

Users' Perception of Financial Reporting Quality in Ghana

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Abstract

This paper assesses the extent to which top and middle management perceive FRQ of companies in Ghana after the adoption of International Financial Reporting Standards (IFRS). Drawing from the literature, a five-dimension FRQ questionnaire was developed for the study. It was a cross-sectional survey that involved a sample of 500 respondents from top and middle level management across seven industries in Ghana. The findings indicate that, generally top and middle management perceive the qualitative characteristics of FRQ of the Ghanaian companies to be very good. However, Timeliness of FRQ in terms of publishing audited financial reports was the only poorly rated qualitative characteristic. Implications to accounting theory and practitioners are discussed. Moreover, there were differences in respondents' perception of FRQ according to their work background characteristics. It was found that top and middle management who were professional accountants were more critical in their assessment and therefore rated their perceived FRQ significantly lower than those who were non-accounting professionals. This study contributes to filling the void in FRQ literature regarding accounting information users' assessment of FRQ in IFRS-compliant countries in Sub-Saharan Africa.

Keywords: IFRS adoption, financial reporting, accountants, top management, Ghana

1. Introduction

Financial reporting is a system of communicating the outcome of operational activities of a corporate entity to its stakeholders (Hasan, Hossain, & Abdullah, 2014). Companies adopting the International Financial Reporting Standards (IFRS) are mandated to comply with financial reporting quality (FRQ) standards set by the International Accounting Standards Board (IASB). This is expected to help standardise international accounting principles and improve FRQ in both developed and developing countries (Owolabi & Iyoha, 2012; Hail, Leuz, & Wysocki, 2010; Ramanna & Sletten, 2014). This gives stakeholders the moral, legislative and theoretical mandate to evaluate FRQ of companies adopting IFRS to help determine the worth of institutional compliance or conformity to institutional norms of acceptable international accounting behaviour or practice (Ramanna & Sletten, 2014). Financial reporting is critically essential to both internal and external users or stakeholders of a firm. Internal users such as owners of capital and management of the firm need financial reporting to provide economic decisions about development of organisations' overall policies and its effective implementation. External users such as investors and potential investors, creditors, suppliers, and others need financial reporting to assist them in making economic decisions as to the profitability of a firm and their continual relationship with the firm.

According to the IASB, financial reports should not only present financial position of a company, but also information about the financial performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions (IASB, 2010). Since users of financial reports use both financial and non-financial disclosure information in making their economic decisions, it is expected that the reports should possess some qualitative characteristics to appeal to the understanding of users who are professional accountants and non-professional accountants. This has generated much interest in FRQ assessment by scholars and practitioners for the purpose of improving the usefulness of accounting information to various users (Benston, Bromwich, & Wagenhofer, 2006; Beest et al., 2009; Maines & Wahlen, 2006; Rezaee, 2003; 2010; Kao & Wei, 2014) in developed and developing countries' contexts. This study focuses on how management, from various work background characteristics, perceive the qualitative characteristics of FRQ of IFRS-compliant companies.

On the one hand, following the wave of accounting scandals in recent times in the international financial community, involving accounting frauds in companies such as Enron, WorldCom, Marconi, Parmalat and many others, which

have weakened investors' confidence on the management team and on financial reports, there has been many criticisms about the FRQ of IFRS-compliant firms (Hasan et al., 2014). Therefore, it has become imperative for management of firms to be concerned about the quality of their financial reports presented to stakeholders to inform their economic decisions. On the other hand, in developing countries that have adopted IFRS like Ghana, in spite of increasing research in the area of IFRS adoption and its attendant influence on FRQ, empirical research on user perception of the quality of published annual reports of companies is very limited. Much of the empirical research in African countries have focused on compliance and disclosures (Odia & Ogiedu, 2013; Zakari, 2014; Agyei-Mensah, 2013), the influence of firm characteristics and FRQ (Appiah, Awunyo-Vitor, Mireku, Ahiagbah, 2016), financial reporting and tax compliance (Abedana, Omane-Antwi & Oppong, 2016), audit and cost of capital (Coffie, Bedi & Amidu, 2018), FRQ and audit fees (Musah, Anokye & Gakpetor, 2018), financial reporting and corporate governance (Uwalomwa, Eluyela, Olubukola, Obarakpo & Falola, 2018). Despite the fact that the literature highlights the importance FRQ plays in influencing economic decision of stakeholders, there is dearth of empirical research on users' assessment of the qualitative characteristics of FRQ of companies developing countries in general, Ghana in particular. This study hopes to contribute to filling this void in the FRQ literature in developing countries. Therefore, the main purpose of this paper is to assess management perception of the qualitative characteristics of FRQ of Ghanaian companies after the implementation of IFRS in Ghana, according to the FRQ framework proposed by Beest et al. (2009).

This study is guided by the following specific objectives:

1. To assess and describe management perception of overall extent to which financial reports of Ghanaian firms reflect FRQ dimensions of IFRS.
2. To determine the extent to which the respondents' work background characteristics (years of work experience, industry background, career background and level of management) influence their perception of FRQ.

The rest of the paper is organised as follows: section two is a review of literature, section three is the methodology, section four is the results of the study, section five is the discussion of findings, section six is the implications of findings and section seven is the conclusions and limitations of the study.

2. Literature Review

2.1 FRQ Concept

According to IASB (2010), FRQ means that financial report should provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions. The International Accounting Standards 1 (IAS1) published by the IASB (IASB, 2010) stated that, the primary objective of financial reporting is providing information that is decision-useful. Therefore, quality of financial reports should be defined in terms of its decision-usefulness in line with the standards and recent literature (e.g. Beuselinck & Manigart, 2007; Jonas & Blanchet, 2000; McDaniel et al., 2002).

By this definition, it is implied that FRQ is broader than just the provision of financial information on the position of a firm. It also includes other disclosures and non-financial information that are useful for improving the decision usefulness of financial reports to users (IASB, 2008).

2.2 FRQ Dimensions

FRQ has been conceptualised to consist of fundamental and enhancing qualitative characteristics underlying decision usefulness as defined in the IAS1 (IASB, 2008; Beest et al., 2009). The fundamental qualitative characteristics are those related to relevance and faithful representation. These are the primary or most important qualitative characteristics. The enhancing qualitative characteristics are those related to understandability, comparability, verifiability and timeliness, which play complementary roles to the fundamental qualitative characteristics to improve decision usefulness (IASB, 2008).

2.2.1 Relevance

Relevance is referred to as the capability "of making a difference in the decisions made by users in their capacity as capital providers" (IASB 2008, p. 35). Relevance captures the predictive and confirmatory value derived from financial reports. "Information about an economic phenomenon has predictive value if it has value as an input to predictive processes used by capital providers to form their own expectations about the future" (IASB, 2008, p. 36). To have predictive value, financial reports must focus on the firm's ability to generate future cash flows and shows extensive forward-looking information for user predictions of the firm's future. To have confirmatory value, financial report should focus on providing information to users about the past transactions or events that will help them

confirm, and decrease the magnitude of users' information risk and change users' expectations of the firm. Thus, annual financial reports have confirmatory value "if it confirms or changes past (or present) expectations based on previous evaluations" (IASB, 2008, p. 36).

2.2.2 Faithful representation

According to the IAS1, to faithfully represent economic phenomena that information purports to represent, annual reports must be complete, neutral, and free from material error (IASB, 2008, p. 36). Faithful representation encompasses five-related sub-dimensions referring to neutrality, completeness, accuracy or freedom from material error, verifiability and corporate governance (Rezaee, 2003; Maines & Wahlen, 2006). Neutrality is "the absence of bias intended to attain a predetermined result or to induce a particular behaviour. Neutral information does not colour the image it communicates to influence behaviour in a particular direction" (IASB, 2008, p. 37). Accuracy narrowly refers to freedom from material error relating to established principles of accounting and finance (Beest et al., 2009; ICAEW, 2011). Completeness refers to the extent to which the information in annual financial report is comprehensive, covering all relevant areas for useful decision making (ICAEW, 2011). Verifiability is the extent to which the financial report is verifiable by a professional auditor. Therefore, to be verifiable, financial reports must include an unqualified professional auditor's report to increase its credibility and provide reasonable assurance about the degree to which the annual report represents economic phenomena faithfully (Coffie et al., 2018; Musah et al., 2018).

2.2.3 Understandability

This is part of the enhancing qualitative characteristic of financial reports, Understandability refers to information that is classified, characterized, and presented clearly and concisely to enable users to comprehend the financial report well (IASB, 2008). Understandability is measured using five items, which are well-organised information (classified and characterized), providing the notes or narrative explanations to the financial statements, (Beretta & Bozzolan, 2004; Iu & Clowes, 2004) using tabular or graphic formats to clarifying relationships and ensuring conciseness (IASB, 2008) and using easy words and simple sentences including glossary for unavoidable technical jargon, increase ease of users' understanding (Courtis, 2005).

2.2.4 Comparability

This is also part of the enhancing qualitative characteristic. Comparability "is the quality of information that enables users to identify similarities in and differences between two sets of economic phenomena" (IASB, 2008, p. 39). It means that similar situations should be presented the same, while different situations should be presented differently within the company and between different companies (Beuselinck & Manigart, 2007; Cole et al., 2007; IASB, 2008). Thus, comparability includes consistency, which refers to "the use of the same accounting policies and procedures, either from period to period within an entity or in a single period across entities" (IASB, 2008, p. 39).

2.2.5 Timeliness

This is the part of the enhancing qualitative characteristic of FRQ. Timeliness refers to "... making information available to decision makers before it loses its capacity to influence decisions" (IASB, 2008, p. 40). Information should be provided to users within a timescale suitable for their decision-making purposes. It is measured in terms of the amount of days between year-end and the signature on the auditors' report after year end, often using natural logarithm of the number of days.

2.3 Accounting Information Users' Perception of FRQ

IFRS adoption provides a broader framework to qualitative financial reporting standard, which is supposed to translate into improved users' perception of the usefulness of financial reports published by firms. In the IFRS literature, despite its antecedent perceived challenges of IFRS adoption, past studies posit that adoption of IFRS has improved the quality of accounting information in different ways (Ramanna & Sletten, 2014), such as greater transparency, understandability, comparability (DeFond, Hu, Hung, & Li, 2011; Săcărin, Bunea & Gîrbină, 2013), more timely financial reports, easier access to financial reporting, among others (Ahmed & Duellman, 2011; Ball, 2006; Barth et al., 2008; Mbawuni, 2018).

In the areas of users' perception of FRQ, generally, there is scanty literature in both developed and developing countries. For example, Sohvil and Shahrokh (2005) researched into users' perceptions and characteristics of financial statement in Iran. Their study suggested that annual reports were regularly used by the users as a basis for making investment and other economic decisions. They found that users depended more on information from published annual reports than on advice from other word-of-mouth communication sources such as stockbrokers and

acquaintances or on tips and rumors. The study also found that most users perceived delays in publishing annual reports, lack of reliability of the information, and lack of adequate disclosure of published corporate financial reports in Iran.

Again, Son, Marriott and Marriott (2006) examined users' perceptions and uses of financial reports among small and medium companies (SMCs) in transitional economies in Vietnam. The study utilised semi-structured interviews among users of financial information. The findings indicated that most of the users of financial information were limited to mainly the tax authorities and government agencies. According to the study, external users were concerned with the reliability of information provided by SMCs. Their study showed that directors relied on accounting expertise for information. The study also found a low awareness of cost-benefit considerations amongst the directors of SMCs. Since there was prevalence of low quality of audit, auditing was regarded as impracticable, which also affected the supply of quality audit services to small company market.

Hasan, Hossain and Abdullah (2014) conducted a study on the perceptions of external users regarding the qualitative characteristics of corporate financial reports in Bangladesh. Using a cross-sectional survey of one hundred ninety external users involving shareholders, stockbrokers, bankers, academicians and tax officers, the findings indicated the users had a low perception of the qualitative characteristics of corporate financial reporting. The study suggested that board of directors should try to sustain the confidence of external users by ensuring good corporate governance with utmost sincerity and integrity. The board should also ensure that financial statements are faithfully represented.

Moreover, Nyor (2013) examined the perception of users regarding FRQ of Nigeria firms. Using a cross sectional survey design involving seven respondent groups, the study found that no significant difference existed between the FRQ rating among the sub-groups for accounting information quality dimensions of understandability, relevance, consistency, comparability, reliability, objectivity and completeness. Moreover, they concluded that the FRQ of corporate reports of Nigerian firms is only moderate.

Furthermore, Nobes and Stadler (2015) examined the role of the qualitative characteristics of financial information in managements' accounting decisions. Based on 40,895 hand-collected IFRS policy choices on 16 topics made by 514 large firms of 10 jurisdictions in the period 2005– 2011, they found 204 reasons for policy changes. The majority of these refer to existing qualitative characteristics such as relevance, faithful representation, comparability and understandability. They found that firms often mentioned transparency, which appears to be a new dimension of FRQ. They also found that qualitative characteristics are positively associated both with firm size and with a measure of a jurisdiction's transparency.

Recently, Al Malki, Hammami and Mardini (2015) studied individual investors' assessment of financial reporting in Qatar. Using a cross-sectional survey, they found that annual reports represent a very important source of information for investors. Almost 67% of the respondents see annual reports as a very important source of information to assess company's performance and for investment decisions. Similar to Al-Attar and Al-Khater (2008), investors ranked the set of financial statements on the top. The balance sheet was ranked first. Income statement and cash flow statement were also important and ranked respectively third and second. Auditor's report comes in the fourth position. The results of this study revealed that the financial reporting environment in Qatar is evolving at the image of the country.

More recently, Tello, Hazelton and Cummings (2016) examined potential users' perceptions of general-purpose water accounting reports prepared under Australian general-purpose water accounting (GPWA), which applies financial accounting techniques to water and could be extended to other areas of natural resource management. Using mixed method research design comprising a questionnaire administered to users, the findings indicate that overall, users perceive the introduction of GPWA as useful and believe that the benefits will outweigh the costs. The respondents supported the adoption of a financial framework. The findings suggested that government agencies were likely to be the main users of GPWA. Users were also concerned about the degree of judgement and accountability of the GPWA.

Finally, Mbobo and Ekpo (2016) examined the perception of Nigerian accountants on the quality of financial reporting using the qualitative characteristics of FRQ. Using a survey of professional accountants in three major cities in Nigeria, the authors found that the qualitative characteristics of financial reporting can be achieved through these key qualitative characteristics: relevance, faithful representation, comparability, verifiability, understandability and timeliness. The results further indicate that the respondents perceived faithful representation and relevance as having greater potential of enhancing FRQ. The type of auditor's report, the use of fair value, the presence of information were also the underlying attributes which largely enhance the quality of financial reporting. They also found that there is scanty research on training on IFRS and qualitative characteristic of FRQ in developing countries.

2.4 Measuring Users' Perception of FRQ

Users of accounting information have different work background characteristics. Not all users of them have a typical professional accounting background, industry background, working experience and even management level in their organisation. Since management users may come from both accounting and non-accounting background, it becomes critically important for accounting information presented to these users reflect, not only financial position of the company but also other relevant non-financial information useful for economic decision making (IASB 2010). For this reason, although financial reports could be measured using accrual and value relevance models, qualitative characteristics are preferred because of its comprehensiveness. Since accrual and value relevance measures focus only on information disclosed in financial statements, to assess the FRQ without including both financial and non-financial information in the annual financial report will be incomplete (e.g. Beest et al., 2009; Nichols & Wahlen, 2004). Therefore, to provide a comprehensive measure of FRQ of accounting information, it is important for scholars and practitioners to capture both financial and non-financial information as have been argued by past studies (e.g. Beest et al., 2009; Cohen et al., 2004).

This study, therefore, adopts a more comprehensive measure of FRQ that includes financial position and performance information (relevance and faithful representation which are fundamental), as well as disclosures of other non-financial information (understandability, comparability and timeliness which are enhancing) that are critically useful for decision making by users. This approach is particularly useful to a wide group of users of accounting information presented in financial reports as it is the case of respondents in this study. Moreover, this study adopts the empirically validated FRQ measurement tool developed by the Nijmegen Center for Economics (NiCE) to assess FRQ based on the fundamental and enhancing qualitative characteristics of financial reports proposed by IASB (Beest et al., 2009). The NiCE FRQ instrument has five dimensions, namely: relevance, faithful representation, understandability, comparability and timeliness.

2.5 The Main Research Gap

In spite of the growing interest in research on the significance of financial reporting to users of financial reports by researchers and practitioners, there is no empirical research, as far as the researcher knows, that specifically assesses users' perception of the qualitative characteristics of the annual financial reports of Ghanaian companies. In particular, since management needs accounting information to evaluate the performance and position of the organization to provide necessary measures for improvement, this study focuses on management perception of qualitative characteristics of FRQ of the firms. Thus, this study finds empirical relevance by contributing to filling this void in the FRQ research in Ghana.

2.6 Conceptual Framework

Based on the literature reviewed, a conceptual framework was developed for this study (Figure 1). It shows FRQ measurement framework of IASB (IASB, 2008, 2010) operationalised by Beest et al. (2009). The FRQ framework has five dimensions, namely, relevance, faithful representation (neutrality, completeness, accuracy or freedom from material error, verifiability and corporate governance), understandability, comparability and timeliness (Beest et al., 2009; Willekens, 2008; IASB, 2008, 2010).

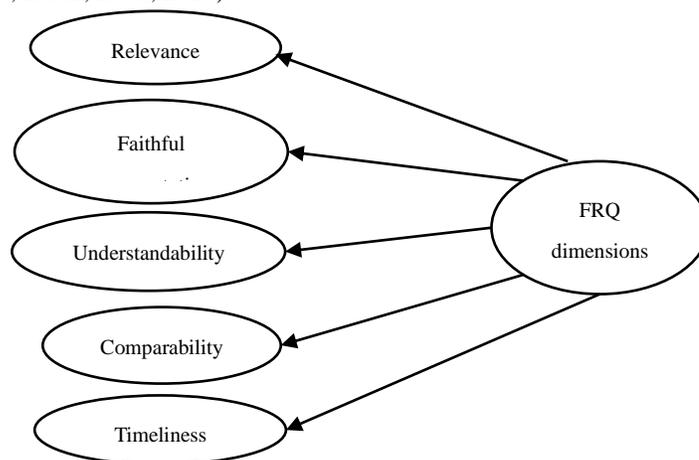


Figure 1. Conceptual framework

3. Methodology

3.1 Research Design, Population and Sampling

This study was a cross-sectional survey that sought to collect field data on management perception of the FRQ of financial reports of companies after IFRS adoption in Ghana. This was meant to provide a general descriptive analysis for an initial study (Hair et al., 2010). The population included respondents who were in the top or middle management positions in their respective Ghanaian firms and have been using financial reports in making economic decisions for at least five years. Based on the unique criteria of the target population, purposive sampling was used to select 600 respondents who possess the characteristics for the study.

3.2 Development of Research Instrument/Measures

This study adopted the empirically validated FRQ measurement tool developed by the Nijmegen Center for Economics (NiCE) but modified to suit the research context (Beest et al., 2009). Consequently, a self-administered, structured questionnaire was developed (see appendix) consisting of five dimensions, namely, relevance and faithful representation, understandability, comparability and timeliness. Each of the dimensions of FRQ had five measurement items that formed the construct it represents, except Timeliness that had 1 measurement item. These summed up to 21 measurement items in all. (see Table 1). The FRQ dimensions were measured using a five-point scale, coded 1 to 5 respectively, that reflected the magnitude of the FRQ dimension being measured as developed by Beest et al. (2009).

3.3 Administration of Research Instrument

The questionnaire was pre-tested and refined before it was finally administered to the target population. Specifically, the questionnaire were personally administered to respondents by the researcher for nearly three weeks. Most of the respondents were given the questionnaire during strategic management meetings, which the researcher was invited to attend. Informed consent form was used to seek permission and participation of the respondents. To generate reliable responses, the respondents were assured of anonymity of their identity and confidentiality of their responses. Out of the 600 questionnaire administered, 500 usable questionnaire were obtained, representing 83% response rate for data analysis. This could be considered a high response rate for survey research of this nature (Saunders et al., 2012).

3.4 Reliability of Research Instrument

Cronbach alpha reliability co-efficients for the five sub-dimensions are presented in Table 1.

Table 1. Reliability analysis for research constructs and variables

Dimensions of FRQ	No. of items	Cronbach's Alpha
Relevance	5	0.875
Faithful representation	5	0.756
Understandability	5	0.897
Comparability	5	0.945
Timeliness	1	N/A

Note: alpha is Cronbach's alpha reliability co-efficient, 0.70 is acceptable threshold (Straub, 2004).

They range from 0.875 to 0.945, exceeding the recommended 0.70 for social science research (Straub et al., 2004). Thus, it indicates good reliability of the research instrument.

3.5 Data Analysis Methods

A descriptive analysis was conducted involving means, standard deviations and percentages to describe respondents' ratings for the perceived FRQ of financial reports in the five dimensions. For descriptors of means of FRQ items, ratings below mean of 2.5 is described as poor because it falls below the average standard. A mean between 2.5 and 2.99 is average, 3.0 to 3.99 is good, 4.0 to 4.99 is very good and 5.0 is excellent. Also, a non-parametric K-Wallis ANOVA analysis was conducted to reveal differences in respondents' evaluation based on respondents' work background characteristics.

4. Results of Study

First, results on respondents' profile are presented in section 4.1 and those for addressing the research objectives are presented in sections 4.2 and 4.3. The results for perceived FRQ are presented in Table 2 and the test of difference between the sub-groups are presented in Tables 3 and 4.

4.1 Respondents' Profile:

For the characteristics of the respondents, in terms of gender, 86.5% of the respondents were males and 13.5% were females. In terms of age, 20% were below 35 years, 40% between 35 and 45 years and 25% were above 45 years of age. 53% of them were working in top management positions whereas 47% worked in middle management positions in their companies. 49.4% of the respondents had below 10 years of work experience and 50.6% of them had more than 10 years of work experience. 40.2% of the respondents were certified chartered accountants, 59.8% had non-accounting professional background. 13.4% of the respondents were working in the petroleum industry, 12.4% working in agriculture industry, 19.8% worked in telecom industry, 14.6% worked in finance industry, 17% worked in manufacturing industry, 11.6% worked in health service industry and 11.2% worked in ICT industry.

Table 2. overall mean rating for FRQ dimensions

	Mean	Std. Deviation	Group mean	Rank	remarks
RI	4.44	0.68	4.36	1	very good
R2	4.36	0.57			
R3	4.37	0.68			
R4	4.30	0.65			
R5	4.32	0.66			
F1	4.31	0.67	4.32	3	very good
F2	4.29	0.67			
F3	4.34	0.65			
F4	4.34	0.66			
F5	4.34	0.64			
U1	4.35	0.61	4.35	2	very good
U2	4.32	0.59			
U3	4.35	0.63			
U4	4.32	0.68			
U5	4.40	0.62			
C1	4.29	0.69	4.16	4	very good
C2	4.33	0.75			
C3	4.13	0.90			
C4	4.11	1.01			
C5	3.96	1.08			
T1	4.50	0.45	4.5*	5	very poor
Overall perceived					
FRQ	4.30	0.70			

Source: Field data, 2019 Notes: scale: 1- strongly disagree, ... 5 – strongly agree, *higher value indicates poor Timeliness

4.2 Users' Perceived FRQ of Accounting Information

Table 2 shows that the overall mean for FRQ in terms of qualitative characteristics for Ghanaian firms is 4.30, which could be described as very good FRQ. In terms of analysis for each of the five FRQ dimensions, Table 2 also shows that, highest rated perceived FRQ dimension is Relevance (4.36), followed by Understandability (4.35), Faithful Representation (4.32), Comparability (4.16) and the least rated perceived FRQ is Timeliness. The mean of 4.5 for Timeliness actually implies that it takes much longer time for Ghanaian firms to publish their annual report than it is needed to inform useful decision. Thus, all the dimensions received a very good rating by the users except Timeliness that was rated very poorly.

4.3 Differences in FRQ Perception

Tables 3 and 4 show the results of the K-Wallis ANOVA test of difference between the mean ranks of the sub-groups according respondents work characteristics. First, in terms of career background (CB), respondents with accounting background (AB) differed from those with no accounting background (NAB) on five items, namely, R2 (information being forward looking or predicting future earnings), F1 (objective presentation of both positive and negative events), U4 (showing complete transparency and understandability of accounting practices), U5 (ease of comprehension of meaning) and C4 (information for potential foreign merger partners). Specifically, management with NAB significantly ranked these items higher than those with AB, except for R2.

In terms of years of work experience, management with over 10 years work experience significantly rated R4 (use of fair value for accounting) higher than those with less than 10 years of work experience. Then top management significantly rated U4 (showing complete transparency and understandability of accounting practices) higher than middle management.

In terms of industry background, the managers differed on their perception of FRQ in relevance, Faithful presentation, understandability and comparability. Management from ICT and Telecom background rated RI, R5, F1, F2, F3, U3, C2 and C4 higher than those from Finance and other industry background. On the other hand, management from Finance industry generally rated FRQ lower than those from other industries.

Table 3. Differences in perceived FRQ based on career background, years of experience and levels of management

	<i>Test of difference between sub-groups</i>								
	<i>AB</i>	<i>NAB</i>		<i>Below 10yrs</i>	<i>10 Yrs +</i>		<i>Top Mgt</i>	<i>Middle</i>	
	<i>Mean</i>	<i>Mean</i>			<i>Mean</i>			<i>Mean</i>	
	<i>rank</i>	<i>rank</i>	<i>Sig.</i>	<i>Mean rank</i>	<i>rank</i>	<i>Sig.</i>	<i>Mean rank</i>	<i>rank</i>	<i>Sig.</i>
RI	239.50	257.89	0.12	248.46	252.49	0.73	242.35	259.69	0.13
R2	266.81	239.54	0.02*	244.67	256.19	0.31	248.65	252.58	0.73
R3	238.84	258.34	0.10	246.74	254.17	0.52	239.80	262.57	0.05
R4	239.91	257.62	0.14	237.34	263.35	0.03*	248.25	253.03	0.68
R5	243.23	254.57	0.34	249.92	250.08	0.99	252.11	247.62	0.70
F1	234.00	261.59	0.02*	243.40	257.43	0.23	247.55	253.83	0.59
F2	240.61	257.15	0.16	255.38	245.74	0.41	251.00	249.94	0.93
F3	255.53	247.12	0.48	240.32	260.44	0.08	259.81	240.01	0.09
F4	243.65	255.11	0.34	250.27	250.73	0.97	256.78	243.42	0.25
F5	239.22	258.08	0.11	246.10	254.80	0.45	244.37	257.42	0.26
U1	237.06	259.53	0.06	254.96	246.15	0.45	245.22	256.45	0.33
U2	251.64	249.73	0.87	252.60	248.45	0.72	244.37	257.41	0.25
U3	252.03	249.47	0.83	244.23	256.62	0.28	253.47	247.15	0.58
U4	234.31	261.38	0.02*	251.60	249.42	0.85	238.84	263.65	0.03*
U5	226.52	266.62	0.00**	246.64	254.26	0.51	244.88	256.84	0.30
C1	245.49	253.87	0.48	252.95	248.11	0.68	250.43	250.58	0.99
C2	249.54	251.14	0.89	256.61	244.54	0.30	244.92	256.79	0.31
C3	258.21	245.32	0.29	243.83	257.01	0.27	242.53	259.49	0.16
C4	229.42	264.67	0.00**	248.06	252.88	0.69	245.82	255.78	0.41
C5	250.02	250.82	0.95	244.42	256.43	0.32	242.44	259.59	0.16
T1	251.02	250.44	0.75	248.62	250.49	0.39	282.46	287.53	0.29

Source: Field data, 2019 Notes: scale: 1- strongly disagree, ... 5 – strongly agree, percentage dimension score (PDS),

*significant at 0.05, ** 0.001, ***0.000.

Table 4. Differences in perceived FRQ based on industry background

	<i>PM</i>	<i>AGR</i>	<i>TEL</i>	<i>FIN</i>	<i>MAN</i>	<i>HLTH</i>	<i>ICT</i>	<i>Test of difference between sub-groups</i>		
	<i>Mean</i>	<i>Chi-squ</i>	<i>Df</i>	<i>p-value</i>						
	<i>rank</i>	<i>are</i>								
RI	248.24	206.19	261.04	237.71	250.63	257.79	288.79	13.85	6.00	0.031*
R2	259.61	223.60	232.53	244.21	278.46	270.31	241.80	11.12	6.00	0.085
R3	261.96	232.40	251.12	230.18	246.34	271.19	262.88	5.53	6.00	0.477
R4	269.76	254.24	244.27	224.49	238.58	290.72	240.04	11.32	6.00	0.079
R5	238.28	266.76	218.13	240.71	241.73	278.05	293.58	17.07	6.00	0.009**
F1	278.54	255.52	276.14	186.04	245.70	245.94	257.77	25.07	6.00	0.000***
F2	246.60	266.25	256.84	198.18	236.78	276.79	284.48	20.10	6.00	0.003**
F3	248.63	258.59	245.10	229.01	255.69	249.16	270.75	3.89	6.00	0.691
F4	245.46	236.54	251.76	224.29	261.27	265.31	268.09	6.12	6.00	0.410
F5	236.07	264.29	241.96	235.11	261.45	252.52	264.75	4.27	6.00	0.640
U1	227.77	268.96	258.12	222.83	248.02	252.35	277.74	9.60	6.00	0.142
U2	224.30	262.48	260.91	230.49	243.01	248.77	285.59	10.37	6.00	0.110
U3	227.93	243.10	263.44	212.93	253.02	266.55	287.55	15.01	6.00	0.020*
U4	250.28	234.91	278.63	213.85	258.82	253.40	245.89	11.65	6.00	0.070
U5	262.34	231.48	279.16	214.31	244.98	246.98	261.65	13.28	6.00	0.039*
C1	250.18	256.55	291.62	216.75	233.43	233.38	254.75	17.48	6.00	0.008**
C2	236.56	256.56	270.95	214.42	243.55	236.81	292.36	15.39	6.00	0.017**
C3	237.93	260.50	289.34	227.53	248.03	227.15	239.04	13.76	6.00	0.032*
C4	252.70	243.58	281.06	198.71	248.71	231.93	287.17	21.47	6.00	0.002**
C5	250.70	293.28	274.23	230.09	218.28	236.81	246.10	16.43	6.00	0.012**
T1	248.24	248.19	271.04	267.71	260.63	257.79	288.79	2.96	6.00	0.231

Source: Field data, 2019, Notes: scale: 1- strongly disagree, ... 5 – strongly agree, *significant at 0.05, ** 0.001, ***0.000.

Note: PM – Petroleum, AGR- Agriculture, TEL-Telecommunication, FIN- Finance, MAN – Manufacturing, HLTH – Health, ICT – Information communication technology

5. Discussion of Findings

The overarching purpose of this study was to assess management perception of the qualitative characteristics of FRQ of Ghanaian companies after the implementation of IFRS in Ghana.

5.1 Users' Perceived FRQ of Accounting Information

First, in terms of management perception of overall extent of FRQ of Ghanaian firms, this study found that overall FRQ was very good. This implies that management from different work background in Ghana perceive that after the implement of IFRS in Ghana, the quality of accounting information communicated to them from financial reports of Ghanaian firms has improved significantly. This finding shows better performance in users' perception of FRQ of Ghanaian firms than those reported in other studies in developing countries. For examples, Nyor (2013) and Mbobo and Ekpo (2016) reported that users' perception of FRQ of Nigerian firms were only moderately good. Hasan et al. (2014) reported that, in Bangladesh users' perception of the qualitative characteristics of disclosures of financial reporting was far below the acceptable level. Again, Son et al. (2006) also found that, according to users of accounting information in Vietnam, the financial statements of small and medium scale firms were normally unavailable or poorly presented. Tasios and Bekiaris (2012) found that auditors perceive overall FRQ of Greek companies to be moderate.

Second, in terms of fundamental and enhancing quality aspects of FRQ, this study found that, generally, management of firms perceive that accounting information in the financial reports greatly reflect the qualitative characteristics of Faithful Representation and Relevance for fundamental qualitative characteristics as well as Understanding and Comparability aspects of enhancing qualitative characteristics. The findings that FRQ of Ghanaian firms are very good in terms of Faithful Representation and Relevance support similar findings in past studies (e.g., Beest et al., 2009; Tasios & Bekiaris, 2012).

Third, that management generally perceived the Timeliness aspect of FRQ of Ghanaian companies to be very poor. Thus, Ghanaian firms take unduly longer time to publish their audited corporate financial reports than it is required by the IFRS/IAS. This finding confirms past studies (e.g., Puasa, Salleh & Ahmad, 2014; Yurisandi & Puspitasari 2015), that posit that, generally, companies adopting IFRS has a big challenge complying with the timely submission of their corporate financial report for auditing and publication. For example, Sohwil and Shahrokh (2005) reported that, in Iran, most users of accounting information believed that the main concerns with corporate financial reports were a delay in publishing annual reports, lack of reliability of the information, and lack of adequate disclosure. According to Yaacob and Che-Ahmad (2012), it took Malaysian firms longer time to issue audit report, resulting in delay in financial reporting after the IFRS adoption.

5.2 Differences in Users' Perception of FRQ of Accounting Information

Based on the results of this study, it was found that the respondents' work background characteristics such as years of work experience, industry background, career background and level of management did influence their perception of FRQ. Specifically, top and middle management with accounting background were more critical in their evaluation of their perception of FRQ of Ghanaian companies than those with non-accounting professional background. This finding was confirmed by the findings on difference in FRQ perception by industry, that generally, management from finance industry rated FRQ of companies significantly lower than those from other industries. Also, management from ICT and Telecom background significantly had high FRQ perceptions of the Ghanaian companies than those from Finance and other industry background.

These results might probably be due to the fact that, as experts in accounting, management with professional accounting background are more knowledgeable in accounting and therefore have higher expectations of what financial reporting should deliver to users of accounting information than their counterparts with non-accounting professional management expects. These findings lend support to those of Sohwil and Shahrokh (2005), who found that respondents differed in their rating of the importance of different sections of the annual financial report.

6. Implications of Findings

This study has theoretical and practical implications for improving FRQ in Ghanaian companies.

6.1 Theoretical implications

First, theoretically, this study is one of the initial empirical studies in assessing users' perception of FRQ of companies in developing countries in general, and Ghana in particular. It has increased scholars and practitioners' understanding of how management of firms generally perceive FRQ of Ghanaian companies in this post-adoption of IFRS era.

Second, this study has made a unique contribution to the FRQ literature that, work characteristics such as years of work experience, industry background, career background and level of management may significantly determine the extent to which decision-usefulness of financial reporting is perceived by accounting information users. In particular, top and middle management of organisations with professional accounting background tend to be more critical in their assessment of FRQ of financial reports than those who have non-accounting professional background.

6.2 Practical Implications

Practically, this study imply that management of Ghanaian companies should endeavour to improve upon the timeliness of auditing and publishing of their financial reports in order to facilitate good auditing quality (Coffie et al., 2018; Musah et al., 2018) and improve the decision-usefulness of the reports to various users of accounting information.

Policy makers and regulatory bodies in Ghana are also encouraged to tighten their monitoring and supervisory role in ensuring that companies in Ghana are improving upon their compliance with FRQ standards of IAS for decision usefulness. There is also the need to increase training and education on FRQ among users who have no accounting background. This will help them to improve upon their perception, assessment and understanding of FRQ expected of firms in this post-adoption of IFRS era.

7. Conclusions and Limitations

This study has attempted to provide an initial evidence of the extent to which top and middle management of companies perceive FRQ of companies in Ghana. This study concludes that the general perception of FRQ of firms in Ghana is very good among top and middle management personnel in Ghana in terms both fundamental and enhancing qualitative characteristics of FRQ proposed by IASB. The main limitation of this study is that it is focused on the context of Ghana. Future research should extend this study to other developing countries and compare the results with those of this study.

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Appendix

Sample of Questionnaire for Managers

QUESTIONNAIRE ON USERS' PERCEPTION OF FINANCIAL REPORTING QUALITY IN GHANA

Dear Sir/Madam, this questionnaire has been designed to collect information about the perception of users of financial statements on Accounting Information Quality in Ghana. The purpose of this research is to examine the extent to which the persons perceive the quality of accounting information in Ghana. Please feel free to respond; your identity will not be disclosed and the responses will be used for only academic purposes.

SECTION A: RESPONDENTS' PROFILE

1. Please how old are you [] Below 35 years [] 35 to 45 years [] Above 45 years
2. Your gender please [] Male [] Female
3. How many years of working experience do you have? [] below 10years [] 10 years and above
4. What is your career background? [] Accounting Background [] Non Accounting Background
5. Which industry do you belong to? [] Petroleum and Mining [] Agricultural [] Telecommunications [] Financial [] Manufacturing [] Health [] Information Communication and Technology
6. What is your rank in your organization? [] Top Management [] Middle-level Management

SECTION B: IFRS ADOPTION AND ACCOUNTING INFORMATION QUALITY

To what extent do you agree or disagree about the **effects** of the adoption of IFRS on Accounting Information Quality in Ghana regarding the four qualitative characteristics? **Please use this scale, 1 to 5, where:**

1 – Strongly Disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly Agree

	Relevance	Tick one from 1 – 5				
1.	Accounting information provides feedback to the users about previous transactions or events	1	2	3	4	5
2.	Accounting Information gives a broad perspective to predict future earnings based on past events predictive value	1	2	3	4	5
3.	Accounting information supports control and decision-making purposes	1	2	3	4	5
4.	Accounting information allows fair value accounting to increase the relevance of financial reporting accounting information	1	2	3	4	5
5.	Information confirms or changes past (or present) expectations based on previous evaluation	1	2	3	4	5
	Faithful Representation					
6.	Objective presentation of accounting information focuses on both positive and negative events	1	2	3	4	5
7.	Estimates and assumptions used in the preparation of accounting information are free from bias	1	2	3	4	5
8.	Accounting information gives clear understanding of risk and return	1	2	3	4	5
9.	Accounting information completely report what it purports to represent	1	2	3	4	5
10.	Accounting information presented are free from material errors	1	2	3	4	5
	Understandability	1	2	3	4	5
11.	Accounting Information is well-organized and easier to understand	1	2	3	4	5
12.	Narrative explanations help to increase the understandability of accounting information	1	2	3	4	5
13.	The use of tabular or graphic formats help improve understandability of accounting information by clarifying relationships and ensuring conciseness	1	2	3	4	5
14.	Accounting information ensures complete transparency and understandability of accounting practices	1	2	3	4	5
15.	Accounting Information enables users to comprehend their meaning	1	2	3	4	5
	Comparability					
16.	Accounting information ensures easy comparability of financial data across borders	1	2	3	4	5
17.	The accounting policies used, the structure of the annual report, and the explanation of transactions help assess the comparability of annual reports of different companies.	1	2	3	4	5
18.	Accounting information enables users to identify similarities in and differences between two sets of economic phenomena	1	2	3	4	5
19.	Accounting information sees to potential foreign merger partners.	1	2	3	4	5
20.	Accounting information enables local firms access to global market	1	2	3	4	5
	Timeliness					
21.	Generally, it takes companies longer time to publish audited financial statement than the mandatory period of four months after the financial year ends.	1	2	3	4	5