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FIRM-SPECIFIC CHARACTERISTICS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) COMPLIANCE AMONG LISTED NON FINANCIAL FIRMS IN NIGERIA

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Abstract
The transition from local Generally Accepted Accounting Principles (GAAP) to the celebrated International Financial Reporting Standards (IFRS) is yet to meet the expectation of the various stakeholders in terms of improving the financial statements and detailed disclosure as a result of multiple reports of low compliance level. This study examines the relationship between firm-specific characteristics and IFRS compliance among listed non-financial firms in Nigeria. Data were drawn from the annual reports and accounts of one hundred and thirteen (113) non-financial firms listed on the Nigerian Stock Exchange as of 31st December 2017. Eighty-eight (88) firms were selected using Yamane (1964) statistical formula. Panel regression analysis was used in the analysis and test of hypotheses. Findings revealedthat internationalization, industry type, and auditor type have positive and significant effects on IFRS compliance at a 5% level of significance with a p-value of 0.000, 0.003, and 0.020, while firm maturity is not significant. The study concluded that internationalization, auditor's type, industry type and profitability are the significant firm-specific characteristics affecting IFRS compliance among listed non-financial firms in Nigeria. This study recommended that international accounting standard board should beef up its monitoring of compliance level of listed non-financial firms along with the essential firm-specific characteristics line.

Key Words: Internationalization, Firm Maturity, Industry Type, IFRS, Non-Financial Firms, Compliance

Introduction

There have been various anxieties on the compliance level of the International Financial Reporting Standards (IFRS) among listed firms worldwide (Okoye & Nwoye, 2018). These concerns could be traced to various financial irregularities and global financial crises among firms in the world despite the existence of IFRS. However, in 2005, all listed companies and significant public interest across European Union (EU) were required to implement and adopt IFRS regulations. The purpose of the implementation is to increase uniformity, transparency and comparability, which in the long run aims at harmonizing accounting behaviour. However, IFRS adoption is not sufficient to achieve a complete enhancement of IFRS regulations; hence compliance remains the ultimate goal. This goal, however seems far from being achieved among firms in the world as they are facing challenges linked to IFRS non-compliance to achieve the quality of financial information.

This situation presents a worrisome concern to various organizations as the problem continues to spiral into firm-specific characteristics across the globe. This had removed the shield to which investors can be protected and the atmosphere that inspire cross-borderactivities, thereby limiting the internalization of these firms. Overtime, industries have grown and expanded across borders (Yiadom & Atsuny, 2014). The capital needs of firms have also grown with new capital secured from international markets. Different information needs of users from both domestic and international sources emerged, and difficulties of financial statements comparability as a result of different standards also appeared. In line with the above, the forces of globalization have also prompt more countries to open their doors to foreign investment and, as firms expand across borders;

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In most developed and developing countries, where IFRS compliance is of concern, the financial reports have assisted in defining ways in which accounting numbers are presented in financial statements to avoid under-valuation of information (Katselas & Rosov 2017). Also, most of their entities developed high-quality information that is transparent to users, comparable in all periods, and generated at a cost that does not exceed the benefits to users. Consequently, IFRS non-compliance has created the need to standardize information, especially those that appear in financial reports for the benefits of potential stakeholders and the public (Katselas & Rosov 2017). Uyar, Kilic & Gokcen (2016) assert that non-compliance with IFRS is aimed at causing information asymmetry and agency problems that face many public enterprises. The study further states that the integrity of financial reporting is highly dependent on the performance and conduct of those involved in the financial reporting ecosystem, particularly IFRS regulators.

In Nigeria, Tanko (2012) opines that just like every other system, IFRS is an institutional approach that promotes reliability, relevance and comparability of financial information. Tsegba, Sember & Tyokoso (2017) also report that the level of IFRS non-compliance in Nigeria is still on the high side compared with other developed and developing countries. However, it is quite unfortunate that the successful compliance with the implementation of IFRS standards remains a mirage in Nigeria. Non-compliance with International Financial Reporting Standards has been a great challenge to several companies because the level of IFRS compliance varies from country to country depending on the various factors inhibiting compliance such as complex requirements associated with IFRS regulations, frequent changes of law, the addition of new standards and lack of proactive monitoring by regulatory authorities thereby resulting to the poor financial report for measurement and valuation purposes (International Financial Reporting Foundation, 2015).

The transition from the local GAAP to the celebrated IFRS in Nigeria is yet to meet the stakeholders' expectation in terms of improving the financial statement and detailed disclosure as a result of various reports of low compliance level with IFRS. For example, in Enron's case, profits were overstated by five hundred and eighty-six ($586 million) dollars for four years. This perhaps could be attributed to various firm-specific characteristic that influence the compliance level of IFRS. Industry type could have led to low compliance of firms with IFRS. This is because disclosure practices vary across industries and countries as some firms are highly regulated than others (Isa, 2015). Hence, one industry may be subject to more rigorous regulations because of the industry type and one standard may not apply to two non-similar industries, thereby affecting the level of compliance with IFRS. More so, the maturity of firms as asserted by Tanko (2012) could also influence the level of compliance with IFRS. This could be as a result of the fact that a matured firm may not want to disclose complete information about its financial results and positions, as this may prove to be harmful if sensitive information is disclosed to its competitors. This could influence the compliance level of firms as IFRS deals with the disclosure of detailed information.

In addition, learning and application of big four auditing knowledge require enormous investment. Therefore, the type of auditor engages by firms could also affect the level of IFRS compliance as some audit firms have little expertise in the interpretation and application of IFRS to certain conditions. The high cost of navigating a set of different GAAP and disclosure requirements and the difference in regulatory requirements by various countries could influence the level of compliance with IFRS as some standard applicable in the local country may not be applicable in the foreign countries (Abdulraman & Hamdan (2019). While prior research studies such as Kibir (2014) and Abata (2015); have focused on IFRS adoption, very few studies such as Tsegba, et al.,(2017); Okoye & Nwoye (2018) examined firm-specific characteristics and IFRS compliance but in Nigerian banking and insurance companies. Hence, this study filled the gap identified in the literature by examining the effects of a set of firm-specific characteristics (including internationalization, industry type, auditor type and firm maturity) and IFRS compliance among listed non-financial firms in Nigeria.

Based on the study objective, the following research hypotheses expressed in null forms are developed and tested:

H_0^1: Firm internationalization does not significantly influence IFRS compliance of listed non-financial firms in Nigeria.

H_0^2: Industry type does not significantly affect IFRS compliance of listed non-financial firms in Nigeria.

H_0^3: Auditor type does not significantly affect IFRS compliance of listed non-financial firms in Nigeria.

H_0^4: Firm maturity does not significantly affect IFRS compliance of listed non-financial firms in Nigeria.

Literature Review

Conceptual Review

Kira & He (2012) define firm-specific characteristics as traits of the firm which has a positive or negative bearing on the firm's operation. These according to Appiah, Awunyo-Victor, Mirekuan & dAhiagbah (2016), factors such as industry, size, profitability, liquidity, ownership diffusion, audit quality, leverage, internationality, and age influence the level of disclosure.

Demir & Bahadir (2014) also include auditor type(i.e. whether or not a firm is being audited by big Four auditing firms) as one of the firm-specific factors. Tanko (2012) defines maturity of a firm as the sustainability and survival of that firm in the market. In this study, firm-specific characteristics employed are limited to internationalization, industry type, auditor type, firm maturity, while firm size and profitability are taken as control variables. The peculiarity of listed non-financial firms informed the choice of the firm-specific characteristics in this study.

In general, compliance means conforming to rules and regulations, such as a specification, policy, standard or law. IFRS compliance describes the goal by which any firm aspires to comply with relevant laws policies, and regulations. Due to the increasing number of regulations and the need for operational transparency, firms are increasingly adopting consolidated and harmonized sets of compliance controls for the financial report. The development of the international accounting standards began decades ago in developed countries to create accounting standards for developing countries that lack the resources to develop their accounting standards. But since then, and with the globalization of the business world, firms, investors, international companies, auditors, and regulators started to realize the increased significance of implementing a common set of accounting standards in all areas of the reporting chain of financial information (AICPA, 2011). Currently, more than 100 countries have complied or expressed their intention to comply with international financial reporting standards.

Concerning methodology of reporting compliance, prior research studies use two approaches, namely, unweighted and weighted, for the measurement of compliance. The unweighted method is based on the assumption that each item of the disclosure is equally important, while in the weighted approach, different things of information are given different weights. Singhvi (1967) and Hasan, Karim & Quayes (2008) have used a weighted approach to construct the disclosure index. This approach has been criticized on the ground that it is subjective i.e. respondents may give weight to the same items of information differently. Considering this fact, many prior studies such as Akhtaruddin (2005); Alam (2007); Karim & Ahmed (2005); Wallace and Naser (1995) supported the employment of the unweighted approach. But Atsunyo (2014); Akhtaruddin (2005) stated that the unweighted method also has some limitations, such as allocation of zero scores for non-applicable items and selection of non-applicable items are subjective, which leads to bias. Consequently, the relative unweighted approach has been considered consistent with Sufian (2018); Yiadom & Atsuny (2014).

Therefore, this study adopts are lative mandatory disclosure index (RMDI) for each company is constructed by using a dichotomous procedure where a relevant item scores one if it is disclosed and zero if it is not disclosed. For sub-items, a proportionate score has been assigned by dividing one by the number of sub-items. Then, non-applicable items have been selected and given N/A. The total number of non-applicable items has been deducted from the total selected items to have the total number of items

applicable to disclose. In this way, we can add up all the items declared by the firm to have the total relative disclosure score. The following formula is used to construct RMDI. The total number of items revealed in the annual report divided by total number of items applicable to disclose in annual report. However, a total number of 120 items was adopted from the IFRS (2018) checklist.

This study is guided by the agency theory and the contingency theory. Agency theory tends to address the issue of information asymmetry, which leads to conflicts and different interests between the principals (shareholders) and the agent (manager), which makes managers take opportunistic behaviour of manipulating the financial statements. Agency theory posits that, to prevent the managers from manipulating the accounting figures to mislead the stakeholders, there is a need for an external auditor to attest to the financial statement prepared by the management to signal the quality of financial information. To solve the problem, agency theory assumes that the agent should prepare the financial statement in line with accounting standards (IFRS) that is accepted globally. These standards deal with disclosing detailed information about the activities of the firm.

Contingency theory explores the preposition that certain disclosure practices of IFRS compliance are contingent upon the highly regulated industry and the type of auditor employed. Big four auditing firm have experience and strategy to produce quality financial information. Meanwhile, the disclosures of financial information practices are primarily influenced by firm-specific characteristics. The theory also assumes that a firm is most effective when the firm's attributes match with the situation and environment around them.

Demir&Bahadir (2014) investigated the extent to which companies comply with international financial reporting standards (IFRSs) in the Turkey capital market using secondary data. A self-constructed checklist issued by IASB was developed from the 2011 annual report for 168 firms. The results show that IFRS compliance is positively related to firms audited by Big four auditing firms and firm leverage. At the same time, other company characteristics, such as profitability, company size and age were not associated with the level of compliance with IFRSs.

Yiadom & Atsunyo (2014) examined the extent to which companies listed on the Ghana Stock Exchange (GSE) comply with IFRS requirements using secondary data. The study covered 31 companies listed on the GSE. Descriptive statistics and multiple regression analysis were used to analyse the data. The findings revealed overall mean compliance of 85.8% in Ghana. Also, the results indicated that size, profitability, auditor type, internationality and industry type associate positively with IFRSs compliance.

Martin & Abdiraham (2018) explored the factor influencing IFRS compliance of the listed Kenyan firms. Secondary data spanning a period of five years from 2012 to 2016 were employed. The results show that age and size are the major factors affecting IFRS compliance, while profitability and leverage have no significant effect on IFRS compliance.

In a related study, Appiah, et al. (2016) investigated the firm-specific characteristics influencing IFRS compliance by listed firms in Ghana. Employing random effect panel regression, the results showed a significant positive relationship between the level of compliance and firm size, auditor type, cross-listing and firm sector of operation. On the contrary, the level of compliance is significantly and negatively associated with leverage and firms' age, while profitability does not affect compliance level among listed Ghanaian firms.

Exploring the extent and determinants of IFRS compliance among Nigerian listed financial services companies using multiple regression techniques and Wilcoxon Rank Sum Test, Tsegba, et al., (2017) founds that the vast majority of the listed financial services had complied with IFRS in Nigeria. The results also showed that while profitability is positively and significantly associated with IFRS compliance, firm size, auditor type, leverage and internationality are insignificantly associated with IFRS compliance. Furthermore, the study found no significant differences in the level of IFRS compliance among the listed financial firms in Nigeria.

Samaha & Khlif (2018) analyzed determinants of compliance with IAS/IFRS in the developed country using a questionnaire. The findings of the compliance index provide evidence that firm size, auditor type, multi-nationality, profitability and ownership dispersion have a positive effect on IAS/IFRS compliance. In addition, investor protection level also moderates the association between corporate characteristics and compliance with IAS/IFRS. The findings emphasize the need to explicitly consider

the legal and institutional setting when one analyzes the effect of corporate features on IAS/IFRS compliance.

Abdulraman & Hamdan (2019) investigated the association between five firm-specific characteristics and the level of mandatory compliance with Financial Reporting Standards by Malaysian SMEs. A disclosure index was used to measure the extent of compliance of 105 sampled firms. The results revealed an overall compliance level of 96 per cent. Regression results report that while compliance level is significantly and positively driven by firm size, it is also significant and negatively influenced by firms' profitability.

Methodology

This study employed an ex-post facto research design. Ex-post facto is a type of research undertaken after the event has already taken place, data are already in existence and cannot be manipulated (Ijaiya, 2013).This design was chosen because the data used were already in existence in the sample firms' financial statements and can neither be manipulated nor influenced by the researcher. Hence, this study was conducted after the period under review.

The population of the study consists of all non-financial firms listed on the floor of the Nigerian Stock Exchange as of 31st December, 2017. As of that date, there were one hundred and thirteen (113) non-financial firms listed on the floor of the Nigerian Stock Exchange (NSE Fact book, 2017). This covers ten (10) sectors which are the agriculture sector, conglomerate sector, construction and real estate sector, consumer goods sector, health care sector, Information and Communication Technology sector, industrial goods, natural resources, Oil & Gas sector, services sector.

The sample size for the firms is 88 firms using Taro Yamani of 1964, and stratifies technique was used to determine the proportion of sampled firms from each sector. Four(4) firms from the agriculture sector, four (4) firms from the conglomerate sector, eight (8) firms from the construction and real estate sector, eighteen (18) consumer goods sector, seven (7) firms from the health care sector, five (5) firms from ICT sector, eleven (11) firms from industrial goods, eight (8) firms from Oil & Gas sector, twenty (20) from the services sector, three (3) firms from natural resources.

$$\text{Taro Yamane Formula} = \frac{N}{1+N(0.05)^2} = \frac{113}{1+113(0.05)^2} = 88$$

The study used the annual report and accounts of the sampled firms listed on the floor of the Nigerian Stock Exchange as its main source of data for the periods of 2013 to 2017. Both qualitative and quantitative data were sourced from the annual reports of the sampled firms. The qualitative was informed of content analysis as it deals with disclosure of standards. However, the instrument employed for disclosing the dependent variable was a self-constructed checklist index by IASB and applied to each annual report of the sampled firms to check compliance level. The checklist was developed for 22 firms' specific standards. This includes IAS 1, IAS 2, IAS7, IAS 8, IAS 10, IAS11, IAS12, IAS 16, IAS 17, IAS 18, IAS19, IAS 23, IAS 24, IAS 36, IAS 37, IAS 38, IAS 39, IAS 40, IFRS 3, IFRS6, IFRS 7 and IFRS 8.

The study adopts the use of both descriptive and inferential statistics. The descriptive statistics used were means, standard deviation, minimum and maximum values of the variables to depict the snapshot of the components of both dependent and independent variables. Before testing the hypothesis, a normality test was conducted using Skewness and Kurtosis. Furthermore, other diagnostic test carried out includes the Heteroske dasticity test which was done using Breusch Pagan/Cook-Weiberg test and Hausman test was employed in testing the appropriateness of the model to be used between fixed effect and random effect.

Panel regression analysis was employed to analyse the data and test the study hypotheses. To achieve the research objective, the study adapted the model of Martin & Abdiraham (2015) as follows;

IFRS COMPLIANCE= f {Firm Specific Characteristics}.

This is broken down mathematically as follows:
$IFRS\ COMPLIANCE = \beta_0 + \beta_1 INT_{it} + \beta_2 INDTYPE_{it} + \beta_3 AUD_{it} + \beta_4 MATU_{it} + \beta_5 FPROFIT_{it} + \beta_6 FSIZE_{it} + \varepsilon_i$

Where:

Where IFRS COMPLIANCE =RMDI = Relatively Mandatory Disclosure Index
Determine as:

$$RMDI = \frac{\sum_i^m 1\, d_i}{\sum_i^n 1\, d_i}$$

where:
m = number of item actually presented
n = number of total possible items that are apply
di = index item i
1 if the information (item) is supplied and 0 otherwise.

INT= Internationalization of firm "i" inyear "t"
INDTYPE = Industry Type of firm "i" in year "t"
AUD = Auditor Type the firm in "i" in year "t"
MATU = Maturityof the firm in "i" in year "t"
FSIZE = Firm Size of the firm in "i" in year "t"
PROFIT = Profitability of the firm in "i" in year "t"
β_0 = intercept or constant
$\beta_1 - \beta_5$ = are the parameters of the estimate
ε = error term

a priori expectation

The *a priori* expectation of the study is that $\beta_1, \beta_2, \beta_3, \beta 4>0$, $\beta 5$ and $\beta 6>0$.

Results and Discussions

The result in table 1 shows the descriptive analysis of the data collected through mean, standard deviation, minimum and maximum values to summarize the extensuve data set.

Table 1: Descriptive Statistics

Variables	Mean	S.D	Min	Max
IFRS CMPLIANCE	0.640	.127	0.250	0.720
INT	0.78	0.418	0.000	1.000
INDTYPE	3.29	1.341	1.000	5.000
AUD	0.72	0.4510	0.000	1.000
MATU	14.249	4.000	5	8.00
PROFIT	7.35	1.692	1.320	12.000
FSIZE	7.70	5.000	1.278	11.000

Source: Author's Computation (2020)

The table shows that IFRS compliance measured through the disclosure index has an average value of 0.64implies that on average, the sample firms complied with 64% of the IFRS requirement. The table also shows thatIFRS compliance has a standard deviation of 0.127, with minimum and maximum value of 0.250 and 0.720 respectively. This implies that the level of IFRS compliance among listed nonfinancial firms in Nigeria ranges from 25% to 72%, which is still on the moderate side.The result in table 1 also depicts that internationalization has an average value of 0.78, whichimplies 78% of the sample firms were listed on the international market. The standard deviation of 41.8% signifies that the data iswidely dispersed from the mean value of the sample non-financial listed firms with 0.000 and 1.000 as minimum and maximum value respectively.

Industry has an average value of 3.29, indicating that, on average, the sample firms mainly falls under the consumer goods sector, health sector, ICT sector, and industrial goods sector.

The standard deviation of 1.341 implies that data is widely dispersed from the mean value of the sample firms. While the minimum and maximum values are 1 and 5 respectively. Concerning auditor

The standard deviation of 1.341 implies that data is widely dispersed from the mean value of the sample firms. While the minimum and maximum values are 1 and 5 respectively. Concerning auditor type, themean value of auditor typefor the period under review is 0.72, which implies that 72% of the sample firms engaged the servicesof the big four audit firm during the period under study. The standard deviation of 0.4570 also means that data is widely dispersed from the mean value of the sample firms. While the minimum and maximum values of auditor typewere 0.000 and 1.000 respectively

Moreover, the table also shows that the average mean of maturity for the period under review is 20.34. This implies that the majority of the sampled firms have been in operation for an average of 20 years. The standard deviation of 14.249 means that data is widely dispersed from the mean value of the sample firms.While the minimum and maximum values of firm maturity were 4 and 58 respectively. The minimum value of 4 implies that firms with the lowest age of firms is 4 years while the maximum value of 58 implies that the oldest age of the sampled firms is 58 years.As regards profitability, the result reveals that profitability has an average value of 7.35 with a standard deviation of 1.692. The standard deviation of 1.692 implies that data is widely dispersed from the mean value of the sample firms while the minimum and maximum values are 1.320 and 12.000 respectively.Also, the result reveals that firm size has an average value of 7.70 with a standard deviation of 5.000. The standard deviation of 5.000 implies that data is widely dispersed from the mean value of the sample firms while the minimum and maximum values are 1.278 and 11.000 respectively.

DiagnosticTests

The diagnostic tests, including normal distribution test, multicollinearity test, heteroskedasticity test and Hausman specification test were carried out.

Table 2: Normality Distribution of Data

Variables	INTERL	INDUSTRY	AUDITYP	MATUR	PROFIT	FIRMSIZE
Skewness	1.3349	-2.1154	-2.970	2.024	1.027	0.294
Kurtosis	0.233	1.321	1.221	0.970	2.309	0.927

Source: Author's Computation (2020)

The results in table 2 depict the normality of the distribution of the data collected usingskewness and kurtosis statistics. The rule of thumb is that any value of skewness and kurtosis that falls outside ±3 has a problem of normality distribution (Peck & order, 2015). The coefficients for skewness and kurtosis indicate that the data are normally distributed as these values are within the cut-off point of -3 and +3

Table 3: Multi-collinearityTest - Variance Inflation Factors

Variable	VIF	1/VIF
Internalization	1.86	0.537634
Industry	2.02	0.495011
Auditor type	2.72	0.367647
Maturity	1.60	0.624985
Profitability	2.21	0.452488
Firm size	2.12	0.471698
Mean VIF	2.08	

Source: Author's Computation (2020)

Table 3abovedepicts the result of multicollinearity test using variance inflation factors (VIF). The results reveal that there is an absence of serious/severemulticollinearity problem among the variables as indicated by VIF for each of the independent variables which are less than 10. The decision criterion for the Variance Inflation Factor is that a value of 10 and above implies the presence of perfect multicollinearity (Hair, Anderson, Tatham & Black, 2010).

Table 4:Breusch-Pagan/ Cook-Weisberg Test for Heteroskedasticity

	Chi2	P-value
IFRS Compliance	17.17	0.0607
Model	Accept	Accept

Source: Author computation (2020).

Table 4 shows that the p-value (0.0607) is greater than the 5% significance level, the null hypothesis was rejected. Therefore, these models do not face any heteroskedasticity problem.

Table 5 Hausman test

	Chi2	Prob value
IFRS compliance	14.40	0.0255
H_0	Accept	Accept

Source: Author's Computation (2020)

Hausman specification test was computed to check the model that is appropriate between fixed-effects and random-effects regression. The result in table 5 shows that random-effects model is most suitable as indicated by P-value (0.0255) which is less than 0.05 level of significance.

Restatement and Test of Hypotheses

Table 6 was used to test the hypotheses earlier formulated in the study.

Table 6: Regression Analysis

Variables	Coefficient	Std error	t-value	p-value
INTERl	0.0339813	0.0116147	2.93	0.003**
INDUSTRY	0.0138666	0.00319125	4.35	0.000*
AUDITORTYPE	0.0148655	0.0059378	2.34	0.020**
MATURITY	-0.0000994	0.000282	0.35	0.724
PROFIT	0.0058067	0.002925	1.99	0.047**
FIRMSIZE	0.0002505	0.0039394	0.06	0.949
Cons	0.5245478			
F-stat	0.3804			
Wald X^2	64.92			
R^2	0.5007			

Source: Author's Computation (2020)

* denotes significant at 1%.

** denotes significant at 5%.

() : denotes P-value, while the value denotes Coefficients

The results in table 6 depict the linear relationship between firm-specific characteristics and IFRS compliance among listed non-financial firms in Nigeria. The results of the R^2 indicate that the independent variables of the model explain 50.07% of the variations in the dependent variables.

The remaining 49.93% represents the other independent variables not included in the model. The table also shows that the model is fit as evidenced by the F-Statistic of 38.04, which is significant at 1% level of significance as indicated by the P-value of 0.0000.

Following the fitness of the model, the test of hypotheses formulated earlier formulated was conducted.

H_0^1: Internationalization of firms does not significantly affect IFRS compliance level among listed non-financial firms in Nigeria.

Based on the result in table 6, it could be seen that the internationalization of firm has a significant positive effect on the IFRS compliance level with a beta coefficient of 0.0340 and a p-value of 0.003, indicating significance at a 5% level. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that if a nonfinancial firm has diverse cross-border activities as well as listed on the foreign stock exchange, this will lead to a 3.4% increase in its IFRS compliance. Internationalized firms would establish a clear and well-defined set of rules which is always in line with IFRS compliance. The findings also affirm the agency theory position that firms with a license of internationalization can disclose financial information which is reliable and in conformity to the requirement of IFRS.

The result is also in line with a-*prior* expectation. The researcher expects that when a firm is listed in both local and international stock market, it will comply more with the requirements of IFRS compared with firms that are only listed on the local stock exchange. The result is in line with the findings of Yiadom & Atsunyo (2014); Appiah, *et al.,* (2016); Samaha & Khlif (2016); Venegas Salazar (2016); and Atsuny, *et al.,* (2017), who also found that internalization of the firm has a significant positive effect on IFRS compliance. The finding is contrary to the results of Kabir (2014) and Tsegba, *et al.,* (2017), who reported a negative relationship between firm internalization and IFRS compliance.

H_0^2: Industry type has no significant effect on IFRS compliance among listed non-financial firms in Nigeria.

The result in table 6 indicates that industry type also has a significant positive effect on IFRS compliance among listed non-financial firms in Nigeria by a coefficient of 0.0139 with a p-value 0.000 at a 1% level of significance. Thus the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that the operation of non-financial firms in a highly regulated industry increases IFRS compliance by 1.4% percent.

This implies that the extent of compliance and disclosure with IFRS may vary across industries. Hence, there may be variation across sectors. The result supports the assumption of the contingency theory, which states that highly regulated industries can signal quality financial information than an unregulated firm. This study corroborates with the findings in the studies of Yiadom Atsunyo (2014); Yiadom Atsunyo (2014); Dan (2014); Kabir (2014); Martin Abdiraham (2015); Appiah *et al.,* (2016); Tsegba*et al.,* (2017); and Atsuny*, et al.,* (2017) as they found out that industry type has a positive and significant effect on IFRS compliance. However, Samaha Khlif (2016) and Alfraih & Almutawa (2014) found that industry type has an insignificant impact on IFRS compliance.

H_0^3: Auditor type does not significantly affect IFRS compliance among listed non-financial firms in Nigeria.

The result in table 6 indicates that auditor type also has a significant positive effect on IFRS compliance among listed non-financial firms in Nigeria as indicated by a coefficient of 0.01486 with a p-value of 0.020 at a 5% level of significance. As such the null hypothesis is rejected, and the alternative hypothesis is accepted. This implies that auditing a nonfinancial firm's account by one of the "big four"auditing firms increases IFRS compliance level by 1.5% among listed non-financial firms in Nigeria.

This provides evidence of higher integrity and objectivity associated with reputable "big four auditors. As such, they are more independent than small auditor type. This implies that big four" auditors are competent in rendering better service because they have greater reputation, more resources at their disposal to train staff, attract more highly skilled employees and applied the required standards to allow the firm to signal relevant information needed by stakeholders.

In line with agency theory, firms have incentives to maintain independence from shareholders' pressure for limited disclosure. Thus, Big 4 audit firms are more likely to encourage their stakeholders to comply with IFRS mandatory requirements. Therefore, when a financial statement is audited by big four firms, it would increase IFRS compliance in the financial statement. The study is also hinged on the assumption of contingency theory that the firms that employ the service of big four tend to signal quality information to the market; hence their level of IFRS compliance is relatively higher. This aligns with the findings in Juhmani 2012; Demir Bahadir (2014); Yiadom Atsunyo (2014); Appiah, *et al.,* (2016); Samaha Khlif (2016); and Tsegba*, et al.,* (2017), who reported that the type of auditor engaged could influence IFRS compliance.

H_0^4: Firm maturity does not significantly affect IFRS compliance among listed non-financial firms in Nigeria.

The result in table 6 indicates that firm maturity has an insignificant effect on IFRS compliance among listed non-financial firms in Nigeria as indicated by coefficient -0.00009 with a p-value of 0.724 at a 5% level of significance. Hence, our failure to reject the null hypothesis which states that maturity has no significant effect on IFRS compliance. This implies that whether a firm is old or new has nothing to do with IFRS compliance during the period under review. This study concurs with the result of Martin & Abdirahma (2015) and Appiah *et al*., (2016), who reported similar findings but contradicted the findings of Jumahni (2012) and Kabir (2014), who found positive and significant between maturity and IFRS compliance.

The result also indicates that profitability has an significant positive effect on IFRS compliance among listed non-financial firms in Nigeria as indicated by coefficient of0.0058with a p-value of0.047at a 5% level of significance. This implies that every 1% increase in profit of a firm will lead to a0.058% increase in IFRS compliance among listed non-financial firms in Nigeria. Furthermore, firm size has no significant effect on IFRS compliance as indicated by a coefficient of 0.00026 with a p-value of 0.949 at a 5% significance level. This implies that firm size has nothing to do with IFRS compliance.

Conclusion and Recommendations

Based on the empirical results of the hypotheses tested, the study concludes that internationalization, auditor's type, industry type and profitability are the significant firm-specific characteristics affecting IFRS compliance among listed non-financial firms in Nigeria. In view of this, the following recommendations were made:

a. Based on the findings that internationalization has a positive effect on IFRS compliance in the Nigerian non-financial firms, this study recommends that international accounting standard board should mandate registration for the internalization of firms. Also, the regulatory bodies should provide incentives for non-financial firms to internationalize their operations to enhance compliance.

b. Based on the findings that industry type improves the level of IFRS compliance in the Nigeria non-financial firms, it is recommended that the international accounting standard board should monitor industries compliance level to maintain credibility, prestige and finally to be capable of raising more capital. Stringent measures may be introduced for the firms operating in the unregulated industry to enhance their compliance further.

c. Based on the findings that auditor type positively affects the level of IFRS compliance in the Nigerian non-financial firms, this study recommends that the listed nonfinancial firms in Nigeria should include the employment of external auditors like Big four auditors in their policy to benefit from the comprehensive knowledge of IFRS towards compliance of financial statements.

d. Based on the result that firm maturity does not affect the level of IFRS compliance in the Nigeria non-financial firms, this study, therefore recommends that IFRS Regulatory authorities such as IFRS regulators, Financial Reporting Council of Nigeria (FRCN), the Nigerian Stock Exchange (NSE), and the Securities and Exchange Commission (SEC) should employ strict monitoring and activate already existing penalties as set out in the law to motivate full compliance and should organize regular training programmes to provide a practical guide to firms irrespective of their maturity for IFRS compliance.

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