World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

THE IMPACT OF CORPORATE GOVERNANCE MECHANISMS ON THE RELATIONSHIP BETWEEN EARNINGS QUALITY AND FINANCIAL PERFORMANCE

اثر اليات حوكمة الشركات على العلاقة بين جودة الأرباح والأداء المالي

Tammar Salih Jawad Hayder
Iran University of Urmia Accounting
Tamarsaleh1@gmail.com

Article history:
Received: 10th April 2024
Accepted: 8th May 2024

Abstract:

The current research aims to evaluate the impact of adopting International Financial Reporting Standards (I.F.R.S) and corporate governance mechanisms on compliance with international standards in earnings management, financial reporting preparation, and financial reporting quality (F.R.Q). An example is the 102 Country corporations listed as firms in 2014–2019, which is a sample of which is used as a measure .

To estimate the results of the study, descriptive statistics were used in the study, along with correlation analysis and multivariate analysis.

It was found that the independence of the board of directors was positive, despite the negative impact of board meetings, board size, and foreign ownership on compliance with IFRS when compared to the audit committee and board independence. In addition, the results indicate that there is an indication of earnings management in accordance with I.F.R.S when performance size was used.

The financial reporting quality was severely affected by board and audit committee size, meeting length, and ownership of managerial, but the independence of board and audit committee was beneficial. In particular, it found that under I.F.R.S F.R.Q was more acceptable compared to Country G.A.A.P, indicating the key finding that a similar F.R.Q under IFRS was not acceptable as the research was found to be much more effective. Practical suggestions are presented by the current study for policy makers, stock market officials, and academics.

A supervisory board for financial reporting needs to be established and additional regulatory and disclosure requirements must be imposed, as well as an internal financial reporting bureau. Our team aided us in updating the literature on corporate governance, financial reporting quality, IFRS compliance, and earning management by contributing new research to further contribute to the current understanding and progress of these issues. Its specificizable effect is unique as it aims to address this theme within the context of economy of emerging and a recent I.F.R.S adopter; Country with specific, individualistic characteristics specific to that country. The study focuses on optimizing the management of earnings and assessing financial reporting quality under various accounting standards, including I.F.R.S and Country G.A.A.P, are the primary concerns.

Keywords: Corporate, governance, Earnings quality, Financial , performance

INTRODUCTION

The "Corporate Governance Regulations in the Kingdom of Country" was the corporate governance code of the Country Capital Market Authority (S.C.M.A.), which was in 2006 first published and later in 2009 updated (Ghabayen, 2016; Kalyanaraman & Altuwaijri, 2016; Shehata, 2015; Hill et al., 2015). The recently announced, and updated, C.G regulation of the new newly revised CG regulation has been effective from 2017 and includes the latest updates, the new regulations will come into force from 2017. Until early 2009, the Country Corporate Governance Regulations (S.C.G.R.s) were voluntary and did not require an approval process. In 2013 (Alzahrani, 2013), implementation and reporting requirements for listed companies have been made mandatory since 2010.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

The code is obligated to be implemented by all listed companies on a compliance/explain basis, which is considered a 'explain or comply' policy (Alzahrani, 2013; AlQahtani, 2014; Shehata, 2015; Hill et al., 2015). Upon compliance with the S.C.G.R.s, every listed company must report its adherence and explanation for non-compliance. Companies that claim that their code doesn't comply with its requirements must address the non-compliance grounds for compliance with the code and provide evidence of justification to the SCMA (Shehata, 2015).

Accounting standards were primarily based on U.S standards, but Country followed suit in 1986 by introducing its own national accounting and auditing standards in 1986 (Al-matari et al., 2012). The Country Organization for Certified Public Accountants (S.O.C.P.A) is modeled after the Country Accounting Association (S.A.A.), which was responsible for creating accounting standards and regulations for the country..

All Gulf countries with the exclusion of Country have since made IFRS the standard for financial reporting, and all companies are obligated to prepare their financial reports in accordance with the new standard, which has also been adopted in 1999. I.A.S has been adopted by Oman since 1996 and UAE since 1999, as evidenced by the adoption of IAS in Oman. Following the replacement of IAS with I.F.R.S in 2001 (Ramady, 2012, P. 180), both countries use IFRS (Samady, 2012, p. 180). In 2013 SOCPA published a project to adopt I.F.R.S in southeastern Asia, but not in KSA.

SOCPA has announced the creation of the "S.O.C.P.A Project for Transition to International Auditing Standards & Accounting " (Manduca, 2016), which seeks to harmonize IFRS with multinational accounting practices.. Financial institutions will be required to adhere to IFRS as per SAMA requirements under this plan. Starting in 2017, I.F.R.S will be required compliance by all listed firms; and other remaining firms will be required by I.F.R.S by 2018..

Country's I.F.R.S is akin to the IASB standards, but there are potential amendments in three aspects: requiring more disclosure information, eliminating optional treatments, and altering requirements that conflict with Shariah or local law while considering technical and professional expertise (PWC, 2014). CG mechanisms and adoption of I.F.R.S as the standard for CG mechanisms in a new study investigating the effect of these on the quality of compliance with I.F.R.S, with a particular emphasis on their impact on financial reporting and management methods, and on the adoption of I.F.R.S through organizations that operate under CG mechanisms. Three-dimensional goals and contributions are the focus of the research. Initially, it seeks to determine the degree to which corporate governance mechanisms are linked to compliance with I.F.R.S., by measuring the underlying factors. The study endeavors to evaluate the efficiency of implementing I.F.R.S for financial reporting quality and improving earning management in three dimensions..

The current study has several advantages and implications, making this study the first one. It checks if Country companies are complying with I.F.R.S mandatory requirements and provides a report on their compliance with the recommended I.F.R.S standards. It also aims to assess the influence of corporate governance on the regulation of management of earning activities. The study's main purpose is to compare the consequences of corporate mechanisms governance on monetary management and financial reporting quality under the I.F.R.S and Country GAAP accounting standards, as well as the impact of corporate governance mechanisms on achieving the balance of financial reporting quality and monetary management as compared to traditional accounting standards..

THEORETICAL FRAMEWORK

The study also aims to evaluate the impact of adopting I.F.R.S and the feasibility of using I.F.R.S in Country, and whether the adoption of I.F.R.S in Country has fulfilled its objective of improving financial reporting quality. Regulators, stock markets, analysts, professionals, and academicians can benefit from the insights provided by the study in dealing with this problem. The study provides empirical evidence on the impact of window dressing I.F.R.S disclosures on the quality of financial reporting or organization. It also examines the role of corporate mechanisms governance in addressing this issue in an emerging country; Country.

The literature review is the first part of the study section, which is divided into three sections. Section 3 details the study methodology and design. Section 4, computes the outcomes and section 5 outlines the conclusions..

LITERATURE REVIEW

2.1 Characteristics of Board

Several studies suggest that increased board size leads to better monitoring when the board members are diversified, more effective, and more experienced (Brown et al., 2011; Mambondiani, 2011; Akhtaruddin et al., 2009). Despite the fact that smaller boards are commonly associated with better coordination and communication (Abbott et al., 2004), better disclosure levels and quality information (Juhman, 2017; Al-Shaer et al., 2017; Al-Akra et al., 2010), other studies have indicated that communication and coordination are better with smaller boards (Abbott et al., 2004).

According to some researches, board size is directly related to the compliance with I.F.R.S guidelines, as previously reported (Al-Akra et al., 2010; Juhman, 2017). Wan- Hussin and Ba-Abbad, (2011), point out that board size does not always correspond to I.F.R.S compliance, as board size is a function of compliance, as stated in Contradictory (Wan-Hussin and Ba-Abbad, 2011). Board size in relation to FRQ has been found to have a positive and significant impact in several studies, as reported by researchers (Góis, 2009; Farber, 2005; Ditropoulos & Asteriou, 2010). Board size is not

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

strongly correlated with FRQ as suggested by Ahmed and Duellman(2006) and pointing to board size in general and FRQ in particular (2012).

A significant connection between board independence and comprehensive statutory disclosures, information asymmetry, and FRQ is observed among more board independence (Yeoh & Owusu-Ansah 2005; Nelson et al., 2010; Samaha et al., 2012) and F.R.Q (Koh et al., 2007; Bradbury et al., 2006; Ahmed & Duellman; 2006).

Board independence and FRQ have been shown to have a negative correlation with board independence in some studies (e.gOnuorah et al., 2016.,; Cornett et al., 2009). Petra (2007) found a negligible relationship between the two, but some evidence exists that neither is strong. A comparison of the findings of Nemours studies (e.g. Al-Ghamdi, 2012; Chou et al., 2013; Francis et al., 2012Habbash, 2010; ; Ntim & Osei, 2011; Modum et al., 2010) should be given to the following studies: (i.e., Chou et al., 2013; Al-Ghamdi, 2012; Francis et al., 2012; Ntim et al.. In addition, they assert that more diligent board examination, often inversely proportional to earnings management, results in better disclosure levels. Habbash (2010) asserted that meetings frequency may not necessarily discourage earnings management practices, as meetings frequency may not necessarily discourage this..

2.2. Audit committee attributes

F.R.Q is positively and significantly positively associated with FRQ in audit committee size, although it is earnings management with negatively associated (Lin & Hwang, 2010;Cornett etal., 2008), and in a positive correlation with voluntary disclosure (Akhtaruddin et al., 2009), according to different studies. Audit committee size is an insignificant factor in managing earnings (Cotter & Baxter 2009), whereas F.R.Q (Abbott et al., 2004) has been shown to have minimal effects (Baxter & Cotter, 2009) and (FRQ) (Baxter & Cotter, 2009) due to its comparatively small size.

Board independence and increased voluntary disclosure levels were found to be positively and strongly associated with board independence and reduced management of earnings (Klein et al., 2002). Conversely, Lin et al. According to Utama and Siregar (2008), audit committee independence is not directly linked to reduced earnings management despite having a substantial claim for self-independence on the audit committee (2006).

Ruth et al. follows suit. Voluntary disclosures and audit committee independence were found to have a negligible relationship with 2011 values. Song and Windram (2004) contend that auditor committee meetings should be more frequent when FRQ and Abbott et al. increase their frequency. (2004) stated that it aids in enhancing I.F.R.S disclosures. Ebrahim (2007) suggests that it is linked to a reduced degree of controlling earnings, as he also notes .Variously, depending on the variable.

Baxter and Cotter (2009) demonstrated a negligible relationship between the severity of earnings management or F.R.Q and the frequency of audit committee meetings, which has a low correlation between the two indicators in F.R.Q and F.R.Q..

2.3 Ownership structure

Al-bassam et al. According to the report by (2018), ownership structure is strongly linked to voluntary disclosure. Similarly, Hambreg et al. was focused in the same context. Gordon et al (2012), Gordon et al and Silva et al (2012). were selected as the authors in (2013), (2012) Gordon et al and Silva et al. as observers. The stipulation in I.F.R.S adoption that equates to foreign ownership is deemed positively associated with adoption according to (2012). Yasser et al. had no distinct approach to this problem, just like others did.

Lee et al. was the first to write about this topic, followed by Lee et al .

Evidence from Thailand and China (2013) that suggests there is a positive and significant relationship between FRQ under I.F.R.S and FRQ under I.F.R.S and greater foreign ownership as demonstrated by Srithanpong (2013)..

2.4 Quality of Audit

According to Gray and Street (2002) and Ahmed and Karim (2005), a firm that audited by a Big-Four is known to have a greater I.F.R.S compliance level when it is stated that there is a positive association between this and higher I.F.R.S compliance. Consistently, Onuorah et al. (2016) They maintain that the quality of external audit's impact on FRQ is both advantageous and crucial, despite their primary responsibility being directed towards the quality of internal Audit and disciplinary Committees. Nonetheless, Davidson et al. (1997) provided a comparison. Despite the need for a Big 5 auditor, earnings management remains consistent, according to a report by the same (2005) report. Corporate governance in Country Arabia has been the subject of multiple studies throughout history, including a number that have focused on Country Arabian corporate governance.

Despite the fact that corporate governance in Country has been extensively studied before (Almaqtari et al., 2020), there is a significant deviation (Figure 1). Rahman & Omar, 2013; Alajlan, 2015; Al-bassam et al., 2015; Al-Janadi et al., 2016; Darweesh, 2015Alkahtani, 2013; ; Alzahrani, 2014; Ghabayen 2012; Al-matari & Al-Matari 2012), discussing firm performance or disclosure issues. A significant portion of these studies are based on Country GAAP, making them crucial developments. Despite this, Country has adopted the use of I.F.R.S for its financial reporting practices. The new accounting standards necessitate an appraisal of I.F.R.S disclosures, raising management and financial reporting quality, under the reliance on I.F.R.S. However, financial reporting quality and comparing earning management practices under

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

I.F.R.S and Country GAAP also requires comparing to the local set of accounting standards and requiring comparison of financial reporting quality and reporting quality, given that these considerations are narrow and relevant. In terms of earning management, there are several studies that have been conducted in Country on a country-wide basis.

Habbash and Alghamdi (2015) and Alghamdi (2012) analyzed the management of earnings in Country firms and identified four primary reasons for facilitating earnings: the ability to pay a fixed profit, avoid financial losses, secure a bank loan, and raise share prices. Al-Thuneibat et al. were involved in the study of al. governance of Corporate and earnings management do not make an impact on earnings management, as evidenced by a statistically insignificant effect found in 2016. The mark of question on the effectiveness of corporate governance in Country is now largely focused on how it can be improved, according to their findings. According to their statement, there is a notable level of compliance with corporate governance requirements, but there is no significant impact on earnings management. Similarly, Alshetwi (2016) discovered that the multi-member audit committee members have a insignificant statistically relationship in reducing the level of management earnings in 98 Country nonfinancial companies listed. According to Habbash (2019), board size and board independence are strongly linked to earnings management, but are negatively linked at significant levels.,

Baatour et al. The evidence gathered by (2017) indicates that the number of multiple directorships is linked to improved earnings management practices. According to them, the multiple directorships can have a significant and advantageous influence on the management of real earnings in the Kingdom of Country. The number of directorships did not appear to have a significant impact on accrual-based earnings management, according to their findings. Alsultan (2017) reveals that the role of Big 4 firms in controlling earnings is limited to income reduction activities only. Alghamdi and Habbash (2016) argue that only auditor opinion is indicative of earnings management practice, and thus the auditors' powerlessness against managerial opportunistic activities is diminished by their belief that they can only judge the behavior of managers .

Oraby (2017) argued that a management strategy using accrual-based earnings management is employed to manipulate downward earnings, but it isn't significant because it does not affect share prices. Real activities-based earnings management strategy, on the other hand, is a statistically significant earnings management strategy that has value relevance and can manipulate net income upwards.. Management practices practices linked to profits to increase net income based on real activities, while in the capital market investors understand the practices and when setting stock prices they underestimate the importance of the value of profits. Despite this, there are fewer studies available which examine the relationship between earning management and corporate governance, especially following the adoption of I.F.R.S. A new study has been commissioned to investigate how corporate governance affects the earning of management before and after the issuance of I.F.R.S standards. This is a first for the present research. The impact of governance corporate on earning management is the primary concern of all Country studies, while IFRSissue is a relatively recent addition to the research literature.

METHODOLOGY AND THE PROPOSED STUDY

Using a sample of 102 companies non-financial listed on the Country Market Stock (Tadawul) for period from 2014-2019, the current study also focuses on the present research. The current study's research period is split into pre and post IFRS adoption, giving authors the option to refer to their findings with a specific year. Pre-IFRS adoption was used for the period 2014 to 2016, while post- I.F.R.S adoption is applied for the period 2017 to 2019..

The present study focuses on the four dimensions of corporate governance, which are the effectiveness of the board of defectors (independence, size ,and meetings), the effectiveness of the audit committee (size, meetings and independence), ownership (foreign, family and managerial ownership), and audit quality by Big-4. The study used the impact of adopting I.F.R.S as a representative variable for both periods; before and after I.F.R.S adoption (refer to table 1) and again. I.F.R.S compliance, financial reporting quality and earning management are among the events attributed to the regressing independent variables, which are treated as the independent variables by testing against them. Fig. Research framework of this study 1 is provided below as an illustration of the research framework of the current study 1:

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

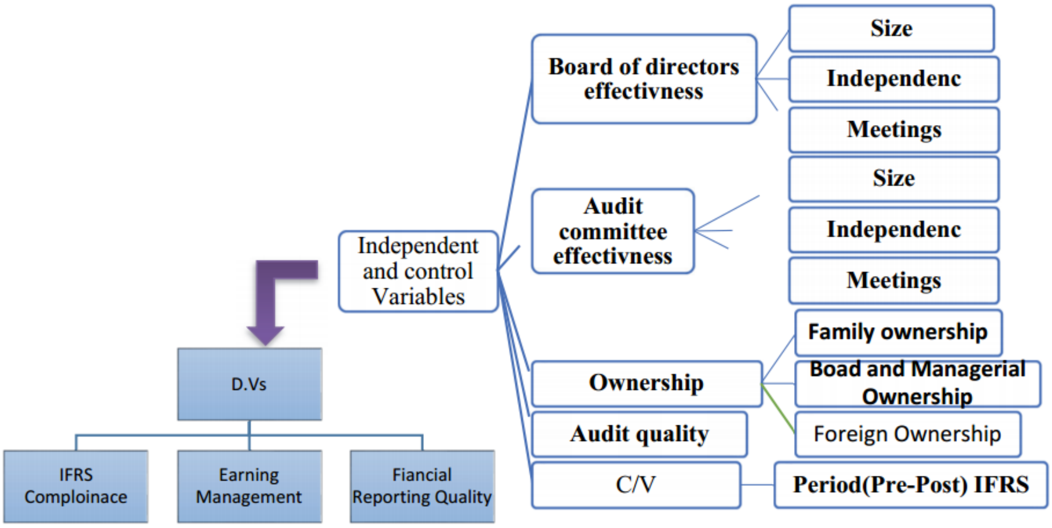

Fig. 1. Research framework

Table 1 Variables Definition Operational

Ariables- Acronym- Description
Compliance with I.F.R.S, I.F.R.S.C,
Earning Management Accrual (A) Discretionary accruals, Kothari et al. (2005) model as used by (Li et. al, 2018; Habbash & Alghamdi, 2016)
Accrual (B) Discretionary accruals, modified Jones model as used by (e.g., Alghamdi, 2012; Donget al., 2020).Financial Reporting quality FRQ McNichols model (2002) Independent Variables
Board Size BSZE "Total No. of the members of B.O.D"
Board Meetings BMET "Total No. of meetings attended byall board members/ total No. of meetings held during the year"
Audit Committee Size ACSIZE Total No. of the members of AC
Audit Committee Independence ACIND "No. of Independent AC members / total No. of AC members"
Audit Committee Meetings ACDEL "Total No. of meetings attended byall AC members / total No. of meetings held during the year"
Audit quality Big-4 1 if a firm audited bya Big-Four or 0 otherwise
Family ownership FMOWN % of shares held by families
Board/managerial ownership MOWN % of shares held byboard members or management
Foreign ownership FOWN % of shares held byforeign investors
IFRS IFRS A dummyvariable of 1 for post-IFRS adoption and 0 otherwise

a. Measuring Compliance with IFRS

Current study based on 30 April 2017 Deloitte (Big-Four) checklist and a compliance index checklist taken from I.A.S.B 2017 and issued on 30 /4/2017 respectively. It contains 256 mandatory items from 36 standards and has been compared with similar studies conducted in I.F.R.S mandatory disclosure and compliance using a total of 36 standards. Specifically, the current study employs the "Partial Compliance (PC)" method to compute I.F.R.S disclosures, and the current study uses this approach with the I.F.R.S disclosures in context.. Street & Gray (2001) and AlShiab (2003) were used as data sources for the compliance index, with additional factors such as Street & Gray & AlShiab (2003) being weighted to determine the level of compliance. The mathematical expression for PC is PC.

$$PC_j = \frac{\sum_{i=1} X_i}{R_j}$$

PCj is for an individual company the degree of full compliance and 0 PCj 1. Xi for an individual accounting standard shows the level of compliance with mandatory disclosures.It should be the total number of standards applied for the company in question. Intellectual property is proportional to the total number of compliance scores (X) obtained from the compliance score of a particular company.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

b. Earning Measuring Management

Prior studies have most often incorporated the modified Jones model as a means of estimating earning management (Dechow et al., 1995). Alghamdi and Habbash (2016) regarded a lagged return on assets as a magnitude performance that was previously proposed by Kothari et al., while Habbash et al. (2017) et al. chose not to use this approach. To overcome the heteroscedasticity and misspecification problems, it was necessary to resort to methods (2005) to address these problems. In the wake of these studies, the present study applies both without performance and with performance magnitude to estimate management earning using the current study. Habbash & Alghamdi (2016) detailed in their report that there are five steps to take in order to reach the proxy for earnings management based on the five steps (in UK universities and UK businesses) as described in Habbash & Alghamdi (2016).:

1-For company j in year t, taking into account the total accruals TACCRUAL, by the difference between operating profits EARN and net cash flow from operations CFO for company j in year t, for company j in year t, by the difference between net profits EARN for company j in year t, for company j in year t, for year t, to for company j in year t, .

$$TACCRUAL_{j,t} = EARN_{j,t} - CFO_{j,t}$$

2- Depending on the industry sector annual magnitude, the magnitude of each industry sector will be estimated separately for each year as follows:

$$\frac{TACCRUAL_{j,t}}{A_{j,t-1}} = \alpha_0 + \alpha_1 \frac{1}{A_{j,t-1}} + \alpha_2 \frac{\Delta SALE_{j,t} - \Delta REC_{j,t}}{A_{j,t-1}} + \alpha_3 \frac{PPE_{j,t}}{A_{j,t-1}} + \alpha_4 ROA_{j,t-1} + \varepsilon_{j,t}$$

Where TACCRUAL, denotes total accruals for a firm j in a year t, where A stands for total assets, A for total assets, SALE for total revenues, REC for total accounts receivables, PPE for property, plant and equipment, ROA for return on assets, and for residuals, is the case for firm j in a year t,,,,,,,,,, ', deduced by -.

3- The calculation of non-discretionary accruals in NDACCRUAL requires the addition of coefficients (,,, alpha) for each industry in order to determine non-discretionary accruals for each particular type.

$$NDACCRUAL_{j,t} = \alpha_0 + \alpha_1 \frac{1}{A_{j,t-1}} + \alpha_2 \frac{\Delta SALE_{j,t} - \Delta REC_{j,t}}{A_{j,t-1}} + \alpha_3 \frac{PPE_{j,t}}{A_{j,t-1}} + \alpha_4 ROA_{j,t-1}$$

4- Considering the distinction between total and non-discretionary accruals using TACCRUAL and NDACCRUAL: Getting the total total accruals as TACCRUAL, and the non-discretionary accruals as NDACRUAL, and so on.

$$DACCRUAL_{j,t} = TACCRUAL_{j,t} - NDACCRUAL_{j,t}$$
$$ADACCRUAL_{j,t} = \left|DACCRUAL_{j,t}\right|$$

c. Measuring Financial Reporting Quality

Financial reporting quality can be assessed using various indicators. Onuorah, et al. (2017) and Al-Shaer et al (2017) are two recent studies that provide similar data. Jones Model (1991), Li and Wang (2010) and Kardan et al. were used as references (2016), while other studies such as La Jolla (2010) and C. Willis (2016) were used from 2016. Employing the Dichev and Dechow model (2002), Call et al. model (2002), and the Djokhar Expedition model (2002), in the work performed .(2016)

Chalaki et. McNichols model (2002) by Chalaki et. Gomariz and Ballesta (2013), Gomariz and Ballesta (2017), and Gomariz and Ballesta (2017) were all based on McNichols model (2002) and Chalaki et. Other research incorporated using McNichols model (2002) and Chalaki et. Altered cookies are used for al fresco dining.:

$$\frac{TCA_{j,t}}{ASSET_{j,t}} = \beta_{0j} + \beta_{1,j} + \frac{CFO_{j,t-1}}{ASSET_{j,t}} + \beta_{2j}\frac{CFO_{j,t}}{ASSET_{j,t}} + \beta_{3j}\frac{CFO_{j,t+1}}{ASSET_{j,t}} + \beta_{4j}\frac{\Delta REV_{j,t}}{ASSET_{j,t}} + \beta_{5j}\frac{PPE_{j,t}}{ASSET_{j,t}} + \varepsilon_{j,t}$$

The level of property, equipment and plant is j, where is the level of property tax, taxes, duties, shifts, duties, capital, and taxes for year j of firm j is j. The lagged total assets ASSET, is the scale that all these variables are used to adjust.

3.1 Model Specification

The study objectives are threefold; to determine the extent to which corporate governance mechanisms shape 1) earning management, 2), IFRS compliance and 3) reporting of financial quality. a) I.F.R.S Compliance Specification Model The next model is estimated to assess impact of governance corporate mechanisms on I.F.R.S compliance:

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

$$IFRSC_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

b) Earning Management Model Specification
Using the aforementioned models, the upcoming study examines the impact of corporate governance on earning management, with particular attention to corporate governance .
Defining these models, below are the following models as described.:

$$DACCRUAL(A)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

$$DACCRUAL(B)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

DACCRUAL(B and A) are measures of earning management with a magnitude performance (A) and without a magnitude performance (B). Adding effect of IFRSadoption as a variable dummy of “1” for I.F.R.S standards and “0” for Country G.A.A.P requires the addition of adoption coefficient adjustment (Cadoption coefficient adjustment) to the resulting models: the corresponding models are followed in the order below, with one exception for IFRSadoption and one for Country G.A.A.P:

$$DACCRUAL(Adummy)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \beta_{10} IFRS_{it} + \varepsilon_{it}$$

$$DACCRUAL(Bdummy)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \beta_{10} IFRS_{it} + \varepsilon_{it}$$

The same models are also estimated individually for both IFRS and Saudi GAAP as follows:

$$DACCRUAL(Aifrs)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

$$DACCRUAL(Bifrs)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

$$DACCRUAL(AsGaap)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

$$DACCRUAL(BsGaap)_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

c) Specifications of the financial reporting quality model
Models currently under investigation are expected to examine the impact of various corporate mechanisms governance on F.R.Q arranging.:

$$FRQ_{jt} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 BMET_{it} + \beta_4 ACSIZE_{it} + \beta_5 ACSIND_{it} + \beta_6 ACMET_{it} + \beta_7 FMOWN_{it} + \beta_8 BEQ_{it} + \beta_9 AQ_{it} + \varepsilon_{it}$$

FINDINGS AND DISCUSSION

4.1 Statistics of Descriptive
Statistics of Descriptive for collective and previous I.F.R.S adoption models are presented in Table 2, along with tables 1, 2, 6, and 8 respectively. Compliance with I.F.R.S shows that the minimum level of compliance is 63%, the maximum is 92%, and the average is 79%. The findings indicate that accruals with a magnitude performance have maximum value of (0.81), a minimum value of (0), mean value of (0.0739), standard deviation of (0.1299), and standard deviation

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

of (0.130). Habbash and Alghamdi (2016) assert that there is a minimum value of (0.00) and a maximum value of (0.78) for discretionary accrual, with a mean value of (0.10). The findings also reveal that board size has of 8 members an average in the board, ranging in the board from 5-12 members. Moreover, the board's independent voting volume has a typical 4 members in the board, ranging from 1 to 8 members. There are 8 independent members in the board, which is equivalent to the number of members in the board being 12 members. Board meetings usually occur at two meetings per year, whereas some companies have at least 18 meetings per year and some have an average of 5 meetings per year..

Table 2
Statistics of Descriptive

Variables	Mean	Maximum	Minimum	Std. Dev.
Collective Model: Obs.604				
IFRC	0.78	0.93	0.64	0.05
ACCRUAL	0.00	1.70	-2.97	0.25
ACCRUAL(A)	0.074	0.811	0.00	0.130
ACCRUAL(B)	0.069	0.741	0.00	0.121
BSIZE	8.26	12.00	5.00	1.44
BIND	3.96	8.00	1.00	1.30
BMET	5.42	18.00	2.00	2.15
ACSIZE	3.54	7.00	3.00	0.75
ACIND	1.71	4.00	1.00	0.74
ACMET	5.42	17.00	1.00	1.91
FMOWN	0.019	0.825	0.000	0.084
BEQT	0.067	0.859	0.000	0.129
AQ	0.69	1.00	0.00	0.46
IFRS	0.50	1.00	0.00	0.50
Variables Pre-IFRS Adoption Model:				
ACCRUAL(A)	0.042	0.811	0.00	0.101
ACCRUAL(B)	0.039	0.720	0.00	0.082
BSIZE	8.17	12.00	5.00	1.39
BIND	3.88	8.00	1.00	1.25
BMET	5.39	18.00	2.00	2.27
ACSIZE	3.55	7.00	3.00	0.77
ACIND	1.66	4.00	1.00	0.75
ACMET	5.56	17.00	1.00	2.05
FMOWN	0.036	0.825	0.000	0.119
BEQT	0.065	0.603	0.000	0.119
AQ	0.65	1.00	0.00	0.48
Post-IFRS Adoption Model: Obs. 300				
ACCRUAL(A)	0.032	0.791	0.00	0.081
ACCRUAL(B)	0.030	0.741	0.00	0.091
BSIZE	8.36	12.00	5.00	1.49
BIND	4.04	8.00	1.00	1.35
BMET	5.43	15.00	2.00	1.96
ACSIZE	3.53	7.00	3.00	0.73
ACIND	1.76	4.00	1.00	0.74
ACMET	5.26	12.00	1.00	1.66
FMOWN	0.022	0.825	0.000	0.098
BEQT	0.073	0.700	0.000	0.142
AQ	0.73	1.00	0.00	0.44

Audit committee size variables encompass a range of 0-7, 4-8, and 3-8 members, as per the outcomes of the audit committee characteristics. The number of independent members on an audit committee does not go beyond I members to 4 members, and in audit committees, this number is typically 2 independent members. Similarly, audit committee meetings have a mean of five meetings annually, with a minimum of one meeting in some companies and a maximum of 17 meetings..

Audit quality indicates that companies being audited by Non-Big-4 indicate a lack of auditing, while companies being audited by a Big-4 have a average of (0.69) and the audit quality indicates that the companies are audited by a Big-4. IFRS represents a dummy variable of 1 for the post-IFRS period and 0 otherwise in the same quest. In managerial ownership, there is a maximum of (0.86) ownership, a minimum of (0.000) ownership, and an average of (0.067) ownership. Family ownership has a minimum of (0.000) ownership, a mean of (0.019) and a maximum of (0.825),. Statistical analyses of descriptive statistics following and pre-I.F.R.S adoption reveal that the average values of discretionary accruals are larger in the post-I.F.R.S periods relative to the pre-IFRS adoption (i.e., post-IFRS and post-

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

I.F.R.S). Despite post-IFRS adoption, board size, independence, meetings, audit committee independence, and I.F.R.S having a pre-I.F.RS adoption period, the mean values of the four standards remain higher than those of I.F.R.S adoption, which now has the ISO type standard.

4.2 Analysis of Correlation

An analysis of the relationship between the dependent and independent variables is presented in Table 3, along with a reconciliation of the dependent and independent variables..

Table 3

Analysis of Correlation

Collective Model: Obs.604

	IFRS	BSIZE	BIND	BMET	ACSIZE	ACIND	ACMET	FOWN	FMOWN	BEQT	AQ	SECTOR
IFRS	1.00											
BSIZE	-0.07	1.00										
BIND	-0.06	0.33	1.00									
BMET	-0.02	-0.09	0.00	1.00								
ACSIZE	-0.01	0.32	0.12	0.13	1.00							
ACIND	0.06	0.01	0.11	0.10	0.11	1.00						
ACMET	0.06	0.03	0.08	0.23	0.06	0.04	1.00					
FOWN	0.07	-0.12	-0.07	-0.04	-0.09	0.01	-0.04	1.00				
FMOWN	-0.08	0.18	0.07	0.09	0.12	0.13	-0.01	-0.06	1.00			
BEQT	0.00	0.09	-0.07	-0.03	0.14	0.12	-0.01	0.01	0.03	1.00		
AQ	-0.08	0.22	-0.16	0.05	0.10	-0.07	0.03	-0.06	0.07	0.07	1.00	
SECTOR	0.00	-0.14	0.10	-0.11	-0.18	-0.04	-0.06	-0.04	0.10	0.04	-0.10	1.00

Pre-IFRS AdoptionModel: Obs. 304

Variables	ACCRUAL(A)	ACCRUAL(B)	ACIND	ACMET	ACSIZE	AQ	BEQT	BIND	BMET	BSIZE	FMOWN
ACCRUAL(A)	1.00										
ACCRUAL(B)	1.00	1.00									
ACIND	0.08	0.08	1.00								
ACMET	0.02	0.02	0.05	1.00							
ACSIZE	0.02	0.02	0.07	0.00	1.00						
AQ	-0.06	-0.05	-0.08	0.15	0.11	1.00					
BEQT	0.04	0.04	0.07	0.03	0.15	0.07	1.00				
BIND	-0.04	-0.05	0.11	0.09	0.12	-0.08	-0.09	1.00			
BMET	0.10	0.08	0.11	0.14	0.06	0.11	-0.01	-0.09	1.00		
BSIZE	-0.03	-0.03	0.07	0.09	0.34	0.25	0.07	0.37	-0.14	1.00	
FMOWN	0.01	0.01	0.10	-0.06	0.12	0.07	-0.04	0.08	0.04	0.21	1.00

Post-IFRS Adoption Model: Obs. 300

Variables	ACCRUAL(A)	ACCRUAL(B)	ACIND	ACMET	ACSIZE	AQ	BEQT	BIND	BSIZE	BMET	FMOWN
ACCRUAL(A)	1.00										
ACCRUAL(B)	0.36	1.00									
ACIND	-0.05	-0.08	1.00								
ACMET	0.01	0.10	0.03	1.00							
ACSIZE	0.01	-0.06	0.16	0.11	1.00						
AQ	-0.06	-0.14	-0.06	-0.04	0.10	1.00					
BEQT	-0.04	-0.10	0.18	-0.06	0.14	0.07	1.00				
BIND	-0.01	0.05	0.11	0.06	0.12	-0.23	-0.04	1.00			
BSIZE	-0.01	-0.01	-0.06	-0.09	0.29	0.22	0.12	0.28	1.00		
BMET	-0.02	-0.05	0.08	0.24	0.20	0.03	-0.06	0.07	-0.08	1.00	
FMOWN	-0.04	0.03	0.14	0.02	0.13	0.06	0.10	0.06	0.17	0.13	1.00

The collective model posits that the degree to which auditors are expected to vote affects the magnitude of earning managements in relation to audit committee independence, size, audit quality, board independence, and size, as well as IFRS, with negatively correlated earnings based on the magnitude of earning managements in relation to auditory independence. Audit committee independence, size, audit quality, board independence and size, as well as IFRS and earning management, have a negative correlation. ACCRUAL(A) exhibits a positive association with all variables except audit quality which has a negative correlation with audit quality.

Earning management is only negatively linked to both magnitudes of earning management when only audit quality, board size, and independence are the determinants of earning management. When IFRS is eventually embraced, the majority of the variables that have a negative correlation between earning management and IFRS adoption have a negative correlation.

4.3 Results , discussion

a. CG mechanism mechanisms affect compliance with IFRS in terms of impact of CG mechanisms on IFRS compliance

Table (4) demonstrates how compliance with IFRS is affected by various corporate governance mechanisms. Board size (BSIZE) and BMET (BMET) are two primary factors that impact IFRS compliance, with the latter affecting compliance at a level of 1% (P values = 0.0001, 0.01). The negative coefficient (= - 0.008 and -0.033) denotes a negative effect, which is referred to as the negative effect. Ba-Abbad and Wan- Hussin (2011), Juhman (2017), Holland (2006), Rashid et al. (2017, NI ODI) IF CESSOMEIGNIONS DES CONSEFFECTUALLY INCONFECTUALLY MISCOPED BY-AbBAS & WHICH HUSSINS IN STATEMENTS (2007) & HUSSINS (2006). Al-Akra et al. and Al-Akra et al. The degree to which boards conform to IFRS regulations is significantly impacted by their size, as per a study conducted by (2010) who also found evidence that the board size matters significantly. Board meeting results are in contrast to Abdullah et al. (2004), and Chidambaran and Brick et al. (2004) and these results are highly discrepant. Board meeting frequency and disclosure requirements were found to have a significant relationship with the levels of disclosure required by boards in (2015). Board independence has been found to boost disclosure levels, which is consistent with (Patelli & Prencipe, 2007; Arcay et al., 2005; Huafang & Jianguo, 2007) that board independence raises disclosure levels. In terms of compliance with IFRS, the results show that (ACIND) audit committee independence is the only one (P values = 0.000 0.01) that significantly improves compliance with IFRS at the level of 1% (P values = 0.000 0.01). These findings also suggest

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

that all other attributes of audit committees, including auditory committee independence, exhibit a significant positive influence on compliance with IFRS at the level of 1% (with 3%) of audit committees (although PA could be larger than audit committee independence may reduce overall. Juhman (2017), Carcello and Neal, 2003 and AlAkra et al., (2010),) have shown a strong correlation between disclosure index and AC independence, which was also found to be significant.. (ACSIZE)Audit committee size, and (ACMET) meetings are independently limiting factors for compliance with IFRS at any level of significance, with no significant impact on compliance (P values > 0.05). Abdullah et al. (2015), it was stated that there is a negligible relationship between the number of AC meetings and mandatory disclosure requirements in relation to the frequency of AC meetings. The impact of (FOWN) foreign ownership ownership on IFRS compliance is significant, as it is present at a level of 1% (P values = 0.000 0.01). Several studies linking international ownership to IFRS compliance have been conducted (Pereira & Bova, 2012; Beneish et al., 2012; Gordon et al., 2012). There are fewer foreign-based investments and restrictions on foreign ownership in certain companies, potentially contributing to the situation. Furthermore, there are cases where some companies may have a strong family influence. IFRS compliance ratings are average at all levels of significance for both family (FMOWN) and board ownership (BEQ) – 1%, 5% and 10% (P values > 0.10). (AQ) Audit quality by Big-4 has a minimal impact on IFRS compliance, according to AQISS. Fekete et al.'s explanation is backed up by this. Auditor type has been found to have little impact by Street and Gray (2001) and further emphasized that auditor type is a self-aware variable. Sector can be used as a dummy variable of compliance with IFRS, suggesting that there is little variation between the manufacturing sector and service or commercial sectors.

A level of significance of 1% or greater (P values = 0.000 0.01) indicates that the model is appropriate. Moreover, the R2 is 13% adjusted, which suggests that the model predicts 13% of the variation in compliance with IFRS.

Table 4

IFRS (Model 1) with Impact of mechanisms CG on Compliance

Variable Estimates Variable Estimates
C 34.673(0.879***) ACMET -0.205 (0.000)
BSIZE -3.113 (-0.008***) FOWN -3.566(-0.001***)
BIND 4.054(0.011***) FMOWN 0.899(0.001)
BMET -0.033***(-4.495) BEQT -0.618(-0.001)
ACSIZE -0.707(-0.003) AQ 0.391(0.003) ACIND 3.389(0.014***) SECTOR -0.782(-0.001)
R-squared = 0.158 Adjusted R-squared = 0.127 F-statistic = 5.016 (0.000)

b. Earning Management and The Impact of CG mechanisms and IFRS on Earning Management

The results of regression analysis for a collective model with and without a dummy variable of IFRS are presented in Table 5. The outcomes exhibit four rows of regression analysis, where the first two columns represent a collective model using ACCRUAL(A) discretionary accruals with or without firm performance magnitude, and the second two are a collective model of ACCRUAL(B) discretionary accruals without or without firm performance magnitude. (BMET)Board meetings, (ACIND) audit committee independence, and (ACMET) meetings exhibit a 1% correlation in the effect of 1% on discretionary accruals in ACCRUAL(A). (BMET) Board meetings and (ACIND) audit committee independence, with the potentially negative impact of the QM (change capital gain) and the positive impact of the board result of the overall trend, are considered in the areas where ACM (or equivalent) has a statistically significant negative effect on the overall management of financial matters, while (ACMET) shows a "positive effect" of statistically significant negative impact of earning management. (BMET) Board meetings and audit committee independence are not linked to the reduction of earning management, as indicated .

IFRS Model ACCRUAL(A) incorporates meetings (ACMET), board meeting (BMET) and audit committee independence (ACIND), which have the same effect. Board diligence, which was previously shown to have a negative impact on earning management (Al-Ghamdi, 2012; Chou et al., 2013;Francis et al., 2012)and also contrary to Agrawal and Chadha (2005), and Klein (2002) who reported that the independence of audit committee is critical for a lower incidence of earnings restatement and to consider..

In particular, (Peasnell, et al., 2005; Lin et al., 2006;; Siregar & Utama, 2008; Osma & Noguer, 2007Xie et al., 2003) independent audit committees appear in no significant direct relation with decreased levels of earnings management . Statistically significant differences in audit committee size (ACSIZE) and board size (BSIZE) have a significant impact on the earning of management..

This is consistent with (Yang & Krishnan, 2005; Cornett et al., 2008; Lin at al., 2006; Lin & Hwang, 2010) who noted that large audit committee are positively associated with earnings management. Board size (BSIZE) indicates a statistically positive impact on the earning management, with the greatest influence being in the amount of Board size (i.e., statistical significantness). Consequently, earning management is more closely linked to audit committee size than to board size, suggesting a negative correlation between the two, while earning management is more closely related to

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

board size. IFRS results indicate that 1% of earning management is positive and that there is a statistically significant positive effect at the level of 1% on IFRS. Earning management is measured using a performance magnitude, which may explain why. This could be because they do measure performance through a performance magnitude.

Table 5

A Regression Analysis of the Impact of CG and IFRS on Earning Management

Coefficients				
Variable,	Collective Model ACCRUAL(A)	Dummy Model	Collective Model	Dummy Mode
C	-0.06	-0.08**	0.11**	0.06
	-1.18	-2.12	2.63	1.57
BSIZE	0.01	0.01***	-0.01*	0.00
	0.99	3.28	-1.84	-0.79
BIND	-0.01	0.00	0.02**	0.02**
	-1.53	-0.79	2.15	2.63
BMET	0.01***	0.01***	0.00	0.00
	4.12	4.03	-0.43	-0.06
ACSIZE	0.00	-0.01*	0.00	0.00
	-0.45	-1.73	-1.09	-0.23
ACIND	0.03***	0.02***	-0.03***	-0.03***
	2.93	2.95	-7.30	-6.99
ACMET	-0.01***	-0.01***	0.00**	0.00***
	-3.33	-4.36	-2.12	-3.83
FMOWN	0.00	0.00	0.00	0.00
	0.08	-0.16	-1.09	-0.87
BEQT	0.00***	0.00***	0.00**	0.00
	3.17	6.03	2.46	0.71
AQ	-0.01	-0.01	-0.04***	-0.03***
	-0.63	-1.21	-5.54	-3.38
IFRS	......	0.03***	......	-0.02**
R-squared	0.31	0.34	0.30	0.31
Adjusted R-squared	0.16	0.19	0.15	0.15
F-statistic	2.05	2.28	1.93	1.99
Prob(F-statistic)	0.00	0.00	0.00	0.00

According to the study, audit committee independence (ACIND) and audit quality by Big-4 have a significant influence on discretionary accruals in both the collective model and IFRS model, as they strongly contradict audit committee independence and audit quality by Big-4 for ACCRUAL(B).

Klein (2002), Agrawal and Chadha (2005), and Bradbury et al. were published as authors of the report. This observable result supports the conclusion that was established in this observable finding. A negative correlation between audit committee independence and earning management was discovered by 2006, who also found a negative correlation. Currently, audit committee meetings (ACMET) and board independence (BIND) have a positive impact on 5% on prevailing management with a wide range of positive results, with most of these positive impacts being due to a 5% impact from outside audit and board independence..

Audit committee independence (ACIND) and audit quality by Big-4 can be negatively impacted by discretionary accruals and discretionary accruals in a scenario where they are used to evaluate the likelihood of efficient management without performance magnitude. It is frequently argued (Klein, 2002; Benkel, et al., 2006; Niu, 2006; Iqbal and Strong, 2010) that a greater degree of board independence within the board verifies or compromises the quality of earnings management.. In addition, the outcomes show that the use of managerial ownership has a profound influence on retaining 5% of the top income in the industry, while avoiding the majority of highly skilled employees. IFRS reveal a 5% sharp decrease in earning management, which is consistent with the view that IFRS reduced earning management (only when discretionary accruals are measured without performance magnitude) and imposes compensation for managers who do not meet SRR standards..

Table 6

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

A regression analysis was conducted to examine the significance of CG mechanisms in earning management before and after implementing IFRS, resulting in a regression analysis.

ACCRUAL(A) IFRS ACCRUAL(B) IFRS ACCRUAL(A) GAAP ACCRUAL(B) GAAP Variable
Coefficient
C 0.25*** 0.30*** 0.15*** 0.04*** 3.29 4.50 4.55 4.34
BSIZE -0.02** -0.02*** -0.01*** 0.00 -2.80 -3.50 -7.09 -1.00
BIND -0.05*** -0.06*** 0.00 -0.00*** -5.72 -7.55 0.18 3.01
BMET 0.02*** 0.01*** 0.00** 0.00*** 5.60 4.45 -2.07 -6.04
ACSIZE 0.00 0.00 0.00 0.00 -0.10 0.04 0.44 -1.35
ACIND 0.01 0.01 -0.03*** -0.01*** 1.02 0.96 -3.31 -22.95
ACMET -0.02*** -0.02*** 0.00 0.00*** -4.34 -5.01 1.40 19.29
FMOWN 0.00 0.00 0.00 0.00*** 1.17 1.35 -0.54 13.60
BEQ 0.00** 0.00*** 0.00** 0.00*** 2.56 2.91 -2.80 -3.10
AQ 0.05*** 0.05*** -0.03*** -0.02*** 4.60 4.77 -5.09 -10.03
R-squared 0.71 0.78 0.46 0.19
Adjusted R-squared 0.55 0.65 0.15 0.17
F-statistic 4.30 6.17 1.49 7.63
Prob(F-statistic) 0.00 0.00 0.01 0.00

ACCRUAL(A) models indicate that the R square in the collective model is 31% when the collective model is adjusted, which differs from the IFRS model that has an adjusted R square of 34%, based on the data set's model fit. Discretionary accruals have 34% variability due to the IFRS model variable variations, whereas the collective model variable has only 31% variability.

In ACCRUAL(B) models, the variable for discretionary accruals (variable) accounts for 31% of the variation of discretionary accruals, whereas in the collective model, it accounts for 31%, and in ACCRUAL(B) models, the IFRS model's variables account for 30% of the variability. Table 6 outlines the impact of corporate governance mechanisms on earning management through IFRS and Country GAAP, with an emphasis on Corporate Governance Mechanisms.

IFRS does not identify any difference in the effect of corporate governance mechanisms on the financial results of IFRS-based organizations, with the distinction being made betweenperformance magnitude discretionary accruals and non-performance magnitude discretionary accruals. The negative effects of Board size (BSIZE), board independence (BIND), and audit committee meetings (ACMET) on earning management measures are statistically significant, with a P value of 1% (P value = 0.000011%).

The study suggests that audit quality by Big-4 and managerial ownership (MOWN) has a 1% edge over discretionary accruals (A) and (B). MOWN does not remove the meaning of earning management under IFRS, unlike BIND, BSIZE and ACMET which reduces it to less than IFRS.. In Country GAAP, the influence of corporate governance mechanisms on earning management is just as significant as the influence of non-performance magnitude discretionary accruals and performance magnitude discretionary accruals as stated in Non-performance magnitude discretionary accruals, mainly in regard to performance magnitude discretionary accruals, as mentioned in Country GAAP..

Board meetings (BMET) and managerial ownership (MOWN) are said to have a positive influence on achieving management under Country GAAP using performance magnitude model, according to the association. The level of 1% influence on discretionary accruals at ACCRUAL (B) is indicated by Board independence (BIND), audit quality by Big-4, and audit committee independence (ACIND), according to the results of a study (P value = 0.0000.01) and board independence (BIND) and audit quality by Big-4, respectively..

ACCRUAL (B) is the most powerful non-perpetuating indicator of discretionary accruals given that Board meetings (BMET), managerial ownership (MOWN), audit committee meetings (ACMET), and family ownership (FOWN) positively influence discretionary accruals with a positive Non-performance magnitude measure (B) at a level of 1% (P value = 0.00001) (Supplmental effect: Non-performance magnitude). Cheung et al. The FRQ system of Australians was influenced by the standardization of IFRS in 2005, as indicated in (2013), which indirectly affects the FRQ system itself.. They also mentioned that the transition from AGAAP to IFRS improves the standard of financial statements for projecting bankruptcy. Müller (2014) determined that the adoption of IFRS as the standard operating procedure in Europe led to an increased standardization and adherence to the Corporate Governance Principle of OECD, with a correlation between the adoption of IFRS and improvements in the quality and disclosure of consolidated statements. In a similar vein, Kamil & Yu (2015) found that the FRQ of firms during the pre- and post-IFRS adoption periods in both India and China (in

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

India and in China respectively) is better (relative to the regulatory environment) and the FRQ of firms during the period of maximum earnings before and after IFRSconvergenta accounting standards in China (in both instances) is better (in terms of comparing and adjusting for differences in the regulatory landscape) than that of the original adopter..

c. Impact of CG mechanisms on FRQ

The FRQ (composited of financial reporting quality) effect, which is related to corporate governance and FRQ, is shown in Table 7. Board size (BSIZE) has a significant impact on FRQ at the level of 10%, as determined by comparing it to other board sizes in terms of FRQ (P values = 0.07 0.10). For a negative effect, a negative coefficient (= - 0.007) indicates a negative effect that is negative (= - 0.0001Board meetings (BMET) have a limited influence on FRQ (P values 0.10), as demonstrated by the results. Board independence (BIND) and FRQ are negatively associated at 1%, with a positive correlation at the level of 1%, with a positive coefficient (= 0.008) and a significant improvement at the level of 1% for board independence (P values = 0.000 0.01) with a positive coefficient (= 0.008). Audit committee attributes (ACSIZE, ACIND, and ACMET) have a significant influence on FRQ at level 1% (P values = 0.000 0.01), whereas audit committee attributes positively impact the FRQ at level 1% (Risk estimates of 1.000 candidates vs. 0.0001 %). Audit committee independence (ACIND) has a significant positive impact (= 0.001) on audit committees (= 0.004), while both audit committees (ACSIZE) and meetings (ACMET) have negative impacts (= -0.004) and a negative impact (= -0.009). Equity management has little to no involvement from family and foreign ownerships, despite their relative independence.

Table 7

The influence of CG mechanisms on FRQ due to the CG mechanisms on FRQ is already being observed.

Variable Estimates Variable Estimates
C 3.895 (0.122***) BSIZE -1.805(-0.007*)
BIND 3.350(0.009***) BMET -0.671(-0.002)
ACSIZE -4.016(-0.009***) ACIND 4.803(0.001***)
ACMET -2.979(-0.004***) FOWN -1.524(-0.001)
FMOWN 0.484(0.000) BEQT -3.795(-0.018***)
AQ -1.269(-0.022) IFRS 3.678(0.021***)

Big-4 audit quality(AQ) carries a significant impact (P values 0.10) at all levels of significance, with a significant 1%, 5%, and 10% being observed by Big-4 at all levels of significance. Specifically, the results show that there is a significant difference in FRQ between adopting IFRS pre-pre-FRQ and IFRS FRQ to adopting IFRS after IFRS has been reflected in part by IFRS estimates. IFRS is a non-standard variable that represents a dummy variable of 0 for pre-IFRS and 1 for post-IFRS adoption, with IFRS being significant at the level of 1% (P values = 0.000 0.01) with a positive coefficient (= 0.021) indicating that FRQ under IFRS is superior to Country GAAP.. Cohen et al. According to a 2004 analysis, the most significant responsibilities of corporate governance are focused on ensuring high-quality financial reporting process. Fairuz (2009) discovered a correlation between low FRQ and weak corporate governance, finding correlations after taking into account political influence when accounting for multiple factors and concluding that correlations were found to be more prevalent after accounting for political influence when accounting for factors such as political influence (Fairuz et al...

Despite previous indications of a positive correlation between FRQ (Tan et al.) and corporate governance mechanisms, some preliminary studies suggest that corporate governance mechanisms have an easier time impacting or increasing the likelihood of achieving FRQ (Tan et al.) than FRQ (Tan et al.) without any positive correlation. Corporate governance mechanisms have a role to play in some cases, while others have had a negative impact or an effect on FRQ in certain cases, particularly in relation to the establishment of corporate governance mechanisms.. In spite of this, some studies have linked FRQ to corporate governance mechanisms to either a negative or no relationship, such as the work of Ernst & Young, 2012, which was backed by scientific studies and implemented by MIT's McMillan Centre for International Business, 2012, and some studies also indicate a negative or no association between FRQ. The R2 correction has increased to 27%, indicating that the model's predictors are responsible for 27% of the FRQ variation.

CONCLUSION

Currently, research on the impact of IFRS compliance, IFRS-defined mechanisms of corporate governance, earning management, and financial reporting quality is focusing on the importance of IFRS compliance and IFRS-defined mechanisms of corporate governance on IFRS compliance. A search engine based on a sample of 102 Country listed firms used a search engine to identify them during the 2014-2019 period, using data from 102 countries (China, Israel, Mexico, Korea, the Philippines, Portugal, Spain, Italy, Switzerland, the Netherlands, Ireland, the Czech Republic, Sweden, Sweden, the Netherlands, India, etc.).

My observation:. IFRS is not being used to measure earning management, including corporate governance mechanisms such as foreign, managerial, and family ownership, due to the lower-case approach of discretionary accruals compared

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

to Board size and audit committee size, leading to a decline in the measurement of discretionary accruals. Among the discretionary accrual measures, two have been used: performance (Kothari et al (1995) and non-performance magnitude (modified Jones model) measures.

My observation:. Furthermore, IFRS was classified as a dummy variable for the years 2017 to 2019, indicating that IFRS would be adopted after the adoption of IFRS and for the years 2014 to 2016 as pre-IFRS adoption (Country GAAP). BIND was found to be more advantageous for compliance with IFRS than other corporate governance mechanisms, as compliance with BSIZE, BMET, and BIND were extensively detrimental. ACIND has a significant advantage, whereas FOWN has a significant disadvantage, particularly in terms of ensuring IFRS compliance.

ACSIZE, ACMET, FMOWN, BEQ, and AQ have a minor impact on IFRS compliance, as determined by the study. The findings of Kothari et al (1995) suggest that audit committee meetings (ACMET) cause a significant harm to earning management due to the influence of board meetings, board meetings (BMET), and audit committee independence (ACIND).Audit committee meetings (ACMET) had a significant impact on earning management, according to the performance magnitude, whereas board meetings and audit committee independence (ACIND) had a significant impact. Audit committee size (ACSIZE) had a negative effect on management, whereas BSIZE had a positive impact on earning management money..

Measuring performance with a performance magnitude may be a reliable means of accurately describing earning management. Both discretionary accruals in the modifiable Jones model and the modified Jones model consider the impact of audit committee independence (ACIND) and audit quality by Big-4 on discretionary accruals in both the collective model and IFRS model, highlighting that these two factors have a significant impact on discretionary accruals in both nonperformance magnitude (modified) and a more recent IFRS model, and the modifiable Jones model..

The absence of performance magnitude versus discretionary (ACIND) accruals for earning management can decrease audit committee independence and audit quality by Big-4. The ownership of management did not result in a decrease in the number of management salaries earned by the organization. The statistical significance of negative effects of IFRS on earning management suggests that it did not exacerbate earning management, only when discretionary accruals were measured without performance magnitude and discretionary accruals were reported without performance magnitude..

Corporate governance mechanisms show no effect on the earning management of performance magnitude discretionary accruals ACCRUAL (A) and non-performance magnitude discretionary accruals ACCRUAL (B), based on the IFRS results. The research revealed that BSIZE, BIND and ACMET significantly contribute to the reduction of IFRS-based management of earnings, while Big-4 and MOWN are not. Board meetings (BMET) and managerial ownership (MOWN) were found to be positively earning management under Country GAAP based on the performance magnitude of management meetings and managerial ownership (MOWN) as a percentage of positive earnings under GAAP.

Board independence (BIND), audit quality by Big-4, and audit committee independence (ACIND) all demonstrated statistically significant negative effects on discretionary accruals, as determined by the Non-performance magnitude model. The study found that BSIZE, ACSIZE, ACMET, and BEQ are detrimental to FRQ, whereas BIND and ACIND are detrimental to FRQ. BMET, FMOWN, FOWN, and AQ by Big-4 have a negligible impact on FRQ, as revealed by the study. Findings indicate that FRQ under IFRS is a preferable option for selecting compared to Country GAAP, which is particularly interesting, although FRQ under IFRS seems to be a better choice overall. .

The current study's work on the implications and impact of policy implications resulting from research findings towards 2030 Vision involves a range of platforms, including policy makers, analysts, firms' managements, stock market authority, and academicians, that the authors highlight. This is a significant development in light of the growing acceptance of IFRS by Country and a lack of research studies that address other issues following IFRS adoption.. The study's findings serve as a warning to SOCPA and other regulators about the desired effects of implementing IFRS in the country, which they believe were necessary to achieve through more than just printing and filing reports. IFRS compliance is still a concern for listed companies due to the absence of financial reporting, oversight, and supervisory body in all developed countries.. The SOCPA and Stock market authority, along with regulators and other bodies; will establish an oversight and supervisory body in the country that is responsible for overseeing financial reporting and imposing specific rules and requirements. An oversight body that is comparable to the Financial Reporting Council of the UK may be formed..

Vision 2030 calls for an effective financial reporting system, which will ensure that the system is responsible for delivering accurate and timely financial disclosure. An oversight and supervision body for financial reporting is proposed to boost transparency and enhance the quality of financial reporting, potentially appealing to foreign investors. Also, an efficient corporate governance system is necessary for the 2030 vision. The stock market authority shall maintain a vigilant eye on the announcement of corporate governance practices by publicly listed firms, as a result of the stock market authority's responsibility.. Share market authority may also obtain auditor certification for corporate governance requirements, as it operates within national corporate governance guidelines. The stock market authority in Country

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 35, June, 2024
ISSN: 2749-3628,

should validate the use of the chief executive officer or/and chief financial officer certificate on corporate governance practices by stating that it is an essential condition for the establishment of an effective governance framework, so that the certification of chief executive officers or their designations is validated...

The SOCPA or the stock market authority may direct companies to establish IFRS capacity building and further training, which could lead to higher companies and more training. The journey on IFRS education and training in Country should not be disalarmed, as board members, audit committee members, auditors, academicians, and other stakeholders should also work together to understand IFRS education and training, despite SOCPA's initial efforts in this area...

DIRECTIONS AND LIMITATIONS FOR FUTURE RESEARCH

This research is confined to a sample of 102 listed companies with a 2014-2019 period of time. The study focused on a small number of corporate governance mechanisms, such as board size, independence, meetings, audit committee size, independence, meetings, audit quality, foreign, managerial, and family ownership.. Future research may involve expanding the sample duration, considering additional measures of corporate governance variables, and adding more time periods to create a more comprehensive sample to achieve a larger sample size. Future research may explore different research streams, such as foreign and institutional ownership, board and institutional expertise, board, audit committee, and management remuneration and compensation. The integration and narrative reporting approaches to Country reporting should be scrutinized in future research, as suggested by future research and with a focus on future research in these areas.

REFERENCES: