

# CORPORATE GOVERNANCE AND FINANCIAL REPORTING QUALITY: MEDIATING FUNCTION OF INTERNAL CONTROL FROM EMERGING MARKETS

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## Abstract

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Existing research on corporate governance, internal control, and the quality of financial reporting has focused more on developed countries and provides little insight into the sub-Saharan African markets necessitating this research. The purpose of the research was to explore corporate governance's impact on financial reporting quality and the mediating role of internal controls. Utilising a quantitative research design, the study analyses data from publicly listed companies across Ghana, Nigeria, and South Africa from 2009 to 2021. Logistic regression models using SPSS version 23 were used to analyse the relationships between the variables. The study reveals that diverse skills and expertise on corporate boards and audit committees' independence significantly impact financial reporting quality, supporting existing literature and echoing findings from Cole and Schneider (2020) and Musa et al. (2022). However, contrary to existing theories, the study indicates a lack of significant mediating effect of internal controls in the relationship between corporate governance variables and financial reporting quality variables. These findings suggest significant implications for policymakers, practitioners, and academics. For policy, tailored governance frameworks need to be developed. Practitioners are urged to reassess internal control systems and enhance board training and diversity. Academically, further research is encouraged to extend these findings across more diverse economies.

**Keywords:** Corporate Governance, Financial Reporting Quality, Internal Control, IFRS Compliance, Voluntary Disclosure

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## 1. INTRODUCTION

Corporate governance, internal controls, and quality financial reporting are the pillars upon which the trustworthiness and efficiency of the financial

markets are built. To ensure ethical business behaviour and align stakeholder interests, corporate governance, which includes policies and procedures that regulate firm management, is very important. According to Ng et al. (2016), robust governance

structures promote openness and accountability. Openness and accountability are essential for investor decision-making and market trust (Abdollahi et al., 2020). The systems of internal control are asserted to have an important function in managing risk and improving operational efficiency. These systems act as a protective mechanism against fraud and misstatements in the financial statement. Literature has it that, the adoption of International Financial Reporting Standards (IFRS) guarantees financial reporting by increasing the dependability and consistency of financial information worldwide (Abdollahi et al., 2020). In today's global economy, financial markets are more interconnected than ever. The standard of corporate governance and financial reporting can have broader implications on investment flows and economic stability. Consequently, these factors significantly impact the general health of global financial systems. Further expanding upon this perspective, attention is directed towards the distinctive business environment of African markets, with a specific emphasis on South Africa, Ghana, and Nigeria. Borteye and Peprah (2022) indicate that Ghana is renowned for its political stability and growing economy. Moreover, the nation Ghana is an emerging market that is attracting increasing interest from global investors (Boamah, 2022). Nigeria is considered as the largest economy in Africa, due to its abundant natural resources. Furthermore, South Africa is often regarded as the entry point to Africa, with the most advanced and varied economy in the area (Sutherland, 2020). The economic significance exceeds national boundaries, exerting influence on African economic patterns and making a significant contribution to global economic dynamics. Using these countries offers an engaging framework for investigating the interactions of corporate governance, internal control, and financial reporting quality in these developing economies, and how these interactions affect both domestic and global business settings. Corporate governance is the way an organisation establishes, achieves, and oversees its goals, with a primary emphasis on encouraging openness, equity, and responsibility in the organisation's interactions with its stakeholders (Tricker, 2015; Zureigat, 2024). Also, Abiodun (2020) and Diamond (2013) describe internal control as a systematic procedure created to make sure that operations in an organisation are functional, efficient and effective, the financial reporting process is accurate and can be relied upon, and that laws and regulations are complied by consistently. The quality of any financial reporting is in its precision, dependability, and promptness of financial statements. Quality financial reporting provides an accurate and unbiased financial statement that is a representation of the company's financial performance and position (Herath & Albarqi, 2017). Several measures are used to assess the effectiveness of these components, which are often examined in literature in terms of their effects on investor trust, organisational performance, and market efficiency. Existing literature on corporate governance, internal control, and the quality of financial reporting provides valuable insights (Martins & Ventura, 2020); yet, it does not provide details in understanding these processes in sub-Saharan African markets.

An excessive emphasis on developed countries has resulted in a biased viewpoint, frequently neglecting the unique economic, cultural, and regulatory structures that define African nations. There is a substantial lack of information about the adaptation and implementation of corporate governance principles and practices in sub-Saharan African markets due to the focus of research not aligning with this area resulting in a lack of research on the effectiveness and influence of internal control procedures and financial reporting standards in these economies. The absence of research relevant to sub-Saharan African markets hinders a detailed understanding of their corporate governance environments and their impact on the global economy as they progress and become more integrated (Amanamah, 2024; Anaman et al., 2023; Boateng et al., 2022). This study fills the gap in research of inadequate research on corporate governance, internal control, and the quality of financial reporting in sub-Saharan African markets to enhance a detailed understanding of their corporate governance environment. The research aims to examine the impact of corporate governance, as measured by board size, gender diversity, skills and experience diversity, and audit committee independence, on the quality of financial reporting. This is assessed by examining compliance with IFRS and voluntary disclosure. Additionally, the study seeks to explore the role of internal controls, specifically risk assessment, as a mediator in this relationship. To address the identified research gap and achieve the aim of the study, the author draws on established theories such as agency theory and institutional theory.

The study includes three kinds of variables: independent variables that indicate corporate governance practices, a mediating variable that is internal control, and the dependent variable of financial reporting quality. *Corporate governance procedures* are the foundation of the independent variables. It includes the size of the board, the diversity of gender on the board, the variety of skills and experience on the board, and the existence of an independent audit committee. The mediating variable in this study is *internal control*, with a specific emphasis on risk assessment. It acts as an important link between corporate governance and the quality of financial reporting by recognising and controlling risks that might affect both of them. The study focuses on *financial reporting quality* as its dependent variable, which has two essential components (IFRS compliance and voluntary disclosure). IFRS compliance assesses the extent to which an organisation follows IFRS while preparing and revealing its financial statements. IFRS compliance indicates the consistency and precision of financial reporting on a global level. Voluntary disclosure refers to the readiness of an organisation to offer further information that goes beyond what is required by law. Voluntary disclosure enhances openness and accountability.

To achieve the objective of this research, the author adopted a quantitative research strategy and a deductive approach. Data was collected from the annual reports and financial statements of listed and unlisted companies with complete and readily available financial data from 2009 to 2021. The Durbin-Wu-Hausman test was used to evaluate

the presence of endogeneity in regression models and a multicollinearity check was performed to evaluate the extent of multicollinearity among the independent variables in the regression models. SPSS version 23 is used to analyse the relationships between the variables.

This research is important since it focuses on an area that has not been well explored, making valuable contributions to both academic knowledge and real-world implementations. Academics can get fresh perspectives on the dynamics of corporate governance in emerging economies. Essentially, this study further gives significant data for investors, corporations, and regulators in these nations, assisting in the development of more efficient governance rules and initiatives. Thus, the main aim of this study is to examine the relationships between corporate governance, internal control, and financial reporting quality in the specific settings of Ghana, Nigeria, and South Africa. The research intends to improve the understanding of these variables in developing economies. Hence strengthening the structure for corporate governance and financial reporting procedures in these areas. This research is highly relevant in the African setting, as it addresses the distinct difficulties and possibilities arising from the changing corporate governance and financial environments. Investors can gain enhanced insights into risk assessment and make more informed investing decisions. Regulators and policymakers can benefit from useful insights into improving governance frameworks. This will strengthen market trust and attract international investments to these emerging countries.

The subsequent structure of this paper is as follows. Section 2 reviews the literature and develops hypotheses. Section 3 presents the research methodology. Section 4 provides the results. Section 5 discusses the main findings. Section 6 concludes the paper.

## 2. LITERATURE REVIEW AND HYPOTHESE DEVELOPMENT

### 2.1. Theoretical review

The agency theory and the institutional theory underpin this study. The agency theory presents a theoretical framework that explains how corporate governance institutions, including board composition, gender diversity, and audit committees, function as strategies for addressing the agency problem (Cole & Schneider, 2020; Musa et al., 2022). The focal point of the agency theory is the inherent conflicts of interest that arise as a consequence of the principal (shareholder) and agent (manager) inside a business. According to this theory postulated by Jensen and Meckling (1976), to ensure that managers run the company in the best interests of shareholders, it is necessary to establish systems that align these interests. According to Krismiaji and Surifah (2020), corporate governance structures have the tools to enhance the standard of reported financial statements. Furthermore, internal controls are perceived as instruments to minimise information asymmetry and oversee the operations of management, therefore guaranteeing the dependability of financial statements.

The institutional theory examines the mechanisms through which various frameworks, such as schemes, rules, norms, and routines, are formed as authoritative principles for guiding social conduct (Vadasi et al., 2019). Osinubi (2020) indicates that this theory highlights the significance of regulatory, cognitive, and normative frameworks in influencing organisational behaviour and practices. The relevance of Institutional theory to this study lies in its capacity to provide insight into the impact of diverse external variables (regulatory, cultural, economic) in Ghana, Nigeria, and South Africa on corporate governance and reporting procedures. This theory facilitates an understanding of how diverse institutional frameworks in various nations influence the implementation and effectiveness of governance measures and internal controls (Peters, 2022). It also helps in analysing how adherence to international standards such as IFRS is impacted by local institutional environments.

Therefore, making use of both the agency and institutional theories provides a detailed framework for understanding the complexities of corporate governance and the quality of financial reporting in growing sub-Saharan African markets.

### 2.2. Empirical review and hypotheses development

#### 2.2.1. Corporate governance and financial reporting quality

Researchers have utilised many proxies to assess corporate governance, with board size and board independence being important features (Amanamah, 2024). Board independence and the quality of financial reporting are positively and statistically significant by Porter and Sherwood (2023). The results indicate that firms with a greater ratio of independent directors on their boards tend to provide financial statements that are more precise and transparent. Moreover, studies into the existence and effectiveness of audit committees have been a central focus in understanding the influence of corporate governance on the quality of financial reporting (Khatib et al., 2022). Hasan et al. (2020) and Alzeban (2020) both verified the positive effects of active and independent audit committees on the quality of financial reporting. These committees have an important role in supervising the integrity of financial reporting procedures, ensuring adherence to accounting standards, and promoting transparency. In addition, Ibrahim and Jehu (2018) examined the impact of the structure of the board on the quality of financial reporting. According to their study, boards that have a larger proportion of independent directors have been associated with improving financial reporting because these committees are more likely to carefully match executive remuneration to the success of the firm. As a result, there is growing empirical evidence to support the idea that good corporate governance processes improve the quality of financial reporting (Dobija et al., 2022). Thus, it is hypothesised that:

*H1: Corporate governance has a positive and significant impact on financial reporting quality.*

### 2.2.2. Corporate governance and internal control

The composition of the board of directors is a key area of interest in empirical research that explores the influence of corporate governance on internal control. Research has provided useful insights into the relationship between corporate governance systems and the efficiency of internal control systems in organisations (Agyei-Mensah, 2018; Koutoupis & Pappa, 2018). Studies have repeatedly demonstrated that corporate governance procedures have a substantial impact on the effectiveness and durability of internal control systems. Tetteh et al. (2023) researched companies and discovered a significant positive relationship between strong corporate governance systems and effective internal control procedures. Their research indicates that boards with a greater proportion of independent directors and well-organised governance mechanisms are more likely to prioritise the establishment and continuous monitoring of internal controls. In a study done by Chen, Eshleman, et al. (2016), the researchers examined the influence of board diversity on the effectiveness of internal controls. Their research showed that organisations with diverse boards, which include a wide range of abilities and experiences, generally have more thorough and flexible internal control mechanisms. Moreover, according to Bernile et al. (2018), the presence of diverse perspectives in risk assessment and management not only broadens the variety of viewpoints but also promotes a comprehensive approach to internal control strategies. Thus, it is hypothesised that:

*H2: Corporate governance has a positive and significant impact on internal controls.*

### 2.2.3. Internal control and financial reporting quality

The quality of financial reporting inside organisations and internal control systems are closely related, and empirical research has provided important insights into this relationship. Sujana et al. (2020) carried out an examination that included companies from a range of industries and the research revealed a strong and statistically significant relationship between the effectiveness of internal control systems and the quality of financial reporting. Other studies on the relationship between internal control and financial reporting quality studies have regularly shown that organisations that have robust internal controls are more inclined to generate precise and dependable financial reporting (Bardhan et al., 2015; Bentley-Goode et al., 2017; Hu et al., 2021; Madawaki et al., 2022). Thus, it is hypothesised that:

*H3: Internal control has a positive and significant impact on financial reporting quality.*

### 2.2.4. Corporate governance, internal control, and financial reporting quality

With an emphasis on understanding the mediating function of internal control mechanisms, empirical research has been delving further into the relationships among corporate governance, internal control systems, and financial reporting quality. A significant topic for empirical investigation examines the relationship between

board independence, a feature of corporate governance, and the quality of financial reporting. In a research done by Correa-Garcia et al. (2020), the relationship between board independence and financial reporting quality was examined and the study provided strong evidence that internal control systems have a partly mediating role in this relationship. According to their study, companies that have a greater number of independent directors on their boards tend to have more efficient internal control systems, which subsequently have a positive impact on the quality of financial reporting. In addition, a study conducted by Almasria (2022) examined the function of internal audit quality as a link in the relationship between audit committee independence, which is another important factor in corporate governance, and the quality of financial reporting. The study offered empirical evidence to support the idea that strong corporate governance procedures indirectly improve the quality of financial reporting by enhancing internal audit processes. Active and independent audit committees promote a culture of thorough supervision, resulting in more efficient internal audit operations and eventually enhancing the quality of financial reporting (Vadasi et al., 2021). Hence, empirical data repeatedly shows that internal control systems have a relationship with corporate governance and the quality of financial reporting. Thus, it is hypothesised that:

*H4: Internal control positively and significantly mediates the relationship between corporate governance and financial reporting quality.*

## 3. RESEARCH METHODOLOGY

### 3.1. Research strategy

To achieve the objective of this research, the author adopted a quantitative research strategy to explore the relationships between corporate governance, quality of financial reporting, and internal controls, in sub-Saharan African emerging markets. According to Samii (2016), this approach allows for the quantification of variables, enabling statistical analysis to assess the strength and significance of relationships. The research approach used is deductive, where hypotheses derived from existing theoretical frameworks are tested using empirical data. The deductive research approach employed in this research includes formulating hypotheses deriving from existing theoretical frameworks and then testing these hypotheses using empirical data.

### 3.2. Data collection methods and sample selection

Data collection for this study involved extracting financial information from the annual reports and financial statements of publicly listed and unlisted companies in Ghana, Nigeria, and South Africa. These documents serve as primary sources of data, offering detailed insights into companies' financial performance, governance structures, and reporting practices. The sample for analysis was drawn from companies registered with the respective stock exchanges of Ghana, Nigeria, and South Africa. This sampling approach ensures representation from a diverse range of industries and sectors within each country's economy. The inclusion criteria for

the sample included publicly listed and unlisted companies with readily available financial data for the specified study period (2009 to 2021). These criteria ensure the availability of sufficient data for analysis. Thus, companies with incomplete or unreliable financial information were excluded from the sample to maintain the integrity and validity of the analysis. This provides a balanced panel data of 1,937 observations of firm-year.

### 3.3. Variable measurement and model specification

The independent variable of the study is *corporate governance*. This research operationalised corporate governance through four key proxies, namely the *board size*, the *board gender diversity*, the *board skills and expertise diversity*, and the presence of *independent audit committees*. The board size, which is measured as the square of the number of board members, reflects the extent of oversight and diversity of perspectives within the boardroom. The board gender diversity, indicated by the ratio of female directors to the sum of directors, emphasizes the importance of inclusivity and varied viewpoints in decision-making processes. Similarly, the ratio of directors who have industry experience highlights the relevance of industry-specific knowledge and expertise in guiding strategic decisions. Furthermore, the ratio of independent directors on the audit committees indicates the significance of impartial oversight and adherence to regulatory standards in corporate governance practices.

The dependent variable is *financial reporting quality*. The study measured, financial reporting quality using two primary proxies: *IFRS compliance*

and *voluntary disclosures*. IFRS compliance was assessed as the total sum of compliances divided by the total sum of expected compliances, reflecting the extent to which firms adhere to international accounting standards, thereby ensuring consistency and comparability in financial reporting across jurisdictions. Voluntary disclosure, measured as the number of voluntary compliances divided by the total expected voluntary compliance, provides insights into firms' willingness to provide additional information beyond regulatory requirements, thereby enhancing transparency and stakeholder trust.

The mediating variable is *internal control*. In this study, internal control is operationalised through the proxy of risk assessment, measured using dummy variables indicating the disclosure and changes in disclosed risks over time. Risk assessment serves as a key component of internal control systems, facilitating proactive identification and mitigation of potential risks that may impact financial reporting quality.

Control variables are added to the analysis to explain potential confounding factors that may influence the relationships between the independent and dependent variables. The control variables in this research are *firm sizes* and *firm ages*. The firm size is measured as the log of total assets and captures the scale of operations and resource availability within firms. Firm age, which is represented by the number of years the company has been in existence, reflects organisational maturity and stability.

Also, the models adopted for this study include:

$$IFRS.Comp_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 BSED_{it} + \beta_4 IAC_{it} + \beta_5 FS_{it} + \beta_6 FA_{it} + \varepsilon_{it} \quad (1)$$

$$VD_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 BSED_{it} + \beta_4 IAC_{it} + \beta_5 FS_{it} + \beta_6 FA_{it} + \varepsilon_{it} \quad (2)$$

$$IFRS.Comp_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 BSED_{it} + \beta_4 IAC_{it} + \beta_5 RA_{it} + \beta_6 FS_{it} + \beta_7 FA_{it} + \varepsilon_{it} \quad (3)$$

$$VD_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 BSED_{it} + \beta_4 IAC_{it} + \beta_5 RA_{it} + \beta_6 FS_{it} + \beta_7 FA_{it} + \varepsilon_{it} \quad (4)$$

where

- *IFRS.Comp* = IFRS compliance;
- *VD* = Voluntary disclosure;
- *BS* = Board size;
- *BGD* = Board gender diversity;
- *BSED* = Board skills and expertise diversity;
- *IAC* = Independent audit committee;
- *FS* = Firm size;
- *FA* = Firm age;
- *RA* = Risk assessment;
- $\varepsilon$  = Error term.

### 3.4. Data validity and reliability

Data reliability and validity are essential considerations in any research study to ensure the accuracy and integrity of findings. In this study, the reliability of data is upheld through meticulous data collection procedures from reputable sources, such as annual reports and financial statements of publicly listed companies in Ghana, Nigeria, and South Africa. To enhance reliability, data points are cross-verified and validated against multiple sources to mitigate

errors and inconsistencies. Additionally, employing standardised data collection protocols and procedures helps to ensure consistency and reliability across the dataset. Validity, on the other hand, is ensured through the use of established measures and proxies for corporate governance, internal controls, and financial reporting quality. Proxies such as board size, board gender diversity, and IFRS compliance have been widely used and validated in previous research studies, enhancing the validity of the study's constructs. Furthermore, the selection of proxies aligns with theoretical frameworks and empirical evidence, increasing the validity of the study's findings. Rigorous statistical analyses and robustness checks further validate the relationships between variables and ensure the reliability of the study's conclusions.

### 3.5. Robustness checks

The Durbin-Wu-Hausman test (test for endogeneity) is a method of diagnosis used to evaluate the presence of endogeneity in regression models. When independent variables correlate with the error

term, it is known as endogeneity, and it might skew the estimated coefficients. This analysis involved the examination of two regression models: one that

included actual dependent variables (*IFRSCom* and *VD*), and another that used the residuals from the first model as the dependent variable.

**Table 1.** Coefficients with actual dependent variables

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	0.792	0.077		10.350	0.000
BS	0.000	0.000	-0.087	-3.260	0.001
BGD	0.025	0.024	0.023	1.018	0.309
BSED	0.123	0.015	0.185	7.986	0.000
IAC	0.028	0.005	0.147	5.473	0.000
RA	0.011	0.076	0.003	0.141	0.888
FS	6.693E-11	0.000	0.012	0.548	0.584
FA	0.000	0.000	-0.083	-3.702	0.000

Note: a. Dependent variable: *IFRS.Comp*.

**Table 2.** Coefficient with residual dependent variable

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	-2.668E-15	0.077		0.000	1.000
BS	0.000	0.000	0.000	0.000	1.000
BGD	0.000	0.024	0.000	0.000	1.000
BSED	0.000	0.015	0.000	0.000	1.000
IAC	0.000	0.005	0.000	0.000	1.000
RA	0.000	0.076	0.000	0.000	1.000
FS	0.000	0.000	0.000	0.000	1.000
FA	0.000	0.000	0.000	0.000	1.000

Note: a. Dependent variable: *Unstandardized residual*.

From the results of the test, it can be ascertained that the residuals do not have a statistically significant impact on the dependent variable in the second regression. This shows that there is no evidence of endogeneity in the model. The residuals' coefficients in the second regression lack statistical significance, suggesting that they are not causing endogeneity concerns.

A multicollinearity check (variance inflation factors, VIF) was performed to evaluate the extent of multicollinearity among the independent variables in the regression models. Multicollinearity is the occurrence of a strong connection between independent variables, which might affect the dependability of individual variable contributions. The tolerance and VIF values in the findings offer insights into the distinct variance of each variable and the degree to which they are accounted for by other variables.

**Table 3.** Variance inflation factor

Model	Collinearity statistics	
	Tolerance	VIF
BS	0.683	1.463
BGD	0.916	1.091
BSED	0.791	1.265
IAC	0.617	1.622
RA	0.989	1.011
FS	0.665	1.505
FA	0.945	1.058

Note: a. Dependent variables: *IFRSCom*, *VD*.

From Table 3, the tolerance values indicate that each variable maintains a significant degree of variation that is not explained by other factors. A higher tolerance number indicates that there is a smaller amount of shared variation. Also, the VIF values are all less than 5 which are deemed acceptable indicating relatively low levels of association in this particular instance. Thus,

the multicollinearity check indicates that the independent variables in the regression model exhibit an acceptable level of independence from one another.

### 3.6. Data analysis techniques

Logistic regression models using SPSS version 23 are used to analyse the relationships between the variables. Logistic regression is well-suited for evaluating the influence of corporate governance and internal controls on financial reporting quality, especially when dealing with dichotomous mediating variables. The models use control variables, such as firm size and firm age, to address potential confounding effects. The method includes robustness tests, such as the Durbin-Wu-Hausman test to identify endogeneity and a multicollinearity check using VIF. These tests verify the dependability and accuracy of the regression findings by detecting and resolving any problems such as omitted variable bias and multicollinearity. The study presents and discusses descriptive statistics, correlation analysis, and regression results to offer a full understanding of the relationships that are being studied.

## 4. RESULTS

This section covers the findings and discussion of the data analysed. The coverage includes descriptive statistics of the variables under study, correlation statistics of the variables, and regression statistics.

### 4.1. Descriptive statistics

This shows the descriptive statistics, which presents an understanding of the characteristics of the variables analysed in this study.

Table 4. Descriptives

Variable	N	Minimum	Maximum	Mean	Std. deviation
IFRS.Comp	1937	0.0000	1.0000	0.8896	0.1344
VD	1937	0.0000	1.0000	0.9297	0.1236
BS	1937	0.0000	361.0000	98.9463	59.7874
BGD	1937	0.0000	1.0000	0.1849	0.1276
BSED	1937	0.0000	1.0000	0.6488	0.2020
IAC	1937	0.0000	3.6667	1.3182	0.6986
RA	1937	0.0000	1.0000	0.9985	0.0393
FS	1937	4.3456	13.0756	9.0447	1.7771
FA	1937	1.0000	134.0000	43.1208	30.1359

From Table 4, the findings on IFRS compliance (*IFRS.Comp*) show that, on average, the companies in the study sample exhibit a high level of adherence to IFRS, given a mean value of 0.8896. This indicates that the majority of companies adhere to accounting standards. The low standard deviation of 0.1344 suggests that there is little variation in compliance levels across the organisations that were sampled. Similar trends are shown in the data for voluntary disclosure (*VD*), which show that businesses have the willingness to disclose more information than is required by regulations. The data, with a mean of 0.9297, indicates that organisations actively share additional information regarding their operations, financial performance, and risk concerns. From the findings, it is clear that board sizes differ greatly among companies, with a maximum value of 361. The average board size (*BS*) of 98.9463 indicates that corporations often have big boards, potentially indicating a wide range of opinions and experience within the governance structure. Nevertheless, the significant standard deviation of 59.7874 suggests a notable variation in board sizes, with certain corporations having significantly bigger or smaller boards compared to others. Moreover, the results from the study on board gender diversity (*BGD*) provide information about the percentage of women serving as directors on company boards. The findings indicate that gender diversity on boards is low among the sampled organisations, with a mean value of 0.1849. The presence of a standard deviation of 0.1276 suggests that there is variation in the degrees of gender diversity among enterprises. For board skills and expertise diversity (*BSED*), the mean value of 0.6488 suggests

a moderate level of diversity, with a standard deviation of 0.2020, indicating variability in the extent of diversity across the sampled organisations. This diversity in skills and experiences among board members plays an important role in decision-making processes and governance practices within organisations, influencing their overall performance and financial reporting quality. Moving on to the independent audit committee (*IAC*) variable, the mean value stands at 1.3182, with a standard deviation of 0.6986. This means that most of the organisation had few independent audit committees. The descriptive statistics for risk assessment (*RA*) reveal a mean value of 0.9985 and a minimal standard deviation of 0.0393. The range from 0 to 1 suggests that the majority of entities in the sample conduct risk assessments, with limited variability in the extent of their implementation. For firm size (*FS*), the data indicates a mean value of 9.0447 and a standard deviation of 1.7771. The range extends from 4.3456 to 13.0756, highlighting variability in the sizes of the firms. Finally, considering firm age (*FA*), the mean value is 43.1208, with a relatively high standard deviation of 30.1359. The wide range from 1 to 134 suggests that there are new firms as well as old firms in the sampled organisations used for this study.

#### 4.2. Correlation statistics

Table 5 shows the correlations of the various variables under study.

Table 5. Correlation

Variable	IFRS.Comp	VD	BS	BGD	BSED	IAC	RA	FS	FA
IFRS.Comp	1	0.219**	0.027	0.074**	0.192**	0.130**	0.000	0.100**	-0.043
VD	0.219**	1	0.057*	-0.087**	-0.031	0.137**	0.031	0.015	-0.001
BS	0.027	0.057**	1	0.151**	0.197**	0.545**	0.018	0.322**	0.089**
BGD	0.074**	-0.087**	0.151**	1	0.206**	0.201**	-0.013	0.206**	0.049*
BSED	0.192**	-0.031	0.197**	0.206**	1	0.203**	-0.022	0.403**	0.135**
IAC	0.130**	0.137**	0.545**	0.201**	0.203**	1	0.000	0.434**	0.151**
RA	0.000	0.031	0.018	-0.013	-0.022	0.000	1	-0.027	-0.036
FS	0.100**	0.015	0.322**	0.206**	0.403**	0.434**	-0.027	1	0.201**
FA	-0.043	-0.001	0.089**	0.049*	0.135**	0.151**	-0.036	0.201**	1
N	1937	1937	1937	1937	1937	1937	1937	1937	1937

Note: \*\*. Correlation is significant at the 0.01 level (2-tailed). \*. Correlation is significant at the 0.05 level (2-tailed).

Table 5 presents the correlation statistics of two dependent variables and the predictors. The findings from the first variable which is IFRS compliance (*IFRS.Comp*) show that it is positively correlated with most of the predictors except firm age. Board skills and expertise diversity (*BSED*) and independent audit committee (*IAC*) show moderate positive correlations, suggesting that firms with

diverse expertise on their boards and effective audit oversight tend to demonstrate better compliance with IFRS. Additionally, board gender diversity (*BGD*) also exhibits a weak positive correlation with IFRS compliance. Conversely, board size (*BS*) shows a weak positive correlation, while firm size (*FS*) demonstrates a slightly stronger but still weak positive correlation. Also, risk assessment (*RA*)

shows a weak positive correlation with IFRS compliance. Firm age (*FA*) exhibits a weak negative correlation with IFRS compliance, implying that younger firms might be more compliant.

In terms of voluntary disclosure (*VD*), the correlations suggest a somewhat different pattern. Here, board gender diversity (*BGD*) and board skills and expertise diversity (*BSED*) show negative correlations, indicating that companies with more diverse boards might engage in less voluntary disclosure. Independent audit committee (*IAC*), on the other hand, exhibits a weak positive correlation with voluntary disclosure, suggesting that firms with effective audit oversight may be more inclined towards voluntary disclosure. Also, risk assessment (*RA*) demonstrates a weak positive correlation with

voluntary disclosure, implying that companies disclosing more about their risk management practices also engage in more voluntary disclosure.

### 4.3. Regression

#### 4.3.1. The direct relation between the variables of corporate governance and financial reporting quality

This subsection presents the findings from the regression results on the relationship between corporate governance variables and financial reporting quality variables. It presents findings from the first and second models.

**Table 6.** Model summary: Corporate governance and financial reporting quality

Model	R	R-squared	Adjusted R-squared	Std. error of the estimate
IFRS.Comp	0.240 <sup>a</sup>	0.058	0.055	0.130658899416938
VD	0.186 <sup>a</sup>	0.035	0.032	0.121608680823748

Note: a. Predictors: (Constant), *FA*, *BGD*, *BS*, *BSED*, *FS*, and *IAC*.

Table 6 presents an overview of the regression analysis conducted for the dependent variables. IFRS compliance shows an R-squared of 0.058. This means that independent variables account for 5.8% of the variance in IFRS compliance. Also, for voluntary disclosure, the 0.035 R-squared indicates that around 3.5% of the variance in voluntary disclosure is accounted for by the independent

variables. Moreover, the adjusted R-squared values adjust for the number of predictors in the model, thus providing a more conservative estimate of the variance explained. In both cases, the adjusted R-squared values are slightly lower than the R-squared values, indicating that the inclusion of additional predictors does not substantially increase the explanatory power of the study model.

**Table 7.** ANOVA<sup>a</sup>: Corporate governance and financial reporting quality

Model		Sum of squares	df	Mean square	F	Sig.
IFRS.Comp	Regression	2.017	6	0.336	19.696	0.000 <sup>b</sup>
	Residual	32.948	1930	0.017		
	Total	34.966	1936			
VD	Regression	1.025	6	0.171	11.547	0.000 <sup>b</sup>
	Residual	28.542	1930	0.015		
	Total	29.567	1936			

Note: a. Dependent variable: *IFRS.Comp*, *VD*. b. Predictors: (Constant), *FA*, *BGD*, *BS*, *BSED*, *FS*, and *IAC*.

Table 7 presents the ANOVA results which assess the statistical significance of the regression models for IFRS compliance and voluntary disclosure. For IFRS compliance, the regression model is statistically significant with an F-value of 19.696 and a p-value of 0.000, indicating that the model as a whole explains a significant amount

of variance in IFRS compliance. Similarly, for voluntary disclosure, the regression model is also significant with an F-value of 11.547 and a p-value of 0.000. These results suggest that the independent variables collectively have a significant impact on both IFRS compliance and voluntary disclosure.

**Table 8.** Coefficients<sup>a</sup>: Corporate governance and financial reporting quality

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
IFRS.Comp	(Constant)	0.802	0.016		50.245	0.000
	<i>BS</i>	0.000	0.000	-0.086	-3.236	0.001
	<i>BGD</i>	0.024	0.024	0.023	1.000	0.317
	<i>BSED</i>	0.123	0.016	0.185	7.556	0.000
	<i>IAC</i>	0.028	0.005	0.147	5.227	0.000
	<i>FS</i>	0.000	0.002	0.002	0.057	0.955
	<i>FA</i>	0.000	0.000	-0.084	-3.706	0.000
VD	(Constant)	0.938	0.015		63.139	0.000
	<i>BS</i>	-2.484E-05	0.000	-0.012	-0.446	0.655
	<i>BGD</i>	-0.106	0.023	-0.110	-4.720	0.000
	<i>BSED</i>	-0.020	0.015	-0.033	-1.313	0.189
	<i>IAC</i>	0.033	0.005	0.184	6.469	0.000
	<i>FS</i>	-0.002	0.002	-0.023	-0.839	0.401
	<i>FA</i>	-5.354E-05	0.000	-0.013	-0.569	0.569

Note: a. Dependent variable: *IFRS.Comp*, *VD*.



Table 8 presents the coefficients for each predictor variable in the regression models for the dependent variables. For IFRS compliance, significant predictors include board size ( $B = 0.001$ ,  $p\text{-value} = 0.001$ ), board skills and expertise diversity ( $B = 0.123$ ,  $p\text{-value} = 0.000$ ), independent audit committee ( $B = 0.028$ ,  $p\text{-value} = 0.000$ ), and firm age ( $B = 0.001$ ,  $p\text{-value} = 0.000$ ), as evidenced by their low  $p\text{-values} (< 0.05)$  and all having a positive impact on IFRS compliance. Board gender diversity and firm size showed a positive impact on IFRS compliance but the impact was insignificant with a  $p\text{-value}$  higher than 0.05. For voluntary disclosure, significant predictors include board gender diversity ( $B = -0.106$ ,  $p\text{-value} = 0.000$ ) and independent audit committee ( $B = 0.033$ ,  $p\text{-value} = 0.000$ ). The findings indicate that board gender diversity has a negative significant relationship with IFRS compliance whilst independent audit committee has a positive significant relationship with IFRS compliance. The rest of the variables including board size, board skills and expertise diversity, firm size, and firm age, all showed a negative insignificant relationship with voluntary disclosure.

4.3.2. The direct relationship between corporate governance and internal control

This study subsection presents the findings from the relationship between corporate governance variables and internal control.

Table 9. Model summary: Corporate governance and internal control

Model	R	R-squared	Adjusted R-squared	Std. error of the estimate
1	0.053 <sup>a</sup>	0.003	0.000	0.0393

Note: a. Predictors: (Constant), FA, BGD, BS, BSED, FS, and IAC.

Table 9 presents the model summary statistics for the relationship between corporate governance variables and internal control. The R-squared value for the model is 0.003, indicating that only 0.3% of the variance in internal control can be explained by the predictors included in the model. The adjusted R-squared value is 0.000, suggesting that the predictors do not substantially improve the model's fit. The standard error of the estimate is 0.0393, representing the average distance between the observed values and the predicted values by the model.

Table 10. ANOVA<sup>a</sup>: Corporate governance and internal control

Model	Sum of squares	df	Mean square	F	Sig.
1 Regression	0.008	6	0.001	0.891	0.500 <sup>b</sup>
Residual	2.987	1930	0.002		
Total	2.995	1936			

Note: a. Dependent variable: RA. b. Predictors: (Constant), FA, BGD, BS, BSED, FS, and IAC.

Table 10 displays the results of the analysis of variance, assessing the significance of the regression model in predicting internal control. The table shows that the regression model is not statistically significant ( $p = 0.500$ ), as indicated by the non-

significant F-value of 0.891. This suggests that the predictors, including FA, BGD, BS, BSED, FS, and IAC, do not collectively have a significant impact on internal control.

Table 11. Coefficients<sup>a</sup>: Corporate governance and internal control

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
1 (Constant)	1.005	0.005		209.032	0.000
BS	2.057E-05	0.000	0.031	1.143	0.253
BGD	-0.003	0.007	-0.010	-0.408	0.683
BSED	-0.002	0.005	-0.012	-0.495	0.621
IAC	0.001	0.002	0.003	0.115	0.908
FS	-0.001	0.001	-0.025	-0.900	0.368
FA	-4.144E-05	0.000	-0.032	-1.362	0.173

Note: a. Dependent variable: RA.

Table 11 presents information about the coefficients, standard errors, standardized coefficients (Beta), t-values, and significance levels for each predictor variable in the regression model for internal control. The constant term has a coefficient of 1.005 with a standard error of 0.005, indicating the expected value of RA when all predictor variables are zero. None of the predictor variables (BS, BGD, BSED, IAC, FS, and FA) show statistically significant relationships with internal control, as evidenced by their non-significant

p-values. This suggests that these corporate governance variables are not strong predictors of internal control.

4.3.3. The direct relationship between internal control and financial reporting quality

This subsection of the study presents the findings from the relationship between internal control and financial reporting quality.

**Table 12.** Model summary: Internal control and financial reporting quality

Model	R	R-squared	Adjusted R-squared	Std. error of the estimate
IFRS.Comp	0.001 <sup>a</sup>	0.000	-0.001	0.131392100416208
VD	0.031 <sup>a</sup>	0.001	0.000	0.123553709943863

Note: a. Predictors: (Constant), RA.

Table 12 presents the model summary statistics for the relationship between internal control and financial reporting quality, represented by IFRS compliance and voluntary disclosure. For the IFRS compliance model, the R-squared value is close to zero (0.000), indicating that internal control explains essentially none of the variance in IFRS compliance. Similarly, for the voluntary disclosure model, the R-squared value is also very low (0.001),

suggesting that internal control explains only a minimal amount of variance in voluntary disclosure. The adjusted R-squared values are slightly negative, indicating that the predictors do not improve the models' fit. The standard error of the estimate is 0.131 for IFRS compliance and 0.124 for voluntary disclosure, indicating the average distance between the observed values and the predicted values by the model.

**Table 13.** ANOVA<sup>a</sup>: Internal control and financial reporting quality

Model	Sum of squares	df	Mean square	F	Sig.
IFRS.Comp	Regression	0.000	1	0.000	0.001
	Residual	33.406	1935	0.017	
	Total	33.406	1936		
VD	Regression	0.028	1	0.028	1.828
	Residual	29.539	1935	0.015	
	Total	29.567	1936		

Note: a. Dependent variable: IFRS.Comp, VD. b. Predictors: (Constant), RA.

Table 13 presents the results of the analysis of variance, assessing the significance of the regression models predicting IFRS compliance and voluntary disclosure based on internal control. For the IFRS compliance model, the regression is not statistically significant ( $p = 0.982$ ), with an F-value of 0.001.

Similarly, for the voluntary disclosure model, the regression is also not significant ( $p = 0.177$ ), with an F-value of 1.828. These results suggest that internal control does not significantly predict either IFRS compliance or voluntary disclosure.

**Table 14.** Coefficients<sup>a</sup>: Internal control and financial reporting quality

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
IFRS.Comp	(Constant)	0.889	0.076		11.718	0.000
	RA	0.002	0.076	0.001	0.023	0.982
VD	(Constant)	0.833	0.071		11.682	0.000
	RA	0.097	0.071	0.031	1.352	0.177

Note: a. Dependent variable: IFRS.Comp, VD.

Table 14 provides information about the coefficients, standard errors, standardized coefficients (Beta), t-values, and significance levels for the predictor variable (RA) in the regression models for IFRS compliance and voluntary disclosure. The constant term represents the expected value of the dependent variable when all predictor variables are zero. For both IFRS compliance and voluntary disclosure models, the coefficient for RA is positive, indicating a positive relationship with both dependent variables. However, the coefficients are not statistically significant for either model, as evidenced by the high p-values (0.982 for IFRS.Comp and 0.177 for VD). This suggests that internal

control, represented by RA, does not significantly impact financial reporting quality, as measured by IFRS compliance and voluntary disclosure.

#### 4.3.4. Mediating effect of risk assessment on the between corporate governance and financial reporting quality

This subsection of the study presents the findings from the mediation models on the mediating effect of internal controls on the relationship between corporate governance and financial reporting quality. The results of the mediation effect are from the third and fourth models in the study.

**Table 15.** Logistic regression model

Step	B	Std. error	Wald	df	Sig.	Exp(B)	
Step 0	Constant	6.469	0.578	125.339	1	0.000	644.667

Table 15 examines the variables in the equation which reveals that the constant term, representing the intercept of the regression equation, has a value of 6.469. Specifically, the coefficient for RA is 0.013, indicating a weak positive relationship with the

dependent variables (IFRS compliance and voluntary disclosure), although not statistically significant given its standard error of 0.074 and a Wald statistic of 0.177, resulting in a non-significant p-value of 0.860.

**Table 16.** Omnibus tests of model coefficients

	Step	Chi-square	df	Sig.
Step 1	Step	5.651	6	0.463
	Block	5.651	6	0.463
	Model	5.651	6	0.463

Table 16 presents the omnibus tests of model coefficients. The Chi-square statistic for Step 1 is 5.651, with 6 degrees of freedom and a corresponding p-value of 0.463. This indicates that the overall model, after introducing the independent variables (corporate governance variables), does not exhibit statistical significance.

**Table 17.** Model summary statistics of the mediation analysis

Step	-2 log likelihood	Cox & Snell R-squared	Nagelkerke R-squared
1	39.166 <sup>a</sup>	0.003	0.127

Note: a. Estimation terminated at iteration number 11 because parameter estimates changed by less than 0.001.

Table 17 presents the model summary statistics of the mediation analysis. The -2 log

likelihood value for Step 1 is recorded at 39.166. Additionally, the Cox & Snell R-squared and Nagelkerke R-squared values for Step 1 are 0.003 and 0.127, respectively. These statistics collectively suggest that the model's explanatory power is limited, as indicated by the low R-squared values. Thus, despite including RA as a potential mediator, the model does not adequately capture the variation in financial reporting quality explained by the corporate governance variables.

Table 18 provides results for the variables in the equation. It can be observed that for Step 1a, the coefficient for board gender diversity (BGD) is -2.302 with a standard error of 4.599, indicating a negative relationship between board gender diversity and the dependent variable. However, its p-value is 0.617, suggesting non-significance. Similarly, board skills and expertise diversity (BSED) has a coefficient of -2.266 and a p-value of 0.623. All the other variables except the independent audit committee (IAC) and board size (BS) show a negative value but all of the variables do not show statistical significance. These findings suggest that none of the variables significantly predict the dependent variable.

**Table 18.** Variable effects

	Model	B	Std. error	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	BS	0.021	0.020	1.106	1	0.293	1.021
	BGD	-2.302	4.599	0.250	1	0.617	0.100
	BSED	-2.266	4.612	0.241	1	0.623	0.104
	IAC	0.071	1.339	0.003	1	0.958	1.074
	FS	-0.514	0.500	1.055	1	0.304	0.598
	FA	-0.019	0.016	1.474	1	0.225	0.981
	Constant	12.801	5.346	5.734	1	0.017	362622.550

Note: a. Variable(s) entered in Step 1: BS, BGD, BSED, IAC, FS, and FA.

**Table 19.** Coefficient of determination

Model	R	R-squared	Adjusted R-squared	Std. error of the estimate
IFRS.Comp	0.248 <sup>a</sup>	0.061	0.058	0.127485869768770
VD	0.188 <sup>a</sup>	0.035	0.032	0.121592013868197

Note: a. Predictors: (Constant), FA, RA, BGD, BS, BSED, FS, and IAC.

Table 19 presents the model summary, showing the R-squared values for the models predicting IFRS compliance and voluntary disclosure. The R-squared value for IFRS compliance is 0.061, indicating that the predictors collectively explain 6.1% of the variance in IFRS compliance.

Similarly, for voluntary disclosure, the R-squared value is 0.035, suggesting that the predictors explain 3.5% of the variance in voluntary disclosure. These values indicate a moderate fit of the models to the data.

**Table 20.** Analysis of variance<sup>a</sup>

	Model	Sum of squares	df	Mean square	F	Sig.
IFRS.Comp	Regression	2.054	7	0.293	18.057	0.000 <sup>b</sup>
	Residual	31.351	1929	0.016		
	Total	33.406	1936			
VD	Regression	1.047	7	0.150	10.118	0.000 <sup>b</sup>
	Residual	28.520	1929	0.015		
	Total	29.567	1936			

Note: a. Dependent variable: IFRS.Comp, VD. b. Predictors: (Constant), FA, RA, BGD, BS, BSED, FS, and IAC.

In Table 20, the ANOVA results display the significance of the regression models. For IFRS compliance, the regression model is significant, with a p-value of 0.000, indicating that the predictors collectively have a significant impact on explaining

the variance in IFRS compliance. Similarly, for voluntary disclosure, the regression model is significant (p = 0.000), suggesting that the predictors collectively explain a significant portion of the variance in voluntary disclosure.

Table 21. Strength of linear relationship<sup>a</sup>

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
IFRS.Comp	(Constant)	0.785	0.076		10.368	0.000
	BS	0.000	0.000	-0.082	-3.097	0.002
	BGD	0.019	0.024	0.018	0.799	0.425
	BSED	0.134	0.016	0.205	8.403	0.000
	IAC	0.024	0.005	0.128	4.552	0.000
	RA	0.013	0.074	0.004	0.177	0.860
	FS	0.000	0.002	0.006	0.225	0.822
	FA	0.000	0.000	-0.083	-3.679	0.000
VD	(Constant)	0.851	0.072		11.778	0.000
	BS	-2.663E-05	0.000	-0.013	-0.478	0.632
	BGD	-0.106	0.023	-0.110	-4.709	0.000
	BSED	-0.020	0.015	-0.032	-1.299	0.194
	IAC	0.033	0.005	0.184	6.467	0.000
	RA	0.087	0.070	0.028	1.237	0.216
	FS	-0.002	0.002	-0.022	-0.814	0.416
	FA	-4.994E-05	0.000	-0.012	-0.531	0.596

Note: a. Dependent variable: IFRS.Comp, VD.

Table 21 provides the coefficients for each predictor variable in the regression models for IFRS compliance and voluntary disclosure. The coefficient for RA in both models is non-significant, with p-values of 0.860 for IFRS compliance and 0.216 for voluntary disclosure. This indicates that RA does not mediate the relationship between corporate governance variables and financial reporting quality, as its inclusion does not significantly impact the outcomes.

## 5. DISCUSSION

This section of the study presents a discussion of the findings from the study. First of all, the results of the study confirmed that specific variables of corporate governance including board skills and expertise diversity and independent audit committees, positively impact IFRS compliance. These findings align well with both agency theory and empirical evidence indicating that effective governance directly improves financial reporting quality. The agency theory indicates that aligning the interests of managers and shareholders is one of the ways used to mitigate conflicts and improve financial reporting quality. This alignment according to the findings of this study is facilitated by corporate governance mechanisms such as board independence and audit committees (Jensen & Meckling, 1976). Furthermore, *H1* is accepted, supporting the idea that good corporate governance structures are important for high-quality financial reporting, echoing findings from Cole and Schneider (2020) and Musa et al. (2022). Secondly, according to the agency theory, effective internal control systems are influential in ensuring that the management's actions align with the shareholders' interests, particularly in safeguarding assets and enhancing the reliability of financial reporting (Jensen & Meckling, 1976). Also, empirical findings such as Agyei-Mensah (2018), demonstrate a positive relationship between strong corporate governance and effective internal controls. Contrary to expectations and prior empirical findings, this study found no significant relationship between the measured corporate governance proxies and the effectiveness of internal controls. Thus, *H2* is rejected. This disagreement suggests that either other unmeasured variables in this study influence the effectiveness of internal controls, or that

the specific context of the study (Ghana, Nigeria, and South Africa) differs from those of previous studies. In addition, the study's findings did not support the relationship between internal control and financial reporting quality, as both IFRS compliance and voluntary disclosure showed minimal variance explained by internal controls. The agency theory and existing empirical literature indicate otherwise. This is because, the agency theory posits that internal controls are important for ensuring the accuracy of financial reporting, thereby reducing the asymmetry of information between managers and shareholders (Jensen & Meckling, 1976). Also, empirical studies like Sujana et al. (2020) reinforce the strong relationship between robust internal control systems and the quality of financial reporting. Thus, *H3* is rejected. This finding suggests potential variations in the effectiveness of internal control systems across different regulatory or institutional environments as discussed by Krenn (2016) and Vadasi et al. (2019). Finally, *H4* is also rejected. This is because the findings of the study indicate that there is a lack of a significant mediating effect of internal controls in the relationship between corporate governance variables and financial reporting quality variables. This finding challenges the notion that internal controls might not always provide a mediating role in improving financial reporting quality. This can be because the internal controls may differ in these institutional settings. Therefore, even though both the Agency and Institutional Theories argue that a mediating role of internal controls enhances the effect of corporate governance on financial reporting quality, thus ensuring compliance and oversight (Correa-Garcia et al., 2020), the study's findings are not in support of this notion.

## 6. CONCLUSION

Despite the growing importance of emerging sub-Saharan African economies on the global stage, a lack of research concerning their unique corporate governance and financial reporting environments still exists creating a research gap. The objective of the study was to investigate the relationships between corporate governance, internal controls, and the quality of financial reporting within emerging Sub-Saharan African markets, specifically focusing on Ghana, South Africa, and Nigeria.

The results of the study were mixed results regarding the hypothesised relationships. First of all, the findings affirm the positive impact of board skills and expertise diversity, and independent audit committees, on financial reporting quality. These findings are congruent with the agency theory, which posits that effective corporate governance can mitigate conflicts between shareholders and managers. Thus, the empirical evidence supports *H1*, suggesting that robust governance mechanisms are indeed important for achieving high-quality financial reporting standards. Contrarily, *H2*, which posited a positive relationship between corporate governance and the effectiveness of internal controls, was not supported by the results of this study. This might be an indication of other factors other factors which could influence relationships that were not captured in this study, suggesting potential discrepancies between theoretical expectations and practical implementations within these unique markets. Furthermore, this research explored the effectiveness of internal controls in enhancing the quality of financial reporting. *H3* proposed that robust internal controls would positively impact financial reporting quality. However, the findings did not substantiate this hypothesis, indicating minimal influence of internal controls on both IFRS compliance and voluntary disclosure. This outcome challenges conventional theory and prior empirical evidence that robust internal controls are foundational to reliable financial reporting. It suggests that internal controls operate differently in environments characterized by diverse regulatory standards and varying levels of institutional development. The final aspect of this study examined the mediating role of internal controls in the relationship between corporate governance and financial reporting quality. *H4* was not supported, indicating that internal controls did not significantly mediate this relationship within the context of the selected sub-Saharan African markets. This result prompts an assessment of the internal control systems effectiveness of these economies and suggests that internal controls do not uniformly enhance the influence of corporate governance on the quality of financial reporting as previously thought. In conclusion, this study highlights the nature of corporate governance, internal controls, and financial reporting quality within emerging markets. The findings indicate the importance of considering local contexts when implementing and evaluating governance and control mechanisms. For policymakers and regulators, the results emphasize the need to tailor governance frameworks and internal control systems to fit the unique economic, cultural, and regulatory landscapes of each country. For practitioners and investors, the study sheds light on the critical areas of governance that require attention to enhance transparency and accountability in financial reporting.

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The findings indicate a need for specifically tailored governance frameworks that consider the distinct economic and regulatory environments of each country. This adaptation can enhance the positive impact of corporate governance on the quality of financial reporting. Policymakers should strengthen regulations surrounding internal control systems and their reporting to ensure more consistent and reliable financial disclosures across markets. The result of this research reveals the importance of board diversity in skills and expertise, suggesting that corporate leaders should prioritize this aspect to enhance governance outcomes. Given the limited impact of internal controls on financial reporting quality identified, firms may need to reassess and potentially overhaul their existing internal control frameworks to achieve more integrated and effective outcomes. This research lays the groundwork for further studies in emerging markets and highlights the necessity of localized investigations that reflect the unique characteristics of these environments.

This study's scope was focused on three sub-Saharan African countries, which, while providing valuable insights, limits the generalisability of the findings across all emerging markets. Each country's unique economic, cultural, and regulatory conditions can influence corporate governance and financial reporting in ways not fully captured by this study. Additionally, the study measured internal controls based on risk assessment disclosures which can vary widely in quality and depth among firms, potentially affecting the robustness of results. Other influencing factors such as political stability or macroeconomic conditions were also not accounted for, which could impact the relationships studied.

The study recommends that regulators develop stricter and more detailed guidelines for corporate governance and internal control disclosures. These guidelines should ensure that disclosures are comprehensive, clear, and consistent across jurisdictions within the region. Moreover, fostering cooperation between regulatory bodies across sub-Saharan Africa could help standardise governance practices and enhance financial reporting transparency. Also, companies should focus on enhancing continuous professional development programmes for board members to enrich their governance skills. Additionally, firms should implement rigorous internal auditing processes that ensure their internal control systems are robust and supportive of high-quality financial reporting.

Researchers should extend this study to a broader set of emerging economies to validate and broaden the findings. Investigating other aspects of internal controls and their direct impacts on different financial performance metrics and compliance in varying regulatory environments would also be beneficial.

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