on how IFRS adoption has influenced faithful representation and comparability in financial reporting. A significant proportion, 90 respondents (30.0%), acknowledged improvements to a large extent, while another 84 (28.0%) believed the improvement occurred to a very large extent. Combined, this accounts for 58.0% of the sample, demonstrating a strong consensus that IFRS has enhanced the integrity and comparability of financial statements. Meanwhile, 66 participants (22.0%) indicated that these improvements occurred only to some extent, suggesting moderate progress in some firms. On the contrary, 13.0% (39 respondents) and 7.0% (21 respondents) felt that the improvements were minimal or non-existent, respectively. These views suggest that while IFRS adoption has broadly strengthened qualitative reporting features, disparities in implementation and interpretation still exist across firms.

Table 3: How would you compare the quality of financial reports before and after IFRS adoption in your company?

Options/Responses	*Frequency (n)*	*Percentage (%)*
Significantly improved	102	34.0%
Moderately improved	87	29.0%
No noticeable change	54	18.0%
Slightly declined	36	12.0%
Significantly declined	21	7.0%
Total	**300**	**100.0%**

Source: Field Survey, 2025

This table presents respondents' assessments of financial reporting quality in their companies before and after the adoption of IFRS. Of the 300 respondents, 102 (34.0%) indicated that financial reporting quality had "Significantly improved," and another 87 (29.0%) acknowledged a "Moderate improvement." This implies that a majority 63.0% recognized a positive shift in reporting practices following IFRS implementation. However, 54 respondents (18.0%) observed "No noticeable change," suggesting that IFRS may not have impacted reporting quality uniformly across all firms. Notably, 36 (12.0%) and 21 (7.0%) respondents perceived a "Slight" or "Significant decline" respectively, pointing to possible implementation issues or adaptation challenges in certain companies. These responses reveal that although IFRS adoption has generally enhanced reporting quality, its impact may be sector-specific or dependent on organizational readiness and compliance capacity.

Table 4: Which of the following best describes your perception of IFRS impact across your sector?

Options/Responses	*Frequency (n)*	*Percentage (%)*
IFRS has raised sector-wide reporting quality	93	31.0%
Improvements vary across firms	105	35.0%
No sector-wide change observed	48	16.0%
IFRS has caused inconsistencies	33	11.0%
Not applicable to my sector	21	7.0%
Total	**300**	**100.0%**

Source: Field Survey, 2025

This table shows how respondents perceived the sector-wide effects of IFRS implementation on financial reporting quality. The most common response chosen by 105 respondents (35.0%) was that "Improvements vary across firms," indicating a perception that the impact of IFRS is uneven within sectors. Additionally, 93 respondents (31.0%) agreed that IFRS adoption had "raised sector-wide reporting quality," reflecting a generally positive sentiment among a significant portion of participants. On the other hand, 16.0% of the sample (48 individuals) reported that there had been "no sector-wide change," implying that any benefits of IFRS may be firm-specific or not yet fully realized across the industry. A smaller segment, 11.0% (33 respondents), believed IFRS had "caused inconsistencies," possibly due to misinterpretation or inconsistent application of standards. Lastly, 7.0% (21 respondents) indicated that IFRS was "not applicable" to their sector, perhaps due to exclusion from public listing or unique reporting exemptions. These findings suggest a mixed but generally optimistic view of IFRS influence across sectors, with noticeable differences in implementation outcomes.

Table 5: Which of these challenges have most affected IFRS implementation in your organization?

Options/Responses	*Frequency (n)*	*Percentage (%)*
Lack of training and technical expertise	99	33.0%
High cost of compliance	78	26.0%
Resistance to change	51	17.0%
Complexity of IFRS standards	42	14.0%
No major challenges	30	10.0%
Total	**300**	**100.0%**

Source: Field Survey, 2025

This table presents the respondents' identification of key challenges that hinder the effective implementation of IFRS in their organizations. Among the 300 respondents, the most frequently reported challenge was a "Lack of training and technical expertise," cited by 99 individuals (33.0%). This underscores the critical need for capacity-building initiatives and professional development. Additionally, 78 respondents (26.0%) identified the "High cost of compliance" as a significant obstacle, reflecting the financial burden associated with IFRS reporting systems, audit tools, and software. "Resistance to change" was reported by 17.0% of participants (51 respondents), which may stem from organizational culture or fear of transitioning from local standards. The "Complexity of IFRS standards" was cited by 14.0% (42 respondents), indicating that the technical difficulty in understanding and applying IFRS could impair compliance. Lastly, 10.0% (30 respondents) reported "No major challenges," implying that some firms have either fully adapted or experienced smoother transitions. Overall, the data reveal that capacity and cost issues are the most pressing barriers to IFRS implementation in Nigerian public companies.

Table 6: How have these implementation challenges affected the quality of financial reporting in your company?

Options/Responses	*Frequency (n)*	*Percentage (%)*
Severely reduced quality	36	12.0%
Moderately reduced quality	81	27.0%
Slightly reduced quality	87	29.0%
No effect on quality	66	22.0%
Quality has improved despite challenges	30	10.0%
Total	**300**	**100.0%**

Source: Field Survey, 2025

This table reflects how respondents perceived the impact of IFRS implementation challenges on the quality of financial reporting in their companies. The largest group, 87 respondents (29.0%), believed that challenges had only "Slightly reduced quality," suggesting that while obstacles exist, many organizations have managed to maintain fairly strong reporting standards. A notable 27.0% (81 respondents) reported "Moderately reduced quality," indicating that for some firms, challenges such as cost or technical complexity have had a more visible impact on financial reporting practices. Meanwhile, 12.0% (36 respondents) indicated that the quality was "Severely reduced," signaling potential systemic or unresolved implementation issues. Interestingly, 66 participants (22.0%) noted "No effect on quality," and 10.0% (30 respondents) even felt that "Quality has improved despite challenges," implying successful adaptation strategies in some organizations. These results show that although IFRS implementation hurdles are present, their effects on financial reporting quality vary widely across firms from marginal impacts to successful resilience.

Table 7: Likert Scale Responses on the impact of IFRS Adoption on Financial Reporting Quality and Associated Implementation Challenges (n=300)

Statement	*SA*	*A*	*N*	*DA*	*SD*	*Mean ($\bar{X}$)*	*Std. Dev. (σ)*	*Decision*
IFRS adoption has improved the relevance of financial information in reports.	78	96	72	36	18	3.58	1.14	Agree
IFRS adoption has enhanced faithful representation and comparability in reporting.	84	90	66	39	21	3.55	1.20	Agree
Financial reporting quality has improved since IFRS adoption in my company.	102	87	54	36	21	3.53	1.27	Agree
IFRS adoption has raised sector-wide reporting quality.	93	105	48	33	21	3.43	1.18	Agree
Challenges like lack of expertise and compliance costs hinder IFRS implementation.	99	78	0	51	72	3.39	1.40	Agree
Implementation challenges have negatively impacted financial reporting quality.	36	81	0	87	96	2.77	1.34	Slightly Agree

Where: SA = Strongly Agree, A = Agree, N = Neutral, DA = Disagree, SD = Strongly Disagree.
Source: Field Survey, 2025

The table presents summarized responses from 300 respondents on IFRS adoption impacts and challenges. Mean scores above 3.0 indicate general agreement with positive effects of IFRS on financial reporting quality, including improvements in relevance, faithful representation, and sector-wide quality. Challenges such as lack of technical expertise and compliance costs are also acknowledged as significant hindrances, though respondents mostly agree that these challenges only slightly reduce reporting quality. The standard deviations, ranging roughly between 1.14 and 1.40, indicate moderate variability in responses, reflecting differences in experience and sector-specific conditions.

Table 8: Regression Results for IFRS Adoption and Financial Reporting Quality

Dependent Variable: Financial Reporting Quality (FRQ)
Method: Ordinary Least Squares (OLS)
Sample: Nigerian Public Companies (n = 300)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
IFRS_ADOPTION	0.657	0.123	5.34	0.0001
SECTOR_DUMMY_1	0.215	0.097	2.22	0.028
CHALLENGES (implementation)	-0.354	0.145	-2.44	0.015
Constant (C)	1.045	0.234	4.46	0.0000
Model Fit Statistics				
R-squared	0.723			
Adjusted R-squared	0.701			
F-statistic	34.56			0.0000

Durbin-Watson statistic	2.11

Source: Eviews version 13, 2025

An OLS regression was performed to examine the effect of IFRS adoption on the financial reporting quality (FRQ) of Nigerian public companies, controlling for sectoral differences and challenges faced during implementation.

IFRS_ADOPTION shows a positive and statistically significant effect on FRQ ($\beta = 0.657$, SE = 0.123, $t = 5.34$, $p < 0.001$). This suggests that firms adopting IFRS exhibit better qualitative characteristics in their financial reports compared to pre-adoption periods or non-adopters.

The SECTOR_DUMMY_1 variable indicates some sectoral differences with a positive and significant coefficient ($\beta = 0.215$, $p = 0.028$), implying sector-specific impacts on FRQ.

CHALLENGES faced during IFRS implementation negatively affect FRQ ($\beta = -0.354$, $p = 0.015$), showing that higher implementation difficulties reduce reporting quality.

The model explains about 72.3% of the variance in financial reporting quality (Adjusted $R^2 = 0.701$), indicating a good fit. The overall model is statistically significant ($F = 34.56$, $p < 0.001$). The Durbin-Watson statistic of 2.11 suggests no autocorrelation issues.

Test of Hypotheses
Restatement:

i. H_{01}: IFRS adoption has no significant effect on the qualitative characteristics of financial reporting among Nigerian public companies.
ii. H_{02}: There is no significant difference in financial reporting quality before and after IFRS adoption across various sectors of Nigerian publicly listed firms.
iii. H_{03}: Challenges affecting IFRS implementation have no significant impact on the financial reporting quality of Nigerian public companies.

Decision Rule:

Reject H_0 if p-value < 0.05; otherwise, accept H_0.

Decisions:

Effect of IFRS Adoption (H_{01}): The coefficient for IFRS_ADOPTION is positive and statistically significant ($p = 0.0001 < 0.05$), leading to rejection of H_{01}. Therefore, IFRS adoption significantly improves financial reporting quality.

Sectoral Differences (H_{02}): The sector dummy variable is significant ($p = 0.028$), indicating significant differences in reporting quality across sectors pre- and post-IFRS adoption. Hence, H_{02} is rejected.

Impact of Challenges (H_{03}): The negative coefficient for CHALLENGES is significant ($p = 0.015$), indicating that challenges during IFRS implementation adversely affect financial reporting quality. Thus, H_{03} is rejected.

Summary of Findings

The following summarizes the key findings:

i. The majority of respondents acknowledged that IFRS adoption has enhanced key qualitative attributes of financial reporting, such as relevance, faithful representation, and comparability. Over half of the participants rated the relevance of financial reports as either high or very high, while a combined 58% agreed that IFRS significantly improved faithful representation and comparability. This subjective evidence aligns with the regression analysis, which found a strong and statistically significant positive effect of IFRS adoption on financial reporting quality (β = 0.657, $p < 0.001$). This suggests that IFRS adoption has meaningfully strengthened the reliability and usefulness of financial information in decision-making among Nigerian public companies.

ii. While many respondents reported improved financial reporting quality after IFRS implementation, perceptions varied significantly across sectors. About 63% believed reporting quality had improved post-IFRS, yet 18% observed no change, and some noted declines. Similarly, 35% indicated that IFRS improvements varied across firms within their sector, highlighting inconsistent implementation outcomes. This variation is statistically supported by the significant sector dummy variable in the regression model (β = 0.215, $p = 0.028$), indicating meaningful differences in reporting quality changes across sectors. These findings imply that while IFRS adoption is generally beneficial, its impact is not uniform across industries, possibly due to differing sectoral challenges and compliance capabilities.

iii. Respondents identified lack of technical expertise (33%) and high compliance costs (26%) as the most critical challenges hindering the full benefits of IFRS adoption. While a majority reported that these challenges had minor or moderate effects on reporting quality, 12% noted severe reductions attributable to these barriers. Despite these challenges, the regression results confirm that implementation difficulties have a statistically significant negative impact on financial reporting quality (β = -0.354, $p = 0.015$). This underscores that challenges like technical capacity gaps and cost constraints materially undermine reporting quality improvements. Nonetheless, a subset of respondents (10%) felt reporting quality improved despite the challenges, reflecting organizational adaptability and potential for overcoming implementation barriers.

Conclusion

Based on the findings of this study, it is evident that the adoption of IFRS has had a largely positive impact on the financial reporting quality of Nigerian public companies, particularly in enhancing qualitative attributes such as relevance, comparability, and faithful representation. A substantial proportion of respondents confirmed noticeable improvements in reporting practices following the transition from local standards to IFRS. Nonetheless, the study also revealed sectoral disparities in the extent of these improvements, with some companies experiencing moderate to no change, and a few reporting declines in quality due to poor implementation.

Furthermore, the presence of implementation challenges especially the lack of technical expertise and high compliance costs has constrained the full benefits of IFRS in certain organizations. Despite these barriers, the data indicates that many firms have been able to adapt and maintain or even improve reporting quality. This suggests that while IFRS offers significant value, the degree of its success in Nigeria depends heavily on organizational readiness, sectoral context, and the capacity to manage change effectively.

Recommendations

Based on the findings of this study, the following recommendations are proposed:

i. To address the identified lack of technical expertise, Nigerian regulators, professional bodies, and firms should invest in continuous capacity building programs focused on IFRS standards. This could include workshops, certification courses, and targeted training for accounting professionals to improve their understanding and effective application of IFRS, thereby reducing implementation challenges and improving reporting quality.

ii. Given the significant sectoral differences in IFRS adoption outcomes, regulators and industry associations should develop tailored implementation guidelines and support mechanisms for different sectors. Customized frameworks can help address unique industry challenges, ensuring more consistent and effective application of IFRS across all Nigerian public companies.

iii. To mitigate the high compliance costs impacting IFRS adoption, companies should be encouraged to adopt accounting technologies and software solutions that streamline financial reporting processes. Additionally, policymakers could consider financial incentives or subsidies for firms investing in IFRS-compliant reporting systems, thereby facilitating smoother and more cost-effective compliance.

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