

Effect of IFRS Compliance on Financial Reporting Quality of Firms Listed on the GSE: The Moderating Role of Corporate Governance

Helena Ahulu, Torifaa Angso Pogpilaa Ruth and MacCarthy John^{*}

*Department of Accounting, University of Professional Studies
Accra, Ghana*

Abstract: This study assesses whether International Financial Reporting Standards compliance improves the quality of financial reporting among companies listed on the Ghana Stock Exchange and whether corporate governance modifies that relationship. A two-step system Generalised Method of Moments (GMM) estimator was applied. The findings show that IFRS compliance significantly reduces absolute discretionary accruals ($\beta = -0.610$, $p < 0.01$), indicating improved financial reporting quality. These results suggest that while IFRS compliance enhances reporting quality, the benefits are maximised when reinforced by effective board oversight. Regulators should strengthen IFRS enforcement and encourage firms to improve board independence, clarify decision-making authority, and invest in director training. Strong governance frameworks are vital for Ghana's capital market to realise the full informational value of IFRS-based reporting.

Keywords: Absolute Discretionary Accruals, Moderating Role, Financial Reporting Quality, IFRS Compliance

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^{*} Corresponding author. Email: macCarthy.john@upsamail.edu.gh