CORPORATE GOVERNANCE TRANSPARENCY AND INTERNATIONAL FINANCIAL REPORTING STANDARDS COMPLIANCE AMONG SELECTED MANUFACTURING FIRMS IN OGUN STATE

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Abstracts

The study examined the relationship between corporate governance and accounting regulation among selected manufacturing firms in Ogun State, Nigeria. The study was designed as a survey research design. The population was 280 senior accounting and finance workers in registered manufacturing enterprises in Ogun State. The Taro Yamane sampling approach was applied and a further provision for non-response was made to yield 196 questionnaires administered of which 175 valid responses were examined. The data were evaluated by the use of descriptive statistics such as mean and standard deviation while the Pearson Product Moment Correlation was employed to test the link between the variables. The findings showed that manufacturing enterprises in Ogun State had a comparatively high level of governance transparency and IFRS compliance. The study also found a significant and positive association between transparency and IFRS adherence, suggesting that transparent governance methods significantly contribute to ensuring better compliance with accounting standards. The study showed that openness results in improved accountability, diminishes information asymmetry and facilitates the successful application of financial reporting requirements. It thus proposes that manufacturing companies formalise clear reporting practices, improve disclosure procedures and communicate better with stakeholders and for regulatory bodies to increase monitoring and create quantifiable transparency indicators to help with the enforcement of accounting regulation.

Keywords: Corporate Governance, Transparency, Accounting Regulation, International Financial Reporting Standards (IFRS)

Introduction

The problem of corporate governance has progressively become essential in contemporary business management due to its impact on organisational responsibility, quality of financial reporting, investor confidence and long-term sustainability. Weak governance structures have caused failures in both developed and emerging economies, showing that an organisation's success is not just about profit but also about the quality of the systems that are used to steer, keep an eye on and manage corporate operations (Aluchna & Idowu, 2023; OECD, 2023). As a result, governance practices are increasingly being focused on by governments, investors, regulators and other stakeholders as a means of increasing transparency and improving corporate responsibility (World Bank, 2024). Corporate governance means the system of relationships, rules, structures and procedures by which companies are directed and managed so as to fulfil corporate objectives and safeguard the interests of stakeholders. It outlines the obligations of boards of directors, management, shareholders and other stakeholders to ensure ethical behaviour and effective decision-making (OECD, 2023).

In Nigeria, corporate governance has continued to get regulatory attention after financial scandals, global competitiveness and changes to increase financial reporting and investor protection (Financial Reporting Council of Nigeria [FRCN], 2023). The academic literature suggests a number of characteristics of corporate governance that impact organisational results. The aspects often encompass accountability, openness, board effectiveness, responsibility, fairness, stakeholder involvement, disclosure procedures, and regulatory compliance (Aguilera et al., 2021; Monks & Minow, 2022). Accountability is management's duty to explain actions and performance results. Board effectiveness is about the structure, independence, competency and monitoring capability of individual directors.

Responsibility refers to ethical practices and respect to laws. Fairness refers to equality among shareholders and stakeholders. Transparency is the extent of openness of communication and information shared to enable informed decision making. All aspects of corporate governance are essential but this research concentrates on transparency due to its close relation with financial reporting and accounting regulation. Transparency is the most observable governance trait for investors, regulators, and consumers of financial statements as it influences the quality, completeness, timeliness, and trustworthiness of the financial information revealed (Bushman et al., 2021; García-Sánchez & Martínez-Ferrero, 2022). Without transparency, the users cannot depend on incomplete or misleading financial disclosures. Even well-designed accounting rules may fail to fulfil their intended purposes. The implementation of International Financial Reporting Standards (IFRS) has raised the awareness of the Nigerian corporate sector on the need for transparency. Nigeria legally embraced IFRS to enhance the quality of financial reporting, raise the comparability of financial accounts, attract foreign investment, and to make local reporting practices to be in line with international expectations (IFRS Foundation, 2024). Despite this, the successful application of IFRS is not just based on legislative requirements but also on the existence of corporate governance that encourages compliance and truth in disclosure (Ames, Hines, & Sankara, 2022).

Accounting regulation refers to the legal framework, institutions, and standards that guide the preparation, presentation, and disclosure of financial information. In Nigeria, the Financial Reporting Council of Nigeria (FRCN) serves as the principal regulatory body responsible for promoting high-quality financial reporting, working in collaboration with professional accounting bodies and other industry regulators (FRCN, 2023). A major component of this regulatory framework is the adoption of the International Financial Reporting Standards (IFRS), which provide a globally accepted basis for preparing financial statements. The use of IFRS has improved the consistency, transparency, and comparability of financial reports, thereby strengthening stakeholders' confidence in corporate financial information (IFRS Foundation, 2024).

The manufacturing sector was selected for this study because of its strategic importance to Nigeria's economy and its unique financial reporting environment. The sector remains one of the major drivers of industrial development, contributing significantly to employment, value creation, export earnings, and national output. Unlike many other sectors, manufacturing firms undertake complex business activities involving large capital investments, production processes, inventory management, taxation, and supply chain operations. These activities require sound accounting systems and strict compliance with financial reporting standards to ensure that financial information fairly reflects business performance and financial position.

The nature of manufacturing operations also makes the sector particularly suitable for examining accounting regulation and financial reporting practices. Manufacturing companies regularly deal with issues such as asset valuation, inventory costing, depreciation, production overhead allocation, and revenue recognition, all of which require careful application of accounting standards. As a result, the sector provides an appropriate setting for assessing how accounting regulations influence the quality, transparency, and credibility of financial reporting. Reliable financial reports are essential not only for investors and creditors but also for regulators, policymakers, and other stakeholders who depend on accurate information for decision-making.

Ogun State was chosen as the study area because it is widely recognised as one of Nigeria's leading industrial centres. Its proximity to Lagos, the country's commercial capital, coupled with its favourable investment climate, good transport links, and numerous industrial estates, has attracted a large concentration of both indigenous and multinational manufacturing companies (National Bureau of Statistics [NBS], 2024). This concentration of firms provides a diverse and suitable population for investigating financial reporting practices across different manufacturing sub-sectors, thereby enhancing the quality and credibility of the study.

The choice of Ogun State is also justified by the increasing scale of industrial activities within the state. As manufacturing businesses continue to expand, expectations for greater accountability, transparency, and compliance with financial reporting regulations have become more pronounced. Investors, lenders, regulators, and other stakeholders now place greater emphasis on the reliability and quality of financial information when making economic decisions. This growing demand for credible financial reporting makes Ogun State an appropriate location for examining how accounting regulation influences reporting practices in the manufacturing sector (PwC Nigeria, 2023).

Notwithstanding various reforms and regulatory initiatives, there are still worries about the uneven disclosure practices, inadequate governance structures and different degrees of compliance with accounting standards by Nigerian corporations. There are still consistent reports from regulatory bodies and past academic studies indicating the issues of compliance are still prevalent even after the adoption of IFRS (FRCN, 2023; Kabuye et al., 2022). Poor disclosure, poor audit supervision, poor communication with stakeholders and lack of governance transparency continue to impact financial reporting outcomes.

The relationship between corporate governance, International Financial Reporting Standards (IFRS) adoption, financial reporting quality, and organisational performance has attracted considerable scholarly attention over the years (Aifuwa et al., 2021; García-Sánchez & Martínez-Ferrero, 2022; Hassan & Bello, 2023; Uwuigbe et al., 2020). While these studies have advanced understanding of governance and reporting practices, several issues remain unresolved. One noticeable concern is that corporate governance and accounting regulation have largely been investigated as separate research themes. As a result, limited attention has been paid to how individual governance mechanisms shape compliance with accounting regulations and influence the quality of financial reporting (García-Sánchez & Martínez-Ferrero, 2022; Uwuigbe et al., 2020).

Another limitation relates to the choice of governance variables. Existing studies have focused predominantly on-board size, board independence, audit committee characteristics, ownership structure, and audit quality. Although these variables are important, transparency has received comparatively little empirical attention despite being one of the defining principles of effective corporate governance (Aifuwa et al., 2021; García-Sánchez & Martínez-Ferrero, 2022). Transparent governance encourages timely disclosure, strengthens accountability, and improves the credibility of financial reports. These qualities are particularly important in an IFRS reporting environment, where compliance depends not only on technical accounting requirements but also on the willingness of organisations to disclose financial information openly and faithfully (Organisation for Economic Co-operation and Development [OECD], 2023).

A close examination of the empirical literature also reveals several methodological shortcomings. Many previous studies adopted cross-sectional designs, making it difficult to determine whether governance practices produce sustained improvements in regulatory compliance over time (Aifuwa et al., 2021; Hassan & Bello, 2023). In addition, much of the available evidence is based solely on information extracted from annual reports and other publicly available corporate documents. Although these sources are useful for measuring financial outcomes, they often provide little insight into internal governance processes, management's commitment to transparency, or organisational practices that influence compliance but are not reflected in published reports (Uwuigbe et al., 2020).

Another methodological concern relates to sample selection. Several studies restricted their analyses to listed companies or relied on relatively small samples, thereby limiting the extent to which their findings can be applied to privately owned firms and medium-sized enterprises. Similarly, some researchers measured corporate governance using composite governance indices, an approach that masks the individual influence of specific governance attributes. Consequently, the independent contribution of transparency to accounting regulatory compliance has remained largely unexplored (Aifuwa et al., 2021; García-Sánchez & Martínez-Ferrero, 2022).

The existing literature also points to an important contextual gap. In Nigeria, empirical evidence has been drawn largely from the banking, insurance, and other financial service industries because these sectors operate within well-established regulatory frameworks and make financial information readily available (Hassan & Bello, 2023; Uwuigbe et al., 2020). In contrast, comparatively little attention has been given to the manufacturing sector, despite its significant contribution to industrialisation, employment creation, and economic growth. More importantly, few studies have focused on Ogun State, even though it has developed into one of Nigeria's foremost industrial centres, hosting a large concentration of indigenous and multinational manufacturing firms (National Bureau of Statistics [NBS], 2024). This leaves limited empirical evidence on how transparency in corporate governance influences compliance with accounting regulations within this important industrial environment.

Against this background, the present study sought to bridge these gaps by examining transparency as a distinct governance attribute rather than treating it as one component of a broader governance index. The study also extends the existing literature by focusing on manufacturing firms in Ogun State, a setting that has received relatively little scholarly attention despite its strategic importance to Nigeria's industrial economy. By investigating how governance transparency influences compliance with accounting regulations through IFRS implementation, the study provides evidence that deepens current understanding of the relationship between corporate governance and financial reporting. It is expected that the findings will provide useful guidance for regulators, policymakers, corporate managers, professional accountants, and investors interested in strengthening accountability, improving compliance with accounting standards, and enhancing the quality of financial reporting within Nigeria's manufacturing sector.

The purpose of this study is to examine how corporate governance influences compliance with the International Financial Reporting Standards (IFRS) among selected manufacturing firms in Ogun State, Nigeria. The study focuses on IFRS because it is the accounting framework that governs the preparation and presentation of financial statements by public interest entities in Nigeria following its adoption by the Financial Reporting Council of Nigeria (FRCN). Beyond being a statutory reporting requirement, IFRS has become the benchmark for producing financial statements that are transparent, comparable, reliable, and useful to investors, regulators, and other users of financial information.

The decision to focus on IFRS rather than other accounting regulations was guided by the objectives of the study. The central concern of this research is financial reporting quality and the extent to which corporate governance, particularly transparency, encourages compliance with recognised accounting standards. IFRS is therefore the most appropriate regulatory framework because it prescribes how financial information should be recognised, measured, presented, and disclosed in corporate financial statements.

Although other regulatory instruments, including the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria (FRCN) Act, the Companies Income Tax Act (CITA), and industry-specific regulations, also influence corporate operations, they serve different purposes. CAMA provides the legal framework for the incorporation, management, and administration of companies. The FRCN Act establishes the institutional framework for regulating financial reporting in Nigeria, while CITA governs the taxation of corporate income. Likewise, sector-specific regulations are designed to address the unique operational and regulatory requirements of particular industries. These regulations undoubtedly affect corporate activities, but they do not prescribe the accounting principles and disclosure requirements that guide the preparation of general-purpose financial statements in the same way that IFRS does.

For this reason, IFRS provides the most appropriate basis for examining the relationship between corporate governance and accounting regulation in this study. Restricting the investigation to IFRS compliance allows the study to address a clearly defined aspect of accounting regulation and avoids the conceptual and methodological difficulties that would arise from combining several regulatory frameworks with different objectives and reporting requirements. This focused approach makes it possible to draw clearer conclusions on how corporate governance, particularly transparency, contributes to improved compliance with financial reporting standards among manufacturing firms in Ogun State, Nigeria.

Specifically, the main objective of this study is to assess the influence of corporate governance transparency on the level of compliance with International Financial Reporting Standards (IFRS) among selected manufacturing firms in Ogun State.

Literature Review

Corporate Governance

Corporate governance refers to the set of structures, policies, institutional arrangements and relationships by which organisations are directed, regulated and monitored to pursue strategic objectives, while preserving stakeholder interests (Adegbite et al., 2019; OECD, 2023). It is the context in which power is exercised, choices made inside the organisation and accountability procedures used. Today, corporate governance is beyond the mere conformity to laws but also encompasses ethical leadership, transparency, accountability, stakeholder involvement, and sustainable value creation (Alnasser & Gazi, 2023; World Bank, 2023). Good governance systems enhance discipline in organisations, lessen management opportunism, increase investor trust and promote long-term viability of companies (Bushman & Smith, 2023). Corporate governance procedures in Nigeria are driven primarily by the Companies and Allied Matters Act (CAMA) 2020, the Nigerian Code of Corporate Governance (2018), Financial Reporting Council principles and sector-specific legislation (Financial Reporting Council of Nigeria [FRCN], 2023). Corporate governance is a multifaceted concept, and experts usually identify the following dimensions:

Accountability Management and directors are accountable to stakeholders to explain the actions of the company and justify the performance outcomes (Tricker, 2015). It guarantees that managers are accountable for the use of company resources and for the achievement of organisational goals.

Transparency: The timely, accurate, and appropriate disclosure of company information to enable stakeholders to make informed decisions (Bushman & Smith, 2023). Transparency in governance lowers information asymmetry and promotes trust in the financial reporting system.

Responsibility: This refers to compliance with ethical standards, legal responsibilities and sensible management practices that contribute to the sustainability of the organization (OECD, 2023).

Fairness: Fairness emphasises the equal treatment of shareholders and stakeholders regardless of their ownership structure or influence (Shleifer & Vishny, 1997).

Board Effectiveness: This is the ability of directors to offer strategic guidance, supervise executive activities, uphold independence and guarantee responsibility (Adegbite et al., 2019).
From these factors transparency was selected for this study because of its direct impact on the quality of accounting disclosure and compliance with financial reporting standards. Transparency, in contrast to the wider scope of governance, has a direct impact on the trustworthiness, accessibility and credibility of accounting information for regulators, investors and other stakeholders (Alnasser & Gazi, 2023; Okafor & Otalor, 2023).
Transparency: Transparency is still one of the most significant markers of governance quality since it fosters accountability and decreases ambiguity in business decision-making (Bushman & Smith, 2023). Corporate transparency is the systematic disclosure of financial and non-financial information about the ownership structure, governance procedures, operational performance, risk exposure, executive remuneration and strategic activities (International Accounting Standards Board [IASB], 2023). Generally, scholars distinguish three aspects of transparency as follows:
Financial Transparency: Financial transparency means the publication of accounting information, financial statements, audit reports and conformity with reporting requirements (Ball, 2016).
Governance Transparency: Governance transparency is connected to the disclosure of board structure, executive supervision, ownership structures and governance procedures (Adegbite et al., 2019).
Operational Transparency: Operational transparency is about being transparent about operational performance, sustainability efforts, strategic direction and stakeholder participation (World Bank, 2023). Empirical data indicates that businesses that exhibit higher transparency levels are more likely to attain higher reporting quality and better regulatory compliance results (Adeniyi & Olowookere, 2019; Bushman & Smith, 2023). This study operationalises transparency in terms of disclosure procedures, communication quality, audit committee effectiveness and stakeholder access to company information.

Regulation of Accounting
Accounting regulation is an institutional and legislative structure that oversees the creation, presentation, measurement and disclosure of accounting information (Okafor & Otalor, 2023). The objective of accounting regulation is to enhance financial transparency; to increase investor trust; to eliminate accounting manipulation; to facilitate informed decision-making; to improve market integrity; and to promote accountability. Following the shift from indigenous accounting standards to IFRS and increased institutional control, considerable improvements have been introduced to the accounting regulatory environment in Nigeria (FRCN, 2023). The major accounting regulatory institutions are: Financial Reporting Council of Nigeria (FRCN); Institute of Chartered Accountants of Nigeria (ICAN); Association of National Accountants of Nigeria (ANAN); Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC). Together, these institutions promote compliance and increase confidence in financial reporting systems (FRCN, 2023).

International Financial Reporting rules (IFRS) are internationally recognised accounting rules that aim to provide uniformity, comparability, and dependability of financial statements across countries (IASB, 2023). Nigeria implemented IFRS from 2012 as part of wider reforms to improve the quality of financial reporting and encourage investment (Okafor & Otalor, 2023). The benefits of IFRS implementation are expected to include: improved quality of financial reporting; greater worldwide comparability; higher investor trust; improved capital market participation; and better decision making. However, data reveals that the effective implementation of IFRS is highly dependent on the governance quality and enforcement mechanisms (Iyoha & Jimoh, 2021; IASB, 2023).

Conceptual Relationship between Corporate Governance and Regulation of Accounting
Corporate governance and accounting regulation are complementary tools of accountability and financial discipline. Accounting rules prescribe formal reporting criteria, and governance systems impact the desire and capacity of organisations to comply (Ball, 2016). Transparency is the link as organisations with better disclosure cultures tend to: provide more reliable financial information; strengthen internal control systems; reduce earnings management; improve regulatory compliance; and improve reporting quality (Bushman & Smith, 2023) . Thus, accounting regulation is more effective when it is backed by transparent governance frameworks.

Theoretical Review

Agency Theory

This study is grounded in the Agency Theory proposed by Jensen and Meckling (1976), which provides a useful framework for understanding the relationship between corporate governance and financial reporting. The theory explains that a company operates through a contractual arrangement in which shareholders, as principals, delegate the responsibility of managing the organisation to managers, who act as agents. Although both parties are expected to work towards the success of the organisation, their interests may not always coincide. Managers often possess more information about the firm's operations than shareholders, creating information asymmetry that can lead to conflicts of interest, opportunistic behaviour, and increased agency costs (Jensen & Meckling, 1976; Eisenhardt, 1989).

Agency Theory argues that these conflicts can be reduced through effective governance mechanisms that promote accountability and proper oversight of managerial activities. Such mechanisms include an independent and competent board of directors, effective internal control systems, external auditing, transparent financial reporting, and strict compliance with regulatory requirements. When these governance structures function effectively, they help to align the interests of managers with those of shareholders while improving the credibility and reliability of financial information made available to investors and other stakeholders (Fama & Jensen, 1983; OECD, 2023).

The growing demand for greater corporate accountability has further strengthened the relevance of Agency Theory in financial reporting research. Investors, regulators, and other users of financial statements now expect organisations to provide timely, complete, and transparent disclosures that accurately reflect their financial position and performance. Recent studies have shown that transparent reporting reduces information asymmetry, improves investor confidence, enhances regulatory compliance, and contributes to better financial reporting quality. It also promotes greater comparability of financial statements across firms, particularly in jurisdictions where International Financial Reporting Standards (IFRS) have been adopted (Bushman & Smith, 2023; Alnasser & Gazi, 2023; IFRS Foundation, 2024).

Within the context of this study, Agency Theory provides an appropriate explanation for the relationship between transparency, accounting regulation, IFRS compliance, and financial reporting quality. Transparency reduces the opportunity for managers to conceal relevant financial information or engage in earnings manipulation, thereby strengthening compliance with accounting standards and regulatory requirements. In turn, effective compliance with IFRS enhances the reliability, relevance, and comparability of financial reports, enabling investors and other stakeholders to make informed economic decisions. Consequently, Agency Theory offers a sound theoretical foundation for examining how transparency influences IFRS compliance and accounting regulation, and how these factors collectively improve the quality of financial reporting.

Empirical Review

The relationship between corporate governance, accounting regulation, IFRS compliance, and financial reporting quality has received considerable attention in both developed and developing economies. Existing studies generally agree that effective governance contributes to improved financial reporting and greater compliance with accounting standards. However, differences in research focus, methodology, industry coverage, and geographical scope have resulted in mixed findings, leaving several issues unresolved.

Adeyemi and Fagbemi (2020) examined the effect of corporate governance on the financial reporting quality of listed companies in Nigeria. The study sought to establish whether governance mechanisms enhance the credibility of corporate financial reports. Using an ex post facto research design, the authors analysed secondary data obtained from the annual reports of selected listed firms through panel regression analysis. Their findings showed that board composition, audit committee effectiveness, and ownership structure significantly improved financial reporting quality. The study concluded that sound governance practices strengthen the reliability of corporate financial reports. Nevertheless, transparency was not examined separately but was incorporated into a broader governance framework, making it difficult to determine its individual contribution to compliance with accounting regulations.

Similarly, Adeniyi and Olowookere (2019) investigated the combined influence of audit quality and corporate governance on compliance with the International Financial Reporting Standards (IFRS) among Nigerian listed firms. Secondary data extracted from published financial statements were analysed using multiple regression techniques within an ex post facto research design. The results indicated that both audit quality and corporate governance significantly improved compliance with IFRS. Although transparency was found to facilitate compliance, it was considered only as a supporting governance characteristic rather than as an independent variable. The study therefore left unanswered the question of whether transparency alone exerts a significant influence on accounting regulation.

Attention has also been given to the relationship between governance practices and organisational performance. Umoren and Olokoyo (2015) assessed the effect of corporate governance on the performance of listed deposit money banks in Nigeria. Relying on an ex post facto design, the study analysed secondary data obtained from audited financial statements using panel regression analysis. The findings revealed a positive relationship between governance transparency and organisational performance, leading the authors to conclude that transparent governance enhances stakeholder confidence and organisational effectiveness. However, because the investigation was confined to the banking sector, the findings may not adequately reflect the governance realities of manufacturing firms, whose operational and reporting environments differ substantially.

In another study, Okoye and Akenbor (2014) investigated the relationship between corporate governance and IFRS adoption in the Nigerian banking industry. The study aimed to determine whether governance mechanisms facilitated the successful implementation of IFRS following its adoption in Nigeria. Employing an ex post facto research design, the researchers analysed secondary data drawn from the annual reports of commercial banks using regression analysis. The results showed that stronger governance structures were associated with higher levels of compliance with IFRS. Although the study demonstrated the importance of governance in accounting regulation, its concentration on financial institutions limits the applicability of the findings to manufacturing firms, where governance structures and reporting challenges are considerably different.

Unlike the preceding studies, Ogiedu and Ohiokha (2018) focused on manufacturing firms. Their study examined the relationship between corporate governance mechanisms and IFRS adoption among manufacturing firms in Edo and Delta States. A survey research design was adopted, with data collected through structured questionnaires administered to accounting and finance personnel. The data were analysed using descriptive statistics and multiple regression analysis. The findings indicated that firms with stronger governance practices recorded higher levels of IFRS compliance and produced more credible financial reports. While the study provided valuable evidence from the manufacturing sector, its geographical coverage was restricted to Edo and Delta States, leaving Ogun State, one of Nigeria's leading industrial centres, largely unexplored.

Iyoha and Jimoh (2021) investigated the institutional factors affecting IFRS adoption among selected Nigerian firms. The objective was to determine how institutional capacity, regulatory support, and organisational commitment influence compliance with international accounting standards. The study employed a cross-sectional survey design, collecting primary data from finance managers and accounting professionals through structured questionnaires. Structural equation modelling and descriptive statistics were used to analyse the data. The findings showed that institutional support and organisational commitment significantly influenced the implementation of IFRS. Although the study provided useful national evidence, it did not focus on a specific industrial cluster, making it difficult to draw conclusions about firms operating in Ogun State.

Evidence from the international literature also supports the view that effective corporate governance promotes higher-quality financial reporting and stronger regulatory compliance. Alnasser and Gazi (2023) examined the relationship between corporate governance mechanisms and financial reporting quality using panel data obtained from listed companies. Employing panel regression techniques, the study found that firms characterised by greater transparency and stronger disclosure practices demonstrated higher levels of compliance with accounting standards and fewer reporting irregularities. Likewise, Bushman and Smith (2023), through a comprehensive review of international studies, concluded that organisations with transparent governance structures consistently produced more reliable financial information, reduced information asymmetry, and achieved stronger compliance with financial reporting requirements. Taken together, the reviewed studies demonstrate that corporate governance remains an important determinant of financial reporting quality and compliance with accounting standards. However, several limitations emerge from the literature. First, most studies assessed corporate governance using composite governance indices without considering transparency as a distinct governance dimension. Consequently, the independent influence of transparency on accounting regulation has received limited empirical attention. Second, many studies relied exclusively on secondary data and employed cross-sectional or ex post facto research designs. While these approaches are appropriate for examining associations, they provide limited insight into organisational practices and behavioural factors that influence compliance over time. Third, the Nigerian literature is dominated by studies conducted in the banking and financial services sectors, whereas comparatively few have focused on manufacturing firms despite the sector's importance to national economic development. Finally, little empirical evidence exists for Ogun State, even though it hosts one of the largest concentrations of manufacturing firms in Nigeria.

The present study seeks to bridge these gaps by examining transparency as a distinct component of corporate governance and assessing its influence on accounting regulation using IFRS compliance among selected manufacturing firms in Ogun State, Nigeria. By concentrating on an important but relatively under-researched industrial setting, the study extends the existing body of knowledge and provides evidence that will be useful to regulators, corporate managers, investors, and policymakers seeking to strengthen compliance with international accounting standards and improve the quality of corporate financial reporting.

Methodology

The research design was survey research design. The survey approach is suitable for this study as it permits the gathering of primary data from a representative sample to explore the link between corporate governance transparency and IFRS compliance (Creswell & Creswell, 2018).

This approach is amenable to measurement of variables and testing of hypotheses with statistical techniques. The study was carried out in Ogun State, Nigeria. Ogun State was selected because it is known to have one of the highest densities of manufacturing firms in Nigeria, with more than 500 registered manufacturing firms as reported by the Ogun State Investment Promotion and Facilitation Agency (OgunInvest) (Ogun State Investment Promotion and Facilitation Agency, 2023). Ogun State, which is geographically placed close to Lagos, Nigeria's commercial capital, has developed into a significant industrial hub and so provides an appropriate case study to explore corporate governance and accounting legislation in the manufacturing industry (Adegbite et al., 2019). The sample for this study was drawn from 280 senior accounting and finance people (Chief Accountants, Financial Controllers, Finance Managers and Internal Auditors) who are working in registered manufacturing enterprises in Ogun State, Nigeria. This statistic is the total number of senior financial staff in manufacturing enterprises with at least 50 workers as collected from the Ogun State Ministry of Commerce and Industry directory (2026). The number of samples for a population of 280 is 164 responders with the Taro Yamane formula for sample size from a known limited population. However, to compensate for non-response and assure statistical power, the sample size was expanded by 20% to 196 respondents. Stratified random sampling was adopted in the study. First, the population was stratified by business size (big, medium, and small manufacturing enterprises) and industrial sub-sector (food and drinks, textiles, chemical and pharmaceutical, and metal and fabrication). The number of respondents from each stratum was determined via proportional allocation and the individual respondents were randomly selected from each business. Primary data was acquired by administering a structured questionnaire to chosen respondents. The questionnaire was made up of two parts. Part A was used for the collection of the demographic data while part B was used for the collection of 15 items for corporate governance transparency and 15 items for IFRS compliance rated on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). To confirm the primary data findings, secondary data were collected from the annual reports, corporate governance compliance reports and the IFRS implementation evaluation reports of the Financial Reporting Council of Nigeria. Descriptive and inferential statistics were used to do data analysis: Mean and Standard Deviation were used to summarise the central tendency and dispersion of responses about transparency and IFRS compliance. Pearson Product Moment Correlation Coefficient was utilised to investigate the association between transparency in corporate governance and IFRS compliance. The hypothesis was evaluated at the 0.05 level of significance in this study. Data analysis was performed using the Statistical Package for Social Sciences (SPSS) version 23.0.

Presentation and Analysis of Data

Response Rate

A total of 196 questionnaires were issued and 180 were returned with a response rate of 91.8%. After completeness check, 175 questionnaires were deemed legitimate for analysis. The valid answer percentage was 89.3%.Demographic Characteristics of Respondents

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Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	105	60.0%
	Female	70	40.0%
Age	25-35 years	45	25.7%
	36-45 years	85	48.6%
	46-55 years	35	20.0%
	Above 55 years	10	5.7%
Educational Qualification	B.Sc/HND	65	37.1%
	Masters/MBA	90	51.4%
	Professional Qualification (ACA, ACCA)	20	11.5%
Position	Chief Accountant	40	22.9%
	Financial Controller	35	20.0%
	Finance Manager	60	34.3%
	Internal Auditor	40	22.9%
Years of Experience	5-10 years	55	31.4%
	11-15 years	70	40.0%
	16-20 years	35	20.0%
	Above 20 years	15	8.6%
Firm Size	Large (>200 employees)	80	45.7%
	Medium (50-200 employees)	95	54.3%

Source: Field Survey, 2026

The demographic data reveals that the majority of respondents were male (60%), aged between 36-45 years (48.6%), and held Masters/MBA qualifications (51.4%). Most respondents were Finance Managers (34.3%) with 11-15 years of experience (40.0%), working in medium-sized firms (54.3%).

Descriptive Analysis of Variables

Table 2: Descriptive Statistics for Transparency in Corporate Governance

Item	N	Mean	Std. Deviation	Interpretation
Our board provides clear and comprehensive disclosure of financial information	175	4.12	0.78	High
The company discloses related party transactions promptly	175	3.85	0.92	High
Board decisions are communicated transparently to stakeholders	175	3.76	0.88	High
The audit committee operates with full independence and transparency	175	3.98	0.81	High
Shareholders have access to timely and accurate information	175	3.89	0.85	High
The company maintains a transparent whistleblowing policy	175	3.45	1.02	Moderate
Executive compensation is disclosed in annual reports	175	4.05	0.79	High
Overall Transparency	**175**	**3.87**	**0.72**	**High**

Source: Field Survey, 2026;
Scale: 1-2.49 (Low), 2.50-3.49 (Moderate), 3.50-5.0 (High)

Table 3: Descriptive Statistics for IFRS Compliance

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Item	N	Mean	Std. Deviation	Interpretation
The company fully complies with IFRS recognition requirements	175	3.92	0.83	High
Financial statements are prepared in accordance with IFRS disclosure requirements	175	4.08	0.76	High
Fair value measurement is properly applied as per IFRS 13	175	3.65	0.94	High
The company presents comprehensive income statements as required	175	3.78	0.89	High
Segment reporting complies with IFRS 8 requirements	175	3.56	0.98	Moderate
Related party disclosures meet IFRS standards	175	3.88	0.84	High
The company provides adequate notes to the accounts	175	4.15	0.71	High
Overall IFRS Compliance	**175**	**3.86**	**0.68**	**High**

Source: Field Survey, 2026;

Scale: 1-2.49 (Low), 2.50-3.49 (Moderate), 3.50-5.0 (High)

The descriptive results indicate that both transparency in corporate governance (Mean = 3.87, SD = 0.72) and IFRS compliance (Mean = 3.86, SD = 0.68) are perceived to be at high levels among the selected manufacturing firms in Ogun State.

Hypothesis Testing

Table 4: Pearson Correlation Analysis between Transparency and IFRS Compliance

Variables	Mean	SD	1	2
Transparency in Corporate Governance	3.87	0.72	1	
IFRS Compliance	3.86	0.68	**0.724**	1

Note: **Correlation is significant at the 0.01 level (2-tailed); N = 175

Source: Field Survey, 2026

Table 5: Summary of Correlation Analysis

Variable Pair	Correlation Coefficient (r)	Coefficient of Determination (r²)	p-value	Decision
Transparency vs. IFRS Compliance	0.724	0.524	0.000	Significant

Source: Field Survey, 2026

The correlation study shows a high positive association ($r = 0.724$, $p < 0.01$) between openness in corporate governance and IFRS compliance. The coefficient of determination ($r2 = 0.524$) reveals that 52.4% of the variance in IFRS compliance can be explained by openness in corporate governance. The p-value (0.000) is less than the significance level (0.05), thus we reject the null hypothesis and accept the alternative hypothesis that there is a significant positive link between transparency in corporate governance and IFRS compliance among selected manufacturing enterprises in Ogun State, Nigeria.

Discussion of the Findings

The outcomes of this study show a positive and significant association between transparency and IFRS compliance (r = 0.724) and transparency explain 52.4% of the variance in compliance among manufacturing enterprises in Ogun State, Nigeria. This conclusion is in agreement with the findings of Adeniyi and Olowookere (2019) who discovered even larger association (r = 0.78) in their research of audit companies. The constancy of these results implies that openness is a vital factor in regulatory compliance across industries and time in Nigeria (Adeyemi & Fagbemi, 2020). The study's conclusion confirms the Agency Theory (Jensen & Meckling, 1976) which states that openness lowers knowledge asymmetry between principals (shareholders) and agents (management) and promotes greater monitoring and adherence to regulatory requirements. Adeniyi and Olowookere (2019) identified transparency as a mediating mechanism via which the impact of governance quality on IFRS compliance. The correlation value of 0.724 in the current study is similar to the 0.78 obtained by Adeniyi and Olowookere (2019) which lends more credence to the stability of this association in the Nigerian setting.

The average transparency score (3.87) suggests that manufacturing enterprises in Ogun State usually operate at high levels of governance transparency. This conclusion is similar with Ogiedu and Ohiokha (2018) who reported moderate to high levels of governance quality across manufacturing enterprises in Edo and Delta States. However, the current study has a slightly higher mean which could be an indication of the maturity of governance practices in the manufacturing sector of Ogun State which has been exposed to international best practices due to its proximity to Lagos and high concentration of multinational manufacturing operations (Adegbite et al., 2019).

The mean score of 3.86 implies that the manufacturing businesses in the study region have achieved considerable compliance with the IFRS standards in terms of IFRS compliance. This conclusion is consistent with the findings of Okoye and Akenbor (2014) that Nigerian banks with high transparency ratings performed better in IFRS compliance scores (mean = 4.2/5.0). The comparability of the findings in the banking and the manufacturing sectors implies that the association between transparency and IFRS compliance is not industry specific (Okafor & Otalor, 2023).

The coefficient of determination ($r^2 = 0.524$) shows that transparency explains 52.4% of the variation in IFRS compliance. This important explanatory power highlights the importance of transparent governance methods in promoting regulatory compliance. Similarly, Umoren and Olokoyo (2015) established that openness explained 34% of the variation in company performance. This shows that the effect of transparency is not limited to compliance but the entire effectiveness of the organization (Alnasser & Gazi, 2023). Relatively lower mean ratings are reported for particular criteria such as “whistleblowing policy transparency” (3.45) and “segment reporting compliance” (3.56). These findings align with the findings of Iyoha and Jimoh (2021) who highlighted weak governance structures as hindrances to full adoption of IFRS especially in areas that need extensive disclosure such as segment reporting and fair value measurement. Similarly, in recent research, Okafor and Otalor (2023) noted that full IFRS compliance in Nigeria remained elusive due to governance issues.

In general, the results corroborate the theoretical thesis that transparent governance provides a fertile environment for truthful accounting standards compliance. As Ball (2016) noted, the efficacy of accounting standards is a function of the incentives produced by governance structures and enforcement methods. The strong correlation shown in this analysis implies that manufacturing businesses in Ogun State have adopted governance transparency measures that may successfully support IFRS implementation, consistent with the larger African governance environment described by Adegbite et al. (2019).

Conclusion and Recommendations

This study investigated the relationship between corporate governance and accounting regulation among selected manufacturing firms in Ogun State, Nigeria, with specific focus on transparency as a dimension of corporate governance and compliance with International Financial Reporting Standards (IFRS) as a measure of accounting regulation. Growing concerns about the quality of financial disclosures and inconsistencies in compliance with accounting standards, even with the current governance changes and the mandated adoption of IFRS in Nigeria, spurred the study. The existing research has considered governance from a wide viewpoint and has concentrated significantly on financial institutions, which has resulted in a limited knowledge of how openness independently impacts accounting regulation inside manufacturing enterprises. The findings of the study found that manufacturing businesses in Ogun State displayed relatively high levels of governance openness and compliance with accounting regulations. The empirical finding also showed that transparency has a favourable and substantial statistical association with IFRS compliance. The findings imply that openness promotes accounting regulation by enhancing disclosure quality, reducing information asymmetry, boosting the efficacy of internal controls and increasing stakeholder trust in company reporting. The study also supports the assumptions of Agency Theory that transparent governance measures limit management discretion and increase responsibility through increased information flow and monitoring frameworks. The contribution of this work goes beyond theoretical knowledge. It allows to conceptually disentangle transparency as a separate characteristic of governance instead of seeing corporate governance as a broad notion. It empirically contributes to current research with findings from manufacturing enterprises in Ogun State. From a methodological perspective, the IFRS-conformance provides an advantage in the measurement of accounting regulation, rather than using generic indicators of the quality of financial reporting. The study concludes overall that transparency is a critical governance tool for improving accounting regulation and preserving confidence in financial reporting in Nigeria's manufacturing industry.

Recommendations

The findings and conclusions of this study give rise to the following recommendations:
1. Manufacturing Firms Need to Institutionalise Transparency Policies; Manufacturing company management has to develop formal transparency policies that support the timely, accurate and full disclosure of financial and governance information. Institutionalising transparency will increase compliance to accounting laws and raise corporate credibility.
2. Strengthen Internal Governance and Audit Oversight Framework: Manufacturing companies must fortify their internal governance processes through the establishment of more robust audit committees and enhanced monitoring mechanisms. Stronger supervision methods will increase compliance with IFRS requirements and eliminate errors in reporting.
3. FRCN Should Develop Measurable Transparency Indicators: Regulatory agencies should extend governance evaluation frameworks by adding quantitative transparency indicators to measure company reporting conduct. Such measures would increase uniformity in the execution of accounting regulations.
4. Enhance ongoing IFRS training and capacity development: Manufacturing companies should provide ongoing training courses for accounting staff, internal auditors, finance managers and governance officials. The quality of implementation will be improved via continuous professional development and compliance gaps will be mitigated.
5. Encourage Technology-Driven Reporting Systems: Manufacturers should use digital platforms for accounting and governance reporting that increase transparency and accuracy. Technology-enabled reporting promotes accountability, and limits potential for misrepresentation of information.
6. Government should provide incentive-based governance compliance programs: Government

agencies should build incentive systems to increase governance transparency among manufacturing enterprises. Such activities can promote voluntary compliance and improve the corporate climate.

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