Corporate Characteristics and International Financial Reporting Standards (IFRS) Compliance Among Family-owned Listed Firms in Nigeria

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Abstract: The study investigated the effect of corporate characteristics on the International Financial Reporting Standards (IFRS) compliance of listed family-owned businesses in Nigeria. Secondary data were used to achieve the objective of the study. The population comprised thirty-seven family-owned firms listed in Nigeria Exchange Group as at 31st December, 2021. The study adopted purposive sampling technique to select thirty-three listed family-owned businesses based on at least 5 percent voting right, and data availability. Unbalanced panel data covering 2012 – 2021 were drawn for the purpose of analysis. The collected data were analyzed using descriptive and inferential statistics such as panel regression technique. The results showed that board gender diversity has positive effect on the level of IFRS compliance among the family-owned listed firms in Nigeria, and auditor-type significantly influence level of compliance with IFRS by the firms. Also¸ leverage of the firm has negative effect on the family-owned businesses' extent of compliance with IFRS in Nigeria. The study concluded that corporate characteristics present significant effect on the IFRS compliance of family owned businesses in Nigeria. The study has policy implication for the accounting standard setters in Nigeria and globally, that is, Financial reporting Council of Nigeria and International Accounting Standards Board (IASB).

Keywords: Auditor; gender diversity; leverage; profitability

JEL Classification: M41, M48

1. Introduction

Continuous growth in the establishment of family-owned business can be considered a source of strategic advantage as many of the family-owned businesses have been found outperforming other non-family-owned businesses (Siobhan & Stefano, 2016). This type of business is believed to dominate the business landscape of many developed and developing economies, Nigeria inclusive. Despite its large population, few of this form of business is listed on the stock exchange markets, especially in Nigeria. It is believed that fear of losing control of the business and difficulty in complying with various regulations and listing requirements including financial reporting standards necessary for a public limited company are the reasons. This could also be as a result of idiosyncratic features of the family-owned businesses.

The present accounting standard that provide basis for preparation and presentation of annual reports and financial statements of corporate entities in Nigeria is International Financial Reporting Standards

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(IFRS). The standard was adopted in the country for the purpose of standardization in the published financial statements; comparability, understandability and also for the sake of making various economic and investment decisions that is reliable (Sanni *et al*., 2020; Yahaya, 2011). However, there have been concerns in some climes that some countries that chose to adopt or adapt the accounting standard have not attained full compliance (Alade *et al.,* 2017; Herbert & Tsegba, *et al.,* 2017). This assertion have subjected IFRS compliance to empirical investigation by many researchers such as Kabwe *et al.,*(2020); Aliu, (2019); Ofoegbu and Nduibusi, (2018); Edeigba *et al.,*(2018); Tsegba *et al.,* (2017); Malton & Moldovan, (2013); Mohammed, (2012) in order to determine the level of compliance with IFRS disclosure demands in jurisdictions where the standard have been implemented.

Studies such as Aliu, (2019); Alade, *et al.* (2017); Adamu (2016) have recorded variability in IFRS compliance among listed companies in the Nigeria Exchange Group, thereby leading to users of financial statements being deprived of the adequate quality of financial reports for making useful economic decision. This suggests that the existence of board members does not translate to compliance with financial reporting standards. With peculiar characteristics of this category of firm whereby the owner is fully involved in the management of the company, IFRS compliance is considered needful for them because of comparability of the financial reports with that of their local and foreign competitors. It is important to note that corporate attributes such as the company size, firm age, industry type, profitability and leverage determine the level of IFRS compliance (Aliu, 2019; Ofoegbu & Nduibusi, 2018).

Characteristics of the firm, like firm size, which represent their resources and potential capacity, provide companies with advantage of showcasing their strength and opportunities for economic advantage via IFRS compliance in their corporate reporting. Also, corporate features like board financial expertise may reflect the extent of IFRS compliance by the companies. Board of directors with reasonable presence of professionals in field of accounting can easily and better acknowledge the need for full compliance with IFRS better than directors with no accounting knowledge (Sanni *et al.,* 2020; Feng, 2014).

Likewise, the existence of an independent director, which translates to board independence, may result to control and check on the management decisions as regard financial reporting matters, especially IFRS compliance (Adegbie & Fofah, 2016). It is equally believed that the type of external auditor engaged by firms for auditing service is capable to enforce compliance with IFRS considering their financial expertise and experience (Ofoegbu & Nduibusi, 2018). Leverage too is considered to be a determinant of IFRS compliance based on the assumption of the agency theory that postulate that agency costs are higher for corporations with more debt, hence organizations with more debt create capacity to provide more information. The profitability of a firm also reveals its wealth which could drive ability of the firm to disclose all requirements as prescribed by the relevant accounting standards.

There are three factors that motivated this study. First, quite a number of studies have assessed the linkage between family-owned businesses attributes and the financial performance of the firm and few of the studies are from Nigeria. Some of the studies considered its relationship with or effect on corporate governance (Krismiaji, 2019; Modugu & Eboigbe, 2017; Ebrahim & Fattah, 2015), but it is observed that not many have looked into the area of the firms' compliance with IFRS and probable effect of corporate characteristics on the level of compliance. Secondly, despite the contradiction in the empirical evidences that level of compliance with IFRS varies in industry and economies, there is scanty research on IFRS compliance focusing on family-owned businesses in developing countries compared to the developed countries. Many of the studies on IFRS compliance in developing

countries concentrate on issues surrounding its adoption and implementation among listed firms generally (e.g. Sanni *et al.,* 2020; Alade, *et al*, 2017). Thirdly, the concern that this category of companies (family-owned business) may find compliance with IFRS difficult due to their ownership structure and influence exercised by the family members involved in the management of the companies call for investigation.

Consequently, the study contributes to existing knowledge gap by investigating the level of IFRS compliance among family-owned business in Nigeria, examined how corporate attributes such as board gender diversity, presence of foreign board members, type of auditor, firm size and firm leverage influence IFRS compliance level of listed family-owned businesses in Nigeria. The study is divided into five sections comprising introduction, literature review; data and methods; results and discussion of findings, and lastly, conclusion and recommendations.

2. Literature Review, Theoretical Framework and Hypothesis Development

2.1. Conceptual Review

2.1.1. International Financial Reporting Standards (IFRS) Compliance

IFRSs are set of high quality, principles-based accounting standards issued for general purpose uses. The accounting standards are constructed broad rules that dictate specific treatment in the preparation of financial reports. It is aimed that it would apply equally to financial reporting by public companies worldwide. According to Kabwe *et al.* (2020), the main purpose of IFRS is to enhance the quality of financial information contained in the financial statements. However, it is unfortunate that the variability in IFRS compliance level has resulted to disclosure of financial information that may affect economic decision power of the investors and other users of financial statement, resulting to unsatisfactory performance of entities (Aliu, 2019).

Companies listed in Nigeria began to comply with International Financial Reporting Standards (IFRS) from January 1, 2012. Since then, financial reporting has taken a new approach that puts the interests of international investors first, while also enhancing comparability, transparency, and accountability of all financial disclosures made. This development has enhanced corporate financial reporting in Nigeria which has equally been commended (Okoye & Nwoye, 2018). Since IFRSs are considered a common global language in the field of business, all companies (without exception) in the territory where it has been adopted are expected to comply with the accounting standards. But, it is important that when measuring compliance with IFRS standard, it should be based on the standard that applies particularly to a specific industry. For instance, the service industry most especially IT and banking, intangible assets are very relevant to them and hence their compliance should concentrate most applicable standard in order to avoid bias of high scores towards some industries. Also, IAS 2 – Inventory, is practically relevant to all listed firms and should be disclosed by or complied with by family-owned listed firms. According to Polachová (2019), three out of the eight IAS 2 disclosure items are not disclosed by listed firms. In other to avoid this bias, the study concentrated on accounting standard that is correlated to issues around family-owned business, particularly, IAS 2.

Family–Owned Business

According to Damaris (2019), distinguishing feature of a family-owned company is that its business affairs are strictly under the management and supervision of family members, with only a few external executives. Norfarah (2017) equally described a family-owned business as a business entity in which

decisions are impacted by many generations of family members who are linked by blood, marriage, or adoption. Family-owned business forum in Nigeria described it as a legal entity operating in an economic sector and outliving at least two generations. For this category of listed businesses, it is preferable that family members have some level of control over the business, with at least 5% of the shareholdings. And the controlling family should have members that are involved in the management of the company by holding key decision-making roles or voting right of not less than 5% within the company (Arregle *et al.,* 2007).

The largest and oldest business entities in the world are known to be family-owned (Damaris, 2019). An example is the renowned Wal-Mart Corporation, which has been passed down through four generations. Even though statistics on family enterprises are scarce in Africa, a few family-owned firms are well-known for demonstrating solid economic substance through good financial performance, such as the Dangote, Dantata and Ibru organizations in Nigeria. However, these companies have continued to function domestically and only a handful of them have been internationalized despite increasing globalization. When a family-owned business is listed on a stock exchange, there is a high potential for an increase in the governance and regulatory compliance of such a firm.

2.2. Theoretical Review and Hypothesis Development

Donaldson and Davis (1991) propounded stewardship theory and it tends to explain the interactions between corporate ownership and management. The theory assumes that agents are stewards and they are bound to align their interest with that of their principal through pro-organizational behaviour. Davis *et al.,* (1997) underlined that even when the steward's and the principal's aims are not aligned, the steward values cooperation above defection and this view emerges as a significant counterpoint to Agency Theory. Relating this theory to the study, it is believed that the management will show high level of compliance to accounting standard since the management are the same as the owner. Since the agency problem virtually is not existent as the owner are in the helm of affairs, it is rational to assume they will have better adherence to regulations for a better and cleaner reputation in the capital market which can lead to increase in its market value. It is then hypothesized in a null form that;

$H_0$1: Corporate attributes of listed family-owned business have no significant effect on IFRS compliance

Figure 1 shows conceptual framework of link between dependent and independent variables considered in the study.
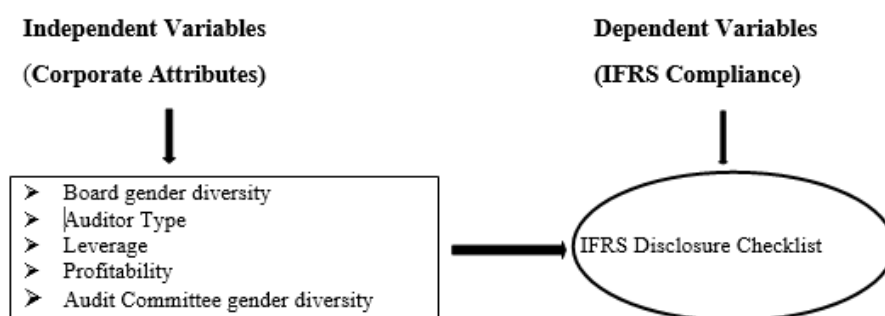

Figure 1. Theoretical Framework Explaining the Link between Family-Owned Corporate Attributes and IFRS Compliance

2.3. Empirical Review

Sanni *et al.,* (2020) examined the influence of board member characteristics on IFRS compliance level among companies listed in Nigeria using a convergent parallel research design via a mixed –method approach. The findings of the study revealed that board size, foreign board member, board diligence (meeting) have statistical significant impact on IFRS compliance. Mawutor (2021) also investigated the amount of compliance with IAS 24 (Related Party Disclosures) of Ghanaian banks and identified certain firm-specific variables that influence the level of disclosure. According to the findings, the level of compliance with IAS 24 among Ghanaian banks is generally low, and board size, firm size, type of auditor, listing, and profitability all have a beneficial influence on the level of disclosure. However, only the size of the company is statistically relevant.

The degree of compliance of some quoted firms with International Accounting Standard 16 (IAS 16) which prescribed accounting treatment for property, plant and equipment was examined by Akindejoye and Ilugbusi (2019). The result showed that the average compliance level was 84% which meant that Nigerian quoted companies complied strongly with IAS 16 and it is noted that the qualitative findings that the IFRS compliance level is achieved where entities complied with corporate governance structure. In Indonesia, Krismiaji (2019) examined the effect of corporate governance on compliance level of IFRS disclosure in 2013 and 2014 representing the two years following full IFRS adoption in the country. The regression result showed that board independence, and size, audit committee independence, and size, and management ownership positively affect IFRS compliance while block ownership negatively affects compliance level of IFRS but government ownership does not.

Okoye and Nwoye (2018) carried out a study to determine whether any significant difference exists in the compliance quality of the post-IFRS financial statements prepared in Nigeria and Ghana in their first five years of IFRS adoption. The use of the content analysis scoring system was considered as the core instrument for data collection. Scores derived were however analyzed using the Mann Whitney U Test, and it was discovered that a significant difference exist in the compliance quality of post-IFRS financial statements prepared by public listed manufacturing companies in Nigeria and Ghana, with Nigeria having better IFRS disclosures compliance edge over Ghana. This implies that regulatory approach to IFRS implementation in the both countries apparently differs.

The nexus between ownership structure and voluntary disclosure of listed financial firms in Nigeria for the period of 10 years from 2008-2017 was considered by Aliyu *et al.,* (2018). The study adopted *ex-post facto* research design, and a sample of 44 out of 57 financial firms listed on the floor of Nigerian Stock Exchange as at 31st December, 2017 was selected using purposive sampling technique. The findings revealed that institutional and managerial ownership have statistical insignificant effect on voluntary disclosure, while block ownership has a positive and significant effect on voluntary disclosure of listed financial firms in Nigeria. Furthermore, Sanni *et al.* (2020) investigated the impact of company characteristics on voluntary disclosure of listed financial service firms in Nigeria. The results of analysis conducted showed that profitability and leverage have a negative and significant impact on financial service firms' voluntary disclosure in Nigeria. However, there is a positive and significant association between business size and voluntary participation.

Alade *et al.,* (2017) examined IFRS compliance and its influence on value relevance at the Nigerian stock market. Panel data were sourced from sixty-nine Nigerian listed firms for a period of four years of IFRS adoption (i.e. 2012 – 2015), leading to 276 firm-year observations. Using 503 IFRS/IAS

disclosure items, descriptive results revealed 66% and 99.4% minimum and maximum compliance level by the sampled firms with 91% overall compliance. Consistently with prior studies, results of the panel regression model indicate that greater compliance with IFRS mandatory disclosure requirements is positive and significantly value relevant at the Nigerian stock market, but more for financial industry category.

In South Africa, Sellami and Fendri (2017) investigated the effect of audit committee characteristics on IFRS compliance of related party disclosures. The research considered characteristics like audit committee (AC) size, independence, meeting frequency, and competency. The results showed that AC independence has a positive impact on related party disclosure compliance. The size of the AC and the number of AC meetings, on the other hand, has minimal impact on CRPD. There is a favourable and significant relationship between CRPD and financial knowledge in terms of expertise. Industry competence, on the other hand, is unrelated to CRPD on its own.

2.4 Gap in Literature

From the foregoing empirical review, it was identified that all of the study considered the compliance for a few number of years ranging between two to seven years and this may hinder the proper assessment that can unveil changes in IFRS compliance level owing to time factor. Thus, this study covered 10 years period. It was equally observed that majority of the studies (Mawutor, 2021; Kismiaji, 2019; Akindejoye & Ilugbusi, 2019) test compliance of sample firms on a particular accounting standard which is considered not enough to judge their compliance level as there is high tendency that the tested accounting standard may not necessarily be applicable to most of the sample firms. To address this, IAS 2 became the accounting standard of focus for the study. In regards to methodology, there has been a less focus on auditor type, which can be a determining factor of IFRS compliance.

3. Data and Methods

The study is built on *ex-post facto* research design because, the data has been in existence before the study. The population comprised thirty-seven family-owned firms listed in Nigeria Exchange Group (NGX) as at 31st December, 2021. The study adopted purposive sampling technique to select thirty-three listed family-owned businesses based on at least 5 percent voting right, and whose data were available for the period under study. The linear relationship between the corporate attributes and IFRS compliance is expressed in the multiple regression model. In specifying the model, the theoretical support of the assumptions of stewardship and stakeholder salient theories coupled with the model of previous researcher like Sanni *et al.,* (2020) was adapted.

$$Comdexj = \alpha 0_{jt} + \alpha_1 BDS_{jt} + \alpha_2 BDINDP_{jt} + \alpha_3 BDTARB_{jt} + \alpha_4 FBM_{jt} + \alpha_5 BGD_{jt} + \alpha_6 BGDIL_{jt} + e_{jt}$$

The model was modified to include variables such as audit committee gender diversity, auditor type, leverage and profitability, to showcase beyond board characteristics which the study by Sanni *et al.,* (2020) was limited to.

$$IFRSComdexj_{it} = \beta_0 + \beta_1 ACGD_{it} + \beta_2 ADT_{it} + \beta_3 LEV_{it} + \beta_4 PRF_{it} + \beta_5 BGD_{it} + e_{it} - \text{equ. (i)}$$

Where; IFRSComdex (IFRS Compliance Score); ACGD (Audit committee gender diversity); ADT (Auditor Type); LEV (Leverage); PRF (Profitability); BGD (Board gender diversity); β_0 = Intercept of the model; β_1, β_2, β_3, β_4, β_5 and the regression coefficients; e = Error term

Eight IAS 2 disclosure items as employed by Polachová (2019) and Alade, *et al.* (2017) were used.

Table 1. Measurement of the Variables

S/N	Variables	Measurements	Source
1	IFRS Compliance	IFRS (IAS 2) disclosure index	Polachová (2019)
2	Leverage	Total Debts/Total Equity	Kabir (2015)
3	Profitability	Total earnings after interest and tax and preferred dividend divided by the total numbers of ordinary shares of the firms	Aliyu *et al.* (2018)
4	Audit committee gender diversity	The proportion of audit committee who are females divided by the total no of audit committee members	Sellami & Fendri (2017)
5	Auditor type	Dichotomous variable denoted by 1 if the auditor is among the Big-4 and score 0 if otherwise	Mawutor (2021)
6	Board gender diversity	The proportion of board members who are females divided by the total number of directors on the board	Sellami & Fendri (2017)

Source: Authors' compilation (2022)

The dependent variable is IFRS compliance and the study employed the partial compliance unweighted approach (PC method) to capture the parameters recommended by Isakva *et al.,* (2020) and as used by Polachová (2019). Since the study focused on only one accounting standard, that is IAS 2 – Inventories, the measurement is done by allotting weight to the disclosure items based on disclosure made by each firm for the years under investigation and by using the formula below;

$ICS_i = £Xi – Xi$

R_j

Where; ICS_i is the total compliance score for each company and *$0 \leq ICS_i \leq 1$*; *Xi* is the level of compliance with each standard's mandatory disclosure requirements. The IASB in its capacity has published many standards, but this study considered one general presentation standards that the Authors considered more common to the listed family-owned businesses which is IAS 2 – Inventories.

Table 2. Ranking of Companies IFRS Compliance Score (ICS)

S/N	ICS	Grade	Remarks
1	70% - 100%	A	Strongly complied
2	50% - 69%	B	Fairly complied
3	40% - 49%	C	Very weakly complied
4	20% - 39%	D	Weakly complied
5	0% - 19%	E	Failed to comply

Source: Akindejoye and Ilugbusi (2019)

To achieve one of the specific objectives of the study which is to assess the level of IFRS compliance among family-owned listed companies in Nigeria exchange group, descriptive analysis was performed to analyze the secondary data obtained from the annual reports. The descriptive statistics include mean, minimum, maximum and standard deviation which were employed to provide a snapshot of the nature of the variables and measure the compliance level of the companies. To determine the IFRS compliance level for each company, mean score was used after which the scores were graded. Panel

corrected standard error was employed for the regression analysis due to the identified heteroscedasticity problem.

4. Results and Discussion

4.1. Descriptive Statistics

The variables adopted in this research were subjected to descriptive exploration with a view to assess the presence of outliers and the normality of the variables. This aids the perfect understanding of the variables.

IFRS is the dependent variables while other parameters are the independent variables. In average, 73.58% compliance was recorded for the period under investigation and across the firms, while the maximum compliance was 100 and the minimum compliance was 16.66%. The mean compliance score recorded in this study is low compare to 91% recorded by Alade *et al*., (2017) using about 503 disclosure items in Nigeria. But based on Akindejoye and Ilugbusi (2019), the mean score suggests the firms strongly complied IFRS disclosure demands. There was low degree of variability in the compliance because the mean was greater than the standard deviation. More so, the average debt to asset (leverage) was 68.35% in the sampled firms and the maximum was 395.45 while the least was 13.870. The standard deviation of the leverage was 49.411. Profitability, measured using return on assets, in average was -0.6595 and the maximum was 176.27, while the minimum was -119.63. Audit committee gender diversity in average for the period under study stands at 11.402%, and the least is 0, while the maximum was 66.67%. This suggests that there are family-owned listed firms in Nigeria with no female gender in the audit committee. More so, the auditor-type of the firm reveal an average of 0.298 with the least value of 0 and maximum value of 1 auditor-type. The average female board gender diversity was 13.258, while the maximum was 50% and the minimum was 0. All the variables were not normally distributed, which is not unexpected, because the study involved sample from different sectors with different managerial capacity, labour force and capital resources.

Table 3. Summary of Descriptive Statistics

	IFRS	LEV	PRF	ACGD	ADT	BGD
Mean	73.58768	68.35864	-0.659596	11.40240	0.297794	13.25828
Median	83.33000	61.24500	1.770000	0.000000	0.000000	11.11000
Maximum	100.0000	395.4500	176.2700	66.67000	1.000000	50.00000
Minimum	16.66000	13.87000	-119.6300	0.000000	0.000000	0.000000
Std. Dev.	20.60199	49.41117	18.93678	14.70170	0.458131	11.43301
Skewness	-0.568546	3.687165	1.329097	0.971563	0.884369	0.685764
Kurtosis	2.746259	20.61946	37.15744	3.008597	1.782108	3.043290
Jarque-Bera	15.38343	4134.696	13303.03	41.37665	52.26586	20.94798
Probability	0.000457	0.000000	0.000000	0.000000	0.000000	0.000028
Observations	272	272	272	263	272	267

Source: Authors' computation (2022)

Pairwise Correlation Analysis

The pairwise correlation among the explanatory variables is presented in the Table 4. The independent variables comprises of Leverage (LEV), Profitability (PRF), Board gender diversity (BGD), audit committee gender diversity (ACGD) and Auditor-type (ADT). Due to the problem of co-linearity which can reduce the correctness of the t-statistics of variables, it is imperative to examine the degree

of correlation among the independent variables in order to identify variables that exhibit high degree of association.

From the result in Table 4, leverage report weak negative correlation with IFRS. It revealed that rise in extent of compliance with IFRS is weakly accompany by decrease in leverage. However, leverage does not report significant correlation with other independent variables. Profitability exhibits insignificant weak positive correlation with the IFRS, but negative significant link with leverage. Board gender diversity presents insignificant correlation with IFRS and profitability, but negative correlation with leverage. Audit committee gender diversity correlate positively with all the parameters but only insignificant for board gender diversity. Lastly, positive weak correlation exists between auditor-type and all the variables, but insignificant for leverage and board gender diversity. Succinctly, correlation among the variables are generally low, suggesting no likelihood of multicolinearity among the variables.

Table 4. Pairwise Correlation Analysis

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) IFRS	1.000					
(2) LEV	-0.293	1.000				
	(0.000)					
(3) PRF	0.044	-0.244	1.000			
	(0.468)	(0.000)				
(4) BGD	0.086	-0.007	0.098	1.000		
	(0.163)	(0.911)	(0.110)			
(5) ACGD	0.011	0.046	0.032	0.464	1.000	
	(0.864)	(0.456)	(0.608)	(0.000)		
(6) ADT	0.228	-0.001	0.120	0.061	0.171	1.000
	(0.000)	(0.993)	(0.047)	(0.323)	(0.005)	

Source: Authors' computation (2022)

Unit Root Test for the Variable

With development in panel estimation and discovery of the fact that panel data may likely be mean in reverting with common unit root or individual panel unit root, the study assessed the unit root characteristics of the individual variables by adopting the Fisher-type Unit root (ADF) statistics.

Table 5. Fisher-type Unit root (ADF)

Variables	Inverse Normal statistics	P-value
IFRS	-4.3614	0.0000
LEV	-3.9598	0.0000
PRF	-3.6042	0.0002
ACGD	-2.2216	0.0132
ADT	-5.9330	0.0000
BGD	-4.2980	0.0000

Source: Authors' computation (2022)

The result as shown in Table 5 indicates that all the variables report p-value less than 0.05 at level. This implies that they are stationary at level and integrated of order zero. Thus, this provided ground for the study to proceed to estimate the effect of corporate characteristics on IFRS compliance among the listed family-owned businesses using panel least square model.

Variance Inflation Factor

In order to enhance the test of collinearity from the outcome of the correlation analysis, the study conducted the post-estimation test of variance inflation factor with a view to assess whether multicolinearity assumption of the model was violated or not. When degree of collinearity is high, the standard error of the variables tend to be understated, therefore affects the inference of the study. The VIF result must be less than 10, in order to avoid the problem of multicolinearity. The result of the VIF in Table 6 indicates that the model is free from the multicolinearity problem because all the independent variables report VIF less than 10.

Table 6. Variance Inflation Factor

Variable	VIF	1/VIF
LEV	1.310	0.761
PRF	1.290	0.777
BGD	1.090	0.918
ACGD	1.070	0.938
ADT	1.050	0.955

Source: Authors' computation (2022)

The regression estimate was subjected to Hausman test for model specification and Lagrange Multiplier Tests for Random Effects. The result of the Lagrange Multiplier Tests for Random Effects shows that there is significant effect in the model, and the Hausman test indicates that fixed effect assumption is rejected. However, having discovered that random effect model seems to capture the model assumption better, the study carried out the post estimation test in order to know whether the residual violate the assumption of no autocorrelation and homoscedasticity. From the result of serial correlation and heteroskedasticity test it was gathered that the estimated model is free from serial correlation, because the p-value is greater than 0.05, while the heteroskedasticity test accept the alternative of heteroskedasticity. In views of this, there is need to correct the presence of heteroskedasticity and obtained a robust and statistically efficient model.

In order to achieve this, panel corrected standard error technique was adopted and presented in Table 7. The result of the model shows that 15.1% sources of variation was attributed to the variables of corporate characteristics of the firms. The Wald chi-square test statistics of 53.35, with p-value less than 0.05 showing that the model is statistically significant.

The result of the individual variable shows that leverage report negative and statistically significant effect on IFRS compliance among the firms. It reports a coefficient value of -0.123 and t-value of -5.34. The result depicts the fact that rise in debt to asset ratio of the family-owned listed firms in Nigeria will lead to fall in IFRS compliance of the firms. However, there was contradictory result from the variable of auditor-type and board gender diversity as the two parameters both demonstrate positive effect on IFRS compliance. The inclusion of high number of female gender in the board will lead to rise in compliance with IFRS among the listed firms under review. This result shows that board gender diversity exhibits significant positive effect on IFRS compliance with coefficient value of 0.175 and t-value of 2.47. More so, auditor-type showed positive effect on IFRS compliance with a coefficient of 7.372. The use of big-4 audit firms among listed family-owned firms will aid IFRS compliance. Audit committee gender diversity and profitability of the firm, were statistically not significant in affecting the level of IFRS compliance among the listed firms.

Table 7. Regression Result

	Fixed effect model	**Random effect model**	**PCSE model**
LEV	-0.00405	-0.0184	-0.123***
	(-0.16)	(-0.79)	(-5.34)
PRF	-0.00361	-0.00602	-0.0681
	(-0.11)	(-0.18)	(-1.14)
BGD	0.258**	0.270**	0.175*
	(2.79)	(3.03)	(2.47)
ACGD	-0.0126	-0.0236	-0.0849
	(-0.20)	(-0.39)	(-0.84)
ADT	10.33	7.638*	7.372***
	(1.82)	(2.22)	(4.60)
_cons	1.686	21.07	31.35**
	(0.04)	(0.90)	(2.73)
R^2	0.055	0.0528	0.151
F-value	2.61	15.83.	53.35.
P(f-value)	0.0256	.0074	0.0000
Breusch and Pagan Lagrangian multiplier test			
		437.91 ($p < 0.05$)	
Hausman test		3.26 ($p > 0.05$)	
Heteroskedasticity		1.8e+07 ($p < 0.05$)	
Autocorrelation test		2.131 ($p > 0.05$)	

Source: Authors' computation (2022)

Discussion of Findings

Family-owned businesses are more likely to be secretive and therefore hide some information from other shareholders. The study made effort to assess the effect of corporate characteristics of these firms on extent of IFRS compliance among listed family-owned firms in Nigeria. The result of the analysis shows that there was statistical significant effect of corporate characteristics on the IFRS compliance of family-owned businesses in Nigeria. The result was in line with the theoretical expectation and the rationale for corporate governance. It is expected that the strong corporate governance will aid IFRS compliance of any firm as also discovered by Sanni *et al.* (2020) when analysing the compliance level of some listed firms and their corporate governance structure. More so, the significant effect of corporate characteristics on IFRS compliance was in line with the submission of Akindejoye and Ilugbusi (2019), and Okoye and Nwoye (2018) in Nigeria and Krismiaji (2019), and Magnadi *et al.* (2021).

The isolated effect of the component indicates that board gender diversity enhance IFRS compliance of the family-owned businesses in Nigeria. Female gender are known to be detailed, diligent and meticulous in handling organization structure. They tend to be less corrupt and exhibit high degree of strictness in implementation of policy. Any increase in the number of female board members of the family-owned listed firms will encourage the board to take strict decision and ensure sound compliance with the disclosure requirements of IFRS especially with respect to IAS 2. These qualities will surely lead to rise in IFRS compliance of the sampled firms. Also, additional increase in the family-owned firms' leverage will cause decline in the level of compliance with IFRS disclosure demands, perhaps as a way to engage in earnings management towards target due to possible effect of more debts on performance.

IFRS is the bedrock of more disclosure in modern accounting records presentation and it has the potential to reduce accounting manipulation. More so, auditor type depict positive effect on IFRS compliance of the family owned business in Nigeria. The result shows that when family owned

business engage the services of big-4, there is high chance that they will comply with IFRS compares to when the firms engage non-big four. Big-4 are well established and they have international reputation that needs to be protected. Therefore, it is expected that auditor type will lead to more compliance with family-owned business in Nigeria. However, the audit committee gender diversity, and profitability measured using return on assets failed to report significant relationship with the IFRS compliance among the firms.

5. Conclusion and Recommendations

The current study has been able to contribute to the body of knowledge in the area of accounting standard and its compliance by investigating the effect of corporate characteristics on the IFRS compliance among listed family-owned firms in Nigeria. Thirty-three firms were sampled with unbalanced period and the variables comprise of IFRS compliance index, profitability, leverage, gender diversity, audit committee gender diversity and audit type. These variables were subjected to pre-estimation test in order to assess the presence of outliers. The result of the estimation shows that big-4 accounting firms are more likely to comply with IFRS rules compares to the non-big-4. More so, board gender diversity had strong effect on the IFRS compliance of the family-owned business in Nigeria. Family-owned businesses in Nigeria with high debt to asset exhibit less likelihood of complying with the IFRS. The general submission of the study is that corporate characteristics contribute significantly to the level of IFRS compliance of listed family-owned business in Nigeria consistent with prior studies that have earlier submitted that robust corporate governance characteristics of listed firms are capable of enhancing the extent of compliance with IFRS.

From the evidence obtained in the study, it was obvious that some parameters of corporate characteristics affect IFRS compliance among listed family-owned firms. Thus, the study concluded that corporate characteristics play significant role in the level of compliance with IFRS especially among listed family-owned firms in Nigeria. This submission has policy implication for the accounting standard setters in Nigeria and globally, that is Financial reporting Council of Nigeria and IASB as well as capital market regulators and shareholders. As a matter of policy, effort should be geared towards sourcing for more funds internally, perhaps through profit retention, for businesses expansion and growth rather than through external sources. Policy support for the inclusion of more female gender in the board should be accorded priority, while effort of big-4 auditing firms be patronised to enhance IFRS compliance.

This study is not exhaustive as it is constrained by several limitations outside its scope. This includes further investigation into the effect of wider corporate attributes, corporate governance structures and accounting information by future studies. It is also very important to carry out a comparison study in this regard between or among economies or continents.

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