



Examining the influence of International Accounting Standards Board (IASB) conceptual framework on financial reporting quality of selected multinational companies in Nigeria

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Abstract

This study looks at how Nigerian multinational corporations' consolidated financial reporting quality is affected by their adherence to the International Accounting Standards Board's (IASB) Conceptual Framework. The study assessed compliance's impact on three aspects of financial reporting quality timeliness, audit quality (Big Four affiliation), and market-based performance (share price) using a disclosure index. Multiple linear regression analysis was used to examine data gathered from a sample of 110 firm-year observations. Greater adherence to IASB fundamentals is linked to noticeably longer reporting lags, according to panel regression predicting timeliness (FRQ_AQM) ($B = -22.37$, $p < .001$). Compliance has no statistically significant impact on audit quality or share price, but it has a significant negative impact on timeliness. These results imply that while thorough disclosures might improve openness

Keywords: IASB Conceptual Framework, Disclosure Index, Financial Reporting Quality, Timeliness, Audit Quality, Share Price, Multinational Companies

Introduction

The degree to which financial statements offer a fair, accurate, and comprehensive representation of the financial position, performance, and cash flows of a group of companies is what Busari and Bagudo (2021) defined as the quality of consolidated financial reporting. Isidro et al. (2020) discovered that

the global underlying accounting standards have a significant impact on the calibre of financial reporting. Good standards improve comparability, eliminate ambiguity, and offer clear guidance. It is challenging to evaluate financial reporting's quality objectively because many of its components require estimation and

judgment. Access to thorough and trustworthy data is frequently restricted. A crucial component of financial transparency and decision-making is the calibre of consolidated financial reporting (Mähönen 2020).

Several challenges can obstruct its accuracy and reliability. Complex ownership patterns, such as cross-holdings and multiple subsidiaries, can make consolidation complicated and error-prone (MAI 2019). Different accounting principles and consolidation approaches used by subsidiaries in Africa, mostly in Nigeria, can lead to inconsistencies, while determining fair values for subsidiaries, especially in volatile markets, can be subjective and complex (Okanga 2020). The increasing complexity of accounting standards can lead to misinterpretations and inconsistencies in their application. Accounting standards often require significant judgement, which can introduce subjectivity and potential biases. Differences in accounting standards across jurisdictions can deter comparability between companies (Beerbaum et al., 2019). Errors in underlying data from subsidiaries can propagate through the consolidation process. Incomplete data can lead to unreliable financial statements.

Palepu et al. (2020) confirmed that changes in the economy can have an effect on how assets and liabilities are valued, which in turn can affect the quality of consolidated financial statements. Consolidation and valuation may become more complicated as a result of acquisitions and disposals. The reliability of consolidated financial statements may be impacted by companies manipulating financial information to achieve desired financial results, which can be exacerbated by operating

in multiple jurisdictions with disparate economic and regulatory environments (Burritt et al., 2020). Related party transactions can be intricate and easily manipulated. Revenues and profits may be overstated by aggressive revenue recognition techniques (Fakunle et al., 2021). The independence of the auditor and the audit's quality may be jeopardized by conflicts of interest or management pressure. Poor financial reporting can result from insufficient enforcement of financial reporting laws and accounting standards (Akinduko 2023).

According to Hamal (2022) opined that consolidated financial reporting can have serious repercussions for a number of stakeholders. Financial losses may arise from poor credit and investment decisions brought on by false financial information. Investor mistrust and market volatility can both be exacerbated by poor financial reporting. If investors think financial information is untrustworthy, they might stop believing in the capital markets (Qasim et al., 2019). Businesses that provide subpar financial reports run the risk of being sued by creditors and investors. A company's reputation can be harmed by bad press related to financial reporting scandals (Van 2019). Businesses with poor financial reporting are more likely to be subject to harsher regulations and possible fines. Capital may be misallocated to inefficient businesses as a result of subpar financial reporting, this could result to job losses and reduce employee morale.

Prior research has demonstrated the connection between the IASB conceptual framework and the quality of financial reporting (Svoboda et al., 2020; Levanti, 2022;

Kang, 2020; and Gavana et al., 2020), but there is comparatively little research specifically focusing on multinational corporations in Nigeria. Investigating how the relationship differs among industries within multinational corporations may provide important information for creating more reliable stand-ins for reporting quality and framework adherence. In addition to the time gap of the earlier studies, the current research project was able to identify a significant yawning gap in the literature. As a result, this study will utilize more recent data and take into account a larger population than some of the earlier studies.

Through a thorough empirical analysis, this study looked at how financial reporting quality in Nigeria and multinational corporations in emerging markets related to the Conceptual Framework of the IASB proxy with the Disclosure Index and the Accounting quality metric with the Market-based measures and Audit quality. Based on the research findings, this study offered specific policy recommendations to improve the quality of financial reporting in Nigeria. These recommendations were developed to create useful guidelines for Nigerian companies on how to improve framework adherence and reporting quality, particularly in Nigerian multinational corporations.

Literature Review Hypothesis Development

Conceptual Review

Quality of consolidated financial reporting

Consolidated financial statements present a parent company and its subsidiaries as a single economic entity by integrating their financial position, performance, and cash flows (Pelekh et al., 2020). In order to create a single set of financial statements, the financial information

of multiple separate legal entities must be combined. The importance of accurate and trustworthy information is highlighted by the fact that investors rely on these statements to help them make wise decisions about the purchase, holding, or sale of securities. Consolidated financial statements are used by lenders and creditors to evaluate a company's financial health (Yakymova and Kuz 2019). Certain disclosures are frequently required by financial reporting standards, and noncompliance can result in fines. Consolidated financial statements are used by management for resource allocation, performance assessment, and strategic planning in respect for pertinent accounting standards.

According to Pinatik (2021), the credibility of financial statements is increased by a skilled and impartial audit. Accurate and transparent reporting depends on management that is morally and honestly committed. Financial reporting integrity is supported by sound corporate governance procedures, such as independent boards and efficient audit committees. One crucial component of financial reporting is the calibre of consolidated financial reporting (Zhang 2019). To guarantee that financial statements are trustworthy, pertinent, and transparent, businesses, auditors, regulators, and investors must work together. Businesses can improve the caliber of their consolidated financial reporting and gain the trust of stakeholders by tackling the issues and putting best practices into action.

Accounting quality metric

According to Sumaryati and Machmuddah (2020), accounting quality metrics are instruments used to evaluate the accuracy and

utility of financial data. They assess the quality of financial statements and offer information about the level of precision, comprehensiveness, and dependability of the financial data that is reported. In essence, these metrics aid in assessing how accurately a company's financial statements depict its underlying financial situation and economic performance. Financial statements help investors make well-informed decisions. A company's financial health is more accurately depicted by high-quality accounting metrics. These metrics are used by creditors and lenders to evaluate a company's default risk and creditworthiness (Li et al., 2021). Businesses can guarantee adherence to financial reporting standards by using accounting quality metrics.

Market-based measures

Market-based measures (MBMs) are metrics that evaluate the calibre of financial reporting by using market data. MBMs take advantage of market participants' opinions and assessments, as opposed to accounting-based metrics, which depend on data from financial statements (Baharudin et al. 2021). The change in the stock price of a business. Because it implies uncertainty about the company's financial performance, higher volatility can be a sign of lower-quality financial reporting. Contrasts the reported earnings with the earnings projections made by analysts. Because it indicates difficulty in predicting performance, larger forecast errors may indicate lower reporting quality represents the risk premium that investors are requesting.

Due to investors' perception of increased risk, a higher cost of capital may be a sign of poorer financial reporting quality. (Reid and others, 2019) evaluates and contrasts a company's book value and market value. A greater ratio

may indicate problems with accounting quality since it implies that investors think the company is undervalued based on its accounting numbers. It compares a company's market value to the cost of replacing its assets, much like the market-to-book ratio does. A higher Tobin's Q indicates that investors think the business is making more money than it costs, which may have something to do with the quality of the accounting.

Audit quality

According to Abdirahman (2021), audit quality is the sum of an audit's performance, including the auditor's competence, objectivity, professional scepticism, and adherence to professional standards. It is a gauge of the auditor's capacity to find and disclose significant financial statement errors. The ability of the auditor to remain impartial and objective is essential. Financial ties, non-audit services, and audit tenure are some of the variables that impact independence. To perform a comprehensive audit, the auditor's expertise, experience, and knowledge are crucial. This entails being aware of audit methodology, industry-specific risks, and accounting standards. Audit quality is influenced by the firm's focus on ethics, professional scepticism, and quality (Hermawan 2021). The effectiveness of the audit is impacted by the audit approach, which includes risk assessment, testing protocols, and documentation. The legal structure, which includes auditing guidelines is equally very essential in assessing the quality of audit.

Conceptual framework (IASB)

The development and implementation of International Financial Reporting Standards are guided by the International Accounting

Standards Board's (IASB) Conceptual Framework, a logical system of interconnected goals and core ideas (Ademoye K. T et al., 2024). It ensures uniformity and applicability in financial reporting by acting as the cornerstone for the entire set of IFRS Standards. It lays out the fundamental ideas for creating and updating IFRS Standards. The framework aids in the development of consistent accounting policies in situations where no standard is specifically applicable (Schroeder et al., 2022).

The International Accounting Standards Board (IASB) Conceptual Framework offers crucial financial information about a reporting entity. This information is vital for existing and potential investors, lenders, and other creditors, helping them make informed decisions about allocating resources to the entity. As a cornerstone of the IFRS Standards, the Framework also guides when to recognize and derecognize assets, liabilities, income, and expenses. It provides a solid foundation for developing and interpreting accounting standards, enhancing the quality and comparability of financial information. While it has limitations, it remains a valuable tool for the global accounting profession.

Disclosure index

A quantitative indicator of how much information a company discloses in its financial statements and other reports is called a disclosure index. It assesses the amount and calibre of information given to creditors, investors, and regulators, among other stakeholders. Disclosure indices are useful instruments for evaluating the volume and calibre of data that businesses reveal (Cortesi and Vena, 2019). Despite their drawbacks, they offer researchers, investors, regulators, and

other stakeholder's insightful information. Users can make effective use of disclosure indices for analysis and decision-making by being aware of their advantages and disadvantages.

Theoretical Framework

This study was hinged on both Agency Theory and Positive Accounting Theory.

Agency Theory

Jensen and Mackling's work in the 1970s established Agency Theory. The theory is predicated on two assumptions: goal incongruence, where the agent's objectives may diverge from the principal's, and information asymmetry, where the agent manager knows more about the company's operations than the shareholder, who serves as the principal. For example, managers may put their own financial gain or job stability ahead of increasing shareholder wealth. Agents that engage in opportunistic behaviour may take advantage of goal incongruence and information asymmetry to act against the principal's best interests. One of the pillars of agency theory is information asymmetry (Ali 2020). In a transaction, it describes the unequal sharing of information between two parties. According to agency theory, the principal, or shareholder, usually knows less about the activities of the business but rely on the information from the agent.

Positive Accounting Theory (PAT)

In a ground breaking study on PAT that was published in the 1970s and 1980s, Ross Watts and Jerold Zimmerman advanced this theory. The goal of the accounting research field known as Positive Accounting Theory (PAT) is to forecast and explain real-world accounting

procedures. PAT aims to comprehend the reasons behind the current state of accounting practices, as opposed to normative accounting theory, which dictates how accounting should be done. The fundamental premise is that accounting decisions have an impact on businesses and their stakeholders' bottom lines. Individuals, such as managers, creditors, and investors, behave rationally in the economy in order to optimize their personal wealth (Hecker 2021). Opportunistic Behaviour: Subject to limitations, people will behave opportunistically to the degree that doing so increases their wealth.

Empirical Review

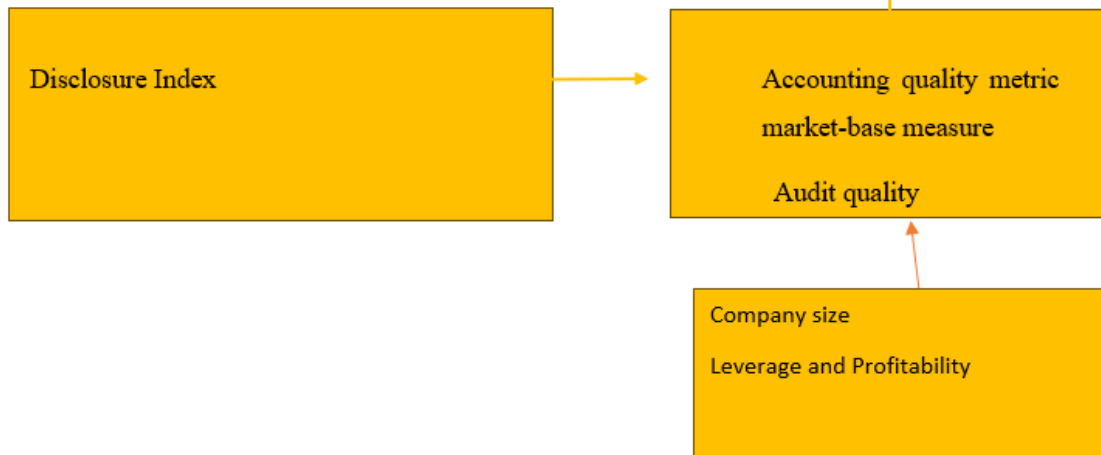
This research examined pertinent literature concerning conceptual framework (IASB) and the quality of consolidated financial reporting, in accordance with the study's specific objectives and hypotheses thereby formulated. Svoboda et al. (2020) examined the quality of financial reporting which concentrated on the disclosure of annual reports by German and Czech listed companies. Comparing the amount of information revealed in the financial statements of businesses in these two nations was the researchers' main goal. The study used a disclosure index to gauge adherence to IFRS's mandatory disclosure requirements. This index functioned as a stand-in for measuring the variety of data offered. The main finding showed that Czech companies' disclosure index was consistently lower than German companies', suggesting that the Czech Republic has a relatively lower level of disclosure.

Polachova (2019) looked at how Czech companies that were listed on the Prague Stock Exchange (PSE) adhered to IAS 2

"Inventories" in their consolidated financial statements. The goal of the study was to determine how closely these businesses followed the guidelines. Two primary research questions about IAS 2 compliance were addressed in the study. The total value of assets and the total value of inventories were found to be directly correlated. Nevertheless, the study also showed that the total value of inventories had no bearing on the total amount of inventory allowances. According to the study, issuers generally did not meet three of the eight requirements of IAS 2.

Levanti (2022) investigated the creation of a disclosure index for lease accounting policies using data from banks in Romania. Quantitative analysis, including linear regression, was employed in the study. The results of the study demonstrate a positive correlation between the disclosing index and its determinants and the variables of budget revenue and education. Gierusz and associates (2022). Poland Provides Evidence on the Quality of Goodwill Disclosures and Impairment in the Financial Statements of Energy, Mining, and Fuel Sector Groups During the Pandemic Period. The results of the study indicate a slight change in the quality of goodwill disclosures in the sample under investigation. The pandemic did not significantly lower the value of goodwill, which was contrary to the study's expectations. This indicates that the first hypothesis was successfully confirmed, while the second hypothesis had to be rejected. Based on this, a hypothesis is formulated:

H01: Disclosure index has a positive effect on the quality of financial reporting in multinational companies in Nigeria.

Figure 2.1 Conceptual Framework**Conceptual Framework (IASB)**

Source: Author's Concept (2025)

Note: Disclosure index proxy with five accounting standards using dummy variable as follows: IAS 1 presentation of financial statement, IAS 2 inventory, IAS 16 property plant and equipment, IFRS 12, disclosure of interest in other entity and IFRS 8, segment reporting, companies reported in line with the policies is recorded as 1 while otherwise is 0, In this conceptual framework, it shows the interactions between the independent variables (conceptual framework (IASB)), the dependent variables (quality of consolidated financial reporting) and control variables (Company size, Industry type, Leverage and Profitability).

Methodology

This study employed an ex-post facto research design and data were collected from the secondary source through the financial reports

of the investigated firms. The population of the study comprised of 110 selected multinational companies in Nigeria. The collected data experienced linear regression analysis.

Model Specification

$$FRQ = F(CFWIASB)$$

Model 1

$$AQM_{it} = \beta_0 + \beta_1 CFWDI + \beta_{2CS} + \beta_{3L} + \beta_4 P + \varepsilon_{it}$$

Model 2

$$MBM_{it} = \beta_0 + \beta_1 CFWDI + \beta_{2CS} + \beta_{3L} + \beta_4 P + \varepsilon_{it}$$

Model 3

$$AQ_{it} = \beta_0 + \beta_1 CFWDI + \beta_{2CS} + \beta_{3L} + \beta_4 P + \varepsilon_{it}$$

Where:

FRQ_i: This represents quality of consolidated financial reporting for firm i at time t. using accounting quality metric for measurement.

AQM: Accounting quality metric

MBM: Market- based measure

AQ: Audit quality

CFWIASB: This is the independent variable that represents the impact on quality consolidated financial reporting

DI: Disclosure index

Control variables:

CS: Company size

L: Leverage

P: Profitability

β_0 : This is the constant term of the model.

ε_i : This represents the error term, capturing all other unobserved factors influencing quality of consolidated financial reporting.

Prior expectation

$\beta_1 > 0, \beta_2 > 0, \beta_3 > 0, \beta_4 < 0$

Measurement of Variable

The dependent variable is quality consolidated financial reporting and the independent variable is conceptual framework (IASB) while the control variables are company size, industry type, leverage and profitability. The variables employed for the study and their proxies are shown in the table below:

Table 1: Measurement of variables

Variable	Description	Measurement	Source
CFWIASB	This is the fundamentals that provide a basis for developing and applying accounting standards	Disclosure index (DI), measure by dummy variable company comply with IAS recorded as 1 while otherwise 0	Polachova (2019)
FRQ	This is combining financial information of multiple legal entities into one set of financial statement.	MBM: full share price, AQM: Timeliness of the report and AQ: dummy variable company audited by big four 1 if not 0	Yakymova and Kuz (2019)
CS	Company size refers to the scale of a company's operations	Total asset	Reid et al., 2019
L	Leverage is a finance to describe using borrowed money to invest.	Total debt divided by Total Equity	Oppong and Bruce (2022).
P	This is the money realised after deductible expenses.	Profit after tax	Oppong and Bruce (2022)

Data Analysis and Techniques: This study used panel data covering multiple firms over

time (t) to estimate the model parameters (β coefficients). Linear regression analysis will be employed.

Data Analysis and Discussion of Findings

Descriptive Statistics

The mean compliance index was high ($M = .982$, $SD = .134$), indicating that 98 % of firm-year observations reported adherence to the IASB Conceptual Framework. The variable's extreme negative skew (-7.21) and pronounced kurtosis (53.02) reflect a clustering at the upper limit ($1 = \text{compliant}$) and a long left tail of non-compliant cases. All sampled firms engaged Big Four auditors ($M = 1.000$, $SD = 0.000$), yielding no variation. This uniformity underscores regulatory or market norms favoring top-tier audit providers. On average, firms published consolidated reports 64.95 days after fiscal-year end ($SD = 8.47$), with a range of 48 to 90 days. Positive skewness (0.74) and modest leptokurtosis (3.23) suggest that most firms clustered around the mean, with a few reporting substantially later. Share prices

exhibited considerable dispersion ($M = \text{₦}311.14$; $SD = \text{₦}667.20$), skewed right (3.04) with high kurtosis (11.10). The median price ($\text{₦}96.75$) was far below the mean, indicating that a small number of firms with very high share prices drove up the average. Firms showed moderate reliance on debt financing ($M = 1.18$, $SD = 0.41$), with leverage ratios ranging from 0.48 to 2.20.

The distribution was approximately normal ($\text{skew} = 0.41$; $\text{kurtosis} = 2.29$). Log-transformed total assets averaged 8.40 ($SD = 0.59$), reflecting homogeneity in firm scale. The slight negative skew (-0.16) and mesokurtic profile (2.10) indicate a roughly symmetric distribution. Profit after tax averaged $\text{₦}43.03$ million ($SD = \text{₦}57.80$ million), with values spanning $-\text{₦}70.03$ million to $\text{₦}266.00$ million. A positive skew (1.55) and leptokurtosis (5.49) denote that while most firms earned modest profits, a few reported very large gains (or losses), inflating the mean.

Table 2: Descriptive Statistics

Variable	M	SD	Min	Max	Skew	Kurt
<i>CFWIASB</i> (compliance index)	.982	.134	0.00	1.00	-7.21	53.02
<i>FRQ_AQ</i> (Big Four audit)	1.000	0.000	1.00	1.00	–	–
<i>FRQ_AQM</i> (timeliness, days)	64.95	8.47	48.00	90.00	0.74	3.23

Variable	M	SD	Min	Max	Skew	Kurt
<i>FRQ_MBM</i> (share price, ₦)	311.14	667.20	12.40	3,200.00	3.04	11.10
<i>L</i> (leverage ratio)	1.18	0.41	0.48	2.20	0.41	2.29
<i>LGSize</i> (ln total assets)	8.40	0.59	6.87	9.44	-0.16	2.10
<i>P</i> (profit after tax, ₦)	43.03 m	57.80 m	-70.03 m	266.00 m	1.55	5.49

Source: *Researcher's Computation (2025)*

Note: $N = 110$. M = mean; SD = standard deviation; Min = minimum; Max = maximum; L = leverage; $LGSize$ = natural log of total assets; monetary figures in millions of Nigerian naira.

Correlation Matrix

The intercorrelations among the key study variables ($N = 110$) reveal several noteworthy relationships that inform our understanding of how conceptual-framework compliance, reporting timeliness, market valuation, capital structure, firm size, and profitability interact in the context of Nigerian multinationals.

Compliance with the IASB Conceptual Framework (CFWIASB) is negatively and moderately associated with reporting timeliness (FRQ_AQM), $r(108) = -.388$, $p < .01$. This suggests that firms reporting full compliance tend to take longer, on average, to publish their consolidated financial statements. One plausible interpretation is that higher disclosure rigor may require additional time to gather, verify, and present information consistent with IASB requirements. No significant relationship emerged between CFWIASB and share price (FRQ_MBM), $r(108) = .049$, $p = .610$, indicating

that market valuations are not directly aligned with reported compliance levels in the short run. Share price (FRQ_MBM) itself shows a small negative correlation with timeliness, $r(108) = -.197$, $p = .039$, implying that firms with higher share prices tend to report slightly more promptly. This might reflect stronger market discipline or investor pressure on more highly valued firms to deliver timely information. The correlation between share price and leverage (L) is positive but not statistically significant, $r(108) = .175$, $p = .067$, hinting at a possible tendency for better-valued firms to employ more debt financing, though this did not reach conventional significance. Timeliness (FRQ_AQM) also correlates negatively and significantly with profitability (P), $r(108) = -.310$, $p = .001$, suggesting that more profitable firms are quicker in their reporting. This may be because profitable firms have greater resources to accelerate closing processes, or because management seeks to signal strong performance without delay. The absence of a significant link between timeliness and leverage, $r(108) = .142$, $p = .138$, indicates that debt levels do not

markedly affect reporting speed in this sample. across the sample and thus yields no correlations Profitability (P) and firm size (LgSize) exhibit a (all cells “a” in the matrix). This uniformity very strong positive correlation, $r(108) = .793$, $p < .001$, reflecting the well-documented tendency choice and precludes assessing its relational for larger firms to generate higher absolute effects. In sum, the pattern of correlations profits (often driven by scale economies and indicates that rigorous conceptual-framework diversification). compliance may come at the expense of speed, Leverage and profitability are not significantly while market valuation and profitability both correlated, $r(108) = .032$, $p = .739$, suggesting incentivize more timely reporting. The strong that debt intensity does not systematically align size-profit nexus highlights the need to control with after-tax earnings. Similarly, leverage for scale when modelling financial reporting shows no meaningful association with outcomes. These insights will guide the CFWIASB ($r = -.058$, $p = .550$) or timeliness (r specification of our panel regressions, $= .142$, $p = .138$). Audit quality (FRQ_AQ), particularly regarding potential multicollinearity measured as Big Four engagement, is constant among size, profitability, and other predictors.

Table 4: Correlation Statistics

		CFWIASB (Compliance with IASB Fundamentals)	FRQ_MB M (Share Price)	FRQ_AQ M (Timeliness)	Leverage (L)	Profit (P)	LgSize
CFWIASB (Compliance with IASB Fundamentals)	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	110					
FRQ_MB (Share Price)	Pearson Correlation	.049	1				
	Sig. (2-tailed)	.610					
	N	110	110				
FRQ_AQM (Timeliness)	Pearson Correlation	-.388**	-.197*	1			
	Sig. (2-tailed)	.000	.039				
	N	110	110	110			
Leverage (L)	Pearson Correlation	-.058	.175	.142	1		
	Sig. (2-tailed)	.550	.067	.138			

Profit (P)	N	110	110	110	110		
	Pearson Correlation	.019	.019	-.310**	.032	1	
	Sig. (2-tailed)	.845	.843	.001	.739		
LgSize	N	110	110	110	110	110	
	Pearson Correlation	-.036	-.060	-.051	.140	.793**	1
	Sig. (2-tailed)	.708	.533	.599	.145	.000	
	N	110	110	110	110	110	110

Source: Researcher's Computation (2025)

Regression Results (AQM)

The multiple regression model predicting reporting timeliness (*FRQ_AQM*) from conceptual-framework compliance (*CFWIASB*), leverage (*L*), profitability (*P*), and firm size (*LgSize*) was statistically significant, $F(4, 105) = 13.102$, $p < .001$, and accounted for approximately 33.3% of the variance in timeliness ($R^2 = .333$; adjusted $R^2 = .308$). The standard error of estimate was 7.046, indicating that the typical deviation of observed reporting-lag values from the model-predicted values is about 7 days.

Of the four predictors, *CFWIASB* compliance exerted a significant negative effect on reporting speed, $B = -22.374$, $SE = 5.052$, $\beta = -.355$, $t(105) = -4.429$, $p < .001$. In practical terms, moving from non-compliance to full compliance with IASB fundamentals is associated with an increase of roughly 22 days in the lag before consolidated statements are published, holding leverage, profitability, and

size constant. This finding is consistent with the notion that greater disclosure rigor requires additional preparation time.

Profitability (*P*) also showed a significant negative relationship with timeliness, $B = -9.76 \times 10^{-8}$, $SE < .001$, $\beta = -.666$, $t(105) = -5.035$, $p < .001$. Although the unstandardized coefficient is small in absolute terms, when scaled to typical profit levels (e.g., per ₦10 million), higher after-tax earnings are associated with faster reporting, likely reflecting greater resource availability and managerial incentive to signal strong performance.

Firm size (natural log of total assets) was a significant positive predictor, $B = 6.532$, $SE = 1.923$, $\beta = .454$, $t(105) = 3.397$, $p = .001$, indicating that larger firms take, on average, about 6.5 more days to finalize consolidated statements for each unit increase in log-assets. This may reflect increased organizational complexity and coordination demands in larger enterprises. By contrast, leverage (*L*)

did not significantly predict reporting of financial-statement preparation once other timeliness, $B = 1.657$, $SE = 1.685$, $\beta = .080$, factors are controlled. $t(105) = .983$, $p = .328$, suggesting that debt intensity does not materially affect the speed

MODEL SUMMARY ^B						
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1						
1	.577 ^a	.333	.308	7.046	1.039	
a. Predictors: (Constant), LgSize, CFWIASB (Compliance with IASB Fundamentals), Leverage (L), Profit (P)						
b. Dependent Variable: FRQ_AQM (Timeliness)						
ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2601.909	4	650.477	13.102	.000 ^a
	Residual	5212.864	105	49.646		
	Total	7814.773	109			
a. Predictors: (Constant), LgSize, CFWIASB (Compliance with IASB Fundamentals), Leverage (L), Profit (P)						
b. Dependent Variable: FRQ_AQM (Timeliness)						

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	34.294	16.428		2.088	.039
	CFWIASB (Compliance with IASB Fundamentals)	-22.374	5.052	-.355	-4.429	.000
	Leverage (L)	1.657	1.685	.080	.983	.328
	Profit (P)	-9.762E-8	.000	-.666	-5.035	.000
	LgSize	6.532	1.923	.454	3.397	.001

a. Dependent Variable: FRQ_AQM (Timeliness)

Regression Results (AQ)

The regression model estimating the likelihood of a firm engaging a Big Four auditor (FRQ_AQ) audit-provider choice ($R = .245$, $R^2 = .060$; from IASB-framework compliance ($CFWIASB$), adjusted $R^2 = .024$), indicating a very weak leverage (L), profitability (P), and firm size overall model fit. The Durbin–Watson statistic ($LgSize$) did not reach statistical significance,

$F(4, 105) = 1.676$, $p = .161$. Together, these

of 2.155 suggests that residuals are negligible positive coefficient, $B = 1.396 \times 10^{-10}$, approximately uncorrelated. $SE < .001$, $\beta = .060$, $t(105) = .383$, $p = .703$,

indicating no meaningful link between after-tax

Turning to individual predictors (Table 3), the earnings and audit-firm choice. Firm size intercept was significant, $B = 1.440$, $SE = .309$, $t(105) = 4.660$, $p < .001$, reflecting the baseline association with Big Four engagement, $B = -.043$, $SE = .036$, $\beta = -.188$, $t(105) = -1.188$, $p = .238$. In sum, the set of predictors—compliance associated with a non-significant decrease in Big Four engagement, $B = -.036$, $SE = .095$, $\beta = -.036$, $t(105) = -.384$, $p = .702$. Leverage showed a marginal negative effect, $B = -.057$, $SE = .032$, $\beta = -.174$, $t(105) = -1.806$, $p = .074$, suggesting that more highly leveraged firms might be slightly less likely to hire Big Four auditors, though this effect did not attain conventional

significance. Profitability (P) exhibited a

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.245 ^a	.060	.024	.133	2.155

a. Predictors: (Constant), LgSize, CFWIASB (Compliance with IASB Fundamentals), Leverage (L), Profit (P)

b. Dependent Variable: FRQ_AQ (Big Four Audit)

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.118	4	.029	1.676	.161 ^a
	Residual	1.846	105	.018		
	Total	1.964	109			

a. Predictors: (Constant), LgSize, CFWIASB (Compliance with IASB Fundamentals), Leverage (L), Profit (P)

b. Dependent Variable: FRQ_AQ (Big Four Audit)

Coefficients ^a					
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Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.440	.309		4.660	.000
	CFWIASB (Compliance with IASB Fundamentals)	-.036	.095	-.036	-.384	.702
	Leverage (L)	-.057	.032	-.174	-1.806	.074
	Profit (P)	1.396E-10	.000	.060	.383	.703
	LgSize	-.043	.036	-.188	-1.188	.238
a. Dependent Variable: FRQ_AQ (Big Four Audit)						

Regression Results (MBM)

The multiple regression model predicting share price (*FRQ_MBM*) from IASB-framework compliance (*CFWIASB*), leverage (*L*), profitability (*P*), and firm size (*LgSize*) did not achieve statistical significance, $F(4, 105) = 1.63$, $p = .172$, and explained only 5.8% of the variance in share price ($R = .242$, $R^2 = .058$; adjusted $R^2 = .023$). The standard error of the estimate was ₦659.63, indicating considerable scatter of observed share-price values around the predicted regression line. Examining the individual predictors, leverage emerged as the only significant contributor to share-price variation, $B = 338.65$, $SE = 157.79$, $\beta = .207$, $t(105) = 2.15$, $p = .034$.

This positive coefficient indicates that, holding other factors constant, a one-unit increase in the debt-to-equity ratio is associated with an average increase of

₦338.65 in share price, suggesting that the market may view moderate leverage as value-enhancing or signal-positive in this context. By contrast, IASB compliance (*CFWIASB*) had a small and non-significant positive effect on share price, $B = 236.67$, $SE = 472.93$, $\beta = .048$, $t(105) = 0.50$, $p = .618$, indicating no clear market reward for disclosure rigor in this sample. Profitability (*P*) also failed to reach significance, $B = 2.52 \times 10^{-6}$, $SE < .001$, $\beta = .218$, $t(105) = 1.39$, $p = .169$, though the positive direction suggests that higher after-tax earnings might be associated with higher share prices if power were greater. Firm size (*LgSize*) showed a negative but non-significant coefficient, $B = -294.99$, $SE = 180.03$, $\beta = -.260$, $t(105) = -1.64$, $p = .104$, implying a tendency for larger firms to have somewhat lower share prices, perhaps reflecting market perceptions of growth potential rather than absolute scale. Overall, the weak

explanatory power and non-significance of most predictors suggest that share-price determination in these Nigerian multinationals is driven by factors beyond

compliance, leverage, profitability, and size—such as industry dynamics, investor sentiment, or macroeconomic conditions.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.242 ^a	.058	.023	659.6340	.237

a. Predictors: (Constant), LgSize, CFWIASB (Compliance with IASB Fundamentals), Leverage (L), Profit (P)

b. Dependent Variable: FRQ_MBM (Share Price)

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2834665.320	4	708666.330	1.629	.172 ^a
	Residual	4.569E7	105	435117.071		
	Total	4.852E7	109			

a. Predictors: (Constant), LgSize, CFWIASB (Compliance with IASB Fundamentals), Leverage (L), Profit (P)

b. Dependent Variable: FRQ_MBM (Share Price)

Coefficients^a

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
1	(Constant)	2047.574	1537.911		1.331	.186
	CFWIASB (Compliance with IASB Fundamentals)	236.672	472.925	.048	.500	.618
	Leverage (L)	338.646	157.791	.207	2.146	.034
	Profit (P)	2.515E-6	.000	.218	1.386	.169
	LgSize	-294.985	180.025	-.260	-1.639	.104

a. Dependent Variable: FRQ_MBM (Share Price)

Discussion of Findings

First, our panel regression predicting timeliness (FRQ_AQM) revealed that greater compliance with IASB

fundamentals is associated with significantly longer reporting lags ($B = -22.37$, $p < .001$). In other words, firms that score higher on the disclosure index take, on

average, about three weeks longer to finalize their consolidated statements. This result runs counter to the implicit assumption embodied in our null hypothesis H_{01} that more extensive disclosure would uniformly enhance all aspects of report quality. Instead, our data suggest a trade-off between disclosure depth and speed. By contrast, Svoboda et al. (2020) found that a more comprehensive disclosure index corresponded to higher disclosure quality in annual reports among Czech and German firms, without examining timeliness directly. Their cross-sectional comparison emphasized the breadth of information provided, rather than the speed with which it is delivered.

Similarly, Polachova's (2019) work on IAS 2 compliance documented partial adherence firms on average failed to meet 3 of 8 requirements but did not link disclosure breadth to any timeliness metric. Thus, while prior studies confirm that disclosure indices capture meaningful variation in what is reported, our findings highlight that richer disclosures may impose additional preparation costs, delaying report issuance. Levanti (2022) reported a positive relationship between certain firm characteristics (education and budget revenue) and a lease-accounting disclosure

index in Romanian banks, suggesting that better resourced entities both disclose more and presumably maintain high-quality reporting. Our finding that higher disclosure compliance slows reporting does not necessarily contradict Levanti's results, but it does raise important questions about whether "quality" should be equated solely with disclosure breadth. In contexts where timeliness is valued by stakeholders (e.g., investors sensitive to rapid updates), greater disclosure may inadvertently signal inefficiency, despite improving transparency.

Gierusz et al. (2022) examined goodwill-impairment disclosures during the pandemic and found quality remained largely unchanged, rejecting the hypothesis that crisis conditions would degrade disclosure quality. Their focus, again, was on content quality under stress rather than on procedural metrics like timeliness. Our evidence adds a complementary dimension: even under normal conditions, the process of meeting high disclosure standards can slow reporting cycles, which might matter in periods of volatility (such as a pandemic) when timeliness could affect market responsiveness. Finally, our regressions of share price (FRQ_MBM) and audit-firm choice (FRQ_AQ) showed no significant

market premium for higher IASB-compliance scores ($\beta = .048$, $p = .618$) and no effect on the likelihood of engaging a Big Four auditor. This contrasts with the implicit assumptions of many disclosure-index studies (e.g., Svoboda et al., 2020; Levanti, 2022) that greater compliance enhances market perceptions of report quality. Instead, our market-based measure appears more sensitive to financial structure—notably, leverage—than to disclosure depth.

In sum, whereas prior literature has established that richer disclosure indices capture substantive differences in content quality, our panel regressions underscore that the “quality” construct is multidimensional. Enhanced disclosure under the IASB framework may indeed improve the breadth and depth of information (as shown by Svoboda et al., 2020, and Levanti, 2022), but it also delays report issuance (this study), without necessarily commanding a market premium or influencing auditor choice. Future research should therefore adopt a more holistic definition of reporting quality one that integrates both disclosure richness and timeliness and explore how investors and other stakeholders trade off these dimensions in practice.

Conclusion and Recommendations

This study investigated the effect of compliance with the IASB Conceptual Framework proxied by a disclosure index on the quality of consolidated financial reporting among multinational companies in Nigeria. Using multiple dimensions of reporting quality, including audit quality (FRQ_AQ), market-based measures (FRQ_MBM), and timeliness (FRQ_AQM), the regression analysis revealed that while compliance with IASB fundamentals does not significantly influence either share price or the choice of Big Four auditors, it has a statistically significant negative effect on timeliness. This suggests that firms which engage in higher-quality, more comprehensive disclosures may face delays in finalizing and publishing their reports.

These findings challenge the assumption that compliance with disclosure standards uniformly improves financial reporting quality. Hence, this study recommended that Standard-setters and regulators such as the Financial Reporting Council of Nigeria (FRCN) should consider offering flexible reporting frameworks that encourage high-quality disclosures without imposing rigid deadlines. This can help firms maintain both transparency and timeliness, possibly

through phased disclosures or supplemental reporting tools that reduce preparation delays. Multinational firms should invest in advanced financial reporting systems and continuous staff training to improve reporting efficiency. By strengthening internal capacity, firms can better meet IASB compliance requirements without compromising the speed of report issuance, thereby enhancing both the content and timeliness dimensions of reporting quality.

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