SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

THE ROLE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTION IN THE EXTENT OF DISCLOSURE ON CORRUPTION IN AFRICA

Caleb Opoku Mensah
Jiangsu University, School of Finance and Economics, Zhenjiang, P. R. China

Article DOI: https://doi.org/10.36713/epra10813
DOI No: 10.36713/epra10813

ABSTRACT
The study examines the level of corruption disclosure and the adoption of IFRS in 27 African nations using unbalanced panel data from 2003 to 2020. The Arellano-Bond dynamic panel data method, generalized linear model, and linear regression were the three panel methodologies used in the study to analyses the data and draw statistically significant conclusions. According to the study, the extent of disclosure has a positive impact on corruption in Africa and the adoption of IFRS has a negative impact on it. However, the analysis using generalized linear models and linear regression showed that the dynamic panel data method had a negative impact on corruption. More studies investigating the adoption of IFRS in developing countries are advised because the study's findings are best viewed as suggestive rather than conclusive.
KEYWORDS: *Corruption; IFRS adoption; Extent of disclosure; Economic growth; Political institutions; dynamic panel data estimations*

1. INTRODUCTION

Corruption is rampant in underdeveloped nations, which weakens democratic institutions or the rule of law and decreases accuracy of financial reporting (Olken & Pande, 2012; Faccio, 2006; Shleifer & Vishny, 1993; La Porta et al., 2000; La Porta et al., 1999; Fan et al., 2011, Boateng et al., 2022; Agyei-Mensah, 2017; Kurauone et al., 2021; Nurunuabi, 2021). The International Financial Reporting Standards (IFRS) have been implemented by 131 nations or jurisdictions worldwide as of December 2015 (Deloitte, 2015). Focus has been placed on developing nations since many people are unsure whether the introduction of excellent accounting standards like IFRS may reduce the prevalent perception of corruption (Ball et al., 2003; Ball, 2006). The local standards in developing nations that adopted IFRS were of poor quality or nonexistent (Cai et al., 2014). Despite the vast amount of literature on the causes, effects, and mitigation of corruption, there is little literature connecting the resolution to accounting (Ades & Di Tella, 1996; Tanzi, 1998; Rock & Bonnett, 2004; Fisman & Svensson, 2007; Triesman, 2007). For this reason, the study's motivation is to determine whether the adoption of IFRS and the degree of disclosure play a significant role in reducing perceived corruption. Efficiency, control, and disclosure are the primary areas of accounting (Everett et al., 2007; Boateng et al., 2022).

The latest financial crises have brought a lot of attention to risk disclosure. As a result, stakeholders have called for the transparency of corporate risk. Users of financial reports are given information via risk disclosure because it enables them to evaluate the risks affecting businesses' future financial performance (Agyei-Mensah, 2017). Deumes (2008, p. 122) states that studying risk disclosure is crucial since corporate risk transparency is essential for the smooth operation of the capital markets. Managers may improve transparency and close the gap between what investors perceive and anticipate and what management can deliver by informing investors about the risk involved in executing the company's strategic goals.

The study adds to the body of knowledge on IFRS and perceived corruption in the literature (eg. Muhammed & Reza, 2016a, 2016b; Asheq, 2016). The study applied the Muhammed and Reza (2016a) models to African data in order to determine how the adoption of IFRS and the level of disclosure affected perceptions of corruption in emerging nations. In various ways, this work adds to the body of research on risk disclosure. First, unlike earlier literature, it creates a framework to evaluate the scope of IFRS's risk disclosure requirements.

SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

Section 2 of the study includes subject-related literature reviews. The technique, study model, and data are explained in Section 3. The results and analysis of the results are reported in Section 4. The analysis is wrapped up and recommendations are made in Section 5.

2. LITERATURE REVIEW

Adoption of the International Financial Reporting Standard (IFRS) results in a rise in the transparency of financial reports in a nation or business organisation. The adoption of IFRS has the potential to increase transparency in nations where there is none relative to their financial reports. In developing economies, there are weaker domestic financial reporting requirements and less transparency in financial reports, according to Ding et al. (2007).

2.1 Corruption and Corruption Perception Nexus

According to Shleifer & Vishny (1993), Blackburn et al. (2006, 2010) and Everett et al., (2007), corruption is the misuse of public office for unauthorised personal gain as well as the abuse of discretionary authority by public officials to further their own interests through unauthorised rent-seeking activities. According to Melgar et al. (2010), studies on the idea of corruption and corruption perception are not conducted separately because they are connected. According to Sandholtz and Koetzle (2000), there are two ways that a nation's level of corruption manifests itself: through its political economy and cultural orientation. Another part of the argument is the claim that high levels of female participation in politics, long-standing liberal democracies with a free and widely respected press, and trade openness are all seen as effective countermeasures against perceived corruption. Additionally, they asserted that corruption is negatively impacted by the effectiveness of the judiciary, level of education, and economic emancipation, but positively impacted by foreign aid dependence and the size of the government (Muhammed & Reza, 2016; Ali and Isee, 2003; Paldam, 2002; Triesman, 2007; Lederman et al., 2005). Corruption and economic growth are negatively correlated because it slows growth and socially beneficial investments. Other detrimental effects of corruption on the economy include real exchange rates, foreign direct investment, and resource misallocation (Shleifer & Vishny, 1993; Ehrlich & Lui, 1999; Kaufmann & Wei, 1999; Smarzynska & Wei, 2000; Wei, 2000; Bahmani-Oskooee & Nasir, 2002).

2.2 Corruption and Accounting Environment Nexus

Since a lack of accountability creates corruption and a culture of secrecy fosters wrongdoing, IFRS has been frequently advocated as the remedy to corruption (Shleifer & Vishny, 1993). There are few studies that examine the relationship between corruption and the accounting environment, including those by Kimbro (2002), Wu (2005a), Everett et al. (2007), Albrecht et al. (2010), Muhammed and Reza (2016 a, b), and Asheq (2016). It is believed that accounting will probably lessen actual and perceived corruption. Adopting International Financial Reporting Standards can help nations with poor or nonexistent accounting standards improve their accounting environment and reduce corruption (Hope et al., 2006; Agyei-Mensah, 2017). Four different strategies can be used to improve the accounting environment as a result of mandatory adoption of IFRS. First, goods and services produced in industrialised nations are seen as having excellent quality due to the high standards of accounting such nations seek (Agbonifoh & Eliminian, 1999; Boateng et al., 2022; Kurauone et al., 2021). Second, the adoption of IFRS as required at the state level represents a considerable commitment that necessitates ongoing oversight and enforcement of the application of new accounting standards, in addition to teaching preparers and auditors (Preiato et al., 2015). Thirdly, IFRS adoption makes it possible for a nation to participate in the global economy and trade. Integration into the global economy or business environment appears to be likely to protect local enterprises' best practises, especially in emerging nations (Marquez-Ramos, 2008; Yu, 2010; Cai & Wong, 2010; DeFond et al., 2011; Khurana & Michas, 2011; Gordon et al., 2012; Nurnuabi, 2021). The final strategy is the requirement established in IMF and World Bank regulations that promotes the mandatory adoption of IFRS for funding assistance (Alfredson et al., 2009; Horton et al., 2013).

In a summary, the study contends that by promoting accountability practises and ensuring disclosure, a better accounting environment at the national level could reduce perceptions of corruption. Developing nations can benefit greatly from the implementation of IFRS, which will greatly enhance their accounting environment.

3. DATA AND METHODOLOGY

3.1 Data

The study employed panel data study of 27 African countries with adoption of IFRS for an unbalanced panel period of 2003 to 2016. The variables considered for the study can be found below with their description and source.

- Corruption control (corrupt): refers to perceptions of the extent to which the publich perceived both the state and private entities to have used public funds for private gains as well as "capture" of the state by elites and private interests. **Estimate of governance (ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance). Source: Kaufman et al. (2012). The Worldwide Governance Indicators, 2018 update (Dependent variable).

SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

- IFRS experience (ifrsexp): This measure reflects the number of years since a country adopted mandatory IFRS. Source: IFRS Adoption by country' survey conducted by Pricewaterhouse Coopers in September – October 2015. (Independent variable).
- Extent of director liability Disclosure (discedl): The extent of director liability disclosure index is used to measure investor protection therefore it is used as proxy measure. Director's liability refers to or describe a plaintiff's ability to hold directors of a firm liable for damages to the organisation. In other words, it is used to estimate the strength of minority shareholder's protection against director's misappropriation of corporate assets/investments for private gains. A survey of corporate lawyers was done to compute the index and are typically based on court rules of evidence, company laws and securities regulations. The range of the index can be traced as values above 5 as stronger and below 5 as weak. Moreover, it ranges from 0 – 10. Source: Doing Business Report. The World Bank (2002 – 2020). (Independent variable).
- Rule of Law (rlaw) as a measure of the extent to which independent institutions in the arm of government works without political interference in a country. Moreover, it reflects the confidence level that the citizens in a country have in the laws for protection in all their sphere of life such property right, the courts, contract enforcements etc. Source: Kaufman et al. (2012). The Worldwide Governance Indicators, 2018 update (Control variable)
- GDP per capita growth (Annual %) (gdppc): Gross domestic product per capita thus GDP per capita measures the total production of goods and services in a given year in percentage growth rate based on constant local currency divided by the total population of a country. Source: World Development Indicators- World Bank (Control variable).
- Consumer price index (annual %) as a proxy measure of inflation (iflcpi). Consumer price index measures the year-on-year percentage change in the prices of of goods and services by an average consumer by acquiring a basket of such goods and services. Source: World Development Indicators – World Bank
- Interest rate (inr): real interest rate is the lending interest rate of a country's financial market as measure by the GDP deflator for inflation. Source: World Development Indicators – World Bank
- Corporate tax rate (% profit) (discctr). Source: Doing Business Report, The World Bank (2002 – 2020).

3.2 Methodology

The study used panel data approaches including dynamic panel data generalised method of moments two-step method, panel correlation matrix, panel linear regression model, and panel generalised linear model. After adjusting for the competency and strength of political institutions, as well as the rate of economic growth, the study's goal is to determine the relationship between Africa's perceived level of corruption (corrupt) and the extent of IFRS experience (ifrsexp) and disclosure (discedl) in that continent. First, model 1 describes how the study will determine the relationship between perceived corruption, economic growth, and the capability or robustness of political institutions. Subsequently, the independent variable is substituted into models 2 and 3 respectively. Model 4 is incorporated with the two independent variables (ifrsexp and discedl) to ascertain the impact they have on perceived corruption (corrupt) by controlling with economic growth (gdppc) and the strength of political institutions (rlaw). The econometric model for the linear regression can be written as:

$$\text{Corrup}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \mu_{it} \quad (1)$$
$$\text{Corrup}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{ifrsexp})_{it} + \mu_{it} \quad (2)$$
$$\text{Corrup}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{discedl})_{it} + \mu_{it} \quad (3)$$
$$\text{Corrup}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{ifrsexp})_{it} + \alpha_4 (\text{discedl})_{it} + \mu_{it} \quad (4)$$

In the equations, α_o stands for the intercept, μ for the error term and disturbances that could not be taken into account, i for the study's cross-sections of countries, and t for the study's time period.

To understand the dynamics in the variables, generalized linear model is adopted to estimate the coefficient or impact at which the variables considered in model 1 to 4 affect each other; each variable is considered as dependent variable. The following models are written;

$$\text{Corrup}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{ifrsexp})_{it} + \mu_{it} \quad (5)$$
$$\text{ifrsexp}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{corrup})_{it} + \mu_{it} \quad (6)$$
$$\text{rlaw}_{it} = \alpha_0 + \alpha_1 (\text{gdppc})_{it} + \alpha_2 (\text{corrup})_{it} + \alpha_4 (\text{ifrsexp})_{it} + \mu_{it} \quad (7)$$
$$\text{gdppc}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{ifrsexp})_{it} + \mu_{it} \quad (8)$$
$$\text{Corrup}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{ifrsexp})_{it} + \mu_{it} \quad (9)$$
$$\text{discedl}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{corrup})_{it} + \mu_{it} \quad (10)$$
$$\text{rlaw}_{it} = \alpha_0 + \alpha_1 (\text{gdppc})_{it} + \alpha_2 (\text{corrup})_{it} + \alpha_4 (\text{discedl})_{it} + \mu_{it} \quad (11)$$
$$\text{gdppc}_{it} = \alpha_0 + \alpha_1 (\text{rlaw})_{it} + \alpha_2 (\text{gdppc})_{it} + \alpha_3 (\text{discedl})_{it} + \mu_{it} \quad (12)$$

To make robust check of the two methodologies that study has considered, Arellano and Bond (2012) dynamic panel data generalized method of moments two-step approach is adopted in order to make statistical and robust inference. The model for the Arellano-Bond dynamic panel data method can be found below:

SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

$$corrup_{it} = \sum_{j=1}^{p} a_j\, corrup_{i.t-j} + \beta_1 ifrsexp_{it} + \beta_2 discedl_{it} + \beta_3 rlaw_{it} + \beta_4 gdppc_{it} + \beta_5 discctr_{it} + \beta_6 iflcpi_{it} + \beta_7 inr_{it} + \beta_8 sec_{it} + v_i + \varepsilon_{it} \quad i = 1, \dots\dots, N\ t = 1, \dots\dots T_i \qquad (13)$$

4. RESULTS AND FINDINGS PRESENTATION

4.1 Descriptive statistics

The descriptive statistics can be found in table 1; it reports that the mean and the median are closely related whiles the standard deviation is homogeneous in nature. The skewness test depicts that the values are positively skewed hence mass of the distribution in the right which also confirm that the mean values are higher than the median values. The Kurtosis test affirms that all the variables are positive which means that the distribution is leptokurtic thus too tall. Finally, the Jarque-Bera test affirms that the data is not in normal distribution except rlaw. In account of the performance of the study's variables in the sampled countries, economic growth grew at an annual rate of 2.469% for the sampled years whiles inflation and interest rates stood at average rate of 6.640% and 9.256% annually respectively. However, the experience of IFRS by country can be reported as 9.946 years approximately 10 years. Rule of law and corruption has not been well practiced over the sample years as the score for both variables depict -0.414 and -0.413 respectively which are fall below average score for strong practice. More evidence can be found in table 1 below

Table 1 Descriptive statistics

	CORRUP	DISCCTR	GDPPC	IFRSEXP	RLAW	SEC	INR	IFLCPI
Mean	-0.413	39.116	2.469	9.946	-0.414	2.031	9.256	6.640
Median	-0.495	31.400	2.376	10.000	-0.401	2.000	5.384	5.369
Max.	1.217	285.900	20.856	15.000	1.077	4.000	572.936	44.357
Minim.	-1.453	0.000	-22.331	4.000	-1.852	0.000	-42.310	-9.616
Std. Dev.	0.594	58.201	3.960	2.907	0.587	1.107	40.654	6.831
Skewnes	0.437	3.262	-0.332	0.016	0.134	-0.300	12.009	1.764
Kurtosis	2.574	13.607	11.175	2.322	2.896	2.271	156.230	7.718
Jarque-Bera	15.347	2513.320	1090.46	7.474	1.335	14.464	389912.600	562.515
Prob.	0.000	0.000	0.000	0.024	0.513	0.001	0.000	0.000
Obs.	389.000	389	389	389	389	389	389	389

4.2 Correlation Matrix

Table 2 depicts the result of correlation matrix, and it can be evidenced that the highest coefficient of the variables is 0.873 thus rlaw and the second highest is 0.366 thus discedl. The study can state with confidence that there is no multicollinearity in the data. The general rule states that two independent variables shouldn't have a strong correlation with the dependent variable. All signs point to the study rejecting the null hypothesis that the variables are multicollinear.

Table 2 Correlation Matrix

	CORRUP	DISCEDL	IFRSEXP	GDPPC	RLAW	DISCCTR	SEC	INR	IFLCPI
CORRUP	1								
DISCEDL	0.366	1							
IFRSEXP	0.164	0.024	1						
GDPPC	0.112	0.133	-0.047	1					
RLAW	0.873	0.337	0.300	0.074	1				
DISCCTR	-0.251	-0.106	-0.123	-0.074	-0.202	1			
SEC	0.002	0.039	0.169	0.012	0.011	-0.131	1		
INR	-0.132	-0.050	-0.047	-0.152	-0.177	0.013	0.008	1	
IFLCPI	-0.036	0.069	0.108	0.090	0.020	0.038	0.107	-0.083	1

4.3 Results of Linear Regression Model

The study's goal is to determine, after adjusting for the capabilities and strength of political institutions, the level of economic growth, and the extent of IFRS experience (ifrsexp) and disclosure (discedl) in Africa, the relationship between these variables and perceived levels of corruption (corrupt). The analysis's findings are shown in Table 3, where model 1's adjusted R2 of 0.76 reveals that perceptions of corruption vary by 76 percent when political institutions' expertise and economic growth are taken into account. Moreover, economic growth showed coefficient of 0.007 and the competence of political institutions showed coefficient of 0.880 respectively. In other words, the stronger the political institution the stronger, the fight against perceived corruption and the higher economic growth. The results from the other models thus model 2 to 4 reports that ifrsexp has negative and statistically significant relationship with perceived corruption whiles discedl showed positive and significance with perceived corruption. The disclosure of directors' responsibility to protect investors has a significant impact on the fight against corruption because it directly and favourably influences perceptions of corruption, whereas ifrsexp has an inverse relationship with perceptions of corruption; as a result, the stronger ifrsexp, the weaker perceptions of corruption, and vice versa. In the models 3 and 4, economic growth showed insignificant impact on perceived corruption where the control of discedl and ifrsexp were in existence.

Table 3 Results of linear regression analysis

Variables	Model 1 cofficient (t-stat.)	Model 2 cofficient (t-stat.)	Model 3 cofficient (t-stat.)	Model 4 cofficient (t-stat.)
Intercept	-0.066	0.162	-0.134	0.090
	(-3.23)***	(2.76)**	(-4.36)***	(1.40)
rlaw	0.880	0.912	0.854	0.887
	(35.12)***	(35.39)***	(32.50)***	(32.67)***
gdppcap	0.007	0.006	0.006	0.005
	(1.92)**	(1.66)*	(1.59)	(1.37)
ifrsexp		-0.021		-0.020
		(-4.11)***		(-3.92)***
discedl			0.015	0.014
			(2.93)**	(2.67)***
R^2	0.764	0.773	0.768	0.776
f-statistics	627.15***	440.98***	429.17***	337.76***
P-value	0.000	0.000	0.000	0.000
observations	389	389	389	389

Note: *** indicates 1% significance, ** indicates 5% significance, * indicates 10% significance

4.4 Results of generalized linear model: All variables are dependent variable (ifrsexp)

Models 5 and 6 were created with ifrsexp as an independent variable; table 4 presents the findings. In model 5, with perceived corruption as the dependent variable, ifrsexp has a strong and negative impact, weakening the control of corruption. In contrast, rlaw and gdppc have a strong and positive impact, strengthening perceptions of corruption (corrupt). The stronger the political institutions, the stronger the fight against corruption as well as the higher economic growth (lngdppc). In model 6, it can be evidenced that the competence and strength of political institutions and experience or existence of IFRS have insignificant effect on economic growth. By using rlaw as the dependent variable in Model 7, which represents the strength and competency of political institutions, the results show that ifrsexp and corrup have a positive and significant impact on rlaw, although economic growth (gdppc) has no discernible effect. As the dependent variable in model 8, the independent variable ifrsexp was employed. The results revealed that rlaw has a positive impact on ifrsexp, gdppc has an insignificant impact, and corrupt has a negative impact. The results of the models show that attempts to fight corruption in Africa have been harmed rather than strengthened over the length of IFRS adoption. The IFRS experience, on the other hand, really promotes more robust political structures.

SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

Table 4 Results of generalized linear model: All variables are dependent variable (ifrsexp)

	CORRUP Model 5 (z-stat.)	GDPPC Model 6 (z-stat.)	RLAW Model 7 (z-stat.)	IFRSEXP Model 8 (z-stat.)
Intercept	0.162	3.546	-0.384	10.566
	(2.75)**	(4.38)***	(-7.15)***	(54.04)***
rlaw	0.912	-0.420		3.243
	(35.39)***	(-0.57)		(6.72)***
gdppcap	0.006		-0.001	-0.037
	(1.66)*		(-0.57)	(-1.05)
ifrsexp	-0.021	-0.077	0.032	
	(-4.11)***	(-1.05)	(6.72)***	
corrup		1.172	0.839	-1.971
		(1.66)*	(35.39)***	(-4.11)***

Note: *** indicates 1% significance, ** indicates 5% significance, * indicates 10% significance

4.5 Results of generalized linear model: All variables are dependent variable (discedl)

Table 5 exhibits the results of the analysis using discedl in the models 9 to 12 and considering all variables as dependent variables. From the table, it can be witnessed that in model 9 where corrupt is the dependent variable, rlaw and discedl showed positive and significant impact on perceived corruption hence the stronger the strength and competence of political institutions, the stronger the fight against corruption. In the same model, economic growth (gdppc) showed insignificant impact on perceived corruption. In model 10 with gdppc as dependent variable, rlaw and corrupt showed insignificant impact on economic growth but discedl showed positive and statistical significance with economic growth (gdppc). Furthermore, model 11 employed rlaw as the dependent variable, and the findings suggest that corrup has a favourable and significant impact on rlaw, but gdppc and discedl exhibited a negligible effect. In model 12, with discedl as the dependent variable, corruption and economic growth were found to have a positive and significant impact on discedl, whereas rlaw was found to have no such effect. Therefore, revealing a director's liabilities spurs economic growth and decreases corruption.

Table 5 Results of generalized linear model: All variables are dependent variable (discedl)

	CORRUP Model 9 (z-stat.)	GDPPC Model 10 (z-stat.)	RLAW Model 11 (z-stat.)	DISCEDL Model 12 (z-stat.)
Intercept	-0.134	2.055	-0.068	4.445
	(-4.36)***	(4.93)***	(-2.16)**	(22.57)***
rlaw	0.854	-0.725		0.407
	(32.50)***	(-1.04)		(0.84)
gdppcap	0.006		-0.004	0.070
	(1.59)		(-1.04)	(1.99)**
discedl	0.015	0.145	0.004	
	(2.93)**	(0.073)**	(0.84)	

corrup	1.110	0.858	1.407
	(1.59)	(32.50)***	(2.93)**

Note: *** indicates 1% significance, ** indicates 5% significance, * indicates 10% significance

4.6 Robust check: Dynamic panel data GMM two-step method

The dynamic panel data GMM two-step method was employed to statistically infer on the outcomes of the linear regression and generalised linear model. The findings are shown in Table 6, and it is clear that sec (privateness) and rlaw (strength of political institutions) have a favourable effect on perceived corruption. Since secrecy is a measure of the total of uncertainty avoidance and power distance scores less individualistic score, it has a beneficial impact on perceived corruption, political institutions should have greater muscles to address corrupt behaviours. The more people who keep things hidden while having strong personal interests increases the perception of corruption. Corruption tends to be lessened by collectivism. However, the following have a detrimental effect on perceived corruption: gdppc, ifrsexp, discedl, discctr, and iflcpi.

Table 6 Robust check: Dynamic panel data GMM two-step method

Variables	coefficient	z-statistics	p-value	significance
corrup L1	0.208	2.88	0.004	**
rlaw	0.488	8.48	0.000	***
gdppcap	-0.006	-0.92	0.358	
ifrsexp	-0.017	-2.12	0.034	**
discedl	-0.020	-2.19	0.028	**
discctr	-0.008	-7.45	0.000	***
sec	0.085	2.86	0.004	**
iflcpi	-0.008	-1.75	0.079	*
inr	0.003	1.46	0.144	
wald chi2	4324.03		0.000	***
observations	335			
instruments	163			

Note: *** indicates 1% significance, ** indicates 5% significance, * indicates 10% significance

5. CONCLUSION AND RECOMMENDATION

An unbalanced panel of 27 nations was used in the study to assess how the adoption of IFRS and the level of disclosure affected perceptions of corruption in Africa from 2003 to 2020. To make reliable predictions about the results, the study used panel data approaches such panel correlation matrices, panel linear regressions, panel generalised linear models, and Arellano-Bond dynamic panel data generalised method of moments two-step methods. Despite the accounting field's primary emphasis on effectiveness, control, and transparency, the study was inspired by the knowledge gap in the area of IFRS adoption (Boateng et al., 2022).

The study discovered that the adoption of IFRS and its experience in samples from Africa have a negative impact on perceived corruption, while the study also discovered that the disclosure of directors' liability to protect investors' interests has a positive impact on perceived corruption by reducing it through the power of public independent institutions and economic growth is support of Agyei-Mensah (2017), Kurauone et al. (2021) and Nurunuabi et al. (2021). Although the dynamic panel data estimation yielded negative results, the two methods employed confirmed a positive relationship between the disclosure of directors' liability and perceived corruption by adjusting it for several other variables that could have an impact, including secrecy, inflation, corporate tax rates, real

SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

interest rates, the strength of political institutions, and economic growth. More research is advised in the field of IFRS adoption in underdeveloped nations as the study's conclusions are best viewed as suggestive rather than conclusive.

REFERENCES

1. *Ades, A., Di Tella, R. (1996). The causes and consequences of corruption: A review of recent empirical contributions. IDS Bulletin, 27 (2), 6-11.*
2. *Agbonifoh, B. A., Elimimian, J. U. (1999). Attitudes of developing countries toward "country-of-origin" products in an era of multiple brands. Journal of International Consumer Marketing, 11 (4), 97-116.*
3. *Agyei-Mensah, B.K. (2017), "Does the corruption perception level of a country affect listed firms' IFRS 7 risk disclosure compliance?", Corporate Governance, Vol. 17 No. 4, pp. 727-747. https://doi.org/10.1108/CG-10-2016-0195*
4. *Alfredson, K. Leo, K, Picker, R., Loftus, J., Clark, K., Wise, V. (2009). Applying international financial reporting standards (2nd ed.). Milton, Qld, Australia: John Wiley & Sons.*
5. *Ali, A. M., Isee, H. (2003). Determinants of economic corruption: A cross-country comparison. Cato Journal, 22 (3), 449 – 466.*
6. *Bahmani-Oskooee, M., Nasir, A. (2002). Corruption, law and order, bureaucracy and real exchange rate. Economic Development and Cultural Change, 50 (4), 1021 – 1028.*
7. *Ball, R. (2006). International Financial Reporting Standards (IFRS): Pros and cons for investors. Accounting & Business Research, 36 (Sup.1), 5 27.*
8. *Ball, R., Robin, A., Wu, J. S. (2003). Incentives versus standards: Properties of accounting income in four East Asian countries. Journal of Accounting and Economics, 36 (1-3), 235 – 270.*
9. *Blackburn, K., Bose, N., Haque, M. E. (2008). The incidence and persistence of corruption in economic development. Journal of Economic Dynamics & Control, 30 (12), 2447 – 2467.*
10. *Boateng, R. N., Tawiah, V., & Tackie, G. (2022). Corporate governance and voluntary disclosures in annual reports: a post-International Financial Reporting Standard adoption evidence from an emerging capital market. International Journal of Accounting and Information Management, 30(2), 252-276.*
11. *Cai, F., Wong, H. (2010). The effect of IFRS adoption on global market integration. International Business & Economics Research Journal, 9 (10), 25 -34.*
12. *Cai, L., Rahman, A., Courtenay, S. (2014). The effect of IFRS adoption conditional upon the level of pre-adoption divergence. The International Journal of Accounting, 49 (2), 147 – 178.*
13. *DeFond, M., Hu, X., Hung, M., Li, S. (2011). The impact of mandatory IFRS adoption on foreign mutual fund ownership: The role of comparability. Journal of Accounting & Economics, 51, 240 – 2258.*
14. *Deloitte (2015). Use of IFRS by jurisdiction. (Available at) http://www.iasplus.com/Plone/en/resources/use-of-ifrs*
15. *Ding, Y., Hope, O. K., Jeajean, T., Stolowy, H. (2007). Difference between domestic accounting standards and IAS: Measurement, determinant and implications. Journal of Accounting and Public Policy, 26 (1), 1 - 38.*
16. *Doing Business Report. The World Bank (2002 – 2020).*
17. *Deumes, R., & Knechel, W.R. (2008). Economic incentives for voluntary reporting on internal risk management and control systems. Auditing: A Journal of Practice and Theory, Vol. 27 No. 1, pp. 35-66.*
18. *Kaufman et al. (2012). The Worldwide Governance Indicators, 2018 update*
19. *Ehrlich, I., Lui, F. T. (1999). Bureaucratic corruption and endogenous economic growth. Journal of Political Economy, 107 (S6), S270 – S293.*
20. *Everett, J., Neu, D., Rahaman, A. S. (2007). Accounting and the global fight against corruption. Accounting Organizations and Society, 32 (6), 513 - 542.*
21. *Facio, M. (2006). Politically connected firms. American Economic Review, 96 (1), 369 – 386.*
22. *Fan, J. P. H., Wei, K. C. J., Xu, X. (2011). Corporate finance and governance in emerging markets: A selective review and an agenda for future research. Journal of Corporate Finance, 17, 207 - 214.*
23. *Fisman, R., Svensson, J. (2007). Are corruption and taxation really harmful to growth? Firm level evidence. Journal of Development Economics, 83 (1), 63 - 75.*
24. *Gordon, L. A., Loeb, M. P., Zhu, W. (2012). The impact of IFRS adoption on foreign direct investment. Journal of Accounting & Public Policy, 31 (4), 374 – 398.*
25. *Hope, O. K., Jin, J., Kang, T. (2006). Empirical evidence from jurisdictions that adopt IFRS. Journal of International Accounting Research, 5 (2), 1 – 20.*
26. *Horton, J., Serafeim, G.,Serafeim, I. (2013). Does mandatory IFRS adoption improve the information environment? Contemporary Accounting Research, 30 (1), 388 - 423.*
27. *Kaufmann, D., Wei, S. J. (1999). Does 'grease money' speed up the wheels of commerce? World Bank Policy Research Paper (paper no. 2254). (Available at) http://ssrn.com/abstract=629191*
28. *Khurana, I. K., Michas, P. N. (2011). Mandatory IFRS adoption and the U.S home bias. Accounting Horizons, 25 (4), 729 – 753.*
29. *Kimbro, M. B. (2002). A cross-country empirical investigation of corruption and its relation to economic, cultural and monitoring institutions: An examination of the role of accounting and financial statements quality. Journal of Accounting Auditing and Finance, 17 (4), 325 – 375.*

SJIF Impact Factor 2022: 8.197| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online)
EPRA International Journal of Research and Development (IJRD)
Volume: 7 | Issue: 7 | July 2022 - Peer Reviewed Journal

30. *Kurauone, O., Kong, Y., Sun, H., Muzamhindo, S., Famba, T., & Taghizadeh-Hesary, F. (2021). The effects of International Financial Reporting Standards, auditing and legal enforcement on tax evasion: Evidence from 37 African countries. Global Finance Journal, 49, 100561.*
31. *La Porta, R., Lopez-de-Silanes, F., Shleifer, A. S., Vishny, R. (1999). The quality of government. The Journal of Law, Economics & Organization, 15 (1), 222 – 279.*
32. *La Porta, R., Lopez-de-Silanes, F., Shleifer, A. S., Vishny, R. (2000). Investor protection and corporate governance. Journal of Financial Economics, 58 (1-2), 3 – 27.*
33. *Lederman, D., Loayza, N., Soares, R. S. (2005). Accountability and corruption political institutions matter. Economics & Politics, 17 (1), 1 – 35.*
34. *Malagueno, R., Albercht, C., Ainge, C., Stephens, N. (2010). Accounting and corruption: A cross-country analysis. Journal of Money Laundering Control, 13 (4), 372 – 393.*
35. *Marquez-Ramos, L. (2008). The effect of IFRS adoption on trade and foreign direct investments (working paper). International Trade and Finance Association, paper no. 19. (Available at) http://EconsPapers.repec.org/RePEc:itfapp:1124*
36. *Nurunnabi, M. (2021). Implementation of international financial reporting standards (IFRS) in developing countries. In International Financial Reporting Standards Implementation: A Global Experience. Emerald Publishing Limited.*
37. *Olken, B. A., Pande, R. (2012). Corruption in developing countries. Annual Review of Economics, 4 (1), 479 – 509.*
38. *Paldam, M. (2002). The cross-country pattern of corruption: Economics, culture, and the see saw dynamics. European Journal of Political Economy, 18 (2), 215 – 240.*
39. *Preiato, J., Brown, P., Tarca, A. (2015). A comparison of between-country measures of legal setting and enforcement of accounting standards. Journal of Business Finance & Accounting, 42 (1&2), 1 – 50.*
40. *Pricewaterhouse Coopers in September – October 2015*
41. *Rock, M. T., Bonnett, H. (2004). The comparative politics of corruption: Accounting for the East Asian paradox in empirical studies of corruption, growth and investment. World Development, 32 (6), 999 – 1017.*
42. *Shleifer, A., Vishmy, R. (1993). Corruption. The Quarterly Journal of Economics, 108 (3), 599 – 617.*
43. *Smarzynska, B. K., Wei, S. J. (2000). Corruption and composition of foreign direct investment: Firm-level evidence. NBER working paper series (Available at) http://ssrn.com/abstract=630732*
44. *Tanzi, V. (1998). Corruption around the world: Consequences, scope, and cures. Staff papers – International Monetary Fund, 45 (4), 559 – 594.*
45. *Triesman, D. (2007). What have we learned about the causes of corruption from ten years of cross-national empirical research? Annual Review of Political Science, 10, 211 – 244.*
46. *Wu, X. (2005a). Firm accounting practices, accounting reforms and corruption in Asia. Policy and Society, 24 (3), 53 - 78.*
47. *Yu, G. (2010). Accounting standards and international portfolio holdings: Analysis of cross-border holding following mandatory adoption of IFRS. (Unpublished doctoral dissertation). University of Michigan, Ann Arbon, MI.*