Pair-Wise Correlation Analysis of Accounting Standards and Quality of Financial Reports of Nigerian Deposit Money Banks

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Abstract: The fast pace of globalization and the accelerated growth in borderless transactions have brought about unprecedented shift from the local accounting standards application to the International Financial Reporting Standards (IFRS) adoption. It therefore remained unclear whether the usage of any of the two has correlation with the quality of financial reports particularly in the Nigerian Banking sector. This study therefore investigated the pair-wise correlational analysis of accounting standards and quality of financial reports of listed deposit money banks in Nigeria. Out of the 17 listed deposit money banks in Nigeria, 7 was judgmentally selected. The population of the preparers (reporting accountants) of the financial reports was 408 out of which 200 respondents were purposefully selected for the study. Survey research design was used and the primary data were obtained through self-administered structured questionnaires. 130 copies of the questionnaires were retrieved and eventually used for the analysis. Pearson's Product Moment Correlation Coefficient (PPMC) was used to determine the pair-wise correlation between the accounting standards adoption and the quality of financial reports of the deposit money banks in Nigeria for the two accounting standard regimes. The results show that the relationship between comparability, uniformity, relevance, verifiability and dependability and the quality of financial reports were negligible and even sometimes negative with the coefficients of correlation of -0.053, 0.20, 0.13, -10.3 and -0.85 respectively except for the faithful representation which has a very strong positive relationship with the quality of financial reports with correlation coefficient of 0.85 during the rules-based accounting standards era. Meanwhile, the correlation coefficient values of 0.72 and 0.74 with p-value = .000 at 0.05 level of significance each for both verifiability and faithful representation respectively during the principles-based accounting standards era. It was therefore concluded that accounting standards have more correlation with the quality of the financial reports of the deposit money banks in Nigeria during the application of principles-based accounting standards than that of rules-based accounting standard era. The study recommended that the accounting standards setter and the regulatory body such as Financial Reporting Council of Nigeria (FRC) should ensure strict adherence to the rules of engagement in the application of the principles-based accounting standards to reap the benefit inherent in its usage and achieve the much-desired quality of financial reports in the banking sector in Nigeria.

Keywords: Accounting standards adoption, pre-IFRS adoption, post-IFRS adoption, rules-based standards, principles-based standards, quality of financial report and Nigerian Deposit Money Banks.

1. Introduction

According to James (2009), The procedures for applying IFRS commenced in Nigeria when the then Nigerian Accounting Standards Board (NASB) rolled out the masterplan (road map) for the implementation of Internationally Financial Reporting Standards (IFRS) in September 2010. Predicated on the road map, all the relevant stakeholders were anticipated to have fully adopted the IFRS on or before 31st December, 2014. The implementation of IFRS started with public listed entities (PLE) under which the Nigerian banking sector falls.

Followed by the significant public Interest Entities (SPIE) in January 2012. It was anticipated that every Other Public Interest Entities (OPIE) were to implement IFRS because of the mandatory requirement for the adoption in January 2013 while Small and Medium Sized Entities (SMSE) were as a matter of statute expected to compulsorily implement IFRS by 2014.

It is a welcome development that Nigeria has joined other countries of the world in the adoption of principles-based standards (PBS) for the purpose of preparing and presenting the financial statements According to the general expectation of IASB, that the adoption of PBS will enhance uniformity, reliability, relevance by increasing the quality of financial reports. Yet, many questions remain unanswered as to whether the dynamism from rules-based standards (RBS) which in Nigeria context are referred to as Nigerian Generally Accepted Accounting Practices (NGAAP) to principles-based standards (PBS) which are in global context referred to as IFRS has brought about the much-desired quality in financial reporting particularly in the banking industry in Nigeria context.

Evidence from literature has shown that Nigeria was not spared from the global financial reporting misdemeanor occasioned with the failures of Cadbury Nigeria Plc in 2006 and several other companies. Financial institutions in Nigeria have been mostly affected in the issues associated with corporate financial reporting as it becomes unclear whether the financial reports prepared and presented by the banks actually have correlation with underlying economic and monetary event, they purport to represent with the rate of failures experienced in the sector in the past decades. As a result of this rising tendency in the global accounting landscape, regulatory agencies in Nigeria have compelled corporations to comply with IFRS which are regarded as the principles-based accounting standards to boost the quality of financial reporting thereby promoting users' confidence.

Firms were mandatory required to switch from the application of local accounting standards in the preparation and presentation of financial statements to internationally motivated accounting standards in line with global convergence to International Financial Reporting Accounting Standards (IFRS).

The extant study, particularly, Zeff (2007) contends that the drive for harmonization and standardization of accounting standards began in the 1990s which eventually brought about global convergence in the 2000s. According to Nobes and Zeff (2008), global convergence of accounting standards is regarded as the process in which local standards (rules-based) and International Financial Reporting Standards (principles-based) were eventually brought into line. Notwithstanding the hitherto existing diverse local standards across the globe, International Accounting Standards Committee (IASC) was specifically set up in 1973 to develop a single set of global accounting standards (Barth, 2008). The establishment of IASC was through an agreement made by professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherland, the United Kingdom, and Ireland and the United States of America (iGAAP, 2012). IASC's main goal is to develop in the public interest, accounting standards that would be acceptable all over the world to improve the quality of financial reporting.

Consequently, IASC restructured itself to the International Accounting Standards Board (IASB) in 2001 to take over the responsibilities of producing a single set of global accounting standards which is generally regarded as International Financial Reporting Standards (IFRS). Studies have shown that IFRS involves the exercise of discretion and professional judgment (Schipper, 2003). As a result of dynamism occasioned in the accounting standards worldwide which brought about full adoption of IFRS by the European Union in 2014 and the eventual Norwark Agreement between the IASB and the US FASB on the convergence projects, over 120 countries have adopted IFRS by their local companies of which Nigeria is not an exemption.

James (2009) posits that Nigeria commenced the procedures for IFRS adoption due to the perceived benefits when the erstwhile Nigerian Accounting Standards Board (NASB) rolled out the roadmap for the adoption of IFRS in September 2010. Premised on the roadmap, all stakeholders were expected to have fully adopted the IFRS on or before 31st December 2014. Implementation of IFRS started with public listed entities (PLE) under which the Nigerian banking sector falls. Followed by significant public interest entities (SPIE) in January 2012. All other public interest entities (OPIE) were expected to implement IFRS for the statutory purpose by January 2013 and small and medium-sized entities (SMSE) were to mandatorily implement IFRS by 2014.

It is a welcome development that Nigeria has joined other countries of the world in the adoption of principles-based standards (PBS) in the preparation and presentation of financial reports. According to the general expectation of IASB, that the adoption of PBS will enhance uniformity, reliability, relevance by increasing the quality of financial reports. Yet, many questions remain unanswered as to whether the shift from rules-based standards (RBS) which in Nigeria context are referred to as Nigerian Generally Accepted Accounting Practices (NGAAP) to principles-based standards (PBS) which are in global context referred to as IFRS has brought about the much-desired quality in financial reporting particularly in the banking sector in Nigeria.

The existing studies in this line of research did not provide a common position as to whether the adoption of either the local accounting standards or international financial reporting standards has correlation with the quality of financial reports particularly that of deposit money banks in Nigeria.

Aside from the fact that the findings of the existing studies are with mixed results only a few of them evaluated the perceptions of stakeholders (i.e the reporting accountants) of financial reports on accounting standards and the quality of financial reports of deposit money banks especially in Nigeria context.

The thrust of this study is to therefore to conduct pair-wise correlational analysis of the accounting standards adoption and quality of financial reports of Nigerian deposit money banks.

Research Question

The current study raised and provided answer to the following research question
What is the relationship between qualitative characteristics of accounting standards and quality of financial reports of listed Deposit Money Banks in Nigeria during the rules-based accounting standards and the principles-based accounting standards era?

Objective of the study

The broad objective of the study was conceived to carry out the pair-wise correlational analysis of accounting standards and quality of financial reports of Nigerian deposit money banks while this broad objective was achieved through the following specific objective having:
Examined the relationship between qualitative characteristics of accounting standards and quality of financial reports of selected listed Deposit Money Banks in Nigeria during the rules-based accounting standards and principles-based accounting standards era.

Hypothesis of the Study

The hypothesis of the study was formulated and stated in null form having been tailored in line with the specific objective of the study as follows: -

Ho: There is no significant relationship between the qualitative characteristics of accounting standards and quality of financial reports of listed Deposit Money Banks in Nigeria during the rules based and principles-based accounting standards eras.

Significance of the Study

The significance of any research emanates from its relevance and importance to the relevant stakeholders such as academics, practitioners, government, policy makers, regulatory agencies, investors, creditors, debtors, accountants, auditors, analysts and even the reporting accountants and users of financial reports.

The findings of this research are therefore of significant benefit especially to the reporting accountants, auditors, standard setters, managers, investors, researchers, academics, and other relevant stakeholders. For instance, reporting accountants in the area of application of the appropriate accounting standards in the preparation and presentation of financial statements; auditors in the area of expression of opinion as to whether the financial statements they have audited give through and fair view of the monetary events they purport to represent;

analysts and researchers in the areas of policy and strategy formulation and implementation, investment decision making and expression of opinion on the accounting information contained in the financial reports of quoted deposit money banks.

Reporting Accountants: The study has brought to fore the fact that principles-based accounting standards are not superior to rules-based in term of quality of financial reports.

Auditors: The study would assist the auditors to look beyond the application of IFRS in assessing the quality of financial reports since principles-based does not anger improved quality of financial report. They can look into corporate governance issues.

Standard Setters: That for financial reports quality, corporate bodies require more than the finest of accounting standards. Individual corporate idiosyncrasies/characteristics play a lot of roles.

The results of this study are also of significance to standards setters and managers in the areas of policy formulation, strategy and implementation and investors as guides for investment decision making and to analysts and researchers as impetus and foundation for future research.

2. Literature

Financial Reporting Quality

Financial reporting is a broad concept that does not just refer to financial information, it also includes other non-financial information that is useful for making decisions (Siriyama & Norah, 2017). However, financial reporting quality according to FASB, IASB, ASB-UK and Australian Accounting Standard Board (AASB) represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of an entity.

Elements of Quality of Financial Reporting

IASB (2018) posits that the essential principle of assessing the quality of financial reporting is related to the faithfulness of the objectives and how quality the information disclosed in the company's financial reports. The qualitative characteristics promote the enhancement of assessing the usefulness of financial reports which will equally lead to high level of quality of financial reports.

Existing literature has revealed that in order to achieve the high level of quality of financial reports, such reports must be comparable, uniform, reliable, value relevant, dependability, faithfully represented, understandable, verifiable and timely. The central focus here is to therefore have transparent financial reports and not the financial reports that will be misleading to users. Little wonder that Gajevszky (2015) argues that preciseness and predictability are indicators of a high-quality financial reporting.

The revised Conceptual Framework for Financial Reporting issued by both FASB and IASB in 2018 agree upon some elements of high-quality financial reporting. These are regarded as qualitative characteristics of financial reporting quality. These are comparability, uniformity, reliability relevance, faithful representation, dependability, verifiability and timeliness. These qualitative characteristics were adopted in this study to measure changes in accounting standards as independent variables in line with prior studies (Ran, 2018 and Joseph, 2019)

Qualitative Characteristics as Measurements for Quality of Financial Reports

In line with prior studies (Ferdy *et al.,* 2009, Ran, 2018, Joseph, 2019), quality of financial reports was defined in line with the revised Conceptual Framework of (IASB, 2018). These were defined in terms of fundamental characteristics and enhancing qualitative characteristics which underscore the significance of decision usefulness.

The fundamental qualitative characteristics which are: -

i. Relevance,
ii. Reliability and
iii. Faithful representation
iv. These are very essential and serve as pointers to the contents and quality of financial reports, the other aspects are enhancing qualitative characteristics which include:
v. Comparability
vi. Understandability
vii. Verifiability
viii. Uniformity
ix. Timeliness
x. Dependability

Evidence in the literature has therefore shown that there can be improvement in decision making by the users of financial reports when the fundamental qualitative characteristics are established. However, IASB (2018) concludes that both fundamental and enhancing qualitative characteristics cannot determine and predict the quality of financial reports alone on their own. This serves as eye opener to the reason why quantitative approach was adopted to analyze the accounting figures in the financial reports to determine their value relevance for decision making.

Each of the qualitative characteristics adopted as independent variables in line with IASB (2018) was measured using items that refer to notions of the qualitative characteristics. In order to ensure the internal validity of the items, quality was measured based on existing studies. We therefore adopted 5-point Likert scale in line with the Benard (2010) rating scale on the items. Appendix A gives an overview of 21 notions (items) measured to operationalize the fundamental and enhancing qualitative characteristics (independent variables) as well as quality of financial reports as dependent variable for both pre and post-IFRS adoption eras. The appendix has the measurement scales of 5-point Likert rating scale to assess the value of the individual items.

Theoretical Review of the Study

The theoretical frameworks that revolve around studies on accounting standards adoption and the financial reporting quality in the extant literatures over time are anchored on neo-institutional theory, agency theory, theory of economic network and stakeholder theory. The current study is therefore anchored on neo-institutional theory because the theory posits that all social actors are seeking legitimacy and/or reinventing legitimate norms within the institutional environment. This combines together to form isomorphism of structure, thought and action within the institutional environment. However, since accounting standards can be seen as legitimate and to be trusted by its users, studies therefore show that institutional theory is a framework for predicting the adoption of new accounting standards like the principles-based accounting standards which are generally referred to as International Financial Reporting Standards (IFRS). From an economic point of view, the neo-institutional theory argues that institutions are the rules of the game that define the incentives for the members of the society either individuals or organizations to engage in economic activities that are either growth-enhancing or redistributive.

3. Methodology

The study adopted survey research design which involved the use of both qualitative data, that is, primary data. As at 31st December, 2019, the population of listed deposit money banks in Nigeria was seventeen (17) in number. Out of this seventeen (17), a sample of seven (7) judgmentally selected listed banks was made. The study population was four hundred and eight (408) and these were the reporting accountants of the seven (7) sampled banks who were saddled with the responsibility of preparing and presenting the banks' financial reports. From the population of 408, a sample of two hundred (200) respondents was purposefully selected for the study. Because of the involvement of survey research design in this study, self-administered questionnaire was employed to gather responses from the 200 sampled respondents. Consequently, one hundred and thirty (130) copies of the questionnaire were returned and used for the study out of the 200 copies earlier administered. This constituted 65% response rate which was considered as an acceptable rate for a study of this nature. Pearson's Product

Moment Correlation Coefficient (PPMC) was used to determine the pair-wise correlation between the accounting standards adoption variables and the quality of financial reports of the deposit money banks in Nigeria for the two accounting standard regimes. Statistical Packages for Social Sciences (SPSS 17) was adopted to analyze the data.

4. Data Presentation and Analysis

In this part, data collected through the administered questionnaires were organized, classified and analyzed. This part is divided into three (3) sections. Section A of the questionnaire contains demographic characteristics of the respondents. These include data on gender, age, highest academic qualifications, professional qualifications and years of working experience. Section B presents the responses of respondents regarding difference in perceptions of reporting accountants on changes in accounting standards and the quality of financial reports of deposit money banks in Nigeria during pre-IFRS and post-IFRS adoption era. Lastly, Section C presents responses regarding whether there is significant relationship between qualitative characteristics of accounting standards and quality of financial reports of listed deposit money banks in Nigeria

Response Rate

Two hundred (200) copies of questionnaire were administered to the reporting accountants of the sampled deposit money banks as presented in table 3.3. The total number of copies of questionnaire retrieved and usable for the study were 130. Five copies were retrieved but excluded from the analysis due to the issue associated with outliers and unproductive responses. The remaining 65 copies were not returned due to the uncooperative attitudes of some respondents who were not willingly ready to give information about their respective organizations. The analysis of primary data was therefore based on 130 copies of questionnaire retrieved which constitutes 65% response rate. The 65% response rate according to Osuala (2013) is considered adequate for the purpose of the study of this nature. Tables 4.1 and 4.2 below shows the list of sampled banks and response rate of the 200 copies of the questionnaire administered for primary data respectively.

Table: 4.1: List of sampled banks and Respondents per Bank

S/No	Sampled Banks	Sampled Respondents	Copies Questionnaire Returned and used
1	Access Bank Plc	28	18
2	Eco Bank Plc	28	17
3	Fidelity Bank Plc	30	19
4	First City Monument Bank Plc	29	20
5	First Bank of Nigeria Plc	28	19
6	Guarantee Trust Bank Plc	27	18
7	Zenith	30	19
	Total	**200**	**130**

Source: Field Survey, 2021.

Table 4.2 Description of Response Rate of the Questionnaire

Response	Frequency	Response Rate	Cumulative Response Percent
Retrieved and Usable	130	65%	65
Retrieved but Not usable	5	2.5%	67.5
Not Returned	65	32.5%	100
Total	200	100%	

Source: Field Survey, 2021.

Analysis and Interpretation of Demographic Characteristics of Respondents

Regarding the gender of the respondents, 88 were male which constituted 67.7% while 42 were female representing 32.3% of the respondents. This signified the fact that there was a wide gap in the ratio of male to female, this could be connected to the fact that in the profession men are usually outnumber women because of the rigour involved in passing ICAN professional examinations. The female minority in the profession of accounting was not unconnected to the issue of gender-based differences and Nigerian culture and among other reasons. Meanwhile, the difference in the number of respondents does not have statistical significance on the result because the questions were not gender sensitive.

Analysis of the age bracket of the respondents showed that majority of the respondents fell within the range of 50years and above i.e., 85 representing 65.4% followed by the age bracket of 36-50years with 45 respondents representing 34.6%. Furthermore, regarding the analysis of the respondent academic qualifications, it indicated that 21 respondents (16.2%) had Ph.D., 96 respondents (73.8%) had MBA/MSc/MA while 13 respondents (10%) had either HND/BSc/B.A. only. This implied that the respondents were well educated and as such, they were knowledgeable enough to provide answers to the questions being asked during the survey. The high level of literacy of the respondents enabled the researcher in obtaining good and quality responses. The professional qualifications of the respondents revealed that all the respondents are members of the Institute of Chartered Accountants of Nigeria (ICAN). In fact, 84 of them were FCA (64.6%) while 46 respondents (35.4%) were ACA. This information attested to the fact all the respondents possessed requisite professional qualification and were well conversant with questions raised in the study. Finally, the work experience data showed that majority of the respondents (i.e., 121) were in the work experience bracket of 11 years and above representing 93.1% while only 9 of the respondents (i.e 6.9%) were in the age bracket of 6-10 years. This indicated that the majority of the respondents are well experienced and versatile in the matters that pertained to accounting standards. The academic qualifications, professional qualifications and work experiences of the respondents enhanced the quality of their contributions to the study.

In addition, the data on educational qualifications of the respondents revealed that most of the respondents have either first degree or both the first and second degrees and were considered to be professionally competent to understand the contents of the questionnaire and express unbiased opinion regarding the relationship between accounting standards adoption variables and quality of financial reports of deposit money banks.

Table 4.4 Demographic Characteristics of the Respondents

Items	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Gender				
Male	68	67.7	67.7	67.7
Female	42	32.3	32.3	100.0
Total	130	100.0	100.0	
Age				
36-50	45	34.6	34.6	34.6
50 Above	85	65.4	65.4	100.0
Total	130	100.0	100.0	
Academic Qualification				
ACA	46	35.4	35.4	35.4
FCA	84	64.6	64.6	100.0
Total	130	100.0	100.0	
Work Experience				
6-10 years	9	6.9	6.9	6.9
11 years above	121	93.1	93.1	100.0
Total	130	100.0	100.0	

Source: Survey Research, 2021

Analysis and Interpretation of Perceptions of Reporting Accountants on Changes in Accounting Standards and Quality of Financial Reports of Deposit Money Banks in Nigeria during Rules-Based and Principles-Based Accounting Standards Era.

This section presents and analyses data regarding section B of the questionnaire.

Basic Statistical Background Tests

The researcher considered certain fundamental statistical background checks to be carried out on the variables in order to authenticate the results and to also reduce to the barest minimum the occurrence of errors. According to Ringle, Sarstedt & Straub (2012), it is of importance to consider some basic assumptions such as normality, linearity tests, multicollinearity and homoscedasticity of the variables for the purpose of the fitness.

Normality Test

Normality of a distribution is usually checked by means of either statistical or graphical method. According to Tabachnick and Fidell (2007) the basic methods of checking statistical distribution normality are skewness and kurtosis. A distribution will therefore be considered normal when the values of both skewness and kurtosis are close to zero. The guidelines enumerated by Hair *et al.,* (2010) however suggested that variables distribution normality tests must have been violated if the values are higher than ±2.58. The researcher therefore achieved variables distribution normality tests since all the variables in tables 4.5 to 4.7 did not encounter any problem of normality. This implies that all the variables were well distributed. Hence, it became valid and reliable to continue with further analyses to produce non-spurious results.

Table 4.5 Skewness and Kurtosis Test Results for Pre-Adoption Era

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
COMPpre	-.939	.212	-.174	.422
UNIFORMpre	.457	.212	-1.113	.422
RELIABpre	-1.861	.212	1.485	.422
VERIFpre	.742	.212	-1.123	.422
DEPENDpre	-.246	.212	-1.153	.422
FAITHREPpre	-.021	.212	-1.416	.422
Valid N (130)				

Source: Author's Computation, 2021.

Table 4.6 Skewness and Kurtosis Test Results for Post-Adoption Era

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
COMPpost	-.947	.212	-.533	.422
UNIFORMpost	.062	.212	-1.994	.422
RELIABpost	-1.181	.212	.347	.422
VERIFpost	-1.086	.212	.617	.422
DEPENDpost	-.843	.212	-1.310	.422
FAITHREPpost	-1.544	.212	1.438	.422
Valid N (130)				

Source: Field Survey, 2021

Table 4.7 Skewness and Kurtosis Test Results for Quality Financial Reports

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
QFR1	-.514	.212	-1.763	.422
QFR2	-.799	.212	1.973	.422
QFR3	-1.281	.212	2.190	.422
QFR4	-.883	.212	-1.239	.422
QFR5	-1.192	.212	-.588	.422

QFR6 Valid N 130	-2.018	.212	2.225	.422

Source: Field Survey, 2021

Kolmogorov-Smirnov (K-S) Goodness-of-fit Test

Adefila (2014) posits that K-S goodness-of-fit test is a non-parametric method of testing the significance of the difference in distribution and a theoretical frequency distribution. It is regarded as goodness-of fit test with a proven useful statistic test well amenable for nonparametric data in contemporary research (Adefila, 2014). The decision rule is that the variables are statistically significant if (Prob> Chi2 ≤ 0.05). This implies that variables shall pass goodness-of-fit test if *p*-value is at 0.05 level of significance. The variables for measurement in this research therefore passed Kolmogorov-Smirnov goodness-of-fit test while all their *p*-values were at 0.000 respectively at 0.05 level of significance. Tables 4.8 to Tables 4.10 show the results for K-S goodness-of-fit test which implied that all the variables were considered fit and valid for the research work.

Table 4.8 Goodness-of-Fit Test Results for Pre-Adoption Era

	Kolmogorov-Smirnov[a]		
	Statistic	Df	Sig.
COMPpre	.364	129	.000
UNIFORMpre	.348	129	.000
RELIABpre	.507	129	.000
VERIFpre	.360	129	.000
DEPENDpre	.262	129	.000
FAITHREPpre	.251	129	.000

Source: Field Survey, 2021.

Table 4.9 Goodness-of-Fit Test Results for Post-Adoption Era

	Kolmogorov-Smirnov[a]		
	Statistic	Df	Sig.
COMPpost	.277	129	.000
UNIFORMpost	.339	129	.000
RELIABpost	.289	129	.000
VERIFpost	.269	129	.000
DEPENDpost	.442	129	.000
FAITHREPpost	.327	129	.000

Source: Author's Computation, 2021.

Table 4.10 Goodness-of-Fit Test Results for Quality of Financial Report

	Kolmogorov-Smirnov[a]		
	Statistic	Df	Sig.
QFR QFR1	.404	129	.000
	.316	129	.000
QFR2	.410	129	.000
QFR3	.443	129	.000
QFR4	.469	129	.000
QFR5	.517	129	.000

Source: Author's Computation, 2021.

Cronbach's Alpha Test for Reliability

Cronbach's Alpha test was adopted for the reliability to test all the items in the scales. Cronbach's Alpha was used to measure internal consistency for the survey study based on the sample estimation. Although George and Mallery (2003) suggest 0.7 as the acceptable level, a value more than 0.6 is regarded as a satisfactory level (Pallant, 2007). The reliability test was conducted for all the 21 items regarding the pre and post-adoption questions.

According to Sekaran (1992), "The reliability of a scale indicates the stability and consistency with which the instrument is measuring the concept and helps to assess the goodness of a measurement" After coding all answers from completed the questionnaires, the reliability test using Cronbach's alpha was conducted.

Table 4.11 below demonstrates the results of this test. In this table, Cronbach's alpha is 0.732; this is acceptable in social science research (Field, 2009). Thus, the Inter-item Consistency Reliability (ICR) of the measures used in this study can be considered to be very acceptable.

Table 4.11: Cronbach's Alpha Test Result

Items	No of Cases	Cronbach's Alpha (α)
21	130	0.732

Source: Author's computation, 2021.

Validity Test

The research instrument for the study was validated with both the face and content validities through expert opinion. According to Joppe (2000), validity of a research instrument determines whether the research truly measures that which it was intended to measure or how valid and honest the research results are. Olagunju (2012) believes that there exist many different types of validity which include: content validity, criterion-related validity (or predictive validity) and construct validity. The study therefore posits that the most important aspect of validity test required at this level are face and content validity. Face validity is achieved when the person validating the instruments concludes that the instrument was able to measure the traits of interest. Content validity also becomes necessary when the items of the instrument were able to fully measure the construct of interest. Little wonder that Cozby (2003) affirms that content validity tests whether the instrument measures all the adequate areas of the subject being researched.

First and foremost, the research instrument items were validated by the supervisor and one other academic and professional experts in the Faculty of Management Sciences, Department of Accounting of Ladoke Akintola University of Technology, Ogbomoso, Oyo State. They both attested to the fact that the research instrument was able to measure the attributes of interest it was designed to measure.

Analysis of Respondents' Perceptions on Qualitative Characteristics of Accounting Standards & Quality of Financial Reports

Section C: This section addresses the issues that pertain to whether there is relationship existing between changes in accounting standards and quality of financial reports of deposit money banks in Nigeria.

From table 4.14 below, the responses of the respondents in relation to the statement that says that comparability determines the quality of financial report of deposit money banks in Nigeria revealed that 37.7% and 62.3% agreed and strongly agreed respectively. It could be deduced from the perceptions of the stakeholders that comparability determines the quality of financial reports of deposit money banks in Nigeria. On the statement that says uniformity means the ability of financial reports to present similar and quality information to users for investment decision, 1.5% and 1.5% of the respondents disagreed and undecided while 55.4% and 41.5% of the respondents agreed and strongly agreed to the statement respectively.

It can be deduced from their perceptions that for financial reports of high-quality, uniformity of the information contained therein is very key. 30.8% and 67.7% of the respondents agreed and strongly agreed to the statement that says reliable financial reports can be trusted and relied upon by users for investment decision making to ensure high-quality while only 1.5% of them strongly disagreed to this statement. 39% and 91% of the respondents agreed and strongly agreed to the statement that verifiability of financial statements enhances the quality of financial reports thereby promoting confidence of users. Form these perceptions, it was apt to believe that the information contained in the financial statements of deposit money banks must be verifiable to be of high-quality. 32% and 98% of the respondents respectively agreed and strongly agreed to the statement that verifiability of financial reports enhances its quality thereby promoting confidence of users.

All the respondents held their beliefs in support of this statement. 13.8% and 86.2% of the respondents also agreed and strongly agreed to the statement that faithful representation of financial reports is a quality that implies that accounting information must be faithfully represented. These perceptions have shown that the information contained in the financial reports of deposit money banks in Nigeria must faithfully represent the economic and monetary values they purport to represent.

In summary from the description of the stakeholders' perceptions above, it is crystal clear that there exists relationship between changes in accounting standards and quality of financial reports of deposit money banks in Nigeria during the post-IFRS adoption era.

Table 4.14 Stakeholders Perceptions on whether there is relationship between Changes in Accounting Standards and Quality of Financial Reports of Deposit Money Banks in Nigeria.

S/N		Items					
	Variables Responses (%)	SD %	D %	U %	A %	SA %	Total
1.	Comparability is a determinant factor of quality of financial report of DBM in Nigeria	0 0	0 0	0 0	49 37.7	81 62.3	130 100

2.	Uniformity is a quality of financial report which means ability of financial reports to present similar information to users for investment decision	0 0	2 1.5	2 1.5	72 55.4	54 41.5	130 100
3.	Reliable financial reports can be trusted and relied upon by users for investment decision making	0 0	2 1.5	0 0	40 30.8	88 67.7	130 100
4.	Verifiability of financial reports enhances quality of financial reports thereby promoting confidence of users	0 0	0 0	0 0	39 30	91 70	130 100
5.	For the financial reports to be of high quality it must be dependable	0 0	0 0	0 0	32 24.6	98 75.4	130 100
6.	Faithful Representation of financial reports is a quality that implies that accounting information must be faithfully represented	0 0	0 0	0 0	18 13.8	112 86.2	130 100

Source: Output of the Field Survey, 2021

Test of Hypothesis

H_0: There is no significant relationship between qualitative characteristics of accounting standards and quality of financial reports of listed Deposit Money Banks in Nigeria during the pre-IFRS adoption and post-IFRS adoption era

Section C of the questionnaire addressed the questions pertaining to the perceptions of reporting accountants particularly as to how the qualitative characteristics of accounting standards relate with the quality of financial reports.

Pearson's Product Moment Correlation (PPMC) was adopted to determine the relationship between comparability, uniformity, reliability, verifiability, dependability and faithful representation and the quality of financial reports of deposit money banks in Nigerian context. These variables according to Ferdy, Geert & Suzanne (2009), Nyor (2013) and Osho & Akinwumi (2018) were regarded as the determinants of high-quality financial reporting. The correlation analysis was therefore carried out to know the strength of the independent variables at explaining the relationships with quality of financial reports during the rules-based and principles-based accounting era. Since, Pallant (2010) believes that correlation analysis is useful in explaining the strength and direction of linear relationship between two or more variables. The Pearson's correlation was therefore employed to assess and validate the strengths of the relationship among the study variables.

Adefila (2008) however provides the following interpretations for the different relationships at various range of correlation coefficient. See Table 4.25 below.

Table 4.25 Evaluation/Interpretation of Correlation Coefficients

Coefficient	Value/Nature of Relationship
0.00 -0.20	Negligible
0.21 – 0.40	Low
0.41- 0.60	Moderate
0.61 – 0.80	Substantial/High
0.81 – 0.99	Very High/Almost Perfect
1.00	Perfect

Source: Adopted from Adefila (2008)

Interpretation of Relationship existing between the Variables

Tables 4.26 and 4.27 present the results of correlation analyses that were carried out among the variables during the pre-IFRS and post-IFRS adoption era respectively based on the perceptions of stakeholders. Basing the researcher's decision on the position of Adefila (2008) above, it shows that the relationships that exist between comparability, uniformity, relevance, verifiability and dependability and the quality of financial reports were negligible and even sometimes negative with the coefficients of correlation of -0.053, 0.20, 0.13, -10.3 and -0.85 respectively except the faithful representation which has a very strong positive relationship with the quality financial reports with correlation coefficient of 0.85 during pre-IFRS adoption era. This can be interpreted that high-quality financial reports can only be explained or achieved based on how faithfully the accounting figures contained in the reports represent the information they purport to represent.

Table: 4.26: Pre-IFRS Adoption Pearson's Product Moment Correlation Matrix

	QFR	COMP	UNIF	RELI	VERI	DEPND	FAITREP
QFR	1						
COMP	0.05	1					
UNIF	0.20	0.11	1				
RELI	0.13	0.25	0.16	1			
VERI	-10.3	-0.13	-0.20	-0.14	1		
DEPN	-0.85	-0.43	-0.15	-0.03	-0.06	1	

FAIREP	0.85	0.48	-0.02	0.14	-0.11	0.008	1

Source: Author's Computation, 2021.

Furthermore, there appears to be some succors and improvements in the relationships between the independent variables and dependent variable as the correlation coefficients have relatively improved after the adoption of IFRS in the banking sector.

Decision

The results from table 4.27 depict that correlation coefficient for comparability 0.36 which implies that the relationship between this attribute and the quality of financial reports is positive but very low. For that of uniformity, the relationship is also positive but negligible with the correlation coefficient of 0.13. Meanwhile, the correlation coefficient values of 0.72 and 0.74 with p-value = .000 at 0.05 level of significance each for both verifiability and faithful representation respectively. The findings during post-IFRS adoption regime have pointed to the fact that relevance, verifiability and faithful presentation are sine-qua-non to ensure high-quality financial reports after the adoption of IFRS.

The researcher was therefore compelled to reject the null hypothesis that state that "there is no significant relationship existing between changes in accounting standards and quality of financial reports of listed Deposit Money Banks in Nigeria" and accept the alternative hypothesis based on the perception of the stakeholders. Hence, there is significant relationship existing between changes in accounting standards and quality of financial reports of selected listed Deposit Money Banks in Nigeria after the adoption of principles-based accounting standards in Nigeria. The findings of this study is in support of Nyor (2013) and Osho & Akinwumi (2018).

Table: 4.27: Post-IFRS Adoption Pearson's Product Moment Correlation Matrix

	QFR	COMP	UNIF	RELI	VERI	DEPND	FAITREP
QFR	1						
COMP	0.36	1					
UNIF	0.13	0.09	1				
RELI	0.57	-0.007	0.18	1			
VERI	0.72	0.14	0.14	0.60	1		
DEPND	-0.11	0.04	-0.122	0.16	0.03	1	
FAIREP	0.74	0.07	0.19	0.58	0.61	0.07	1

Source: Author's Computation, 2021.

5. Summary Conclusion and Recommendation

Based on the application of the relevant statistical tools and relevant models adopted, the study generated essential results which could not be ignored. The PPMC analysis carried out for pre-IFRS adoption era revealed that the relationship between comparability, uniformity, relevance, verifiability and dependability and the quality of financial reports were negligible and even sometimes negative with the coefficients of correlation of -0.053, 0.20, 0.13, -10.3 and -0.85 respectively except the faithful representation which has a very strong positive relationship with the quality financial reports with correlation coefficient of 0.85 during IFRS adoption era. This can be interpreted that high-quality financial report could only be explained or achieved based on how faithfully the accounting figures contained in the reports represent the information they purport to represent in the financial reports. There appears to be some succors and improvements in the relationships between the independent variables and dependent variable as the correlation coefficients have relatively improved after the adoption of IFRS in the banking sector. Meanwhile, the correlation coefficient values of 0.72 and 0.74 with *p*-value = .000 at 0.05 level of significance each for both verifiability and faithful representation respectively. The findings during post-IFRS adoption regime have pointed to the fact that relevance, verifiability and faithful presentation are sine-qua-non to ensure high-quality financial reports after the adoption of IFRS.

It was therefore concluded that accounting standards have more correlation with the quality of the financial reports of the deposit money banks in Nigeria during the application of principles-based accounting standards than that of rules-based accounting standard era.

The study recommended that the accounting standards setter and the regulatory body such as Financial Reporting Council of Nigeria (FRC) should ensure strict adherence to the rules of engagement in the application of the principles-based accounting standards to reap the benefit inherent in its usage and achieve the much-desired quality of financial reports in the banking sector in Nigeria.

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