FACTORS PROMOTING THE ADOPTION OF INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS): THE PERCEPTION OF MANAGEMENT IN
NIGERIA

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FACTORS PROMOTING THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS): THE PERCEPTION OF MANAGEMENT IN NIGERIA

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ABSTRACT

This study investigates the factors that promote the adoption of IFRS, via the perception of management among the listed companies in Nigeria. A research model was developed to indicate the relationship among government policy, company size, educational level, capital market, that were argued to have significant positive relationship on the adoption of international financial reporting standards. This study is based on survey design, and the hypotheses have been tested using multiple regression analyses. Results indicated that, government policy, educational level and capital market have a positive significant relationship with the adoption of international financial reporting standards, while company size was found to be insignificant with the adoption of international financial reporting standards. The study recommends that, company size should be properly taken into consideration either in terms of small, medium, and large size in order to ensure smooth transition from Nigerian GAAP to full adoption of IFRS in the country.

Keywords: international financial reporting standards, government policy, company size, educational level, capital market, Nigerian generally accepted accounting principles.
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# TABLE OF CONTENTS

Title Page i
Certification of Dissertation ii
Permission to Use iii
Abstract iv
Acknowledgement v
List of Tables x
List of Figures xi
Abbreviations xii

CHAPTER ONE: Introduction
1.0 Introduction 1
1.1 Problem statement 4
1.2 Research questions 5
1.3 Research objective 5
1.4 Significance of the study 6
1.5 Scope of the study 6
1.6 Organisation of the study 6

CHAPTER TWO: Literature Review
2.1 Financial Reporting and Accounting Regulation in Nigeria 8
2.1.1 Other Regulatory Framework 9
2.1.2 Function of the Financial Regulation Council of Nigeria 10
2.1.3 Powers 11
2.1.4 Process of Producing an Accounting Standards 12
2.2 Advantages and Benefits of Adopting IFRS 12
2.2.1 Eliminating Barriers to Cross-border Investing
2.2.2 Comparability
2.2.3 Usefulness & Value Relevance
2.2.4 Information Asymmetry
2.2.5 Cost of Capital
2.2.6 Accounting and Disclosure Quality
2.6.7 The influence of standards relative to managers incentives

2.3 The Relevance of IFRS to Developing Countries (Nigeria)
2.3.1 The Accounting Needs Factor
2.3.2 The Capital Market Effects
2.3.3 The Similar Environment Argument
2.3.4 The Private Sector

2.4 Factors that Promotes Countries to Adopt IFRS

2.5 Theoretical framework in Relation to IFRS Adoption
2.5.1 Institutional Theory
2.5.1.1 Isomorphism and Legitimacy

CHAPTER THREE: Methodology
3.1 Introduction
3.2 Proposed model of the study
3.3 Hypotheses Development
3.4 Research Design
3.5 Measurement of Variables
3.5.1 Government Policy
3.5.2 Company size
3.5.3 Educational Level
3.5.4 Capital Market
3.5.5 Adoption of IFRS

3.6 Data Collection
3.6.1 Sampling
3.6.2 Sample size
3.6.2.1 Sample Selection
3.6.3 Data Collection Procedure
3.6.3.1 Questionnaire Design
3.6.3.2 Data Collection

3.7 Data Analysis Techniques
3.7.1 Descriptive Statistics
3.7.2 Goodness of Measure
3.7.2.1 Reliability Analysis
3.7.3 Correlation Analysis
3.7.4 Regression Analysis

3.8 Summary

CHAPTER FOUR: Data Analysis And Research Findings
4.1 Introduction
4.2 Data Inspection and Transformation
4.3 Missing Data
4.4 Data Transformation
4.5 Response Rate
4.6 Demographic Characteristics of the Respondents
4.7 Descriptive Analysis
4.8 Factor Analysis
## LIST OF TABLES

Table 3.1: Structure of questionnaire  

Table 4.1: Summary of missing data  

Table 4.2: Distribution of questionnaires  

Table 4.3: Demographic information of the respondents  

Table 4.4: Descriptive statistics  

Table 4.5: Factor analysis result  

Table 4.6: Reliability test result  

Table 4.7: Correlation between the variables  

Table 4.8: Testing of normality  

Table 4.9: Result of regression test  

Table 5.1: Summary of the hypotheses result
LIST OF FIGURES

Figure 2.1 : Expected advantages and benefits from IFRS adoption 13
Figure 2.2 : Linkages between Theoretical Framework and Factors that Promote IFRS Adoption 35
Figure 3.1 : Proposed model of the study 37
LIST OF ABBREVIATIONS

BOFIA: Banks and Other Financial Institutions Act.

BVE: Book Value of Equity.

CBN: Central Bank of Nigeria.

FGN: Federal Government of Nigeria


GAAP: Generally Accepted Accounting Principles.

IAS: International Accounting Standards.

IASC: International Accounting Standards Committee.


NAICOM: Nigerian Insurance Commission.

NASB: Nigeria Accounting Standards Board.


UK: United Kingdom.

US: United States.
CHAPTER ONE

INTRODUCTION

1.0 Introduction

Countries world-wide have been pursuing the same purpose when coming to the welfare of their economy, and that is to be part of the increasingly dynamic global market. This is an aim mainly pursued by developing countries more than any other countries. Globalization has played a key role in this by dissolving the boundaries between countries and financial markets. The increase in multinational company activities, economic co-operations and political unifications among developed countries increases the efforts of developing countries to be a part of this global market, which in turn requires transparent financial information (Alp & Ustundag, 2009). Economic and political factors have contributed to the sudden rush of the international community's to converge their national generally accepted accounting principles (GAAP) with the International Financial Reporting Standards (IFRS) (Fontes, Alexandra, Rodrigues, & Russell, 2005). This indicates the power and pervasive nature of globalization (Neu & Ocampo, 2007), and has resulted in the institutionalization of a new regulatory regime. Domestic economies have become increasingly vulnerable to the "external shocks" caused by an "expanding world economy", necessitating the adoption of globalized practices if they are to function effectively (Lehman, 2005).

As indicated earlier, globalization has been considered one of the many factors that have had a considerable influence on many countries world-wide to adopt IFRS, mainly developing countries. But many of the developed countries have either
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REFERENCES


77


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89


