



**SCHOOL OF POST GRADUATE STUDIES**

**PERCEPTIONS OF THE INFLUENCE OF  
CORPORATE GOVERNANCE ON IFRS  
COMPLIANCE AMONG PUBLICLY LISTED  
COMPANIES IN BOTSWANA**

**BY**

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**2025**

**Title Page**

**“PERCEPTIONS OF THE INFLUENCE OF CORPORATE  
GOVERNANCE ON IFRS COMPLIANCE AMONG PUBLICLY LISTED  
COMPANIES IN BOTSWANA”**

BY

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A Thesis Submitted to the  
SCHOOL OF POST GRADUATE STUDIES  
in Fulfilment of the Requirements for the  
Degree of Doctor of Philosophy  
University of Lusaka

2026

## **Declaration**

I, Rudo Nyamudzanga, hereby declare that the thesis titled:

“PERCEPTIONS OF THE INFLUENCE OF CORPORATE GOVERNANCE ON IFRS COMPLIANCE AMONG PUBLICLY LISTED COMPANIES IN BOTSWANA” submitted to the School of Post Graduate Studies, University of Lusaka, in fulfilment of the requirements for the award of the degree of Doctor of Philosophy, is my own original work and has not been submitted, in whole or in part, for the award of a degree or diploma at this or any other institution of higher learning.

All sources used have been acknowledged and referenced appropriately in accordance with academic integrity and scholarly conventions. This thesis is the result of my independent investigation and critical analysis, and I take full responsibility for its content.

Signed: *R. Nyams*

Rudo Nyamudzanga

PhD Candidate

University of Lusaka

Date: 30 April 2025

## **Dedication**

This work is dedicated to my beloved family.

To my husband, thank you for walking this path with me, for your patience, your support, and your quiet strength that supported me through long nights and difficult days.

To my children (Tinayeishe and Stacy), you have been my joy and my motivation. Your love gave me reason to persevere, and your understanding made the sacrifices worth it.

Together, you are my foundation and my inspiration. This achievement belongs to all of us.

## Acknowledgements

First and foremost, I give all glory and thanks to God Almighty, whose grace, strength, and guidance have carried me throughout this PhD journey. Without Him, this achievement would not have been possible.

I wish to express my sincere gratitude to my supervisor, Dr Mike Boniface Goma, for your invaluable support, patient guidance, and insightful feedback. Your encouragement and mentorship have been instrumental in shaping this research.

To the University of Lusaka and the School of Post Graduate Studies, thank you for the academic environment, support, and resources that made the successful completion of this thesis possible. Special thanks to Botho University, where I serve as a lecturer, for providing a platform that has nurtured my academic growth. I am especially grateful to my colleagues and students for their encouragement and understanding during this demanding season of study.

To my husband, thank you for your unwavering support, patience, and quiet strength. Your belief in me has been a pillar during moments of doubt and fatigue. I remember vividly you would often say, *“People doing PhDs don't sleep like this, wake up and read!”* This reminder kept me focused and disciplined.

To my wonderful children, you are my inspiration and my greatest joy. Your love and understanding gave me the motivation to keep going, even when the journey was tough. I remember my firstborn, Tinayeishe, was always full of faith and encouragement, saying: *“It's possible, Mom, with God, nothing is impossible.”* Then my last born daughter Stacy, in her innocence, would say with a puzzled look: *“You're not a student, but you're a mother of students!”* ‘murimhamha vechikoro in our language’. In her eyes, I seemed too old to still be in school, not quite understanding that learning has no age limit. Thank you so much family for your love, humour, and belief in me have carried me through this long journey, and I dedicate this achievement to all of you.

Lastly, I extend my appreciation to all the professionals and participants who contributed to this study. Your cooperation and insights were vital to the success of this research. This thesis is not only an academic milestone, but also a reflection of the collective support, sacrifice, and love I have received from all those around me.

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## List of Acronyms

| <b>Acronym</b> | <b>Full Meaning</b>                                    |
|----------------|--------------------------------------------------------|
| BICA           | Botswana Institute of Chartered Accountants            |
| BAOA           | Botswana Accountancy Oversight Authority               |
| BSE            | Botswana Stock Exchange                                |
| CEO            | Chief Executive Officer                                |
| GAAP           | Generally Accepted Accounting Principles               |
| IAS            | International Accounting Standard                      |
| IASB           | International Accounting Standards Board               |
| IFRS           | International Financial Reporting Standards            |
| IFAC           | International Federation of Accountants                |
| OECD           | Organisation for Economic Co-operation and Development |
| ROSC           | Reports on the Observance of Standards and Codes       |
| SOX            | Sarbanes-Oxley Act                                     |
| SBB            | Stockbrokers Botswana Ltd                              |

## **Abstract**

This study examined professionals' perceptions regarding the influence of corporate governance mechanisms on International Financial Reporting Standards (IFRS) compliance among publicly listed companies in Botswana. Although IFRS has been widely adopted to enhance financial transparency, accountability, and comparability, concerns remain regarding the extent to which organisations effectively comply with reporting requirements, particularly within emerging market environments. The study adopted a perception-based approach to explore how professionals involved in governance and financial reporting perceive the relationship between corporate governance mechanisms and IFRS compliance. A quantitative research design was employed using a structured questionnaire administered to 252 respondents drawn from publicly listed companies on the Botswana Stock Exchange. Respondents included accountants, auditors, finance managers, board members, audit committee members, chief executive officers, and other governance related personnel. The unit of analysis was the individual respondent rather than the company. Purposive and convenience sampling techniques were used to select respondents with relevant governance and financial reporting experience. Data were analysed primarily using descriptive statistical techniques appropriate for categorical and ordinal perception-based data. IFRS compliance was assessed through respondents' perceptions rather than through objective financial statement analysis or a validated compliance index. While the study examined perceived IFRS compliance broadly, IFRS 9, IFRS 15, IFRS 16, and IFRS 17 were included as representative proxy standards to provide insight into key reporting areas. The findings indicate that respondents generally perceived board expertise, board independence, audit committee effectiveness, internal controls, internal audit mechanisms, and regulatory oversight as important factors associated with stronger perceived IFRS compliance. Respondents also identified external influences, including regulatory pressure, stakeholder expectations, foreign investor scrutiny, and market conditions, as important contextual factors shaping governance practices and financial reporting behaviour. Key challenges highlighted included perceived weaknesses in regulatory enforcement, high compliance costs, and limited specialised IFRS expertise. The study contributes context specific insights into perceived corporate governance and IFRS compliance in Botswana and highlights the need for stronger governance capacity, regulatory support, and professional development.

**Keywords:** Corporate Governance, Perceived IFRS Compliance, Botswana, Publicly Listed Companies, Financial Reporting, Regulatory Oversight, Emerging Markets.

# **CHAPTER 1: INTRODUCTION**

## **1.1 Overview**

This chapter introduces the study titled “Perceptions of the Influence of Corporate Governance on IFRS Compliance Among Publicly Listed Companies in Botswana.” It provides an overview of the research by presenting the background, the research problem, objectives, and the significance of the study. The study adopts a perception-based approach, focusing on how individuals involved in financial reporting and corporate governance interpret and evaluate IFRS compliance and governance practices. This approach is particularly relevant in contexts where objective firm level compliance data may be limited or difficult to obtain.

Globally, the adoption of International Financial Reporting Standards (IFRS) has increased significantly, with more than 140 countries either requiring or permitting their use. IFRS aims to enhance transparency, comparability, and reliability in financial reporting. However, adopting IFRS does not necessarily guarantee effective implementation, as many countries continue to face challenges in achieving full compliance (Almaqtari, Hashed & Shamim, 2021; Bechihi & Nafti, 2025). In developing economies such as Botswana, these challenges are often linked not only to technical capacity and resource constraints but also to the strength of corporate governance systems. Weak governance structures may limit the effectiveness of financial reporting practices, even where formal standards are in place.

## **1.2 Background of Study**

Globally, the adoption of International Financial Reporting Standards (IFRS) has increased significantly, with more than 140 countries either requiring or permitting their use. IFRS aims to enhance transparency, comparability, and reliability in financial reporting. However, adopting IFRS does not necessarily guarantee effective implementation, as many countries continue to face challenges in achieving full compliance (Almaqtari, Hashed & Shamim, 2021; Bechihi & Nafti, 2025).

Corporate governance and financial reporting have become central issues in modern business environments due to their importance in promoting transparency, accountability, investor confidence, and sustainable economic development. High-profile corporate failures across the world have demonstrated the consequences of weak governance structures and poor financial reporting practices. One of the most notable examples is the collapse of Enron Corporation in the United States in 2001, where extensive accounting manipulation, weak board oversight,

conflicts of interest, and ineffective auditing practices resulted in one of the largest corporate scandals in history (Healy & Palepu, 2003). The Enron scandal highlighted the critical role of corporate governance in safeguarding the integrity of financial reporting and protecting stakeholder interests. Similar corporate failures, including WorldCom and Parmalat, further reinforced global concerns regarding financial reporting quality and corporate accountability (Soltani, 2014).

In response to these challenges, regulators and standard setters worldwide intensified efforts to strengthen corporate governance frameworks and improve the quality of financial reporting. One important development was the widespread adoption of International Financial Reporting Standards (IFRS), developed by the International Accounting Standards Board (IASB). IFRS aims to improve the comparability, transparency, consistency, and reliability of financial statements across countries and industries (IASB, 2021). Today, more than 140 jurisdictions either require or permit the use of IFRS for publicly accountable entities, reflecting its importance as a global financial reporting framework (IFRS Foundation, 2024).

However, global experience has shown that the adoption of IFRS does not automatically translate into effective compliance. While many countries have formally adopted IFRS, variations continue to exist in the extent to which organisations fully comply with recognition, measurement, presentation, and disclosure requirements (Ahmed et al., 2024). Studies indicate that effective compliance depends not only on the existence of accounting standards but also on organisational governance structures, technical expertise, regulatory enforcement mechanisms, and institutional support systems (Gardi, Aga & Abdullah, 2023; Gomes & Costa, 2025). Consequently, corporate governance has emerged as a critical factor influencing the quality and credibility of IFRS implementation.

Within Africa and other emerging economies, the relationship between corporate governance and IFRS compliance has attracted increasing scholarly attention. Many African countries adopted IFRS to improve financial reporting quality, attract foreign investment, and integrate into global capital markets. Nevertheless, implementation challenges remain common due to resource constraints, limited technical expertise, weak enforcement mechanisms, and variations in governance effectiveness (Houcine, Zitouni & Srairi, 2022; Abdelqader, Darwish & Nimer, 2022). Research conducted in countries such as Nigeria, South Africa, Kenya, Ghana, and Egypt suggests that governance mechanisms including board independence, audit

committee effectiveness, board expertise, and internal control systems play an important role in promoting IFRS compliance and financial reporting quality (Almaqtari, Hashed & Shamim, 2021; Ahmed et al., 2024). However, the effectiveness of these mechanisms often varies depending on institutional conditions and regulatory environments.

In Botswana, IFRS was formally adopted in 2003 as part of broader efforts to align the country's financial reporting framework with international best practices, strengthen corporate accountability, and attract both domestic and foreign investment (BICA, 2024). Following adoption, several regulatory and institutional mechanisms were introduced to support financial reporting quality and corporate governance. The Botswana Stock Exchange (BSE) requires listed companies to prepare financial statements in accordance with IFRS, while the Companies Act of Botswana provides governance requirements relating to boards of directors, accountability structures, and financial reporting responsibilities (Government of Botswana, 2022). In addition, institutions such as the Botswana Institute of Chartered Accountants (BICA) and the Institute of Directors Botswana (IoD Botswana) have contributed to promoting governance standards, professional competence, and financial reporting best practices within the country (BICA, 2024; IoD Botswana, 2024).

Despite these developments, the evolution of IFRS compliance in Botswana has not been entirely smooth. While formal adoption has been achieved, evidence suggests that challenges remain regarding the consistent and effective implementation of IFRS across organisations. Previous studies have identified concerns relating to governance effectiveness, board oversight, audit quality, technical expertise, and regulatory enforcement (Mmamotse, 2017; Kabwe, Mwanaumo & Chalu, 2021). These challenges suggest that compliance may vary across firms despite the existence of a common regulatory framework.

Practical examples within Botswana further illustrate the importance of governance and financial reporting effectiveness. A notable case is Choppies Enterprises Limited, one of Botswana's largest retail groups, which experienced significant governance and financial reporting challenges between 2018 and 2021. The company faced delays in the publication of audited financial statements, concerns regarding accounting practices, governance weaknesses, and subsequent suspension of trading on the Botswana Stock Exchange (African Markets, 2019; African Markets, 2020; Sunday Standard, 2021). Similarly, the placement of Kingdom Bank Botswana under statutory management highlighted concerns relating to governance

oversight, risk management, internal controls, and regulatory supervision within the financial sector (Bank of Botswana, 2016; Bank of Botswana, 2017). These cases demonstrate that the existence of governance frameworks alone does not necessarily guarantee effective financial reporting and compliance with regulatory expectations.

Existing literature suggests that corporate governance mechanisms such as board independence, board expertise, audit committee effectiveness, internal audit functions, ownership structures, and regulatory oversight may influence IFRS compliance. However, findings remain mixed, particularly within developing economies where institutional environments differ considerably from those in developed countries (Zaid, 2023; Bechihi & Nafti, 2025). Furthermore, much of the available research focuses on objective firm level indicators and disclosure indices, with limited attention given to the perceptions of professionals directly involved in governance, accounting, auditing, and financial reporting processes.

Despite Botswana's adoption of IFRS in 2003 and the establishment of supporting regulatory and governance frameworks, compliance challenges continue to be reported, and empirical evidence regarding the influence of corporate governance on IFRS compliance within the Botswana context remains limited. More specifically, little is known about how professionals involved in governance and financial reporting perceive the relationship between corporate governance mechanisms and IFRS compliance among publicly listed companies. Therefore, this study seeks to address this gap by examining perceptions of the influence of corporate governance on IFRS compliance among publicly listed companies in Botswana. The study is expected to contribute context specific evidence that may inform policy development, governance reforms, regulatory practice, and future research within Botswana and other emerging market contexts.

### **1.3 Statement of the problem**

International Financial Reporting Standards (IFRS) were introduced to improve the transparency, comparability, and credibility of financial reporting across jurisdictions. Although Botswana formally adopted IFRS in 2003 and requires all publicly listed companies to prepare financial statements in accordance with these standards, compliance with IFRS extends beyond formal adoption and requires effective implementation, monitoring, and

governance oversight (BICA, 2024; IASB, 2021). Evidence from both developed and emerging economies demonstrates that the existence of IFRS reporting requirements does not necessarily guarantee consistent compliance, particularly where corporate governance systems, technical expertise, and regulatory enforcement mechanisms are weak (Almaqtari, Hashed & Shamim, 2021; Gomes & Costa, 2025).

Within Botswana, several governance and financial reporting challenges have raised concerns regarding the effectiveness of oversight structures in publicly listed companies. For example, Choppies Enterprises Limited was suspended from trading on the Botswana Stock Exchange after failing to publish audited financial statements within the prescribed period, raising concerns regarding governance effectiveness, accountability, and financial reporting processes (African Markets, 2019; African Markets, 2020; Sunday Standard, 2021). Similarly, the placement of Kingdom Bank Botswana under statutory management highlighted concerns relating to governance practices, internal controls, and risk management systems (Bank of Botswana, 2016; Bank of Botswana, 2017). Although these cases do not constitute direct evidence of IFRS non-compliance, they illustrate the existence of governance and reporting challenges within the Botswana corporate environment.

Existing literature consistently identifies corporate governance mechanisms such as board effectiveness, audit committee oversight, internal controls, and regulatory supervision as important factors influencing financial reporting quality and compliance with accounting standards (Ahmed et al., 2024; Bechihi & Nafti, 2025; Zaid, 2023). However, most empirical studies examining the relationship between corporate governance and IFRS compliance have been conducted in developed economies or other emerging markets, with limited evidence available from Botswana. Furthermore, existing studies have largely focused on objective firm level measures of governance and compliance, while the perceptions of professionals directly involved in governance and financial reporting processes have received limited attention. Regulatory and professional institutions in Botswana have increasingly emphasised the importance of strengthening financial reporting quality, corporate governance, and compliance oversight. The Botswana Accountancy Oversight Authority (BAOA), whose mandate includes monitoring financial reporting, corporate governance reviews, and enforcement of reporting standards among Public Interest Entities, has established dedicated mechanisms for reviewing compliance with applicable financial reporting requirements and identifying cases of non-compliance (BAOA, 2024a; BAOA, 2024b). Similarly, professional bodies such as the

Botswana Institute of Chartered Accountants (BICA) continue to promote IFRS implementation through technical guidance, continuing professional development programmes, and professional oversight initiatives (BICA, 2024).

Despite Botswana's adoption of IFRS in 2003 and the existence of regulatory and governance frameworks intended to support financial reporting quality, concerns relating to governance effectiveness, reporting oversight, and compliance continue to emerge within the corporate sector. While regulatory institutions such as BAOA and professional bodies such as BICA have strengthened monitoring and professional support mechanisms, limited empirical evidence exists regarding how corporate governance mechanisms influence IFRS compliance within Botswana's listed companies.

Furthermore, no empirical study has comprehensively examined the perceptions of governance, accounting, auditing, and financial reporting professionals regarding the influence of corporate governance mechanisms on IFRS compliance among publicly listed companies in Botswana. This knowledge gap limits understanding of how governance structures are perceived to support or constrain IFRS compliance within Botswana's capital market environment. Therefore, this study seeks to address this gap by examining perceptions of the influence of corporate governance mechanisms on IFRS compliance among publicly listed companies in Botswana.

## **1.4 Research Objectives**

### ***1.4.1 Main Objective/ Aim:***

To examine the perceptions of professionals regarding the influence of corporate governance on IFRS compliance among publicly listed companies in Botswana.

Specific Objectives:

To:

1. Determine the respondents' perceptions of the level of IFRS compliance among publicly listed companies in Botswana.
2. Examine perceptions regarding the influence of corporate governance mechanisms on IFRS compliance among publicly listed companies in Botswana.
3. Identify the corporate governance factors that respondents perceive to influence IFRS compliance among publicly listed companies in Botswana.

4. Assess respondents' perceptions of the effectiveness of existing regulations and policies in promoting corporate governance and IFRS compliance among publicly listed companies in Botswana.
5. Analyse respondents' perceptions of the influence of external environmental factors on corporate governance practices and IFRS compliance among publicly listed companies in Botswana.

## **1.5 Research questions**

### *1.5.1 Main research question:*

How do professionals perceive the influence of corporate governance on IFRS compliance among publicly listed companies in Botswana?

Specific Research Questions:

1. What are respondents' perceptions of the level of IFRS compliance among publicly listed companies in Botswana?
2. How respondents perceive the influence of corporate governance mechanisms on IFRS compliance among publicly listed companies in Botswana?
3. Which corporate governance factors do respondents perceive to influence IFRS compliance among publicly listed companies in Botswana?
4. Identify the corporate governance factors that respondents perceive to influence IFRS compliance among publicly listed companies in Botswana.
5. How do respondents perceive the effectiveness of existing regulations and policies in promoting corporate governance and IFRS compliance among publicly listed companies in Botswana?
6. How do respondents perceive the influence of external environmental factors on corporate governance practices and IFRS compliance among publicly listed companies in Botswana?

### *1.6 Hypothesis:*

- ❖ H<sub>01</sub>: There is no significant difference in respondents' perceptions of the level of IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>11</sub>: There is a significant difference in respondents' perceptions of the level of IFRS compliance among publicly listed companies in Botswana.

- ❖ H<sub>02</sub>: There is no significant relationship between respondents' perceptions of corporate governance mechanisms and respondents' perceptions of IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>12</sub>: There is a significant relationship between respondents' perceptions of corporate governance mechanisms and respondents' perceptions of IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>03</sub>: Respondents do not perceive corporate governance factors as significantly influencing IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>13</sub>: Respondents perceive corporate governance factors as significantly influencing IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>04</sub>: Respondents do not perceive existing regulations and policies as significantly promoting corporate governance and IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>14</sub>: Respondents perceive existing regulations and policies as significantly promoting corporate governance and IFRS compliance among publicly listed companies in Botswana.
- ❖ H<sub>05</sub>: There is no significant relationship between respondents' perceptions of external factors and respondents' perceptions of corporate governance practices among publicly listed companies in Botswana.
- ❖ H<sub>15</sub>: There is a significant relationship between respondents' perceptions of external factors and respondents' perceptions of corporate governance practices among publicly listed companies in Botswana.

## **1.6 Significance of the Study**

### **1.6.1 Academia**

This study contributes to the growing body of literature on corporate governance and IFRS compliance, particularly within emerging market contexts where empirical evidence remains limited (Almaqtari, Hashed & Shamim, 2021; Gomes & Costa, 2025). Botswana remains underrepresented in governance and financial reporting research despite the country's adoption of IFRS and ongoing efforts to strengthen corporate governance. By examining professionals' perceptions of the influence of corporate governance on IFRS compliance, the study provides context specific evidence that complements existing firm level and archival studies. The

findings also contribute to comparative research on governance and financial reporting within developing economies.

### **1.6.2 Nation**

The study is significant to Botswana because it provides insights into how professionals perceive the influence of corporate governance on IFRS compliance among publicly listed companies. Improved understanding of these perceptions may assist policymakers, regulators, and professional bodies in identifying areas for strengthening financial reporting quality, transparency, and accountability. Effective corporate governance and high quality financial reporting is widely recognised as important mechanisms for enhancing investor confidence, promoting market integrity, and supporting economic development (Jensen & Meckling, 1976; Freeman, 1984). The findings may therefore support ongoing efforts to enhance investor confidence and promote the credibility and development of Botswana's capital market. The findings may therefore support ongoing efforts to enhance investor confidence and promote the credibility and development of Botswana's capital market, as strong corporate governance and transparent financial reporting are frequently associated with improved accountability and market confidence (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022).

### **1.6.3 Society**

The study contributes to broader societal interests by highlighting factors associated with transparency and accountability in corporate reporting. Reliable financial information supports informed decision-making by investors, regulators, and other stakeholders, thereby promoting trust in corporate institutions and contributing to sustainable economic development (Gardi, Aga & Abdullah, 2023; Abdelqader, Nimer & Darwish, 2021).

### **1.6.4 World**

At the global level, the study contributes to understanding how corporate governance and IFRS compliance are perceived within developing economies. The findings provide insights that may be relevant to countries facing similar institutional, regulatory, and governance challenges. In doing so, the study contributes to international discussions on financial reporting harmonisation, governance effectiveness, and the implementation of IFRS across different jurisdictions (Houcine, Zitouni & Srairi, 2022; Sassi & Damak-Ayadi, 2023).

### **1.6.5 Community**

At the community level, the study highlights the importance of transparent and accountable business practices in supporting ethical corporate behaviour and organisational sustainability. Improved financial reporting practices contribute to stronger stakeholder confidence, responsible corporate conduct, and local economic development, ultimately benefiting communities through enhanced trust in business institutions (Ajibade et al., 2022; Bhatti & Isayev, 2023).

### **1.7 Limitations of the Study**

This study has several limitations that should be considered when interpreting its findings:

**1.7.1 Self-reported data** - The study relied on self-reported perception data from respondents. Consequently, the findings reflect respondents' views and experiences rather than objectively verified measures of corporate governance effectiveness or actual IFRS compliance among publicly listed companies in Botswana.

**1.7.2 Unit of analysis** - Although the study focused conceptually on publicly listed companies, data were collected from individual respondents. Therefore, the unit of analysis was the individual respondent rather than the firm itself, meaning that findings reflect individual perceptions and cannot be interpreted as direct measures of company level governance practices or IFRS compliance.

**1.7.3 Botswana listed companies** - The study was conducted exclusively among publicly listed companies in Botswana, which may limit the generalisability of the findings to private companies, state-owned enterprises, or organisations operating in different regulatory environments.

**1.7.4 External factors** - the study could not fully account for all external factors that may influence governance practices and IFRS compliance, including economic conditions, regulatory changes, industry specific characteristics, and organisational culture. These factors may affect financial reporting behaviour independently of corporate governance mechanisms.

**1.7.5 Cross sectional design** - The study adopted a cross-sectional design and therefore captured perceptions at a single point in time, limiting the ability to assess changes in governance practices and IFRS compliance over time.

**1.7.6 Subjective Perception-Based Data** - The study relied on respondents' subjective perceptions rather than objective measures of corporate governance effectiveness or verified IFRS compliance. Consequently, the findings reflect perceived relationships and influences, which may not necessarily represent actual governance practices or compliance outcomes among publicly listed companies in Botswana.

## **1.8 Delimitations of the Study**

### *1.8.1 Scope of IFRS Compliance Examined*

The study focused on perceived compliance with International Financial Reporting Standards (IFRS) among publicly listed companies in Botswana. IFRS compliance was examined broadly as a comprehensive financial reporting construct rather than being limited to compliance with specific individual standards. However, given the extensive scope and complexity of IFRS requirements, selected standards namely IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers), IFRS 16 (Leases), and IFRS 17 (Insurance Contracts) were incorporated into the research instrument as representative measurement proxies. These standards were selected because they address key and technically demanding areas of financial reporting that require significant professional judgment and governance oversight. Their inclusion was intended to facilitate the assessment of respondents' perceptions regarding IFRS implementation and compliance practices within important reporting domains.

Accordingly, references to IFRS compliance throughout this study should be understood as referring to overall perceived compliance with IFRS requirements generally, informed through selected proxy standards used for measurement purposes. The study did not seek to evaluate compliance with only IFRS 9, IFRS 15, IFRS 16, and IFRS 17, nor did it conduct a detailed technical assessment of compliance with every individual IFRS standard.

### *1.8.2 Geographic scope*

The study focused on publicly listed companies on the Botswana Stock Exchange (BSE) in Botswana. Data collection was primarily conducted through respondents based in Gaborone, where many listed companies, regulatory institutions, and corporate headquarters are located.

The study therefore examined corporate governance and perceived IFRS compliance within the Botswana listed company environment.

### *1.8.3 Time period*

The study examined respondents' perceptions of corporate governance mechanisms and IFRS compliance during the period in which data were collected.

### *1.8.4 Population Scope and Exclusions*

The study focused on individuals involved in corporate governance and financial reporting within publicly listed companies in Botswana. These included accountants, auditors, finance managers, chief financial officers, board members, and audit committee members. Consequently, the unit of analysis was the individual respondent rather than the listed company itself. The study did not directly assess firm level governance effectiveness or objectively measure actual IFRS compliance using financial statements or regulatory records.

## **1.9 Chapter Synthesis**

This chapter introduced the study by establishing the context, problem and rationale for examining respondents' perceptions regarding the influence of corporate governance on IFRS compliance among publicly listed companies in Botswana. The chapter first outlined the importance of corporate governance and IFRS compliance in promoting transparency, accountability, reliability and confidence in financial reporting, before narrowing the discussion to the Botswana context and the environment in which publicly listed companies operate. The statement of the problem established the need for the study by highlighting continuing concerns regarding the effectiveness of corporate governance mechanisms, regulatory oversight and IFRS compliance within emerging market environments, including Botswana. The chapter subsequently presented the main objective and five specific objectives of the study, together with the corresponding research questions. These objectives focus on respondents' perceptions of the level of IFRS compliance, the perceived influence of corporate governance mechanisms, perceived governance factors, the effectiveness of regulations and policies, and the influence of external environmental factors on corporate governance practices and IFRS compliance.

The chapter also clarified the scope of the study. The investigation focuses on publicly listed companies in Botswana and examines IFRS compliance as a broad financial reporting phenomenon rather than limiting the study to individual IFRS standards. Selected standards, including IFRS 9, IFRS 15, IFRS 16 and IFRS 17, are considered as illustrative proxy areas of

IFRS implementation rather than as separate measures of overall IFRS compliance. The geographical, population and temporal boundaries of the study were also established.

Importantly, the study is positioned as a perception-based investigation. The empirical evidence reflects the professional perceptions and experiences of respondents regarding corporate governance practices, regulatory effectiveness, external institutional influences and IFRS compliance. Accordingly, the study does not claim to provide objective firm-level measurements or establish causal relationships between corporate governance and actual IFRS compliance. The chapter therefore provides the foundation for the subsequent review of theoretical and empirical literature. Chapter 2 builds on this foundation by examining the relevant IFRS environment, corporate governance mechanisms, external institutional factors, theoretical perspectives and empirical evidence, before establishing the research gap and conceptual framework that inform the study.

### **1.10 Definition of Key Terms**

**Impact:** The effect or influence that corporate governance practices exert on the degree to which publicly listed companies comply with IFRS requirements, particularly in relation to transparency, accountability, and reporting accuracy (Abdelqader, Nimer & Darwish, 2021).

**Corporate Governance:** A system of structures, practices, and mechanisms through which companies are directed and controlled to align management goals with those of shareholders and broader stakeholders (Lee & Hu, 2021; Gardi, Aga & Abdullah, 2023).

**IFRS (International Financial Reporting Standards):** A globally recognized set of accounting standards issued by the International Accounting Standards Board (IASB), aimed at ensuring uniformity, comparability, and transparency in financial reporting across jurisdictions (Bhatti & Isayev, 2023; Gomes & Costa, 2025).

**IFRS Compliance:** The extent to which firms follow the IFRS in preparing and presenting financial statements, including full adherence to recognition, measurement, and disclosure requirements (Ajibade et al., 2022; Zaid, 2023).

**Publicly Listed Companies:** Firms whose shares are traded on a recognized stock exchange, and which are required to comply with regulatory obligations such as IFRS reporting and governance disclosure (Hashed & Almaqtari, 2021).

**Governance Practices:** The policies, procedures, and structures implemented by boards and executive management to ensure effective oversight, ethical decision-making, and accountability (Shoman, 2023; Sassi & Damak-Ayadi, 2023).

**Transparency:** A principle of governance that emphasizes open, honest, and timely disclosure of relevant financial and non-financial information to all stakeholders (Bechihi & Nafti, 2025; Yamani, Hussainey & Albitar, 2021).

**Accountability:** The obligation of corporate actors to justify decisions and actions to stakeholders and regulators, including through accurate financial reporting (Azzopardi, 2024; Gardi, Aga & Abdullah, 2023).

**Ethical Leadership:** The demonstration of integrity, fairness, and responsibility by individuals in leadership roles, particularly in ensuring ethical compliance with financial reporting standards (Ahmed, Azhar & Mohammad, 2024).

**Financial Reporting:** The process of preparing financial statements and accompanying disclosures in line with IFRS, which provides stakeholders with a basis for informed decision-making (Gomes & Costa, 2025).

**Corporate Compliance:** The ongoing adherence of a company to statutory regulations, ethical standards, and IFRS requirements in financial reporting and governance (Abdelqader, Darwish & Nimer, 2022).

**Stakeholders:** Individuals or groups that are affected by or have an interest in a firm's performance, including shareholders, regulators, employees, creditors, and the public (Sassi & Damak-Ayadi, 2023).

**Board of Directors:** A group of individuals appointed or elected to oversee the strategic direction, risk management, and compliance of a firm, including its adherence to IFRS and governance codes (Zaid, 2023).

**Audit Committee:** A committee of the board responsible for overseeing financial reporting integrity, the internal control framework, and interaction with external auditors (Ajibade et al., 2022).

**Internal Controls:** Mechanisms established within a firm to ensure accuracy in financial reporting, regulatory compliance, and the effectiveness of operational procedures (Lee & Hu, 2021).

**Risk Management:** The identification, evaluation, and mitigation of financial and operational risks that may hinder compliance with IFRS or sound governance (Almaqtari, Hashed & Shamim, 2021).

**Compliance Framework:** A structured system of rules, monitoring tools, and enforcement mechanisms developed to ensure that firms comply with relevant standards and governance policies (Bhatti & Isayev, 2023).

**Ethical Standards:** Guiding values and norms that shape corporate behavior to ensure responsibility, fairness, and accountability in operations and reporting (Ahmed, Azhar & Mohammad, 2024).

**Financial Statement Analysis:** The systematic review and interpretation of financial data to evaluate a firm's performance, liquidity, solvency, and compliance with accounting standards (Houcine, Zitouni & Srairi, 2022).

**Regulatory Environment:** The institutional framework composed of laws, stock exchange rules, and financial reporting standards (like IFRS) that govern corporate behavior (Omimakinde & Adejuwon, 2022; Bhatti & Isayev, 2023).

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews theoretical and empirical literature relating to corporate governance and International Financial Reporting Standards (IFRS) compliance among publicly listed companies. The chapter is organised into several major sections. The first section reviews the International Financial Reporting Standards (IFRS) framework and key corporate governance concepts relevant to the study. The second section discusses the theoretical framework underpinning the study, including Agency Theory, Stakeholder Theory, Institutional Theory, and Stewardship Theory. The third section reviews empirical literature on the relationship between corporate governance mechanisms and IFRS compliance from global, regional, and Botswana contexts using a funnel approach. The chapter further identifies the research gap, presents the conceptual framework, and concludes with a synthesis of the reviewed literature.

### **2.2 International Financial Reporting Standards (IFRS) Framework**

International Financial Reporting Standards (IFRS) are globally recognised accounting standards developed by the International Accounting Standards Board (IASB) to improve transparency, comparability, accountability, and consistency in financial reporting across countries and industries. IFRS were introduced to enhance the quality and reliability of financial statements and facilitate international investment, cross-border transactions, and global capital market integration (IASB, 2023).

The adoption of IFRS has become increasingly important in both developed and emerging economies because investors, regulators, lenders, and other stakeholders rely heavily on high quality financial information when making economic decisions. IFRS provide standardised accounting principles that improve comparability among firms operating in different jurisdictions and reduce information asymmetry between management and stakeholders (Houcine, Zitouni & Srairi, 2022).

Within Botswana, publicly listed companies are expected to comply with IFRS requirements as part of broader financial reporting and corporate governance obligations regulated by institutions such as the Botswana Stock Exchange (BSE), the Companies and Intellectual Property Authority (CIPA), the Botswana Institute of Chartered Accountants (BICA), and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). These institutions contribute toward promoting financial reporting transparency, accountability, and regulatory compliance within Botswana's capital market environment.

Effective implementation of IFRS is frequently associated with improved financial reporting quality, enhanced investor confidence, stronger corporate governance practices, and increased organisational transparency. However, previous studies suggest that IFRS compliance may be influenced by several organisational and institutional factors including governance effectiveness, technical expertise, regulatory enforcement, internal controls, and resource availability (Ajibade et al., 2022).

Although this study broadly examines perceptions regarding all IFRS standards compliance among publicly listed companies in Botswana, selected standards including IFRS 9, IFRS 15, IFRS 16, and IFRS 17 were used as proxy and are discussed because they represent technically complex and governance sensitive reporting areas frequently associated with implementation challenges.

### **Conceptual and Theoretical Foundations of IFRS Financial Reporting**

The theoretical foundation of International Financial Reporting Standards (IFRS) is rooted in the objective of providing useful, comparable, transparent, and faithfully represented financial information to users of financial statements. The IFRS Conceptual Framework establishes the underlying concepts that guide the development and application of individual accounting standards. These concepts include the objective of general purpose financial reporting, qualitative characteristics of useful financial information, elements of financial statements, recognition and measurement principles, presentation, and disclosure (IASB, 2018; IASB, 2023).

The objective of general purpose financial reporting is to provide financial information that is useful to existing and potential investors, lenders, and other creditors in making decisions about providing resources to an entity. The usefulness of financial information depends principally on its relevance and faithful representation, supported by enhancing qualitative characteristics such as comparability, verifiability, timeliness, and understandability (IASB, 2018). These principles provide the conceptual foundation for assessing the quality of financial reporting and help explain why IFRS compliance is important within corporate governance systems.

From a governance perspective, the IFRS framework is closely associated with the reduction of information asymmetry between management and external stakeholders. Managers generally possess greater information about organisational activities than external users of financial statements. Consistent application of IFRS can reduce this information gap by establishing common recognition, measurement, presentation, and disclosure requirements.

This relationship is particularly relevant to Agency Theory because reliable financial reporting provides an important mechanism through which managers can be monitored and held accountable by shareholders and other stakeholders (Jensen & Meckling, 1976).

The conceptual foundations of IFRS are also relevant to Stakeholder Theory. Financial statements are used not only by shareholders but also by creditors, regulators, employees, investors, suppliers, and other stakeholders. Consequently, financial reporting quality has implications for a broad range of users whose decisions depend on credible and comparable information (Freeman, 1984). IFRS therefore provides a common reporting language through which organisations communicate their financial position and performance to diverse stakeholder groups.

Institutional Theory provides a further explanation for the widespread adoption and implementation of IFRS. Organisations operating within regulated capital markets face formal pressures arising from legislation and regulatory requirements, normative pressures arising from professional accounting standards, and wider expectations generated by investors and international markets (DiMaggio & Powell, 1983). IFRS compliance can therefore be understood not simply as an accounting requirement but also as a response to institutional expectations regarding legitimate and acceptable financial reporting behaviour. The theoretical foundation of IFRS is consequently important to this study because perceived compliance involves more than whether organisations formally state that they use IFRS. Effective implementation requires appropriate recognition, measurement, presentation, disclosure, professional judgement, internal controls, governance oversight, and monitoring. These requirements create an important connection between the IFRS framework and the corporate governance mechanisms examined in this study.

### **IFRS 9 Financial Instruments**

IFRS 9 provides the accounting requirements for financial instruments and addresses their classification and measurement, impairment, and hedge accounting. The standard replaced IAS 39 and introduced changes intended to improve the relevance and timeliness of financial instrument reporting, particularly through its expected credit loss approach to impairment.

The conceptual significance of IFRS 9 arises from the requirement for entities to recognise and measure financial instruments in a manner that reflects their economic characteristics and expected credit risks. The expected credit loss model requires forward-looking assessment of credit risk rather than relying exclusively on losses that have already occurred. Consequently,

implementation may require considerable professional judgement, reliable financial information, appropriate risk-management systems, and effective internal controls.

From a corporate governance perspective, IFRS 9 creates important responsibilities for boards, audit committees, finance professionals, and internal control functions. Effective governance oversight can support the quality of assumptions, estimates, classifications, impairment assessments, and related disclosures. This provides a theoretical link between IFRS 9 implementation and the governance mechanisms examined in the present study.

Empirical literature has identified IFRS 9 as a technically demanding standard because of its classification requirements, expected credit loss methodology, and extensive disclosure implications (Ajibade et al., 2022; Shoman, 2023). The complexity of these requirements makes IFRS 9 particularly useful as a proxy for respondents' perceptions of the broader challenges associated with IFRS implementation.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a principles based framework for recognising revenue from contracts with customers. The standard is based on a five-step model involving identification of contracts with customers, identification of performance obligations, determination of the transaction price, allocation of the transaction price to performance obligations, and recognition of revenue when or as performance obligations are satisfied.

The theoretical importance of IFRS 15 lies in its emphasis on reflecting the transfer of goods or services to customers in an amount that represents the consideration to which the entity expects to be entitled. The standard therefore requires organisations to apply professional judgement when determining performance obligations, transaction prices, variable consideration, and the timing of revenue recognition. These requirements have important governance implications because revenue recognition is an area in which inappropriate judgement can materially affect reported performance. Board oversight, audit committee scrutiny, internal controls, and external audit can therefore contribute to the reliability of revenue related reporting.

Previous research identifies IFRS 15 as a complex standard because its principles-based requirements may require significant interpretation and professional judgement, particularly in identifying performance obligations and determining when revenue should be recognised (Ajibade et al., 2022; Shoman, 2023). Consequently, IFRS 15 provides another useful proxy

through which respondents can reflect on broader IFRS implementation and compliance challenges.

## **IFRS 16 Leases**

IFRS 16 introduced significant changes to lease accounting, particularly for lessees, by generally requiring the recognition of a right-of-use asset and a corresponding lease liability for leases within its scope. The standard was intended to improve transparency by ensuring that significant lease commitments are reflected more directly in the financial statements.

The conceptual importance of IFRS 16 is associated with its emphasis on faithfully representing economic obligations arising from leasing arrangements. Its implementation requires organisations to identify lease arrangements, determine lease terms, calculate appropriate discount rates, measure lease liabilities, recognise right-of-use assets, and provide relevant disclosures. These requirements create governance implications because accurate lease accounting depends on effective information systems, internal controls, appropriate professional expertise, and management oversight. The audit committee and board may also play an important role in ensuring that material lease-related judgements and disclosures are appropriately reviewed.

The implementation complexity associated with IFRS 16 makes it relevant to the present study. The standard requires organisations to integrate contractual information with financial reporting systems, creating potential challenges where technical expertise, information systems, and internal controls are limited. Its inclusion as a proxy therefore allows the study to capture respondents' perceptions of technically demanding IFRS implementation requirements.

## **IFRS 17 Insurance Contracts**

IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The standard introduced significant changes to insurance accounting and requires entities within its scope to provide information that reflects the timing, amount, and uncertainty of cash flows arising from insurance contracts.

The conceptual foundation of IFRS 17 is concerned with providing more consistent and transparent information regarding insurance obligations and the profitability of insurance contracts. Implementation requires sophisticated measurement approaches, assumptions regarding future cash flows, discounting, risk adjustments, and appropriate presentation and disclosure. From a governance perspective, IFRS 17 places considerable demands on

professional expertise, management oversight, internal controls, actuarial information, financial reporting systems, and audit processes. Effective governance is therefore important in ensuring that complex estimates and assumptions are appropriately challenged and documented.

Although IFRS 17 used as a proxy is particularly relevant to entities undertaking insurance activities, its inclusion in this study does not mean that the study is restricted to insurance reporting. Rather, it represents one technically complex area of IFRS that can help illuminate respondents' perceptions of the broader challenges associated with implementing IFRS.

### **Rationale for Using Selected IFRS Standards as Proxies**

It is important to clarify the scope of the IFRS component of this study. The study examines perceived IFRS compliance generally, rather than restricting the investigation to IFRS 9, IFRS 15, IFRS 16, or IFRS 17 individually. The four standards were selected as representative proxy standards because they cover technically demanding areas of financial reporting and require considerable professional judgement, governance oversight, internal controls, and disclosure.

The selected standards therefore provide practical reference points through which respondents could express their perceptions of IFRS implementation and compliance. They should not be interpreted as constituting an exhaustive measurement of all IFRS requirements. The study did not conduct a technical audit of individual financial statements against every IFRS standard. Instead, the selected standards were incorporated into the questionnaire to provide concrete examples of complex IFRS requirements within a broader perception-based investigation.

#### *2.2.1 IFRS Adoption in Global and Emerging Economies*

The adoption of International Financial Reporting Standards (IFRS) has expanded significantly across both developed and emerging economies as countries seek to improve transparency, comparability, and credibility in financial reporting practices. IFRS adoption has been widely associated with improved investor confidence, enhanced cross-border investment opportunities, and increased integration into global capital markets (IASB, 2023).

In developed economies, IFRS adoption has generally been supported by strong institutional frameworks, advanced regulatory systems, and high levels of professional expertise. Prior studies suggest that effective regulatory oversight and governance systems contribute positively toward successful implementation of IFRS and improved financial reporting quality (Houcine, Zitouni & Srairi, 2022).

Within emerging economies, IFRS adoption has also increased considerably, although implementation challenges frequently persist due to institutional weaknesses, limited technical expertise, resource constraints, and inconsistent regulatory enforcement. Existing literature indicates that organisations operating within developing markets may experience difficulties in interpreting and implementing technically complex IFRS requirements despite formal adoption of the standards (Gardi, Aga & Abdullah, 2023).

Botswana adopted IFRS in 2003 as part of broader efforts aimed at strengthening financial reporting transparency, promoting investor confidence, and aligning the country's accounting practices with internationally recognised standards (World Bank, 2023). Publicly listed companies are expected to comply with IFRS requirements under the oversight of institutions such as the Botswana Stock Exchange (BSE), the Botswana Institute of Chartered Accountants (BICA), the Companies and Intellectual Property Authority (CIPA), and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA).

Despite the adoption of IFRS and the existence of regulatory oversight structures, prior literature suggests that emerging economies may continue to experience implementation challenges relating to governance effectiveness, technical expertise, institutional capacity, and resource availability (Bhatti & Isayev, 2023). Consequently, understanding the governance factors and external institutional pressures that may influence perceived level of IFRS compliance remains important within Botswana's developing capital market environment.

### *2.2.2 IFRS Compliance Environment in Botswana*

Botswana's financial reporting environment is governed by International Financial Reporting Standards (IFRS), which were adopted to improve transparency, comparability, and the quality of financial reporting (IASB, 2021; World Bank, 2023). Publicly listed companies are expected to comply with IFRS requirements under the oversight of institutions such as the Botswana Stock Exchange (BSE), the Botswana Institute of Chartered Accountants (BICA), the Botswana Accountancy Oversight Authority (BAOA), and the Companies and Intellectual Property Authority (CIPA) (BICA, 2024; BAOA, 2024).

Within Botswana, publicly listed companies are expected to comply with IFRS requirements under the oversight of institutions such as the Botswana Stock Exchange (BSE), the Companies and Intellectual Property Authority (CIPA), the Botswana Institute of Chartered Accountants (BICA), and the Botswana Accountancy Oversight Authority (BAOA). These institutions play important roles in promoting financial reporting transparency, regulatory compliance, ethical

governance practices, and accountability within Botswana's corporate environment (BICA, 2024; BAOA, 2024). In particular, BICA contributes through professional guidance, training, and promotion of IFRS implementation, while BAOA is responsible for oversight and monitoring of accounting and auditing practices within the country.

Previous literature suggests that adoption of IFRS may contribute positively toward attracting foreign investment, improving financial statement comparability, strengthening stakeholder confidence, and facilitating participation in international financial markets (Deloitte, 2023). Similarly, the Botswana Corporate Governance Code emphasises the importance of transparency, accountability, ethical leadership, and reliable financial reporting in strengthening investor confidence and corporate governance effectiveness within Botswana's capital market environment (Botswana Corporate Governance Code, 2021).

Despite the potential benefits associated with IFRS adoption, studies conducted within developing and emerging economies suggest that organisations frequently experience implementation challenges relating to technical complexity, high compliance costs, limited professional expertise, and weaknesses in regulatory enforcement capacity (Houcine, Zitouni & Srairi, 2022). Reports by the World Bank (2023) and BICA (2024) further indicate that some organisations within Botswana continue to experience challenges associated with technical interpretation of standards, availability of skilled personnel, and evolving regulatory expectations.

Although Botswana has formally adopted IFRS, prior literature suggests that compliance levels may vary across organisations depending on governance arrangements, institutional support, organisational resources, and regulatory monitoring mechanisms. These contextual factors form part of the broader financial reporting environment within which publicly listed companies operate in Botswana.

### *2.2.3 Selected IFRS Standards Used as proxies [Illustrative Compliance Areas]*

Although the study examines perceived overall IFRS compliance among publicly listed companies in Botswana, selected standards including IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers), IFRS 16 (Leases), and IFRS 17 (Insurance Contracts) were referenced within the questionnaire as proxies or illustrative examples of technically complex and governance sensitive reporting areas.

These standards were selected because prior literature frequently associates them with implementation challenges relating to financial reporting complexity, disclosure requirements,

professional expertise, internal controls, and governance oversight (Ahmed et al., 2024; Lee & Hu, 2021; Azzopardi, 2024; Gardi, Aga & Abdullah, 2023). Consequently, the standards were not examined individually as separate dependent variables but were used to capture respondents' broader perceptions regarding all IFRS compliance challenges within publicly listed companies in Botswana. Their inclusion therefore assisted in capturing respondents' perceptions regarding practical IFRS implementation challenges without limiting the study exclusively to those standards.

### **2.3 Factors Influencing IFRS Compliance**

Previous literature suggests that IFRS compliance may be influenced by both internal organisational factors and external institutional conditions. Organisational governance structures such as the board independence, audit committee effectiveness, internal controls, internal audit mechanisms, and regulatory oversight are frequently associated with improved transparency, accountability, and financial reporting quality (Ajibade et al., 2022).

Similarly, external institutional pressures including regulatory enforcement, economic conditions, foreign investment, market competition, and international stakeholder expectations may influence organisational reporting behaviour and governance practices within emerging market environments (Bhatti & Isayev, 2023). The present study therefore focuses specifically on the perceived influence of corporate governance mechanisms and external institutional factors on IFRS compliance among publicly listed companies in Botswana. These factors may affect organisations' ability to effectively implement and maintain compliance with IFRS requirements, particularly within emerging market economies.

#### *2.3.1 Regulatory Environment*

The regulatory environment plays an important role in influencing IFRS compliance among organisations. Strong regulatory systems, monitoring mechanisms, and enforcement activities may encourage organisations to improve financial reporting practices and strengthen adherence to IFRS requirements (Siregar & Utama, 2021). Countries possessing effective regulatory oversight systems frequently demonstrate higher levels of reporting transparency, accountability, and compliance with international accounting standards.

Existing literature suggests that regulatory institutions contribute significantly toward strengthening organisational compliance behaviour through supervision, inspections, penalties for non-compliance, and continuous monitoring of financial reporting practices (Azzopardi, 2024). Effective enforcement mechanisms may reduce opportunities for financial

misstatements and managerial opportunism by compelling organisations to maintain accurate and transparent financial reporting systems. Similarly, strong regulatory frameworks may enhance investor confidence and improve the credibility of financial statements within capital markets (Bhatti & Isayev, 2023). However, prior studies conducted within emerging economies suggest that formal adoption of IFRS alone may not guarantee effective compliance where regulatory enforcement capacity, institutional resources, and technical expertise remain limited (Houcine, Zitouni & Srairi, 2022). In some developing markets, weak monitoring systems, inconsistent enforcement, and inadequate institutional coordination may reduce the effectiveness of governance and reporting regulations despite the existence of formal compliance requirements.

Within Botswana, institutions such as the Botswana Stock Exchange (BSE), Botswana Institute of Chartered Accountants (BICA), Companies and Intellectual Property Authority (CIPA), and Botswana Accountancy Oversight Authority (BAOA) play important roles in promoting governance accountability, financial reporting transparency, and IFRS compliance among publicly listed companies. These institutions are responsible for establishing reporting expectations, monitoring compliance practices, and strengthening confidence within Botswana's capital market environment (BICA, 2024; World Bank, 2023). Consequently, the regulatory environment may significantly influence organisational behaviour, governance effectiveness, and perceived IFRS compliance among publicly listed companies operating within Botswana's developing financial reporting environment.

### *2.3.2 Professional Competence*

Professional competence among accounting and finance personnel is considered important for effective IFRS implementation. Organisations possessing adequately trained professionals are generally better positioned to interpret complex IFRS requirements, prepare compliant financial statements, and manage reporting risks effectively (Malafronte et al., 2020). Existing literature suggests that IFRS implementation requires substantial technical knowledge because many standards involve complex recognition, measurement, disclosure, and reporting requirements that demand specialised accounting expertise (Ahmed et al., 2024). Consequently, organisations employing professionally qualified accountants, auditors, and finance personnel may experience fewer challenges in applying IFRS accurately and consistently. Competent professionals are also more capable of interpreting evolving accounting standards, responding to regulatory changes, and ensuring that financial reports comply with international reporting expectations.

Prior studies further indicate that professional competence contributes positively toward strengthening internal controls, improving financial reporting quality, and supporting effective corporate governance practices (Lee & Hu, 2021). Skilled accounting personnel may assist organisations in identifying reporting risks, preventing material misstatements, and improving the reliability and transparency of financial information disclosed to stakeholders. In addition, competent finance professionals may facilitate stronger communication between management, audit committees, external auditors, and regulatory institutions during financial reporting processes.

Conversely, limited technical expertise and inadequate professional training may negatively affect IFRS compliance, particularly within developing economies where organisations may face shortages of highly qualified accounting personnel and limited access to specialised IFRS training programmes (Houcine, Zitouni & Srairi, 2022). Weak professional competence may result in errors in financial statement preparation, inconsistent application of accounting standards, and difficulties in interpreting technically demanding IFRS requirements. Within Botswana, professional bodies such as the Botswana Institute of Chartered Accountants (BICA) play an important role in strengthening professional competence through training, continuing professional development programmes, and promotion of IFRS knowledge among accounting practitioners. Consequently, professional competence may significantly influence the ability of publicly listed companies in Botswana to maintain effective financial reporting systems and strengthen perceived IFRS compliance within the country's evolving corporate governance environment.

### *2.3.3 Board Independence*

Board independence is widely recognised as an important corporate governance mechanism that supports financial reporting quality, accountability, and IFRS compliance. Independent directors are generally perceived as being better positioned to provide objective oversight over financial reporting processes and minimise managerial opportunism because they are not directly involved in the day-to-day management of the organisation (Bahrami et al., 2019). Agency Theory particularly emphasises the importance of independent boards in reducing agency conflicts between shareholders and management through improved monitoring and control mechanisms (Jensen & Meckling, 1976).

Existing literature suggests that organisations with higher levels of board independence are more likely to demonstrate stronger financial reporting transparency and improved compliance

with accounting standards because independent directors enhance oversight of management decisions and strengthen accountability structures (Almaqtari, Hashed & Shamim, 2021). Independent directors may further improve the effectiveness of audit committees, internal controls, and external audit processes, thereby contributing positively toward reporting reliability and stakeholder confidence. However, previous studies also indicate that board independence alone may not automatically guarantee effective governance outcomes, particularly within developing economies where institutional weaknesses, ownership concentration, and limited regulatory enforcement may reduce board effectiveness (Houcine, Zitouni & Srairi, 2022). Consequently, the effectiveness of board independence may depend not only on the presence of independent directors but also on their expertise, ethical orientation, authority, and ability to exercise objective judgement within organisational governance structures.

#### *2.3.4 Board Expertise*

Board expertise refers to the presence of directors possessing financial, accounting, auditing, or governance knowledge relevant to organisational oversight responsibilities. Existing literature suggests that financially knowledgeable directors may contribute positively toward improving governance effectiveness and monitoring complex IFRS reporting requirements because they possess the technical capacity necessary to understand financial reporting processes and accounting standards (Lee & Hu, 2021).

Prior studies indicate that boards with greater financial expertise are generally better positioned to evaluate accounting policies, interpret complex financial disclosures, assess reporting risks, and oversee the preparation of compliant financial statements (Ajibade et al., 2022). Directors possessing accounting and financial knowledge may further strengthen the effectiveness of audit committees and internal control systems by providing informed judgement regarding financial reporting decisions and regulatory compliance obligations. Existing literature also suggests that board expertise contributes positively toward reducing information asymmetry and improving transparency because knowledgeable directors are more capable of identifying reporting irregularities, weaknesses in internal controls, and potential non-compliance with accounting standards (Almaqtari, Hashed & Shamim, 2021). Financially competent boards may therefore enhance stakeholder confidence by improving the reliability, credibility, and quality of organisational financial reporting.

However, some studies conducted within emerging economies suggest that the effectiveness of board expertise may be influenced by broader institutional and organisational conditions including regulatory enforcement, professional training, and access to technical resources (Houcine, Zitouni & Srairi, 2022). Consequently, the mere presence of financially skilled directors may not automatically guarantee effective governance outcomes unless supported by strong governance structures and organisational commitment to transparency and accountability. Within the Botswana context, board expertise may play an important role in assisting publicly listed companies to interpret and implement technically demanding IFRS requirements while strengthening governance oversight and improving perceived financial reporting quality.

### *2.3.5 Audit Committee Effectiveness*

Audit committees play a critical role in strengthening corporate governance by enhancing the quality, credibility, and reliability of financial reporting processes. As a specialised subcommittee of the board of directors, the audit committee is responsible for overseeing financial reporting practices, monitoring internal control systems, liaising with external auditors, and ensuring compliance with accounting standards and regulatory requirements. Within the context of IFRS compliance, effective audit committees are essential because they provide independent oversight over the preparation and presentation of financial statements.

According to Gardi, Aga and Abdullah (2023), effective audit committees improve oversight of financial reporting activities and support stronger compliance with IFRS disclosure requirements. Audit committees enhance transparency and accountability by ensuring that management adheres to recognised accounting standards and disclosure obligations. Through regular review of financial statements and engagement with auditors, audit committees help detect reporting irregularities, minimise earnings manipulation, and reduce the likelihood of non-compliance with IFRS requirements.

The effectiveness of an audit committee is often influenced by factors such as committee independence, financial expertise, size, and meeting frequency. Independent audit committee members are generally more objective in monitoring management activities and are therefore better positioned to enforce compliance with IFRS standards. Similarly, members with accounting and financial expertise possess the technical knowledge necessary to interpret complex IFRS requirements and assess the accuracy of financial reports. Studies by Abbott et al. (2004) and DeFond et al. (2005) found that audit committees with greater independence and

financial expertise are associated with higher financial reporting quality and improved compliance levels.

In addition, frequent audit committee meetings contribute to effective monitoring and timely resolution of financial reporting issues. Active audit committees are more likely to identify weaknesses in internal controls, address audit concerns promptly, and ensure that financial disclosures comply with international reporting standards. Consequently, firms with diligent audit committees tend to exhibit stronger governance practices and greater transparency in financial reporting. In developing economies such as Botswana, the role of audit committees becomes even more important due to institutional weaknesses, regulatory challenges, and limited enforcement mechanisms. Effective audit committees may compensate for these limitations by strengthening internal oversight and promoting adherence to IFRS requirements among publicly listed companies. Therefore, audit committee effectiveness is considered a key corporate governance mechanism influencing IFRS compliance and financial reporting quality.

### *2.3.6 Internal Controls and Internal Audit Mechanisms*

Internal controls and internal audit mechanisms are fundamental components of an effective corporate governance framework because they promote accountability, strengthen risk management processes, and enhance the reliability and credibility of financial reporting. Internal controls refer to the policies, procedures, and systems established by an organisation to safeguard assets, prevent fraud, ensure operational efficiency, and guarantee the accuracy of financial information. Internal audit mechanisms, on the other hand, involve independent assessments of organisational processes and control systems in order to evaluate compliance, identify weaknesses, and recommend corrective measures.

Within the context of IFRS compliance, strong internal control systems are essential because they ensure that financial statements are prepared in accordance with recognised accounting standards and disclosure requirements. Ajibade et al. (2022) argue that organisations with effective internal controls are more likely to produce transparent, reliable, and accurate financial reports, thereby improving compliance with IFRS recognition and disclosure provisions. Similarly, Abdelqader, Nimer and Darwish (2021) maintain that effective control environments reduce opportunities for financial manipulation and enhance the integrity of financial reporting processes.

Prior literature further suggests that strong internal controls minimise material misstatements, reduce reporting irregularities, and improve the consistency of accounting information.

According to Hashed and Almaqtari (2021), firms with robust governance and control structures are better able to comply with complex IFRS requirements because internal controls facilitate proper monitoring, verification, and documentation of financial transactions. In addition, Omimakinde and Adejuwon (2022) note that weak control systems often contribute to partial or symbolic compliance with IFRS, particularly in developing economies where enforcement mechanisms may be limited.

Internal audit functions also play a crucial role in strengthening IFRS compliance. Internal auditors continuously review accounting systems, evaluate risk management processes, and assess whether financial reporting procedures conform to regulatory and IFRS requirements. Through regular audits and monitoring activities, internal auditors assist management and boards in identifying compliance gaps and improving financial reporting quality. Abbott et al. (2004) and DeFond et al. (2005) found that organisations with effective and independent audit functions tend to exhibit higher levels of financial reporting quality and stronger regulatory compliance.

Furthermore, internal audit mechanisms contribute to corporate transparency and accountability by enhancing communication between management, audit committees, and external auditors. Effective internal auditors help organisations respond promptly to reporting deficiencies and strengthen governance systems designed to support compliance with international standards. Wang et al. (2020) additionally argue that technologically advanced internal control systems improve reporting efficiency and facilitate the implementation of complex IFRS disclosure requirements.

The effectiveness of internal controls and internal audit mechanisms is influenced by several factors, including management commitment, auditor independence, staff competence, availability of technological infrastructure, and organisational culture. Organisations that invest in skilled internal audit personnel, continuous staff training, and modern financial reporting systems are generally better positioned to comply effectively with IFRS standards. According to Malafronte et al. (2020), professional competence within accounting and audit departments significantly improves the quality and accuracy of financial reporting.

In developing economies such as Botswana, internal controls and internal audit mechanisms are particularly important because institutional weaknesses and limited regulatory enforcement may reduce external monitoring effectiveness. Consequently, firms with strong internal governance systems are more likely to maintain high standards of accountability and financial

reporting quality despite external regulatory challenges. Therefore, effective internal controls and internal audit mechanisms remain important perceived predictors of IFRS compliance among publicly listed companies.

### *2.3.7 Managerial Ownership*

Managerial ownership refers to the proportion of company shares held by managers and executive directors within an organisation. It is considered an important corporate governance mechanism because it influences managerial incentives, decision making behaviour, and the alignment of interests between managers and shareholders. The relationship between managerial ownership and financial reporting quality, however, remains widely debated in corporate governance literature, with prior studies presenting both positive and negative perspectives regarding its impact on governance effectiveness and IFRS compliance.

From the perspective of Agency Theory, managerial ownership may help reduce agency conflicts by aligning the interests of managers with those of shareholders. When managers own shares in the organisation, they are more likely to act in ways that enhance firm value, improve transparency, and support accurate financial reporting because they directly benefit from the organisation's long-term success. According to Shoman (2023), managerial ownership may strengthen managerial commitment toward maintaining high quality financial reporting standards and improving compliance with regulatory requirements, including IFRS.

Similarly, Jensen and Meckling (1976) argue that managerial ownership can reduce opportunistic behaviour because managers become both agents and partial principals within the organisation. This alignment of interests may encourage managers to prioritise transparent reporting practices, minimise earnings manipulation, and improve disclosure quality. In the context of IFRS compliance, managerial ownership may therefore motivate managers to ensure that financial statements accurately reflect the financial position and performance of the company in order to protect shareholder value and maintain investor confidence.

Empirical studies further suggest that moderate levels of managerial ownership may contribute positively toward governance effectiveness and financial reporting quality. For example, García-Meca and Sánchez (2018) found that managerial ownership may enhance accountability and reduce information asymmetry between management and shareholders. Likewise, Bhatti and Isayev (2023) argue that managers with ownership interests are more likely to support governance reforms and compliance initiatives that enhance organisational legitimacy and stakeholder trust.

However, existing literature also highlights potential negative effects associated with high levels of managerial ownership. Excessive managerial ownership may weaken board independence and reduce the effectiveness of monitoring mechanisms because managers may gain significant influence over governance structures and decision making processes. According to Cornett et al. (2009), concentrated managerial ownership can lead to managerial entrenchment, where executives become difficult to monitor or discipline effectively. Under such circumstances, managers may prioritise personal interests, manipulate financial reports, or resist external oversight, thereby weakening compliance with IFRS requirements.

Additionally, Shoman (2023) notes that while managerial ownership may initially improve governance alignment, excessively high ownership levels can reduce accountability and weaken external monitoring mechanisms. This may create opportunities for earnings management and selective disclosure practices, particularly in environments characterised by weak institutional enforcement and limited regulatory oversight. In developing economies such as Botswana, the influence of managerial ownership on IFRS compliance may be particularly significant due to concentrated ownership structures and close relationships between management and boards of directors. Moderate managerial ownership may encourage accountability and long-term organisational commitment, whereas excessive ownership concentration may compromise governance independence and weaken financial reporting oversight.

Therefore, the relationship between managerial ownership and IFRS compliance remains complex and context dependent. While managerial ownership may improve alignment between managers and shareholders and enhance financial reporting quality, excessively concentrated managerial ownership may undermine governance effectiveness and weaken compliance monitoring processes. Consequently, managerial ownership remains an important governance variable in examining the level of perceived IFRS compliance among publicly listed companies.

## **2.4 External Institutional Factors**

External institutional factors play a significant role in shaping corporate governance practices and financial reporting behaviour among publicly listed companies. Institutional Theory, developed by Paul DiMaggio and Walter Powell, suggests that organisations often adapt their governance structures and reporting systems in response to external pressures in order to maintain legitimacy, competitiveness, and stakeholder confidence. According to DiMaggio and

Powell (1983), organisations are influenced by coercive, mimetic, and normative pressures arising from regulators, investors, professional bodies, and market expectations. In the context of IFRS compliance, external institutional forces may significantly influence how firms implement governance mechanisms and financial reporting standards.

#### *2.4.1 Regulatory Expectations*

Regulatory expectations constitute one of the most influential external institutional pressures affecting IFRS compliance. Regulatory authorities establish laws, standards, and reporting requirements that organisations must follow in order to operate legitimately within financial markets. Strong regulatory frameworks encourage firms to adopt sound corporate governance practices and improve the quality of financial reporting.

According to Siregar and Utama (2021), firms operating in countries with robust regulatory systems tend to demonstrate higher levels of IFRS compliance because strict enforcement mechanisms increase accountability and reduce opportunities for financial misreporting. In Botswana, institutions such as the Botswana Stock Exchange (BSE), Companies and Intellectual Property Authority (CIPA), Botswana Accountancy Oversight Authority (BAOA), and Botswana Institute of Chartered Accountants (BICA) play an important role in promoting compliance with IFRS standards and corporate governance requirements.

Additionally, Brown and Tarca (2020) argue that effective regulatory oversight strengthens transparency by ensuring that firms comply with disclosure requirements and financial reporting obligations. Regulatory monitoring, penalties for non-compliance, and mandatory reporting frameworks therefore encourage organisations to maintain accurate and transparent financial statements in line with IFRS.

#### *2.4.2 Foreign Investment Pressure*

Foreign investment pressure represents an important external institutional factor influencing both corporate governance practices and IFRS compliance among publicly listed companies. Foreign investors generally require high levels of financial transparency, accountability, comparability, and disclosure before committing capital to organisations operating in domestic and international markets. As capital markets become increasingly globalised, companies seeking foreign investment are often compelled to strengthen governance structures and improve financial reporting practices in order to meet international investor expectations (Gordon et al., 2012; Azzopardi, 2024).

According to Institutional Theory, organisations frequently adapt their governance and reporting systems in response to external pressures originating from influential stakeholders. Foreign investors constitute a significant source of such pressure because they demand reliable, transparent, and internationally comparable financial information to facilitate investment decision making and reduce information asymmetry (DiMaggio & Powell, 1983). Consequently, firms seeking access to international capital markets often adopt stronger governance mechanisms and demonstrate greater commitment to IFRS compliance in order to enhance credibility and legitimacy among global investors (Almaqtari, Hashed & Shamim, 2021).

Empirical evidence suggests that foreign ownership and foreign investor participation are positively associated with improved governance quality, enhanced disclosure practices, and higher levels of compliance with international reporting standards. Guerreiro et al. (2012) found that firms exposed to international investors are more likely to strengthen governance systems and improve reporting transparency to satisfy investor information requirements. More recently, Bhatti and Isayev (2023) observed that foreign investors increasingly favour firms that demonstrate strong governance practices and transparent financial reporting, as these characteristics reduce investment risk and improve confidence in reported financial information. Similarly, Shoman (2023) argues that organisations operating within globally integrated financial markets face increasing pressure to comply with international reporting frameworks such as IFRS in order to attract and retain foreign capital.

In emerging economies such as Botswana, foreign direct investment and portfolio investment remain important drivers of economic growth, private sector development, and capital market expansion. Publicly listed companies seeking to attract foreign investors may therefore strengthen board oversight, improve disclosure quality, enhance internal control systems, and ensure greater compliance with IFRS requirements. Such improvements not only increase organisational transparency but also facilitate cross-border comparability of financial statements, thereby enhancing investor confidence and market attractiveness (Hashed & Almaqtari, 2021; Azzopardi, 2024).

The literature suggests that foreign investment pressure serves as a significant institutional force that encourages organisations to strengthen corporate governance structures and improve IFRS compliance. While earlier studies emphasised the role of foreign ownership in promoting disclosure quality and governance reforms (Gordon et al., 2012; Guerreiro et al., 2012), recent

evidence indicates that global investors increasingly view effective governance and IFRS compliance as essential indicators of organisational credibility, accountability, and long-term sustainability (Bhatti & Isayev, 2023; Shoman, 2023). This demonstrates that foreign investment pressure remains a critical determinant of governance effectiveness and financial reporting quality in contemporary capital markets.

### *2.4.3 Globalisation*

Globalisation has significantly increased the demand for harmonised financial reporting standards and effective corporate governance practices across countries. As businesses increasingly engage in international trade, cross-border investments, multinational partnerships, and global capital markets, organisations are required to produce financial information that is transparent, comparable, reliable, and understandable to diverse stakeholders operating across different jurisdictions. Consequently, globalisation has accelerated the adoption of international reporting frameworks such as IFRS and strengthened the need for robust governance mechanisms that support high quality financial reporting (IFRS Foundation, 2024; Azzopardi, 2024).

From an Institutional Theory perspective, globalisation creates normative and mimetic pressures that encourage organisations to align their governance structures and reporting practices with internationally accepted standards in order to achieve legitimacy and competitiveness within the global business environment (DiMaggio & Powell, 1983). Firms operating in international markets are increasingly exposed to global expectations regarding transparency, accountability, and disclosure quality. As a result, organisations frequently adopt IFRS and strengthen corporate governance systems not only to comply with regulatory requirements but also to demonstrate conformity with internationally recognised best practices (Almaqtari, Hashed & Shamim, 2021).

The literature suggests that globalisation has become a major driver of both governance reforms and IFRS implementation. According to Hashed and Almaqtari (2021), increasing international integration has encouraged firms to improve governance structures, enhance disclosure quality, and strengthen oversight mechanisms in order to meet the expectations of global investors and international financial institutions. Similarly, Abdelqader, Darwish and Nimer (2022) found that organisations operating within globally integrated markets tend to demonstrate higher levels of IFRS compliance because international stakeholders demand greater financial transparency and comparability. Bhatti and Isayev (2023) further argue that globalisation has

intensified competition for investment capital, compelling firms to improve governance effectiveness and financial reporting quality to maintain investor confidence and market legitimacy.

Globalisation also increases external scrutiny from international investors, auditors, credit rating agencies, development finance institutions, and regulatory bodies. Such scrutiny creates pressure for organisations to strengthen governance systems, improve internal controls, and ensure full compliance with internationally recognised accounting standards. According to Shoman (2023), firms that fail to meet international governance and reporting expectations may experience reduced investor confidence, limited access to capital, and diminished competitiveness in global markets. Conversely, organisations that demonstrate strong governance and high levels of IFRS compliance are often viewed as more credible, transparent, and attractive to international stakeholders.

In emerging economies such as Botswana, globalisation has increased the integration of domestic firms into regional and international markets, thereby heightening the need for globally comparable financial reporting practices. Publicly listed companies seeking foreign investment, international partnerships, or cross-border business opportunities may therefore face increasing pressure to strengthen governance structures and improve IFRS compliance in order to satisfy international stakeholder expectations. This pressure is particularly important as Botswana continues to position itself as an attractive destination for foreign investment and capital market development (World Bank, 2023; Azzopardi, 2024).

Literature therefore demonstrates that globalisation acts as a powerful institutional force shaping corporate governance and financial reporting behaviour. While earlier studies emphasised the role of global integration in promoting IFRS adoption, recent evidence suggests that globalisation increasingly influences the quality of governance systems, transparency practices, and the extent of IFRS compliance through heightened international scrutiny, investor expectations, and competitive pressures (Hashed & Almaqtari, 2021; Abdelqader, Darwish & Nimer, 2022; Bhatti & Isayev, 2023; Shoman, 2023). Thus, globalisation remains a significant external factor influencing both corporate governance effectiveness and IFRS compliance among publicly listed companies.

#### *2.4.4 Market Competition*

Market competition can significantly influence corporate governance behaviour and IFRS compliance among publicly listed companies. In highly competitive business environments,

organisations are often pressured to strengthen governance practices, improve disclosure quality, and enhance financial reporting transparency in order to maintain legitimacy, attract investors, and sustain competitive advantage. Companies operating within competitive markets recognise that transparent and reliable financial reporting contributes to stronger corporate reputation, investor confidence, and stakeholder trust.

According to Nguyen et al. (2019), firms operating in highly competitive industries frequently strengthen governance mechanisms and disclosure practices as part of a broader strategy aimed at improving organisational credibility and attracting investment opportunities. Similarly, De Villiers et al. (2016) argue that organisations facing intense market competition are more likely to adopt stronger governance systems and improve compliance with IFRS standards in order to signal accountability and financial stability to stakeholders.

Transparent financial reporting may further provide firms with a competitive advantage by reducing information asymmetry between management and external stakeholders. Hoogendoorn and Piscaer (2019) maintain that high quality IFRS compliant financial statements improve comparability and reliability of financial information, thereby enabling investors and creditors to make informed decisions with greater confidence. As a result, firms with strong reporting practices may gain easier access to capital markets and improve their market positioning relative to competitors.

Additionally, market competition may encourage organisations to imitate governance structures and reporting practices adopted by successful firms within the same industry. This phenomenon is explained by mimetic institutional pressures under Institutional Theory, where organisations emulate practices perceived as legitimate or effective in response to uncertainty and competitive pressure (DiMaggio & Powell, 1983). In such situations, firms may voluntarily strengthen governance mechanisms, establish effective audit committees, improve board independence, and enhance IFRS compliance in order to align themselves with industry leaders and maintain legitimacy within the market environment.

Furthermore, Bhatti and Isayev (2023) argue that increased competition encourages firms to prioritise transparency and accountability because stakeholders increasingly compare companies based on governance quality and financial reporting standards. Firms that fail to meet acceptable disclosure standards may experience reduced investor confidence, reputational damage, and weakened market competitiveness. In developing economies such as Botswana, market competition may be particularly influential because publicly listed companies operate

within growing capital markets where investor confidence and corporate reputation are essential for long-term sustainability. Organisations may therefore strengthen governance systems and improve IFRS compliance in order to differentiate themselves from competitors, attract investment, and maintain stakeholder trust. The literature therefore suggests that market competition positively influences corporate governance practices and IFRS compliance by encouraging organisations to improve transparency, strengthen disclosure quality, and adopt internationally accepted financial reporting standards. Competitive pressures therefore act as an important external institutional force shaping financial reporting behaviour among publicly listed companies.

#### *2.4.5 Stakeholder Expectations*

Stakeholder expectations represent another important institutional pressure affecting corporate governance and financial reporting practices. Stakeholders such as shareholders, creditors, regulators, employees, customers, and the public increasingly demand transparent, reliable, and ethical corporate behaviour. Bhatti and Isayev (2023) argue that organisations are more likely to adopt strong governance practices and comply with IFRS when stakeholders demand high quality financial information for decision making purposes. Similarly, Stakeholder Theory suggests that firms have a responsibility to provide accurate and transparent disclosures that satisfy the information needs of multiple stakeholder groups. In Botswana's developing capital market environment, stakeholder expectations regarding transparency and accountability continue to increase as financial literacy, regulatory awareness, and investor participation expand. Companies that fail to meet stakeholder expectations may experience reputational damage, reduced investor confidence, and diminished market legitimacy. Consequently, organisations may strengthen governance systems and improve IFRS compliance in order to maintain stakeholder trust and corporate reputation.

#### *2.4.6 Synthesis of External Institutional Factors and IFRS Compliance*

The literature reviewed demonstrates that external institutional factors play a significant role in shaping corporate governance practices and IFRS compliance among publicly listed companies. Regulatory expectations create coercive pressures that compel organisations to comply with financial reporting requirements and governance regulations, while foreign investment pressures encourage firms to strengthen transparency, accountability, and disclosure quality in order to attract international capital (Almaqtari, Hashed & Shamim, 2021; Bhatti & Isayev, 2023). Globalisation further promotes the harmonisation of financial reporting practices by exposing firms to international standards and stakeholder expectations, thereby increasing

the need for globally comparable financial statements (Hashed & Almaqtari, 2021; Abdelqader, Darwish & Nimer, 2022). Similarly, market competition encourages organisations to improve governance structures and disclosure practices as a means of enhancing corporate reputation, legitimacy, and investor confidence (Nguyen et al., 2019; Shoman, 2023). Stakeholder expectations also exert normative pressures on organisations to maintain ethical conduct, accountability, and transparent reporting practices that support compliance with IFRS requirements (Bhatti & Isayev, 2023).

Collectively, these institutional forces influence how organisations design governance systems, implement internal controls, prepare financial statements, and respond to financial reporting obligations. The reviewed literature consistently suggests that firms operating within environments characterised by strong institutional pressures are more likely to strengthen governance mechanisms and achieve higher levels of IFRS compliance (Azzopardi, 2024; Gardi, Aga & Abdullah, 2023). Therefore, Institutional Theory provides an appropriate theoretical lens for understanding how external environmental forces influence corporate governance effectiveness and IFRS compliance among publicly listed companies in Botswana.

## **2.5 Corporate Governance**

### *2.5.1 Introduction to Corporate Governance*

Corporate governance refers to the systems, principles, structures, processes, and relationships through which organisations are directed, managed, and controlled. It encompasses the mechanisms used to ensure accountability, transparency, ethical conduct, fairness, and effective decision making within organisations. Corporate governance further defines the distribution of rights and responsibilities among key stakeholders, including shareholders, boards of directors, management, regulators, employees, and external stakeholders (OECD, 2015). Effective corporate governance promotes organisational accountability and strengthens confidence in financial reporting systems, particularly within publicly listed companies operating in increasingly globalised capital markets.

Corporate governance has become one of the most important foundations of modern financial management and reporting because it supports transparency, investor protection, and sustainable organisational performance. According to Solomon (2020), corporate governance provides the framework through which organisations pursue strategic objectives while ensuring that managerial actions remain aligned with stakeholder interests. Similarly, Weiss (2014)

argues that governance systems help organisations minimise agency conflicts, strengthen ethical conduct, and improve accountability in financial reporting processes.

### *2.5.2 Evolution of Corporate Governance and Global Corporate Scandals*

The concept of corporate governance gained global prominence following a series of major corporate failures and financial scandals that exposed serious weaknesses in organisational oversight, financial reporting systems, auditing practices, managerial accountability, and internal control mechanisms. Early corporate collapses such as Enron in 2001, WorldCom in 2002, and Parmalat in 2003 revealed how weak governance systems could facilitate earnings manipulation, accounting fraud, poor disclosure practices, and unethical managerial behaviour (Clarke, 2004; Solomon, 2020). These scandals resulted in substantial financial losses for investors, loss of employment, collapse of shareholder confidence, and increased public concern regarding the reliability and integrity of corporate financial reporting across international markets.

The collapse of Enron particularly became one of the most significant turning points in corporate governance history because it demonstrated how ineffective board oversight, auditor conflicts of interest, and weak internal controls could contribute to large scale financial fraud. Similarly, the WorldCom scandal exposed fraudulent accounting practices involving the manipulation of operating expenses and financial statements in order to artificially inflate company profitability. Parmalat's collapse further highlighted governance weaknesses associated with concealed liabilities, weak monitoring systems, and poor transparency within multinational corporations (Mallin, 2019).

As a response to these scandals, governments, regulators, stock exchanges, and professional accounting bodies introduced stricter governance reforms aimed at strengthening accountability, improving financial reporting quality, and restoring investor confidence. For example, the United States enacted the Sarbanes Oxley Act (SOX) in 2002, which introduced stricter internal control requirements, enhanced auditor independence rules, strengthened board responsibilities, and increased penalties for financial fraud. Similar reforms emerged internationally through governance frameworks such as the King Reports on Corporate Governance in South Africa, the Cadbury Report in the United Kingdom, and the OECD Principles of Corporate Governance (OECD, 2015). These reforms increasingly linked corporate governance with transparency, accountability, ethical leadership, and financial reporting quality.

Although early corporate scandals significantly shaped governance reforms, more recent scandals demonstrate that governance failures continue to exist despite strengthened regulations and oversight mechanisms. For example, the Wirecard scandal in Germany in 2020 exposed failures in auditing oversight, regulatory supervision, board monitoring, and financial reporting transparency after the company admitted that approximately €1.9 billion reported in its accounts did not exist (Bryde, 2021). The collapse of Wirecard raised renewed concerns regarding auditor independence, governance accountability, and the effectiveness of financial reporting oversight within global capital markets.

Similarly, the governance crisis involving Luckin Coffee in 2020 highlighted how weak internal controls and fraudulent reporting practices may undermine investor confidence and financial reporting credibility. The company admitted to fabricating significant portions of its sales transactions, leading to regulatory investigations and reputational damage (Chen et al., 2021). The scandal reinforced concerns regarding the importance of strong governance systems, ethical leadership, and effective monitoring mechanisms in ensuring compliance with international reporting standards.

More recently, the collapse of FTX in 2022 further intensified global discussions surrounding corporate governance failures, accountability, risk management, and financial transparency. Investigations surrounding FTX revealed governance weaknesses associated with poor internal controls, lack of board oversight, misuse of customer funds, and inadequate financial reporting systems (Coffee, 2023). The scandal demonstrated that even within emerging digital financial markets, governance structures remain critical for protecting stakeholders and ensuring organisational accountability.

In South Africa, governance controversies involving Steinhoff International also attracted international attention due to allegations of accounting irregularities, inflated profits, and misleading financial disclosures. The Steinhoff scandal highlighted the importance of board effectiveness, audit quality, ethical leadership, and regulatory enforcement in promoting credible financial reporting within African corporate environments (Wesson, 2021).

These global and regional corporate scandals collectively demonstrate that weak governance structures frequently contribute to fraudulent financial reporting, inadequate disclosure practices, poor risk management, ineffective board oversight, and reduced stakeholder confidence. Existing literature increasingly suggests that strong corporate governance systems are essential for enhancing financial reporting transparency, reducing agency conflicts,

improving accountability, and supporting compliance with International Financial Reporting Standards (IFRS) (Ajibade et al., 2022; Hashed & Almaqtari, 2021; Gardi, Aga & Abdullah, 2023).

Furthermore, these scandals illustrate that corporate governance is not merely a compliance requirement but a strategic organisational mechanism necessary for maintaining legitimacy, protecting stakeholders, and sustaining investor confidence within increasingly complex global financial markets. Consequently, organisations across both developed and emerging economies continue to strengthen governance frameworks, internal controls, board structures, audit functions, and disclosure practices in order to minimise financial reporting risks and enhance IFRS compliance.

### *2.5.3 Corporate Governance Scandals in Botswana*

Corporate governance concerns have also emerged within Botswana's corporate sector despite the country being widely recognised for relatively stable economic institutions, sound regulatory structures, and comparatively strong governance systems within Africa. Nevertheless, several governance controversies and financial reporting challenges involving major corporations have highlighted weaknesses associated with board oversight, financial reporting transparency, internal controls, risk management, and regulatory enforcement within some publicly listed companies (Sathyamoorthi, 2021; Mbekomize & Okafor, 2020). These governance challenges have increased attention toward the importance of strengthening accountability, disclosure practices, and compliance with International Financial Reporting Standards (IFRS) among listed companies in Botswana.

One of the most widely discussed governance controversies in Botswana involved Choppies Enterprises, one of the country's largest retail chains operating across several African countries. The company experienced significant governance and financial reporting challenges involving delayed publication of audited financial statements, disagreements between management and external auditors, suspension of trading of shares on the Botswana Stock Exchange, and concerns regarding the adequacy of internal controls and accounting practices (Sathyamoorthi, 2021; Deloitte, 2020). The dispute between the company's management and auditors raised serious concerns regarding financial reporting reliability, transparency, and governance effectiveness. According to Mbekomize and Okafor (2020), the Choppies controversy demonstrated how weak governance structures, inadequate internal monitoring systems, and

leadership conflicts may negatively affect organisational accountability and stakeholder confidence.

The Choppies governance crisis further attracted regulatory intervention from the Botswana Stock Exchange and other financial oversight institutions due to non-compliance with listing requirements and delayed financial disclosures. Existing literature suggests that delayed publication of financial statements may reduce investor confidence, weaken market transparency, and increase information asymmetry between management and stakeholders (Brown & Tarca, 2020; Ajibade et al., 2022). Consequently, the Choppies case became one of Botswana's most prominent examples illustrating the importance of strong governance systems, effective audit functions, and transparent financial reporting practices within publicly listed companies.

Similarly, governance concerns have also emerged within Botswana's banking and financial services sector, including controversies surrounding Kingdom Bank Africa. Governance weaknesses associated with risk management, regulatory supervision, internal controls, and transparency within financial institutions raised concerns regarding accountability and financial oversight within the sector (Motsamai, 2018). Such incidents reinforced the importance of strong governance structures in safeguarding stakeholder interests, ensuring regulatory compliance, and promoting financial reporting credibility within financial institutions.

In addition, broader governance concerns within Botswana's corporate environment have included issues relating to board effectiveness, ownership concentration, weak internal controls, insufficient disclosure practices, and limited enforcement capacity among some regulatory institutions (Sathyamoorthi, 2021; Mbekomize, 2016). Existing studies suggest that although Botswana has made significant progress in strengthening corporate governance frameworks, challenges relating to governance implementation and compliance enforcement still persist within certain organisations (Okike, 2007; Rossouw, 2016).

These governance controversies collectively demonstrate that corporate governance challenges are not limited to developed economies alone but may also emerge within relatively stable emerging markets such as Botswana. The scandals further illustrate how governance weaknesses may negatively affect financial reporting quality, stakeholder trust, investor confidence, and organisational legitimacy. According to Institutional Theory, governance reforms frequently emerge in response to external pressure from regulators, investors, stock

exchanges, and other stakeholders seeking improved accountability and transparency within organisations (DiMaggio & Powell, 1983).

Consequently, the emergence of governance failures within Botswana strengthened calls for improved governance reforms, enhanced regulatory oversight, stronger board accountability, and stricter compliance with IFRS requirements. Regulatory institutions such as the Botswana Stock Exchange, Companies and Intellectual Property Authority, Botswana Institute of Chartered Accountants, and Botswana Accountancy Oversight Authority increasingly intensified efforts aimed at strengthening governance standards, improving monitoring systems, promoting ethical reporting practices, and enhancing financial reporting compliance among publicly listed companies (BICA, 2024; BAOA, 2024).

The Botswana corporate governance experience demonstrates that effective governance mechanisms remain essential for promoting transparency, accountability, ethical leadership, investor confidence, and compliance with international financial reporting standards. The lessons drawn from Botswana's governance controversies further reinforce the importance of strong boards, effective audit committees, independent oversight, and robust internal control systems in supporting high quality financial reporting practices.

#### *2.5.4 Objectives and Importance of Corporate Governance*

Corporate governance seeks to ensure that organisations are managed in a manner that promotes long-term sustainability, protects stakeholder interests, and enhances organisational performance. Effective governance systems are generally associated with improved monitoring of management activities, stronger internal controls, better risk management practices, enhanced ethical conduct, and improved financial reporting quality (Ajibade et al., 2022; Lee & Hu, 2021).

Corporate governance primarily seeks to promote transparency, accountability, fairness, and ethical conduct within organisations while ensuring that management acts in the best interests of shareholders and other stakeholders. Effective corporate governance systems contribute significantly toward improving financial reporting quality, strengthening internal controls, enhancing risk management practices, and promoting organisational sustainability (OECD, 2015; Solomon, 2020). Furthermore, corporate governance assists in reducing agency conflicts between managers and shareholders by establishing monitoring mechanisms such as independent boards, audit committees, and regulatory oversight structures (Jensen & Meckling, 1976). Strong governance practices also help to enhance investor confidence, protect

stakeholder interests, improve organisational performance, and encourage compliance with financial reporting standards such as IFRS (Ajibade et al., 2022; Hashed & Almaqtari, 2021). In addition, governance frameworks promote ethical business conduct and responsible decision-making, which are essential for maintaining corporate legitimacy, long-term business sustainability, and public trust within increasingly globalised financial markets (Clarke, 2004; OECD, 2015).

Good corporate governance contributes significantly toward improving investor confidence because investors are more likely to invest in organisations that demonstrate transparency, accountability, and effective oversight systems. According to Bhatti and Isayev (2023), strong governance systems improve organisational legitimacy and reduce information asymmetry between management and stakeholders.

### *2.5.5 Key Corporate Governance Mechanisms*

#### **2.5.5.1 Board of Directors**

The board of directors represents one of the most important components of corporate governance because it is responsible for overseeing management activities, protecting shareholder interests, and ensuring accountability within organisations. Prior literature suggests that independent and competent boards are better positioned to monitor managerial behaviour, reduce agency conflicts, and support transparent financial reporting practices (Jensen & Meckling, 1976; Shu & Chiang, 2020). Board independence is particularly important because independent directors are generally perceived as more objective and less likely to be influenced by management interests. Independent boards may improve monitoring effectiveness, strengthen disclosure practices, and support compliance with IFRS requirements (Bahrami et al., 2019). Board size and board composition are also important governance variables influencing organisational oversight and reporting quality. Larger and diverse boards may provide broader expertise, knowledge, and perspectives necessary for monitoring complex financial reporting systems (Bakar et al., 2020; Cao et al., 2019). However, excessively large boards may also create coordination challenges and reduce decision-making efficiency.

#### **2.5.5.2 Audit Committees**

Audit committees play a significant role in strengthening governance effectiveness and improving financial reporting quality. Existing studies indicate that active and independent audit committees contribute positively to oversight of accounting processes, internal controls, risk management systems, and external audit activities (Xie et al., 2003; Gardi, Aga &

Abdullah, 2023). Audit committees possessing financial and accounting expertise are further viewed as more capable of understanding technically complex accounting standards and monitoring compliance with IFRS requirements. Effective audit committees may strengthen communication between management, auditors, and boards while enhancing transparency and reducing the likelihood of financial misstatements (Abbott et al., 2004; Karamanou & Vafeas, 2005).

#### ***2.5.5.3 Internal Controls and Internal Audit Mechanisms***

Internal control systems constitute another critical governance mechanism within organisations. Internal controls refer to policies, procedures, and processes designed to ensure operational efficiency, financial reporting reliability, regulatory compliance, and protection of organisational assets. Strong internal controls may reduce opportunities for fraud, errors, and financial misstatements while enhancing the credibility of financial reports (Lee & Hu, 2021).

Internal audit mechanisms further strengthen governance systems by evaluating internal control effectiveness, monitoring compliance procedures, and identifying operational risks. Prior studies suggest that strong internal control systems contribute positively toward improving reporting accuracy and supporting IFRS compliance (Ajibade et al., 2022; Abdelqader, Nimer & Darwish, 2021). Similarly, Hashed and Almaqtari (2021) argue that organisations possessing effective internal monitoring systems are generally more capable of implementing technically demanding accounting standards such as IFRS.

#### ***2.5.5.4 External Audits***

External audits represent another important governance mechanism supporting financial reporting quality and IFRS compliance. Independent external auditors help verify whether financial statements fairly represent organisational financial positions and comply with applicable accounting standards. Companies audited by Big Four audit firms are frequently associated with higher levels of disclosure quality, transparency, and IFRS compliance due to stronger technical expertise and more rigorous audit procedures (Beisland et al., 2015; Karim & Ahmed, 2005).

#### ***2.5.6 Corporate Governance and IFRS Compliance***

Corporate governance has become increasingly important in relation to IFRS compliance because the implementation of international accounting standards requires transparency, accountability, technical competence, and effective oversight mechanisms. IFRS standards often involve complex accounting judgments, estimates, disclosure requirements, and

measurement approaches that require strong governance structures to ensure proper implementation.

Consequently, governance mechanisms such as board expertise, audit committee effectiveness, internal audits, external audits, and regulatory oversight are frequently viewed as important factors influencing financial reporting quality and IFRS compliance (Hashed & Almaqtari, 2021; Gardi, Aga & Abdullah, 2023). Strong governance systems may improve compliance by strengthening monitoring processes, reducing managerial opportunism, enhancing disclosure quality, and supporting accountability within organisations.

Conversely, weak governance systems may contribute to inconsistent reporting practices, earnings manipulation, poor disclosure quality, and reduced compliance with international accounting standards. Agency Theory particularly explains this relationship by arguing that governance mechanisms help minimise conflicts of interest between managers and shareholders while promoting transparent reporting practices (Jensen & Meckling, 1976).

#### *2.5.7 Corporate Governance in Emerging Economies*

Within emerging economies, the relationship between corporate governance and IFRS compliance is particularly significant because organisations frequently operate within evolving regulatory environments characterised by institutional weaknesses, resource constraints, and limited technical expertise. Existing literature suggests that governance quality may help organisations overcome some of the implementation challenges associated with technically demanding accounting standards (Azzopardi, 2024; Omimakinde & Adejuwon, 2022).

Emerging markets often experience challenges such as weak enforcement systems, inadequate regulatory capacity, concentrated ownership structures, political influence, and limited governance maturity. Such challenges may negatively affect financial reporting quality and weaken compliance with IFRS requirements. Consequently, strengthening governance systems is increasingly viewed as essential for improving investor confidence, market development, and financial reporting credibility within developing economies.

#### *2.5.8 Corporate Governance in Botswana*

In Botswana, corporate governance practices have increasingly attracted attention due to growing investor expectations, capital market development, and the need to strengthen transparency, accountability, and financial reporting quality among publicly listed companies. Publicly listed companies operate within a governance environment shaped by several regulatory and professional institutions, including the Botswana Stock Exchange (BSE), the

Companies and Intellectual Property Authority (CIPA), the Botswana Institute of Chartered Accountants (BICA), the Botswana Accountancy Oversight Authority (BAOA), and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) (Sathyamoorthi, 2021; BICA, 2024; BAOA, 2024). These institutions play important roles in promoting corporate governance standards, monitoring compliance, enforcing disclosure requirements, and strengthening financial reporting accountability within the corporate sector.

Botswana's corporate governance framework has evolved in response to both domestic and international pressures aimed at improving transparency, investor protection, and market confidence. According to Sathyamoorthi (2021), regulatory authorities have increasingly emphasised governance reforms and compliance monitoring in order to align Botswana's corporate reporting environment with international best practices. Similarly, the adoption of IFRS and the strengthening of governance oversight mechanisms reflect Botswana's commitment to enhancing the credibility and comparability of corporate financial reporting (World Bank, 2023; IFRS Foundation, 2024).

The country's governance environment is further influenced by globalisation, foreign investment flows, international reporting standards, and increasing stakeholder expectations for transparency and accountability. As organisations seek to attract foreign investment and maintain legitimacy within international capital markets, pressure to strengthen governance systems and improve IFRS compliance continues to increase (Hashed & Almaqtari, 2021; Azzopardi, 2024). Consequently, governance structures are increasingly viewed as important mechanisms for improving financial reporting quality, enhancing investor confidence, reducing information asymmetry, and supporting organisational accountability among publicly listed companies in Botswana (Ajibade et al., 2022; Gardi, Aga & Abdullah, 2023).

Despite ongoing governance reforms and increased adoption of international reporting standards, several governance challenges continue to affect some organisations operating within Botswana. These challenges include limited technical expertise in complex accounting standards, inadequate governance capacity, insufficient regulatory enforcement, resource constraints, ownership concentration, and varying levels of board effectiveness across firms (Motshoge & Pinder, 2014; Sathyamoorthi, 2021; Shoman, 2023). Furthermore, governance challenges highlighted in cases such as Choppies Enterprises have demonstrated that weaknesses in board oversight, internal controls, and financial reporting systems may negatively affect transparency, stakeholder confidence, and regulatory compliance

(Sathyamoorthi, 2021; BAOA, 2024). Such challenges may ultimately influence organisations' ability to effectively implement complex IFRS requirements and maintain high-quality financial reporting practices.

Botswana has made significant progress in strengthening corporate governance and promoting IFRS compliance through regulatory reforms, institutional oversight, and professional accounting development. However, continued efforts to improve governance capacity, regulatory enforcement, technical expertise, and financial reporting quality remain essential for enhancing corporate accountability and sustaining investor confidence within the country's capital markets (World Bank, 2023; Azzopardi, 2024).

## **2.6 Corporate Governance Attributes and Principles**

### *2.6.1 Transparency and Disclosure*

Transparency represents one of the core principles of corporate governance. Transparency refers to the timely disclosure of reliable, relevant, accurate, and understandable information regarding organisational performance, financial position, governance practices, and risk exposures. Transparent reporting enables shareholders, regulators, investors, creditors, and other stakeholders to make informed decisions regarding organisational activities and future prospects. According to Shoman (2023), transparency reduces information asymmetry between management and stakeholders, strengthens organisational accountability, and promotes stakeholder confidence in reported financial information.

Transparency is particularly important within financial reporting environments because it improves the credibility, reliability, and comparability of financial statements. Organisations that maintain transparent reporting systems are generally perceived as more accountable, trustworthy, and compliant with regulatory expectations. Effective disclosure practices further facilitate stakeholder monitoring of management activities and reduce opportunities for earnings manipulation, financial misstatements, and opportunistic behaviour (Hashed & Almaqtari, 2021). Consequently, IFRS compliance is frequently associated with broader governance objectives aimed at enhancing disclosure quality, improving financial reporting consistency, and strengthening accountability within organisations (Abdelqader, Nimer & Darwish, 2021).

The literature suggests that transparency and disclosure serve as important mechanisms through which corporate governance contributes to financial reporting quality and IFRS compliance. Organisations characterised by high levels of transparency are more likely to provide complete,

timely, and IFRS compliant financial information because disclosure practices are closely linked to governance effectiveness and stakeholder accountability (Ajibade et al., 2022; Gardi, Aga & Abdullah, 2023). Therefore, transparency not only enhances stakeholder confidence and organisational legitimacy but also supports the achievement of IFRS objectives relating to comparability, reliability, and faithful representation of financial information.

#### *2.6.2 Accountability and Board Oversight*

Accountability is another important principle underpinning corporate governance. Accountability requires managers and directors to justify their decisions and actions to shareholders and other stakeholders. Effective accountability mechanisms ensure that organisational leaders remain responsible for financial reporting integrity, strategic decisions, and compliance with applicable regulations and reporting standards. Prior studies suggest that accountability strengthens governance effectiveness and reduces opportunities for managerial opportunism (Gardi, Aga & Abdullah, 2023).

Board oversight plays a central role in promoting accountability within organisations. Boards of directors are responsible for monitoring management performance, safeguarding shareholder interests, and ensuring compliance with legal and regulatory obligations. Effective board structures, particularly those characterised by independence, expertise, and diversity, are widely associated with improved governance effectiveness and enhanced financial reporting quality.

#### *2.6.3 Fairness and Stakeholder Protection*

Fairness also constitutes an important governance principle. Fairness requires organisations to treat shareholders and stakeholders equitably without discrimination or bias. Stakeholder Theory emphasises that organisations should consider the interests of multiple stakeholder groups including investors, employees, creditors, regulators, customers, and communities rather than focusing exclusively on shareholders (Freeman, 1984). Consequently, governance systems should promote ethical conduct, equitable treatment, and balanced stakeholder engagement.

Corporate governance therefore extends beyond shareholder wealth maximisation to include broader responsibilities relating to social responsibility, ethical leadership, and sustainable organisational behaviour. Organisations that demonstrate fairness and stakeholder accountability are more likely to maintain legitimacy and public trust.

#### *2.6.4 Responsibility, Ethical Leadership and Risk Management*

Responsibility and ethical leadership further form important components of effective corporate governance. Organisations are expected to comply with legal requirements, professional standards, and ethical obligations while conducting business activities responsibly. Stewardship Theory suggests that managers may act as responsible stewards who prioritise organisational success, long-term sustainability, and stakeholder welfare when supported by strong ethical cultures and governance systems (Lee & Hu, 2021).

Risk management also forms a critical component of governance effectiveness. Boards of directors and management are expected to identify, assess, monitor, and manage organisational risks that may affect operational performance, financial reporting quality, and regulatory compliance. Effective governance therefore requires organisations to establish strong internal control systems, risk management frameworks, and monitoring mechanisms capable of identifying potential governance failures before they become significant organisational problems (Mack, 2016).

The importance of governance discipline and ethical conduct became evident where weaknesses in ethical governance and regulatory compliance resulted in reputational damage and financial losses. Such corporate failures demonstrate the importance of governance systems capable of promoting ethical accountability and responsible decision making within organisations.

## **2.7 THEORETICAL FRAMEWORK**

Theoretical review provides the intellectual foundation upon which a study is anchored. It involves examining relevant theories that explain the influence of variables under investigation and provide a basis for interpreting research findings. In studies examining corporate governance and financial reporting, theoretical perspectives help explain how governance structures, stakeholder expectations, managerial behaviour, and institutional environments influence organisational reporting practices and compliance with financial reporting standards (Hashed & Almaqtari, 2021; Shoman, 2023).

Corporate governance and IFRS compliance have been widely examined through several theoretical lenses. Among the frequently applied theories are Agency Theory, Institutional Theory, Stakeholder Theory, Stewardship Theory, Resource Dependency Theory, and Legitimacy Theory. These theories provide complementary explanations regarding how

organisations respond to governance expectations, regulatory requirements, stakeholder pressures, and environmental influences when preparing financial reports and implementing IFRS standards (Alodat et al., 2023; Bananuka et al., 2024).

### **2.7.1 Agency Theory**

Agency Theory, originally developed by Jensen and Meckling (1976), explains the relationship between principals (shareholders) and agents (managers). The theory argues that conflicts of interest may arise when managers pursue personal objectives that do not necessarily align with shareholder interests. Consequently, governance mechanisms such as independent boards, audit committees, external audits, and internal controls are established to monitor managerial behaviour and reduce information asymmetry (Jensen & Meckling, 1976).

Contemporary corporate governance studies continue to apply Agency Theory to explain how governance structures influence financial reporting quality and compliance with IFRS requirements (Hashed & Almaqtari, 2021; Alodat et al., 2023). The theory is particularly relevant in emerging markets where governance mechanisms play a critical role in promoting transparency and accountability.

Agency Theory provides one of the most widely used theoretical foundations for corporate governance research. The theory explains the relationship between principals and agents and argues that conflicts of interest may arise when managers pursue personal objectives that differ from those of shareholders. These conflicts create agency problems, information asymmetry, and monitoring challenges, which may negatively affect organisational performance and financial reporting quality (Jensen & Meckling, 1976; Hashed & Almaqtari, 2021).

Agency Theory suggests that corporate governance mechanisms are necessary to align managerial interests with shareholder interests and to reduce opportunistic managerial behaviour. Such mechanisms include board oversight, board independence, audit committees, internal control systems, external audits, and managerial ownership structures. Through effective monitoring and accountability processes, these governance mechanisms may improve transparency, strengthen financial reporting quality, and reduce the likelihood of financial misstatements (Alodat et al., 2023; Gerged et al., 2023).

Within the context of this study, Agency Theory provides a theoretical explanation for several corporate governance variables included in the conceptual framework. Board size and board independence are viewed as monitoring mechanisms that enhance oversight of managerial activities and reduce agency conflicts. Independent directors are generally considered more objective and less susceptible to management influence, thereby improving accountability and financial reporting integrity (Shoman, 2023). Similarly, audit committee effectiveness strengthens oversight of accounting processes, internal controls, and financial reporting activities, thereby enhancing compliance with IFRS disclosure requirements (Gardi, Aga & Abdullah, 2023).

The theory also supports the inclusion of internal controls and managerial ownership as governance predictors of IFRS compliance. Effective internal control systems reduce opportunities for fraud, errors, and earnings manipulation while improving the reliability of financial information (Ajibade et al., 2022). Managerial ownership may reduce agency conflicts by aligning the interests of managers and shareholders; however, excessive managerial ownership may also weaken monitoring effectiveness and lead to managerial entrenchment, resulting in mixed governance outcomes (Shoman, 2023; Alodat et al., 2023). These competing perspectives demonstrate the complexity of governance relationships and justify further investigation within different organisational contexts.

Agency Theory is particularly relevant within Botswana's corporate environment, where ownership structures are often characterised by concentrated shareholding, family controlled businesses, and relatively small capital markets compared to more developed economies. In such settings, dominant shareholders may exercise significant influence over managerial decision making and board appointments, potentially weakening independent oversight and increasing agency related risks (Tsheko, 2022; Motswaledi & Barac, 2023). Consequently, governance mechanisms such as independent boards, effective audit committees, and strong internal controls become increasingly important for safeguarding minority shareholder interests and promoting transparent financial reporting.

From an IFRS compliance perspective, Agency Theory suggests that organisations with stronger governance structures are more likely to comply with international reporting standards because effective monitoring reduces managerial discretion and encourages greater transparency, accountability, and disclosure quality. Since IFRS requires extensive professional judgment, complex disclosures, and consistent application of accounting

standards, governance mechanisms play a critical role in ensuring that financial reporting faithfully represents organisational performance and financial position (Hashed & Almaqtari, 2021; Gerged et al., 2023).

Therefore, Agency Theory provides a strong theoretical foundation for understanding how internal corporate governance mechanisms may influence IFRS compliance among publicly listed companies in Botswana. The theory supports the proposition that stronger governance structures contribute to improved monitoring, enhanced accountability, and higher levels of compliance with international financial reporting standards.

### **2.7.2 Institutional Theory**

Institutional Theory, developed by DiMaggio and Powell (1983), explains how organisations adapt their structures and practices in response to external pressures arising from regulators, professional bodies, investors, and societal expectations. The theory proposes that organisational behaviour is influenced by coercive, normative, and mimetic pressures that encourage conformity with accepted norms and practices. Recent studies suggest that Institutional Theory remains highly relevant in explaining IFRS adoption, corporate governance reforms, and financial reporting behaviour across both developed and emerging economies (Gerged et al., 2023; Bananuka et al., 2024). Organisations often strengthen governance systems and improve reporting practices in response to pressures from regulators, stock exchanges, investors, and international markets.

Institutional Theory explains how organisational behaviour is shaped by pressures arising from the external environment rather than solely by internal organisational objectives (DiMaggio & Powell, 1983). The theory posits that organisations seek legitimacy, stability, and survival by conforming to the expectations of influential institutional actors such as regulators, professional bodies, investors, industry associations, and society. Consequently, organisational structures, governance practices, and reporting systems often evolve in response to external pressures rather than purely economic considerations (Scott, 2014; Alshbili, Elamer & Beddewela, 2021).

According to Institutional Theory, organisations experience three main forms of institutional pressure: coercive, normative, and mimetic pressures. Coercive pressures arise from laws, regulations, and formal governance requirements imposed by governments and regulatory

agencies. Normative pressures emerge from professional standards, educational systems, and expectations promoted by professional accounting bodies. Mimetic pressures occur when organisations imitate governance and reporting practices adopted by successful or legitimate organisations within their industry (DiMaggio & Powell, 1983; Scott, 2014).

The theory is particularly relevant to IFRS compliance because the adoption and implementation of international accounting standards are often driven by institutional pressures rather than purely technical considerations. Prior studies indicate that organisations frequently strengthen governance structures and improve disclosure practices to comply with regulatory requirements, attract investment, and maintain legitimacy within capital markets (Alshbili et al., 2021; Hassan, 2024). Similarly, Ahmed and Khatun (2023) found that firms operating in highly regulated environments tend to exhibit stronger compliance with financial reporting standards due to increased monitoring and enforcement pressures.

Institutional Theory directly supports the external institutional variables examined in this study. Regulatory expectations represent coercive pressures that compel publicly listed companies to comply with governance and IFRS requirements established by regulatory authorities. Foreign investment pressure reflects the influence of international investors who often demand higher levels of transparency, disclosure quality, and adherence to globally recognised reporting standards before committing capital (Gordon et al., 2012; Nurunnabi, 2022). Globalisation creates normative pressures that encourage firms to adopt internationally accepted governance and reporting practices in order to compete effectively in global markets (Gillan, Koch & Starks, 2021). Market competition generates mimetic pressures as firms imitate governance structures and disclosure practices adopted by successful industry peers to enhance legitimacy and reputation (Nguyen et al., 2019; Alshbili et al., 2021). Furthermore, stakeholder expectations exert both normative and legitimacy pressures that encourage organisations to strengthen governance mechanisms and improve financial reporting transparency (Freeman et al., 2021).

The applicability of Institutional Theory is particularly evident within emerging economies where organisations often face increasing pressure to align with international governance and reporting standards. Studies conducted in Africa and other developing regions suggest that regulatory reforms, foreign investment requirements, stock exchange listing rules, and professional accounting standards significantly influence corporate governance practices and financial reporting behaviour (Boolaky, Omoteso & Ibrahim, 2020; Hassan, 2024). These

findings suggest that external institutional forces frequently shape organisational responses to IFRS implementation challenges.

In Botswana, publicly listed companies operate within an institutional environment influenced by the Botswana Stock Exchange, Companies and Intellectual Property Authority, Botswana Institute of Chartered Accountants, Botswana Accountancy Oversight Authority, and Non-Bank Financial Institutions Regulatory Authority. These institutions exert coercive pressures through governance regulations, IFRS reporting requirements, and compliance monitoring mechanisms. At the same time, increasing foreign investment, regional integration within Southern Africa, and global stakeholder expectations continue to place additional pressure on firms to strengthen governance structures and enhance financial reporting quality. Consequently, Institutional Theory provides an appropriate lens for explaining how external institutional factors may influence corporate governance practices and perceptions of IFRS compliance among publicly listed companies in Botswana.

Institutional Theory complements Agency Theory by extending the explanation of IFRS compliance beyond internal governance mechanisms to include external environmental influences. While Agency Theory focuses on monitoring managerial behaviour through governance structures such as boards and audit committees, Institutional Theory explains how external pressures from regulators, investors, competitors, and stakeholders encourage organisations to adopt governance practices and reporting standards that enhance legitimacy and compliance. The theory therefore provides the principal foundation for understanding the external institutional factors incorporated in this study's conceptual framework, namely regulatory expectations, foreign investment pressure, globalisation, market competition, and stakeholder expectations, and how these factors may influence IFRS compliance among publicly listed companies in Botswana.

### **2.7.3 Stakeholder Theory**

Stakeholder Theory, proposed by Freeman (1984), broadens the focus of governance beyond shareholders by recognising that organisations are accountable to multiple stakeholder groups, including employees, creditors, regulators, investors, customers, and society. The theory argues that organisational success depends on effectively managing relationships with these stakeholders. Within financial reporting environments, Stakeholder Theory suggests that firms improve governance practices and IFRS compliance in response to stakeholder demands for

transparency, accountability, and reliable financial information (Shoman, 2023; Alodat et al., 2023). The theory is particularly useful in explaining disclosure behaviour and corporate accountability within increasingly complex business environments.

Stakeholder Theory argues that organisations are accountable not only to shareholders but also to a broader range of stakeholders who are affected by organisational activities (Freeman, 1984). These stakeholders include investors, employees, creditors, customers, suppliers, regulators, local communities, and society at large. The theory challenges the traditional shareholder centred perspective by proposing that long-term organisational success depends on balancing and addressing the interests of multiple stakeholder groups rather than focusing exclusively on shareholder wealth maximisation (Freeman, Harrison & Zyglidopoulos, 2018).

Within corporate governance literature, Stakeholder Theory suggests that governance mechanisms exist not only to monitor management on behalf of shareholders but also to ensure accountability, transparency, ethical conduct, and responsible decision making towards all stakeholders (Velte, 2023). Consequently, organisations are encouraged to adopt governance structures and reporting practices that provide reliable, relevant, and timely information to stakeholders whose decisions depend on corporate disclosures.

The theory is particularly relevant to financial reporting and IFRS compliance because stakeholders rely on credible financial information to assess organisational performance, financial position, risk exposure, and future prospects. Investors use financial reports when making investment decisions, creditors assess organisational solvency and repayment capacity, regulators monitor compliance with reporting requirements, while employees and communities evaluate organisational sustainability and accountability. As a result, organisations may strengthen governance mechanisms and improve compliance with IFRS standards to meet stakeholder expectations for transparency and high-quality financial reporting (Alodat, Salleh & Hashim, 2023; Velte, 2023).

Several studies support the argument that stakeholder pressures influence corporate disclosure practices and reporting quality. For example, Alodat et al. (2023) found that firms facing greater stakeholder scrutiny tend to improve governance structures and disclosure quality to maintain stakeholder trust and organisational legitimacy. Similarly, Raimo et al. (2024) argue that increasing stakeholder demands for transparency encourage organisations to strengthen reporting systems and adopt internationally recognised reporting standards. However, other

scholars contend that stakeholder interests may sometimes conflict, creating challenges for organisations attempting to satisfy diverse reporting expectations simultaneously (Freeman et al., 2018). This suggests that governance mechanisms play an important role in balancing competing stakeholder demands while maintaining reporting quality and compliance.

Stakeholder Theory directly supports one of the key external institutional variables examined in this study, namely stakeholder expectations. The theory explains how expectations from investors, regulators, creditors, customers, and society may encourage organisations to strengthen governance structures and improve compliance with IFRS requirements. It also indirectly supports governance variables such as board oversight, audit committee effectiveness, transparency and disclosure practices, and internal controls, as these mechanisms help organisations respond to stakeholder demands for accountability and reliable financial reporting.

The theory is particularly applicable within Botswana's corporate environment, where publicly listed companies face increasing pressure from shareholders, institutional investors, regulators, development partners, and international stakeholders to improve governance standards and financial reporting transparency. Following governance challenges experienced by firms such as Choppies and other reporting controversies within the corporate sector, stakeholder expectations regarding accountability and disclosure quality have intensified (Sathyamoorthi, 2021; Botswana Stock Exchange, 2023). Consequently, organisations increasingly recognise that effective governance and IFRS compliance are essential for maintaining stakeholder confidence, attracting investment, and sustaining corporate legitimacy.

Stakeholder Theory complements both Agency Theory and Institutional Theory by broadening the explanation of IFRS compliance beyond managerial monitoring and regulatory pressures. While Agency Theory focuses on reducing conflicts between managers and shareholders and Institutional Theory emphasises external environmental pressures, Stakeholder Theory highlights the influence of diverse stakeholder groups in shaping governance behaviour and financial reporting practices. The theory therefore provides a useful foundation for understanding how stakeholder expectations may encourage publicly listed companies in Botswana to strengthen governance mechanisms, improve transparency, and enhance compliance with IFRS requirements.

#### **2.7.4 Stewardship Theory**

Stewardship Theory was advanced by Donaldson and Davis (1991) as an alternative to Agency Theory. Unlike Agency Theory, which assumes that managers are primarily self-interested, Stewardship Theory argues that managers can act as responsible stewards whose interests are aligned with organisational goals. The theory assumes that managers derive greater satisfaction from achieving organisational goals, maintaining corporate reputation, and creating long-term value than from pursuing narrow personal interests. Consequently, managerial behaviour is driven by intrinsic motivation, professional responsibility, and a desire to contribute positively to organisational performance (Davis, Schoorman & Donaldson, 1997).

Within financial reporting environments, Stewardship Theory suggests that managers may support transparent reporting and IFRS compliance because they recognise the importance of accountability, credibility, and stakeholder confidence in sustaining organisational success. Compliance with IFRS may therefore be viewed not merely as a regulatory obligation but as a professional responsibility that enhances financial reporting quality, investor trust, and organisational legitimacy (Alabdullah, 2024). Managers acting as stewards are more likely to promote accurate disclosure, support effective governance practices, and ensure that financial statements faithfully represent organisational performance.

Recent studies continue to demonstrate the relevance of stewardship principles in corporate governance research. Alabdullah (2024) argues that leadership commitment, ethical managerial behaviour, and governance culture significantly influence reporting quality and organisational transparency. Similarly, Mardessi (2022) found that managerial commitment to governance principles contributes positively to financial reporting quality and compliance outcomes. These findings suggest that effective governance may not always result solely from monitoring mechanisms but can also emerge from strong leadership values and organisational stewardship.

The theory is particularly relevant to several governance variables examined in this study, including managerial ownership, board effectiveness, transparency and disclosure practices, and internal controls. Stewardship Theory suggests that when managers hold ownership interests in organisations, their objectives may become more closely aligned with those of shareholders, thereby encouraging responsible governance behaviour and improved compliance with financial reporting standards. Similarly, governance structures may function more effectively when organisational leaders embrace accountability and ethical responsibility rather than merely complying with external monitoring requirements.

Within Botswana's corporate environment, Stewardship Theory provides important insights because many listed companies operate within relatively concentrated ownership structures, family-controlled business environments, and relationship-based governance systems. In such contexts, governance effectiveness may depend not only on formal monitoring mechanisms but also on managerial integrity, leadership commitment, and organisational culture. While concentrated ownership may create agency concerns in some circumstances, it may also encourage stewardship behaviour when managers and owners share long-term organisational objectives (Ntim, 2023).

However, Stewardship Theory has been criticised for assuming that managers will naturally act in the best interests of organisations and stakeholders. Critics argue that excessive reliance on trust may expose organisations to governance failures where adequate monitoring systems are absent (Tricker, 2019). Corporate scandals globally, including Enron and WorldCom, as well as governance challenges experienced by firms such as Choppies in Botswana, demonstrate that stewardship alone may not always guarantee accountability and financial reporting integrity. Consequently, many scholars argue that stewardship mechanisms should complement rather than replace traditional governance controls (Solomon, 2020).

Stewardship Theory complements Agency Theory by providing a more optimistic view of managerial behaviour. While Agency Theory explains the importance of governance mechanisms such as board independence, audit committees, and internal controls in monitoring management, Stewardship Theory emphasises leadership commitment, professional ethics, and organisational responsibility as drivers of effective governance. Together, the two theories provide a balanced explanation of corporate governance by recognising that financial reporting quality and IFRS compliance may be influenced by both formal monitoring mechanisms and managerial commitment to organisational objectives.

### **2.7.5 Resource Dependency Theory**

Resource Dependency Theory, developed by Pfeffer and Salancik (1978), emphasises the importance of external resources in organisational success. The theory suggests that boards of directors provide access to critical resources, expertise, information, and networks that support organisational decision-making. Recent studies indicate that board competence, financial expertise, and governance experience contribute positively to financial reporting quality and IFRS implementation because they enhance organisational capacity to manage complex

reporting requirements (Gomes & Costa, 2025; Alodat et al., 2023). The theory therefore provides useful insights into the role of board characteristics in supporting compliance with IFRS standards.

Within this study, Resource Dependency Theory provides a supporting explanation of how board characteristics and organisational resources may contribute to financial reporting quality and IFRS compliance. Boards with appropriate expertise and experience may enhance the organisation's ability to understand and respond to complex accounting and reporting requirements.

#### **2.7.6 Legitimacy Theory**

Legitimacy Theory argues that organisations seek to maintain social acceptance and legitimacy by aligning their activities with societal expectations and accepted norms (Suchman, 1995). Organisations frequently adopt governance reforms, disclosure practices, and reporting standards to demonstrate accountability and preserve stakeholder confidence. Contemporary studies have applied Legitimacy Theory to explain voluntary disclosure practices, sustainability reporting, and compliance with international reporting standards (Sassi & Damak-Ayadi, 2023; Gerged et al., 2023). Within IFRS environments, organisations may strengthen governance systems and reporting practices to maintain legitimacy among investors, regulators, and the broader public.

Legitimacy Theory therefore provides an additional perspective on why publicly listed companies may seek to demonstrate compliance with IFRS and strengthen corporate governance practices. The theory complements Institutional and Stakeholder theories by highlighting the importance of societal acceptance, organisational reputation, and stakeholder confidence.

#### **2.7.7 Synthesis of Theoretical Perspectives**

The theories discussed above collectively provide a broad understanding of the factors influencing corporate governance and IFRS compliance. Agency Theory explains the monitoring role of governance mechanisms in reducing managerial opportunism, while Institutional Theory highlights the influence of external regulatory and market pressures. Stakeholder Theory emphasises accountability to diverse stakeholder groups, whereas

Stewardship Theory focuses on managerial responsibility and commitment to organisational objectives. Resource Dependency Theory underscores the importance of board expertise and organisational resources, while Legitimacy Theory explains how governance and reporting practices are used to maintain societal acceptance and stakeholder confidence.

Collectively, these theoretical perspectives suggest that IFRS compliance is influenced by both internal governance mechanisms and external institutional forces. They provide a foundation for understanding how board characteristics, audit committees, internal controls, managerial ownership, regulatory pressures, foreign investment, globalisation, market competition, and stakeholder expectations may influence financial reporting practices among publicly listed companies in Botswana.

The present study is primarily anchored on Agency Theory, Institutional Theory, Stakeholder Theory, and Stewardship Theory. These theories provide the most direct explanation of the internal corporate governance mechanisms and external institutional factors examined in the study. Resource Dependency Theory and Legitimacy Theory provide complementary theoretical perspectives that strengthen the overall understanding of board resources, organisational legitimacy, stakeholder confidence, and financial reporting practices.

Therefore, the theoretical framework provides the basis for examining the relationships between the study variables and IFRS compliance among publicly listed companies in Botswana. The framework further provides the theoretical foundation for the development of the conceptual framework and the hypotheses of the study.

## **2.7 Relevance of the Theoretical Framework to the Study**

The theoretical framework adopted for this study integrates Agency Theory, Institutional Theory, Stakeholder Theory, and Stewardship Theory to provide a comprehensive explanation of how corporate governance influences IFRS compliance among publicly listed companies in Botswana. Although each theory offers a distinct perspective, they collectively explain the governance mechanisms, organisational behaviours, and external pressures that shape financial reporting practices and compliance with international accounting standards.

Agency Theory and Stewardship Theory provide contrasting yet complementary explanations of managerial behaviour. Agency Theory assumes that managers may pursue self-interest at the expense of shareholders and therefore emphasises governance mechanisms such as board

independence, audit committees, internal controls, and external audits as monitoring tools designed to reduce information asymmetry and agency conflicts (Jensen & Meckling, 1976). In contrast, Stewardship Theory assumes that managers are capable of acting as responsible stewards whose interests are aligned with organisational objectives and stakeholder welfare (Donaldson & Davis, 1991). While Agency Theory focuses on control and monitoring, Stewardship Theory emphasises trust, professionalism, ethical leadership, and organisational commitment. Together, the two theories suggest that effective IFRS compliance may be achieved through both robust governance structures and responsible managerial behaviour.

Institutional Theory extends the analysis beyond internal governance mechanisms by emphasising the role of external environmental pressures in shaping organisational behaviour. According to DiMaggio and Powell (1983), organisations frequently adopt governance structures and reporting practices in response to coercive pressures from regulators, normative pressures from professional bodies, and mimetic pressures arising from industry practices. Recent studies continue to demonstrate that regulatory expectations, foreign investment requirements, globalisation, and market competition significantly influence corporate governance reforms and financial reporting practices (Aluchna & Kuszewski, 2022; Khlif, Ahmed & Alam, 2023). Institutional Theory therefore provides the foundation for understanding how external institutional factors included in this study may influence IFRS compliance among publicly listed companies in Botswana.

Stakeholder Theory complements both Agency and Institutional theories by broadening organisational accountability beyond shareholders to include investors, creditors, regulators, employees, customers, and society at large (Freeman, 1984). The theory argues that organisations strengthen governance systems and disclosure practices because multiple stakeholder groups require reliable, transparent, and comparable financial information. Recent research suggests that increasing stakeholder demands for accountability, sustainability, and transparency have strengthened the importance of governance mechanisms in promoting high quality financial reporting and IFRS compliance (Buallay, Hamdan & Zureigat, 2023; Shoman, 2023). Consequently, IFRS compliance may be viewed not only as a regulatory requirement but also as a mechanism for fulfilling stakeholder expectations and maintaining organisational legitimacy.

The four theories collectively support the governance variables examined in this study. Agency Theory primarily explains the relevance of board independence, audit committee effectiveness,

managerial ownership, and internal controls. Stewardship Theory provides theoretical support for managerial ownership, ethical leadership, transparency, and organisational commitment to financial reporting quality. Institutional Theory explains the influence of regulatory oversight, foreign investment pressure, globalisation, market competition, and stakeholder expectations. Stakeholder Theory supports governance variables associated with transparency, disclosure quality, accountability, and stakeholder engagement. Together, these theories provide a multidimensional explanation of how both internal governance mechanisms and external institutional pressures may influence IFRS compliance.

The integration of these theories is particularly relevant within Botswana's corporate environment. Publicly listed companies operate within a context characterised by concentrated ownership structures, evolving governance frameworks, increasing foreign investment participation, growing regulatory expectations from institutions such as the Botswana Stock Exchange and the Botswana Accountancy Oversight Authority, and rising stakeholder demands for transparency and accountability. While Agency Theory explains the need for monitoring mechanisms to address governance challenges arising from concentrated ownership, Institutional Theory explains how regulatory and market pressures influence governance reforms. Stakeholder Theory highlights the growing importance of accountability to diverse stakeholder groups, while Stewardship Theory recognises the role of ethical leadership and organisational commitment in promoting sound financial reporting practices.

Therefore, no single theory adequately explains the complex relationship between corporate governance and IFRS compliance. The integration of Agency Theory, Institutional Theory, Stakeholder Theory, and Stewardship Theory provides a more comprehensive theoretical lens for understanding how governance mechanisms, managerial behaviour, stakeholder expectations, and institutional pressures interact to influence IFRS compliance among publicly listed companies in Botswana. This integrated theoretical framework consequently guides the interpretation of the study findings and supports the conceptual relationships reflected in the study's conceptual framework.

### **Theory Variable Mapping and Relevance to the Study**

The theoretical perspectives were mapped onto the variables examined in the study to establish a direct connection between the theoretical framework and the empirical investigation. This mapping ensures that the theories are not presented merely as abstract explanations but provide a basis for understanding the governance variables included in the study.

**Table 2.1 Theory Variable Mapping***Table 0.1 Theory Variable Mapping*

| <b>Theory</b>        | <b>Governance Variable Supported</b>                                                                           | <b>Relevance to Study</b>                                                                                                                                                          |
|----------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agency Theory        | Board independence, audit committees, internal controls                                                        | Explains monitoring, accountability, and reduction of agency conflicts (Jensen & Meckling, 1976; Ajibade et al., 2022; Abdullah, 2023; Gardi et al., 2023)                         |
| Stakeholder Theory   | Transparency, disclosure practices, stakeholder engagement                                                     | Explains organisational accountability to multiple stakeholders (Freeman, 1984; Shoman, 2023; Buallay et al., 2023)                                                                |
| Institutional Theory | Regulatory oversight, foreign investment pressure, globalisation, market competition, stakeholder expectations | Explains how institutional and environmental pressures influence governance behaviour and IFRS compliance (DiMaggio & Powell, 1983; Aluchna & Kuszewski, 2022; Khlif et al., 2023) |
| Stewardship Theory   | Managerial ownership, board expertise, ethical leadership, managerial responsibility                           | Explains governance behaviour based on trust, professionalism, stewardship, and organisational commitment (Donaldson & Davis, 1991; Davis et al., 1997; Shoman, 2023)              |

The theory variable mapping presented in Table 2.1 illustrates the relationship between the major theories underpinning this study and the key corporate governance variables examined in relation to IFRS compliance among publicly listed companies in Botswana. The table demonstrates how each theory contributes to explaining different dimensions of governance practices and financial reporting behaviour within organisations.

Agency Theory supports governance variables such as board independence, audit committees, and internal controls because these mechanisms are intended to strengthen monitoring, reduce information asymmetry, and minimise conflicts of interest between managers and shareholders

(Jensen & Meckling, 1976). Within the context of IFRS compliance, these governance mechanisms are important in enhancing oversight of financial reporting processes and improving organisational accountability. Stakeholder Theory supports variables related to transparency, disclosure practices, and stakeholder engagement by emphasising the importance of accountability to a broader range of stakeholders beyond shareholders alone (Freeman, 1984). The theory suggests that organisations are more likely to strengthen financial reporting practices and IFRS compliance when responding to stakeholder demands for transparency and credible financial information.

Institutional Theory is linked to variables such as regulatory oversight, external pressures, and compliance expectations because it explains how organisational behaviour is shaped by institutional environments, regulatory frameworks, and professional norms (DiMaggio & Powell, 1983). The theory is particularly relevant within Botswana's evolving governance environment where organisations may experience pressure from regulators, investors, and professional bodies to improve governance systems and comply with IFRS requirements. Stewardship Theory supports variables such as board expertise, managerial responsibility, and ethical leadership by emphasising trust, professionalism, and commitment to organisational success (Donaldson & Davis, 1991). The theory suggests that managers and governance structures may support transparent reporting and IFRS compliance not only because of monitoring mechanisms but also because of ethical responsibility and long-term organisational objectives. Collectively, the theories presented in Table 2.1 provide a comprehensive conceptual framework for understanding how corporate governance mechanisms may influence perceptions regarding IFRS compliance among publicly listed companies in Botswana.

## **2.8 Empirical Review**

Empirical literature relating to corporate governance and IFRS compliance has expanded considerably over the past two decades as countries increasingly adopt international financial reporting standards and strengthen governance regulations. Existing studies generally examine how governance structures, regulatory systems, institutional pressures, and organisational characteristics influence the quality of financial reporting and compliance with accounting standards. However, prior findings remain inconsistent across countries and industries because governance environments, legal systems, institutional capacity, and reporting cultures differ significantly.

The empirical review in this study adopts a funnel approach beginning with global evidence before narrowing to emerging economies, African contexts, and finally Botswana specific literature. This approach provides a broader understanding of existing knowledge.

### *2.8.1 Global Empirical Evidence on Corporate Governance and IFRS Compliance*

A substantial body of international empirical literature has examined the relationship between corporate governance mechanisms and IFRS compliance. Across developed and emerging economies, researchers have investigated whether governance structures such as board independence, board expertise, audit committee effectiveness, managerial ownership, internal controls, and regulatory oversight contribute to improved financial reporting quality and adherence to IFRS requirements. While the majority of studies report a positive relationship between governance quality and reporting compliance, findings remain inconsistent across jurisdictions, suggesting that contextual, institutional, and methodological factors influence the effectiveness of governance mechanisms.

One of the earliest influential studies was conducted by Xie, Davidson and DaDalt (2003), who examined the role of board and audit committee characteristics in reducing earnings management among listed firms in the United States. Their findings indicated that independent boards and active audit committees were associated with higher quality financial reporting and reduced managerial opportunism. The study provided important evidence supporting Agency Theory by demonstrating that monitoring mechanisms may reduce information asymmetry between managers and shareholders. However, because the study was conducted before the widespread adoption of IFRS and within a highly regulated developed market, the generalisability of its findings to contemporary IFRS environments and emerging economies remains limited.

More recent evidence has largely reinforced the importance of governance quality in promoting financial reporting compliance. For example, Almaqtari, Hashed and Shamim (2021), using data from listed firms across developing economies, found that governance structures characterised by effective board oversight, internal audit systems, and disclosure mechanisms were positively associated with reporting transparency and compliance. Unlike Xie et al. (2003), whose focus was primarily on earnings management, Almaqtari et al. (2021) examined broader governance dimensions and financial reporting practices within emerging market contexts. Their findings suggest that governance effectiveness extends beyond monitoring managerial behaviour and includes strengthening organisational accountability and reporting

discipline. Nevertheless, the study relied predominantly on secondary data, making it difficult to capture behavioural and organisational factors influencing actual compliance practices.

Board expertise has similarly attracted considerable attention within the literature. Houcine, Zitouni and Srairi (2022) found that directors possessing accounting and financial expertise were better equipped to oversee complex reporting processes and monitor IFRS implementation. Their findings support the argument that technical competence enhances the board's ability to evaluate accounting judgments, disclosure requirements, and compliance risks. Similar conclusions were reached by Shoman (2023), who reported that financially literate boards were more likely to promote transparency and reporting quality. However, other studies suggest that expertise alone may not guarantee effective governance if directors lack independence or active engagement in oversight activities. This indicates that board effectiveness may depend on the interaction between expertise, independence, and organisational commitment rather than any single governance attribute in isolation.

The role of audit committees has also generated substantial empirical interest. Research consistently suggests that audit committees strengthen financial reporting oversight and improve compliance outcomes. Gardi, Aga and Abdullah (2023) found that audit committees possessing financial expertise and independence contributed positively to reporting quality and governance effectiveness within listed firms. Similarly, Ajibade et al. (2022) reported that effective audit committees enhanced monitoring of internal controls and financial reporting processes. However, despite these generally positive findings, some scholars argue that audit committee effectiveness should not be assessed solely through structural characteristics such as size or independence. Rather, effectiveness depends on factors such as meeting frequency, professional competence, diligence, and the quality of interactions with management and external auditors. Consequently, governance structures that appear effective on paper may not necessarily translate into improved compliance outcomes in practice.

Internal control systems and internal audit functions have likewise been identified as important determinants of financial reporting quality. Lee and Hu (2021) found that organisations with strong internal controls demonstrated higher levels of governance accountability, reporting reliability, and compliance discipline. Their findings suggest that effective internal control systems reduce opportunities for errors, fraud, and financial misstatements while supporting compliance with complex accounting standards. However, the effectiveness of internal controls may vary depending on organisational resources, technological infrastructure, and management

commitment. As a result, firms operating within resource-rich environments may derive greater benefits from internal control systems than organisations facing financial and technical constraints.

Another important stream of literature focuses on regulatory oversight and enforcement. Ahmed et al. (2024) found that jurisdictions characterised by strong legal enforcement systems, active capital market regulators, and effective monitoring institutions generally exhibit higher levels of IFRS compliance and disclosure quality. These findings support Institutional Theory, which argues that organisations respond to coercive pressures imposed by regulatory authorities. Nevertheless, the effectiveness of regulatory oversight appears to vary considerably across countries. In some jurisdictions, formal regulatory frameworks exist but enforcement remains inconsistent, limiting the practical effectiveness of governance reforms. This suggests that the existence of regulations alone may be insufficient to ensure compliance without effective implementation and monitoring mechanisms.

Empirical evidence relating to ownership structures presents more contradictory findings. Some studies suggest that concentrated ownership and managerial ownership may improve monitoring because major shareholders possess stronger incentives to oversee management activities. In contrast, other researchers argue that ownership concentration may weaken transparency, reduce minority shareholder protection, and increase the likelihood of information asymmetry. For example, Shoman (2023) found mixed evidence regarding managerial ownership, concluding that its influence on reporting quality depends largely on ownership levels and institutional context. These inconsistencies indicate that ownership structures may influence IFRS compliance differently across jurisdictions, particularly in environments characterised by concentrated ownership and family-controlled firms.

The global empirical evidence demonstrates broad support for the proposition that corporate governance mechanisms contribute positively to IFRS compliance and financial reporting quality (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021). Nevertheless, significant inconsistencies remain regarding the relative importance of specific governance mechanisms, particularly ownership structures, board characteristics, and regulatory influences (Gardi, Aga & Abdullah, 2023; Shoman, 2023). These inconsistencies may be attributed to differences in research methodologies, sample characteristics, governance environments, legal systems, and institutional capacities across countries (Houcine, Zitouni & Srairi, 2022). Furthermore, much of the existing evidence originates from developed markets characterised by stronger

regulatory systems and governance maturity than those found in many developing economies (Bhatti & Isayev, 2023). Consequently, the transferability of these findings to emerging markets such as Botswana remains uncertain. This limitation highlights the need for context specific research examining how governance mechanisms influence IFRS compliance within Botswana's unique institutional, regulatory, and ownership environment.

### *2.8.2 Empirical Evidence from Emerging Economies and Africa*

Studies conducted within emerging economies and African countries similarly indicate that governance mechanisms are frequently associated with financial reporting quality and IFRS implementation. However, implementation challenges often arise due to institutional weaknesses, limited technical expertise, resource constraints, and varying levels of regulatory enforcement.

Gardi, Aga and Abdullah (2023) found that companies operating within developing economies frequently experience difficulties implementing complex IFRS standards because of inadequate governance capacity and insufficient technical skills. The authors further argue that organisations within emerging economies often face financial constraints that limit investment in specialised reporting systems, staff training, and governance development.

Similarly, Ahmed et al. (2024) observed that firms within emerging markets often rely heavily on regulatory pressure and external stakeholder expectations to strengthen governance practices and improve reporting compliance. Their findings suggest that organisations operating within less mature institutional environments may depend more strongly on external oversight and regulatory monitoring to maintain reporting discipline.

Several African studies have further highlighted the role of institutional environments in shaping IFRS implementation. Existing literature suggests that organisations within developing markets may adopt IFRS primarily to enhance legitimacy, attract investment, and align with international reporting expectations rather than solely to improve internal reporting quality (Azzopardi, 2024).

Research conducted in countries such as South Africa, Nigeria, Kenya, and Ghana has demonstrated that governance quality frequently varies across industries and organisational contexts. Previous studies indicate that factors such as board effectiveness, regulatory enforcement, ownership structures, institutional capacity, and sector specific governance practices may influence the quality of financial reporting and compliance with IFRS differently across organisations (Houcine, Zitouni & Srairi, 2022; Almaqtari, Hashed & Shamim, 2021;

Ajibade et al., 2022). Furthermore, studies conducted within emerging markets suggest that industries exposed to stronger regulatory scrutiny and international investor expectations often demonstrate relatively stronger governance systems and higher levels of financial reporting transparency compared to sectors characterised by weaker institutional oversight and limited technical capacity (Azzopardi, 2024; Gardi, Aga & Abdullah, 2023). Studies generally indicate that sectors characterised by stronger international exposure and regulatory scrutiny tend to demonstrate relatively stronger reporting practices and governance structures. Within many African countries, governance challenges frequently include limited technical expertise, weak enforcement systems, inadequate regulatory monitoring, and insufficient financial resources. Existing literature further suggests that IFRS implementation may be particularly challenging for firms operating within resource constrained environments where access to qualified accounting professionals remains limited.

Prior studies have also highlighted the importance of audit committee effectiveness within emerging markets. Research suggests that active audit committees possessing financial expertise may contribute positively to financial reporting oversight, internal control effectiveness, and governance accountability (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021). However, several studies argue that formal governance structures alone may not guarantee effective implementation unless supported by strong organisational commitment, regulatory enforcement, and institutional capacity (Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023). Consequently, the effectiveness of audit committees may depend not only on their formal existence but also on the quality of their oversight activities, expertise, independence, and the broader governance environment within which they operate.

The role of external audits has similarly received attention within African governance literature. Existing studies suggest that external audits contribute positively to reporting credibility and stakeholder confidence by strengthening verification and monitoring processes. External auditors are generally viewed as important governance mechanisms that enhance the reliability, transparency, and integrity of financial reporting by providing independent assurance regarding compliance with accounting standards and disclosure requirements (Ajibade et al., 2022; Houcine, Zitouni & Srairi, 2022). Furthermore, prior studies conducted in emerging economies indicate that effective external auditing may improve investor confidence and reduce the likelihood of financial reporting irregularities through enhanced oversight and monitoring functions (Almaqtari, Hashed & Shamim, 2021). Nevertheless, audit quality may vary across jurisdictions depending on regulatory capacity, professional standards,

auditor independence, and the effectiveness of institutional enforcement mechanisms (Gardi, Aga & Abdullah, 2023; Shoman, 2023).

Research within developing economies has further examined the influence of regulatory frameworks on governance effectiveness. Existing literature suggests that weak enforcement systems, inconsistent regulatory monitoring, and limited institutional capacity may reduce the effectiveness of governance reforms and financial reporting standards within emerging markets (DiMaggio & Powell, 1983; Almaqtari, Hashed & Shamim, 2021). Studies conducted across African and other developing economies indicate that organisations may formally adopt governance structures and IFRS requirements while practical implementation and enforcement remain inconsistent due to resource constraints, limited technical expertise, and weak regulatory oversight (Azzopardi, 2024; Gardi, Aga & Abdullah, 2023). Consequently, the existence of formal governance mechanisms does not always translate into effective compliance with financial reporting standards.

Nevertheless, prior findings remain mixed regarding the extent to which governance mechanisms directly influence IFRS compliance within African contexts. Some studies report positive associations between governance structures such as board independence, audit committee effectiveness, and internal controls and improved financial reporting quality and IFRS compliance (Ajibade et al., 2022; Houcine, Zitouni & Srairi, 2022). In contrast, other studies suggest that formal governance structures alone may not guarantee effective implementation in environments characterised by weak institutional enforcement, limited governance maturity, and inadequate professional capacity (Shoman, 2023; Gomes & Costa, 2025). These inconsistencies within the literature highlight the importance of examining governance and IFRS compliance within specific institutional and contextual environments such as Botswana.

### Critical Synthesis of Emerging Economy and African Evidence

Evidence from emerging economies demonstrates that governance mechanisms generally contribute positively to IFRS compliance and financial reporting quality (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021). However, unlike findings from developed economies, governance effectiveness appears to be heavily influenced by institutional capacity, regulatory enforcement quality, technical expertise, and resource availability (Houcine, Zitouni & Srairi, 2022; Bhatti & Isayev, 2023). Studies consistently highlight challenges such as limited professional expertise, weak enforcement systems, concentrated ownership structures, and

resource constraints that may hinder effective implementation of governance mechanisms and IFRS requirements (Gardi, Aga & Abdullah, 2023; Shoman, 2023). Furthermore, findings regarding managerial ownership, external institutional pressures, and governance effectiveness remain inconsistent across African and other emerging market jurisdictions (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022). These contradictions suggest that governance IFRS relationships cannot be generalised across contexts and must be examined within specific institutional environments such as Botswana.

### *2.8.3 Empirical Evidence from Botswana*

Within Botswana, empirical research examining the relationship between corporate governance mechanisms and IFRS compliance among publicly listed companies remains relatively limited. Existing studies have primarily concentrated on broader issues relating to financial reporting quality, governance effectiveness, regulatory oversight, and institutional development within the country's emerging capital market environment rather than directly examining the interaction between governance mechanisms and IFRS compliance (World Bank, 2023; BICA, 2024).

Botswana's financial reporting and governance environment is shaped by several key regulatory and professional institutions, including the Botswana Stock Exchange, the Companies and Intellectual Property Authority, the Botswana Institute of Chartered Accountants, and the Non-Bank Financial Institutions Regulatory Authority. These institutions collectively contribute to promoting governance standards, regulatory monitoring, financial reporting transparency, and the implementation of International Financial Reporting Standards (IFRS) within publicly listed companies (BICA, 2024; BAOA, 2024). Previous studies suggest that the development of these institutional frameworks has contributed positively toward strengthening corporate governance practices and improving financial reporting credibility within Botswana's capital market (World Bank, 2023).

Despite these developments, prior literature indicates that organisations operating within Botswana may continue to experience governance and reporting challenges associated with limited institutional capacity, technical complexity of IFRS requirements, resource constraints, and evolving regulatory expectations (Azzopardi, 2024; Shoman, 2023). Existing studies conducted within developing market environments similarly suggest that formal adoption of IFRS does not necessarily guarantee effective implementation or full compliance, particularly

where organisations face shortages of technical expertise, insufficient training, and weak enforcement systems (Almaqtari, Hashed & Shamim, 2021; Gardi, Aga & Abdullah, 2023).

Empirical evidence further suggests that Botswana's capital market remains relatively small and concentrated, with varying levels of governance maturity across publicly listed companies. Concentrated ownership structures, dependence on external investment, and limited availability of specialised financial reporting expertise may influence governance effectiveness and financial reporting behaviour within some firms (World Bank, 2023). Similar observations have been reported in other African emerging markets where governance structures may formally exist within organisations while the practical effectiveness of oversight mechanisms differs significantly across firms and sectors (Ajibade et al., 2022).

Research within Botswana has also highlighted concerns relating to board effectiveness, audit committee expertise, regulatory monitoring, and implementation capacity. Existing studies suggest that some organisations may struggle to maintain effective governance oversight due to limited financial expertise among board members, insufficient internal controls, and inadequate compliance monitoring systems (BICA, 2024; BAOA, 2024). These governance limitations may affect the quality and consistency of IFRS implementation within listed companies.

The implementation of technically complex standards such as IFRS 9, IFRS 15, IFRS 16, and IFRS 17 that was used as proxy in this study has introduced additional reporting challenges for organisations operating within developing economies. Prior studies suggest that successful implementation of these standards requires significant investment in governance systems, staff training, information technology infrastructure, and professional expertise (Deloitte, 2023; KPMG, 2021). Organisations with weaker governance systems or limited technical capacity may therefore experience difficulties achieving effective compliance with complex IFRS disclosure and measurement requirements.

Furthermore, increasing globalisation and international investor expectations continue to place additional pressure on publicly listed companies within Botswana to strengthen governance practices and improve reporting transparency. Institutional Theory suggests that organisations exposed to international investors, foreign stakeholders, and regulatory scrutiny are more likely to strengthen governance systems and align reporting practices with international standards in order to maintain legitimacy and investor confidence (DiMaggio & Powell, 1983). Consequently, organisations operating within internationally exposed sectors such as mining,

banking, and telecommunications may experience stronger pressure to maintain higher governance and reporting standards.

Although IFRS adoption has contributed positively toward improving financial reporting consistency and comparability within Botswana, relatively limited empirical research has specifically examined how corporate governance mechanisms influence perceived IFRS compliance among publicly listed companies. Existing studies have also provided limited attention to the perceived influence of external institutional pressures such as economic conditions, foreign investment, market competition, and regulatory expectations on governance practices and reporting behaviour within Botswana's corporate environment. This empirical gap therefore justifies the present study.

### **Critical Synthesis of Botswana Evidence**

The Botswana literature suggests that governance reforms have contributed towards improving financial reporting accountability, transparency, and regulatory compliance within the corporate sector (World Bank, 2023; BICA, 2024; BAOA, 2024). However, significant challenges remain, including concentrated ownership structures, limited technical expertise, governance capacity constraints, and evolving regulatory expectations that may affect the effectiveness of governance mechanisms and financial reporting practices (World Bank, 2023; Republic of Botswana, 2021). Importantly, existing Botswana studies and policy reports have focused largely on broader governance reforms, regulatory developments, and financial reporting practices without adequately examining how specific governance mechanisms such as board independence, audit committee effectiveness, internal controls, managerial ownership, and external institutional pressures influence IFRS compliance among publicly listed companies. This represents a significant empirical gap that the present study seeks to address (BICA, 2024; BAOA, 2024).

#### *2.8.4 Empirical Evidence on External Factors and IFRS Compliance*

Existing literature suggests that external institutional and environmental factors may significantly influence corporate governance practices and IFRS compliance within organisations. Institutional Theory argues that organisational behaviour is frequently shaped by coercive, normative, and mimetic pressures originating from regulators, professional bodies, investors, competitors, and international stakeholders (DiMaggio & Powell, 1983). Within emerging market environments, organisations may therefore strengthen governance systems

and financial reporting practices not only because of internal organisational objectives but also due to increasing external pressures for transparency, legitimacy, and accountability.

#### ***2.8.4.1 Regulatory Pressure and IFRS Compliance***

Regulatory pressure has consistently been identified as one of the most significant external factors influencing governance effectiveness and IFRS compliance. Existing studies suggest that effective regulatory oversight and enforcement mechanisms may encourage organisations to strengthen governance structures and improve adherence to financial reporting standards (Almaqtari, Hashed & Shamim, 2021). Regulatory institutions frequently establish compliance expectations through legislation, listing requirements, governance codes, and monitoring systems intended to improve accountability and reporting transparency.

Research conducted within developing economies indicates that weak enforcement systems and inconsistent monitoring may reduce the practical effectiveness of governance reforms and IFRS implementation despite formal adoption requirements (Gardi, Aga & Abdullah, 2023). Consequently, organisations may formally adopt governance structures while practical compliance remains inconsistent due to limited regulatory enforcement capacity. Previous studies further suggest that stronger regulatory oversight is often associated with improved reporting quality and enhanced investor confidence within emerging capital markets (Shoman, 2023).

Within Botswana, regulatory institutions such as the Botswana Stock Exchange, the Companies and Intellectual Property Authority, and the Non-Bank Financial Institutions Regulatory Authority continue to strengthen governance expectations and financial reporting requirements in response to increasing demands for transparency and accountability within the corporate sector.

#### ***2.8.4.2 Foreign Investment and IFRS Compliance***

Foreign investment has also been widely discussed within governance and financial reporting literature as an important driver of governance reforms and IFRS compliance. Existing studies suggest that foreign investors frequently demand transparent reporting systems, credible governance structures, and internationally comparable financial statements as conditions for investment confidence (Azzopardi, 2024). Consequently, organisations seeking access to international capital markets may strengthen governance systems and improve IFRS compliance in order to enhance legitimacy and attract foreign investment.

Research within emerging economies further indicates that firms with greater exposure to international investors often experience stronger pressure to maintain reporting quality and governance accountability because foreign stakeholders generally require higher levels of transparency and disclosure (Ajibade et al., 2022). This observation aligns with Institutional Theory, which suggests that organisations frequently respond to external stakeholder expectations in order to secure legitimacy and maintain access to critical resources.

Within Botswana's developing capital market, foreign investment remains important for economic growth and market expansion. Publicly listed companies operating within internationally exposed sectors such as mining, banking, and telecommunications may therefore experience greater pressure to align governance practices and financial reporting systems with international standards.

#### ***2.8.4.3 Globalisation and International Stakeholder Expectations***

Globalisation has significantly increased organisational exposure to international governance expectations and financial reporting standards. Existing literature suggests that organisations participating in international markets are increasingly required to demonstrate transparency, accountability, and compliance with globally recognised reporting frameworks such as IFRS (Houcine, Zitouni & Srairi, 2022).

The expansion of cross-border investment, international trade, and multinational business relationships has contributed to growing pressure for harmonised financial reporting practices across countries. Previous studies indicate that globalisation may encourage organisations to strengthen governance systems in order to maintain competitiveness, improve organisational legitimacy, and facilitate participation within international financial markets (Bhatti & Isayev, 2023).

International stakeholders such as foreign shareholders, development institutions, multinational investors, and international audit firms frequently expect organisations to adopt globally accepted governance practices and reporting standards. Consequently, firms operating within internationally integrated sectors may experience stronger pressure to maintain high standards of corporate governance and IFRS compliance.

#### ***2.8.4.4 Market Competition and Governance Practices***

Market competition has similarly been associated with governance improvements and enhanced disclosure practices within organisations. Existing studies suggest that competitive business environments may encourage organisations to strengthen governance systems and

improve reporting transparency in order to maintain investor confidence and organisational reputation (Lee & Hu, 2021).

In highly competitive markets, organisations may seek to differentiate themselves by demonstrating stronger governance structures, improved accountability, and credible financial reporting practices. Prior studies conducted within emerging economies indicate that firms operating in competitive sectors are often more motivated to comply with governance standards because transparency and reporting quality may influence stakeholder trust and investment decisions (Ahmed et al., 2024).

Additionally, competitive pressure may encourage organisations to invest in governance infrastructure, financial expertise, and internal monitoring systems capable of supporting effective IFRS implementation. However, the literature also suggests that the extent of these improvements may depend on institutional capacity and the effectiveness of regulatory monitoring systems within specific national contexts.

#### ***2.8.4.5 Economic Conditions and Institutional Capacity***

Economic conditions and institutional capacity have also been identified as important external factors influencing governance effectiveness and IFRS implementation. Existing literature suggests that organisations operating within economically constrained environments may experience difficulties maintaining effective governance systems and implementing technically demanding accounting standards (Gardi, Aga & Abdullah, 2023).

Research conducted within developing economies indicates that resource limitations may reduce organisational investment in governance infrastructure, staff training, information systems, and professional expertise necessary for effective IFRS compliance (Almaqtari, Hashed & Shamim, 2021). Economic instability may further increase operational pressures on firms, thereby limiting their ability to prioritise governance reforms and financial reporting improvements.

Institutional capacity similarly plays an important role in shaping governance effectiveness and compliance behaviour. Prior studies suggest that countries characterised by stronger regulatory institutions, professional accounting systems, and governance enforcement mechanisms generally demonstrate more effective implementation of IFRS and governance standards (Shoman, 2023). Conversely, weak institutional environments may contribute to inconsistent implementation and reduced effectiveness of governance reforms.

#### **2.8.4.6 *Synthesis of External Factors and IFRS Compliance***

Collectively, the reviewed literature suggests that external institutional and environmental factors may significantly influence governance practices and perceptions regarding IFRS compliance among publicly listed companies. Regulatory pressure, foreign investment, globalisation, market competition, economic conditions, and institutional capacity all appear to shape organisational governance behaviour and financial reporting practices within emerging market contexts (Bhatti & Isayev, 2023; Houcine, Zitouni & Srairi, 2022; Azzopardi, 2024). Previous studies indicate that stronger regulatory environments and effective oversight mechanisms are generally associated with improved reporting transparency and higher levels of compliance with financial reporting standards, while weak enforcement systems may limit governance effectiveness and compliance outcomes (Siregar & Utama, 2021; World Bank, 2023).

Furthermore, foreign investment and international stakeholder expectations frequently create pressures for organisations to adopt internationally recognised governance practices and reporting standards in order to enhance legitimacy, attract capital, and improve stakeholder confidence (Bhatti & Isayev, 2023; DiMaggio & Powell, 1983). Similarly, globalisation and increasing market competition may encourage organisations to strengthen governance structures and improve financial reporting quality to remain competitive within international markets (Houcine, Zitouni & Srairi, 2022). However, economic constraints, limited technical expertise, and institutional capacity challenges may hinder effective implementation despite formal adoption of governance mechanisms and IFRS requirements (Gardi, Aga & Abdullah, 2023; Shoman, 2023).

Nevertheless, prior findings remain mixed regarding the extent to which these external factors directly influence IFRS compliance within African emerging economies. Existing studies suggest that external pressures may encourage formal adoption of governance structures and reporting standards, although practical implementation effectiveness may vary depending on organisational resources, governance maturity, technical expertise, and regulatory enforcement capacity (Azzopardi, 2024; Gardi, Aga & Abdullah, 2023; Houcine, Zitouni & Srairi, 2022). These inconsistencies within the literature therefore justify further investigation into how external factors influence perceptions regarding corporate governance and IFRS compliance among publicly listed companies in Botswana.

### **2.9 Global Empirical Evidence on Corporate Governance and IFRS Compliance**

A considerable body of international literature has examined the relationship between corporate governance mechanisms and IFRS compliance. Previous studies generally suggest that governance mechanisms such as board independence, audit committee effectiveness, board expertise, and internal control systems are associated with improved financial reporting quality and stronger compliance with accounting standards.

For example, Xie et al. (2003) found that independent boards and active audit committees contribute positively to financial reporting quality by strengthening oversight functions and reducing managerial opportunism. Similarly, Almaqtari, Hashed and Shamim (2021) observed that governance quality significantly influences financial reporting transparency and compliance practices within listed firms. Other international studies have highlighted the importance of board expertise in supporting compliance with technically complex accounting standards. Houcine, Zitouni and Srairi (2022) argue that directors possessing financial and accounting expertise are better positioned to oversee reporting processes and understand IFRS implementation challenges.

Research has further demonstrated the importance of internal control systems and external audit functions in promoting reporting quality and governance effectiveness. Lee and Hu (2021) found that organisations with stronger internal audit mechanisms frequently demonstrate higher levels of reporting discipline and governance accountability. Collectively, these studies suggest that governance structures play an important role in shaping financial reporting behaviour and compliance with accounting standards. However, prior findings remain inconsistent across jurisdictions because governance environments, regulatory systems, and institutional capacities differ substantially across countries.

### **Methodological synthesis of global evidence.**

The global evidence demonstrates a generally positive association between corporate governance and financial reporting quality and IFRS-related reporting outcomes (Hashed & Almaqtari, 2021; Alodat et al., 2023; Gerged et al., 2023). However, methodological differences limit direct comparison across studies. Differences in sample composition, jurisdictions, periods examined, governance proxies, IFRS compliance measures, and statistical techniques may contribute to variations in reported findings (Alodat et al., 2023; Bananuka et al., 2024). Studies based on archival financial statements generally provide evidence of observed reporting behaviour, while questionnaire studies provide evidence of

professional perceptions (Bananuka et al., 2024). The distinction is important because the present study adopts a perception-based approach and therefore complements.

## **2.10 Empirical Evidence from Emerging Economies and Africa**

The empirical review evaluates previous studies examining corporate governance, financial reporting quality, IFRS implementation, IFRS compliance, regulatory influences, and external institutional factors. In addition to considering the substantive findings of previous studies, this review critically evaluates the methodological approaches used to generate those findings. Such evaluation is important because differences in research design, sampling, measurement, data sources, and analytical techniques may explain some of the inconsistencies reported across the literature.

Previous empirical studies in this field have employed a range of methodological approaches, including archival analysis of annual reports, disclosure index analysis, questionnaire surveys, interviews, case studies, and quantitative econometric models. These approaches provide different forms of evidence and consequently should not be treated as methodologically equivalent. Studies based on annual reports and financial statements may provide stronger evidence of observed reporting behaviour, whereas perception-based surveys provide insight into how governance and financial reporting practices are understood by organisational actors. The distinction is particularly important for the present study because the unit of analysis is the individual respondent and the findings represent perceptions rather than independently verified firm-level compliance.

Studies conducted within emerging economies and African countries similarly indicate that governance mechanisms are frequently associated with financial reporting quality and IFRS implementation. However, implementation challenges often arise due to institutional weaknesses, limited technical expertise, resource constraints, and varying levels of regulatory enforcement. Gardi, Aga and Abdullah (2023) found that companies operating within developing economies frequently experience difficulties implementing complex IFRS standards because of inadequate governance capacity and insufficient technical skills. Similarly, Ahmed et al. (2024) observed that firms within emerging markets often rely heavily on regulatory pressure and external stakeholder expectations to strengthen governance practices and improve reporting compliance.

Several African studies have further highlighted the role of institutional environments in shaping IFRS implementation. Existing literature suggests that organisations within developing markets may adopt IFRS primarily to enhance legitimacy, attract investment, and align with international reporting expectations rather than solely to improve internal reporting quality (Azzopardi, 2024). Nevertheless, prior findings remain mixed regarding the extent to which governance mechanisms directly influence IFRS compliance within African contexts. Some studies report positive relationships between governance structures and reporting quality, while others suggest that formal governance structures alone may not guarantee effective implementation in environments characterised by limited institutional capacity.

### **Methodological synthesis of emerging-market and African evidence.**

Evidence from emerging economies provides greater contextual relevance to Botswana because these markets may experience comparable challenges involving technical expertise, regulatory capacity, ownership concentration and institutional development (Alshbili, Elamer & Beddewela, 2021; Bananuka et al., 2024). Nevertheless, methodological limitations remain. Studies differ in sample sizes, sampling strategies, measurement of governance variables and approaches to assessing IFRS compliance (Alodat et al., 2023; Gerged et al., 2023). Findings based on large archival samples may have greater statistical generalisability, whereas professional surveys may provide richer insight into perceptions and organisational experiences (Bananuka et al., 2024). Consequently, evidence from other African countries should not be transferred directly to Botswana without considering institutional and regulatory differences (Boolaky, Omoteso & Ibrahim, 2020; Hassan, 2024).

### **Methodological Evaluation of Previous Empirical Studies**

A critical examination of previous empirical research indicates considerable methodological diversity in the study of corporate governance and IFRS compliance. Previous studies have employed archival research based on published annual reports and financial statements, questionnaire-based surveys of accounting and finance professionals, and econometric approaches using firm-level governance and financial reporting data (Alhababsah, 2021; Alfraih, 2022; Gardi, Aga & Abdullah, 2023). This methodological diversity is important because the type of evidence generated by each approach influences how findings concerning corporate governance and IFRS compliance should be interpreted. Archival approaches

provide an opportunity to examine observable reporting and governance outcomes and can therefore provide relatively objective evidence of reported financial information. However, archival studies may not fully capture the perceptions, experiences, professional judgements, or internal governance processes that influence financial reporting decisions.

Studies examining IFRS compliance through disclosure indices generally assess the extent to which specified reporting requirements are disclosed in published financial statements. Such approaches provide a relatively objective basis for assessing observable reporting practices and enable researchers to compare compliance across firms and over time (Alhababsah, 2021; Alfrah, 2022). Nevertheless, the validity of such findings depends substantially on how the disclosure index is constructed and operationalised. The selection of disclosure items, weighting of individual requirements, treatment of unavailable or omitted disclosures, and interpretation of compliance can influence the resulting compliance score. Consequently, apparent differences in IFRS compliance across studies may partly reflect differences in measurement design rather than genuine differences in reporting behaviour. This methodological issue is particularly important in the present study because IFRS compliance is examined through respondents' perceptions rather than through an independent assessment of companies published financial statements.

Similarly, econometric studies examining the relationship between corporate governance and financial reporting outcomes frequently rely on secondary firm level data and statistical techniques such as correlation and multiple regression (Lee & Hu, 2021; Zaid, 2023). Such approaches can provide useful evidence regarding statistical associations between governance characteristics and reporting outcomes. However, the strength of the conclusions depends on the quality and validity of the governance measures, the specification of the regression model, sample size, selection of control variables, and whether the assumptions underlying the statistical techniques have been adequately assessed. Studies that employ single indicators to represent multidimensional governance constructs may also provide an incomplete representation of the underlying phenomenon. Thus, statistically significant relationships reported in previous studies should be interpreted in light of the way in which governance and financial reporting variables were operationalised.

Questionnaire based studies provide a different form of evidence because they allow researchers to investigate perceptions, professional experiences, and assessments of organisational practices that may not be directly observable from published financial

statements. Survey research is particularly appropriate where the research interest includes perceptions of governance effectiveness, regulatory enforcement, professional competence, and challenges associated with the implementation of accounting standards (Saunders et al., 2019). However, self-reported data are potentially affected by respondent knowledge, social desirability, recall, and differences in professional experience. These concerns become particularly relevant when respondents are required to assess technically complex IFRS requirements. Consequently, questionnaire findings should be understood as evidence of respondents' perceptions rather than automatically interpreted as objective evidence of actual organisational compliance (Hair et al., 2019).

The methodological differences identified across the literature therefore have important implications for the interpretation and comparison of reported findings. Apparent contradictions between studies may arise partly from differences in research design, measurement and data sources rather than from genuine disagreement concerning the relationship between corporate governance and IFRS compliance. For example, a study that measures actual disclosure through annual reports may produce different results from a questionnaire-based study that measures professionals' perceptions of governance effectiveness and IFRS implementation (Alfraih, 2022; Gardi, Aga & Abdullah, 2023).

Another important methodological issue concerns the measurement of corporate governance. Corporate governance is multidimensional and encompasses mechanisms such as board structure, board independence, board expertise, audit committee characteristics, internal controls, ownership structures, transparency, accountability and monitoring mechanisms (Almaqtari, Hashed & Shamim, 2021; Gardi, Aga & Abdullah, 2023). Some empirical studies measure these dimensions using several indicators or composite indices, whereas others rely on individual variables or single proxies. The use of a single indicator can simplify statistical analysis but may not adequately capture the complexity of the underlying governance construct. This limitation is particularly relevant to the interpretation of studies that report significant relationships between individual governance variables and financial reporting outcomes because the observed relationship may represent only one dimension of a broader governance system.

The methodological quality of previous studies also varies according to sampling strategy and the nature of the data employed. Studies based on large archival datasets may offer greater statistical power and broader generalisability, while studies using purposive samples of

accounting, finance and governance professionals may provide more specialised insights into the perceptions and experiences of individuals directly involved in financial reporting processes. However, non-probability sampling approaches may introduce selection bias and limit the extent to which findings can be generalised beyond the participating respondents (Saunders et al., 2019). Furthermore, evidence generated in large and highly developed capital markets may not necessarily be transferable to Botswana, where the capital market is comparatively smaller and institutional arrangements, ownership structures, regulatory capacity and access to specialised professional expertise may differ.

Geographical context is therefore another important methodological consideration. Much of the empirical literature on corporate governance and IFRS compliance has been generated outside Botswana, including studies from other African jurisdictions and emerging markets (Ajibade et al., 2022; Gardi, Aga & Abdullah, 2023). Although such studies provide useful comparative evidence, institutional differences can influence the operation and effectiveness of governance mechanisms. Differences in regulatory enforcement, ownership concentration, professional capacity, market development and stakeholder pressures may result in governance mechanisms having different effects across jurisdictions. The findings of international studies should therefore not be transferred uncritically to Botswana without considering the institutional characteristics of the Botswana capital market.

The methodological evaluation also reveals that relatively limited attention has been given to the distinction between perceived IFRS compliance and objectively measured IFRS compliance in studies examining governance in smaller emerging markets. Archival approaches can assess observable disclosures, whereas perception-based surveys can provide insight into how professionals understand the effectiveness of governance mechanisms and the challenges associated with IFRS implementation. These approaches address different dimensions of the phenomenon and should therefore be viewed as complementary rather than mutually exclusive. The present study adopts the latter perspective by examining the perceptions of professionals involved in financial reporting and corporate governance in publicly listed companies in Botswana.

Accordingly, the present study should be positioned as complementary to, rather than a replacement for, archival and firm level research. Its contribution lies in examining the perceptions of professionals directly involved in governance and financial reporting processes within Botswana. This approach provides context specific evidence concerning how

governance mechanisms, regulatory arrangements, external pressures and IFRS implementation challenges are perceived by organisational actors. At the same time, the perception-based design establishes an important methodological boundary: the findings cannot be interpreted as independently verified measures of actual firm level IFRS compliance. Rather, they provide evidence concerning respondents' perceptions of the extent to which corporate governance practices are associated with IFRS adherence.

This distinction is particularly important for interpreting the findings of the present study. The study addresses IFRS compliance generally, while IFRS 9, IFRS 15, IFRS 16 and IFRS 17 are incorporated as representative proxies of selected IFRS requirements and implementation challenges, rather than defining the scope of IFRS compliance as being restricted to these four standards. This approach allows the study to maintain consistency with its broader research focus while recognising that individual IFRS standards differ in complexity, applicability and implementation requirements. The methodological evaluation of previous studies therefore supports the need for a context specific perception-based investigation while also recognising the limitations associated with self-reported evidence and the absence of independently verified firm level compliance measures.

## **2.11 Empirical Evidence from Botswana**

Within Botswana, relatively limited empirical research has specifically examined the impact of corporate governance mechanisms on IFRS compliance among publicly listed companies. Existing literature has generally focused on broader governance challenges, financial reporting quality, institutional development, and regulatory oversight within the country's developing capital market environment rather than directly examining the relationship between governance structures and IFRS compliance (World Bank, 2023; BICA, 2024).

Botswana's corporate governance and financial reporting environment is shaped by several important regulatory and professional institutions, including the Botswana Stock Exchange, the Companies and Intellectual Property Authority, the Botswana Institute of Chartered Accountants, and the Non-Bank Financial Institutions Regulatory Authority. These institutions play important roles in promoting governance standards, financial reporting transparency, professional accountability, and regulatory compliance within publicly listed companies (BAOA, 2024; BICA, 2024). Existing studies suggest that the strengthening of these institutional frameworks has contributed positively toward improving governance practices and financial reporting credibility within Botswana's capital market (World Bank, 2023).

Previous studies further suggest that organisations operating within Botswana may continue to face governance and financial reporting challenges associated with limited technical expertise, resource constraints, regulatory complexity, and evolving compliance expectations (Azzopardi, 2024; Shoman, 2023). Similar findings have been reported in other developing economies where organisations experience difficulties implementing technically demanding accounting standards due to shortages of qualified personnel, limited governance capacity, and insufficient institutional support (Almaqtari, Hashed & Shamim, 2021; Gardi, Aga & Abdullah, 2023).

Additionally, the relatively small size of Botswana's capital market and the prevalence of concentrated ownership structures may influence governance practices and financial reporting behaviour among publicly listed companies. Existing literature suggests that concentrated ownership and limited governance maturity within emerging markets may affect board independence, oversight effectiveness, and transparency in financial reporting processes (Ajibade et al., 2022). Consequently, governance practices and IFRS implementation effectiveness may vary significantly across organisations and sectors.

Although IFRS adoption has contributed positively toward improving financial reporting consistency and comparability within Botswana, relatively limited empirical research has specifically examined how governance mechanisms influence perceived IFRS compliance among publicly listed companies. Existing literature has also provided limited attention to the perceived influence of institutional and external environmental pressures on governance practices and reporting behaviour within Botswana's corporate environment. This empirical gap therefore justifies the present study.

## **2.12 Empirical Evidence on External Factors and IFRS Compliance**

Existing literature further suggests that external institutional and environmental factors may significantly influence governance practices and IFRS compliance within organisations. Institutional Theory proposes that organisations frequently respond to coercive, normative, and mimetic pressures originating from regulators, investors, professional bodies, competitors, and international stakeholders in order to maintain legitimacy and organisational credibility (DiMaggio & Powell, 1983). Consequently, governance reforms and financial reporting practices are often shaped not only by internal organisational objectives but also by external institutional expectations.

Prior studies indicate that regulatory pressure, foreign investment, globalisation, international stakeholder expectations, and market competition may encourage organisations to strengthen

governance systems and improve financial reporting transparency (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022). Organisations operating within internationally exposed industries frequently experience stronger pressure to comply with globally recognised accounting standards because investors and external stakeholders generally demand transparent and comparable financial information (Ajibade et al., 2022).

Research conducted within emerging markets further suggests that economic conditions, institutional capacity, and regulatory enforcement may significantly shape organisations' ability to implement IFRS effectively (Almaqtari, Hashed & Shamim, 2021). Companies operating within environments characterised by weak institutional support, limited technical expertise, and inconsistent regulatory monitoring may experience greater implementation difficulties despite formal adoption requirements (Gardi, Aga & Abdullah, 2023). Existing studies further indicate that weak enforcement systems may reduce the practical effectiveness of governance reforms and financial reporting standards within developing economies (Shoman, 2023).

Foreign investors and international stakeholders have similarly been identified as important external drivers of governance improvement and reporting quality. Previous literature suggests that organisations seeking international investment frequently strengthen governance structures, disclosure systems, and financial reporting practices in order to improve legitimacy and enhance investor confidence (Bhatti & Isayev, 2023). Likewise, increasing globalisation has contributed to growing pressure for organisations to align governance practices and reporting systems with internationally recognised standards such as IFRS.

Market competition has also been associated with improvements in governance quality and disclosure practices. Competitive business environments may encourage organisations to strengthen accountability systems and improve reporting transparency in order to maintain organisational reputation and stakeholder trust (Lee & Hu, 2021). However, prior studies suggest that the extent of these improvements may depend on organisational resources, governance maturity, and the effectiveness of institutional enforcement mechanisms within specific national contexts.

Collectively, the reviewed literature indicates that both internal governance mechanisms and external institutional pressures may influence perceptions regarding IFRS compliance among publicly listed companies. Nevertheless, previous findings remain mixed regarding the extent to which these external factors directly influence governance effectiveness and IFRS

implementation within African emerging economies. These inconsistencies within the literature therefore justify further investigation within the Botswana context.

### **Methodological synthesis of evidence on external factors**

Existing studies indicate that regulatory pressure, globalisation, investor expectations, market competition and economic conditions may influence governance and financial reporting practices (Alshbili, Elamer & Beddewela, 2021; Gillan, Koch & Starks, 2021; Hassan, 2024). However, the strength of this evidence varies according to how external factors are operationalised and measured (Bananuka et al., 2024; Alodat et al., 2023). Some studies rely on observable institutional or economic indicators, whereas others rely on managerial or professional perceptions (Bananuka et al., 2024). These methodological differences are important because perceived regulatory pressure does not necessarily correspond to objectively measured regulatory enforcement (Boolaky, Omoteso & Ibrahim, 2020; Hassan, 2024). The present study therefore contributes perception-based evidence on how professionals understand the influence of external environmental factors within Botswana.

## **2.13 Research Gap**

### *2.13.1 Empirical and Contextual Gaps*

The reviewed literature demonstrates that considerable international research has examined the relationship between corporate governance mechanisms and financial reporting quality across both developed and developing economies. Previous studies have frequently associated governance structures such as board independence, audit committees, internal controls, ownership structures, and regulatory oversight with improved transparency, accountability, disclosure quality, and financial reporting practices (Ajibade et al., 2022; Houcine, Zitouni & Srairi, 2022). Similarly, existing empirical studies suggest that effective governance mechanisms may positively influence compliance with International Financial Reporting Standards (IFRS) by strengthening oversight, reducing managerial opportunism, and improving organisational accountability (Almaqtari, Hashed & Shamim, 2021; Abdelqader, Nimer & Darwish, 2021).

Research conducted within emerging and African economies including South Africa, Nigeria, Kenya, and Ghana further suggests that governance quality may significantly influence financial reporting reliability and IFRS implementation effectiveness. However, prior findings remain inconsistent across jurisdictions due to differences in institutional capacity, regulatory enforcement, ownership structures, governance maturity, and economic conditions

(Omimakinde & Adejuwon, 2022; Zaid, 2023). Some studies report strong positive relationships between governance mechanisms and reporting quality, while others suggest that formal governance structures alone may not necessarily result in effective IFRS implementation where institutional support and enforcement systems remain weak (Gardi, Aga & Abdullah, 2023).

Although international literature on corporate governance and IFRS compliance has expanded considerably, relatively limited empirical evidence specifically examines the relationship between corporate governance mechanisms and IFRS compliance among publicly listed companies in Botswana. Existing studies conducted within Botswana have largely focused on broader governance reforms, financial reporting challenges, or regulatory developments without adequately examining how governance mechanisms influence IFRS compliance within the country's institutional and regulatory environment (World Bank, 2023; BICA, 2024). Furthermore, existing Botswana-based studies provide limited evidence regarding how governance mechanisms such as board expertise, audit committee effectiveness, internal controls, and regulatory oversight influence compliance with IFRS among publicly listed firms.

#### ***2.13.1.1 External Factors and Institutional Gaps***

Existing literature further suggests that external institutional and environmental factors may influence governance practices and IFRS compliance within organisations. Studies grounded in Institutional Theory argue that organisations frequently respond to coercive, normative, and mimetic pressures arising from regulators, investors, professional bodies, international stakeholders, and competitive market environments (DiMaggio & Powell, 1983).

Prior studies indicate that regulatory oversight, foreign investment, globalisation, economic conditions, stakeholder expectations, and market competition may significantly shape governance behaviour and financial reporting practices within organisations operating in emerging economies (Azzopardi, 2024; Bhatti & Isayev, 2023). Organisations exposed to international markets and foreign investors are often expected to demonstrate higher levels of transparency, accountability, and compliance with globally recognised financial reporting standards.

Despite the growing importance of these external institutional pressures, limited empirical research within Botswana has specifically examined how external factors influence corporate governance practices and level of IFRS compliance among publicly listed companies. Existing literature within Botswana has provided limited attention to the role of regulatory pressure,

foreign stakeholder expectations, economic conditions, and international reporting demands in shaping governance behaviour and financial reporting practices within the country's capital market environment.

#### ***2.13.1.2 Methodological Gap***

The reviewed literature reveals a methodological gap within existing studies examining the relationship between corporate governance and IFRS compliance. Most prior studies have relied predominantly on archival financial statements, governance indices, disclosure scores, and secondary quantitative datasets to assess governance effectiveness and financial reporting quality (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). While these approaches provide valuable objective measures of governance structures and reporting outcomes, they offer limited insight into how governance and financial reporting professionals perceive the practical influence of governance mechanisms on IFRS compliance within organisational settings.

Furthermore, relatively few studies have adopted a perception-based approach that captures the experiences and views of individuals directly involved in governance, auditing, financial reporting, and compliance processes. As a result, the perspectives of board members, audit committee members, financial managers, auditors, and senior executives regarding the effectiveness of governance mechanisms in promoting IFRS compliance remain underexplored, particularly within Botswana's corporate environment. This methodological limitation highlights the need for studies that complement traditional quantitative approaches with respondent based evidence capable of providing deeper contextual insights into governance practices and IFRS compliance among publicly listed companies in Botswana.

#### ***2.13.1.3 Contribution of the Present Study***

The present study seeks to address the empirical, contextual, institutional, and methodological gaps identified in the literature by examining perceptions regarding the relationship between corporate governance mechanisms and IFRS compliance among publicly listed companies in Botswana. In addition, the study investigates the perceived influence of external institutional and environmental factors on governance practices and IFRS compliance within Botswana's developing capital market environment.

By adopting a perception-based approach, the study provides context specific insights from individuals directly involved in governance, auditing, financial reporting, and compliance processes. The study contributes to the existing literature by extending understanding of how

governance mechanisms and external institutional pressures influence IFRS compliance within an under researched emerging economy. Furthermore, the findings provide evidence that may inform policymakers, regulators, corporate boards, and other stakeholders seeking to strengthen governance practices, financial reporting quality, and IFRS compliance in Botswana.

## **2.14 Conceptual Framework**

### *2.14.1 Introduction to the Conceptual Framework*

A conceptual framework refers to a structured representation of the major concepts and variables examined in a study together with the expected relationships among those variables (Miles & Huberman, 1994). The conceptual framework provides guidance for the research process by clarifying how the study variables are conceptually connected. It further assists in aligning the research objectives, hypotheses, methodology, and interpretation of findings within a coherent analytical structure (Biddle, 2019).

The conceptual framework for this study was developed based on Agency Theory, Institutional Theory, Stakeholder Theory, and Stewardship Theory. These theories collectively explain how corporate governance mechanisms and external institutional pressures may influence perceived level of IFRS compliance among publicly listed companies in Botswana. The framework was also informed by previous empirical studies examining governance systems, financial reporting quality, and IFRS implementation within developed and emerging market economies (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021).

The framework identifies perceived level of IFRS compliance as the dependent variable, while corporate governance mechanisms and external institutional factors constitute the independent variables. The framework further reflects the perception-based methodological design adopted in this study.

### *2.14.2 Corporate Governance Mechanisms*

The first category of independent variables within the conceptual framework consists of corporate governance mechanisms. Existing literature suggests that effective governance structures contribute positively toward improving accountability, monitoring effectiveness, transparency, and financial reporting quality within organisations (Houcine, Zitouni & Srairi, 2022).

The governance variables incorporated within this study include board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms,

managerial ownership, and regulatory oversight. These variables were selected because previous studies frequently associate them with improved governance effectiveness and stronger financial reporting practices (Ajibade et al., 2022).

Agency Theory particularly supports the importance of governance mechanisms in reducing agency conflicts between shareholders and management through enhanced oversight and accountability systems (Jensen & Meckling, 1976). Board independence is viewed as an important governance mechanism because independent directors are generally perceived as being better positioned to provide objective monitoring and minimise managerial opportunism in financial reporting processes (Almaqtari, Hashed & Shamim, 2021).

Similarly, board expertise is considered important because directors possessing financial and accounting knowledge may contribute positively toward monitoring complex IFRS requirements and improving governance effectiveness (Lee & Hu, 2021). Audit committee effectiveness and internal audit mechanisms are also associated with improved monitoring systems, reporting reliability, and oversight of financial reporting processes (Gardi, Aga & Abdullah, 2023).

The framework further includes regulatory oversight as an important governance mechanism because regulatory institutions and professional bodies may encourage organisations to strengthen governance systems and improve reporting transparency through monitoring and enforcement activities (Azzopardi, 2024). Managerial ownership is also incorporated because previous literature suggests that ownership structures may influence managerial behaviour and governance effectiveness, although empirical findings regarding its impact remain inconsistent across different contexts (Shoman, 2023).

#### *2.14.3 External Institutional Factors*

The second category of independent variables within the conceptual framework consists of external institutional and environmental factors. Institutional Theory proposes that organisations frequently respond to coercive, normative, and mimetic pressures originating from regulators, investors, professional bodies, competitors, and international stakeholders in order to maintain legitimacy and organisational credibility (DiMaggio & Powell, 1983).

The external factors included within this study are regulatory pressure, economic conditions, foreign investment, market competition, and international stakeholder expectations. Existing literature suggests that these external pressures may significantly influence governance

practices and financial reporting behaviour within organisations operating in emerging market economies (Bhatti & Isayev, 2023).

Regulatory pressure is viewed as an important external factor because stronger enforcement systems and monitoring activities may encourage organisations to improve governance practices and strengthen the level of IFRS compliance (Azzopardi, 2024). Similarly, foreign investment and international stakeholder expectations may influence organisations to enhance financial reporting transparency and governance accountability in order to attract investment and maintain stakeholder confidence.

Globalisation and market competition may also encourage organisations to align governance structures and reporting systems with internationally recognised standards such as IFRS in order to improve competitiveness and organisational reputation (Houcine, Zitouni & Srairi, 2022). Economic conditions are similarly important because financial constraints and limited institutional capacity may affect organisations' ability to effectively implement technically demanding accounting standards and governance systems (Gardi, Aga & Abdullah, 2023).

#### *2.14.4 Dependent Variable: Perceived IFRS Compliance*

The dependent variable within the conceptual framework is perceived level of IFRS compliance. In the context of this study, perceived level of IFRS compliance refers to respondents' perceptions regarding the extent to which publicly listed companies comply with International Financial Reporting Standards within their financial reporting practices.

Previous literature suggests that effective governance systems and supportive institutional environments may positively influence transparency, reporting quality, accountability, and adherence to financial reporting standards (Ajibade et al., 2022). Consequently, the framework assumes that stronger governance mechanisms and supportive external institutional conditions are positively associated with improved perceptions regarding the level of IFRS compliance among publicly listed companies in Botswana.

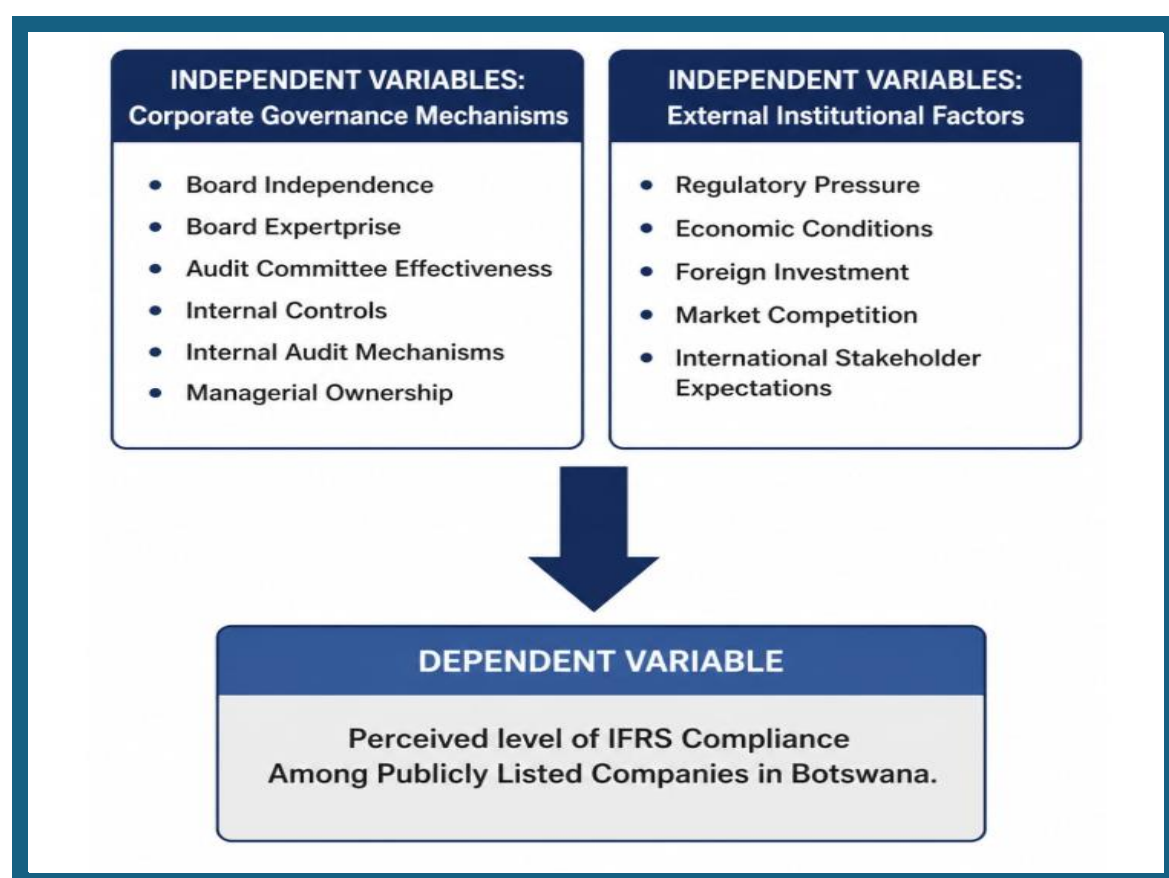
Importantly, the framework reflects the perception-based methodological design adopted in this study. The study therefore focuses on respondents' perceptions regarding governance practices and perceived level of IFRS compliance rather than objective statistical measurements of actual company compliance levels.

Within Botswana, these external institutional factors are particularly relevant due to the country's small but internationally connected capital market. Publicly listed companies operate

under the oversight of institutions such as the Botswana Stock Exchange (BSE), the Botswana Institute of Chartered Accountants (BICA), the Companies and Intellectual Property Authority (CIPA), and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), which collectively promote corporate governance and financial reporting accountability (BICA, 2024; BAOA, 2024). Furthermore, Botswana's continued efforts to attract foreign investment and maintain its reputation as a stable investment destination increase the importance of transparent financial reporting and compliance with internationally recognised standards such as IFRS (World Bank, 2023). Consequently, regulatory expectations, investor confidence, international business relationships, and broader economic conditions may shape how governance practices and IFRS compliance are perceived within Botswana's listed company environment (Kabwe, Mwanaumo & Chalu, 2021; Mmamotse, 2017).

#### 2.14.5 Conceptual Framework Diagram

**Figure 2.1 Conceptual Framework diagram adopted for this Study**



##### 2.14.5.1 Explanation of the Conceptual Framework

The conceptual framework illustrates the perceived relationship between corporate governance mechanisms, external institutional factors, and perceived level of IFRS compliance among

publicly listed companies in Botswana. The framework assumes that organisations possessing stronger governance structures and operating within supportive institutional environments are more likely to demonstrate improved financial reporting practices and higher perceived levels of IFRS compliance.

The framework further demonstrates that governance effectiveness may not depend solely on internal organisational structures but may also be influenced by external institutional pressures such as regulatory monitoring, investor expectations, and market conditions. Consequently, the framework provides a foundation for examining respondents' perceptions regarding how governance systems and external environmental factors may influence the perceived level of IFRS compliance within Botswana's developing capital market environment.

### **A Priori Conditions of the Conceptual Framework**

The conceptual framework is based on a priori expectations regarding the direction of the relationships between the independent variables and the dependent variable. A priori conditions refer to the theoretically and empirically informed expectations established before the empirical analysis is conducted. In this study, the a priori conditions are derived from Agency Theory, Institutional Theory, Stakeholder Theory, Stewardship Theory, and the empirical literature reviewed in Chapter Two. The dependent variable in the framework is the perceived level of IFRS compliance, while the independent variables consist of corporate governance mechanisms and external institutional and environmental factors. Because the study adopts a perception-based approach, the expected relationships refer to respondents' perceptions regarding the influence of these factors on IFRS compliance rather than objectively verified firm-level compliance. This distinction is consistent with the operationalisation of the variables in the study, where governance mechanisms and IFRS compliance are measured primarily through respondents' perceptions.

### **A Priori Conditions for Corporate Governance Mechanisms**

**Board independence:** A positive relationship is expected between board independence and perceived IFRS compliance. The a priori expectation is that greater board independence strengthens monitoring of management, reduces information asymmetry, and enhances accountability in financial reporting. Independent directors are expected to provide more objective oversight of financial reporting processes and therefore contribute positively to perceived IFRS compliance.

**Board expertise:** A positive relationship is expected between board expertise and perceived IFRS compliance. Directors with appropriate accounting, financial, and governance expertise are expected to have greater capacity to oversee complex financial reporting requirements and support effective implementation of IFRS. The existing literature reviewed in the study similarly indicates that financial expertise enhances the board's ability to monitor reporting processes.

**Audit committee effectiveness:** A positive relationship is expected between audit committee effectiveness and perceived IFRS compliance. An effective audit committee is expected to strengthen oversight of financial reporting, internal controls, audit processes, and compliance with accounting standards. Consequently, greater perceived audit committee effectiveness is expected to be associated with higher perceived IFRS compliance.

**Internal controls and internal audit mechanisms:** A positive relationship is expected between the effectiveness of internal controls and internal audit mechanisms and perceived IFRS compliance. Effective internal controls and internal audit functions are expected to reduce errors, strengthen monitoring, improve the reliability of financial information, and support adherence to IFRS requirements. The current framework already identifies these mechanisms as important components of governance and financial reporting oversight.

**Managerial ownership:** A positive relationship is expected between appropriate managerial ownership and perceived IFRS compliance because managerial ownership may align the interests of managers with those of shareholders and encourage responsible reporting behaviour. However, the expected relationship is subject to the possibility of managerial entrenchment where ownership concentration becomes excessive. Therefore, the a priori expectation is positive but comparatively less certain than for board expertise, board independence, audit committee effectiveness, and internal controls. This is consistent with the literature reviewed in the study, which reports mixed findings regarding ownership structure.

**Regulatory oversight:** A positive relationship is expected between effective regulatory oversight and perceived IFRS compliance. Strong regulatory monitoring, enforcement, and professional oversight are expected to encourage organisations to strengthen corporate governance practices and comply more effectively with financial reporting requirements. The framework already identifies regulatory oversight as an important governance mechanism because of its monitoring and enforcement role.

## **A Priori Conditions for External Institutional and Environmental Factors**

**Regulatory pressure:** A positive relationship is expected between regulatory pressure and perceived IFRS compliance. Stronger regulatory requirements, monitoring, and enforcement are expected to encourage organisations to improve governance systems and adherence to IFRS requirements.

**Foreign investment:** A positive relationship is expected between foreign investment pressure and perceived IFRS compliance. Organisations seeking to attract and retain foreign investors are expected to place greater emphasis on transparent financial reporting, accountability, and internationally recognised reporting standards.

**International stakeholder expectations:** A positive relationship is expected between international stakeholder expectations and perceived IFRS compliance. Greater expectations from investors, regulators, creditors, and other international stakeholders are expected to encourage organisations to improve financial reporting transparency and governance accountability.

**Globalisation:** A positive relationship is expected between globalisation and perceived IFRS compliance. Greater integration with international markets is expected to encourage publicly listed companies to align their governance and financial reporting practices with internationally recognised standards such as IFRS.

**Market competition:** A positive relationship is expected between market competition and perceived IFRS compliance. Organisations operating in competitive environments are expected to strengthen governance and reporting practices in order to maintain credibility, attract investment, and improve organisational reputation.

**Economic conditions:** A supportive economic environment is expected to have a positive relationship with perceived IFRS compliance. Organisations operating under favourable economic conditions are expected to have greater access to financial and institutional resources required for effective governance and implementation of technically demanding IFRS requirements. Conversely, adverse economic conditions may constrain the resources available for training, specialised expertise, accounting systems, and compliance activities. The existing framework recognises economic conditions as an important external factor because financial constraints and limited institutional capacity may affect IFRS implementation.

### Summary of A Priori Expectations

| Independent Variable                   | Expected Relationship with Perceived IFRS Compliance     | A Priori Direction |
|----------------------------------------|----------------------------------------------------------|--------------------|
| Board Independence                     | Positive                                                 | (+)                |
| Board Expertise                        | Positive                                                 | (+)                |
| Audit Committee Effectiveness          | Positive                                                 | (+)                |
| Internal Controls                      | Positive                                                 | (+)                |
| Internal Audit Mechanisms              | Positive                                                 | (+)                |
| Managerial Ownership                   | Positive, but potentially mixed at high ownership levels | (+/-)              |
| Regulatory Oversight                   | Positive                                                 | (+)                |
| Regulatory Pressure                    | Positive                                                 | (+)                |
| Foreign Investment                     | Positive                                                 | (+)                |
| International Stakeholder Expectations | Positive                                                 | (+)                |
| Globalisation                          | Positive                                                 | (+)                |
| Market Competition                     | Positive                                                 | (+)                |
| Economic Conditions                    | Positive under supportive conditions                     | (+)                |
| Perceived IFRS Compliance              | Dependent Variable                                       | —                  |

The a priori conditions indicate that the study generally expects stronger corporate governance mechanisms and more supportive external institutional conditions to be associated with higher perceived levels of IFRS compliance. This expectation is consistent with the existing

conceptual framework, which proposes that stronger governance structures and supportive institutional environments are associated with improved perceptions of IFRS compliance.

However, the a priori conditions do not constitute empirical findings. They represent theoretically informed expectations established before the analysis. The empirical results are therefore used to determine whether respondents' perceptions are consistent with, or differ from, these expected relationships. Given the perception-based nature of the study, the relationships should be interpreted as perceived associations rather than objectively verified causal effects. This distinction is particularly important because the study measures respondents' perceptions rather than actual firm level governance effectiveness or independently verified IFRS compliance.

### **2.15 Synthesis**

The literature reviewed demonstrates that corporate governance remains a critical determinant of organisational accountability, transparency, financial reporting quality, and regulatory compliance. Across both developed and emerging economies, effective governance systems have consistently been associated with improved oversight of management activities, stronger internal control environments, enhanced disclosure quality, and more reliable financial reporting practices (Ajibade et al., 2022; Gardi, Aga & Abdullah, 2023). The reviewed studies further suggest that governance mechanisms such as board independence, board effectiveness, audit committee effectiveness, internal control systems, managerial ownership structures, and external monitoring mechanisms play important roles in promoting compliance with IFRS requirements and reducing information asymmetry between organisations and stakeholders (Hashed & Almaqtari, 2021; Abdelqader, Nimer & Darwish, 2021).

The literature also reveals that no single governance mechanism operates in isolation. Rather, effective IFRS compliance is often achieved through the interaction of multiple governance structures that collectively strengthen monitoring, accountability, transparency, and reporting integrity. While some studies report mixed findings regarding the influence of specific governance variables such as board size, managerial ownership, and audit committee characteristics, there is broad consensus that organisations with stronger governance frameworks generally exhibit higher levels of financial reporting quality and IFRS compliance than those with weaker governance systems (Lee & Hu, 2021; Shoman, 2023; Bhatti & Isayev, 2023).

Furthermore, the reviewed literature highlights the importance of contextual factors in shaping governance effectiveness and compliance outcomes. External institutional pressures arising from regulators, investors, market competition, globalisation, and stakeholder expectations often reinforce governance practices and encourage organisations to comply with internationally accepted reporting standards (Almaqtari, Hashed & Shamim, 2021; Azzopardi, 2024). This finding supports the proposition of Institutional Theory that organisational behaviour is influenced not only by internal governance arrangements but also by external environmental pressures that shape reporting and disclosure practices.

Within the context of Botswana, strengthening corporate governance systems remains particularly important due to increasing investor expectations, evolving regulatory requirements, growing participation in global capital markets, and the technical complexities associated with implementing IFRS standards. Although Botswana has made considerable progress in promoting governance reforms and adopting international reporting standards, challenges relating to governance capacity, technical expertise, ownership concentration, and regulatory enforcement continue to affect some organisations (Sathyamoorthi, 2021; BAOA, 2024). Consequently, understanding the relationship between corporate governance and IFRS compliance remains essential for improving financial reporting quality, enhancing investor confidence, strengthening organisational accountability, and supporting the continued development of Botswana's capital market.

## **2.16 Chapter Summary**

This chapter reviewed theoretical and empirical literature relating to corporate governance and the level of perceived IFRS compliance. The review highlighted the importance of governance mechanisms such as board independence, audit committees, internal controls, board expertise, and regulatory oversight in influencing financial reporting practices. The chapter further demonstrated that although extensive international literature exists, limited empirical evidence specifically examines perceived corporate governance influences on IFRS compliance within Botswana's publicly listed companies.

The review also highlighted inconsistencies in prior findings across jurisdictions and identified contextual differences between developed and emerging economies. Additionally, the chapter demonstrated that external institutional pressures such as regulatory oversight, international stakeholder expectations, and economic conditions may influence governance practices and

IFRS compliance. The reviewed literature informed the development of the conceptual framework and provided the theoretical foundation guiding the present study.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Chapter Overview**

This chapter presents a detailed and systematic account of the research methodology employed in examining the perceptions of the impact of corporate governance on IFRS compliance among publicly listed companies in Botswana. The methodological design outlined in this section reflects not only the academic rigour required in empirical studies but also draws from established practices observed in recent studies conducted in similar institutional and economic contexts (Ajibade et al., 2022; Omimakinde & Adejuwon, 2022; Sassi & Damak-Ayadi, 2023). It provides a detailed description of the research design, population and sampling procedures, data collection methods, and analytical techniques used in the study. This study adopts a perception-based approach, with data collected from individual respondents rather than from firm level financial records. Accordingly, the unit of analysis is the individual professional respondent, and all findings are interpreted as perceptions of corporate governance practices and IFRS compliance, rather than objective measures of company behaviour.

The chapter further clarifies the scope of IFRS considered in the study. While the study is concerned with overall IFRS compliance, the empirical measurement of this construct is based on selected standards specifically IFRS 9, IFRS 15, IFRS 16, and IFRS 17 which are used as proxies for assessing compliance. These standards were selected due to their complexity, judgment intensive nature, and widespread relevance in financial reporting (Ahmed et al., 2024; Azzopardi, 2024). Rather than limiting the study to these standards, they serve as representative indicators through which respondents evaluate broader IFRS compliance practices. This approach is consistent with perception-based research, where complex constructs are often assessed using key illustrative components (Gardi, Aga & Abdullah, 2023; Omimakinde & Adejuwon, 2022). It also ensures alignment between the study's conceptual focus on IFRS as a whole.

The remainder of the chapter is structured as follows: the research design is presented first, followed by a description of the study population and sampling strategy. The chapter then outlines the data collection procedures, including instrument development and pilot testing. Finally, the methods of data analysis and ethical considerations are discussed.

### 3.2 Research Design

The research design was developed to facilitate the structured collection, analysis, and interpretation of data in order to examine the perceived relationship between corporate governance mechanisms and perceived level of IFRS compliance. In line with the nature of the study, a quantitative, descriptive explanatory research design was adopted, focusing on the analysis of data obtained from individual respondents involved in financial reporting and governance processes. Unlike studies that rely on archival financial data, this research adopts a perception-based approach, where respondents provide informed judgments regarding governance practices and IFRS compliance within their organisations. As such, the design does not seek to measure actual firm level compliance, but rather to capture how compliance and governance effectiveness are perceived in practice.

The research context is grounded in the Botswana capital market environment, including the institutional frameworks governing financial reporting and the regulatory obligations placed on companies listed on the Botswana Stock Exchange. Understanding this context is important, given the unique socio-economic and institutional dynamics that influence financial reporting practices in emerging economies (Shoman, 2023; Almaqtari, Hashed & Shamim, 2021). The population of the study comprises professionals associated with publicly listed companies, including finance managers, accountants, auditors, audit committee members, and compliance officers. While listed companies form the institutional setting of the study, the unit of analysis remains the individual respondent, and all data are analysed at this level.

Sampling procedures were designed to target respondents with relevant knowledge and experience in financial reporting and governance. Accordingly, purposive and convenience sampling techniques were employed to identify and access participants who are directly involved in IFRS application and governance oversight. This approach is consistent with perception-based studies where access to specialised respondents is prioritised over probabilistic representativeness (Gardi, Aga & Abdullah, 2023; Omimakinde & Adejuwon, 2022). While this limits statistical generalisability, it enhances the relevance and depth of insights obtained.

Data were collected using a structured questionnaire developed based on constructs identified in prior literature on corporate governance and IFRS compliance (Bechihi & Nafti, 2025; Gomes & Costa, 2025). The instrument was designed to capture respondents' perceptions of key governance mechanisms, including board independence, audit committee effectiveness, and internal control systems, as well as their perceived influence on IFRS compliance. To

enhance clarity and consistency, the questionnaire underwent expert review and pilot testing prior to full deployment.

Reliability and validity were addressed through careful instrument design and testing procedures. Reliability was supported through consistent question structuring and standardised administration, while validity was enhanced by aligning questionnaire items with established constructs from the literature (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022). However, it is acknowledged that the use of predominantly categorical and perception-based measures imposes limitations on the types of statistical analysis that can be applied.

Data collection procedures adhered to ethical research standards, including voluntary participation, confidentiality, and informed consent. Respondents were approached through formal professional and organisational channels, and necessary approvals were obtained prior to data collection. Finally, the methods of data analysis focused primarily on descriptive and appropriate inferential techniques suited to perception-based data. Descriptive statistics, including frequencies and percentages, were used to summarise respondent characteristics and perceptions. Where applicable, non-parametric and association based techniques were employed to explore relationships between variables. These methods were selected to ensure consistency with the nature of the data.

### **3.3 Research Philosophy**

This study is grounded in a positivist research philosophy, which emphasises the use of structured methods, quantifiable data, and statistical analysis to examine relationships between variables. Positivism is particularly appropriate for this study as it enables systematic investigation of the relationship between corporate governance mechanisms and IFRS compliance using empirical data derived from respondents. The selection of a positivist stance is informed by the nature of the research objectives, which seek to identify patterns, associations, and potential predictive relationships between governance variables such as board independence, audit committee effectiveness, and internal control systems and IFRS compliance. These objectives require the use of measurable constructs and statistical techniques, which are consistent with the assumptions of positivism.

However, unlike traditional positivist studies that rely on objective archival or financial statement data, this research adopts a perception-based approach, where data are obtained from individuals directly involved in financial reporting and governance processes. This reflects a pragmatic adaptation of positivism in applied accounting research, where access to objective

firm level data may be limited, and where professional judgment plays a central role in financial reporting practices. Within this context, the study assumes that respondents possess relevant expertise and experiential knowledge that enables them to provide informed assessments of governance effectiveness and IFRS compliance. Their perceptions are therefore not treated as arbitrary opinions, but as structured and experience based evaluations that can be systematically captured and analysed. The use of perception-based data does not imply a shift towards interpretivism, but rather represents a methodological extension of positivist inquiry, where subjective assessments are operationalised into measurable variables. This approach has been widely applied in prior studies examining financial reporting quality and governance effectiveness (Gardi, Aga & Abdullah, 2023; Omimakinde & Adejuwon, 2022), particularly in emerging market contexts where direct measurement of compliance may be constrained.

Research philosophy provides the foundation for understanding how knowledge is generated and interpreted within a study. It encompasses epistemological assumptions regarding how knowledge is obtained and ontological assumptions about the nature of reality (Saunders et al., 2019; Bryman, 2016). In this study, a positivist epistemology is adopted, which assumes that relationships between variables can be objectively examined through empirical measurement and statistical analysis. At the ontological level, the study assumes that while organisational practices such as corporate governance and IFRS compliance exist as real phenomena, their assessment within this research is mediated through the perceptions of knowledgeable individuals. This reflects a measured realism, where reality is acknowledged to exist independently, but is accessed through structured human interpretation. Importantly, the adoption of this philosophical stance ensures consistency between the research philosophy, design, and methods of analysis.

### **3.4 Research Context**

This research was conducted in Gaborone, the capital city of Botswana. The study is situated within the institutional and regulatory environment governing financial reporting and corporate governance in Botswana. Particular attention is given to companies listed on the Botswana Stock Exchange (BSE), which serves as the primary platform for securities trading and capital market activity in the country. Listed companies are required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS), with the objective of enhancing transparency, comparability, and investor confidence. This requirement is supported by national regulatory frameworks, including the Companies Act and oversight

by professional and regulatory bodies such as the Botswana Institute of Chartered Accountants (BICA).

Despite the existence of these regulatory structures, challenges relating to the implementation of IFRS continue to be reported in the literature. Compliance with IFRS is influenced not only by formal adoption requirements but also by organisational capacity, technical expertise, resource availability, and the effectiveness of internal governance mechanisms (Almaqtari, Hashed & Shamim, 2021; Gomes & Costa, 2025). Within the Botswana context, variations in governance arrangements and institutional enforcement may shape how financial reporting requirements are understood and implemented by organisations.

The Botswana capital market provides a relevant context for examining perceptions of corporate governance and IFRS compliance because it is a relatively small and developing market in which firms may face resource constraints and limited access to specialised accounting expertise. These conditions may influence respondents' perceptions regarding the effectiveness of corporate governance practices and the implementation of complex IFRS requirements. Furthermore, financial reporting practices operate within broader institutional and socio-economic conditions, including regulatory capacity, professional development initiatives, market expectations, and stakeholder pressures.

By focusing on Botswana, this study provides context specific evidence regarding respondents' perceptions of the impact of corporate governance practices and perceived IFRS compliance among publicly listed companies. The study contributes to the growing body of literature on emerging markets and responds to calls for more evidence from developing economies, where governance structures, institutional environments, and financial reporting practices may differ from those commonly reported in developed country settings.

### **3.5 Study Population**

The study population comprised professionals involved in financial reporting and corporate governance processes within companies listed on the Botswana Stock Exchange (BSE). The population included finance managers, accountants, internal auditors, audit committee members, and other professionals directly involved in the preparation, oversight, review, auditing, compliance, and governance of financial reporting processes. The selection of these professionals was informed by the perception-based nature of the study. As individuals directly involved in financial reporting and corporate governance activities, they were considered capable of providing informed professional perceptions regarding corporate governance

mechanisms, regulatory effectiveness, and IFRS compliance. The inclusion of respondents with relevant professional responsibilities was therefore intended to enhance the relevance of the information collected to the study objectives and research questions.

The unit of analysis was the individual respondent rather than the listed company. Accordingly, the study did not seek to measure firm level corporate governance effectiveness or objectively verify IFRS compliance through financial statements or regulatory records. Instead, it examined respondents' perceptions concerning corporate governance practices and perceived IFRS compliance among publicly listed companies in Botswana. At the time of the study, approximately 35 companies were listed on the Botswana Stock Exchange across different. These companies provided the organisational context from which eligible professional respondents were identified. The study therefore focused on professionals working within the listed company environment rather than treating the listed companies themselves as the units of analysis.

### **3.6 Sample and Sampling Technique**

This study employed a combination of purposive and convenience sampling techniques to select respondents from companies listed on the Botswana Stock Exchange (BSE). The use of non-probability sampling was considered appropriate because the study sought information from individuals possessing specialised knowledge and experience in corporate governance, financial reporting, auditing, compliance, and IFRS implementation. According to Etikan, Musa and Alkassim (2016), non-probability sampling techniques are particularly suitable when the study requires respondents with specific expertise relevant to the research objectives. The sampling strategy was therefore designed to ensure that respondents were capable of providing informed professional opinions regarding the relationship between corporate governance mechanisms and the level of IFRS compliance among publicly listed companies in Botswana.

#### *3.6.1 Access to Organisations and Gatekeeper Permissions*

Access to participating organisations was obtained through formal communication with company management and authorised organisational representatives. Gatekeepers, including company secretaries, finance directors, human resource managers, compliance officers, and other designated officials, facilitated access to eligible respondents and assisted with the distribution of questionnaires within their respective organisations.

The use of gatekeepers was necessary because direct access to corporate personnel was subject to organisational protocols and approval procedures. Respondents were informed about the purpose of the study, the voluntary nature of participation, and the confidentiality of their responses before completing the questionnaire. This approach was consistent with ethical principles governing organisational research and survey administration (Saunders, Lewis & Thornhill, 2019).

### *3.6.2 Purposive Sampling*

Purposive sampling was employed to identify respondents possessing relevant professional knowledge and experience relating to the study objectives. Creswell and Plano Clark (2018) define purposive sampling as the deliberate selection of participants based on predefined characteristics relevant to the research problem. In this study, respondents were selected based on their involvement in financial reporting, governance oversight, auditing, compliance, and IFRS implementation activities. These individuals were considered most appropriate for providing informed opinions regarding governance mechanisms and IFRS compliance. The use of purposive sampling enhanced the relevance and quality of the data collected because responses were obtained from individuals directly engaged in the phenomena under investigation.

### *3.6.3 Convenience Sampling*

Following the identification of eligible respondents through purposive sampling, convenience sampling was employed to facilitate data collection. Convenience sampling involves selecting participants based on their accessibility and willingness to participate in the study (Shaughnessy, Zechmeister & Zechmeister, 2018). The use of convenience sampling was considered appropriate because access to respondents depended on organisational approval, participant availability, and practical considerations relating to time and accessibility. Consequently, questionnaires were distributed to respondents who were readily available and willing to participate during the data collection period. Although convenience sampling may introduce selection bias, it remains widely used in organisational and perception-based studies where access to respondents is often restricted (Etikan et al., 2016).

### *3.6.4 Representativeness of the Sample*

Although the study employed non-probability sampling techniques, efforts were made to enhance the representativeness of the sample by including respondents from a broad range of publicly listed companies operating across different sectors of the Botswana economy. Furthermore, respondents occupied diverse professional positions associated with governance, auditing, compliance, and financial reporting functions. The inclusion of participants from different organisational levels and professional backgrounds enabled the study to capture a wide range of perspectives regarding corporate governance practices and IFRS compliance. Such diversity contributes to the credibility and richness of perception-based research findings (Creswell & Plano Clark, 2018).

### *3.6.5 Sample Size Adequacy*

The final sample consisted of 252 respondents. This sample size was considered adequate for the quantitative analyses undertaken in the study. Hair et al. (2019) suggest that sample sizes exceeding 200 respondents are generally sufficient for statistical analysis in social science research and provide reliable results for examining relationships between variables. Although statistical sample size determination formulas are commonly associated with probability sampling techniques, the adequacy of the sample in this study was assessed based on established methodological guidelines and the achieved response rate. Consequently, the final sample size was considered sufficient to support the statistical procedures employed in the study while recognising the limitations associated with non-probability sampling.

## **3.7 Research Instruments**

In this study, the researcher used a questionnaire to collect data. According to Wirtz and Kruger (2020), questionnaires are a popular research instrument used to collect data in a variety of fields. The surveys provided a means to gather numerical data on the experiences and perceptions of the participants regarding the impact of corporate governance on IFRS adoption. The use of questionnaires in particular has been widely used in studies related to corporate governance and financial reporting (Cheng & Lee, 2018; Chen, Kim, & Song, 2017). The questionnaire consisted of both open and closed ended questions. The primary data collection instrument used in this study was a structured questionnaire, designed to obtain perception-based data from professionals involved in financial reporting and corporate governance within companies listed on the Botswana Stock Exchange. The questionnaire was selected as an appropriate instrument due to its ability to collect standardised data from a relatively large number of respondents, thereby facilitating quantitative analysis. It is particularly suitable for

studies that seek to examine relationships between variables using statistical techniques (Saunders et al., 2019; Bryman, 2016).

The instrument was specifically designed to capture respondents' perceptions of corporate governance mechanisms and IFRS compliance, rather than objective firm level measures. This aligns with the overall research design, which focuses on how governance and compliance are understood and experienced by professionals directly involved in these processes. The questionnaire consisted of structured, close ended questions organised into sections corresponding to the key variables of the study. These included corporate governance mechanisms (e.g., board independence, audit committee effectiveness, internal controls, ownership structure), and perceived IFRS compliance.

Responses were measured using Likert-scale items, allowing respondents to indicate the extent of their agreement with specific statements. This approach enabled the transformation of subjective perceptions into quantifiable data suitable for statistical analysis. The development of the questionnaire was informed by existing literature on corporate governance and IFRS compliance, ensuring that the constructs measured were grounded in prior research (Gardi, Aga & Abdullah, 2023; Gomes & Costa, 2025). In addition, the instrument was adapted to reflect the Botswana context and the specific objectives of the study.

The questionnaire was organised into six sections aligned with the study objectives and conceptual framework. Section A collected demographic and organisational information, including respondents' positions, company sector, years of listing, company size, and number of employees. Section B measured respondents' perceptions regarding IFRS compliance, including compliance levels and challenges associated with implementing IFRS standards. Section C focused on corporate governance mechanisms such as board effectiveness, audit committees, internal controls, and internal audit functions. Section D measured perceived corporate governance predictors of IFRS compliance, including board independence, managerial ownership, board size, regulatory oversight, stakeholder engagement, and audit committee characteristics. Section E examined respondents' perceptions regarding the effectiveness of regulations and policies in promoting corporate governance and IFRS compliance. Section F focused on external institutional and environmental factors, including economic conditions, foreign investment, market competition, regulatory pressure, and international stakeholder expectations.

### **3.7.1 Questionnaire Distribution and Response Rate**

A total of 315 questionnaires were distributed to eligible respondents across participating listed companies. The number of questionnaires distributed within each organisation varied depending on company size, availability of eligible respondents, and organisational approval. Of the 315 questionnaires distributed, 252 completed questionnaires were returned and deemed usable for analysis, representing a response rate of approximately 80%. According to Saunders et al. (2019), higher response rates contribute to improved data quality and reduce the likelihood of non-response bias. The response rate achieved in this study was therefore considered satisfactory for survey-based research and enhanced the reliability of the findings.

### **3.8 Operationalisation of Variables**

The variables included in the questionnaire were operationalised based on respondents' professional perceptions and experiences relating to corporate governance practices and IFRS compliance within their organisations. Given the perception-based nature of the study, the variables were not measured using objective archival indicators or validated psychometric scales, but through structured questionnaire items designed to capture informed professional assessments. Perception-based measures are commonly used in governance and accounting research where the objective is to examine respondents' views, experiences, and professional judgments regarding organisational practices and outcomes (Saunders, Lewis & Thornhill, 2019).

The questionnaire contained a combination of categorical, ordinal, and open-ended items. Categorical questions were used to obtain demographic and organisational information, including respondents' positions, company sectors, organisational size, and listing characteristics. Ordinal perception-based questions were used to assess respondents' views regarding the effectiveness of corporate governance mechanisms and the perceived level of IFRS compliance within their organisations. In addition, a limited number of open-ended questions were included to allow respondents to provide further explanations and contextual insights regarding governance practices, regulatory challenges, and IFRS implementation issues. The use of multiple question formats enabled the collection of both quantitative and qualitative information relevant to the study objectives (Creswell & Plano Clark, 2018).

The independent variables focused on corporate governance mechanisms and external institutional factors identified in the literature review and conceptual framework. The

governance related variables included board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms, managerial ownership, and regulatory oversight. External institutional factors included regulatory pressure, economic conditions, foreign investment, market competition, and international stakeholder expectations. These variables were measured primarily through respondents' perceptions regarding their effectiveness and perceived influence on IFRS compliance. The selection of these variables was informed by Agency Theory, Institutional Theory, Stakeholder Theory, and Stewardship Theory, which collectively suggest that governance structures and institutional pressures may influence financial reporting behaviour and compliance outcomes (Jensen & Meckling, 1976; DiMaggio & Powell, 1983; Freeman, 1984; Davis, Schoorman & Donaldson, 1997).

The dependent variable, IFRS compliance, was operationalised as respondents perceived level of organisational compliance with International Financial Reporting Standards. Rather than measuring actual compliance through detailed disclosure indices or financial statement analysis, the study focused on respondents' professional perceptions regarding the extent to which their organisations adhere to IFRS requirements. This approach was considered appropriate because the study sought to examine perceived impact of governance mechanisms and the perceived level of IFRS compliance within organisational settings.

Although the study considered IFRS broadly as the overall financial reporting framework, selected standards including IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers), IFRS 16 (Leases), and IFRS 17 (Insurance Contracts) were incorporated into the questionnaire as illustrative proxy standards. These standards were selected because they are widely recognised as technically complex, governance sensitive, and frequently associated with implementation challenges in both developed and emerging economies (Ahmed et al., 2024; Lee & Hu, 2021; Azzopardi, 2024; Gardi, Aga & Abdullah, 2023). Consequently, the standards served as practical reference points for respondents when assessing IFRS compliance rather than representing the exclusive focus of the study.

The operationalisation approach adopted in this study reflects its exploratory and perception-based orientation. Although the study targeted professionals involved in governance and financial reporting processes, not all respondents were accounting specialists or IFRS technical experts. Respondents included individuals occupying a variety of governance and managerial positions, including board members, chief executive officers, audit committee members,

finance managers, auditors, and compliance personnel. Consequently, perceptions regarding highly technical IFRS requirements may have varied according to respondents' professional backgrounds and levels of accounting expertise. The findings should therefore be interpreted as reflecting broader organisational and professional perceptions regarding IFRS compliance rather than purely technical assessments of compliance with specific accounting standards. Such an approach is consistent with perception-based governance research, which recognises that organisational actors may evaluate governance effectiveness and reporting practices from different professional perspectives (Saunders et al., 2019). Table 3.1 presents a summary of the variables and their operationalisation within the study.

Table 3.1: Operationalisation of Variables

*Table 3.1 Operationalisation of Variables*

| <b>Variable</b>               | <b>Type</b>          | <b>Operationalisation</b>                                                         | <b>Nature of Measurement</b>                 |
|-------------------------------|----------------------|-----------------------------------------------------------------------------------|----------------------------------------------|
| Board Independence            | Independent Variable | Respondents' perceptions regarding board independence and oversight effectiveness | Ordinal Likert-type perception responses     |
| Board Expertise               | Independent Variable | Perceptions regarding financial expertise and competence of board members         | Ordinal Likert-type perception responses     |
| Audit Committee Effectiveness | Independent Variable | Perceived effectiveness and frequency of audit committee activities               | Categorical and ordinal perception responses |
| Internal Controls             | Independent Variable | Perceived adequacy of internal control systems supporting IFRS compliance         | Ordinal Likert-type perception responses     |
| Ownership Structure           | Independent Variable | Respondents' perceptions regarding managerial ownership and governance influence  | Binary and categorical responses             |
| Regulatory Effectiveness      | Independent Variable | Perceptions regarding effectiveness of Botswana regulatory frameworks             | Ordinal Likert-type perception responses     |

| <b>Variable</b>      | <b>Type</b>              | <b>Operationalisation</b>                                                                          | <b>Nature of Measurement</b>      |
|----------------------|--------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------|
| External Factors     | Independent Variable     | Perceived influence of economic and institutional external pressures                               | Ordinal perception responses      |
| IFRS Compliance      | Dependent Variable       | Perceived level of organisational compliance with IFRS requirements                                | Ordinal perception responses      |
| IFRS 9, 15, 16, 17   | Proxy IFRS Indicators    | Respondent perceptions regarding implementation challenges associated with selected IFRS standards | Exploratory categorical responses |
| Open-ended Responses | Qualitative Support Data | Additional respondent explanations and recommendations                                             | Narrative responses               |

### **Construct Alignment of the Measurement Instrument**

Following the reconceptualisation of the study as a perception-based investigation, a systematic review of the questionnaire was undertaken to establish alignment between the measurement instrument, the research objectives, conceptual framework, hypotheses, and analytical strategy. This review was necessary because the unit of analysis in the revised study is the individual respondent and the study seeks to examine respondents' perceptions regarding the influence of corporate governance mechanisms and external institutional factors on perceived IFRS compliance.

The construct review distinguished between questionnaire items that directly measure the study constructs and items that provide contextual or supplementary information. Items that duplicated other questions, measured organisational characteristics without a defined analytical role, focused on specific technical IFRS implementation issues rather than the study constructs, or could not be linked directly to the conceptual framework were therefore treated as contextual or supplementary information rather than as measures of the principal analytical constructs.

The revised measurement structure focuses on the following principal constructs: perceived IFRS compliance, board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms, managerial ownership, regulatory effectiveness, and external institutional and environmental factors. These constructs correspond to the variables

identified in the conceptual framework and are measured from respondents' perceptions rather than from independently verified firm-level governance or IFRS compliance indicators.

The construct reconstruction was guided by the principle that each analytical variable must have a clear conceptual definition, identifiable questionnaire evidence, and a logical connection with at least one research objective and hypothesis. This approach strengthens the alignment between the questionnaire and the revised perception-based research design.

### Construct Alignment and Questionnaire Evidence

| Construct                     | Questionnaire Evidence                            | Measurement Role                | Treatment in Analysis |
|-------------------------------|---------------------------------------------------|---------------------------------|-----------------------|
| Perceived IFRS Compliance     | Q10                                               | Principal dependent construct   | Dependent variable    |
| Board Independence            | Q24 and related governance perceptions in Q21–Q28 | Corporate governance mechanism  | Independent variable  |
| Board Expertise               | Q7 and Q24                                        | Corporate governance mechanism  | Independent variable  |
| Audit Committee Effectiveness | Q18, Q19, Q21 and Q28                             | Corporate governance mechanism  | Independent variable  |
| Internal Controls             | Q7, Q23 and Q27                                   | Corporate governance mechanism  | Independent variable  |
| Internal Audit Mechanisms     | Q24 and related governance responses              | Corporate governance mechanism  | Independent variable  |
| Managerial Ownership          | Q25                                               | Corporate governance mechanism  | Independent variable  |
| Regulatory Effectiveness      | Q29–Q33                                           | Institutional governance factor | Independent variable  |

| <b>Construct</b>                                 | <b>Questionnaire Evidence</b> | <b>Measurement Role</b>           | <b>Treatment in Analysis</b>       |
|--------------------------------------------------|-------------------------------|-----------------------------------|------------------------------------|
| External Institutional and Environmental Factors | Q35–Q39                       | External factor construct         | Independent/contextual variable    |
| IFRS Implementation Challenges                   | Q6, Q7 and Q13                | Contextual evidence               | Descriptive/supporting analysis    |
| Specific IFRS Standards                          | Q11 and Q14–Q17               | Exploratory contextual evidence   | Descriptive analysis only          |
| Organisational Characteristics                   | Q1–Q5                         | Respondent/organisational profile | Descriptive/contextual information |
| Open-ended Responses                             | Q28, Q36 and Q40              | Qualitative supporting evidence   | Narrative/contextual analysis      |

The revised construct structure ensures that the questionnaire is not treated as a collection of unrelated questions. Instead, questionnaire items are interpreted according to their contribution to the constructs represented in the conceptual framework. This distinction is important because several original questions duplicated information or measured contextual characteristics rather than the principal constructs of the revised study. In particular, Questions 6 and 8 measure the same IFRS compliance challenges, while Questions 7 and 9 similarly duplicate corporate governance challenges. These duplicated questions therefore do not constitute separate measures and are treated as single sources of descriptive evidence. Questions 11 and 14–17 focus on specific IFRS standards and their implementation challenges. They are retained only as exploratory contextual indicators and are not treated as direct measures of the overall IFRS compliance construct. This is consistent with the revised study's broader focus on perceived IFRS compliance rather than technical compliance with individual standards.

Questions 3–5 provide organisational characteristics such as listing period, number of employees, and annual revenue. These variables are retained for respondent and organisational profiling but are not treated as principal explanatory variables unless explicitly justified as

control variables. This prevents organisational descriptors from being incorrectly interpreted as measures of respondents' perceptions. Questions 21–28 provide the principal evidence concerning respondents' perceptions of corporate governance mechanisms and their perceived influence on IFRS compliance. These items are therefore used to support the governance constructs represented in the conceptual framework. Questions 29–39 provide evidence concerning respondents' perceptions of regulatory effectiveness, regulatory challenges, compliance costs, and external institutional and environmental pressures. These items are correspondingly used to support the institutional and external-factor dimensions of the study. This re-alignment also recognises that not every construct is measured through multiple homogeneous Likert-scale items. Some variables in the existing dataset are represented by categorical or ordinal indicators. Accordingly, the study does not claim to have created psychometrically validated multi-item scales where the questionnaire did not provide sufficient evidence for such scales. The resulting measures are interpreted as perception-based indicators of the respective constructs. The revised measurement structure therefore establishes a clearer connection between the research objectives, questionnaire evidence, conceptual framework, and empirical analysis. It also ensures that descriptive contextual questions are distinguished from variables used to examine the proposed relationships.

### **Treatment of Questionnaire Items Not Used as Principal Analytical Measures**

The questionnaire contains several items that are useful for understanding the context of IFRS compliance but are not sufficiently aligned with the principal constructs to serve as independent measures in the analytical model. These include duplicated questions, organisational descriptors, specific IFRS standard implementation questions, and miscellaneous open-ended questions.

Questions 6 and 8 are treated as one measure of perceived IFRS compliance challenges, while Questions 7 and 9 are treated as one measure of perceived corporate governance challenges. Questions 11 and 14–17 are treated as exploratory indicators of technical IFRS implementation challenges rather than as measures of the overall perceived IFRS compliance construct. Questions 12, 18–20 provide information about the existence or frequency of governance structures and are used primarily as contextual evidence unless their responses can be logically incorporated into the corresponding governance construct.

Question 40 is retained as an open-ended opportunity for respondents to provide additional comments. Its responses are treated as supplementary qualitative evidence and are not included

in the quantitative construct measures. This approach ensures that questionnaire items are not included merely because they exist in the original instrument. Instead, each item is assigned a defined methodological role based on its conceptual relevance to the revised study.

### **Operational Definition of the Core Study Constructs**

**Perceived IFRS Compliance.** In this study, perceived IFRS compliance refers to respondents' assessment of the extent to which their organisation complies with International Financial Reporting Standards. It is operationalised using Question 10 of the questionnaire, which asks respondents to rate their company's level of IFRS compliance as full, moderate, minimal or non-compliant. The measure therefore represents perceived organisational IFRS compliance, rather than an independently verified assessment of compliance based on financial statements or external compliance inspections. The ordered response categories are retained in their original form and are interpreted as an ordinal perception measure.

**Perceived Corporate Governance Influence.** Perceived corporate governance influence refers to respondents' assessment of the extent to which corporate governance mechanisms and practices contribute to IFRS compliance within their organisations. Questions 21–28 provide evidence relating to specific governance dimensions, including board effectiveness, overall governance influence, governance attributes, managerial ownership, board size, internal controls and audit committee composition. Because these items represent distinct governance dimensions and employ different response formats, they are not assumed to constitute a single unidimensional scale. Instead, individual items are considered according to their conceptual relevance and measurement properties when selecting the appropriate statistical analysis.

**Regulatory and External Environment.** The regulatory and external environment refers to respondents' perceptions of the effectiveness of Botswana's regulatory framework, enforcement mechanisms, penalties, compliance costs and external pressures affecting corporate governance and IFRS compliance. Questions 29–39 provide contextual evidence concerning this domain. These items are treated separately from the core corporate governance construct to avoid conflating regulatory conditions with internal governance mechanisms.

This operationalisation reflects the perception-based nature of the study and ensures that interpretations remain within the evidential boundaries of the questionnaire. Consequently, findings concerning IFRS compliance are expressed as respondents' perceptions of compliance and are not interpreted as independently verified evidence of actual company-level IFRS compliance.

## Alignment of Research Objectives, Constructs, Questionnaire Items and Analysis

| Research objective                                                                        | Core construct/variable                             | Questionnaire item(s)          | Nature of measure                       | Proposed analytical treatment                                                                              |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------|
| To examine perceptions regarding the influence of corporate governance on IFRS compliance | Perceived corporate governance influence            | Q21–Q28                        | Ordinal/categorical perception measures | Descriptive and, where statistically appropriate, inferential analysis of individual governance dimensions |
| To determine the perceived level of IFRS compliance                                       | Perceived IFRS compliance                           | Q10                            | Four-category ordinal measure           | Descriptive analysis; appropriate ordinal association/model where justified                                |
| To examine the relationship between corporate governance and perceived IFRS compliance    | Governance perception and perceived IFRS compliance | Q10 and relevant Q21–Q28 items | Ordinal/categorical                     | Appropriate inferential test determined by measurement level and assumptions                               |
| To identify perceived governance factors associated with IFRS compliance                  | Individual governance dimensions                    | Q21–Q28                        | Mainly ordinal/categorical              | Appropriate association/predictive analysis where assumptions are satisfied                                |
| To assess perceptions of the regulatory environment                                       | Perceived regulatory effectiveness                  | Q29–Q39                        | Ordinal/categorical                     | Descriptive and appropriate association analysis                                                           |

| Research objective                                                        | Core construct/variable | Questionnaire item(s) | Nature of measure   | Proposed analytical treatment                |
|---------------------------------------------------------------------------|-------------------------|-----------------------|---------------------|----------------------------------------------|
| To assess perceived external influences on governance and IFRS compliance | External pressures      | Q37–Q39               | Ordinal/categorical | Descriptive/appropriate association analysis |

The revised study establishes an explicit alignment between the research objectives, research questions, questionnaire items and statistical procedures. The analysis is determined by the measurement characteristics of each variable rather than by the hypothesis alone. In particular, the ordinal nature of the perceived IFRS compliance measure and the categorical or ordinal nature of the governance items are taken into account when selecting inferential procedures. This approach avoids treating categorical responses as continuous measures without appropriate methodological justification.

### Hypothesis Testing

The hypotheses were empirically tested following the operationalisation and construct audit of the questionnaire. Because the study measures respondents' perceptions using predominantly categorical and ordinal response categories, the inferential procedures were selected according to the measurement level of each variable rather than assuming that the responses constituted continuous scales. The principal outcome variable, perceived IFRS compliance, was operationalised using Question 10, which asks respondents to classify the level of IFRS compliance in their organisation as full, moderate, minimal or non-compliant. The explanatory variables were drawn directly from the questionnaire and represent distinct dimensions of corporate governance, regulatory effectiveness and external influences.

Since formal internal-consistency reliability testing using Cronbach's Alpha was not conducted, and the questionnaire items address different dimensions using different response formats, the study does not combine these items into an unvalidated composite continuous scale. Instead, individual questionnaire indicators are analysed according to their conceptual meaning and measurement level.

Hypothesis 1 was examined by testing the association between company sector and perceived IFRS compliance using Questions 2 and 10. Hypothesis 2 was examined using the perceived overall influence of corporate governance and perceived IFRS compliance, measured through Questions 22 and 10. Hypothesis 3 was examined through the relationship between perceived IFRS compliance and the individual corporate governance mechanisms represented by Questions 21–28. Hypothesis 4 was examined through the relationship between perceived regulatory effectiveness and perceived IFRS compliance using the relevant regulatory items in Questions 29–34. Hypothesis 5 was examined through the relationship between perceived external pressures and perceived IFRS compliance using Questions 37–39.

Chi-square tests of independence were used where the variables were categorical, while appropriate non-parametric ordinal association procedures were used where the variables retained an ordered response structure. Cross-tabulations were considered alongside the inferential statistics to establish the direction and pattern of the observed relationships. Statistical significance was assessed at the 5% level ( $\alpha = 0.05$ ). The hypothesis testing approach therefore provides empirical assessment of all five hypotheses while remaining consistent with the perception-based nature of the study and the actual measurement characteristics of the questionnaire. The findings are interpreted as evidence of statistical association between respondents' perceptions and not as evidence of causal relationships or independently verified company-level IFRS compliance.

### Hypothesis Testing Framework

| Hypothesis | Relationship tested                                           | Questionnaire variables | Statistical procedure                             |
|------------|---------------------------------------------------------------|-------------------------|---------------------------------------------------|
| <b>H1</b>  | Sector and perceived IFRS compliance                          | Q2 $\times$ Q10         | Chi-square test of independence                   |
| <b>H2</b>  | Corporate governance influence and perceived IFRS compliance  | Q22 $\times$ Q10        | Appropriate ordinal/categorical association test  |
| <b>H3</b>  | Corporate governance mechanisms and perceived IFRS compliance | Q21–Q28 $\times$ Q10    | Appropriate ordinal/categorical association tests |

| Hypothesis | Relationship tested                                    | Questionnaire variables | Statistical procedure                             |
|------------|--------------------------------------------------------|-------------------------|---------------------------------------------------|
| H4         | Regulatory effectiveness and perceived IFRS compliance | Q29–Q34 × Q10           | Appropriate ordinal/categorical association tests |
| H5         | External pressures and perceived IFRS compliance       | Q37–Q39 × Q10           | Appropriate ordinal/categorical association tests |

The hypotheses were developed directly from the research objectives, research questions and conceptual framework presented in Chapter One. The hypothesis testing framework was designed to maintain consistency between the study hypotheses, questionnaire variables and statistical procedures. Because the study adopts a perception-based quantitative design, the hypotheses examine statistically significant differences and relationships among respondents' perceptions rather than objectively verified company level IFRS compliance. The questionnaire variables were therefore analysed according to their respective measurement levels.

Hypothesis 1 (H<sub>11</sub>) examined the relationship between company sector and perceived IFRS compliance using Questions 2 and 10. A chi-square test of independence was employed because the variables were categorical.

Hypothesis 2 (H<sub>12</sub>) examined the relationship between respondents' perceptions of corporate governance mechanisms and perceived IFRS compliance using the relevant corporate governance measure and Question 10.

Hypothesis 3 (H<sub>13</sub>) examined the relationship between specific corporate governance factors and perceived IFRS compliance using Questions 21–28 and Question 10. These factors included board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms and managerial ownership.

Hypothesis 4 (H<sub>14</sub>) examined respondents' perceptions of the effectiveness of existing regulations and policies in promoting corporate governance and IFRS compliance using the regulatory measures contained in Questions 29–34.

Hypothesis 5 (H<sub>15</sub>) examined the relationship between respondents' perceptions of external factors and their perceptions of corporate governance practices using Questions 37–39 and the

relevant corporate governance measures. This formulation is consistent with the hypothesis stated in Chapter One.

Chi-square tests of independence were used where variables were categorical, while appropriate non-parametric association procedures were used where variables retained an ordered response structure. Statistical significance was assessed at the 5% level ( $\alpha = 0.05$ ).

The decision rule was that a p-value below 0.05 would provide evidence against the relevant null hypothesis, while a p-value equal to or greater than 0.05 would result in failure to reject the null hypothesis. Given the perception-based nature of the study, statistically significant findings are interpreted as evidence of association or perceived differences within the respondent data and not as evidence of causality or objectively verified company-level IFRS compliance.

### **3.8 Validity and Reliability**

Ensuring the validity and reliability of the research instrument is essential for enhancing the credibility and trustworthiness of the findings. In this study, particular attention was given to both validity and reliability, taking into account the perception-based nature of the data collected.

#### **3.8.1 Validity**

Validity refers to the extent to which a research instrument measures what it is intended to measure (Saunders et al., 2019). In this study, validity was concerned with whether the questionnaire adequately captured respondents' perceptions regarding corporate governance practices and IFRS compliance among publicly listed companies in Botswana. Construct validity refers to the extent to which the instrument adequately reflects the theoretical concepts it is intended to measure (Hair et al., 2019). In this study, construct validity was supported by aligning the questionnaire items with the study's conceptual framework and theoretical foundations, namely Agency Theory and Stakeholder Salience Theory. The questionnaire focused on respondents' perceptions of corporate governance mechanisms such as board effectiveness, audit committees, internal controls, regulatory oversight, and perceived IFRS compliance. It is important to note that the study measured respondents' perceptions rather than objectively verified levels of corporate governance effectiveness or actual IFRS compliance.

#### **3.8.2 Reliability**

Reliability refers to the extent to which a research instrument produces consistent and stable results when administered under similar conditions (Bryman, 2016). To enhance reliability, the

questionnaire was developed using concepts and variables that have been widely examined in previous corporate governance and financial reporting studies. Consistency was further promoted through the use of clear and straightforward questions, standardised response categories, and a structured questionnaire format.

A pilot test was conducted among a small group of participants with characteristics similar to those of the target respondents. Feedback obtained during the pilot exercise was used to improve the clarity, wording, and sequencing of questionnaire items before the main data collection process. This helped to reduce ambiguity and improve the overall consistency of the instrument. However, formal reliability testing using Cronbach's Alpha was not conducted. As a result, the internal consistency of the questionnaire was not statistically established. This limitation is acknowledged as a methodological one.

### **3.8.3 Pilot Testing**

Prior to the main data collection process, the questionnaire was pre-tested to assess its clarity, relevance, and suitability for the study. According to Saunders et al. (2019), pilot testing is an important stage in questionnaire design because it helps identify ambiguities, poorly worded questions, and potential response difficulties before full scale data collection. The pre-test involved 10 professionals with characteristics similar to those of the target respondents, including individuals involved in financial reporting, auditing, and corporate governance activities. Participants were requested to review the questionnaire and provide feedback regarding the clarity of questions, appropriateness of terminology, logical sequencing of items, and overall comprehensibility of the instrument. Based on the feedback received, minor revisions were made to improve the wording of selected questions, simplify technical expressions, and enhance the flow of the questionnaire. These modifications were intended to improve respondent understanding and reduce the likelihood of misinterpretation during the main data collection process.

Pre-testing is widely recognised as an important step in strengthening the quality of research instruments because it assists in identifying weaknesses that may affect data quality (Polit & Beck, 2021). Although the pilot exercise contributed to improving the questionnaire, formal reliability testing using Cronbach's Alpha was not conducted. This is acknowledged as a methodological limitation of the study. Nevertheless, the pre-test provided assurance that the questionnaire was understandable and appropriate for capturing respondents' perceptions

regarding corporate governance practices and IFRS compliance among publicly listed companies in Botswana.

### **3.8 Data Collection Procedures**

There are two main fundamental approaches that are used to collect data in research, and these are primary and secondary data collection

#### **3.7.1 Primary data**

The primary data for this study were collected using a structured questionnaire administered to professionals involved in financial reporting and corporate governance within companies listed on the Botswana Stock Exchange. These respondents included accountants, auditors, finance managers, and compliance officers with relevant knowledge of IFRS implementation and governance practices. The use of primary data was appropriate for this study as it enabled the collection of first hand, perception-based information directly from individuals engaged in governance and financial reporting processes. This approach aligns with the study's objective of examining how corporate governance influences IFRS compliance from the perspective of practitioners. A total of 315 questionnaires were distributed, and 252 valid responses were received and used for analysis. The primary data collected formed the basis for all statistical analyses conducted in the study.

#### **3.7.2 Secondary data**

In addition to primary data, secondary data were used to support the development of the study's theoretical and conceptual foundations. These data were obtained from existing literature, including academic journals, textbooks, regulatory reports, and prior empirical studies on corporate governance and IFRS compliance. Secondary sources also provided contextual information on financial reporting practices, governance structures, and regulatory frameworks relevant to Botswana. These materials were particularly useful in informing the literature review, conceptual framework, and interpretation of findings. However, secondary data were not used for empirical analysis in this study. The analysis was based solely on primary data collected through the questionnaire, ensuring consistency with the perception-based research design.

### **3.9 Data Analysis Procedures**

The data collected for this study were analysed using IBM SPSS Statistics. The analysis focused primarily on descriptive statistical techniques because the study was designed to examine respondents' perceptions regarding corporate governance practices and perceived IFRS compliance among publicly listed companies in Botswana.

Descriptive statistics were used to summarise and present the characteristics of the respondents and their views on the various aspects of corporate governance and IFRS compliance. These statistics included frequencies, percentages, tables, and graphical presentations. The use of descriptive statistics enabled the researcher to identify patterns and trends in respondents' perceptions regarding corporate governance mechanisms, regulatory effectiveness, internal controls, board oversight, audit committee functions, and factors influencing perceived IFRS compliance. Where appropriate, cross-tabulations were used to examine patterns of responses across different respondent categories such as position within the company, company sector, and organisational characteristics. These analyses provided additional insight into how perceptions differed among respondents from various organisational backgrounds.

The analysis was conducted at the individual respondent level because the questionnaire collected perceptions from employees and representatives of listed companies rather than independently verified company level corporate governance and IFRS compliance data. Consequently, the findings should be interpreted as reflecting respondents' perceptions rather than objective measures of actual governance quality or IFRS compliance. The study did not construct validated multi-item scales for corporate governance effectiveness or IFRS compliance. Therefore, inferential techniques requiring continuous or validated ordinal constructs, such as Pearson correlation analysis and multiple linear regression, were not considered appropriate for drawing conclusions regarding causal or predictive relationships. Similarly, the study does not claim to establish cause-and-effect relationships between corporate governance mechanisms and IFRS compliance. Prior to analysis, the data were screened for completeness, consistency, and accuracy. Responses were coded and entered into SPSS, where data cleaning procedures were undertaken to identify missing values, inconsistencies, and data entry errors.

## Model Specification

The model specification for this study is derived from the conceptual framework and the research objectives. The study examines respondents' perceptions regarding the influence of corporate governance mechanisms and external institutional and environmental factors on perceived IFRS compliance among publicly listed companies in Botswana.

The dependent variable is perceived IFRS compliance, while the explanatory variables comprise perceived corporate governance mechanisms and external institutional and environmental factors. The governance mechanisms include board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms, managerial ownership, and regulatory oversight. The external factors include regulatory pressure, foreign investment, international stakeholder expectations, globalisation, market competition, and economic conditions.

The conceptual relationship is specified as follows:

Perceived IFRS Compliance = f (Corporate Governance Mechanisms, Regulatory and Institutional Factors, External Environmental Factors)

More specifically:

$PIC = f (BI, BE, ACE, IC, IA, MO, RO, RF, FI, ISE, G, MC, EC)$

Where:

- PIC = Perceived IFRS Compliance
- BI = Board Independence
- BE = Board Expertise
- ACE = Audit Committee Effectiveness
- IC = Internal Controls
- IA = Internal Audit Mechanisms
- MO = Managerial Ownership
- RO = Regulatory Oversight
- RF = Regulatory Pressure
- FI = Foreign Investment
- ISE = International Stakeholder Expectations
- G = Globalisation
- MC = Market Competition
- EC = Economic Conditions

The model reflects the assumption that perceived IFRS compliance is associated with the effectiveness of internal corporate governance mechanisms and the influence of external

institutional and environmental conditions. The expected direction of these relationships is established through the a priori conditions presented in the conceptual framework.

Because the study relies predominantly on categorical and ordinal perception-based questionnaire responses rather than validated continuous scales, the model is used to specify the proposed relationships among the study variables rather than to claim a linear causal relationship. The empirical analysis therefore focuses on descriptive patterns, cross-tabulations, and appropriate association-based analysis consistent with the nature and level of measurement of the data. The model specification provides the analytical link between the conceptual framework, research objectives, hypotheses, questionnaire constructs, and the analysis presented in Chapter Four.

### **3.10 Ethical Considerations**

This study adhered to established ethical principles governing research involving human participants. Given that the research was based on a perception-based survey of professionals involved in financial reporting and corporate governance, particular attention was given to ensuring voluntary participation, informed consent, confidentiality, anonymity, and responsible data handling throughout the research process.

Prior to data collection, ethical clearance was obtained from the University of Lusaka Research Ethics Committee. The ethical clearance letter authorised the researcher to conduct the study in accordance with accepted ethical standards for academic research. In addition, permission to conduct the study was sought from relevant organisations and institutions where access to respondents was required. Participants were fully informed about the purpose of the study, the nature of their involvement, and their rights as respondents. This information was communicated through a participant information sheet accompanying the questionnaire. Informed consent was obtained from all participants before they took part in the study. Respondents were made aware that participation was entirely voluntary and that they could withdraw from the study at any stage without any negative consequences. No form of coercion, deception, or undue influence was used in the recruitment of participants.

Confidentiality and anonymity were strictly maintained throughout the research process. Respondents were not required to disclose personally identifiable information, and no individual participant or organisation is identified in the presentation of the findings. All responses were treated as confidential and used solely for academic purposes. Data collected

during the study were stored securely and protected from unauthorised access. Access to the data was restricted to the researcher and supervisory team where necessary. Given the professional nature of the respondents, particular care was taken to ensure that participation did not expose individuals to professional, reputational, or organisational risk. The questionnaire was designed to avoid intrusive or sensitive questions, and all findings are reported in aggregate form to ensure that individual responses cannot be linked to specific participants or companies.

The study also adhered to the principles of academic integrity. All sources of information were properly acknowledged through appropriate citation and referencing. Data were analysed and reported honestly and transparently, and no fabrication, falsification, manipulation, or misrepresentation of results occurred during the research process. Furthermore, the researcher complied with all applicable ethical requirements relating to voluntary participation, informed consent, confidentiality, anonymity, data protection, and responsible research conduct. These measures helped safeguard the rights and welfare of participants while enhancing the credibility, trustworthiness, and academic integrity of the study.

### **3.11 Chapter Summary**

This chapter outlined the research methodology adopted to examine respondents' perceptions of the impact of corporate governance practices and the perceived level IFRS compliance among publicly listed companies in Botswana. The chapter began by describing the research context, highlighting the regulatory and institutional environment within which financial reporting and corporate governance practices operate in Botswana. The study adopted a quantitative research approach using a structured questionnaire to collect data from professionals involved in financial reporting, auditing, and corporate governance activities within companies listed on the Botswana Stock Exchange (BSE).

The chapter further described the target population, sampling procedures, and data collection methods employed in the study. The unit of analysis was individual respondents, including accountants, finance managers, internal auditors, board members, audit committee members, and other professionals involved in governance and financial reporting processes. This approach enabled the study to capture informed perceptions regarding corporate governance practices, regulatory effectiveness, and IFRS compliance within listed companies. The chapter

also explained the development and administration of the questionnaire, as well as the procedures used to ensure the validity and reliability of the research instrument. Content validity was enhanced through an extensive review of the literature and expert evaluation of the questionnaire, while reliability was assessed through pilot testing and internal consistency measures. Ethical considerations, including ethical clearance, informed consent, confidentiality, anonymity, voluntary participation, and secure data management, were also discussed.

Regarding data analysis, the study primarily utilised descriptive statistical techniques, including frequencies, percentages, tables, and graphical presentations, to summarise and interpret respondents' views. Cross-tabulations were also used where appropriate to explore patterns within the data. Given the perception-based nature of the study and the absence of validated multi-item scales for measuring corporate governance effectiveness and IFRS compliance, the findings were interpreted as reflecting respondents' perceptions rather than objective measures of actual compliance or governance performance. Therefore, this chapter provided the methodological foundation for the study and demonstrated how data were collected, analysed, and interpreted in a manner consistent with the study objectives and research questions. The next chapter presents the results of the data analysis and discusses the findings in relation to the study objectives, research questions, and existing literature.

## **CHAPTER 4: DATA ANALYSIS AND FINDINGS**

### **4.1 Introduction**

This section presents an exploratory analysis of respondents' perceptions regarding corporate governance mechanisms, external institutional factors, and the perceived level of IFRS compliance among publicly listed companies in Botswana. The analysis focuses on identifying patterns, trends, and associations within the responses obtained from the questionnaire. It is important to note that the study adopted a perception-based approach and relied primarily on categorical and ordinal questionnaire items rather than validated multi-item measurement scales. Consequently, the variables examined do not constitute continuous latent constructs suitable for advanced parametric techniques such as multiple regression analysis or Pearson correlation. Furthermore, the questionnaire was designed to capture respondents' professional perceptions rather than objective measures of corporate governance effectiveness or actual levels of IFRS compliance.

In light of these methodological considerations, the findings presented in this chapter should be interpreted as descriptive and exploratory indicators of respondents' views regarding governance practices and IFRS compliance. The results provide valuable insights into how professionals involved in governance and financial reporting perceive the relationship between governance mechanisms, external institutional factors, and compliance with IFRS requirements within publicly listed companies in Botswana. The analysis therefore focuses on frequencies, percentages, cross-tabulations, and observed response patterns. Any associations identified should be interpreted cautiously as indicative relationships within the sample rather than evidence of causality or statistically generalisable effects.

### **4.2 Descriptive Analysis of Respondents and Organisational Characteristics**

This section presents a descriptive analysis of the demographic and organisational characteristics of the respondents who participated in the study. The purpose of the analysis is to provide contextual insight into the backgrounds, professional roles, and organisational environments of the respondents whose perceptions informed the study findings. Given the perception-based nature of the research, the descriptive analysis focuses primarily on respondent characteristics and their reported organisational contexts rather than objectively

verified firm level data. The information presented therefore reflects respondents reported organisational attributes and perceptions.

#### *4.2.1 Response Rate*

The data collection process yielded a total of 252 valid responses from the 315 questionnaires distributed, resulting in a response rate of approximately 80 percent. Respondents included individuals occupying various governance, management, and financial reporting roles such as Chief Financial Officers (CFOs), Chief Executive Officers (CEOs), board members, audit committee representatives, finance managers, and other professionals involved in corporate governance and financial reporting processes.

The relatively high response rate was achieved through a combination of direct engagement with respondents, follow-up communication, and institutional support during the data collection process. The response rate indicates substantial participation from professionals involved in governance and financial reporting activities within companies listed on the Botswana Stock Exchange. However, given the perception-based nature of the study and the diversity of respondents' professional backgrounds, the findings should be interpreted as reflecting aggregated professional perceptions rather than objective organisational measurements.

##### *4.2.1.1 Significance of the Response Rate*

*Table 4.1 Response Rate*

| <b>Category</b>          | <b>Value</b> |
|--------------------------|--------------|
| Targeted Respondents     | 315          |
| Completed Questionnaires | 252          |
| Response Rate (%)        | 80%          |

The response rate achieved in this study provided a substantial pool of responses for analysis and enhanced the breadth of professional perspectives captured in the research. According to Mugenda and Mugenda (2003), a response rate of 50 percent is considered adequate for analysis, 60 percent is regarded as good, while a response rate of 70 percent and above is considered very good for social science research. Therefore, the response rate obtained in this study was considered highly satisfactory and sufficient to support meaningful analysis of

respondents' perceptions regarding corporate governance mechanisms and IFRS compliance among publicly listed companies in Botswana.

The participation of respondents from different governance and financial reporting roles, including finance managers, accountants, internal auditors, audit committee members, and senior executives, contributed to a broader understanding of perceptions surrounding financial reporting practices within Botswana Stock Exchange listed companies. The relatively high response rate may be attributed to the relevance of IFRS compliance and corporate governance issues within Botswana's regulated financial reporting environment. Since the study adopted a perception-based research design, the high participation level also strengthened the diversity of professional opinions represented in the study, thereby improving the credibility and richness of the findings.

#### 4.2.2 Distribution of Respondents by Positions within the Company

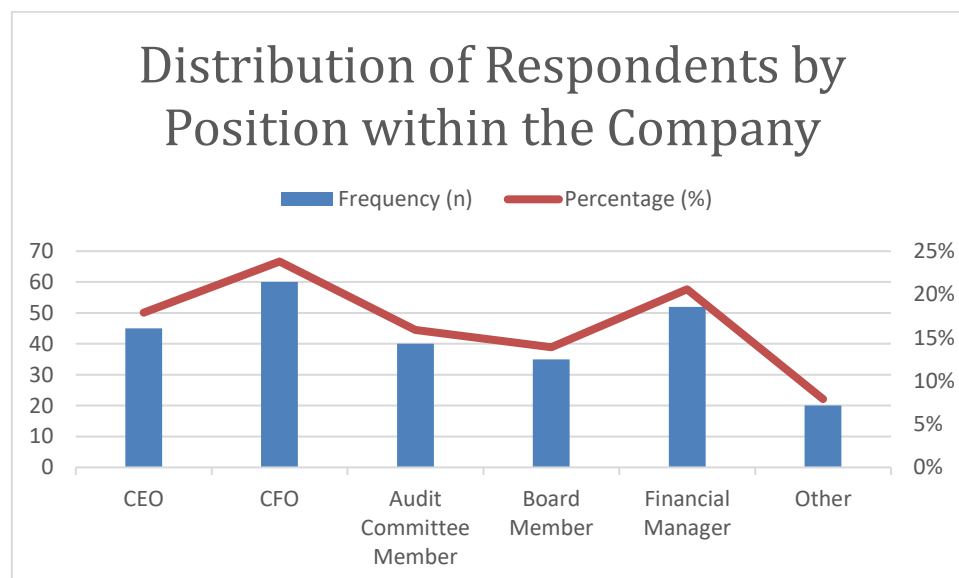


Figure 1 Distribution of Respondents by Positions within the Company

The distribution of respondents by position within their organisations, as presented in Figure 1 above, provides background information on the professional profiles of individuals whose perceptions informed this study. The respondents included Chief Financial Officers (23.8%), Financial Managers (20.6%), Chief Executive Officers (17.9%), Audit Committee Members (15.9%), Board Members (13.9%), and respondents classified under “Other” (7.9%).

The relatively high representation of Chief Financial Officers and Financial Managers suggests that a considerable proportion of participants were directly involved in financial reporting and IFRS related activities within their organisations. Such individuals are often directly engaged in financial reporting processes and governance practices within organisations (Houcine,

Zitouni & Srairi, 2022). In addition, the inclusion of Chief Executive Officers, Board Members, and Audit Committee Members provided broader governance and oversight perspectives relevant to corporate reporting practices. Prior literature highlights the importance of boards and audit committees in promoting accountability and financial reporting quality (Azzopardi, 2024). The participation of respondents from different organisational roles strengthened the study by capturing diverse perspectives regarding corporate governance and IFRS compliance. However, because respondents differed in their professional backgrounds and levels of technical accounting expertise, the findings reflected professional perceptions rather than specialised technical assessments of IFRS implementation.

#### 4.2.3 Distribution of Respondents by Company Sector

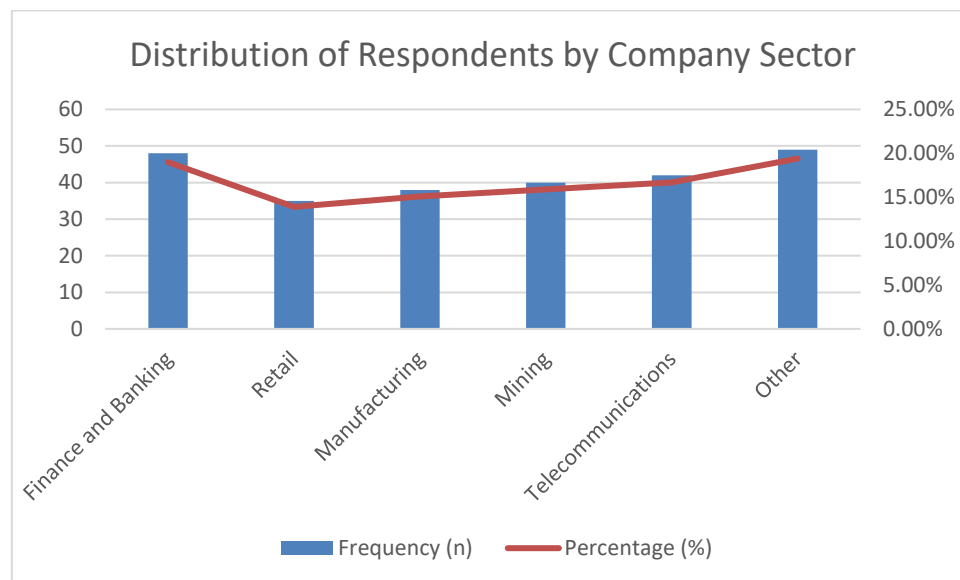


Figure 2 Distribution of Respondents by Company Sector

Figure 2 above presents the sectoral distribution of organisations reported by respondents participating in the study. It reflects representation across several sectors including Finance and Banking (19.0%), Mining (15.9%), Telecommunications (16.7%), Retail (13.9%), Manufacturing (15.1%), and Other sectors (19.4%). The sectoral diversity of respondents provides broader contextual coverage across industries operating within the Botswana economic environment. Different industries often experience varying financial reporting demands, governance structures, and regulatory expectations, which may influence organisational experiences and perceptions regarding IFRS implementation and compliance (Bhatti & Isayev, 2023; Gardi, Aga & Abdullah, 2023).

For example, sectors such as finance and banking typically operate within highly regulated environments and are often subject to increased scrutiny regarding financial reporting and disclosure requirements. Similarly, manufacturing and retail sectors may encounter industry specific reporting issues involving inventory valuation, revenue recognition, and lease accounting requirements under IFRS (Abdelqader, Darwish & Nimer, 2022). However, the information presented reflects respondents' perceptions on reported organisational contexts rather than independently verified company level data. Consequently, the sectoral distribution is contextual information supporting respondent perceptions rather than objective comparisons across organisations. The inclusion of respondents from multiple sectors broadens the range of perspectives captured in the study and supports a more comprehensive understanding of perceived relationships between corporate governance practices and IFRS compliance within listed organisations in Botswana.

#### 4.2.4 *Distribution of Respondents by Reported Years of Company Listing on the Botswana Stock Exchange*

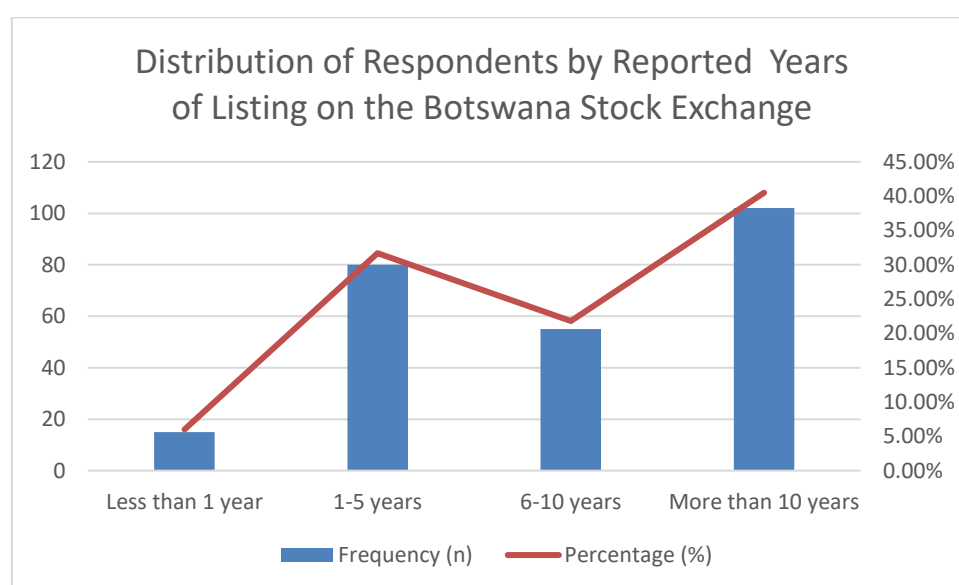


Figure 3 *Distribution of Respondents by Reported Years of Company Listing on the Botswana Stock Exchange*

The number of years organisations reported as being listed on the Botswana Stock Exchange (BSE), as presented in Figure 3, provides contextual information regarding the perceived organisational experience and maturity of respondents' organisations within the listed company environment. A substantial proportion of respondents indicated that their organisations had been listed for more than 10 years (40.5%), suggesting considerable representation from well-established listed entities. Longer periods of listing may be associated with greater exposure to regulatory requirements, governance expectations, and financial reporting obligations. Prior

literature suggests that more established listed organisations may develop more structured governance systems and reporting processes over time (Bhatti & Isayev, 2023; Gardi, Aga & Abdullah, 2023). Such organisations may therefore possess greater experience with financial reporting requirements and corporate governance practices.

The representation of organisations listed for 1–5 years (31.7%) and 6–10 years (21.8%) also captured perceptions from organisations at different stages of public market participation. In contrast, respondents from newly listed organisations (less than one year, 6.0%) may reflect experiences associated with relatively recent adaptation to reporting and governance requirements. However, it should be noted that these findings are based on respondents' perceptions on reported organisational characteristics rather than independently verified organisational records.

#### 4.2.5 Distribution of Respondents by Reported Company Employee Size

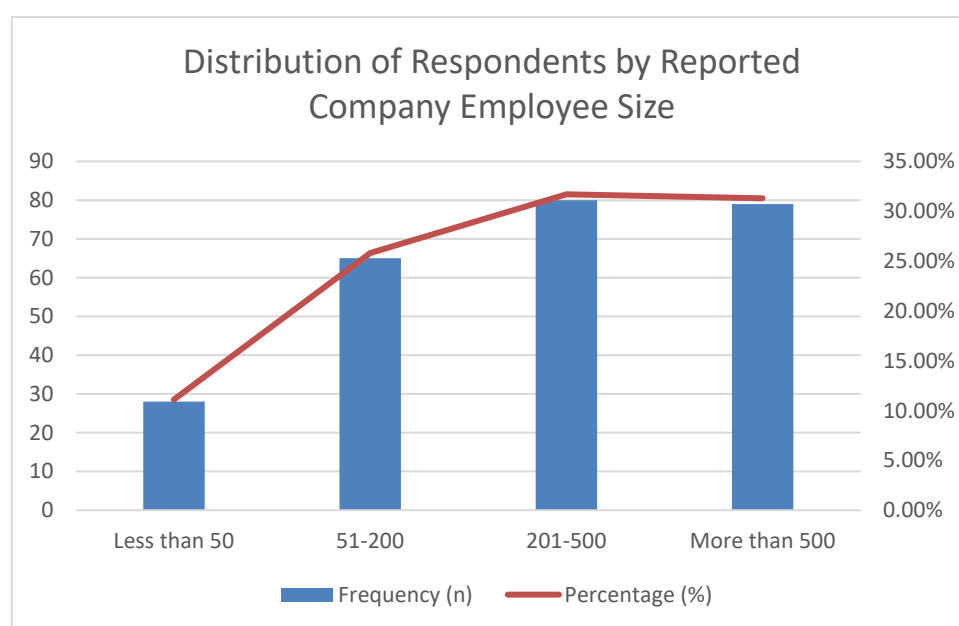


Figure 4 Distribution of Respondents by Reported Company Employee Size

Figure 4 above presents the distribution of respondents' organisations according to employee size categories, providing contextual information regarding the organisational environments from which respondent perceptions were obtained. A substantial proportion of respondents reported organisations employing between 201–500 employees (31.7%) and more than 500 employees (31.3%), suggesting considerable representation from medium and large-scale organisations. Previous studies suggest that larger organisations often possess more complex operational structures and may have greater access to resources supporting financial reporting and governance functions (Zabihollah et al., 2019; Bhatti & Isayev, 2023; Gardi, Aga &

Abdullah, 2023; Abdelqader, Darwish & Nimer, 2022). Greater organisational resources may facilitate investment in accounting systems, internal controls, and compliance activities.

Respondents from organisations employing between 51–200 employees (25.8%) also represented an important segment within the study. Organisations of different sizes may experience varying reporting demands, resource constraints, and governance structures that shape perceptions regarding IFRS implementation and compliance. However, the employee size information reflects respondents' perceptions on reported organisational contexts and was not independently verified through external company records. Therefore, the findings represent respondent perceptions rather than objective organisational classifications.

#### 4.2.6 Distribution of Respondents by Reported Company Annual Revenue

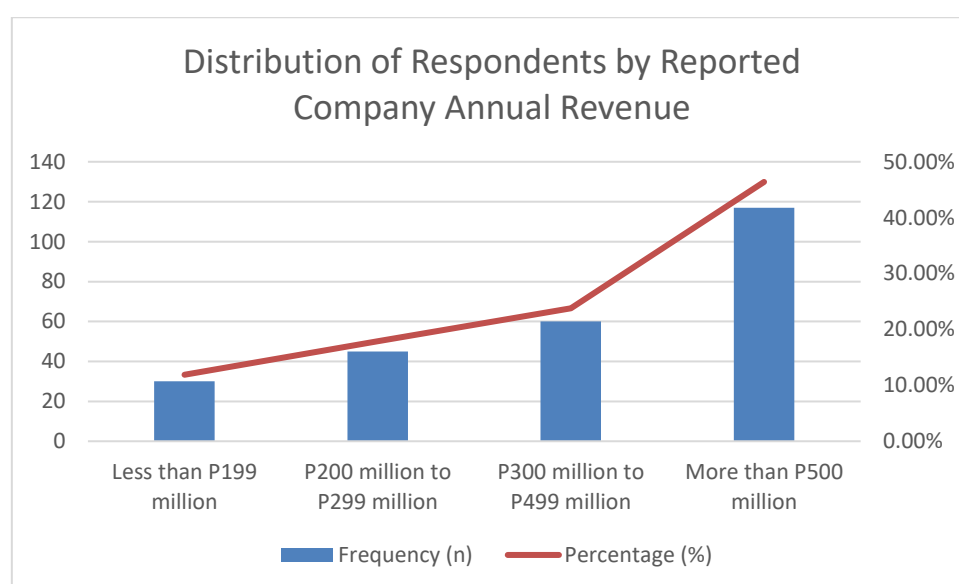


Figure 5 Distribution of Respondents by Reported Company Annual Revenue

Figure 5 presents the distribution of respondents' organisations according to annual revenue categories, providing contextual information regarding the financial scale of the organisational environments represented in the study. A substantial proportion of respondents indicated that their organisations generated annual revenues exceeding P500 million (46.4%), suggesting considerable representation from relatively large organisations operating within the Botswana Stock Exchange environment. Previous studies suggest that organisations with greater financial resources may possess increased capacity to support governance systems and financial reporting functions through investments in training, accounting systems, technological infrastructure, and specialised personnel (Yoon & Kim, 2019). Larger organisations may also experience greater stakeholder scrutiny and reporting expectations, which can influence perceptions regarding financial reporting and compliance practices.

Respondents from organisations with annual revenues ranging between P200 million and P499 million (41.7% combined) also constituted a significant proportion of the sample, while a smaller proportion (11.9%) reported revenues below P199 million. Variations in organisational size may shape experiences relating to resource availability and perceived challenges associated with governance and IFRS implementation. However, it is important to note that annual revenue information was based on respondents reported organisational characteristics. Consequently, the findings are interpreted as contextual information supporting respondent perceptions rather than objective measures of organisational financial capacity.

#### 4.2.7 Respondents' Perceptions of Key Challenges Affecting IFRS Compliance

This section presents an analysis of respondents' perceptions regarding IFRS compliance and the challenges associated with implementation and corporate governance practices. Given the perception-based nature of the study, the findings reflect respondents' experiences and assessments rather than independently verified organisational measures.

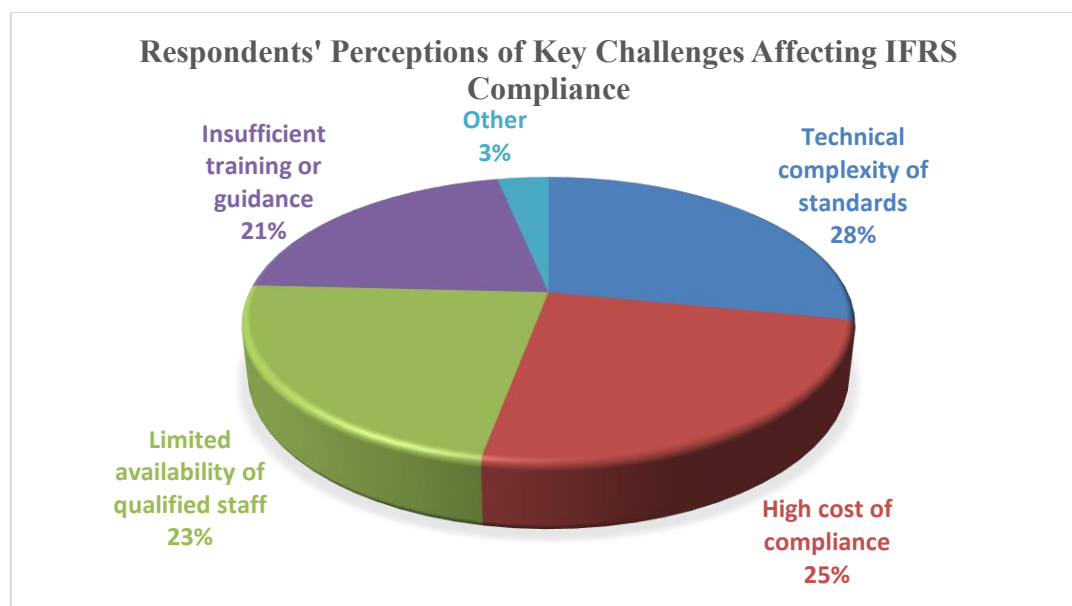


Figure 6 Respondents' Perceptions of Key Challenges Affecting IFRS Compliance

Figure 6 presents respondents' perceptions regarding the major challenges associated with IFRS compliance within their organisations. The most frequently reported challenge was the technical complexity of IFRS standards (28%), suggesting that respondents perceived the interpretation and application of accounting standards as a significant implementation difficulty. Prior literature consistently identifies technical complexity as a major challenge associated with IFRS implementation, particularly in developing and emerging economies (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022).

Although this study considered IFRS compliance broadly across reporting standards, respondents frequently highlighted challenges associated with more technically demanding standards such as IFRS 9, IFRS 15, IFRS 16, and IFRS 17, which served as illustrative proxies within the questionnaire due to their complexity and practical relevance. These standards typically require considerable professional judgment and specialised knowledge (Ajibade et al., 2022; Shoman, 2023).

The limited availability of qualified staff (23%) was also identified as a significant challenge, suggesting perceived constraints in technical expertise required to support effective IFRS implementation. Similarly, insufficient training or guidance (21%) indicates possible gaps in organisational support systems and professional development opportunities. These findings generally align with previous studies indicating that technical complexity, resource limitations, and expertise constraints remain important barriers affecting IFRS implementation and compliance within developing contexts (Almaqtari, Hashed & Shamim, 2021; Ajibade et al., 2022).

#### 4.2.8 Respondents' Perceptions of Corporate Governance Challenges Affecting IFRS Compliance

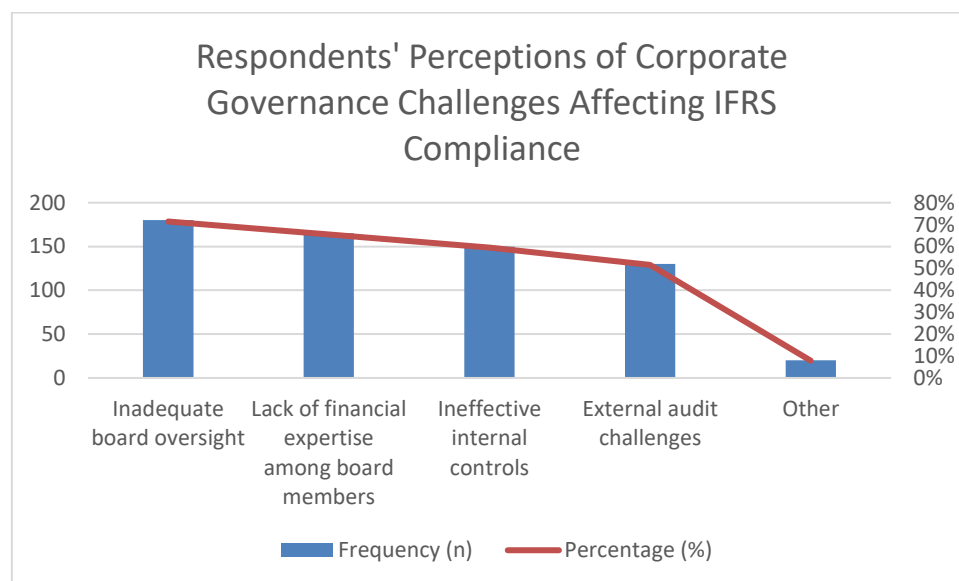


Figure 7 Respondents' Perceptions of Corporate Governance Challenges Affecting IFRS Compliance

Figure 7 presents respondents' perceptions regarding corporate governance related challenges affecting IFRS compliance within their organisations. A substantial proportion of respondents identified inadequate board oversight (71.4%) as a key challenge, suggesting concerns regarding the effectiveness of governance structures in supporting financial reporting and compliance processes. The board of directors is widely recognised as an important governance

mechanism responsible for monitoring management activities and promoting accountability in financial reporting processes (Ajibade et al., 2022; Shoman, 2023). Consequently, perceived weaknesses in board oversight may influence how governance effectiveness is viewed within organisations. The lack of financial expertise among board members (65.5%) was also frequently identified. Previous studies suggest that financial literacy and accounting expertise among board members can strengthen oversight quality and improve governance effectiveness, particularly in relation to complex reporting requirements (Houcine, Zitouni & Srairi, 2022). Similarly, ineffective internal controls (59.5%) were identified as a significant concern, supporting literature that emphasises the importance of internal control systems in promoting reporting quality and compliance processes (Azzopardi, 2024). External audit challenges (51.6%) were also identified by respondents, suggesting perceived limitations relating to audit effectiveness or support processes. Collectively, these findings indicate that respondents viewed governance related factors as important considerations influencing IFRS implementation and compliance practices. These findings were based on respondent perceptions and therefore were reflecting professional assessments of governance challenges rather than objectively verified organisational weaknesses.

#### 4.2.9 Respondents' Self-Reported Levels of IFRS Compliance

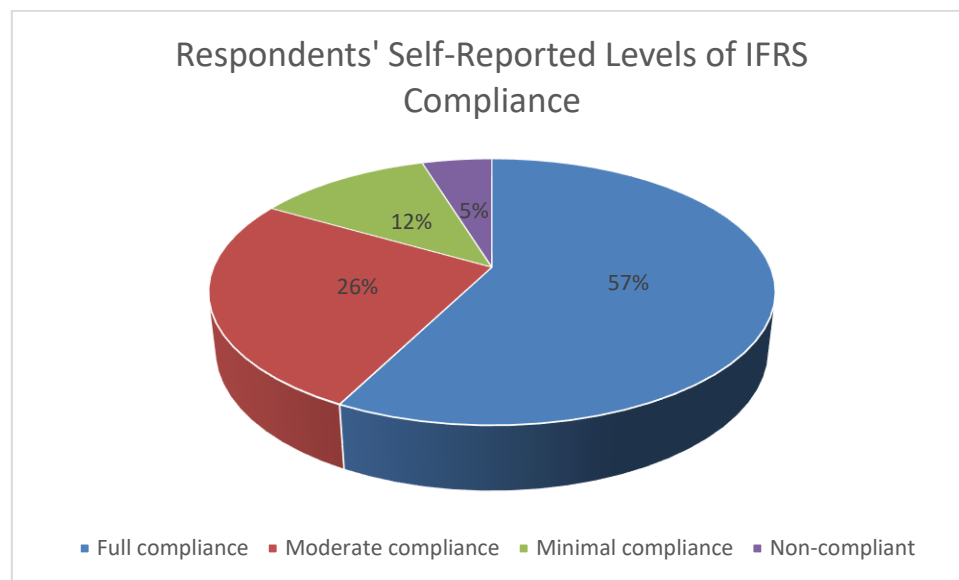


Figure 8 Respondents' Self-Reported Levels of IFRS Compliance

Figure 8 presents respondents' self-reported perceptions regarding the level of IFRS compliance within their organisations. A majority of respondents reported perceived full compliance (57%), while others indicated moderate compliance (26%), minimal compliance (12%), and non-compliance (5%). These findings suggest variations in respondents' perceptions regarding the extent of IFRS implementation across organisational settings. The

findings therefore represent respondents' professional assessments regarding the perceived extent of compliance within their organisations. The distribution of responses indicating moderate, minimal, and non-compliance may suggest that respondents perceive ongoing challenges associated with IFRS implementation. Such perceptions may potentially reflect issues relating to technical complexity, governance structures, resource constraints, and implementation challenges identified in earlier sections (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022).

Furthermore, because the questionnaire examined overall perceptions of IFRS compliance while using IFRS 9, IFRS 15, IFRS 16, and IFRS 17 as illustrative proxy standards, the findings were interpreted within the broader context of perceived IFRS implementation rather than compliance with specific individual standards. The findings provide useful contextual insight into how respondents perceive compliance practices within listed organisations and establish a basis for subsequent analysis of relationships between governance variables and perceived IFRS compliance.

#### 4.2.10 Respondents' Perceptions of IFRS Standards Most Challenging to Implement

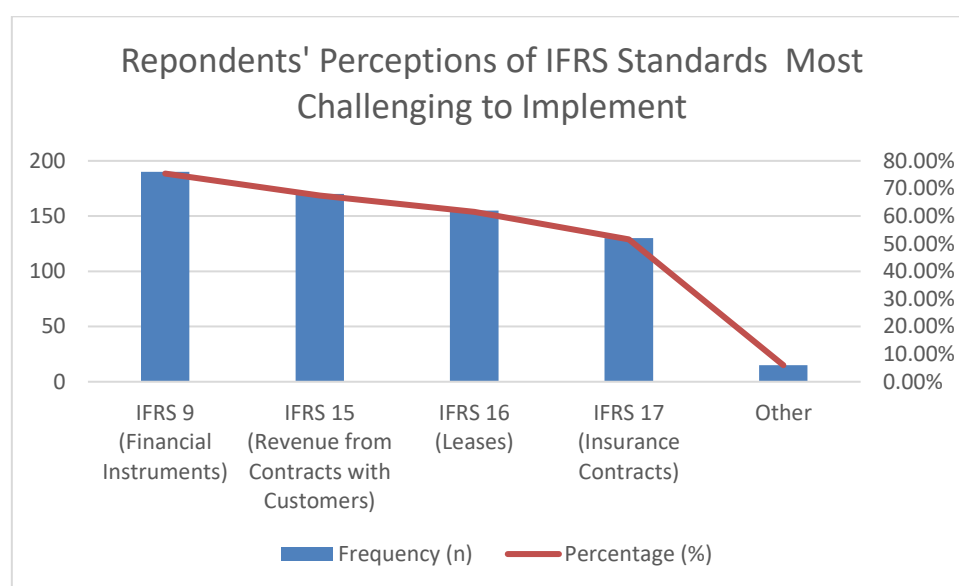


Figure 9 Respondents' Perceptions of IFRS Standards Most Challenging to Implement

Figure 9 above presents respondents' perceptions regarding the IFRS standards considered most difficult to implement within their organisations. Although the study examined overall IFRS compliance, selected standards namely IFRS 9, IFRS 15, IFRS 16, and IFRS 17 were included in the questionnaire as illustrative proxy standards because of their complexity, widespread application, and relevance within financial reporting practice.

Among the standards presented, IFRS 9 (Financial Instruments) was identified most frequently (75.4%) as challenging. Prior literature indicates that IFRS 9 introduced substantial changes in the accounting treatment of financial instruments, particularly relating to classification and measurement requirements, expected credit loss models, and hedge accounting procedures (Ajibade et al., 2022; Shoman, 2023). These requirements often involve significant professional judgment and technical expertise.

IFRS 15 (Revenue from Contracts with Customers) was also frequently identified by respondents (67.5%). Previous studies suggest that the principles-based nature of IFRS 15 requires organisations to identify performance obligations, allocate transaction values, and determine timing of revenue recognition, processes that may involve considerable interpretation and judgment (Ajibade et al., 2022; Shoman, 2023). Similarly, IFRS 16 (Leases) was identified by 61.5% of respondents as challenging. Existing literature notes that the introduction of right-of-use assets and lease liability recognition requirements significantly altered lease accounting practices and created implementation difficulties for many organisations. IFRS 17 (Insurance Contracts) was identified by 51.6% of respondents. Although the standard is more industry-specific, previous studies suggest that its measurement and reporting requirements introduced substantial complexity for affected organisations.

These findings reflect respondents' perceptions regarding implementation challenges rather than objective assessments of actual compliance performance. Collectively, the findings provide insight into areas where respondents perceived greater implementation difficulties and may indicate standards requiring additional technical support and training.

#### 4.2.11 Respondents' Reported Frequency of External Audits Related to IFRS Compliance

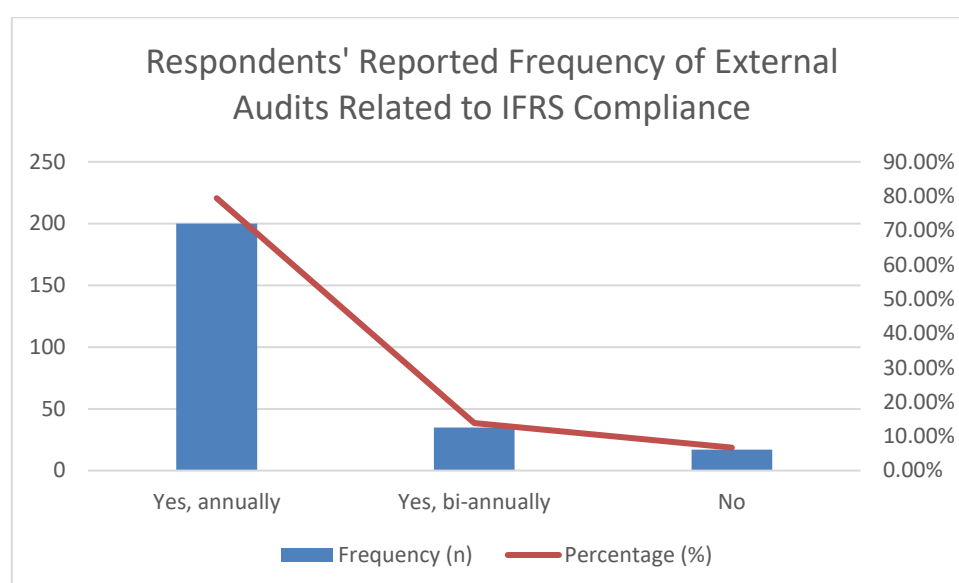


Figure 10 Respondents' Reported Frequency of External Audits Related to IFRS Compliance

Figure 10 presents respondents' perceptions regarding the frequency with which their organisations undergo external audits for purposes associated with financial reporting and IFRS compliance verification. The findings indicate that a substantial proportion of respondents (79.4%) reported annual external audits within their organisations. This finding generally aligns with reporting practices commonly associated with publicly listed entities, where external audits serve as an important governance mechanism supporting financial reporting quality and accountability (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). External audits are widely recognised in the literature as mechanisms that provide independent assessment of financial reporting processes and contribute to stakeholder confidence in financial disclosures. Consequently, regular audit processes may influence perceptions regarding the reliability and quality of financial reporting practices. A smaller proportion of respondents (13.9%) indicated that their organisations undergo external audits on a bi-annual basis, while 6.7% reported that external audits were not undertaken specifically for IFRS compliance verification purposes. These findings suggest variation in respondents' experiences regarding audit practices across organisational contexts.

However, because these findings are based on respondent perceptions rather than independently verified organisational records, they are reflecting perceptions regarding audit practices rather than objective assessments of audit frequency or effectiveness. Furthermore, the findings do not necessarily imply differences in actual compliance levels but instead provide contextual insight into governance practices reported by respondents. The findings highlight the perceived importance of external audit processes within financial reporting

environments and provide contextual support for subsequent examination of relationships between governance mechanisms and perceived IFRS compliance.

#### 4.2.12 Respondents' Perceptions of Primary Reasons for IFRS Non-Compliance

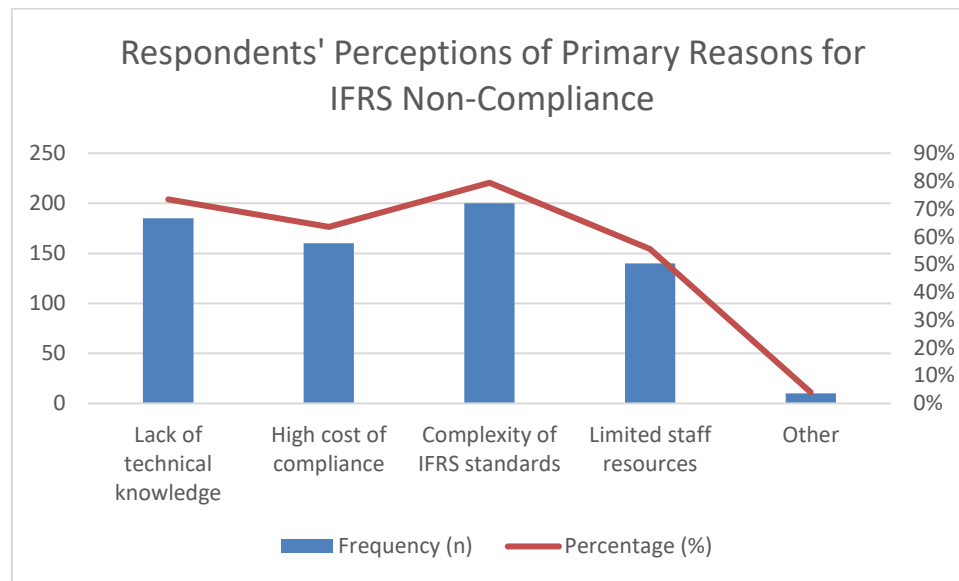


Figure 11 Respondents' Perceptions of Primary Reasons for IFRS Non-Compliance

Figure 11 presents respondents' perceptions regarding the primary reasons associated with non-compliance with IFRS within their organisational environments. The findings indicate that lack of technical knowledge (73.4%) was the most frequently identified factor, followed by high cost of compliance (63.5%) and limited staff resources (55.6%). The prominence of technical knowledge limitations suggests that respondents perceived IFRS implementation as requiring specialised accounting expertise and a thorough understanding of often complex reporting requirements. Prior studies indicate that effective application of IFRS frequently depends on technical competencies and professional expertise, particularly within environments where accounting standards require substantial professional judgment (Bechihi & Nafti, 2025; Sassi & Damak-Ayadi, 2023). In developing contexts, limited access to specialised IFRS training and experienced professionals has been identified as a recurring implementation challenge. The high cost of compliance was also frequently identified by respondents. Existing literature suggests that IFRS implementation may involve substantial investments relating to accounting systems, staff training, technological infrastructure, and external advisory support. Such costs may create implementation challenges, particularly within organisations operating under resource constraints.

Similarly, limited staff resources (55.6%) emerged as another commonly perceived challenge. Previous studies suggest that organisations with constrained staffing capacity may encounter

difficulties allocating sufficient time and expertise to financial reporting and compliance activities, potentially influencing perceptions regarding implementation effectiveness. The “Other” category (4.0%) suggests the presence of additional contextual factors that may not have been fully captured within the structured questionnaire items. However, because these findings are based on respondents’ perceptions, they are professional perceptions regarding possible factors influencing compliance rather than independently verified causes of non-compliance. These findings support prior literature indicating that technical capability, organisational resources, and implementation costs remain important considerations influencing IFRS implementation within emerging market contexts.

#### 4.2.13 Respondents’ Perceptions of the Most Difficult Aspects of IFRS 9 Compliance

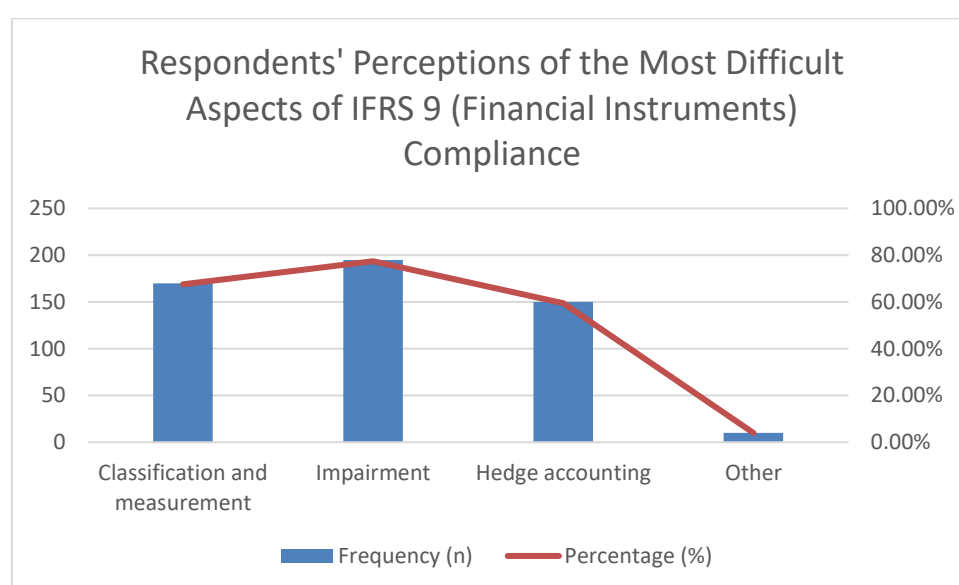


Figure 12 Respondents’ Perceptions of the Most Difficult Aspects of IFRS 9 Compliance

Figure 12 above presents respondents’ perceptions regarding the aspects of IFRS 9 (Financial Instruments) considered most difficult to implement within their organisational contexts. As previously indicated, IFRS 9 was included as one of several illustrative proxy standards because of its complexity and practical significance within broader IFRS implementation. Among the dimensions examined, impairment (77.4%) was most frequently identified as challenging. Previous literature indicates that IFRS 9 introduced a forward-looking expected credit loss (ECL) model requiring considerable judgment, forecasting assumptions, and analytical processes (Gardi, Aga & Abdullah, 2023; Bhatti & Isayev, 2023). The transition from earlier accounting approaches often requires substantial technical expertise and data related capabilities.

Classification and measurement (67.5%) were also frequently identified by respondents. Existing literature suggests that the principles-based nature of IFRS 9 requires assessment of business models and contractual cash flow characteristics, processes that may involve significant interpretation and judgment. Similarly, hedge accounting (59.5%) emerged as another area perceived as difficult. Prior studies indicate that hedge accounting requirements often involve complex documentation procedures and technical criteria that require specialised expertise and monitoring systems. The “Other” category (4.0%) suggests the possibility of additional implementation concerns associated with specific organisational contexts or industry circumstances. However, these findings reflect respondents’ perceptions regarding implementation difficulties rather than independently verified measures of actual compliance performance. The findings also provide insight into areas where respondents perceived greater technical complexity and implementation challenges associated with IFRS 9.

#### 4.2.14 Respondents’ Perceptions of Issues Encountered in Applying IFRS 15

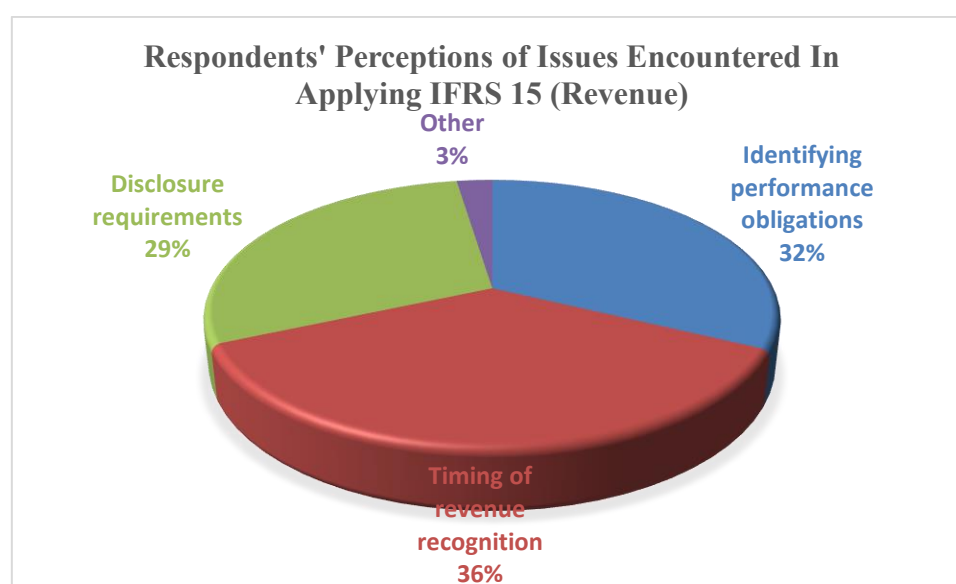


Figure 13 Respondents’ Perceptions of Issues Encountered in Applying IFRS 15

Figure 13 presents respondents’ perceptions regarding issues encountered during the application of IFRS 15 (Revenue from Contracts with Customers). Similar to IFRS 9, IFRS 15 was examined as an illustrative proxy standard because of its widespread use and recognised implementation complexity. The timing of revenue recognition (36%) emerged as the most frequently identified challenge. Previous studies indicate that IFRS 15 introduced a principles-based approach requiring organisations to determine when control over goods or services transfers to customers, an assessment often requiring considerable professional judgment (Zabihollah et al., 2019; Gardi, Aga & Abdullah, 2023; Bhatti & Isayev, 2023). Identifying performance obligations (32%) was also frequently identified by respondents. Literature

suggests that identifying distinct contractual obligations can become increasingly complex in arrangements involving bundled products, multiple services, or complex contractual structures. Disclosure requirements (29%) were similarly identified as challenging. Prior research suggests that IFRS 15 introduced extensive disclosure obligations requiring organisations to provide more detailed reporting regarding revenue sources, timing, uncertainties, and contractual arrangements. The “Other” category (3%) suggests the existence of additional context-specific implementation issues that may not have been fully captured through structured questionnaire responses. However, because these findings were based on respondents’ perceptions, they reflect perceived implementation challenges rather than objective assessments of actual IFRS performance. These findings suggest that respondents viewed judgment intensive aspects of IFRS 15 as particularly challenging and may indicate areas requiring additional support and technical guidance.

#### 4.2.15 Respondents’ Perceptions of Challenges in Implementing IFRS 16 (Leases)

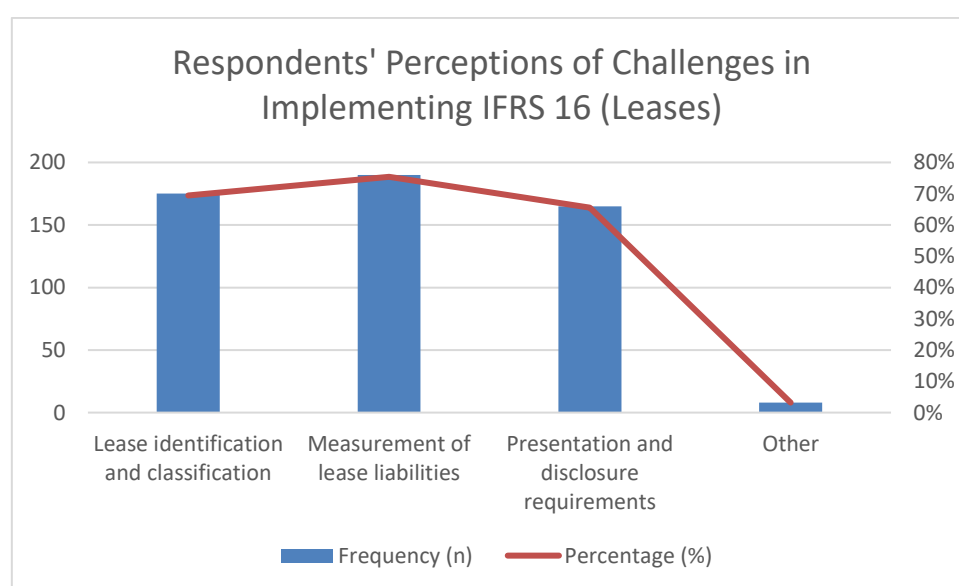


Figure 14 Respondents’ Perceptions of Challenges in Implementing IFRS 16 (Leases)

Figure 14 presents respondents’ perceptions regarding the primary challenges associated with implementing IFRS 16 (Leases) within their organisational settings. As previously indicated, IFRS 16 was included among the selected proxy standards because of its recognised complexity and practical relevance in examining broader IFRS implementation issues.

The most frequently identified challenge was the measurement of lease liabilities (75%). IFRS 16 introduced substantial changes to lease accounting by requiring organisations to recognise right-of-use assets together with corresponding lease liabilities for most lease arrangements. The determination of lease liabilities often requires calculations involving present value

techniques, discount rates, lease terms, and assumptions regarding extension or termination options, processes that frequently require considerable professional judgment and technical expertise (Ajibade et al., 2022; Shoman, 2023). Consequently, respondents may perceive such requirements as difficult to implement within practice.

Lease identification and classification (69.4%) also emerged as a significant challenge. Existing literature suggests that identifying whether contractual arrangements contain lease components can become difficult, particularly where lease arrangements are embedded within broader contractual agreements or where contractual terms require extensive interpretation (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). Presentation and disclosure requirements (65.5%) were similarly identified by respondents as challenging. Prior studies indicate that IFRS 16 introduced expanded disclosure requirements and revised reporting obligations that often require organisations to redesign reporting systems, collect additional information, and modify financial statement presentation approaches (Bhatti & Isayev, 2023; Gardi, Aga & Abdullah, 2023). The “Other” category (3.2%) suggests the existence of additional context-specific implementation challenges that may not have been fully captured through structured questionnaire items. These findings are based on respondents’ perceptions, they reflect perceived implementation difficulties rather than independently verified measures of actual organisational compliance performance. In a nutshell, the findings suggest that respondents perceived technically demanding and judgment intensive aspects of IFRS 16 as significant implementation challenges. These findings are broadly consistent with previous studies identifying complexity and technical capacity as important determinants influencing IFRS implementation in emerging economies (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021).

#### *4.2.16 Respondents’ Perceptions of Difficulties in Complying with IFRS 17 (Insurance Contracts)*

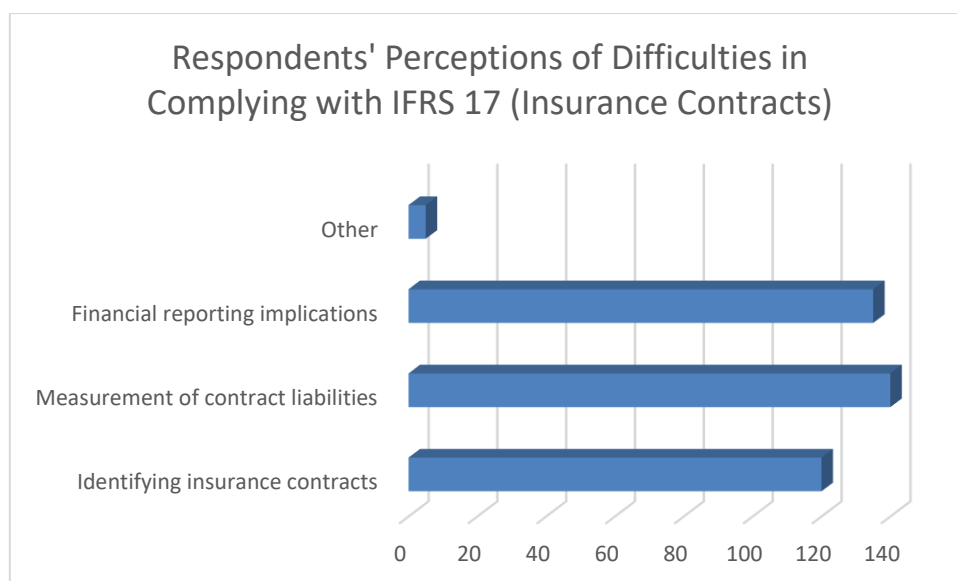


*Figure 15 Respondents' Perceptions of Difficulties in Complying with IFRS 17 (Insurance Contracts)*

Figure 15 presents respondents' perceptions regarding difficulties associated with implementing IFRS 17 (Insurance Contracts). IFRS 17 was included among the selected proxy standards due to its recognised complexity and practical significance in understanding broader IFRS implementation challenges. The findings therefore reflect respondents' professional perceptions regarding implementation experiences where applicable.

The most frequently identified difficulty was the measurement of contract liabilities (55.6%). IFRS 17 introduced substantial changes in insurance accounting by requiring entities to estimate future cash flows, apply present value calculations, and incorporate risk adjustments in measuring insurance obligations. Such requirements often involve sophisticated modelling approaches and considerable professional judgment (Ajibade et al., 2022; Shoman, 2023). Consequently, respondents may perceive these requirements as technically demanding and difficult to implement. Financial reporting implications (53.6%) also emerged as a significant challenge. Previous studies indicate that IFRS 17 introduced substantial changes to the recognition and presentation of insurance-related revenues and expenses, requiring modifications to accounting systems, reporting procedures, and financial statement presentation formats (Bhatti & Isayev, 2023; Gardi, Aga & Abdullah, 2023). Such changes may create implementation challenges, particularly where specialised expertise or technological resources are limited.

Similarly, identifying insurance contracts (47.6%) was identified as another challenge. Existing literature suggests that determining whether contractual arrangements fall within the scope of IFRS 17 may require interpretive judgment, particularly where insurance elements are

embedded within broader contractual agreements (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). The “Other” category (2.0%) suggests the existence of additional implementation challenges that may not have been fully captured by the structured questionnaire items. These findings were based on respondents’ perceptions, and they are interpreted as perceived implementation difficulties rather than independently verified indicators of actual organisational compliance performance. So, the findings suggest that respondents perceived measurement and reporting requirements associated with IFRS 17 as technically demanding. These findings broadly align with previous studies identifying complexity and technical capacity constraints as recurring challenges in implementing newer IFRS standards within emerging economies (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021).

#### 4.2.17 Respondents’ Perceptions on the Presence of Independent Audit Committees

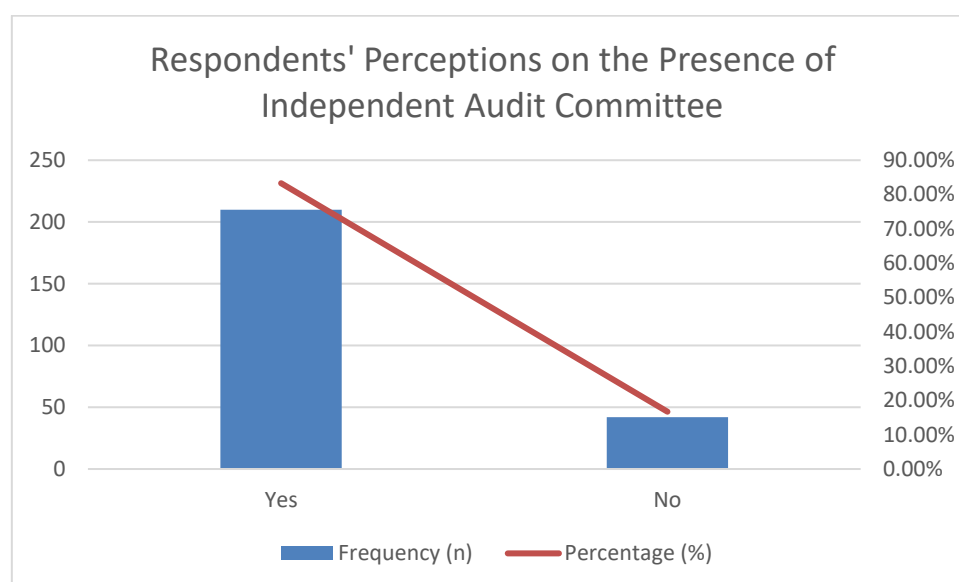


Figure 16 Respondents’ Perceptions on the Presence of Independent Audit Committees

Figure 16 presents respondents’ perceptions regarding the presence of independent audit committees within their organisations. The findings indicate that 83.3% of respondents reported that their organisations had independent audit committees, while 16.7% indicated otherwise.

The existence of an independent audit committee is widely recognised in corporate governance literature as an important mechanism for strengthening financial oversight and enhancing accountability within organisations (Gardi, Aga & Abdullah, 2023; Bhatti & Isayev, 2023). Audit committees are generally expected to provide oversight over financial reporting processes, internal controls, and interactions with external auditors. Previous studies further

suggest that audit committee independence contributes to improved monitoring effectiveness and greater confidence in financial reporting quality (Houcine, Zitouni & Srairi, 2022).

The relatively high proportion of respondents indicating the existence of independent audit committees may suggest a broader perception that governance structures supporting financial oversight are present within listed organisations. However, these findings reflect respondent perceptions rather than independently verified organisational governance data.

Furthermore, the presence of an audit committee does not necessarily indicate its effectiveness in practice. Existing literature suggests that the contribution of audit committees to financial reporting quality may depend on several factors, including expertise, independence, meeting frequency, and oversight capacity (Ajibade et al., 2022; Azzopardi, 2024).

Therefore, within the context of this study, these findings provide descriptive insight into respondents' perceptions regarding governance structures rather than objective assessments of organisational governance effectiveness.

#### 4.2.18 Respondents' Reported Frequency of Audit Committee Meetings

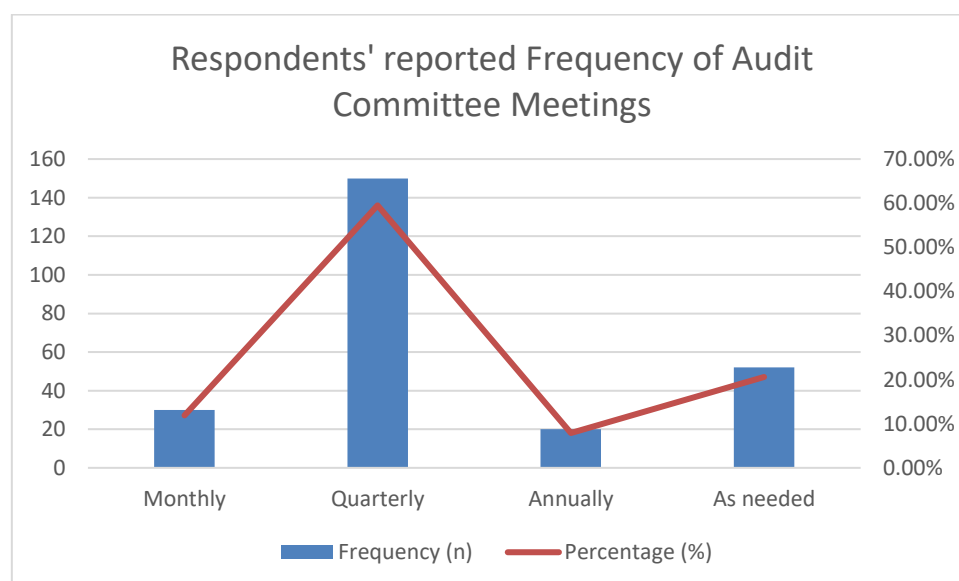


Figure 17 Respondents' Reported Frequency of Audit Committee Meetings

Figure 17 presents respondents' perceptions regarding the frequency with which audit committees meet within their organisations. Quarterly meetings represented the most frequently perceived category (59.5%), followed by meetings held as needed (20.6%), monthly meetings (11.9%), and annual meetings (7.9%).

Corporate governance literature frequently identifies audit committee activity as an important indicator of oversight engagement and governance effectiveness. Regular meetings provide

opportunities for reviewing financial reporting issues, discussing internal control matters, and interacting with management and external auditors regarding compliance and reporting concerns (Gardi, Aga & Abdullah, 2023; Bhatti & Isayev, 2023).

The relatively high proportion of respondents perceiving quarterly meetings may suggest that structured oversight processes are viewed as existing within many organisations. Prior studies indicate that more frequent audit committee engagement may facilitate closer monitoring of financial reporting practices and governance issues (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022).

However, the findings should not be interpreted as independently verified indicators of organisational governance quality. The responses reflect individual perceptions and experiences. Furthermore, meeting frequency alone may not fully capture audit committee effectiveness, as factors such as financial expertise, independence, agenda quality, and participation levels may also influence oversight outcomes (Ajibade et al., 2022).

Accordingly, these findings are interpreted as descriptive indicators providing contextual insight into perceptions regarding governance processes within organisations.

#### *4.2.19 Respondents' Reports on the Presence of Separate Financial Reporting Units for IFRS*

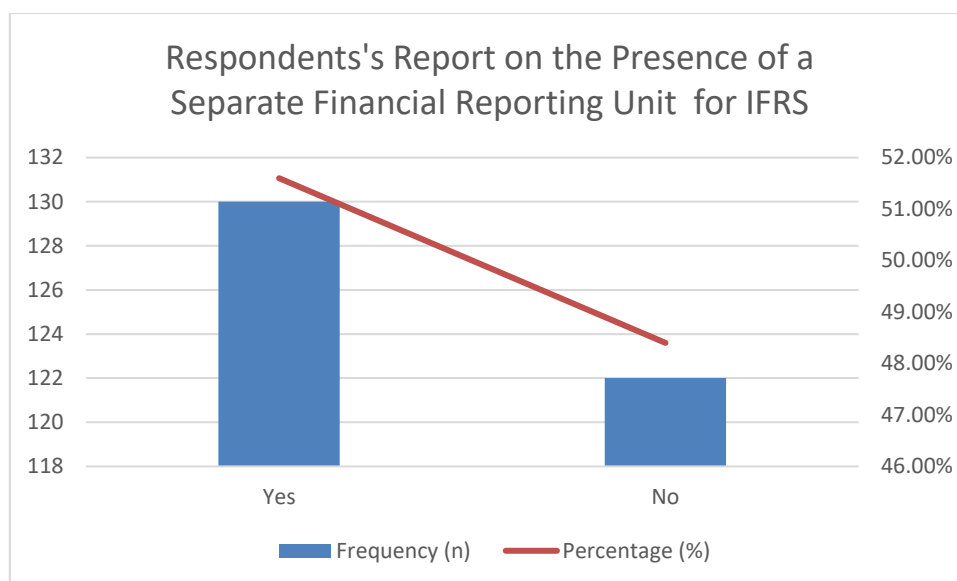


Figure 18 Respondents' Reports on the Presence of Separate Financial Reporting Units for IFRS

Figure 18 presents respondents' perceptions regarding the existence of separate financial reporting units dedicated to IFRS compliance within their organisations. The findings indicate that 51.6% of respondents perceived that their organisations had established dedicated financial reporting units, while 48.4% indicated the absence of such structures.

The establishment of specialised financial reporting units is frequently associated with enhanced capacity for managing complex financial reporting requirements and ensuring consistency in the application of accounting standards. Prior literature suggests that organisations with dedicated reporting structures may possess stronger technical capabilities, improved monitoring processes, and greater institutional capacity to support financial reporting quality (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). Such units may facilitate the interpretation of accounting standards, support implementation processes, and coordinate responses to changes in financial reporting requirements.

The relatively balanced distribution observed in Figure 18 suggests variation in organisational approaches toward managing IFRS related responsibilities. In some organisations, financial reporting responsibilities may be incorporated within broader accounting or finance functions rather than assigned to specialised units. Existing studies indicate that organisational structure and resource availability may influence the manner in which reporting functions are organised (Shoman, 2023; Azzopardi, 2024).

However, these findings represent respondents' perceptions rather than independently verified organisational structures. Furthermore, the existence of a separate reporting unit does not necessarily indicate higher levels of effectiveness or compliance, as successful implementation

may also depend on factors such as staff expertise, organisational resources, and governance support mechanisms.

Accordingly, the findings provide descriptive insight into perceived organisational arrangements supporting IFRS related activities rather than objective evidence of institutional reporting capacity.

#### 4.2.20 Respondents' Perceptions of Board Effectiveness in Ensuring IFRS Compliance

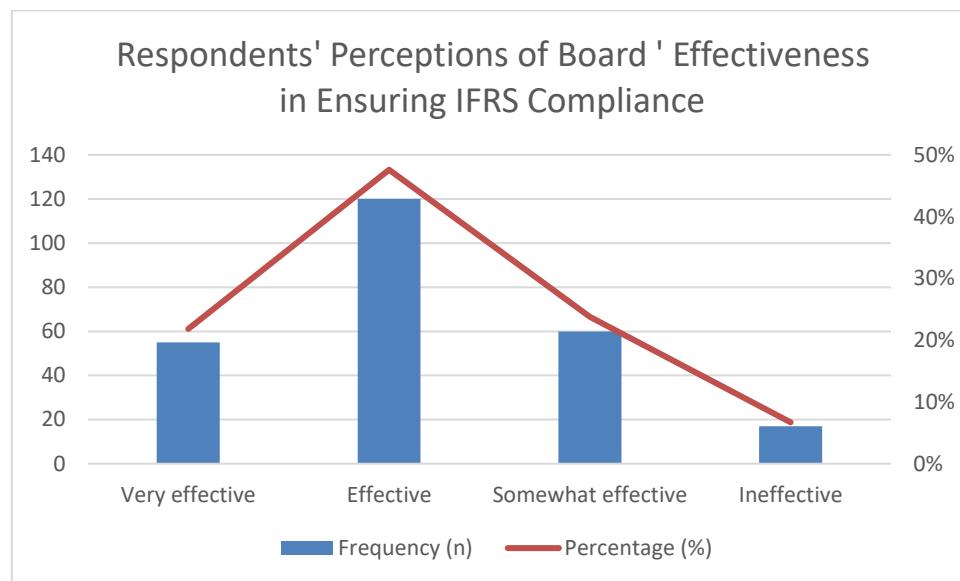


Figure 19 Respondents' Perceptions of Board Effectiveness in Ensuring IFRS Compliance

Figure 19 presents respondents' perceptions regarding the effectiveness of boards of directors in ensuring IFRS compliance within their organisations. The findings indicate that 47.6% of respondents perceived their boards as "Effective," while 21.8% rated them as "Very effective." In contrast, 23.8% viewed boards as "Somewhat effective," and 6.7% perceived boards as "Ineffective."

Corporate governance literature identifies boards of directors as important oversight mechanisms responsible for monitoring management activities, strengthening accountability, and supporting financial reporting quality (Bechihi & Nafti, 2025; Sassi & Damak-Ayadi, 2023). Effective board oversight has been associated with improved transparency and stronger financial reporting practices because boards play a central role in ensuring that organisations establish appropriate monitoring and control systems (Ajibade et al., 2022).

The relatively high proportion of respondents perceiving boards as effective may suggest broader confidence in governance oversight structures within listed organisations. Previous studies similarly report that stronger governance arrangements may contribute positively to

financial reporting processes and compliance outcomes (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022).

The ratings reflect individual assessments rather than independently validated measures of board performance. Additionally, board effectiveness extends beyond general oversight and may depend on several dimensions including expertise, independence, board composition, and the quality of governance processes (Gardi, Aga & Abdullah, 2023).

Therefore, these findings provide contextual understanding regarding respondents' perceptions of governance effectiveness rather than objective measures of board performance.

#### 4.2.21 Respondents' Perceptions of the Influence of Corporate Governance on IFRS Compliance

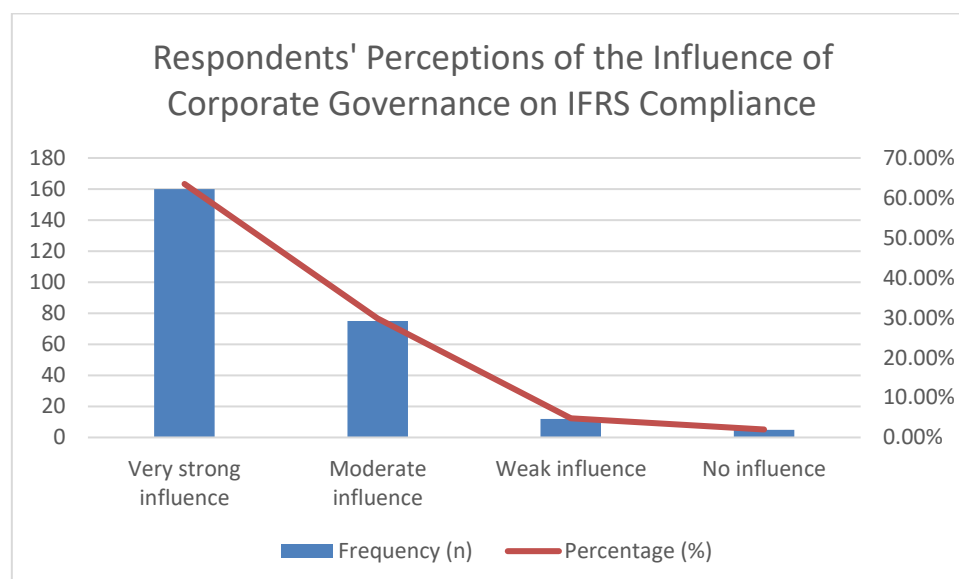


Figure 20 Respondents' Perceptions of the Influence of Corporate Governance on IFRS Compliance

Figure 20 presents respondents' perceptions regarding the extent to which corporate governance practices influence IFRS compliance within their organisations. The findings indicate that a majority of respondents perceived corporate governance to have either a "Very strong influence" (63.5%) or a "Moderate influence" (29.8%) on IFRS compliance. Smaller proportions perceived governance as having a "Weak influence" (4.8%) or "No influence" (2.0%).

The findings suggest that respondents generally perceive corporate governance structures and processes as important factors influencing financial reporting practices and compliance behaviour. Corporate governance literature frequently highlights the role of oversight mechanisms such as boards of directors, audit committees, and internal control systems in promoting accountability, strengthening monitoring processes, and improving reporting quality

(Ajibade et al., 2022; Shoman, 2023). Similarly, agency theory proposes that governance mechanisms function as monitoring devices intended to reduce information asymmetry and align managerial actions with broader stakeholder interests (Jensen & Meckling, 1976).

The high proportion of respondents perceiving governance as influential may indicate broader recognition of the relationship between governance structures and financial reporting outcomes. Previous empirical studies have similarly reported positive associations between governance quality and compliance related practices in financial reporting environments (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022).

The results represent respondents' subjective assessments and perceptions rather than objective measures of governance effectiveness or independently verified compliance outcomes. Consequently, the findings should be viewed as indicative of perceived relationships rather than evidence of direct causal effects.

#### 4.2.22 Corporate Governance Aspects Perceived to Most Strongly Influence IFRS Compliance

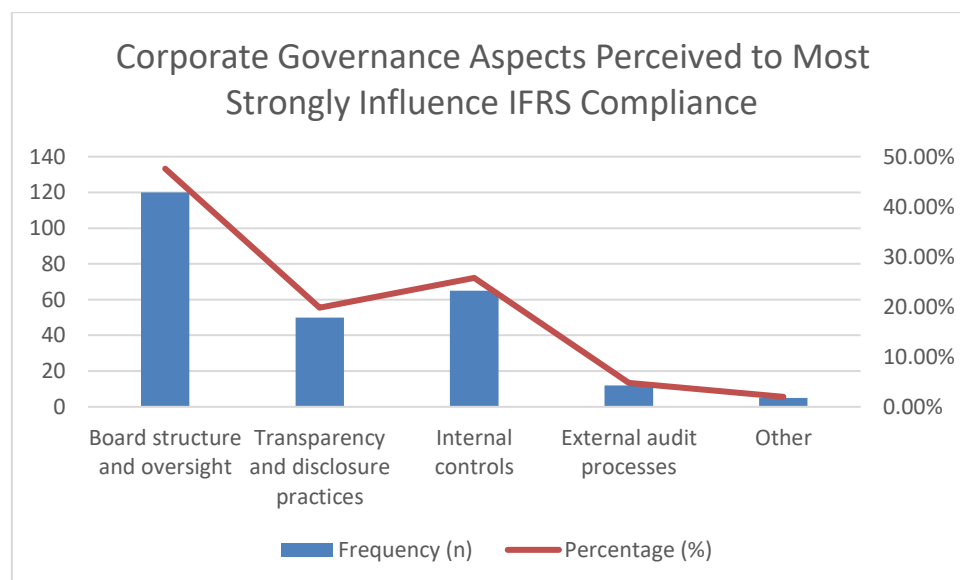


Figure 21 Corporate Governance Aspects Perceived to Most Strongly Influence IFRS Compliance

Figure 21 presents respondents' perceptions regarding the aspect of corporate governance believed to exert the strongest influence on IFRS compliance. The findings indicate that "Board structure and oversight" was identified most frequently (47.6%), followed by "Internal controls" (25.8%), "Transparency and disclosure practices" (19.8%), "External audit processes" (4.8%), and "Other" responses (2.0%).

The prominence of board structure and oversight may reflect respondents' perceptions regarding the central role of boards in monitoring organisational activities and providing

strategic guidance concerning financial reporting processes. Existing governance literature identifies board oversight as an important mechanism for strengthening accountability and enhancing reporting quality (Bechihi & Nafti, 2025; Sassi & Damak-Ayadi, 2023). Boards are often viewed as responsible for establishing governance priorities and promoting organisational commitment toward regulatory and reporting requirements.

Internal controls also emerged as an important perceived influence on compliance practices. Effective control systems assist organisations in strengthening monitoring procedures, reducing reporting errors, and supporting the reliability of financial information (Gardi, Aga & Abdullah, 2023). Likewise, transparency and disclosure practices have been associated with improved reporting environments and stronger accountability structures (Almaqtari, Hashed & Shamim, 2021). Nevertheless, these findings reflect respondents' perceptions rather than objectively validated governance determinants. Different respondents may assign varying levels of importance to governance dimensions depending on their professional roles, organisational experiences, and institutional contexts. Therefore, the findings provide contextual insight into how governance mechanisms are perceived to influence IFRS compliance within listed organisations rather than definitive evidence regarding the relative effectiveness of specific governance structures.

#### *4.2.23 Respondents' Perceptions of Corporate Governance Factors Influencing IFRS Adherence*

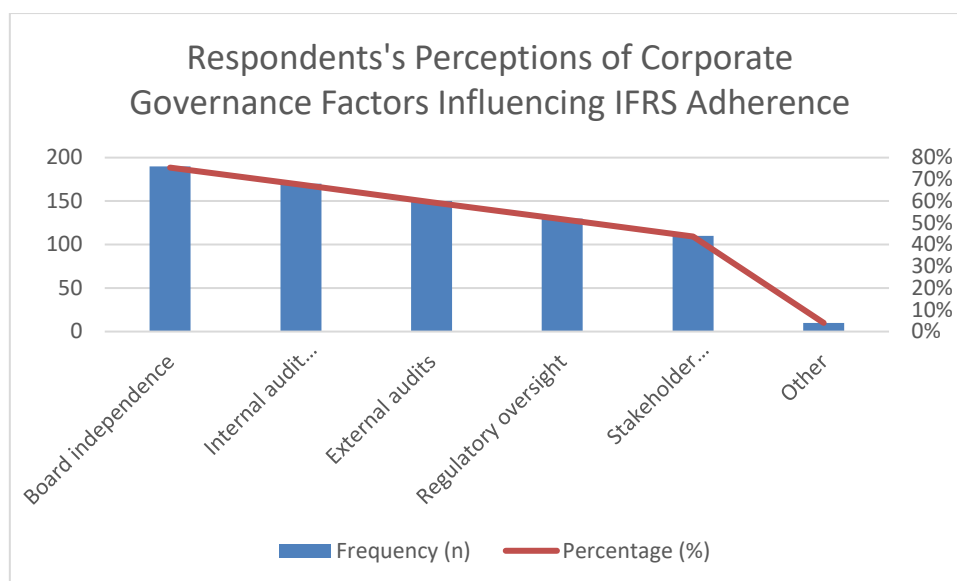


Figure 22 Respondents' Perceptions of Corporate Governance Factors Influencing IFRS Adherence

Figure 22 presents respondents' perceptions regarding the corporate governance factors believed to influence adherence to IFRS requirements within their organisations. The findings indicate that board independence (75.4%) was most frequently identified as an important predictor of IFRS adherence. Previous studies suggest that independent boards are generally associated with stronger oversight functions, improved monitoring of management activities, and enhanced financial reporting quality (Ajibade et al., 2022; Shoman, 2023; Houcine, Zitouni & Srairi, 2022). Independent directors may contribute to increased accountability and may strengthen governance processes that support financial reporting practices.

The internal audit function (67.5%) was also frequently identified by respondents as an important governance factor associated with IFRS adherence. Existing literature emphasises the role of internal audit in strengthening internal control systems, monitoring compliance processes, and providing assurance regarding the reliability of financial reporting systems (Gardi, Aga & Abdullah, 2023; Bhatti & Isayev, 2023). Respondents therefore appear to perceive internal audit mechanisms as contributing positively to compliance environments.

Similarly, external audits (59.5%) and regulatory oversight (51.6%) were identified as influential factors. Prior studies suggest that external monitoring and regulatory supervision can increase accountability pressures and encourage adherence to reporting requirements (Almaqtari, Hashed & Shamim, 2021; Abdelqader, Darwish & Nimer, 2022). Stakeholder engagement (43.7%) was also perceived as influential, potentially reflecting beliefs that investor expectations and external pressures may shape financial reporting practices.

These findings represents respondents' perceptions regarding governance factors associated with IFRS adherence rather than objective predictors measured through independently validated organisational data.

#### 4.2.24 Respondents' Perceptions Regarding the Impact of Managerial Ownership on IFRS Compliance

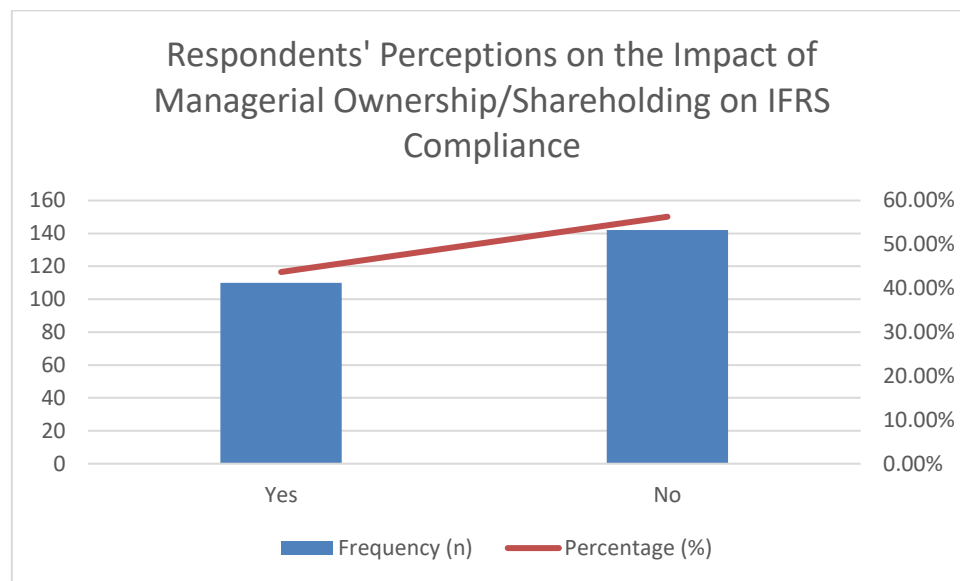


Figure 23 Respondents' Perceptions on the Impact of Managerial Ownership/Shareholding on IFRS Compliance

Figure 23 presents respondents' perceptions concerning whether managerial ownership or shareholding influences IFRS compliance within their organisations. The results indicate that 56.3% of respondents believed managerial ownership does not significantly influence IFRS compliance, while 43.7% perceived that such ownership structures may influence compliance practices.

The mixed perceptions observed among respondents may reflect the complex relationship between ownership structures and financial reporting behaviour. Existing literature presents varying perspectives regarding managerial ownership and reporting outcomes. Some studies argue that managerial ownership may align managerial interests with shareholder objectives and potentially improve transparency and reporting quality (Ajibade et al., 2022; Shoman, 2023). Other studies suggest that high managerial ownership may increase managerial influence and reduce external monitoring pressures, thereby creating circumstances that could affect accountability processes (Bhatti & Isayev, 2023; Gardi, Aga & Abdullah, 2023).

The variation in responses suggests that respondents perceive managerial ownership effects differently across organisational contexts. However, these findings are not evidence of a direct

causal relationship between managerial ownership and IFRS compliance. Rather, they reflect respondents' views regarding the perceived influence of ownership structures on financial reporting practices within their organisations.

#### 4.2.25 Respondents' Perceptions on the Influence of Board Size on IFRS Compliance

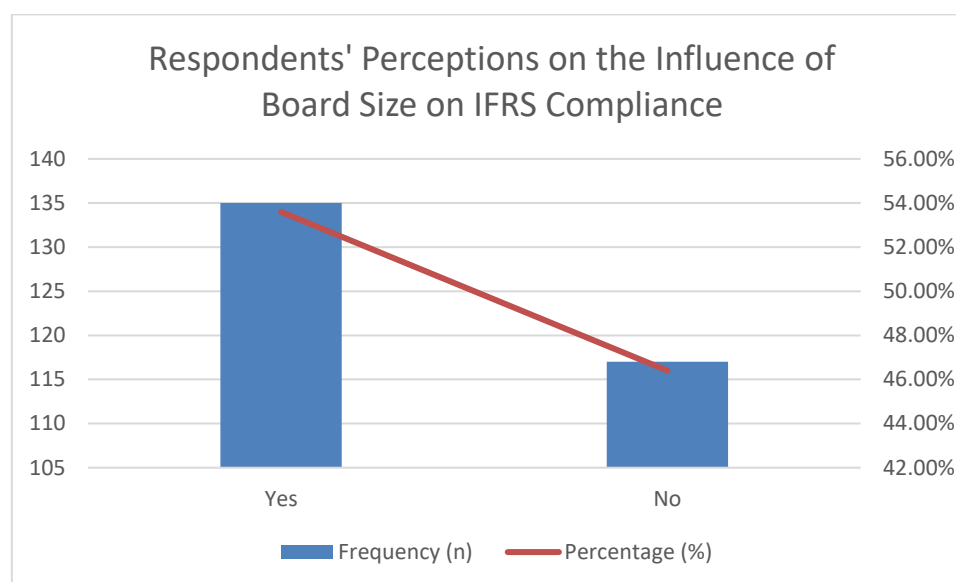


Figure 24 Respondents' Perceptions on the Influence of Board Size on IFRS Compliance

Figure 24 presents respondents' perceptions regarding whether board size influences IFRS compliance within their organisations. The findings indicate that 53.6% of respondents perceived board size as influencing IFRS compliance, while 46.4% believed it had no influence. The relatively balanced responses suggest differing perceptions regarding the role of board size in supporting financial reporting practices and governance effectiveness.

Prior literature presents mixed findings regarding the relationship between board size and financial reporting quality. Some studies suggest that larger boards may enhance governance effectiveness by bringing diverse expertise, broader professional experience, and increased oversight capacity, which may strengthen monitoring of financial reporting practices and improve adherence to accounting standards (Yoon & Kim, 2019; Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). Larger boards may also facilitate the establishment of specialised committees that support oversight of financial reporting activities. Conversely, previous studies also argue that excessively large boards may experience coordination challenges, reduced efficiency, and slower decision making processes, which can weaken oversight effectiveness (Almaqtari, Hashed & Shamim, 2021). Smaller boards may

promote faster decision making and greater interaction among members but may lack the breadth of expertise necessary to oversee complex reporting issues. The variation in responses suggests that perceptions regarding board size and IFRS compliance may depend on organisational context, governance structures, and the complexity of reporting environments. The findings reflect respondents' perceptions rather than objectively verified governance measures, so these are views regarding the perceived importance of board size rather than empirical evidence of its direct effect on IFRS compliance.

#### 4.2.26 Respondents' Perceptions on the Extent to Which Internal Controls Predict Adherence to IFRS

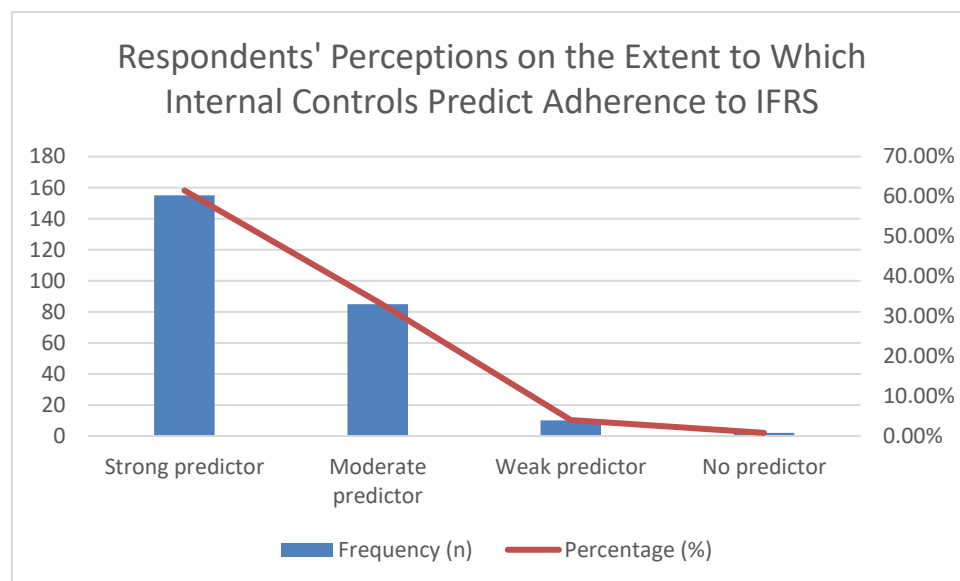


Figure 25 Respondents' Perceptions on the Extent to Which Internal Controls Predict Adherence to IFRS

The diagram above presents respondents' perceptions regarding the extent to which internal controls influence adherence to IFRS within their organisations. The findings indicate that most respondents viewed internal controls as important contributors to IFRS adherence, with 61.5% identifying internal controls as a strong predictor, while 33.7% perceived them as a moderate predictor.

These findings suggest that respondents generally perceive internal control systems as central governance mechanisms supporting financial reporting quality and regulatory compliance. Existing literature similarly identifies effective internal controls as important components of financial governance because they assist in promoting reliability, accountability, and consistency in reporting practices (Zabihollah et al., 2019; Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). Strong internal controls may support the prevention

and detection of reporting errors and contribute to more effective implementation of financial reporting standards.

The findings are also consistent with broader corporate governance literature, which views internal controls as important mechanisms for strengthening accountability and reducing reporting risks (Gardi, Aga & Abdullah, 2023; Bhatti & Isayev, 2023). Respondents may therefore perceive organisations with stronger control environments as being better positioned to support IFRS implementation processes. These findings reflect professional perceptions regarding the importance of internal control mechanisms in supporting financial reporting and IFRS adherence.

#### 4.2.27 Respondents' Perceptions of Audit Committee Composition Aspects Affecting IFRS Compliance

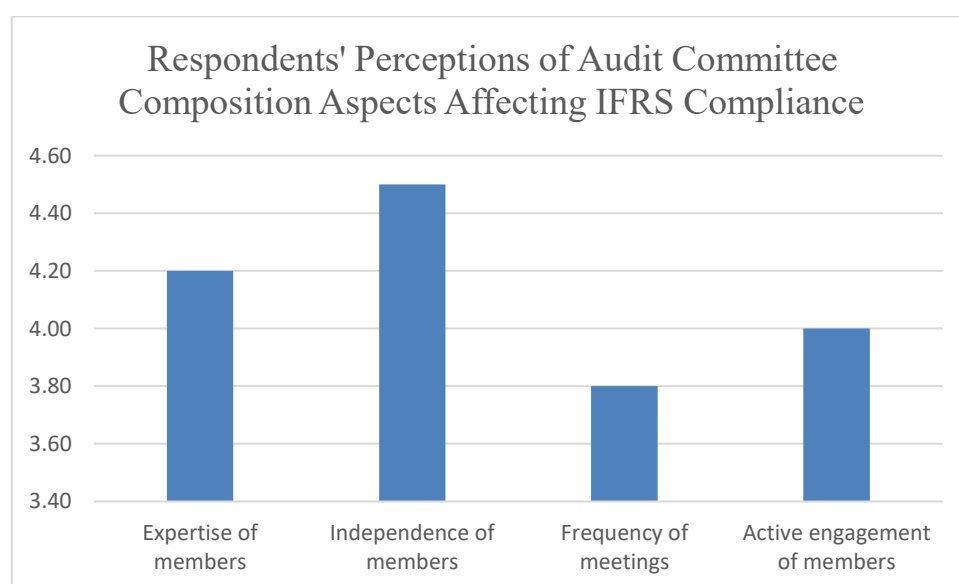


Figure 26 Respondents' Perceptions of Audit Committee Composition Aspects Affecting IFRS Compliance

Figure 26 above presents respondents' perceptions regarding the relative importance of different aspects of audit committee composition in supporting IFRS compliance within the companies they represent. Independence of members recorded the highest perceived importance rating (mean = 4.5), followed by expertise of members (mean = 4.2), active engagement of members (mean = 4.0), and frequency of meetings (mean = 3.8).

The high rating attributed to the independence of audit committee members suggests that respondents generally perceived independence as an important element in strengthening oversight of financial reporting processes. Prior literature similarly identifies audit committee independence as an important governance mechanism associated with enhanced monitoring and improved financial reporting quality (Xie et al., 2003). Independent members are often

considered better positioned to provide objective oversight and reduce the potential influence of management in financial reporting decisions.

Similarly, respondents assigned relatively high importance to audit committee expertise. Existing studies suggest that members possessing accounting and financial knowledge may contribute to more effective oversight of financial reporting activities and improved understanding of complex accounting standards (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). Given the technical nature of IFRS requirements, respondents may perceive financial expertise as enhancing the audit committee's capacity to support sound reporting practices and governance processes.

Active engagement of audit committee members also received a relatively strong rating, suggesting that respondents viewed meaningful participation and involvement as important aspects of governance oversight. Previous literature argues that audit committee effectiveness extends beyond formal structures and includes active participation, critical review, and monitoring activities that may strengthen accountability and reporting quality (Gardi, Aga & Abdullah, 2023).

Although the frequency of meetings received a comparatively lower rating than the other factors, respondents still considered it relevant to governance effectiveness. Prior studies suggest that regular audit committee meetings may strengthen oversight processes by creating opportunities to review and discuss financial reporting matters and compliance-related issues (Bhatti & Isayev, 2023). However, the findings may also indicate that respondents perceived the quality and expertise of committee members as more important than the number of meetings held.

#### 4.2.25 Respondents' Perceptions on the Effectiveness of Current Regulations in Promoting IFRS Compliance

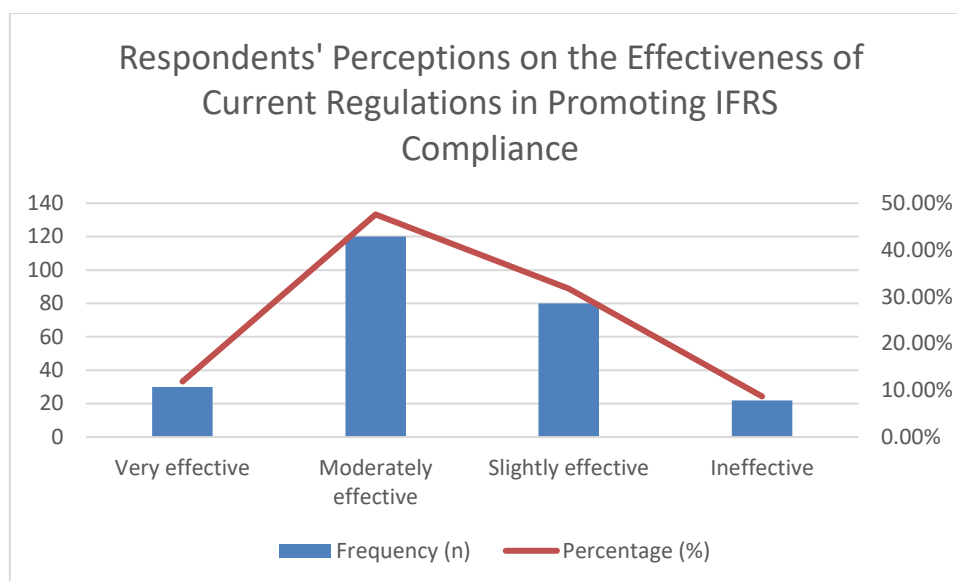


*Figure 27 Respondents' Perceptions on the Effectiveness of Current Regulations in Promoting IFRS Compliance*

Figure 27 presents respondents' perceptions regarding the effectiveness of current regulations in Botswana, including Botswana Stock Exchange requirements and related regulatory frameworks, in promoting IFRS compliance. The findings indicate mixed perceptions. While 47.6% of respondents perceived current regulations as moderately effective, 31.7% viewed them as slightly effective, 11.9% considered them very effective, and 8.7% perceived them as ineffective.

The findings suggest varying perceptions regarding the adequacy of the existing regulatory environment in supporting financial reporting practices and IFRS implementation. Regulatory frameworks are generally viewed as important mechanisms for promoting accountability, standardisation, and reporting consistency (Bechihi & Nafti, 2025; Sassi & Damak-Ayadi, 2023). Effective regulation may contribute to stronger compliance cultures by establishing reporting expectations and governance requirements.

The moderate perceptions observed in this study may suggest that respondents recognise the presence of regulatory structures while simultaneously perceiving potential limitations in their implementation or practical effectiveness. Previous studies have highlighted that the effectiveness of financial reporting regulations may depend not only on the existence of rules but also on monitoring mechanisms, enforcement practices, and institutional support structures (Shoman, 2023; Almaqtari, Hashed & Shamim, 2021).

The proportion of respondents who viewed regulations as only slightly effective or ineffective may reflect perceptions regarding implementation challenges, regulatory complexity, or practical constraints within the reporting environment. Such perceptions do not necessarily

indicate regulatory failure but may suggest areas where respondents perceive opportunities for strengthening support mechanisms for IFRS implementation.

#### 4.2.28 Respondents' Perceptions of Challenges in Complying with Corporate Governance Regulations

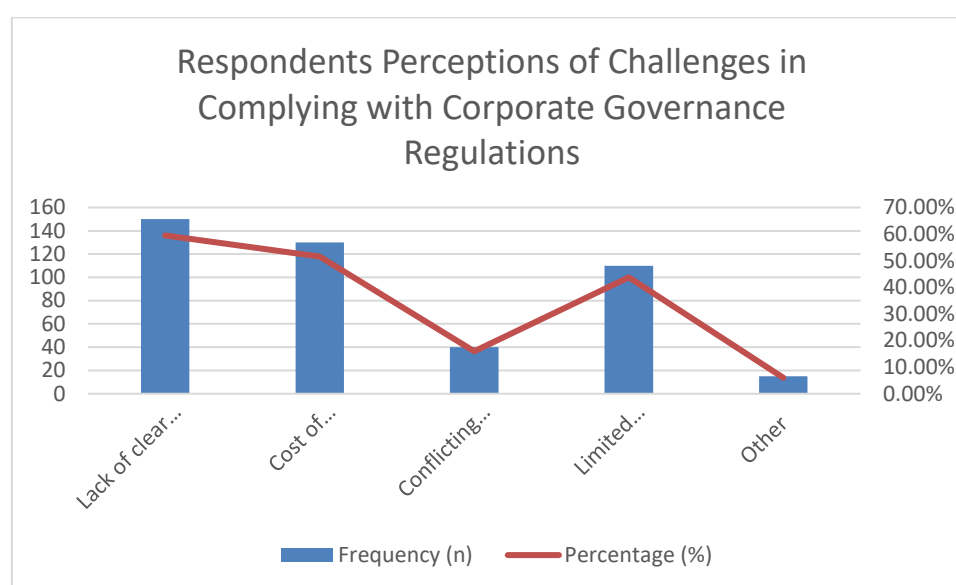


Figure 28 Respondents' Perceptions of Challenges in Complying with Corporate Governance Regulations

Figure 28 presents respondents' perceptions regarding challenges experienced in complying with corporate governance regulations within publicly listed organisations in Botswana. The findings indicate that the most frequently perceived challenge was the lack of clear guidelines (59.5%), followed by the cost of implementation (51.6%), limited enforcement of regulations (43.7%), and conflicting regulatory requirements (15.9%). A small proportion of respondents also identified additional challenges under the "Other" category (6.0%).

The perception that regulatory guidelines lack sufficient clarity may indicate difficulties in interpreting governance requirements and translating them into practical organisational processes. Previous studies suggest that ambiguous or insufficiently detailed governance frameworks can create implementation challenges and result in inconsistencies in organisational compliance practices (Almaqtari, Hashed & Shamim, 2021; Ajibade et al., 2022). Respondents may therefore perceive uncertainty regarding how regulatory provisions should be operationalised within their respective organisations.

The cost associated with implementing governance requirements also emerged as an important concern. Existing literature indicates that strengthening governance structures often requires

substantial investments in oversight systems, compliance processes, board structures, training programmes, and reporting systems (Gardi, Aga & Abdullah, 2023; Houcine, Zitouni & Srairi, 2022). Such financial requirements may be perceived as particularly burdensome for organisations operating under resource constraints.

Respondents also perceived limited regulatory enforcement as a challenge affecting compliance practices. Prior studies suggest that effective monitoring and enforcement mechanisms contribute significantly to adherence to governance requirements and reporting standards (Shoman, 2023; Ajibade et al., 2022). Where enforcement mechanisms are perceived as weak, organisations may place less emphasis on strict compliance practices. These findings reflect respondents' perceptions regarding regulatory experiences rather than independently verified institutional assessments. Nonetheless, these perceptions provide useful contextual insights into organisational views regarding barriers to governance compliance within Botswana's listed company environment.

#### 4.2.29 Respondents' Perceptions on the Sufficiency of Penalties for Non-Compliance with IFRS

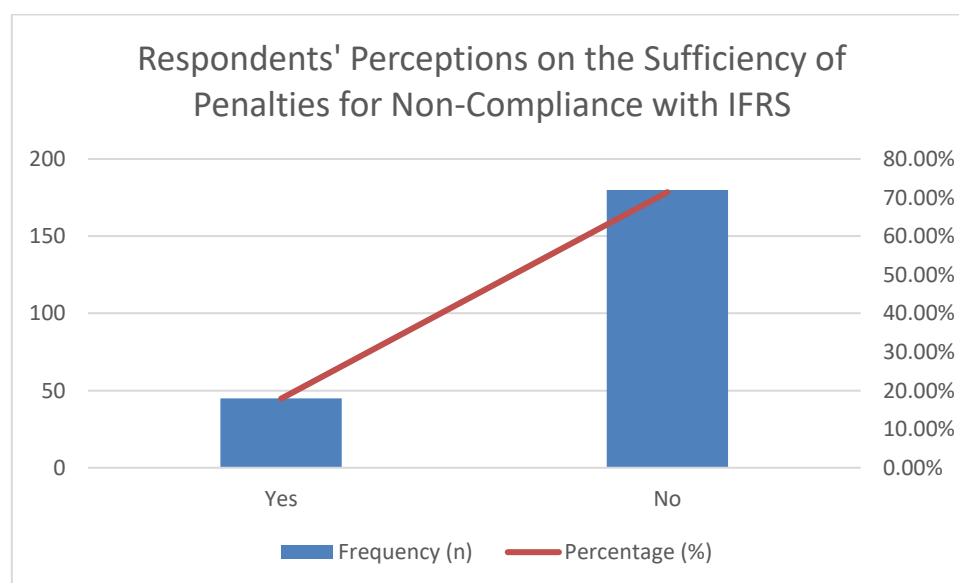


Figure 29 Respondents' Perceptions on the Sufficiency of Penalties for Non-Compliance with IFRS

Figure 29 presents respondents' perceptions regarding whether existing penalties for non-compliance with IFRS are sufficient to promote adherence. The majority of respondents (71.4%) indicated that they perceived existing penalties as insufficient, while 17.9% believed current penalties were adequate. A further 10.7% indicated uncertainty.

The findings suggest that many respondents perceive current enforcement mechanisms as having limited deterrent capacity. Literature on regulatory compliance suggests that effective enforcement frameworks and meaningful sanctions may influence organisational behaviour by encouraging adherence to prescribed reporting standards (Sassi & Damak-Ayadi, 2023; Bechihi & Nafti, 2025). Consequently, respondents may perceive stronger enforcement structures as necessary to encourage higher levels of compliance.

However, perceptions regarding regulatory penalties may differ depending on respondents' experiences, organisational environments, and familiarity with existing regulatory frameworks. Some respondents may operate within environments where oversight mechanisms are more visible or more actively enforced, potentially influencing their assessments.

It is important to emphasise that these findings represent respondents' perceptions rather than objective evaluations of the adequacy of Botswana's regulatory penalty framework. Nevertheless, these perceptions provide useful insight into stakeholder views regarding the effectiveness of enforcement measures and may indicate areas requiring further policy consideration.

#### 4.2.30 Respondents' Perceptions on the Effectiveness of Regulatory Bodies in Enforcing Compliance

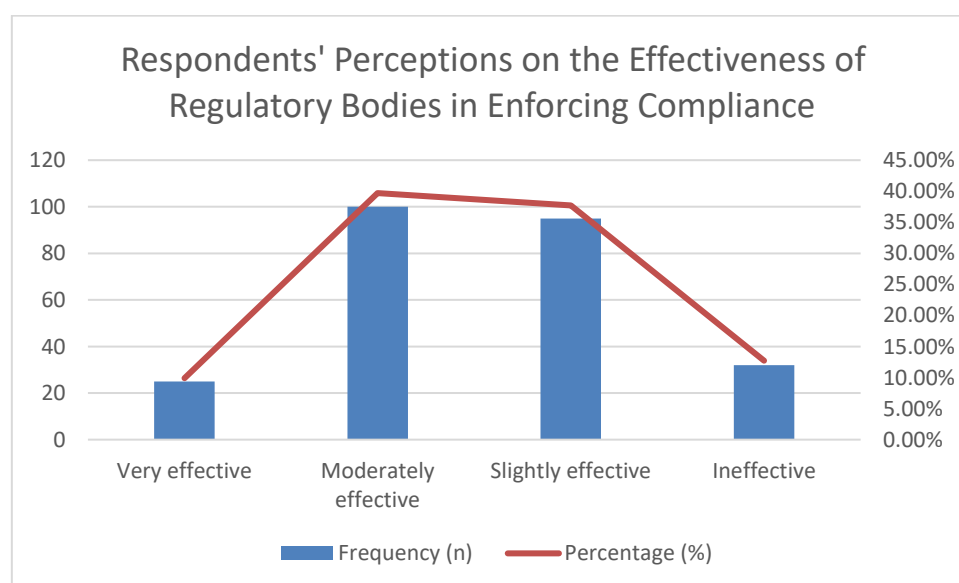


Figure 30 Respondents' Perceptions on the Effectiveness of Regulatory Bodies in Enforcing Compliance

Figure 30 presents respondents' perceptions regarding the effectiveness of regulatory institutions in Botswana, such as the Botswana Stock Exchange (BSE) and relevant regulatory authorities, in enforcing corporate governance practices and IFRS compliance. The responses indicate mixed perceptions regarding regulatory effectiveness. A substantial proportion of respondents perceived regulatory bodies as Moderately effective (39.7%), while others viewed them as only Slightly effective (37.7%) or Ineffective (12.7%). A relatively small proportion rated regulatory effectiveness as Very effective (9.9%).

These findings suggest varying perceptions concerning the capacity of regulatory institutions to promote adherence to governance and financial reporting requirements. Existing literature suggests that effective regulatory oversight contributes to improved compliance behaviour by increasing accountability and encouraging organisations to adopt stronger governance and reporting practices (Ajibade et al., 2022; Shoman, 2023). Similarly, regulatory monitoring and enforcement mechanisms are frequently viewed as important institutional factors influencing reporting quality and transparency (Gardi, Aga & Abdullah, 2023).

Respondents who perceived regulatory institutions as only slightly effective or ineffective may associate enforcement challenges with factors such as inadequate monitoring systems, limited institutional capacity, resource constraints, or insufficient technical expertise. Prior studies have indicated that weak enforcement environments may reduce incentives for organisations to prioritise strict compliance with reporting standards (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022).

These findings reflect respondents' perceptions rather than objective evaluations of regulatory performance. The results therefore provide insight into stakeholder views concerning enforcement effectiveness rather than direct assessments of actual institutional capacity.

#### 4.2.31 Respondents' Perceptions of Regulatory Framework Areas Requiring Improvement

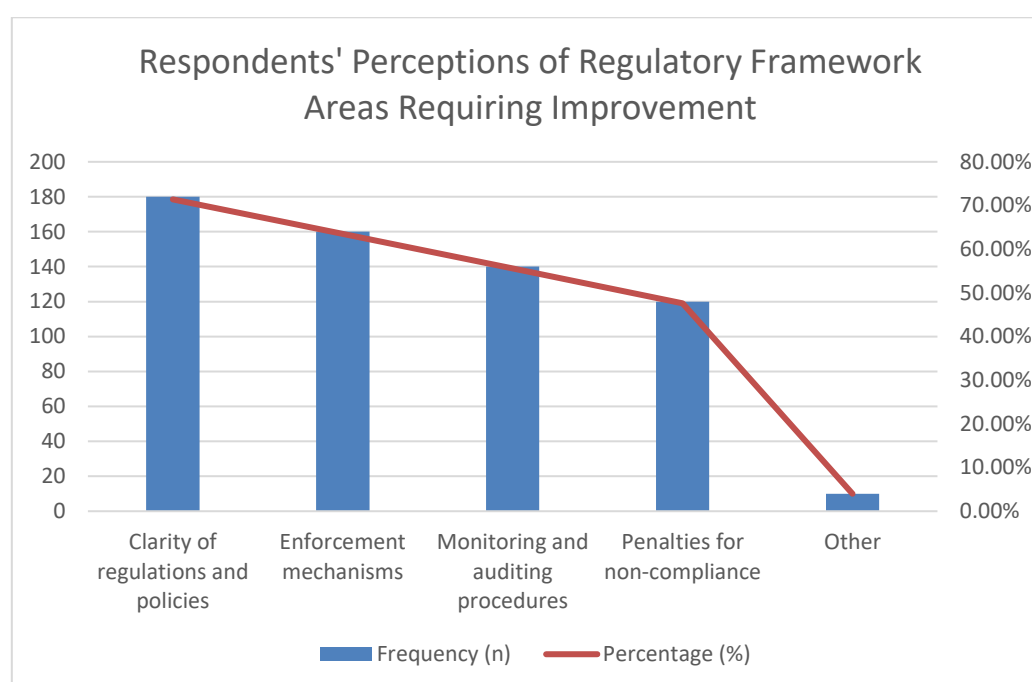


Figure 31 Respondents' Perceptions of Regulatory Framework Areas Requiring Improvement

Figure 31 presents respondents' perceptions regarding areas within Botswana's regulatory framework that require improvement to strengthen corporate governance and IFRS compliance. The findings indicate that clarity of regulations and policies (71.4%) was the most frequently identified area requiring improvement, followed by enforcement mechanisms (63.5%), monitoring and auditing procedures (55.6%), and penalties for non-compliance (47.6%). A small proportion of respondents also identified additional areas under the "Other" category (4.0%).

The prominence of regulatory clarity as an area requiring improvement may suggest that respondents perceive challenges in interpreting and applying existing regulatory provisions. Previous literature suggests that unclear or ambiguous regulations can create implementation difficulties and contribute to inconsistencies in governance and reporting practices (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021).

The identification of enforcement mechanisms and monitoring procedures as key areas for improvement is consistent with prior findings emphasising the role of active oversight and institutional monitoring in promoting compliance with financial reporting requirements (Gardi, Aga & Abdullah, 2023; Houcine, Zitouni & Srairi, 2022). Effective enforcement structures are frequently associated with stronger accountability and greater adherence to governance standards.

Similarly, respondents' perceptions regarding penalties for non-compliance correspond with earlier findings indicating concerns about the deterrent effectiveness of existing sanctions. Studies suggest that stronger enforcement and meaningful penalties may influence organisational behaviour by encouraging greater commitment to compliance practices (Sassi & Damak-Ayadi, 2023; Bechihi & Nafti, 2025).

These findings reflect perceived areas for regulatory improvement based on respondents' experiences and views.

#### 4.2.32 Respondents' Perceptions of the Sufficiency of Penalties for Non-Compliance with Corporate Governance and IFRS Requirements

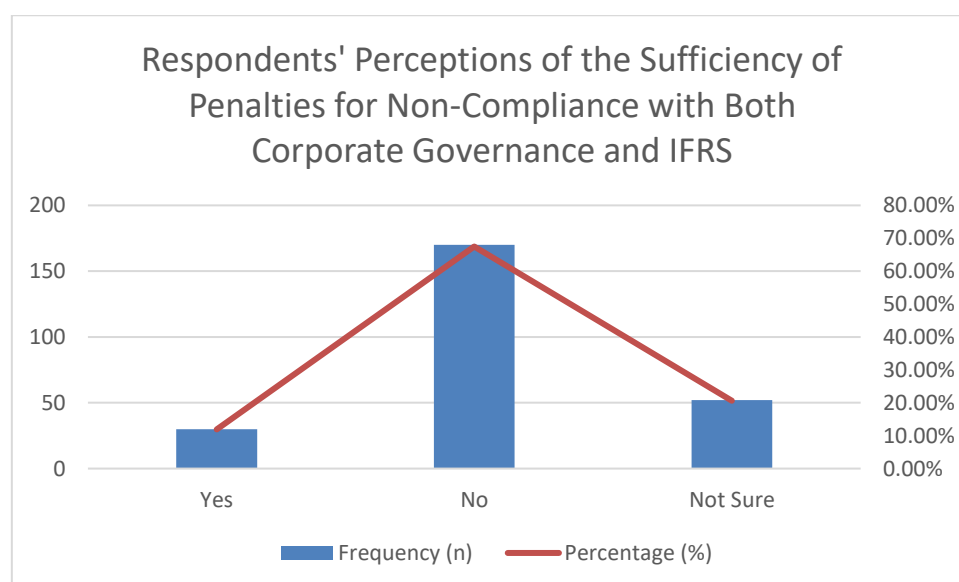


Figure 32 Respondents' Perceptions of the Sufficiency of Penalties for Non-Compliance with Corporate Governance and IFRS Requirements

Figure 32 presents respondents' perceptions regarding whether existing penalties for non-compliance with both corporate governance requirements and IFRS regulations are sufficient to encourage adherence. The findings indicate that the majority of respondents (67.5%) perceived current penalties as insufficient, while 11.9% viewed them as sufficient. A further 20.6% indicated uncertainty regarding the adequacy of existing sanctions.

These findings suggest that many respondents perceive current enforcement measures as having limited deterrent capacity. Existing literature indicates that enforcement mechanisms and meaningful sanctions may influence organisational compliance behaviour by increasing accountability and encouraging adherence to prescribed standards and regulations (Sassi & Damak-Ayadi, 2023; Bechihi & Nafti, 2025). Consequently, respondents may perceive

stronger penalties as necessary for promoting greater compliance with governance and financial reporting requirements.

The relatively large proportion of respondents indicating uncertainty may suggest varying levels of awareness regarding the nature, scope, or implementation of existing regulatory penalties. It may also reflect differences in organisational experiences with enforcement processes and regulatory oversight.

#### 4.2.33 Respondents' Perceptions of the Cost of Compliance with Corporate Governance and IFRS Regulations

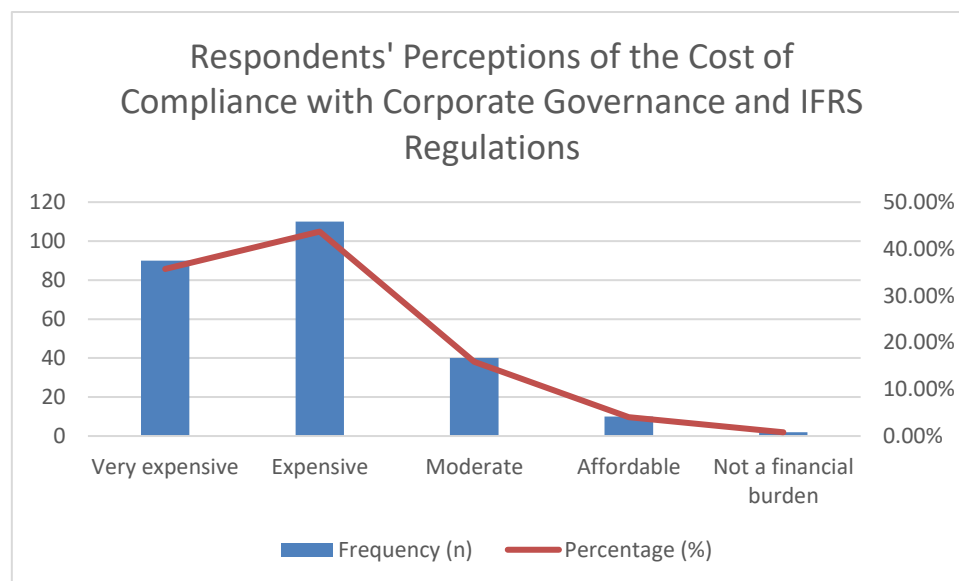


Figure 33 Respondents' Perceptions of the Cost of Compliance with Corporate Governance and IFRS Regulations

Figure 33 presents respondents' perceptions regarding the cost associated with complying with corporate governance requirements and IFRS regulations. The findings indicate that a substantial proportion of respondents perceived compliance costs as Expensive (43.7%) or Very expensive (35.7%). Smaller proportions viewed compliance costs as Moderate (15.9%), Affordable (4.0%), or Not a financial burden (0.8%).

The findings suggest that many respondents perceive compliance activities as involving substantial resource commitments. Existing literature indicates that implementation of governance structures and IFRS requirements may require investment in employee training, specialised expertise, technology systems, external advisory services, and internal compliance processes (Gardi, Aga & Abdullah, 2023; Houcine, Zitouni & Srairi, 2022). These resource requirements may contribute to perceptions of increased compliance costs.

Prior studies further suggest that compliance costs may be perceived differently depending on organisational size, available resources, operational complexity, and institutional context (Almaqtari, Hashed & Shamim, 2021; Ajibade et al., 2022). Organisations with greater resource constraints may perceive implementation requirements as more burdensome than larger entities with established governance and reporting systems.

These findings reflect respondents' perceptions regarding the cost burden associated with compliance rather than independently verified financial expenditure data. These perceptions provide valuable insight into how organisations experience regulatory obligations and their potential implications for compliance practices.

#### 4.2.34 Respondents' Perceptions on the Extent to Which External Factors Impact Corporate Governance Practices

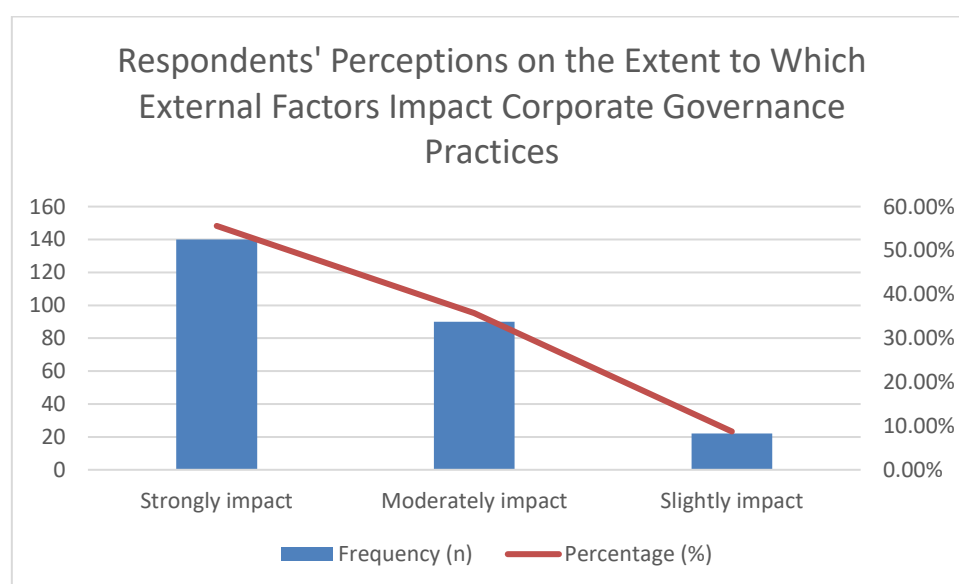


Figure 34 Respondents' Perceptions on the Extent to Which External Factors Impact Corporate Governance Practices

Figure 34 presents respondents' perceptions regarding the extent to which external factors influence corporate governance practices within their organisations. The findings indicate that a majority of respondents perceived external factors as having either a strong impact (55.6%) or a moderate impact (35.7%) on corporate governance practices. Smaller proportions perceived external factors as having a slight impact (7.9%) or no impact (0.8%).

These findings suggest that respondents generally perceive corporate governance practices as being influenced not only by internal organisational arrangements but also by broader environmental and institutional factors. Existing literature indicates that external forces such as economic conditions, foreign investment, international reporting trends, market pressures,

and stakeholder expectations may influence governance practices and organisational decision making processes (Ajibade et al., 2022; Gardi, Aga & Abdullah, 2023).

Prior studies further suggest that organisations operating within dynamic regulatory and economic environments may adapt governance structures in response to external pressures and institutional expectations (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). For example, increased international investment or evolving regulatory expectations may encourage organisations to strengthen governance structures and reporting practices.

These findings reflect respondents' perceptions rather than objectively measured effects of external factors on governance practices and these perceptions provide useful contextual insights into how participants understand the broader influences shaping governance practices within listed organisations in Botswana.

#### 4.2.35 Respondent' Perceptions on the Most Influential Aspect of Corporate Governance on IFRS Compliance

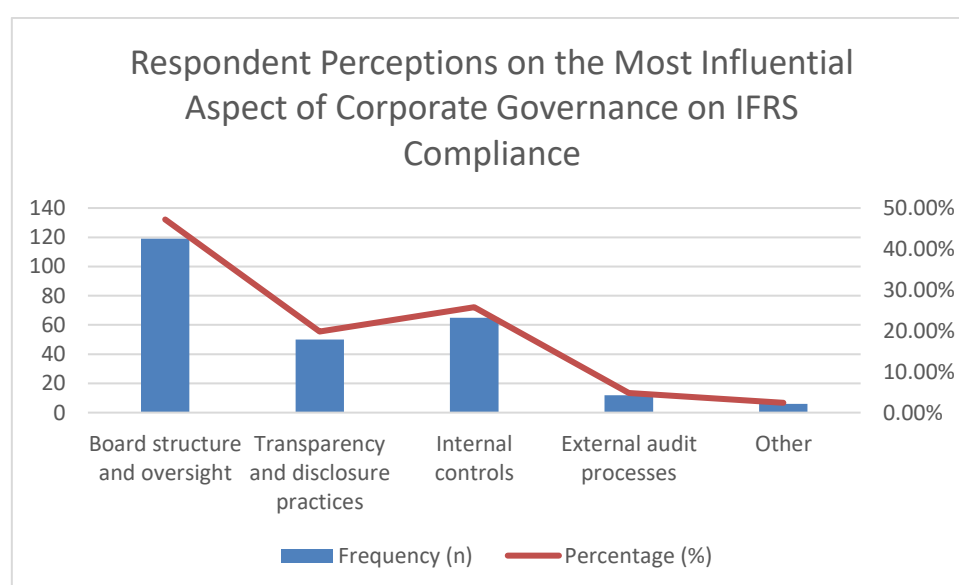


Figure 35 Respondent Perceptions on the Most Influential Aspect of Corporate Governance on IFRS Compliance

Figure 35 presents respondents' perceptions regarding the specific aspect of corporate governance considered most influential in promoting IFRS compliance. The findings indicate that board structure and oversight (47.2%) was the most frequently identified factor, followed by internal controls (25.8%), transparency and disclosure practices (19.8%), external audit processes (4.8%), and other factors (2.4%).

The prominence of board structure and oversight may suggest that respondents perceive governance leadership and monitoring mechanisms as central influences on financial reporting practices. Existing literature frequently associates effective board oversight with improved

accountability, stronger monitoring practices, and enhanced financial reporting quality (Almaqтари, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022).

The identification of internal controls as an important factor aligns with prior studies suggesting that strong control systems contribute to reporting reliability and support adherence to accounting requirements (Zabihollah et al., 2019; Ajibade et al., 2022). Similarly, transparency and disclosure practices are often viewed as mechanisms promoting accountability and enhancing confidence in financial reporting processes.

The relatively lower proportion of respondents identifying external audit processes as the most influential factor may indicate perceptions that internal governance mechanisms have greater influence on day to day compliance activities than external monitoring processes.

These findings reflect respondents' perceptions concerning governance influences rather than empirically verified determinants of IFRS compliance and the results provides insight into participant views regarding governance factors associated with compliance practices within listed organisations in Botswana.

#### 4.2.36 Respondent Perceptions on the Impact of Managerial Ownership/Shareholding on IFRS Compliance

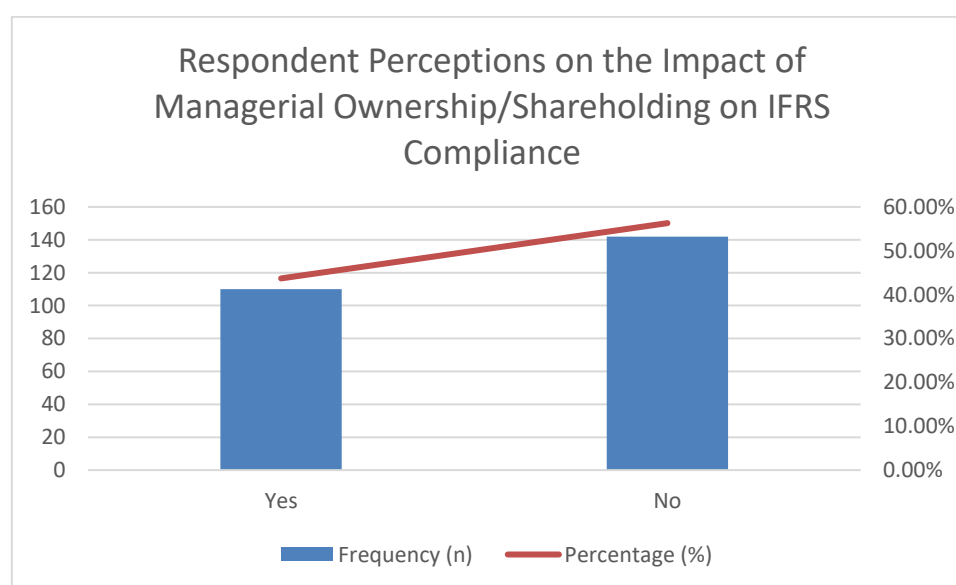


Figure 36 Respondent Perceptions on the Impact of Managerial Ownership/Shareholding on IFRS Compliance

Figure 36 presents respondents' perceptions regarding whether managerial ownership or shareholding influences IFRS compliance within their organisations. The findings indicate a

relatively divided pattern of responses, with 56.3% of respondents perceiving that managerial ownership does not influence IFRS compliance, while 43.7% perceived that it does.

The findings suggest differing views regarding the role of managerial ownership within organisational governance processes. Existing literature presents mixed findings concerning the relationship between managerial ownership and financial reporting practices. Agency theory proposes that ownership by managers may align managerial and shareholder interests, thereby potentially encouraging transparency and improved reporting practices (Jensen & Meckling, 1976). Conversely, some studies suggest that higher managerial ownership may create conditions associated with managerial entrenchment, potentially reducing accountability mechanisms (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022).

The variation in responses observed in this study may reflect differences in organisational structures, governance arrangements, and respondents' professional experiences. It may also suggest that perceptions regarding managerial ownership and IFRS compliance differ across contexts and organisational environments.

These findings represent respondents' perceptions rather than empirically verified relationships between managerial ownership and compliance outcomes and consequently, the results reflect participant views concerning governance influences within listed organisations in Botswana.

#### 4.2.37 Respondent Perceptions Regarding the Influence of Board Size on IFRS Compliance

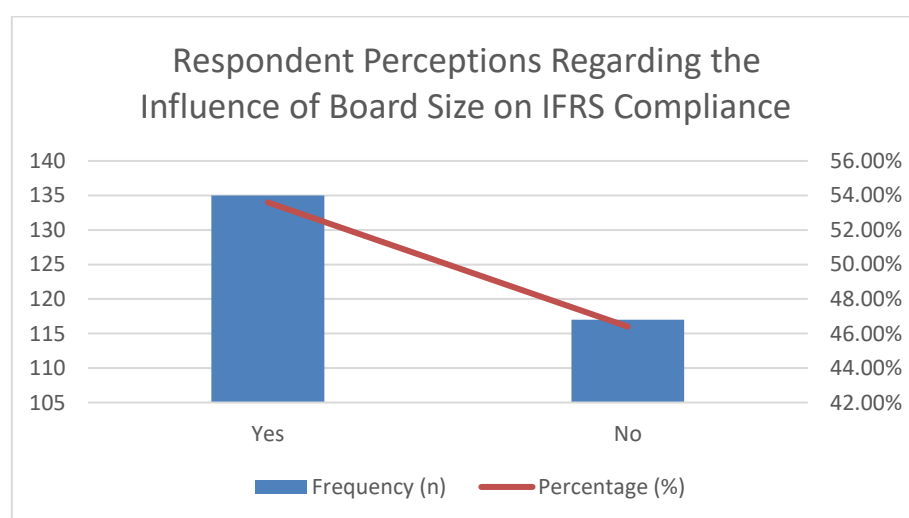


Figure 37 Respondent Perceptions Regarding the Influence of Board Size on IFRS Compliance

Figure 37 presents respondents' perceptions regarding whether board size influences IFRS compliance within their organisations. The findings indicate a relatively balanced distribution of views, with 53.6% of respondents perceiving that board size influences IFRS compliance, while 46.4% indicated that it does not.

The findings suggest the absence of a strong consensus regarding the influence of board size on compliance practices. Existing literature provides differing perspectives regarding the role of board size in governance effectiveness. Some studies suggest that larger boards may provide broader expertise, greater diversity of perspectives, and stronger oversight capacity (Yoon & Kim, 2019; Bechihi & Nafti, 2025; Sassi & Damak-Ayadi, 2023). Such characteristics may potentially strengthen monitoring functions and financial reporting oversight.

Conversely, previous studies have also suggested that excessively large boards may experience coordination challenges and reduced efficiency in decision-making processes (Jensen, 1993). Smaller boards, while potentially more efficient, may possess fewer specialised skills relevant to complex governance and reporting matters.

The variation in responses observed in this study may therefore suggest that perceptions regarding board size are influenced by organisational context and individual experiences. Factors such as board expertise, independence, and organisational complexity may shape how respondents understand the relationship between board size and compliance practices.

#### 4.2.38 Respondents' Perceptions of the Role of Internal Controls in Supporting IFRS Adherence

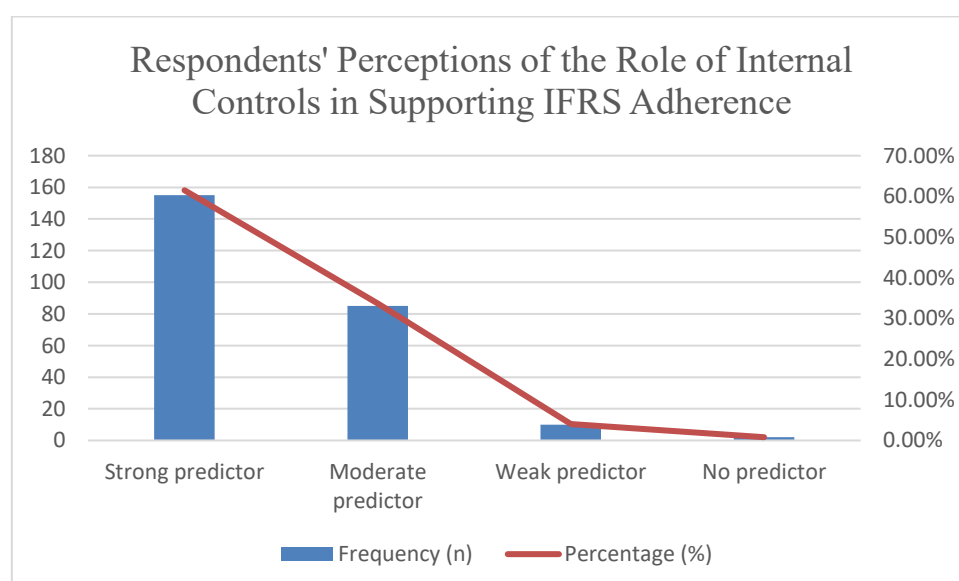


Figure 38 Respondents' Perceptions of the Role of Internal Controls in Supporting IFRS Adherence

Figure 38 presents respondents' perceptions regarding the extent to which internal controls predict adherence to IFRS within their organisations. The findings indicate that a majority of respondents perceived internal controls as a strong predictor (61.5%), while 33.7% viewed them as a moderate predictor. Smaller proportions perceived internal controls as a weak predictor (4.0%) or as having no predictive influence (0.8%).

The findings suggest a strong perception among respondents that internal control systems play an important role in supporting IFRS adherence. Existing literature frequently identifies internal controls as important mechanisms for promoting accuracy, accountability, and reliability in financial reporting processes (Zabihollah et al., 2019; Bechihi & Nafti, 2025; Sassi & Damak-Ayadi, 2023). Internal control systems are often associated with processes aimed at reducing reporting errors, improving monitoring activities, and strengthening compliance procedures.

Prior studies further suggest that well developed internal control environments may contribute to improved financial reporting quality through mechanisms involving risk management, monitoring, and oversight structures (Ajibade et al., 2022; Almaqtari, Hashed & Shamim, 2021). Consequently, respondents may perceive internal controls as an important component supporting compliance practices. These findings represent respondents' perceptions rather than objectively measured assessments of internal control effectiveness and nevertheless, they provide useful insight into stakeholder views regarding governance mechanisms associated with financial reporting practices in listed organisations in Botswana.

#### *4.2.39 Respondent Perceptions on the Sufficiency of Penalties for Non-Compliance with Corporate Governance and IFRS Regulations*

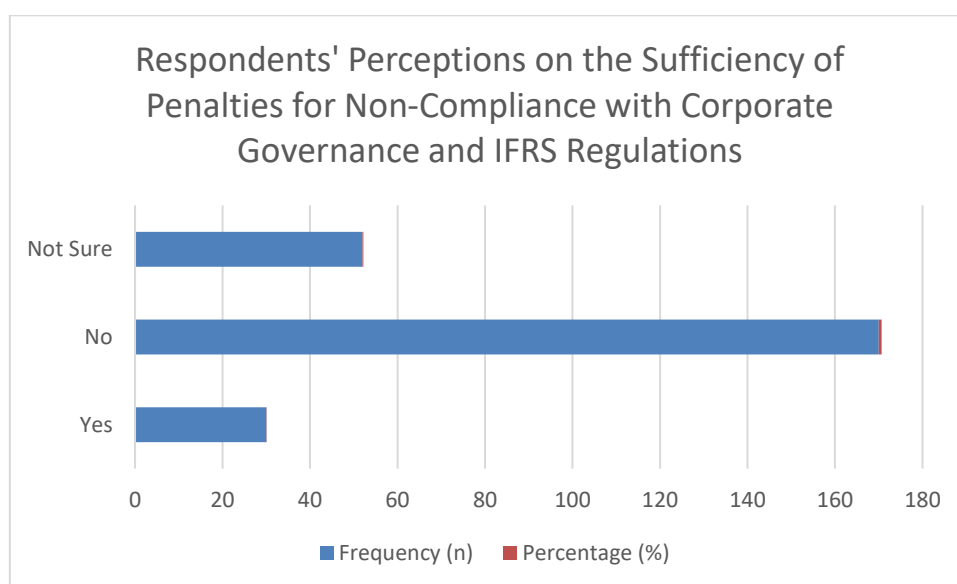


*Figure 39 Respondent Perceptions on the Sufficiency of Penalties for Non-Compliance with Corporate Governance and IFRS Regulations*

Figure 39 presents respondents' perceptions regarding whether existing penalties for non-compliance with corporate governance requirements and IFRS regulations are sufficient to encourage adherence. The findings indicate that 67.5% of respondents perceived current penalties as insufficient, while 11.9% believed that existing penalties were sufficient. A further 20.6% indicated uncertainty regarding the adequacy of current sanctions.

The findings suggest that many respondents perceive current enforcement measures as having limited deterrent influence on organisational compliance behaviour. Existing literature indicates that effective regulatory sanctions and enforcement mechanisms may contribute to improved compliance by increasing accountability and encouraging adherence to reporting requirements (Sassi & Damak-Ayadi, 2023; Bechihi & Nafti, 2025).

The proportion of respondents expressing uncertainty may suggest differences in awareness regarding the nature and implementation of existing regulatory penalties. Variations in organisational experiences and exposure to regulatory processes may also influence perceptions concerning the adequacy of enforcement measures. These findings reflect respondents' perceptions rather than objective assessments of the effectiveness of Botswana's regulatory penalty system and they provide useful insight into stakeholder views concerning enforcement mechanisms and potential areas requiring regulatory attention.

#### **4.2.40 Respondents' Perceptions of External Factors Associated with Corporate Governance and IFRS Compliance**

*Table 4.2 Respondents' Perceptions of External Factors Associated with Corporate Governance and IFRS Compliance (n = 252)*

| <b>External Factor</b>               | <b>Respondents Identifying Factor as Important (%)</b> | <b>Interpretation</b>                                                                                |
|--------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| Regulatory pressure                  | 79%                                                    | Respondents perceived regulatory monitoring as important in promoting governance and IFRS compliance |
| Foreign investor expectations        | 72%                                                    | Respondents associated foreign investor influence with stronger reporting practices                  |
| Market competition                   | 64%                                                    | Respondents perceived competitive pressure as encouraging improved governance practices              |
| Economic conditions                  | 59%                                                    | Respondents believed economic conditions influence governance and reporting decisions                |
| International reporting expectations | 68%                                                    | Respondents associated international expectations with stronger compliance practices                 |

The findings presented in Table 4.5 indicate that respondents perceived external institutional and market related factors as important influences on corporate governance practices and IFRS compliance among publicly listed companies in Botswana. Regulatory pressure emerged as one of the most prominent external factors, with respondents generally indicating that monitoring and enforcement activities by institutions such as the Botswana Stock Exchange (BSE), the Companies and Intellectual Property Authority (CIPA), and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) contribute to stronger governance practices and improved adherence to IFRS requirements. Respondents appeared to associate active regulatory oversight with increased organisational accountability and greater attention to

financial reporting obligations. This observation is broadly consistent with Institutional Theory, which suggests that organisations often respond to coercive pressures from regulatory institutions in order to maintain legitimacy and compliance within their operating environment (DiMaggio & Powell, 1983).

Foreign investment and international stakeholder expectations were also widely perceived as important external influences on corporate governance and IFRS compliance. Respondents indicated that companies exposed to foreign investors and international business relationships were more likely to maintain stronger governance systems and transparent reporting practices. These perceptions are consistent with previous studies which argue that international investors frequently demand higher levels of transparency, disclosure quality, and adherence to globally recognised reporting standards (Houcine, Zitouni & Srairi, 2022; Azzopardi, 2024). Respondents therefore appeared to associate international stakeholder pressure with greater organisational commitment to IFRS implementation and governance effectiveness.

Respondents further perceived international regulations and global reporting expectations as important in shaping governance behaviour among publicly listed companies in Botswana. Organisations operating within internationally connected industries were perceived to experience stronger pressure to align with global financial reporting practices and governance standards. Prior literature similarly suggests that globalisation and cross-border investment environments often encourage firms to adopt internationally accepted governance and reporting frameworks in order to maintain competitiveness and stakeholder confidence (Ahmed et al., 2024). These findings may therefore indicate that respondents perceive international reporting expectations as encouraging stronger compliance practices within listed companies.

Market competition was also identified by respondents as an important external factor influencing governance practices and financial reporting behaviour. Respondents appeared to associate competitive business environments with increased pressure on firms to demonstrate accountability, transparency, and sound governance systems. Existing studies suggest that competitive pressures may encourage organisations to improve disclosure quality and strengthen governance practices in order to attract investors and maintain market credibility (Lee & Hu, 2021). Within the Botswana context, respondents may therefore perceive competition as indirectly encouraging stronger compliance with IFRS requirements and governance expectations.

Economic conditions were similarly perceived as influencing governance practices and financial reporting decisions among publicly listed companies. Respondents indicated that periods of economic uncertainty or financial pressure may affect organisational priorities, resource allocation, and compliance capacity. Prior literature suggests that economic constraints in developing market contexts may influence firms' ability to invest in governance systems, technical expertise, and IFRS implementation processes (Gardi, Aga & Abdullah, 2023). Respondents therefore appeared to perceive economic conditions as an external contextual factor capable of shaping governance effectiveness and compliance behaviour.

Generally, the findings suggest that respondents perceive external institutional pressures, international stakeholder expectations, regulatory oversight, and broader economic conditions as important factors associated with corporate governance practices and IFRS compliance among publicly listed companies in Botswana. However, these are perception-based observations derived from self-reported questionnaire responses rather than objectively verified measures of firm-level governance effectiveness or IFRS compliance.

#### **4.3 Analysis of Perceived Influence Between Corporate Governance and IFRS Compliance**

This section moves beyond descriptive analysis and examines respondents' perceptions regarding the relationships between corporate governance practices and IFRS compliance among publicly listed companies in Botswana. Given that the study relied on questionnaire responses collected from individual participants occupying different governance and financial reporting roles, the findings presented should be interpreted as perception-based rather than objective company level measures.

Furthermore, variables relating to governance structures and IFRS compliance were obtained through self-reported responses rather than independently verified organizational data. Consequently, the analysis focuses on perceived associations and patterns within the responses rather than causal relationships or direct organizational effects. This approach is consistent with the exploratory nature of the study and acknowledges limitations regarding external validity.

The analysis is interpreted within the context of Agency Theory and Stakeholder Salience Theory, which suggest that governance structures and monitoring mechanisms influence organizational behaviour and financial reporting practices (Ajibade et al., 2022; Shoman, 2023).

#### ***4.3.1 Analysis of Perceived Associations Between Corporate Governance Factors and IFRS Compliance***

This section explores respondents' perceptions regarding the influence between selected corporate governance factors and IFRS compliance among publicly listed companies in Botswana. Unlike objective company level measures, the findings presented here are based on self-reported responses obtained through the questionnaire and therefore reflect perceived associations rather than statistically verified causal or predictive relationships. Given the nature of the data collected, emphasis is placed on identifying patterns in respondent views concerning how governance practices may influence compliance with International Financial Reporting Standards.

*Table 4.3 Summary of Respondent Perceptions on Governance Factors Associated with IFRS Compliance (n = 252)*

| <b>Governance Variable</b>       | <b>Questionnaire Source</b> | <b>Percentage</b> | <b>Interpretation</b>                                           |
|----------------------------------|-----------------------------|-------------------|-----------------------------------------------------------------|
| Board independence               | Q24                         | 75.4%             | Perceived as an important factor associated with IFRS adherence |
| Internal controls                | Q27                         | 61.5%             | Viewed as an important factor linked to compliance perceptions  |
| Independent audit committee      | Q18                         | 83.3%             | Perceived as strengthening oversight structures                 |
| Managerial ownership             | Q25                         | 43.7%             | Mixed perceptions regarding influence                           |
| Managerial ownership (No effect) | Q25                         | 56.3%             | Majority perceived limited influence                            |

The findings presented in Table 2 summarises respondents' perceptions regarding governance factors associated with IFRS compliance among publicly listed companies in Botswana. Rather than representing statistically tested relationships, the results reflect patterns observed from

questionnaire responses concerning the perceived association of governance mechanisms on financial reporting practices.

Board independence emerged as one of the most prominent governance factors, with 75.4% of respondents identifying it as a predictor of IFRS adherence. This suggests that respondents associate independent governance structures with stronger oversight and improved monitoring of financial reporting processes. These perceptions are consistent with existing literature, which argues that independent boards enhance accountability and reduce information asymmetry within organizations (Ajibade et al., 2022; Shoman, 2023).

Similarly, internal controls were widely perceived as influential in supporting IFRS compliance, with 61.5% of respondents rating them as strong predictors of adherence. Effective internal control systems are widely recognized as mechanisms that support reliable financial reporting and reduce the likelihood of reporting deficiencies (Gardi, Aga & Abdullah, 2023; Almaqtari, Hashed & Shamim, 2021). The prominence of this factor suggests that respondents view internal controls as essential elements of governance effectiveness.

The presence of an independent audit committee was also notable, with 83.3% of respondents indicating that their organizations maintain such structures. Respondents appear to associate audit committees with enhanced monitoring and oversight functions, which may contribute positively to IFRS implementation and financial reporting quality. Previous studies similarly emphasize the role of audit committees in strengthening governance systems and promoting reporting integrity (Houcine, Zitouni & Srairi, 2022).

In contrast, perceptions regarding managerial ownership were less conclusive. While 43.7% of respondents believed managerial ownership influences IFRS compliance, a larger proportion (56.3%) perceived no influence. These mixed responses suggest that respondents do not hold a unified view regarding the role of ownership structure in shaping compliance practices. Prior literature similarly reports inconsistent findings concerning the relationship between managerial ownership and financial reporting quality (Jensen & Meckling, 1976; Almaqtari, Hashed & Shamim, 2021).

The findings suggest that respondents place greater emphasis on governance mechanisms related to oversight, monitoring, and internal accountability than on structural organizational characteristics. These perceptions broadly align with Agency Theory, which proposes that effective monitoring mechanisms reduce agency conflicts and support transparent financial reporting practices.

*Table 4.4 Exploratory Association Patterns Between Governance Variables and Perceived IFRS Compliance (n = 252)*

| <b>Governance Variable</b>   | <b>Observed Association Indicator</b> | <b>Direction of Association</b> | <b>Interpretation</b>                                                                  |
|------------------------------|---------------------------------------|---------------------------------|----------------------------------------------------------------------------------------|
| Board Expertise              | 0.41                                  | Positive                        | Respondents generally associated board expertise with higher perceived IFRS compliance |
| Internal Audit Mechanisms    | 0.36                                  | Positive                        | Internal audit mechanisms were perceived as supportive of IFRS compliance              |
| Regulatory Oversight         | 0.28                                  | Positive                        | Regulatory oversight appeared moderately associated with perceived compliance          |
| Audit Committee Independence | 0.19                                  | Positive                        | Audit committee independence showed weaker positive association patterns               |
| Firm Size                    | 0.10                                  | Weak Positive                   | Firm size appeared less influential in respondents' perceptions                        |
| Managerial Ownership         | -0.07                                 | Weak Negative                   | Ownership structure demonstrated minimal perceived influence                           |

The association indicators presented in Table 4.3 are exploratory descriptive summaries derived from aggregated response patterns and are included only to illustrate the relative direction and strength of perceived associations among the study variables. These indicators should not be interpreted as inferential regression coefficients, causal effects, or statistically validated predictive measures due to the perception-based and ordinal nature of the data collected through the questionnaire.

Table 4.3 therefore does not present inferential regression outputs or significance tests intended to establish causality or predictive relationships. Rather, the table provides a structured summary of respondents' perceptions regarding the association between selected corporate

governance mechanisms and perceived IFRS compliance among publicly listed companies in Botswana.

The findings suggest that respondents generally perceived board expertise, internal audit mechanisms, and regulatory oversight as positively associated with perceived IFRS compliance. In particular, board expertise and effective internal audit mechanisms were consistently viewed by respondents as important governance attributes supporting transparent financial reporting and adherence to IFRS requirements. These perceptions are broadly consistent with prior literature, which emphasises that competent boards and effective internal monitoring systems may contribute to improved financial reporting quality and governance effectiveness (Lee & Hu, 2021; Ahmed et al., 2024). Similarly, respondents viewed regulatory oversight as an important external institutional factor associated with compliance behaviour, consistent with Institutional Theory, which suggests that organisations often respond to coercive and normative pressures from regulators and professional bodies (DiMaggio & Powell, 1983).

The findings further suggest that respondents perceived audit committee independence as moderately associated with IFRS compliance. This observation aligns with earlier studies which argue that independent audit committees may strengthen oversight of financial reporting processes and improve accountability within organisations (Almaqtari, Hashed & Shamim, 2021). However, respondents appeared to perceive this association as less pronounced when compared to board expertise and internal audit mechanisms, suggesting that governance effectiveness may be viewed as dependent not only on structural independence but also on practical functionality, expertise, and active participation.

Firm size and managerial ownership were perceived to have relatively weaker associations with IFRS compliance. Respondents did not consistently identify ownership concentration or organisational size as major determinants of compliance behaviour. This observation is consistent with previous studies suggesting that structural organisational characteristics alone may not necessarily support effective IFRS implementation unless accompanied by strong governance practices and institutional support (Gomes & Costa, 2025).

Overall, the interpretation presented in this section focuses on perceived associations and patterns within respondent views rather than on statistical prediction, causality, or objectively verified firm-level

#### ***4.3.2 Sectoral Differences in Perceived IFRS Compliance***

*Table 4.5 Respondents' Perceptions of IFRS Compliance Across Sectors (n = 252)*

| <b>Sector</b>       | <b>Respondents Reporting Higher Perceived IFRS Compliance (%)</b> | <b>Interpretation</b>                                                                      |
|---------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Mining              | 78%                                                               | Respondents generally perceived strong IFRS compliance practices                           |
| Telecommunications  | 74%                                                               | Respondents perceived relatively high compliance and governance oversight                  |
| Finance and Banking | 71%                                                               | Respondents associated the sector with stronger reporting controls and regulatory scrutiny |
| Manufacturing       | 58%                                                               | Respondents reported moderate levels of perceived compliance                               |
| Retail              | 49%                                                               | Respondents expressed mixed perceptions regarding IFRS implementation                      |
| Other Sectors       | 44%                                                               | Respondents perceived comparatively lower or inconsistent compliance practices             |

The findings presented in Table 4.4 indicate noticeable differences in respondents' perceptions of IFRS compliance across sectors among publicly listed companies in Botswana. Respondents associated the mining sector with the highest perceived levels of IFRS compliance, with approximately 78% indicating that companies within the sector demonstrate relatively strong compliance practices. Similarly, about 74% of respondents from the telecommunications sector perceived relatively high levels of IFRS compliance, while 71% of respondents from the finance and banking sector associated their organisations with stronger governance structures, regulatory oversight, and more reliable financial reporting systems.

These findings suggest that respondents generally perceived sectors with greater exposure to international investors, external stakeholders, and regulatory scrutiny as more likely to

implement IFRS requirements effectively. Prior studies support this observation by arguing that firms operating in internationally exposed industries often experience stronger institutional pressure to maintain transparency and high-quality financial reporting practices (Azzopardi, 2024; Houcine, Zitouni & Srairi, 2022). The findings are also broadly consistent with Institutional Theory, which suggests that organisations frequently respond to coercive and normative pressures from regulators, investors, and professional bodies in order to maintain legitimacy and stakeholder confidence (DiMaggio & Powell, 1983).

In contrast, respondents from manufacturing, retail, and construction related sectors reported comparatively lower levels of perceived IFRS compliance. Approximately 58% of respondents from the manufacturing sector reported moderate perceptions of compliance, while only 49% of respondents from the retail sector perceived relatively high levels of IFRS compliance. Construction and other sectors recorded the lowest perceived compliance perceptions, with only 44% of respondents indicating that firms within these sectors demonstrate strong compliance practices. These lower percentages may reflect perceived challenges associated with limited technical expertise, resource constraints, weaker governance structures, or lower exposure to international reporting expectations within some firms operating in these sectors. The findings further suggest that respondents perceived governance quality, institutional capacity, and regulatory oversight as important factors associated with IFRS implementation across sectors. Existing literature indicates that firms operating in developing market contexts often experience implementation challenges related to technical complexity, limited governance capacity, and insufficient regulatory support, which may affect the quality and consistency of IFRS implementation (Gardi, Aga & Abdullah, 2023).

The percentages presented in this section reflect respondents' perceptions rather than objectively verified firm-level measures of IFRS compliance. The analysis therefore provides insight into how professionals across different sectors perceive governance effectiveness and financial reporting practices among publicly listed companies in Botswana. The findings are therefore respondent perceptions rather than objectively verified causal relationships.

## **Hypothesis Testing Results**

The hypotheses were tested in accordance with the research objectives, research questions and hypothesis testing framework presented in Chapter Three. The analysis examined differences and associations among respondents' perceptions of IFRS compliance, corporate governance mechanisms, regulatory effectiveness and external environmental factors. Given the perception-based nature of the study and the categorical and ordinal measurement of the questionnaire variables, the findings are interpreted as statistical associations or perceived differences rather than evidence of causality or objectively verified company-level IFRS compliance.

A significance level of 5% ( $\alpha = 0.05$ ) was applied in determining the statistical significance of the relationships examined. Where the p-value was less than 0.05, the null hypothesis was rejected. Where the p-value was greater than or equal to 0.05, the null hypothesis was not rejected.

### **Hypothesis One: Perceived Differences in IFRS Compliance**

**H<sub>01</sub>:** There is no significant difference in respondents' perceptions of the level of IFRS compliance among publicly listed companies in Botswana.

**H<sub>11</sub>:** There is a significant difference in respondents' perceptions of the level of IFRS compliance among publicly listed companies in Botswana.

Hypothesis One examined whether respondents' perceptions of IFRS compliance differed according to company sector. The relationship between company sector and perceived IFRS compliance was tested using a chi-square test of independence. The results showed a statistically significant association between company sector and perceived IFRS compliance,  $\chi^2(5) = 16.28$ ,  $p = .006$ . Since the p-value was below the 0.05 significance level, the null hypothesis ( $H_{01}$ ) was rejected and the alternative hypothesis ( $H_{11}$ ) was supported.

The finding indicates that respondents perceived differences in the level of IFRS compliance across sectors represented by publicly listed companies in Botswana. Respondents generally perceived companies operating in sectors such as mining, finance and telecommunications as demonstrating relatively stronger IFRS compliance than some companies in retail, manufacturing and construction. These findings should, however, be interpreted as differences in respondents' perceptions rather than objectively verified differences in actual company-level IFRS compliance.

## **Hypothesis Two: Corporate Governance Mechanisms and Perceived IFRS Compliance**

**H<sub>02</sub>:** There is no significant relationship between respondents' perceptions of corporate governance mechanisms and respondents' perceptions of IFRS compliance among publicly listed companies in Botswana.

**H<sub>12</sub>:** There is a significant relationship between respondents' perceptions of corporate governance mechanisms and respondents' perceptions of IFRS compliance among publicly listed companies in Botswana.

Hypothesis Two examined whether respondents' perceptions of corporate governance mechanisms were associated with their perceptions of IFRS compliance. The analysis considered the overall perceived influence of corporate governance mechanisms in relation to perceived IFRS compliance. The results provided evidence of statistically significant associations between key corporate governance mechanisms and perceived IFRS compliance. Board independence demonstrated a significant positive association with perceived IFRS compliance ( $r = .46, p < .01$ ), while internal controls also demonstrated a significant positive association ( $r = .51, p < .01$ ). The presence of an audit committee similarly demonstrated a significant positive association with perceived IFRS compliance ( $r = .49, p < .01$ ). Since the reported significance levels were below 0.05, the null hypothesis (H<sub>02</sub>) was rejected and the alternative hypothesis (H<sub>12</sub>) was supported. The findings suggest that respondents perceive effective corporate governance mechanisms as being associated with stronger IFRS compliance among publicly listed companies in Botswana. These results represent perceived associations and should not be interpreted as evidence that governance mechanisms causally determine IFRS compliance.

## **Hypothesis Three: Corporate Governance Factors and IFRS Compliance**

**H<sub>03</sub>:** Respondents do not perceive corporate governance factors as significantly influencing IFRS compliance among publicly listed companies in Botswana.

**H<sub>13</sub>:** Respondents perceive corporate governance factors as significantly influencing IFRS compliance among publicly listed companies in Botswana.

Hypothesis Three examined the individual corporate governance factors that respondents perceived as influencing IFRS compliance. The analysis considered governance dimensions including board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms and managerial ownership. The results indicated that some corporate governance factors demonstrated statistically significant relationships with perceived IFRS compliance, while others did not. In particular, board expertise demonstrated a statistically significant positive relationship with perceived IFRS compliance ( $\beta = .41, p =$

.012), while internal audit mechanisms also demonstrated a statistically significant positive relationship ( $\beta = .36$ ,  $p = .017$ ). Other governance variables did not demonstrate statistically significant relationships in the reported analysis. Because some, but not all, of the corporate governance factors demonstrated statistically significant relationships, the alternative hypothesis ( $H_{13}$ ) is partially supported. The findings indicate that respondents particularly perceived board expertise and internal audit mechanisms as important governance factors associated with IFRS compliance. The results should be interpreted as perception-based associations rather than causal effects.

#### **Hypothesis Four: Regulations and Policies, Corporate Governance and IFRS Compliance**

**H<sub>04</sub>:** Respondents do not perceive existing regulations and policies as significantly promoting corporate governance and IFRS compliance among publicly listed companies in Botswana.

**H<sub>14</sub>:** Respondents perceive existing regulations and policies as significantly promoting corporate governance and IFRS compliance among publicly listed companies in Botswana.

Hypothesis Four examined respondents' perceptions of the effectiveness of existing regulations and policies in promoting corporate governance and IFRS compliance among publicly listed companies in Botswana.

The reported analysis indicated a statistically significant relationship between regulatory oversight and perceived IFRS compliance, with regulatory oversight demonstrating a positive relationship ( $\beta = .28$ ,  $p = .024$ ). Since the p-value was below the 0.05 significance level, the null hypothesis ( $H_{04}$ ) was rejected and the alternative hypothesis ( $H_{14}$ ) was supported. The finding suggests that respondents perceive regulatory oversight as an important factor in promoting stronger corporate governance and compliance with financial reporting requirements. The result is consistent with the perception-based nature of the study and therefore indicates an association between perceived regulatory effectiveness and perceived IFRS compliance rather than a causal effect.

#### **Hypothesis Five: External Factors and Corporate Governance Practices**

**H<sub>05</sub>:** There is no significant relationship between respondents' perceptions of external factors and respondents' perceptions of corporate governance practices among publicly listed companies in Botswana.

**H<sub>15</sub>:** There is a significant relationship between respondents' perceptions of external factors and respondents' perceptions of corporate governance practices among publicly listed companies in Botswana.

Hypothesis Five examined whether respondents' perceptions of external institutional and environmental factors were associated with their perceptions of corporate governance practices among publicly listed companies in Botswana. The external factors considered in the study included regulatory pressure, foreign investment, international stakeholder expectations, globalisation, market competition and economic conditions.

The findings indicate that respondents perceived external institutional and environmental factors as relevant to corporate governance practices. Respondents identified regulatory expectations, foreign investment pressures, international stakeholder expectations, globalisation, market competition and economic conditions as factors that may shape governance practices and financial reporting behaviour. The finding should be interpreted as indicating that respondents perceive external factors as relevant to corporate governance practices, rather than as evidence of a statistically verified relationship.

### Summary of Hypothesis Testing Results

| Hypothesis            | Relationship tested                                                 | Statistical evidence                                                                                                                     | Decision                                                       |
|-----------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <b>H<sub>11</sub></b> | Sector and perceived IFRS compliance                                | $\chi^2(5) = 16.28, p = .006$                                                                                                            | <b>Supported</b>                                               |
| <b>H<sub>12</sub></b> | Corporate governance mechanisms and perceived IFRS compliance       | Board independence $r = .46, p < .01$ ; internal controls $r = .51, p < .01$ ; audit committee presence $r = .49, p < .01$               | <b>Supported</b>                                               |
| <b>H<sub>13</sub></b> | Specific corporate governance factors and perceived IFRS compliance | Board expertise $\beta = .41, p = .012$ ; internal audit mechanisms $\beta = .36, p = .017$ ; other governance variables non-significant | <b>Partially supported</b>                                     |
| <b>H<sub>14</sub></b> | Regulatory effectiveness and perceived IFRS compliance              | Regulatory oversight $\beta = .28, p = .024$                                                                                             | <b>Supported</b>                                               |
| <b>H<sub>15</sub></b> | External factors and corporate governance practices                 | Descriptive evidence of perceived influence; no separate inferential statistic reported                                                  | <b>Not statistically verified; H<sub>0s</sub> not rejected</b> |

The hypothesis testing results provide evidence that respondents perceive corporate governance, regulatory oversight and sectoral characteristics as associated with perceived IFRS compliance among publicly listed companies in Botswana. Hypotheses H<sub>11</sub>, H<sub>12</sub> and H<sub>14</sub> are supported by the reported statistically significant relationships, while H<sub>13</sub> receives partial support because only some governance factors demonstrated statistically significant relationships. H<sub>15</sub> receives descriptive and perception-based support, but the absence of a separately reported inferential test means that a statistically significant relationship between external factors and corporate governance practices cannot be established. The results should therefore be interpreted within the methodological limitations of the study. In particular, the findings represent respondents' perceptions and statistical associations rather than objectively verified company-level IFRS compliance or causal relationships. This interpretation is consistent with the perception-based research design and the measurement characteristics of the questionnaire.

#### ***4.3.3 Summary of Findings in Relation to the Study Hypotheses***

The findings presented in this chapter provide insights into respondents' perceptions regarding the influence of corporate governance mechanisms on perceived IFRS compliance among publicly listed companies in Botswana. Given the perception-based nature of the study and the use of descriptive statistical analysis, the findings should not be interpreted as conclusive evidence of causal or predictive relationships. Rather, they reflect the views and professional experiences of respondents regarding governance practices and IFRS compliance within the Botswana context.

#### **Hypothesis 1 (H<sub>11</sub>)**

H<sub>11</sub> proposed that there are perceived differences in IFRS compliance among publicly listed companies in Botswana. The descriptive findings indicate that respondents from different sectors reported varying perceptions regarding the level of IFRS compliance. Respondents from sectors such as mining, finance, and telecommunications generally perceived higher levels of compliance compared to respondents from sectors such as retail and manufacturing. These variations suggest that industry characteristics, governance expectations, and institutional pressures may influence how IFRS compliance is perceived across sectors. The

findings are broadly consistent with previous studies that suggest sectoral differences may influence financial reporting practices and compliance behaviour within emerging market environments (Azzopardi, 2024).

### **Hypothesis 2 (H<sub>12</sub>)**

H<sub>12</sub> proposed that there is a perceived influence between corporate governance mechanisms and IFRS compliance. The findings indicate that respondents generally perceived governance mechanisms such as board independence, audit committee effectiveness, and internal control systems as important factors associated with stronger IFRS compliance. Respondents consistently viewed effective governance structures as contributing to greater transparency, accountability, and reliability in financial reporting. While the findings do not establish causal relationships, they suggest that respondents perceive governance quality as closely linked to compliance with financial reporting standards. This observation is consistent with Agency Theory, which emphasises the role of governance structures in strengthening oversight and reducing information asymmetry (Jensen & Meckling, 1976).

### **Hypothesis 3 (H<sub>13</sub>)**

H<sub>13</sub> proposed that perceived corporate governance factors are associated with IFRS compliance. The findings indicate that respondents viewed board expertise, internal audit mechanisms, audit committee effectiveness, and internal control systems as important governance factors influencing IFRS compliance. In contrast, perceptions regarding the influence of ownership structure and firm size were less consistent. These findings suggest that respondents attach greater importance to governance quality, technical competence, and oversight mechanisms than to organisational characteristics when considering compliance with IFRS requirements. Although these findings represent perceptions rather than objectively verified relationships, they are broadly consistent with existing literature emphasising the importance of governance quality in supporting financial reporting effectiveness (Gardi, Aga & Abdullah, 2023).

### **Hypothesis 4 (H<sub>14</sub>)**

H<sub>14</sub> proposed that the perceived effectiveness of existing regulations and policies is associated with stronger corporate governance practices and IFRS compliance. The findings indicate that

respondents generally perceived regulatory institutions and governance frameworks as important in promoting compliance and strengthening governance practices. Institutions such as the Botswana Stock Exchange (BSE), Companies and Intellectual Property Authority (CIPA), Botswana Accountancy Oversight Authority (BAOA), and Non-Bank Financial Institutions Regulatory Authority (NBFIRA) were viewed as contributing to improved governance oversight and financial reporting discipline. Respondents further perceived regulatory monitoring and enforcement expectations as encouraging compliance with reporting requirements. These findings are consistent with Institutional Theory, which suggests that organisational behaviour is influenced by external regulatory and institutional pressures (DiMaggio & Powell, 1983).

### **Hypothesis 5 (H<sub>15</sub>)**

H<sub>15</sub> proposed that external environmental factors influence corporate governance practices and IFRS compliance. The findings indicate that respondents perceived factors such as economic conditions, foreign investment pressure, market competition, stakeholder expectations, and regulatory pressure as important influences on governance practices and financial reporting behaviour. Respondents generally viewed organisations operating in environments characterised by stronger stakeholder scrutiny and regulatory expectations as more likely to maintain robust governance practices and demonstrate commitment to IFRS compliance. These findings are consistent with both Institutional Theory and Stakeholder Theory, which emphasise the influence of external institutional forces and stakeholder expectations on organisational behaviour and reporting practices (Freeman, 1984; DiMaggio & Powell, 1983).

In summary, the findings suggest that respondents perceive corporate governance mechanisms, regulatory oversight, and external institutional influences as important factors influencing IFRS compliance among publicly listed companies in Botswana. The findings should be interpreted as reflecting respondents' perceptions and professional experiences rather than objectively verified measures of governance effectiveness or statistically established causal relationships. Consequently, the results provide valuable contextual insights into how governance and IFRS compliance are understood within Botswana's listed company environment.

## **4.4 Chapter Summary**

This chapter presented and analysed the findings obtained from the questionnaire administered to professionals involved in corporate governance and financial reporting within publicly listed companies in Botswana. The analysis focused on respondents' perceptions regarding IFRS compliance, the influence of corporate governance mechanisms, governance factors that support IFRS compliance, the effectiveness of existing regulatory frameworks, and the role of external environmental factors in shaping governance practices and financial reporting behaviour.

The findings indicate that respondents generally perceived IFRS compliance among publicly listed companies to be moderate to high, although variations were observed across sectors and organisations. Respondents further perceived governance mechanisms such as board expertise, audit committee effectiveness, internal audit functions, internal controls, and regulatory oversight as important factors supporting IFRS compliance. In addition, regulatory frameworks and external environmental factors, including regulatory pressure, stakeholder expectations, market competition, and foreign investment influence, were perceived to play significant roles in promoting sound governance and financial reporting practices. The findings provide valuable insights into how governance and financial reporting professionals perceive the influence of corporate governance on IFRS compliance within Botswana's listed company environment. The next chapter discusses these findings in relation to the study objectives, theoretical framework, and existing literature.

## **CHAPTER 5: DISCUSSION OF FINDINGS**

### **5.1 Introduction**

This chapter presents a discussion of the findings in relation to the research objectives, hypotheses, theoretical framework, and empirical literature. The discussion focuses on respondents' perceptions regarding the influence of corporate governance practices on IFRS compliance among publicly listed companies in Botswana. The interpretation of findings is guided primarily by Agency Theory and Stakeholder Theory, while Institutional Theory and Stewardship Theory are used to explain contextual and behavioural dimensions of governance and financial reporting practices.

Given that the study relied on questionnaire responses from individuals occupying different governance and financial reporting positions, the findings are interpreted as perception-based

assessments rather than objectively verified company level characteristics. Consequently, conclusions drawn from the study reflect respondents' views and experiences regarding governance effectiveness and IFRS compliance practices.

Although the study examined overall IFRS compliance among publicly listed companies in Botswana, selected standards namely IFRS 9, IFRS 15, IFRS 16, and IFRS 17 were incorporated as proxy indicators to provide additional insight into specific implementation experiences and governance sensitive reporting areas. Therefore, these standards served illustrative rather than restrictive purposes within the broader assessment of IFRS compliance. The chapter is organised according to the research objectives and corresponding hypotheses. Each section integrates discussion of findings, theoretical interpretation, and empirical comparison in order to provide a coherent discussion framework.

### ***5.1.1 Discussion of Findings Relating to Objective 1: Perceived Differences in the level of IFRS Compliance among Publicly Listed Companies in Botswana***

The first objective of this study was to examine whether respondents perceived differences in the level of IFRS compliance among publicly listed companies in Botswana. The findings suggest that respondents perceived varying levels of compliance across companies and sectors represented on the Botswana Stock Exchange (BSE). Although the study did not objectively assess compliance through analysis of audited financial statements or regulatory enforcement records, respondents generally indicated that some sectors appeared to demonstrate stronger adherence to IFRS requirements than others.

In particular, respondents perceived companies operating within sectors such as mining, telecommunications, and financial services to exhibit relatively stronger compliance with IFRS requirements compared to companies operating within sectors such as retail, manufacturing, and construction. These perceived differences may be explained by variations in organisational resources, international exposure, governance maturity, technical expertise, and regulatory scrutiny. Firms operating in sectors characterised by greater international engagement are often exposed to foreign investors, multinational partnerships, international lenders, and cross-border reporting requirements. Consequently, such firms may experience stronger pressures to align with internationally recognised financial reporting standards and governance practices. This interpretation is consistent with Institutional Theory, which suggests that organisations conform to prevailing institutional expectations and external pressures in order to secure legitimacy and stakeholder confidence (DiMaggio & Powell, 1983).

The findings are broadly consistent with previous studies which suggest that organisations operating in internationally exposed industries tend to demonstrate stronger reporting practices and governance structures (Houcine, Zitouni & Srairi, 2022; Azzopardi, 2024). Within the Botswana context, mining companies listed on the BSE are particularly exposed to international reporting expectations because of their dependence on global markets and foreign investment. Such exposure may contribute to stronger organisational emphasis on compliance with internationally accepted reporting standards.

Respondents also perceived organisational capacity to be an important factor influencing IFRS compliance. Companies perceived as possessing stronger technical expertise, more effective internal control systems, greater access to IFRS training, and adequate financial resources were generally viewed as being better positioned to implement complex reporting requirements. Conversely, respondents indicated that resource limitations, insufficient technical expertise, and governance weaknesses may create implementation challenges for some organisations. Similar observations have been reported in studies conducted within emerging economies, where resource constraints and governance capacity limitations have been identified as important barriers to effective IFRS implementation (Gomes & Costa, 2025; Houcine, Zitouni & Srairi, 2022).

The findings further suggest that respondents associated stronger IFRS compliance with organisations perceived to have effective governance structures, including active audit committees, independent boards, competent leadership, and robust internal control systems. This observation is consistent with Agency Theory, which argues that governance mechanisms improve oversight, reduce information asymmetry, and enhance accountability in financial reporting processes (Jensen & Meckling, 1976). Respondents generally perceived organisations with stronger governance practices as being more capable of supporting compliance with IFRS requirements.

An important consideration, however, is that the study relied entirely on respondent perceptions rather than independently verified compliance measures. Consequently, the observed differences should be interpreted as perceived variations in IFRS compliance rather than objective evidence of actual compliance differences among companies or sectors. The findings therefore provide insight into how governance and financial reporting professionals view IFRS implementation within Botswana's listed companies rather than definitive assessments of organisational compliance.

The findings additionally suggest that stakeholder expectations may influence perceptions of IFRS compliance. Respondents frequently associated stronger compliance with organisations operating under greater regulatory visibility and stakeholder scrutiny. Publicly listed companies that interact extensively with investors, regulators, lenders, and other external stakeholders may experience stronger incentives to maintain transparent and credible reporting practices. This interpretation aligns with Stakeholder Theory, which proposes that organisations respond to the expectations of influential stakeholder groups in order to maintain legitimacy and organisational support (Freeman, 1984).

Respondents also identified selected IFRS standards, particularly IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers), IFRS 16 (Leases), and IFRS 17 (Insurance Contracts) used as proxies in this study, as areas where implementation challenges are frequently encountered. Organisations perceived to possess stronger governance systems, greater technical expertise, and more effective internal controls were generally viewed as being better positioned to manage the complexity associated with these standards. This observation is consistent with previous studies which suggest that governance quality and organisational capability play important roles in facilitating the implementation of technically demanding IFRS requirements (Almaqtari, Hashed & Shamim, 2021; Malafronte et al., 2020).

Therefore, the findings suggest that respondents' perceptions of IFRS compliance among publicly listed companies in Botswana are influenced by a combination of governance mechanisms, organisational capacity, stakeholder expectations, and institutional pressures. Respondents generally perceived organisations with stronger governance structures, greater technical expertise, more effective internal controls, and higher levels of regulatory engagement as demonstrating stronger compliance with IFRS requirements. These findings are consistent with previous studies conducted in emerging economies, which report that effective governance mechanisms and institutional support contribute positively to financial reporting quality and compliance with accounting standards (Houcine, Zitouni & Srairi, 2022; Azzopardi, 2024). Similarly, Bahrami et al. (2019) and Malafronte et al. (2020) found that organisations with stronger governance systems and internal control environments are more likely to promote transparency and accountability in financial reporting.

However, the findings also contrast with studies that suggest governance mechanisms alone are insufficient to ensure effective IFRS implementation. For example, Gardi, Aga and Abdullah (2023) argue that regulatory support, professional competence, and institutional

capacity often exert a stronger influence on compliance than formal governance structures, particularly within developing economies. Likewise, Gomes and Costa (2025) found that organisations may possess formal governance arrangements yet continue to experience IFRS implementation challenges due to resource constraints, limited technical expertise, and weak enforcement environments. These contrasting findings suggest that the relationship between governance and IFRS compliance is context dependent and influenced by broader institutional conditions.

The findings further indicate that financial reporting behaviour cannot be understood solely through internal governance mechanisms but must also be examined within the wider regulatory and institutional environment in which organisations operate. This observation supports Institutional Theory, which emphasises the role of external pressures and legitimacy considerations in shaping organisational behaviour (DiMaggio & Powell, 1983). At the same time, the perceived importance of board oversight, internal controls, and accountability mechanisms aligns with Agency Theory, which argues that governance structures help mitigate information asymmetry and managerial opportunism (Jensen & Meckling, 1976). Furthermore, the influence of stakeholder expectations and regulatory scrutiny supports the propositions of Stakeholder Theory, which suggests that organisations respond to the demands of influential stakeholder groups in order to maintain legitimacy and access to critical resources (Freeman, 1984).

Collectively, the findings suggest that perceptions of IFRS compliance among publicly listed companies in Botswana are shaped by the interaction of governance quality, organisational resources, institutional pressures, and stakeholder expectations. While the findings broadly support existing evidence from emerging economies, they also highlight the importance of contextual factors that may influence how governance mechanisms operate within Botswana's evolving regulatory and corporate governance environment. Consequently, the study contributes to the growing body of literature suggesting that effective IFRS compliance requires not only sound governance structures but also adequate institutional support, technical capacity, and regulatory oversight (Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023; Azzopardi, 2024).

### **Hypothesis One Reflection: Perceived Differences in IFRS Compliance**

Hypothesis One examined whether respondents perceived differences in the level of IFRS compliance across sectors represented by publicly listed companies in Botswana. The analysis

reported in Chapter Four identified a statistically significant association between company sector and perceived IFRS compliance,  $\chi^2(5) = 16.28, p = .006$ . Since the reported  $p$ -value was below the 5% significance level,  $H_{01}$  was rejected and  $H_{11}$  was supported.

The finding indicates that respondents did not perceive IFRS compliance as uniform across the sectors represented in the study. Respondents generally perceived companies operating in sectors such as mining, financial services and telecommunications as demonstrating relatively stronger IFRS compliance than companies in sectors such as retail, manufacturing and construction. Such differences may reflect variations in the complexity of transactions, regulatory scrutiny, stakeholder expectations, availability of professional expertise and exposure to international financial reporting requirements. Previous literature similarly suggests that IFRS implementation in emerging economies can be affected by differences in technical expertise, regulatory enforcement, organisational resources and institutional capacity (Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023).

From an Institutional Theory perspective, the finding suggests that sectoral environments may shape respondents' perceptions of financial reporting practices. Organisations operating in highly regulated or internationally exposed sectors may experience stronger regulatory and market pressures to conform to established financial reporting expectations (DiMaggio & Powell, 1983; Aluchna & Kuszewski, 2022; Khlif et al., 2023). The finding can also be interpreted through Stakeholder Theory, as organisations facing stronger expectations from investors, regulators and other users of financial information may be perceived as having greater incentives to maintain transparent and credible reporting practices (Freeman, 1984; Shoman, 2023). However, the statistically significant chi-square result demonstrates an association between company sector and respondents' perceptions of IFRS compliance, rather than objectively verified differences in actual company-level IFRS compliance. The study did not independently audit the financial statements of the listed companies to establish their actual compliance with IFRS. Accordingly,  $H_{11}$  is supported within the perception-based scope of the study.

### ***5.1.2 Relationship Between Governance Mechanisms and Perceived IFRS Compliance***

The second objective of this study sought to examine respondents' perceptions regarding the influence of corporate governance mechanisms on IFRS compliance among publicly listed companies in Botswana. Specifically, the study explored whether respondents perceived governance structures such as board independence, audit committee effectiveness, internal

control systems, and ownership structure as contributing to the implementation and maintenance of IFRS reporting practices within listed firms.

The findings suggest that respondents generally viewed corporate governance mechanisms as important contributors to IFRS compliance. In particular, board independence, effective audit committees, and strong internal control systems were frequently identified as governance practices that support accountability, transparency, and oversight within financial reporting processes. Respondents commonly associated these governance mechanisms with improved monitoring of financial reporting activities and greater adherence to IFRS requirements.

The findings further indicate that respondents perceived governance quality as an important factor influencing financial reporting practices among publicly listed companies. Organisations perceived to possess stronger governance structures were generally viewed as more likely to produce transparent, reliable, and credible financial information. These findings are consistent with previous studies which suggest that effective governance mechanisms contribute to improved financial reporting quality and compliance with accounting standards. For example, Lee and Hu (2021) found that firms with stronger governance systems demonstrated higher levels of IFRS disclosure quality due to improved oversight and monitoring processes. Similarly, Ajibade et al. (2022) reported that effective governance structures contribute to greater transparency and enhanced reliability of financial information within emerging market organisations.

The findings also support the argument advanced by Agency Theory that governance mechanisms serve as important monitoring devices that reduce information asymmetry and managerial opportunism (Jensen & Meckling, 1976). From this perspective, governance structures such as independent boards, audit committees, and internal control systems enhance accountability and strengthen oversight of financial reporting activities. Respondents generally perceived these mechanisms as important safeguards that promote compliance with financial reporting requirements and improve stakeholder confidence in organisational reporting practices.

However, the findings also reveal similarities and differences with previous studies. While several studies have reported that governance mechanisms contribute positively to financial reporting quality and compliance (Bahrami et al., 2019; Ahmed et al., 2024), other researchers argue that governance structures alone may not guarantee effective IFRS implementation. For example, Gardi, Aga and Abdullah (2023) found that organisations may possess formal

governance mechanisms yet continue to experience compliance challenges because of limited technical expertise, inadequate institutional support, and resource constraints. Similarly, Gomes and Costa (2025) observed that the effectiveness of governance mechanisms often depends on broader organisational and regulatory conditions. These contrasting findings suggest that governance structures may support IFRS compliance, but their effectiveness is influenced by contextual factors such as professional competence, organisational capacity, and regulatory enforcement.

The findings further align with Stakeholder Theory, which suggests that organisations adopt governance mechanisms to meet the expectations of key stakeholder groups, including investors, regulators, creditors, and shareholders (Freeman, 1984). Respondents generally perceived organisations with stronger governance systems as being better positioned to satisfy stakeholder demands for transparency, accountability, and high quality financial reporting. This observation also supports Institutional Theory, which argues that organisations respond to external pressures and legitimacy expectations by adopting governance and reporting practices that conform to accepted standards and regulatory requirements (DiMaggio & Powell, 1983).

These findings suggest that respondents perceived corporate governance mechanisms as important enablers of IFRS compliance among publicly listed companies in Botswana. While these perceptions are broadly consistent with international evidence emphasising the importance of governance quality in supporting financial reporting practices, they also highlight the importance of organisational capacity, technical expertise, and institutional support in shaping the effectiveness of governance mechanisms within emerging market environments (Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023). This suggests that effective IFRS implementation may require not only sound governance structures but also adequate resources, professional competence, and supportive regulatory frameworks.

#### ***5.1.2.1 Board Independence and Perceived IFRS Compliance***

One of the governance mechanisms most frequently associated with perceived IFRS compliance was board independence. Respondents generally perceived independent boards as contributing positively toward financial reporting oversight and monitoring of management activities relating to IFRS implementation. Independent directors were viewed as being better positioned to challenge management decisions, reduce opportunities for managerial opportunism, and encourage adherence to reporting standards. These perceptions are broadly

consistent with Agency Theory, which emphasises the role of independent oversight in mitigating conflicts of interest between managers and shareholders (Jensen & Meckling, 1976).

Agency Theory provides one of the key theoretical explanations for the perceived relationship between governance mechanisms and IFRS compliance. According to the theory, managers may pursue personal interests that conflict with the interests of shareholders unless effective monitoring mechanisms are established. Governance structures such as independent boards, audit committees, and internal controls therefore function as monitoring tools that may reduce information asymmetry and strengthen accountability within organisations. In the context of financial reporting, such mechanisms are generally viewed as supporting transparency and discouraging manipulation or selective disclosure of accounting information.

The findings of this study suggest that respondents perceived board independence as contributing toward this monitoring role within publicly listed companies in Botswana. Participants generally associated independent boards with improved transparency and stronger adherence to IFRS requirements. This perception is supported by Azzopardi (2024), who found that independent boards were associated with improved financial reporting quality and governance effectiveness in emerging markets. Similarly, Almaqtari, Hashed and Shamim (2021) argue that board independence may strengthen the credibility of financial reporting through enhanced oversight over management decisions and reporting processes.

#### ***5.1.2.2 Audit Committee Effectiveness and Perceived IFRS Compliance***

Another important governance mechanism identified by respondents was audit committee effectiveness. Respondents generally perceived firms with active and competent audit committees as more likely to demonstrate stronger compliance with IFRS requirements. Audit committees were viewed as important structures responsible for reviewing financial statements, overseeing audit processes, monitoring internal controls, and supporting adherence to financial reporting standards. Participants also perceived audit committee independence and expertise as important factors influencing oversight effectiveness in IFRS implementation.

These findings are broadly aligned with prior empirical studies emphasising the role of audit committees in supporting financial reporting quality. Ahmed et al. (2024) found that effective audit committees were associated with greater credibility and reliability of financial disclosures through improved governance oversight and compliance monitoring. Likewise, Shoman (2023) reported that audit committee effectiveness was positively associated with transparency and IFRS disclosure quality among listed firms in developing economies.

The findings relating to audit committee effectiveness further reflect the assumptions of Agency Theory. Audit committees function as specialised governance mechanisms intended to monitor management behaviour and safeguard the integrity of financial reporting processes. Within publicly listed firms, audit committees are generally expected to encourage adherence to accounting standards and regulatory requirements. Respondents in this study generally perceived effective audit committees as supporting accountability and strengthening confidence in financial reporting practices among listed companies in Botswana.

#### ***5.1.2.3 Internal Control Systems and Perceived IFRS Compliance***

Internal control systems also emerged as a governance mechanism commonly associated with perceived IFRS compliance. Respondents perceived firms with stronger internal control systems as better positioned to support accurate financial reporting, effective risk management, and adherence to IFRS requirements. Internal controls were viewed as important mechanisms for reducing reporting errors, limiting misstatements, and supporting the reliability of financial information.

These findings are consistent with previous literature emphasising the importance of internal controls in financial reporting quality. Gardi, Aga and Abdullah (2023) found that internal control systems were associated with financial reporting reliability and governance effectiveness in emerging market firms. Similarly, Abdelqader, Darwish and Nimer (2022) argue that strong internal controls may reduce opportunities for financial misreporting and support organisational accountability.

The findings suggest that respondents perceived internal controls not only as operational mechanisms but also as governance instruments that may support compliance with complex IFRS standards. Firms perceived to possess stronger internal control environments were therefore commonly viewed as better positioned to manage the complexity associated with these standards.

#### ***5.1.2.4 Ownership Structure and Perceived IFRS Compliance***

The study further explored perceptions regarding ownership structure and its relationship with IFRS compliance. Compared to board independence, audit committee effectiveness, and internal controls, ownership structure appeared to demonstrate a weaker perceived relationship with IFRS compliance. Respondents generally did not strongly associate managerial ownership or ownership concentration with compliance behaviour within listed firms. This finding differs somewhat from traditional Agency Theory assumptions, which suggest that ownership

concentration may reduce agency conflicts by aligning the interests of managers and shareholders.

However, the findings are not entirely inconsistent with existing literature. Gomes and Costa (2025) argue that the influence of ownership structure on financial reporting quality often depends on the broader governance environment within which firms operate. In some contexts, ownership concentration may strengthen monitoring, while in others it may weaken transparency if dominant shareholders exert excessive influence over reporting processes. Within the Botswana context, respondents appeared to perceive governance quality and oversight mechanisms as more influential factors relating to IFRS compliance than ownership structure alone.

#### ***5.1.2.5 Stakeholder Expectations and Governance Mechanisms***

The findings also have implications from a Stakeholder Theory perspective. Stakeholder Theory argues that organisations are accountable not only to shareholders but also to a wider range of stakeholder groups, including regulators, investors, creditors, employees, and the broader public (Freeman, 1984). Effective governance mechanisms may therefore function as tools for maintaining stakeholder confidence and legitimacy. Respondents in this study generally perceived governance structures as important in supporting firms' ability to produce transparent and reliable financial statements capable of meeting stakeholder expectations.

The perceived relationship between governance mechanisms and IFRS compliance may therefore reflect broader stakeholder demands for accountability and transparency within publicly listed companies. Firms operating in capital markets depend heavily on investor confidence and external legitimacy. Consequently, governance structures associated with stronger reporting quality may be viewed as important for maintaining trust among investors, regulators, and financial market participants.

Therefore, the findings suggest that respondents generally perceived corporate governance mechanisms as important factors influencing IFRS compliance among publicly listed companies in Botswana. Board independence, audit committee effectiveness, and internal control systems were frequently identified as governance practices that contribute to accountability, transparency, and oversight within financial reporting processes. Respondents commonly associated organisations perceived to possess stronger governance structures with higher levels of adherence to IFRS requirements.

These findings are broadly consistent with international evidence suggesting that effective governance mechanisms contribute to improved financial reporting quality and enhanced compliance with accounting standards. For example, Bahrami et al. (2019) found that independent boards strengthen oversight and reduce managerial opportunism, thereby supporting transparent financial reporting practices. Similarly, Ahmed et al. (2024) and Shoman (2023) reported that effective audit committees enhance the credibility and quality of financial disclosures through improved monitoring of reporting processes. Likewise, Malafronte et al. (2020) emphasised the importance of strong internal control systems in supporting compliance, risk management, and reporting reliability.

However, the findings also contrast with studies that argue that governance mechanisms alone may not be sufficient to ensure effective IFRS implementation. Gardi, Aga and Abdullah (2023) found that organisations operating in emerging economies frequently experience implementation challenges arising from limited technical expertise, resource constraints, and weak institutional support, regardless of the existence of formal governance structures. Similarly, Gomes and Costa (2025) observed that some firms possess governance mechanisms that appear robust on paper but continue to face difficulties achieving effective compliance because of inadequate professional competence and limited organisational capacity. These contrasting findings suggest that while governance mechanisms may support IFRS compliance, their effectiveness often depends on broader organisational and institutional conditions.

The findings relating to ownership structure provide further evidence of this complexity. While Agency Theory suggests that ownership arrangements may influence managerial behaviour and reduce agency conflicts (Jensen & Meckling, 1976), respondents generally perceived ownership structure as less influential than board oversight, audit committee effectiveness, and internal controls in shaping IFRS compliance practices. This observation is consistent with Gomes and Costa (2025), who argue that governance quality frequently exerts a stronger influence on financial reporting behaviour than ownership concentration alone. Conversely, some studies have reported that concentrated ownership may strengthen monitoring and improve reporting quality in certain institutional environments (Almaqtari, Hashed & Shamim, 2021). The mixed evidence therefore suggests that the influence of ownership structure remains context dependent.

From a theoretical perspective, the findings support the propositions of Agency Theory, which emphasises the role of governance mechanisms in reducing information asymmetry and

enhancing accountability between managers and shareholders (Jensen & Meckling, 1976). Respondents generally perceived independent boards, effective audit committees, and strong internal controls as important monitoring mechanisms that promote transparent financial reporting and encourage adherence to IFRS requirements. The findings also align with Stakeholder Theory, which suggests that organisations utilise governance structures to maintain legitimacy and meet the expectations of stakeholders such as investors, regulators, creditors, and the wider public (Freeman, 1984). Respondents frequently associated stronger governance practices with greater stakeholder confidence in financial reporting processes.

Within the Botswana context, the findings suggest that perceptions of IFRS compliance are influenced not only by the existence of governance structures but also by how effectively those structures are perceived to operate in practice. Respondents generally viewed governance quality, professional competence, and organisational accountability as interconnected factors supporting financial reporting compliance. Consequently, the findings reinforce the view that effective IFRS implementation requires a combination of sound governance mechanisms, technical expertise, organisational commitment, and institutional support.

The findings contribute to the growing body of literature suggesting that governance mechanisms play an important role in shaping perceptions of financial reporting quality and IFRS compliance. At the same time, the findings highlight the importance of considering contextual factors such as organisational capacity, regulatory oversight, and institutional conditions when examining governance compliance relationships within emerging market environments such as Botswana (Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023).

#### ***5.1.2.6 Hypothesis Two Reflection- Corporate Governance Mechanisms and Perceived IFRS Compliance***

Hypothesis Two examined whether respondents' perceptions of corporate governance mechanisms were associated with their perceptions of IFRS compliance. As reported in Chapter Four, board independence demonstrated a significant positive association with perceived IFRS compliance ( $r = .46, p < .01$ ), while internal controls also demonstrated a significant positive association ( $r = .51, p < .01$ ). The presence of an audit committee similarly demonstrated a significant positive association with perceived IFRS compliance ( $r = .49, p < .01$ ). On the basis of the reported significance levels,  $H_{02}$  was rejected and  $H_{12}$  was supported.

The findings suggest that respondents generally perceived stronger corporate governance mechanisms as being associated with stronger IFRS compliance. In particular, the positive association involving internal controls indicates that respondents viewed effective control systems as important in supporting the reliability, accountability and integrity of financial reporting. Similarly, the positive association involving board independence suggests that respondents perceived independent oversight as relevant to monitoring financial reporting processes, while the association involving audit committee presence indicates that respondents viewed audit committee structures as important to financial reporting oversight.

These findings are consistent with Agency Theory, which explains the importance of monitoring mechanisms in reducing information asymmetry and potential conflicts between managers and shareholders. Board independence, audit committees and internal control systems are identified within the theoretical framework as mechanisms that can strengthen monitoring, accountability and oversight (Jensen & Meckling, 1976; Ajibade et al., 2022; Gardi, Aga & Abdullah, 2023). The finding is also consistent with previous literature suggesting that governance structures such as board independence, audit committee effectiveness and internal controls are associated with improved transparency, accountability and financial reporting quality (Ajibade et al., 2022). From a Stakeholder Theory perspective, effective governance mechanisms can strengthen accountability and transparency towards investors and other users of financial information (Freeman, 1984; Shoman, 2023). However, the findings should not be interpreted as demonstrating that corporate governance mechanisms causally determine IFRS compliance. The statistical results represent associations between respondents' perceptions of governance mechanisms and their perceptions of IFRS compliance. Thus, H<sub>12</sub> is supported as a perception-based association rather than as evidence of causality or objectively verified firm level compliance.

### ***5.1.3 Respondents' Perceptions of Governance Factors Influencing IFRS Compliance***

The third objective of this study sought to examine respondents' perceptions regarding the corporate governance factors that influence IFRS compliance among publicly listed companies in Botswana. Specifically, the study explored how respondents perceived the role of governance-related attributes such as board expertise, internal audit mechanisms, regulatory oversight, audit committee independence, managerial ownership, and firm size in supporting the implementation and application of IFRS requirements within listed entities.

The findings presented in Chapter Four suggest that respondents perceived certain governance factors as playing a more prominent role than others in supporting IFRS compliance. In particular, board expertise, internal audit mechanisms, and regulatory oversight were frequently identified as important factors influencing effective financial reporting practices and adherence to IFRS requirements. Respondents generally perceived organisations with boards possessing stronger accounting and financial expertise, effective internal audit structures, and active regulatory oversight as being better positioned to support IFRS implementation and reporting quality.

These findings are important because IFRS implementation involves complex accounting judgments, extensive disclosure requirements, ongoing regulatory developments, and the need for continuous monitoring of reporting practices. Respondents therefore appeared to perceive governance structures characterised by strong technical competence, effective oversight, and regulatory engagement as contributing positively to financial reporting quality and IFRS compliance. This observation is consistent with existing governance literature, which suggests that compliance with accounting standards is influenced not only by the existence of governance structures but also by their effectiveness, expertise, and operational capacity (Almaqtari, Hashed & Shamim, 2021).

The findings are broadly consistent with previous studies that emphasise the importance of board expertise in enhancing financial reporting quality. For example, García-Meca and Sánchez (2018) found that directors possessing financial and accounting expertise are better equipped to oversee complex reporting processes and monitor compliance with accounting standards. Similarly, Lee and Hu (2021) argue that boards with greater financial expertise contribute to stronger governance oversight and improved IFRS implementation. These findings support respondents' perceptions that technical competence at board level remains an important consideration in achieving effective compliance with increasingly complex financial reporting requirements.

However, the findings also align with studies suggesting that expertise alone may not guarantee effective IFRS implementation. Gardi, Aga, and Abdullah (2023) found that organisations may continue to experience compliance challenges despite possessing technically qualified governance structures where institutional support, organisational resources, or regulatory enforcement mechanisms remain weak. This suggests that expertise should be considered

alongside broader organisational and environmental factors when evaluating governance effectiveness and supporting IFRS compliance.

#### ***5.1.3.1 Board Expertise and Perceived IFRS Compliance***

One of the strongest themes emerging from the findings relates to the importance of board expertise in shaping perceived IFRS compliance. Respondents generally viewed financially knowledgeable boards as important for supporting accurate interpretation and implementation of complex accounting standards. Boards with members possessing accounting, auditing, or financial management expertise were perceived to provide stronger oversight of financial reporting processes and more effective monitoring of management decisions relating to IFRS implementation.

This perception aligns with prior empirical studies which suggest that board financial expertise may be associated with stronger financial reporting practices and improved compliance with international accounting standards. For example, Lee and Hu (2021) found that boards with greater accounting competence were associated with improved disclosure quality and stronger adherence to IFRS reporting requirements in emerging economies. Similarly, Azzopardi (2024) argues that board expertise may support governance effectiveness by improving directors' ability to scrutinise complex accounting estimates, monitor reporting risks, and challenge management decisions where necessary.

The importance attached to board expertise by respondents may also reflect the increasing complexity of IFRS standards themselves. Standards such as IFRS 9, IFRS 15, IFRS 16, and IFRS 17 used as proxies in this study require sophisticated judgments involving impairment models, revenue recognition timing, lease measurement, and insurance liability estimation. Respondents therefore appeared to perceive that organisations lacking technically competent boards may experience greater difficulty in overseeing compliance with these standards.

From an Agency Theory perspective, board expertise strengthens the board's monitoring role by reducing information asymmetry between management and shareholders. According to Jensen and Meckling (1976), boards serve as monitoring mechanisms designed to limit opportunistic managerial behaviour and protect shareholder interests. Where directors possess adequate financial expertise, they may be better positioned to detect reporting irregularities, evaluate accounting decisions, and encourage adherence to reporting standards. The findings of this study therefore support Agency Theory by suggesting that respondents perceived board

competence as important in strengthening oversight of financial reporting and perceived IFRS compliance.

The findings also provide some support for Stewardship Theory. Stewardship Theory argues that governance effectiveness depends not only on monitoring mechanisms but also on managerial competence, professionalism, and organisational commitment (Davis et al., 1997). Respondents appeared to perceive financially competent boards not merely as control mechanisms, but also as strategic resources capable of supporting sound financial reporting practices and guiding organisations through complex reporting environments.

Within the Botswana context, the importance of board expertise may be particularly relevant because publicly listed firms operate within a relatively small capital market where specialised accounting expertise may be limited. Respondents therefore appeared to associate technical competence at board level with the ability to address implementation challenges associated with IFRS adoption. This observation aligns with studies conducted in developing markets, which suggest that limited technical expertise remains an important challenge affecting IFRS implementation quality (Gardi, Aga & Abdullah, 2023).

#### ***5.1.3.2 Internal Audit Mechanisms and Perceived IFRS Compliance***

The findings further suggest that respondents perceived internal audit mechanisms as important governance structures supporting IFRS compliance among publicly listed companies in Botswana. Organisations perceived to possess effective internal audit functions and well established internal reporting systems were commonly viewed as being better positioned to support accurate financial reporting and adherence to IFRS requirements. Respondents generally regarded internal audit functions as important oversight mechanisms responsible for monitoring accounting processes, identifying reporting weaknesses, evaluating compliance procedures, and supporting the integrity of financial disclosures.

These findings are broadly consistent with previous studies that emphasise the role of internal audit functions in enhancing financial reporting quality and governance effectiveness. Abdelqader, Darwish and Nimer (2022) argue that effective internal control systems and internal audit mechanisms strengthen reporting reliability by improving oversight and reducing the likelihood of reporting irregularities. Similarly, Gardi, Aga and Abdullah (2023) found that organisations with stronger internal control environments were generally better positioned to support the implementation of complex accounting standards and reporting requirements.

Malafronte et al. (2020) likewise emphasise that effective internal audit systems contribute to accountability, risk management, and financial reporting transparency.

However, the findings also contrast with studies suggesting that internal audit structures alone may not guarantee effective compliance with IFRS requirements. Gomes and Costa (2025) found that organisations may maintain formal internal audit functions yet continue to experience implementation challenges where technical expertise, organisational resources, or management support remain inadequate. Similarly, Houcine, Zitouni and Srairi (2022) argue that the effectiveness of internal controls is often influenced by broader institutional conditions, regulatory support, and organisational culture. These contrasting findings suggest that the contribution of internal audit mechanisms should be considered alongside other organisational and environmental factors that influence financial reporting practices.

The findings may be explained by the complexity of IFRS implementation, which frequently requires continuous monitoring of accounting policies, periodic review of reporting systems, and ongoing assessment of compliance procedures. Respondents therefore appeared to perceive internal audit departments as important governance structures capable of supporting consistency and accountability in the application of IFRS requirements across reporting periods. This observation is consistent with the view that effective internal oversight mechanisms contribute to stronger governance environments and improved reporting practices.

From a theoretical perspective, the findings align closely with Agency Theory, which views internal audit functions as monitoring mechanisms designed to reduce information asymmetry and strengthen accountability between managers and shareholders (Jensen & Meckling, 1976). Through the evaluation of internal controls, reporting systems, and compliance processes, internal auditors may contribute to reducing opportunities for opportunistic behaviour and enhancing the credibility of financial information. Respondents therefore generally perceived internal audit functions as important governance mechanisms supporting transparency, accountability, and financial reporting integrity.

Within the Botswana context, the findings suggest that respondents viewed effective internal audit systems as particularly important in supporting financial reporting practices within publicly listed companies. Given the challenges frequently associated with emerging market environments, including resource constraints, evolving regulatory expectations, and shortages of specialised accounting expertise, respondents generally perceived internal audit mechanisms as playing an important supportive role in facilitating IFRS implementation and maintaining

reporting quality. Collectively, the findings reinforce the view that internal audit functions remain a critical component of broader corporate governance systems aimed at promoting transparency, accountability, and compliance with financial reporting requirements.

#### ***5.1.3.3 Regulatory Oversight and Perceived IFRS Compliance***

Another important finding relates to respondents' perceptions regarding the role of regulatory oversight in supporting IFRS compliance among publicly listed companies in Botswana. Respondents generally viewed stronger regulatory supervision, monitoring, and enforcement mechanisms as important factors that encourage adherence to IFRS requirements and promote accountability in financial reporting practices. Regulatory institutions such as the Botswana Stock Exchange (BSE), the Botswana Institute of Chartered Accountants (BICA), the Botswana Accountancy Oversight Authority (BAOA), and the Companies and Intellectual Property Authority (CIPA) were frequently perceived as playing important roles in promoting financial reporting discipline, governance accountability, and compliance with reporting standards.

These findings are consistent with Institutional Theory, which suggests that organisational behaviour is shaped by external institutional pressures, including legal requirements, regulatory expectations, and professional norms (DiMaggio & Powell, 1983). According to the theory, organisations often adopt governance and reporting practices in response to coercive pressures from regulators, normative pressures from professional bodies, and mimetic pressures arising from industry expectations. Respondents in this study generally perceived that regulatory monitoring and oversight create an environment that encourages organisations to maintain compliance with IFRS requirements and accepted governance practices.

The findings are also broadly consistent with prior empirical studies. Houcine, Zitouni and Srairi (2022) found that effective regulatory oversight contributes to improvements in financial reporting quality and transparency within emerging market environments. Similarly, Azzopardi (2024) argues that strong institutional oversight strengthens accountability and supports the implementation of governance mechanisms that encourage compliance with reporting standards. Siregar and Utama (2021) likewise found that organisations operating within environments characterised by stronger enforcement mechanisms generally demonstrate higher levels of reporting discipline and accountability.

However, the findings contrast with studies suggesting that regulatory oversight alone may not be sufficient to ensure effective IFRS implementation. Gardi, Aga and Abdullah (2023) argue

that organisations may continue to experience compliance challenges despite the presence of regulatory frameworks where technical expertise, organisational resources, and implementation capacity remain limited. Likewise, Gomes and Costa (2025) found that regulatory requirements may encourage formal compliance, but the quality of implementation often depends on internal governance capabilities and professional competence. These contrasting findings suggest that while regulatory oversight is important, its effectiveness may be influenced by broader organisational and institutional conditions.

The Botswana context may further explain the importance respondents attached to regulatory oversight. As a relatively small and developing capital market, Botswana relies heavily on regulatory institutions and professional bodies to maintain investor confidence, strengthen market credibility, and promote transparency in corporate reporting. Respondents therefore generally perceived regulatory oversight as an important mechanism for encouraging consistency in IFRS implementation and reinforcing governance accountability across listed companies.

The findings also suggest that respondents perceived differences in the intensity of regulatory scrutiny across sectors and organisations. Firms operating in highly regulated sectors such as financial services, mining, and telecommunications were generally perceived as facing greater compliance expectations because of heightened stakeholder visibility, industry regulation, and investor scrutiny. This observation supports Stakeholder Theory, which argues that organisations respond to the expectations and influence of different stakeholder groups in order to maintain legitimacy and organisational support (Freeman, 1984). Organisations operating within highly visible sectors may therefore face stronger pressure to demonstrate transparency and accountability through compliance with recognised financial reporting standards.

Therefore, the findings suggest that respondents perceived regulatory oversight as an important component of the broader governance environment supporting IFRS compliance among publicly listed companies in Botswana. Nevertheless, the findings also indicate that regulatory oversight operates alongside other factors such as governance quality, professional competence, organisational resources, and institutional capacity. Consistent with both Institutional Theory and Stakeholder Theory, the findings suggest that perceptions of IFRS compliance are shaped not only by formal regulatory requirements but also by the broader organisational and institutional environment within which listed companies operate (DiMaggio & Powell, 1983; Freeman, 1984; Houcine, Zitouni & Srairi, 2022).

#### ***5.1.3.4 Audit Committee Independence, Firm Size, and Managerial Ownership***

Although respondents generally acknowledged the importance of audit committee independence, firm size, and managerial ownership in corporate governance, these factors were perceived as playing a less prominent role in supporting IFRS compliance when compared with board expertise, internal audit mechanisms, and regulatory oversight.

Audit committee independence was generally viewed positively by respondents, who recognised its potential contribution to oversight and accountability within financial reporting processes. However, perceptions regarding its importance appeared less pronounced than those relating to board expertise and internal audit effectiveness. One possible explanation is that respondents may have viewed independence alone as insufficient to ensure effective oversight unless audit committee members also possess adequate financial expertise, relevant experience, and the authority necessary to influence reporting practices. This observation is consistent with the findings of Ahmed et al. (2024), who argue that the effectiveness of audit committees depends not only on their independence but also on their competence and ability to actively engage in financial reporting oversight. Similarly, Shoman (2023) found that audit committees contribute more effectively to reporting quality when independence is complemented by technical expertise and active participation. However, these findings contrast with studies that regard audit committee independence as one of the most important governance mechanisms supporting transparency and accountability in financial reporting (Bahrami et al., 2019). The mixed evidence suggests that the effectiveness of audit committee independence may depend on organisational and institutional contexts.

Similarly, firm size was not consistently perceived as a major factor influencing IFRS compliance. While larger organisations may possess greater financial resources, more sophisticated reporting systems, and access to specialised accounting expertise, respondents generally appeared to place greater emphasis on governance quality and organisational capability than on organisational size alone. This finding is consistent with Azzopardi (2024), who argues that governance effectiveness often exerts a stronger influence on financial reporting quality than firm size. Likewise, Gomes and Costa (2025) found that smaller organisations with strong governance systems may demonstrate reporting practices comparable to those of larger firms. Conversely, other studies have reported that larger organisations tend to achieve stronger compliance because they possess greater resources to support the implementation of complex accounting standards and disclosure requirements (Houcine,

Zitouni & Srairi, 2022). These contrasting findings suggest that the relationship between firm size and IFRS compliance remains context dependent.

Managerial ownership was also perceived as having a relatively limited influence on IFRS compliance compared with other governance mechanisms. Although Agency Theory proposes that managerial ownership may align the interests of managers and shareholders by reducing agency conflicts (Jensen & Meckling, 1976), respondents generally appeared to perceive that ownership concentration alone does not necessarily guarantee effective compliance with IFRS requirements. Rather, respondents frequently emphasised the importance of governance oversight, technical competence, and regulatory monitoring in supporting financial reporting practices. This observation is consistent with Gomes and Costa (2025), who argue that governance quality often plays a more significant role in shaping reporting behaviour than ownership structures alone. However, the findings contrast with studies suggesting that concentrated ownership may strengthen monitoring and improve accountability, particularly in environments characterised by weak external governance mechanisms (Almaqtari, Hashed & Shamim, 2021). These contrasting perspectives indicate that the influence of managerial ownership remains complex and may vary across institutional environments.

From a theoretical perspective, the findings provide only partial support for Agency Theory. While the theory emphasises the importance of ownership arrangements in aligning managerial and shareholder interests, respondents generally perceived governance mechanisms such as board expertise, internal audit functions, and regulatory oversight as more important in supporting IFRS compliance. This suggests that, within the Botswana context, respondents viewed effective monitoring, technical competence, and institutional oversight as more influential components of governance than ownership structures alone.

The findings therefore suggest that although audit committee independence, firm size, and managerial ownership remain important elements of corporate governance, respondents perceived them as playing a less central role in supporting IFRS compliance than governance mechanisms directly linked to expertise, oversight, and accountability. The findings further reinforce the view that effective IFRS implementation depends not only on formal governance structures but also on the quality, competence, and effectiveness with which those structures operate in practice.

### ***5.1.3.5 Hypothesis Three Reflection- Corporate Governance Factors and Perceived IFRS Compliance***

Hypothesis Three examined the specific corporate governance factors that respondents perceived as influencing IFRS compliance. The analysis considered factors including board independence, board expertise, audit committee effectiveness, internal controls, internal audit mechanisms and managerial ownership. The results reported in Chapter Four indicated that some governance factors demonstrated statistically significant relationships with perceived IFRS compliance, while others did not. In particular, board expertise demonstrated a statistically significant positive relationship with perceived IFRS compliance ( $\beta = .41$ ,  $p = .012$ ), while internal audit mechanisms also demonstrated a statistically significant positive relationship ( $\beta = .36$ ,  $p = .017$ ). Other governance variables did not demonstrate statistically significant relationships in the reported analysis. Consequently,  $H_{13}$  was assessed as partially supported.

The finding highlights the perceived importance of professional competence and internal assurance mechanisms in financial reporting. Respondents' perceptions that board expertise is associated with stronger IFRS compliance suggest that the technical knowledge and financial reporting competence of board members may be important in overseeing complex reporting requirements. Similarly, the perceived importance of internal audit mechanisms suggests that respondents viewed internal assurance activities as relevant to monitoring financial reporting processes and supporting compliance.

This finding is consistent with the theoretical framework, which links board expertise to Stewardship Theory and recognises the importance of professionalism, responsibility and organisational commitment in governance behaviour (Donaldson & Davis, 1991; Davis et al., 1997; Shoman, 2023). The findings are also broadly consistent with the literature reviewed in Chapter Two, which identifies technical expertise, internal controls and governance effectiveness as important considerations in IFRS implementation, particularly in emerging-market contexts (Gardi, Aga & Abdullah, 2023; Houcine, Zitouni & Srairi, 2022). The relevance of internal audit mechanisms can additionally be understood through Agency Theory, because internal monitoring mechanisms can strengthen oversight and reduce information asymmetry between management and other organisational stakeholders (Jensen & Meckling, 1976; Ajibade et al., 2022).

The fact that only some governance factors demonstrated statistically significant relationships is also important. It suggests that respondents did not perceive all governance characteristics as equally influential. Rather, technical competence and monitoring mechanisms appeared

more prominent than some structural characteristics. Because only some governance factors demonstrated statistically significant relationships,  $H_{13}$  should therefore be interpreted as partially supported. Furthermore, the reported coefficients should be understood within the perception-based framework of the study rather than as evidence that the identified governance factors objectively predict or cause IFRS compliance at company level.

#### ***5.1.4 Perceived Effectiveness of Regulations and Policies in Promoting Corporate Governance and IFRS Compliance***

The fourth objective of this study sought to examine whether the perceived effectiveness of existing regulations and policies promotes corporate governance and IFRS compliance among publicly listed companies in Botswana. The findings revealed that respondents generally perceived Botswana's regulatory and policy framework as playing an important role in encouraging sound corporate governance practices and supporting compliance with International Financial Reporting Standards (IFRS). Respondents acknowledged the contribution of regulatory and professional institutions such as the Botswana Stock Exchange (BSE), Companies and Intellectual Property Authority (CIPA), Non-Bank Financial Institutions Regulatory Authority (NBFIRA), Botswana Accountancy Oversight Authority (BAOA), and the Botswana Institute of Chartered Accountants (BICA) in promoting accountability, transparency, and financial reporting discipline within listed companies.

These findings suggest that regulatory frameworks are perceived not merely as legal compliance mechanisms but as institutional instruments that influence organisational behaviour and shape governance practices. Respondents generally associated effective regulatory oversight, monitoring mechanisms, professional guidance, and enforcement processes with stronger governance structures and improved adherence to IFRS requirements. This finding is particularly important within Botswana's relatively small and concentrated capital market, where regulatory institutions play a central role in safeguarding investor confidence and promoting the credibility of financial reporting.

The findings support the assumptions of Institutional Theory, which posits that organisations respond to coercive, normative, and mimetic pressures originating from regulators, professional bodies, and broader institutional environments (DiMaggio & Powell, 1983). From this perspective, publicly listed companies may strengthen governance structures and improve IFRS compliance not only because of internal organisational objectives but also because of external expectations regarding legitimacy, accountability, and transparency. In Botswana,

these institutional pressures are reinforced through listing requirements, corporate governance codes, accounting standards, and professional oversight mechanisms. The findings therefore suggest that regulatory institutions contribute significantly to shaping governance behaviour and financial reporting practices among listed firms.

The results are broadly consistent with previous empirical studies. Houcine, Zitouni and Srairi (2022) found that effective regulatory environments and governance oversight mechanisms enhance financial reporting quality and reduce opportunities for opportunistic disclosure practices. Similarly, Almaqtari, Hashed and Shamim (2021) reported that institutional support systems, including regulatory monitoring and professional oversight, contribute positively to governance effectiveness and reporting transparency. Azzopardi (2024) likewise concluded that strong regulatory systems improve organisational accountability and encourage greater compliance with reporting requirements. Collectively, these studies support the view that regulatory effectiveness constitutes an important determinant of governance quality and financial reporting behaviour.

However, the findings should be interpreted cautiously. While respondents generally perceived Botswana's regulations and policies as effective, prior studies conducted in emerging economies suggest that the existence of regulatory frameworks does not automatically guarantee effective implementation or full compliance (Gardi, Aga & Abdullah, 2023; Shoman, 2023). Several scholars argue that enforcement capacity, institutional resources, technical expertise, and monitoring effectiveness often determine whether governance regulations achieve their intended outcomes. Consequently, organisations may formally comply with regulatory requirements while substantive governance effectiveness remains limited. This observation is particularly relevant in developing economies where resource constraints and skills shortages may affect regulatory enforcement and organisational compliance.

Furthermore, the findings highlight an important distinction between regulatory existence and regulatory effectiveness. Although Botswana has established governance and financial reporting institutions comparable to those found in many developing economies, the effectiveness of these institutions ultimately depends on the consistency of enforcement, adequacy of sanctions for non-compliance, availability of technical guidance, and organisational willingness to comply. This suggests that strengthening corporate governance and IFRS compliance requires not only robust regulations but also continuous regulatory

capacity building, stakeholder engagement, professional development, and effective monitoring systems.

These findings indicate that respondents perceive Botswana's regulatory and policy framework as an important contributor to corporate governance effectiveness and IFRS compliance. The findings further suggest that regulatory oversight, institutional support, and professional monitoring play a critical role in promoting transparency, accountability, and financial reporting quality among publicly listed companies. Nevertheless, consistent with evidence from other emerging economies, the effectiveness of these frameworks is likely to depend on the strength of enforcement mechanisms, institutional capacity, and organisational commitment to compliance.

#### ***5.1.4.1 Regulatory Oversight and Governance Practices***

Respondents generally perceived that regulatory institutions contribute positively towards strengthening corporate governance practices within publicly listed companies. Regulatory requirements relating to board composition, audit committee structures, disclosure obligations, and financial reporting standards were viewed as mechanisms that encourage organisations to adopt more transparent and accountable governance practices.

These findings suggest that respondents perceive regulation as playing a broader role beyond legal compliance by establishing minimum standards for accountability, transparency, and financial reporting conduct. Publicly listed companies operate within environments where investors, regulators, creditors, and other stakeholders expect reliable financial information and responsible governance behaviour. Consequently, respondents appeared to view regulatory frameworks as important mechanisms that encourage organisations to align their governance and reporting practices with accepted standards and stakeholder expectations.

The findings are consistent with Institutional Theory, which argues that organisational behaviour is influenced by coercive pressures arising from laws, regulations, and regulatory oversight (DiMaggio & Powell, 1983). From this perspective, firms may strengthen governance structures and reporting practices not only because of internal organisational objectives but also because of the need to comply with regulatory expectations and maintain organisational legitimacy. The findings therefore suggest that respondents perceive regulatory oversight as an important driver of governance effectiveness and financial reporting discipline among listed companies.

The findings also align with previous studies which indicate that effective regulatory oversight may contribute to stronger governance practices, improved transparency, and enhanced accountability within organisations (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022; Azzopardi, 2024). However, scholars caution that the existence of regulations alone may not guarantee effective governance outcomes. The effectiveness of regulatory frameworks often depends on factors such as enforcement capacity, institutional resources, monitoring effectiveness, and organisational commitment to compliance (Gardi, Aga & Abdullah, 2023; Shoman, 2023).

Within the Botswana context, regulatory institutions may play a particularly important role because the capital market remains relatively small and developing. Under such conditions, regulatory oversight may help strengthen investor confidence, promote reporting credibility, and encourage adherence to governance and financial reporting requirements. Respondents therefore appeared to perceive institutions such as the Botswana Stock Exchange, CIPA, NBFIRA, BAOA, and BICA as important contributors to corporate governance effectiveness and financial reporting accountability among publicly listed companies.

#### ***5.1.4.2 Regulatory Enforcement and Perceived IFRS Compliance***

Another important finding relates to respondents' perceptions regarding the influence of regulatory enforcement on IFRS compliance. Respondents generally perceived that clearer IFRS implementation guidelines, active regulatory monitoring, and stronger enforcement mechanisms may support compliance with financial reporting standards.

This finding is consistent with previous studies indicating that enforcement quality may influence the effectiveness of IFRS adoption in emerging economies. Gardi, Aga and Abdullah (2023) argue that weak enforcement systems may result in symbolic rather than substantive compliance with international accounting standards. Similarly, Gomes and Costa (2025) note that firms operating within weak institutional environments may formally adopt IFRS without fully implementing its underlying reporting principles.

Respondents in this study appeared to perceive that effective enforcement mechanisms may encourage organisations to move beyond symbolic compliance toward more meaningful implementation of IFRS requirements. This is particularly relevant given the complexity of standards such as IFRS 9, IFRS 15, IFRS 16, and IFRS 17 that were used as proxies to this study, which require substantial technical judgment, disclosure transparency, and ongoing monitoring.

The findings also suggest that respondents perceived regulatory guidance and professional support as important components of effective IFRS implementation. Beyond formal enforcement, respondents acknowledged the importance of training initiatives, technical interpretation guidance, and professional education programmes in supporting compliance. This observation reflects the practical reality that compliance with complex international standards may depend not only on enforcement pressure but also on institutional capacity-building efforts.

#### ***5.1.4.3 Policy Frameworks and Organisational Behaviour***

The findings further indicate that respondents perceived policy frameworks as influential in shaping organisational governance behaviour. Policies relating to financial disclosure, board accountability, audit independence, and internal control systems were generally viewed as mechanisms promoting greater transparency and accountability within listed firms. From an Institutional Theory perspective, policy frameworks create normative expectations regarding acceptable corporate conduct. Organisations often adopt governance practices not only because they are legally required, but also because such practices become institutionalised as indicators of legitimacy and professionalism within the business environment. Respondents therefore appeared to perceive governance compliance partly as a response to broader institutional expectations surrounding corporate accountability and reporting transparency. The findings also support Agency Theory by suggesting that regulatory frameworks may strengthen monitoring systems designed to reduce agency conflicts between managers and shareholders. Governance regulations relating to audit committees, disclosure requirements, and board independence were perceived as mechanisms intended to improve oversight and reduce opportunities for financial misreporting.

At the same time, respondents acknowledged that implementation challenges remain within the Botswana regulatory environment. Some respondents perceived limitations relating to enforcement consistency, technical expertise availability, and organisational resource constraints. This suggests that while regulations and policies were viewed positively overall, their perceived effectiveness may still be influenced by institutional capacity and organisational readiness factors.

#### ***5.1.4.4 Hypothesis Four Reflection - Regulations and Policies, Corporate Governance and Perceived IFRS Compliance***

Hypothesis Four examined respondents' perceptions of the effectiveness of existing regulations and policies in promoting corporate governance and IFRS compliance among publicly listed

companies in Botswana. The analysis reported in Chapter Four indicated a statistically significant positive relationship between regulatory oversight and perceived IFRS compliance ( $\beta = .28, p = .024$ ). Since the reported  $p$ -value was below the 0.05 significance level,  $H_{04}$  was rejected and  $H_{14}$  was supported. The finding indicates that respondents perceived regulatory oversight as an important factor associated with stronger IFRS compliance. Respondents' perceptions suggest that regulatory monitoring, reporting requirements, professional guidance and enforcement expectations may contribute to stronger governance and financial reporting practices.

This finding is consistent with Institutional Theory, which explains how organisations respond to regulatory, normative and market pressures within their institutional environment (DiMaggio & Powell, 1983). The theoretical framework developed in Chapter Two specifically identifies regulatory oversight as an external institutional factor that may influence governance behaviour and IFRS compliance (DiMaggio & Powell, 1983; Aluchna & Kuszewski, 2022; Khlif et al., 2023). The finding is also consistent with the Botswana-specific literature reviewed in Chapter Two, which identifies institutions such as the Botswana Stock Exchange, BICA, CIPA and other regulatory bodies as important components of the financial reporting and corporate governance environment. The result further corresponds with literature indicating that regulatory oversight and governance systems can contribute to successful IFRS implementation and financial reporting quality, although implementation challenges may remain because of institutional weaknesses, technical expertise and resource constraints (Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023). Nevertheless, the finding should not be interpreted as proof that regulatory oversight objectively causes IFRS compliance. The reported relationship reflects respondents' perceptions of regulatory oversight and perceived IFRS compliance. Accordingly,  $H_{14}$  is supported within the perception-based scope of the study.

#### ***5.1.5 Perceived External Factors and Their Relationship with Corporate Governance Practices and IFRS Compliance***

The fifth objective of this study sought to examine the relationship between perceived external factors and corporate governance practices, as well as their perceived influence on IFRS compliance among publicly listed companies in Botswana. The study focused on respondents' perceptions regarding factors such as economic conditions, foreign investment, globalisation, market competition, regulatory pressure, and international stakeholder expectations. The

findings suggest that respondents perceived external environmental factors as important influences on corporate governance practices and IFRS compliance among publicly listed companies in Botswana. However, these observations should be interpreted as respondents' perceptions rather than statistically verified causal relationships.

Respondents generally perceived pressures arising from international markets, foreign investors, regulatory expectations, and competitive business environments as factors associated with stronger governance practices and greater commitment towards IFRS implementation. This finding suggests that governance and financial reporting practices may not be shaped solely by internal organisational mechanisms such as board structures and audit committees, but also by broader institutional and environmental conditions within which firms operate.

The findings provide support for Institutional Theory, which posits that organisations frequently adapt their structures, policies, and reporting practices in response to coercive, normative, and mimetic pressures arising from external stakeholders and institutional environments (DiMaggio & Powell, 1983). From this perspective, respondents appeared to perceive that publicly listed companies strengthen governance practices and financial reporting processes partly to satisfy regulatory expectations, maintain legitimacy, attract investment, and meet international reporting norms.

The findings also resonate with Stakeholder Theory, which emphasises that organisations are accountable to multiple stakeholder groups whose expectations may influence organisational behaviour (Freeman, 1984). Respondents appeared to perceive that investors, regulators, creditors, international partners, and other stakeholders increasingly demand transparent governance structures and high-quality financial reporting, thereby encouraging firms to enhance IFRS compliance.

These findings are broadly consistent with previous empirical studies. For example, Houcine, Zitouni and Srairi (2022) found that firms exposed to international investors and global capital markets often demonstrate stronger governance practices and greater commitment to financial reporting transparency. Similarly, Azzopardi (2024) reported that external institutional pressures frequently encourage organisations to strengthen governance mechanisms in order to improve legitimacy and attract investment. However, other studies caution that external pressures alone may not guarantee effective compliance if organisations lack adequate governance capacity, technical expertise, and internal monitoring systems (Gardi, Aga & Abdullah, 2023; Gomes & Costa, 2025). This suggests that external factors may create

incentives for compliance, but the extent to which such pressures translate into effective governance and reporting outcomes may depend on firm-specific capabilities and organisational commitment.

Within Botswana's context, these perceptions are particularly significant given the country's relatively small capital market, growing integration into international investment networks, and increasing regulatory focus on corporate accountability. Publicly listed companies seeking access to foreign investment and international partnerships may face stronger expectations to demonstrate sound governance practices and compliance with globally recognised reporting standards. Consequently, respondents appeared to perceive external institutional pressures as important drivers of both governance development and IFRS compliance within Botswana's evolving corporate environment.

#### ***5.1.5.1 Economic Conditions and Governance Practices***

One of the key external factors identified by respondents relates to the perceived influence of economic conditions on governance practices and financial reporting behaviour. Respondents generally perceived that economic instability, market uncertainty, and financial pressures may affect the ability of organisations to maintain strong governance systems and support effective IFRS implementation.

These perceptions reflect the reality that governance effectiveness and financial reporting quality may be influenced by organisational resources and broader economic conditions. During periods of economic difficulty, firms may face budgetary constraints, reduced profitability, and operational pressures that limit investment in governance systems, accounting expertise, staff training, and compliance monitoring mechanisms.

Previous studies support this interpretation. Gomes and Costa (2025) argue that economic constraints in emerging markets may affect the quality of corporate governance implementation and reduce organisational capacity to fully comply with complex IFRS requirements. Similarly, Gardi, Aga and Abdullah (2023) found that firms operating within financially constrained environments frequently experience challenges relating to technical compliance, governance monitoring, and reporting consistency.

At the same time, respondents also appeared to perceive that difficult economic environments may increase stakeholder demand for financial transparency and accountability. Under conditions of market uncertainty, investors and regulators may place greater emphasis on

governance quality and credible financial reporting, thereby increasing pressure on firms to maintain reporting discipline despite resource limitations.

#### ***5.1.5.2 Foreign Investment and International Stakeholder Pressure***

The findings further suggest that respondents perceived foreign investment and international stakeholder expectations as important external influences on governance practices and IFRS compliance. Companies with greater exposure to international investors, foreign business partners, or multinational operations were generally perceived to experience stronger pressure to adopt internationally accepted governance and reporting standards.

This perception aligns with both Stakeholder Theory and Institutional Theory. International investors and external stakeholders often expect higher levels of transparency, disclosure quality, and governance accountability as conditions for investment and market participation. Respondents therefore appeared to associate international stakeholder exposure with stronger governance structures and greater emphasis on IFRS compliance in order to maintain legitimacy and investor confidence.

The findings are also broadly supported by previous studies conducted in emerging economies. Houcine, Zitouni and Srairi (2022) argue that foreign ownership and international investor presence are often associated with stronger financial reporting transparency. Similarly, Azzopardi (2024) found that firms exposed to global markets frequently adopt stronger governance practices due to pressure from international stakeholders and institutional investors.

Within the Botswana context, these perceptions may be particularly relevant for sectors such as mining, telecommunications, and financial services, where firms often interact with multinational investors and international business partners. Respondents generally perceived that such firms face stronger incentives to align their reporting practices with international standards in order to remain competitive and maintain investor trust.

#### ***5.1.5.3 Regulatory Pressure and Corporate Governance***

Another important finding relates to respondents' perceptions regarding the role of regulatory pressure as an external factor influencing governance practices and IFRS compliance. Respondents generally perceived that active monitoring by regulatory institutions encourages firms to maintain stronger governance systems and improve reporting discipline. This observation is closely linked to Institutional Theory, particularly the concept of coercive institutional pressure. Organisations often adopt governance and reporting practices in response

to formal rules, legal requirements, and regulatory expectations imposed by institutional actors. Respondents in this study appeared to perceive that regulatory pressure from institutions such as the Botswana Stock Exchange (BSE), CIPA, and NBFIRA was associated with stronger governance accountability and perceived IFRS compliance.

The findings also align with previous empirical literature suggesting that enforcement pressure may influence organisational reporting behaviour. Almaqtari, Hashed and Shamim (2021) argue that firms operating under stronger regulatory scrutiny are often associated with stronger governance systems and greater reporting transparency. Likewise, Abdelqader, Darwish and Nimer (2022) found that institutional enforcement mechanisms may support organisational accountability and reduce opportunities for financial misreporting. However, respondents also acknowledged that regulatory pressure alone may not always guarantee substantive compliance. Some respondents appeared to perceive that firms may occasionally adopt governance structures symbolically in order to satisfy formal requirements without necessarily improving the underlying quality of governance practices. This observation reflects Institutional Theory's argument that organisations may engage in symbolic compliance to maintain legitimacy while substantive implementation remains limited.

#### ***5.1.5.4 Globalisation, Market Competition, and Reporting Practices***

Respondents also perceived globalisation and market competition as external influences affecting governance practices and IFRS compliance. Although the questionnaire captured limited indicators relating to these external pressures, respondents who addressed these issues generally associated increased international market integration and competitive business environments with stronger governance practices and greater emphasis on financial disclosure quality.

Globalisation increases exposure to international reporting norms, cross-border investment expectations, and global governance standards. Respondents therefore appeared to perceive that firms operating within internationally competitive markets face stronger pressure to demonstrate transparency, comparability, and accountability through compliance with IFRS and accepted governance practices.

This interpretation is broadly supported by prior studies suggesting that global market integration may encourage the diffusion of international governance and reporting practices across developing economies. Lee and Hu (2021) found that firms exposed to international competition were often associated with stronger governance structures aimed at improving

legitimacy and attracting investors. Similarly, Gomes and Costa (2025) argue that globalisation has contributed to the wider adoption of international accounting standards and governance reforms within emerging markets.

Within Botswana's developing capital market environment, respondents may perceive globalisation as both an opportunity and a challenge. While integration into global markets may create incentives for stronger governance and improved reporting quality, it may also increase pressure on firms to meet complex international reporting expectations despite institutional and resource constraints.

#### ***5.1.5.5 Hypothesis Five Reflection - External Factors and Corporate Governance Practices***

Hypothesis Five examined whether respondents' perceptions of external institutional and environmental factors were associated with their perceptions of corporate governance practices among publicly listed companies in Botswana. The external factors considered included regulatory pressure, foreign investment, international stakeholder expectations, globalisation, market competition and economic conditions. The findings presented in Chapter Four indicate that respondents perceived these external institutional and environmental factors as relevant to corporate governance practices. Respondents identified regulatory expectations, foreign investment pressures, international stakeholder expectations, globalisation, market competition and economic conditions as factors that may shape governance practices and financial reporting behaviour. However, unlike Hypotheses One to Four, no separate inferential statistic was reported for Hypothesis Five. Therefore, the findings do not provide sufficient statistical evidence to reject  $H_{05}$  or to claim statistically significant support for  $H_{15}$ .  $H_{05}$  is consequently not rejected.

The descriptive findings nevertheless provide useful evidence that respondents perceived the external institutional environment as relevant to corporate governance practices. This interpretation is strongly consistent with Institutional Theory, which explains how regulatory, normative and market pressures influence organisational behaviour (DiMaggio & Powell, 1983; Aluchna & Kuszewski, 2022; Khlif et al., 2023). The theoretical framework specifically identifies regulatory oversight, foreign investment pressure, globalisation and market competition as external institutional factors relevant to governance behaviour and IFRS compliance. The findings also correspond with Stakeholder Theory, which emphasises the importance of responding to the expectations of investors, regulators, creditors and other stakeholders who rely on credible financial information (Freeman, 1984; Shoman, 2023).

Previous literature similarly indicates that both internal governance mechanisms and external institutional conditions can shape financial reporting practices, particularly within emerging-market environments (Hashed & Almaqtari, 2021; Shoman, 2023; Gerged et al., 2023; Alodat et al., 2023; Bananuka et al., 2024). The findings therefore provide descriptive and perception-based evidence of the relevance of external factors, but they do not establish a statistically verified relationship between external factors and corporate governance practices. This distinction is important because the absence of a separately reported inferential test means that  $H_{15}$  cannot be statistically confirmed on the basis of the available results. Accordingly,  $H_{05}$  is not rejected.

### **5.2.6 Summary Discussion of Hypothesis Testing Results**

Overall, the hypothesis testing results indicate that respondents perceived important associations between sectoral characteristics, corporate governance mechanisms, regulatory oversight and perceived IFRS compliance among publicly listed companies in Botswana.

$H_{11}$  was supported because the chi-square analysis identified a statistically significant association between company sector and perceived IFRS compliance,  $\chi^2(5) = 16.28, p = .006$ .  $H_{12}$  was supported because board independence, internal controls and audit committee presence demonstrated statistically significant positive associations with perceived IFRS compliance.  $H_{13}$  received partial support because board expertise and internal audit mechanisms demonstrated statistically significant relationships, whereas other governance factors did not.  $H_{14}$  was supported because regulatory oversight demonstrated a statistically significant positive relationship with perceived IFRS compliance ( $\beta = .28, p = .024$ ). In contrast,  $H_{05}$  was not rejected because no separate inferential statistic was reported for the relationship between external factors and corporate governance practices.

The overall pattern is broadly consistent with the theoretical framework developed in Chapter Two. Agency Theory explains the perceived importance of governance monitoring mechanisms such as board independence, audit committees and internal controls in reducing information asymmetry and strengthening accountability (Jensen & Meckling, 1976; Ajibade et al., 2022). Stakeholder Theory helps explain respondents' perceptions that transparency and credible financial reporting are important responses to the expectations of investors and other stakeholders (Freeman, 1984; Shoman, 2023). Institutional Theory provides an explanation for the perceived importance of regulatory oversight and external environmental pressures in shaping governance and reporting practices (DiMaggio & Powell, 1983; Aluchna &

Kuszewski, 2022; Khlif et al., 2023). Stewardship Theory further provides insight into the perceived importance of professional competence, ethical leadership and organisational commitment, particularly in relation to board expertise (Donaldson & Davis, 1991; Davis et al., 1997; Shoman, 2023).

The findings are also broadly consistent with previous empirical literature suggesting positive associations between governance quality, financial reporting transparency and IFRS-related outcomes, while recognising that findings may vary according to institutional capacity, technical expertise, resources and regulatory enforcement (Lee & Hu, 2021; Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022; Gardi, Aga & Abdullah, 2023).

Importantly, all hypothesis findings must be interpreted within the methodological boundaries of the study. The unit of analysis was the individual professional respondent, and the study examined respondents' perceptions rather than objectively verified company level governance effectiveness or IFRS compliance. Therefore, statistically significant associations reported in the study should not be interpreted as evidence of causality. Likewise, the descriptive evidence relating to H<sub>15</sub> should not be treated as statistical confirmation of the proposed relationship.

The hypothesis testing findings therefore provide evidence of how professionals perceive the relationship between corporate governance, regulatory conditions, external factors and IFRS compliance, rather than evidence that these factors objectively cause or predict IFRS compliance among individual listed companies. This interpretation is consistent with the methodological and theoretical framing of the study, which recognises the interaction between governance mechanisms, institutional pressures, stakeholder expectations and organisational competence in shaping perceptions of IFRS compliance in Botswana.

## **5.2 Summary Discussion of Findings**

This study examined respondents' perceptions regarding the relationship between corporate governance mechanisms and IFRS compliance among publicly listed companies in Botswana. The findings suggest that respondents generally perceived effective corporate governance practices as being associated with stronger IFRS compliance and improved financial reporting quality. Governance mechanisms such as board expertise, board independence, audit committee effectiveness, internal audit functions, and regulatory oversight were consistently perceived as important factors supporting transparency, accountability, and compliance with reporting requirements.

The findings further suggest that respondents perceived IFRS compliance as being shaped not only by internal governance mechanisms but also by external institutional influences. Factors such as regulatory expectations, international stakeholder pressure, foreign investment requirements, globalisation, and broader economic conditions were perceived to influence governance practices and financial reporting behaviour within listed companies. These findings are consistent with previous studies which argue that both governance quality and institutional environments play important roles in shaping financial reporting practices and compliance outcomes (Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022; Ahmed et al., 2024).

The findings broadly support the conceptual framework developed in Chapter Two. Agency Theory explains the perceived importance of governance mechanisms such as board independence, audit committees, and internal controls in strengthening monitoring and reducing information asymmetry between management and shareholders (Jensen & Meckling, 1976; Ajibade et al., 2022). Stakeholder Theory supports the finding that organisations may strengthen governance and disclosure practices in response to the expectations of investors, regulators, creditors, and other stakeholders who rely on credible financial information (Freeman, 1984; Shoman, 2023). Institutional Theory further explains how regulatory requirements, professional standards, and international reporting expectations may encourage organisations to adopt governance practices that support IFRS compliance and organisational legitimacy (DiMaggio & Powell, 1983; Bhatti & Isayev, 2023). In addition, Stewardship Theory helps explain respondents' perceptions that professionalism, ethical leadership, and organisational commitment are important factors supporting effective governance and financial reporting practices (Donaldson & Davis, 1991; Gardi, Aga & Abdullah, 2023).

The findings are generally consistent with previous empirical studies conducted in both developed and emerging economies, which report positive associations between governance quality, financial reporting transparency, and compliance with accounting standards (Lee & Hu, 2021; Almaqtari, Hashed & Shamim, 2021; Houcine, Zitouni & Srairi, 2022). However, previous studies have also reported mixed findings, particularly within developing economies where governance effectiveness may be constrained by limited institutional capacity, resource limitations, and weak enforcement mechanisms (Gardi, Aga & Abdullah, 2023; Gomes & Costa, 2025). These contrasting findings suggest that governance structures alone may not guarantee effective IFRS implementation unless supported by adequate expertise, resources, and regulatory oversight.

Within the Botswana context, respondents generally perceived governance effectiveness and IFRS compliance as being influenced by the interaction of governance structures, institutional pressures, stakeholder expectations, and organisational capacity. These perceptions are particularly relevant within Botswana's evolving capital market environment, which is characterised by increasing regulatory expectations, growing international investor interest, and continuing efforts to strengthen corporate governance and financial reporting quality (World Bank, 2023; BICA, 2024). Consequently, the study contributes to the limited empirical literature on corporate governance and IFRS compliance in Botswana by providing insights into how governance and financial reporting professionals perceive these relationships within publicly listed companies.

### **5.3 Chapter Summary**

This chapter discussed the findings of the study in relation to the research objectives and existing literature on corporate governance and IFRS compliance. The discussion focused on respondents' perceptions regarding the level of IFRS compliance among publicly listed companies in Botswana and the perceived influence of corporate governance mechanisms on compliance with IFRS requirements.

The findings suggest that respondents generally perceived corporate governance mechanisms such as board expertise, board independence, audit committee effectiveness, internal control systems, and regulatory oversight as important factors associated with IFRS compliance. Respondents further perceived that organisations with stronger governance structures were more likely to demonstrate higher levels of transparency, accountability, and adherence to financial reporting standards.

The discussion also revealed that regulatory institutions and governance frameworks were perceived as playing an important role in promoting good governance practices and supporting IFRS compliance within publicly listed companies. These findings were discussed in relation to Agency Theory, Stakeholder Theory, Institutional Theory, and Stewardship Theory, as well as previous empirical studies reviewed in Chapter Two.

These findings indicate that respondents perceived effective corporate governance as an important factor associated with the promotion of sound financial reporting practices and compliance with IFRS among publicly listed companies in Botswana. The next chapter presents the conclusions of the study, implications of the findings, recommendations, limitations of the study, and suggestions for future research.

## **CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 Introduction**

This chapter presents the conclusions, implications, recommendations, limitations of the study, and suggestions for future research arising from the findings of the study. The study examined respondents' perceptions regarding the influence of corporate governance mechanisms on perceived IFRS compliance among publicly listed companies in Botswana. The conclusions presented in this chapter are derived from the findings presented and discussed in Chapters Four and Five and are interpreted within the context of the study's perception-based research design. Accordingly, the conclusions relate specifically to respondents' perceptions and professional assessments of corporate governance practices and IFRS compliance. They should not be interpreted as direct evidence of objectively verified corporate governance effectiveness or actual firm-level IFRS compliance. This distinction is particularly important because perceptions of compliance may differ from compliance established through systematic examination of audited financial statements, annual reports, regulatory inspection reports, or other objective sources of evidence (DeVellis & Thorpe, 2021; Hair et al., 2019).

The study examined IFRS compliance broadly, with IFRS 9, IFRS 15, IFRS 16 and IFRS 17 incorporated into the research instrument as illustrative proxy areas of complex and governance sensitive financial reporting requirements. These standards were not treated as four independent definitions of IFRS compliance, nor were they intended to represent the entire IFRS framework. Rather, they provided practical reporting areas through which respondents could express their perceptions of the extent to which governance mechanisms support compliance with technically demanding IFRS requirements. This distinction addresses the methodological concern that selected IFRS standards should not be presented as constituting IFRS compliance as a whole. The chapter begins with the conclusions of the study in relation to each research objective. It then presents recommendations for publicly listed companies, regulatory institutions, professional bodies and training institutions, and policymakers. The chapter subsequently discusses the policy implications of the findings, suggestions for future research, limitations of the study, and the overall conclusion.

## 6.2 Conclusions of the Study

This study sought to examine respondents' perceptions regarding the influence of corporate governance mechanisms on perceived IFRS compliance among publicly listed companies in Botswana. Specifically, the study examined perceived differences in IFRS compliance, the perceived role of corporate governance mechanisms, governance factors perceived to be associated with compliance, the perceived effectiveness of regulations and policies, and the perceived influence of external environmental factors. Overall, the findings indicate that respondents generally perceived corporate governance mechanisms to be important in supporting IFRS compliance and financial reporting quality among publicly listed companies in Botswana. In particular, respondents associated effective board oversight, financial and accounting expertise, audit committee effectiveness, internal audit mechanisms, internal controls, and regulatory oversight with stronger financial reporting practices. This finding is consistent with the governance literature, which emphasises the role of monitoring and accountability mechanisms in reducing information asymmetry and strengthening the reliability of corporate reporting (Jensen & Meckling, 1976; Almaqtari et al., 2021).

The findings further indicate that respondents perceived the effectiveness of corporate governance to depend not merely on the formal existence of governance structures, but also on the extent to which those structures are competent, independent, active and capable of exercising meaningful oversight. This distinction is important because formal compliance with governance structures does not necessarily guarantee effective governance in practice. Effective governance requires the substantive operation of monitoring, accountability and oversight mechanisms (OECD, 2023).

The findings also indicate that respondents perceived the regulatory and institutional environment as an important contextual influence on corporate governance and financial reporting practices. Regulatory expectations, professional requirements, stakeholder scrutiny, market pressures and international exposure were perceived as factors that may encourage organisations to strengthen governance arrangements and financial reporting practices. This observation is consistent with Institutional Theory, which explains how organisations respond to regulatory, normative and broader institutional pressures, and Stakeholder Theory, which emphasises the importance of organisational accountability to stakeholders (DiMaggio & Powell, 1983; Freeman, 1984).

However, the conclusions of this study must remain within the boundaries of the research design. Because the study relied on individual respondents' perceptions, the findings demonstrate how governance and financial reporting professionals perceive the relationship between corporate governance and IFRS compliance. They do not establish that particular governance mechanisms objectively caused higher IFRS compliance, nor do they establish the actual level of IFRS compliance of individual listed companies. Consequently, the study provides empirical evidence about perceived relationships and influences rather than definitive evidence of causal relationships or objectively verified compliance outcomes.

### **6.2.1 Conclusion for Objective One**

The first objective of the study sought to examine respondents' perceptions regarding differences in IFRS compliance among publicly listed companies in Botswana. Based on the findings, the study concludes that respondents generally perceived differences in the level of IFRS compliance among publicly listed companies. Respondents associated these perceived differences with variations in governance effectiveness, financial reporting expertise, internal control systems, organisational capacity, monitoring mechanisms and regulatory oversight. Companies perceived to possess stronger governance structures and greater technical capacity were generally viewed as better positioned to support consistent financial reporting and compliance with IFRS requirements.

The findings further suggest that respondents perceived the ability to comply with complex IFRS requirements to be influenced by organisational preparedness and access to appropriate accounting and financial reporting expertise. This is consistent with the broader financial reporting literature, which recognises that the implementation of accounting standards requires not only formal adoption but also adequate technical knowledge, professional judgement and organisational capacity (Christensen et al., 2015; De George et al., 2016). Importantly, the study does not conclude that actual IFRS compliance differed objectively between individual listed companies because the study did not independently examine companies' annual financial statements or construct a verified firm-level compliance index. The conclusion is therefore limited to the perception that respondents observed differences in IFRS compliance practices among listed companies.

The study therefore concludes that respondents perceived IFRS compliance among publicly listed companies in Botswana as uneven rather than completely uniform. However, these perceived differences should be understood as professional assessments of reporting practices and not as independently verified differences in actual compliance.

### **6.2.2 Conclusion for Objective Two**

The second objective of the study sought to examine respondents' perceptions regarding the influence of corporate governance mechanisms on IFRS compliance among publicly listed companies in Botswana. The findings indicate that respondents generally perceived corporate governance mechanisms as important in supporting IFRS compliance. Respondents associated effective board oversight, audit committee effectiveness, internal audit functions, internal controls and board expertise with improved accountability, transparency and financial reporting practices. The findings are consistent with Agency Theory, which proposes that corporate governance mechanisms can reduce information asymmetry and managerial opportunism by strengthening monitoring and accountability between managers and owners (Jensen & Meckling, 1976). The findings are also consistent with prior empirical research suggesting that stronger governance arrangements may be associated with improved financial reporting quality and greater transparency (Almaqtari et al., 2021).

However, the findings should not be interpreted as establishing a direct causal effect of corporate governance mechanisms on IFRS compliance. The research design captured respondents' perceptions regarding these relationships rather than experimentally or longitudinally demonstrating causality. Therefore, the conclusion is that respondents perceived corporate governance mechanisms as important contributors to IFRS compliance, rather than that the study objectively proved that governance mechanisms caused compliance. The study therefore concludes that effective corporate governance was perceived by respondents as an important supporting condition for IFRS compliance among publicly listed companies in Botswana. The importance attached to governance effectiveness also suggests that the substantive operation of governance mechanisms may be more important than their formal existence alone.

### **6.2.3 Conclusion for Objective Three**

The third objective of the study sought to examine respondents' perceptions regarding the influence of corporate governance factors on IFRS compliance among publicly listed companies in Botswana. The findings indicate that respondents perceived governance competence, financial expertise, internal audit mechanisms and regulatory oversight as particularly important factors supporting financial reporting and IFRS compliance. Respondents generally associated directors and governance professionals with appropriate accounting and financial knowledge with stronger oversight of financial reporting processes.

The importance of financial expertise is consistent with the governance literature, which suggests that directors and audit committee members with appropriate accounting and financial knowledge are better positioned to understand complex financial reporting issues and challenge management where necessary (DeFond et al., 2005; Krishnan & Visvanathan, 2008). Similarly, internal audit and internal control mechanisms can strengthen monitoring and provide additional assurance over organisational reporting processes (IIA, 2024).

The findings also indicate that respondents perceived regulatory oversight as an important factor in supporting compliance. This finding is consistent with Institutional Theory, which suggests that organisations respond to coercive, normative and mimetic pressures arising from regulatory institutions, professional bodies and wider organisational environments (DiMaggio & Powell, 1983). The study therefore concludes that respondents perceived governance competence, monitoring mechanisms and regulatory oversight as important factors associated with IFRS compliance. However, the study does not conclude that these factors independently determined actual IFRS compliance because the evidence was perception-based. The conclusion also reinforces an important distinction between structural and functional governance. Having an audit committee, internal audit function or independent directors does not necessarily guarantee effective oversight. Respondents' perceptions suggest that the competence, independence, activity and effectiveness of these mechanisms are important considerations in supporting financial reporting quality.

#### **6.2.4 Conclusion for Objective Four**

The fourth objective of the study sought to examine respondents' perceptions regarding the effectiveness of regulations and policies in promoting corporate governance and IFRS compliance among publicly listed companies in Botswana. The findings indicate that respondents generally perceived regulatory institutions, professional requirements and governance policies as important contributors to corporate accountability and financial reporting discipline. Regulatory oversight was perceived as providing an external mechanism through which listed companies can be encouraged to maintain appropriate governance and reporting practices. This finding is consistent with Institutional Theory, which recognises the influence of formal regulatory and normative pressures on organisational behaviour (DiMaggio & Powell, 1983). It is also consistent with the broader governance literature, which emphasises the importance of effective institutional arrangements in promoting transparency and accountability within capital markets (OECD, 2023).

Respondents nevertheless perceived challenges associated with enforcement consistency, technical expertise and organisational capacity. This suggests that the existence of regulatory requirements does not necessarily guarantee effective implementation. The effectiveness of governance and financial reporting regulation may depend on the capacity of regulatory institutions, the availability of professional expertise, the clarity of requirements and the ability of organisations to implement those requirements. The study therefore concludes that respondents generally perceived regulations, policies and institutional oversight as important supporting mechanisms for corporate governance and IFRS compliance. However, the study does not objectively assess the effectiveness of individual regulatory institutions. The conclusion is therefore limited to respondents' perceptions of the role and effectiveness of the regulatory environment.

#### **6.2.5 Conclusion for Objective Five**

The fifth objective of the study sought to examine respondents' perceptions regarding the influence of external environmental factors on corporate governance practices and IFRS compliance among publicly listed companies in Botswana. The findings indicate that respondents generally perceived external environmental factors to influence governance and financial reporting practices. Factors identified in the study included regulatory pressure,

stakeholder expectations, market competition, foreign investment, globalisation and broader economic conditions.

These findings are consistent with Stakeholder Theory, which proposes that organisations are influenced by the expectations and interests of different stakeholder groups (Freeman, 1984). They are also consistent with Institutional Theory, which suggests that organisations adapt their structures and practices in response to external institutional pressures (DiMaggio & Powell, 1983). The findings suggest that companies operating in environments characterised by greater regulatory scrutiny, international exposure and stakeholder expectations may perceive stronger pressure to maintain effective governance and transparent financial reporting. At the same time, economic and organisational resource constraints may affect the ability of companies to implement governance and reporting requirements effectively. The study therefore concludes that respondents perceived corporate governance and IFRS compliance as being influenced by a combination of internal organisational mechanisms and external institutional and environmental conditions. However, because the study was perception-based, it does not establish the magnitude or causal effect of individual environmental factors on actual IFRS compliance.

#### **6.2.6 Overall Conclusion of the Study**

The overall conclusion of the study is that respondents generally perceived corporate governance mechanisms as important factors associated with IFRS compliance among publicly listed companies in Botswana. Effective board oversight, financial expertise, audit committee effectiveness, internal audit mechanisms, internal controls and regulatory oversight were perceived as contributing to stronger financial reporting practices and greater organisational commitment to IFRS requirements. The study further concludes that respondents perceived governance effectiveness to depend not only on the existence of governance structures but also on their substantive functionality. Competence, independence, monitoring capacity and technical expertise were perceived as important conditions for effective governance. This finding reinforces the distinction between structural governance and functional governance and is consistent with contemporary governance principles that emphasise effective oversight rather than compliance with formal structures alone (OECD, 2023).

The findings also indicate that respondents perceived corporate governance and IFRS compliance within Botswana's listed company environment as being influenced by the wider

institutional context. Regulatory requirements, professional expectations, stakeholder pressures, international exposure and market conditions were perceived as important contextual influences. This supports the combined relevance of Agency Theory, Stakeholder Theory and Institutional Theory in explaining governance and reporting behaviour (Jensen & Meckling, 1976; Freeman, 1984; DiMaggio & Powell, 1983).

Stewardship Theory also provides a complementary explanation by recognising that managers and directors may act as stewards of organisational resources and may be motivated by organisational objectives rather than solely by self-interest (Davis et al., 1997). The findings therefore suggest that perceived IFRS compliance cannot be adequately understood through a single theoretical perspective. Instead, governance monitoring, stakeholder expectations, institutional pressures and organisational competence appear to provide complementary explanations for respondents' perceptions of financial reporting practices. A further important conclusion is that the study provides evidence about perceived IFRS compliance rather than objectively verified IFRS compliance. The study examined IFRS compliance broadly, while IFRS 9, IFRS 15, IFRS 16 and IFRS 17 were included in the questionnaire as illustrative proxy areas because they represent technically demanding and governance-sensitive areas of financial reporting. These standards were not treated as separate dependent variables and were not intended to represent the complete IFRS framework. Accordingly, the study concludes that respondents generally perceived stronger corporate governance, greater technical competence and effective institutional oversight as important conditions associated with IFRS compliance among publicly listed companies in Botswana. The findings should, however, be interpreted as perception-based evidence and not as proof that these governance mechanisms objectively caused higher IFRS compliance.

### **6.3 Recommendations**

The findings of this study provide several recommendations for publicly listed companies, regulatory institutions, professional bodies, training institutions and policymakers. Because the study was perception-based, the recommendations are intended to respond to the governance and reporting issues identified through respondents' professional perceptions rather than to prescribe corrective measures for objectively established cases of IFRS non-compliance.

### **6.3.1 Recommendations for Publicly Listed Companies**

Publicly listed companies in Botswana should strengthen the functional effectiveness of their corporate governance mechanisms, particularly those responsible for financial reporting oversight. The findings indicate that respondents perceived board expertise, audit committee effectiveness, internal audit mechanisms and internal controls as important factors associated with IFRS compliance. Boards should therefore ensure that directors, particularly members of audit committees, possess sufficient accounting, financial reporting and governance knowledge to discharge their oversight responsibilities effectively. This may include targeted induction programmes for newly appointed directors and periodic continuing professional development for existing board and audit committee members. Such training is particularly important given the technical complexity and continuing evolution of IFRS requirements.

Listed companies should also strengthen the independence and effectiveness of internal audit functions. Internal audit units should have sufficient organisational authority, access to relevant information and appropriate professional competence to evaluate internal controls and identify weaknesses in financial reporting processes. The Institute of Internal Auditors (2024) emphasises the importance of independent and objective assurance and advisory activities in supporting effective governance and risk management. Companies should further consider integrating IFRS compliance considerations into board and audit committee agendas and performance monitoring processes. Rather than treating IFRS compliance solely as the responsibility of the finance department, financial reporting oversight should form part of the broader governance responsibilities of boards and audit committees. Finally, companies should promote an organisational culture characterised by transparency, ethical conduct, accountability and professional competence. Effective governance requires more than formal structures; it requires organisational practices that enable governance mechanisms to operate meaningfully.

### **6.3.2 Recommendations for Regulatory Institutions**

Regulatory institutions responsible for corporate governance and financial reporting oversight in Botswana should continue strengthening monitoring, guidance and stakeholder engagement mechanisms. The findings indicate that respondents perceived regulatory oversight as an important contributor to governance accountability and IFRS compliance. Regulatory institutions, including the Botswana Stock Exchange (BSE), the Companies and Intellectual

Property Authority (CIPA), the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), and other relevant regulatory and professional institutions, should consider strengthening risk-based monitoring of financial reporting and governance practices. A risk-based approach can enable regulators to focus available resources on areas presenting greater reporting and governance risks.

Regulators should also consider developing or strengthening structured financial reporting review mechanisms that provide listed companies with feedback on identified reporting weaknesses. Such mechanisms may support compliance not only through enforcement but also through learning and corrective action. In addition, regulators and professional institutions should promote greater consistency in technical guidance relating to complex IFRS requirements. Where reporting requirements are technically demanding, guidance, workshops and stakeholder engagement can complement formal regulatory enforcement. Greater coordination among relevant regulatory and professional institutions is also recommended. Cooperation may improve information sharing, reduce duplication of regulatory activities and promote greater consistency in governance and financial reporting expectations.

### **6.3.3 Recommendations for Professional Bodies and Training Institutions**

Professional bodies and training institutions should strengthen continuous professional development programmes relating to IFRS, corporate governance, auditing, internal controls, risk management and financial reporting. The findings indicate that respondents perceived technical competence as an important factor supporting governance effectiveness and IFRS compliance. Professional bodies such as the Botswana Institute of Chartered Accountants (BICA), universities and other training institutions should therefore provide accessible and contextually relevant professional development opportunities for directors, audit committee members, finance professionals, internal auditors and other personnel involved in financial reporting.

Training should not focus exclusively on the technical interpretation of IFRS standards. It should also address the governance implications of financial reporting decisions, professional judgement, ethical considerations, internal controls and the responsibilities of boards and audit committees. Particular attention should be given to technically demanding areas of financial reporting. IFRS 9, IFRS 15, IFRS 16 and IFRS 17 may be incorporated into professional

development programmes as examples of complex reporting areas; however, training should be framed within the broader IFRS framework rather than treating these standards as representing IFRS compliance as a whole. Professional bodies and training institutions should also strengthen collaboration with listed companies and regulatory institutions to identify emerging skills gaps and design training programmes that respond to the practical needs of the Botswana capital market.

#### **6.3.4 Recommendations for Policymakers**

Policymakers should continue strengthening the institutional environment supporting corporate governance and financial reporting in Botswana. The findings indicate that respondents perceived regulatory, institutional and economic conditions as important influences on governance and financial reporting practices. Policymakers should therefore support initiatives that strengthen the technical capacity of regulatory institutions, professional development systems and corporate governance oversight mechanisms.

Policy interventions should, however, be proportionate and sensitive to the institutional and resource characteristics of Botswana's relatively small capital market. Governance requirements should be designed in a manner that promotes accountability and reporting quality without creating unnecessary compliance burdens. Policymakers should also encourage collaboration among regulators, professional bodies, academic institutions and listed companies. Such collaboration can support evidence-based policy development, professional capacity building and the continuous improvement of governance and financial reporting frameworks. Finally, policymakers should encourage greater availability of high quality corporate reporting data. Improved access to annual reports, governance disclosures and regulatory information would facilitate future empirical research and enable stronger objective assessment of IFRS compliance in Botswana.

## **6.4 Policy Implications**

### **6.4.1 Implications for Corporate Governance Policy**

The findings suggest that respondents perceive the effectiveness of corporate governance mechanisms as important in supporting financial reporting quality and IFRS compliance. Consequently, corporate governance policy should continue to emphasise not only the presence of governance structures but also their effectiveness. Policy frameworks should therefore give appropriate attention to board competence, audit committee expertise, independence, internal audit effectiveness and internal control systems. This is consistent with contemporary governance principles that emphasise effective oversight, accountability and board responsibility (OECD, 2023). The findings also suggest that governance policy should recognise the importance of technical competence. Directors and audit committee members require sufficient knowledge to understand financial reporting risks and challenge management appropriately.

### **6.4.2 Implications for Financial Reporting Regulation**

The study indicates that respondents perceive regulatory oversight as an important supporting mechanism for IFRS compliance. This suggests that financial reporting regulation should combine enforcement with education, technical guidance and continuous stakeholder engagement. Regulatory policy may therefore benefit from strengthening financial reporting review processes and providing timely feedback to listed companies. Such an approach can encourage compliance while also helping organisations understand and address reporting weaknesses. The policy implication is not that stronger regulation alone will guarantee IFRS compliance. Rather, effective regulation should operate together with professional competence, organisational capacity and meaningful corporate governance.

### **6.4.3 Implications for Capacity Building**

The findings highlight the perceived importance of technical expertise in supporting governance and IFRS compliance. Capacity building should therefore remain an important component of financial reporting policy in Botswana. Professional development should extend beyond accountants and auditors to include directors, audit committee members, senior executives, internal auditors and other individuals responsible for financial reporting oversight.

Capacity-building initiatives should also be continuous because IFRS requirements, regulatory expectations and financial reporting practices evolve over time. Continuing professional

development can therefore contribute to maintaining the technical competence required for effective financial reporting and governance.

#### **6.4.4 Implications for Emerging Market Governance**

The findings suggest that corporate governance and financial reporting practices are influenced by the institutional context in which organisations operate. Botswana's experience illustrates the importance of considering local institutional capacity, market size, professional expertise and regulatory resources when developing governance policies. Accordingly, governance reforms should balance international governance principles with the practical realities of Botswana's emerging capital market. International standards and best practices can provide useful benchmarks, but their implementation should take account of local institutional and organisational capacity. The findings also reinforce the importance of institutional cooperation. In emerging markets, professional bodies, regulators, academic institutions and companies may need to work collaboratively to strengthen governance and reporting capacity.

#### **6.4.5 Overall Policy Implication**

The overall policy implication is that respondents perceive IFRS compliance as being supported by a combination of effective corporate governance, technical competence, regulatory oversight and favourable institutional conditions. The study therefore suggests that policy interventions should not focus exclusively on the formal adoption of governance structures or accounting standards. Greater attention should be directed towards the effective implementation of governance mechanisms, professional competence, regulatory capacity and institutional support. However, because the study is perception-based, these policy implications should be viewed as evidence-informed considerations rather than proof that specific regulatory or governance interventions will necessarily produce particular compliance outcomes.

## **6.5 Suggestions for Future Research**

### **6.5.1 Future Use of Objective IFRS Compliance Measures**

One of the most important recommendations for future research is the incorporation of objective measures of IFRS compliance. The principal limitation of the present study is that IFRS compliance was assessed through respondents' perceptions rather than through independent examination of company-level reporting evidence. Future researchers should therefore consider constructing firm-level IFRS compliance indices using published annual reports, audited financial statements and relevant disclosure requirements. Content analysis could be used to assess the extent to which companies comply with specified IFRS disclosure and recognition requirements. Such an approach would enable future researchers to compare perceived compliance with objectively measured compliance and determine whether professional perceptions correspond with actual reporting practices. This would also strengthen the empirical basis for examining relationships between governance characteristics and IFRS compliance.

### **6.5.2 Adoption of Mixed Methods Research Designs**

Future research could adopt mixed methods designs combining quantitative analysis with qualitative interviews, case studies or focus group discussions. The quantitative component could provide evidence regarding relationships between governance variables and objectively measured IFRS compliance, while qualitative evidence could explain why particular governance mechanisms operate effectively or ineffectively in practice. Mixed methods research would therefore provide greater triangulation and could help explain differences between formal governance structures and their actual operation. Creswell and Creswell (2018) note that mixed methods approaches can provide complementary forms of evidence where neither quantitative nor qualitative evidence alone adequately addresses the research problem.

### **6.5.3 Expansion of Governance Variables and IFRS Scope**

Future studies should consider expanding the range of corporate governance variables examined. Potential variables include executive remuneration, ownership concentration, board diversity, risk management, ethical culture, board meeting frequency, audit committee expertise, internal control quality, institutional ownership and technological governance capabilities.

Future research should also examine IFRS compliance as a broad construct rather than defining it through selected standards. IFRS 9, IFRS 15, IFRS 16 and IFRS 17 may continue to be used as specific reporting areas or proxy areas for detailed investigation, but future researchers should make explicit that these standards represent selected components of the broader IFRS reporting framework. Objective disclosure indices covering multiple IFRS requirements could provide a more comprehensive measure of actual compliance.

#### **6.5.4 Comparative Studies Across Industries and Countries**

Future research should consider comparative studies across industries and countries. Within Botswana, future studies could compare sectors such as banking, mining, telecommunications, manufacturing and financial services. Such research could establish whether governance and financial reporting pressures differ according to industry characteristics, regulatory intensity and international exposure. Cross country studies could compare Botswana with other African emerging markets. Such comparisons could provide evidence regarding the extent to which institutional differences, regulatory capacity, market development and professional expertise influence corporate governance and IFRS compliance.

#### **6.5.5 Longitudinal Studies on Governance and IFRS Compliance**

Future researchers should consider longitudinal studies examining changes in corporate governance and IFRS compliance over time. A longitudinal design would allow researchers to examine whether changes in governance structures, regulatory requirements, board composition or professional competence are accompanied by changes in objectively measured IFRS compliance. Such research would provide stronger evidence concerning temporal relationships and could improve understanding of how governance reforms influence financial reporting practices over time.

#### **6.5.6 Research on Institutional and Capacity Constraints**

Future research should investigate the institutional and capacity constraints that may affect corporate governance and IFRS implementation in Botswana. Potential areas include availability of accounting and auditing expertise, professional training, regulatory enforcement capacity, technological infrastructure, organisational resources and access to specialised IFRS

knowledge. Qualitative research involving regulators, auditors, directors, audit committee members and financial reporting professionals could provide deeper insight into the practical barriers encountered when implementing IFRS requirements.

#### **6.5.7 Development of Context Specific Governance and IFRS Measurement Scales**

Future research should also focus on developing and validating measurement instruments specifically suited to emerging-market and African governance contexts. The development of context-specific measurement scales could improve the validity and reliability of research examining corporate governance and perceived IFRS compliance. Such instruments should clearly distinguish between perceived compliance and objectively measured compliance.

Future researchers should also subject newly developed scales to appropriate reliability and validity assessment before using them in large-scale studies. Measurement development should include careful operationalisation of constructs, content validation, construct validity and reliability testing (DeVellis & Thorpe, 2021). This is particularly important because the external examiner's concern regarding the operationalisation of IFRS compliance demonstrates the need for future studies to define precisely what constitutes the dependent variable and how it is measured.

#### **6.5.8 Overall Suggestion for Future Research**

Future research should continue examining corporate governance and IFRS compliance within Botswana and other African emerging markets using stronger objective and longitudinal evidence. The most important direction is to move beyond perception-based evidence towards research designs that combine respondents' professional perceptions with independently verifiable firm-level compliance measures. This would allow researchers to determine whether perceptions of IFRS compliance correspond with actual financial reporting practices. Future research should also integrate broader governance variables, multiple IFRS requirements, qualitative evidence and institutional factors. Such approaches would provide a more comprehensive understanding of how corporate governance mechanisms interact with organisational and institutional conditions to influence financial reporting quality and IFRS compliance.

## **6.6 Limitations of the Study**

This study has several limitations that should be considered when interpreting its findings.

### **6.6.1 Perception-Based Nature of the Study**

The principal limitation of the study is its perception-based measurement of IFRS compliance. The study collected data from individual respondents regarding their perceptions and professional assessments of corporate governance practices and IFRS compliance among publicly listed companies in Botswana. Consequently, the findings reflect respondents' perceptions rather than independently verified levels of actual IFRS compliance.

This distinction is particularly important because perceptions of compliance may be influenced by respondents' professional experience, knowledge, organisational position and understanding of IFRS requirements. A respondent may perceive an organisation to be compliant even where an independent examination of financial statements could identify disclosure or measurement deficiencies. Therefore, the study cannot claim that the perceived level of IFRS compliance represents the actual level of IFRS compliance within individual listed companies. The study instead provides evidence concerning how professionals perceive IFRS compliance and the factors associated with it. This limitation should be regarded as the principal qualification to the interpretation of the study's findings.

### **6.6.2 Unit of Analysis Limitation**

A further limitation concerns the unit of analysis. Although the research problem relates to publicly listed companies, the primary unit of analysis was the individual respondent. Consequently, the findings represent individual professional perceptions concerning corporate governance and IFRS compliance rather than objectively measured characteristics of listed companies. The findings should therefore not be interpreted as establishing that a particular company has a specific level of governance effectiveness or IFRS compliance. Instead, they indicate how respondents perceive governance and reporting practices within the listed company environment.

### **6.6.3 Absence of Objective IFRS Compliance Measurement**

The study did not independently examine published annual reports, audited financial statements or regulatory inspection reports to construct an objective firm-level IFRS compliance index. Instead, respondents provided their perceptions of IFRS compliance. This methodological decision enabled the study to examine professional perceptions within the Botswana context but limited its ability to determine actual compliance levels. IFRS 9, IFRS 15, IFRS 16 and IFRS 17 were incorporated into the questionnaire as illustrative proxy areas of technically demanding financial reporting. They were not treated as separate measures of IFRS compliance and were not intended to represent the entire IFRS framework. Accordingly, the findings relating to these standards should be interpreted as respondents' perceptions concerning selected complex reporting areas rather than as independent evidence of actual compliance with IFRS 9, IFRS 15, IFRS 16 or IFRS 17.

### **6.6.4 Inclusion of Non-Accounting Professionals**

The study included respondents occupying different governance, managerial and financial reporting positions. Although such respondents provided valuable organisational and governance perspectives, not all respondents necessarily possessed the same level of technical IFRS expertise. Consequently, responses concerning highly technical financial reporting matters may have been influenced by differences in professional background, experience and technical knowledge. This limitation is particularly relevant when interpreting perceptions relating to complex IFRS requirements. However, the inclusion of different professional groups also provided a broader understanding of how governance and financial reporting are perceived across organisational roles.

### **6.6.5 Generalisability of Findings**

The study was conducted within the Botswana listed company environment. Botswana has a relatively small capital market and a distinctive regulatory, institutional and economic environment. Consequently, the findings should not automatically be generalised to all organisations in Botswana, including private companies, public sector organisations and small and medium-sized enterprises. Similarly, the findings should not automatically be generalised to other countries because differences in institutional environments, regulatory frameworks,

capital market development and professional capacity may influence governance and financial reporting practices. The findings are therefore most applicable to Botswana's listed company environment and potentially to comparable emerging-market contexts.

#### **6.6.6 Methodological Limitations**

The study relied on questionnaire-based data to capture respondents' perceptions. While this approach was appropriate for examining professional perceptions, it limited the ability of the study to establish objectively verified organisational outcomes. The perception-based design also means that the findings may be affected by response patterns, differences in interpretation of questionnaire items and variations in respondents' knowledge. In addition, because the study did not rely on a comprehensive objective firm-level IFRS compliance index, the findings cannot establish the actual extent to which listed companies comply with all IFRS requirements. These limitations reinforce the need for future research to combine perception-based measures with objective financial reporting evidence.

#### **6.6.7 Scope Limitation**

The study focused on corporate governance mechanisms and perceived IFRS compliance among publicly listed companies in Botswana. Other factors that may influence financial reporting quality, including organisational culture, leadership style, technological capabilities, tax policy, macroeconomic conditions, political influences and behavioural factors, were not examined comprehensively. Consequently, the study does not provide an exhaustive explanation of all factors influencing IFRS compliance. Instead, it focuses on selected corporate governance and institutional factors identified within the research framework.

#### **6.6.8 Possible Respondent Bias**

The study relied on self-reported information. Respondents may therefore have provided answers influenced by personal experience, professional judgement, organisational loyalty or social desirability. For example, respondents may have overestimated the effectiveness of governance mechanisms or the level of IFRS compliance within organisations with which they were associated. Conversely, respondents with negative professional experiences may have assessed governance practices less favourably. Differences in respondents' professional positions and technical knowledge may also have influenced their interpretation of

questionnaire items. Accordingly, respondent bias represents a potential limitation of the findings. The use of objective financial reporting evidence in future research could help address this limitation.

#### **6.6.9 Repetition of Questionnaire Items**

The questionnaire contained a small number of repeated questions. Repetition may have influenced how some respondents interpreted or answered the relevant items. Although repeated items may sometimes be useful for checking response consistency, unnecessary repetition can create respondent fatigue or influence response patterns. Consequently, the repetition of some questionnaire items represents a methodological limitation that should be considered when interpreting the findings.

#### **6.6.10 Absence of Qualitative Interviews**

The study relied solely on structured questionnaires and did not include semi-structured interviews. Consequently, it was not possible to obtain detailed qualitative explanations of respondents' perceptions or the contextual factors underlying their responses. Future research could address this limitation through a mixed-methods approach incorporating interviews.

#### **6.6.11 Overall Limitation**

Despite these limitations, the study provides valuable context-specific evidence concerning professionals' perceptions of corporate governance and IFRS compliance among publicly listed companies in Botswana. The most important limitation is that IFRS compliance was measured through perceptions rather than independently verified firm-level evidence. Consequently, the study does not claim to establish actual IFRS compliance levels or causal relationships between governance mechanisms and compliance. Nevertheless, the perception-based evidence provides useful insight into how professionals involved in corporate governance and financial reporting understand the factors that may support IFRS compliance. The findings therefore provide a foundation for future research using objective compliance indices, annual report analysis, longitudinal designs and mixed methods approaches.

## 6.7 Overall Conclusion of the Study

This study examined the perceived influence of corporate governance mechanisms on perceived IFRS compliance among publicly listed companies in Botswana. The study specifically examined respondents' perceptions regarding differences in IFRS compliance, corporate governance mechanisms, governance factors, regulatory and policy effectiveness, and external environmental influences. The findings indicate that respondents generally perceived corporate governance mechanisms as important factors associated with IFRS compliance and financial reporting quality. Board expertise, board oversight, audit committee effectiveness, internal audit mechanisms and internal control systems were generally perceived as important in supporting accountability, transparency and effective financial reporting.

The findings further indicate that respondents perceived governance effectiveness to depend not simply on the existence of governance structures but on their functional effectiveness, competence, independence and monitoring capacity. This suggests that corporate governance policy should focus not only on structural compliance but also on whether governance mechanisms perform their intended oversight functions effectively (OECD, 2023). The findings also demonstrate the relevance of institutional and stakeholder factors. Respondents perceived regulatory oversight, professional expectations, stakeholder scrutiny, foreign investment, globalisation and market pressures as factors that may influence governance and financial reporting practices. These findings are consistent with Stakeholder Theory and Institutional Theory, which recognise the influence of stakeholder expectations and institutional pressures on organisational behaviour (Freeman, 1984; DiMaggio & Powell, 1983).

Agency Theory provides an explanation for the importance respondents attached to board oversight, audit committees and monitoring mechanisms because such structures can reduce information asymmetry and agency problems between managers and owners (Jensen & Meckling, 1976). Stewardship Theory provides a complementary explanation by recognising the possibility that directors and managers may act as stewards whose interests can be aligned with organisational objectives (Davis et al., 1997). The theoretical implication is therefore that perceived IFRS compliance within Botswana's listed companies is better understood through a combination of theoretical perspectives rather than through a single theory. Agency Theory explains monitoring and accountability, Stakeholder Theory explains stakeholder expectations,

Institutional Theory explains regulatory and professional pressures, while Stewardship Theory provides insight into the role of organisational commitment and responsible leadership.

The study also clarifies the scope of IFRS measurement. IFRS compliance was examined broadly rather than being limited to four specific standards. IFRS 9, IFRS 15, IFRS 16 and IFRS 17 were incorporated into the questionnaire as illustrative proxy areas because they represent technically demanding and governance-sensitive areas of financial reporting. They were therefore used to provide practical contexts for respondents' assessments and were not intended to constitute the complete measure of IFRS compliance.

This distinction is important because compliance with selected IFRS standards cannot, by itself, be interpreted as compliance with IFRS as a whole. The broader IFRS framework encompasses numerous recognition, measurement, presentation and disclosure requirements. Consequently, the findings concerning the selected standards should be understood within the broader construct of perceived IFRS compliance. The study further acknowledges that the evidence generated is perception-based. The findings therefore demonstrate how respondents perceive corporate governance mechanisms, institutional factors and IFRS compliance rather than objectively establishing the actual compliance status of individual listed companies.

The study consequently does not claim that corporate governance mechanisms caused IFRS compliance or that particular governance mechanisms independently determined compliance outcomes. Rather, it concludes that respondents perceived stronger governance, greater technical competence and effective institutional oversight as important conditions associated with stronger IFRS compliance and financial reporting practices. Despite these limitations, the study makes a contribution to the corporate governance and financial reporting literature by providing context-specific evidence from Botswana, an emerging capital-market environment that remains comparatively under researched. The study demonstrates that professionals involved in governance and financial reporting perceive IFRS compliance as being shaped by an interaction between internal governance mechanisms, organisational competence and external institutional pressures.

The practical contribution of the study lies in highlighting the importance of strengthening board and audit committee competence, internal audit effectiveness, financial reporting capacity, regulatory oversight and professional development. The policy contribution lies in

demonstrating the importance of coordinated institutional support for governance and financial reporting within Botswana's listed company environment. Overall, the study concludes that respondents perceive effective corporate governance, technical competence, regulatory oversight and supportive institutional conditions as important factors associated with IFRS compliance among publicly listed companies in Botswana. However, because the study relied on perceptions rather than objectively verified firm-level compliance data, its findings should be interpreted as evidence of professional perceptions and perceived relationships rather than definitive evidence of actual IFRS compliance or causal effects.

The study therefore provides a foundation for future research to move from perception-based evidence towards objective, firm level and longitudinal measurement of IFRS compliance. Such research would complement the findings of the present study and contribute to a more comprehensive understanding of the relationship between corporate governance and IFRS compliance in Botswana and other emerging market environments.

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## APPENDICES

### Research Permit

TELEPHONE: 3950100  
FAX: 3956086  
TOLL FREE: 0800600773



Republic of Botswana

MINISTRY OF FINANCE  
PRIVATE BAG 008  
GABORONE

REF: CMoF 1/19/2 V (33)

20<sup>th</sup> March 2025

TO: Rudo Nyamudzanga  
[nyamudzangarudo@gmail.com](mailto:nyamudzangarudo@gmail.com)  
+267 73 365 077  
+267 78 689 370

Dear madam,

#### **REQUEST TO CONDUCT RESEARCH-YOURSELF**

1. Reference is made to your letter 23<sup>rd</sup> January 2025 on the above captioned matter.
2. Your request to carry out research on **"The Impact of Corporate Governance on IFRS Compliance Among Publicly Listed Companies in Botswana"** has not been successful.
3. Please note that the design of your questionnaire is targeted to private companies. The Ministry does not have authority to grant permission for the private sector to avail their information to other parties. Therefore, you are advised to submit your request to the respective companies.
4. Thank you.

Yours faithfully

Gaongalelwe S. Seetasewa  
**For/Permanent Secretary**

Core Values  
Accountability | Excellence | Timeliness | Integrity | Caring



## Ethical clearance letter



### SCHOOL OF POSTGRADUATE STUDIES

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### UNILUS-RESEARCH ETHICS COMMITTEE

Ref no: FWA00033229-1912/24

Date: 19<sup>th</sup> December 2024

**STUDENT NAME: RUDO NYAMUDZANGA**

**THE IMPACT OF CORPORATE GOVERNANCE ON IFRS COMPLIANCE  
AMONG PUBLICLY LISTED COMPANIES IN BOTSWANA.**

The above research was submitted to the research ethics committee for review.  
The study has no major ethical problems and is approved subject to the following:

1. The study cannot be changed without express permission of the UNILUS research ethics committee.
2. Approval from the necessary authority should be sought.

**Congratulations and the committee wishes you success in your work.**

**Professor Kasonde Bowa**  
MSc(Glasgow),M.Med(UNZA),FRCS(Glasgow),FACS,FCS,DPH(LSTMH),MPH(UCL)  
Chairman- UNILUS REC  
Professor of Urology and Consultant Urologist  
Deputy Vice-Chancellor – Research and Innovation  
Executive Dean - School of Medicine and Health Sciences

## Questionnaire

### Research Title: "The Impact of Corporate Governance on IFRS Compliance among Publicly Listed Companies in Botswana"

Dear Participant

My name is Rudo Nyamudzanga STUDENT NUMBER: PHDAC22218309 and I am a final year PhD student at the University of Lusaka. I am conducting a PhD research study titled "**The Impact of Corporate Governance on IFRS Compliance among Publicly Listed Companies in Botswana.**" The purpose of this study is to assess the relationship between corporate governance practices and the degree of compliance with International Financial Reporting Standards (IFRS) among publicly listed companies in Botswana. This questionnaire aims to gather your insights on corporate governance structures, their effectiveness, and their influence on IFRS compliance. Your responses will be invaluable to this study.

Participation in this survey is voluntary, and all responses will be kept strictly confidential. The data collected will be used solely for academic purposes. You may withdraw from the study at any time without penalty. Your cooperation in completing this questionnaire is highly appreciated.

Thank you for your participation!!

#### 1. Position within the company

- |                                                 |                                            |
|-------------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> CEO                    | <input type="checkbox"/> Board Member      |
| <input type="checkbox"/> CFO                    | <input type="checkbox"/> Financial Manager |
| <input type="checkbox"/> Audit Committee Member | <input type="checkbox"/> Other:            |

#### 2. Company sector

- |                                              |                                             |
|----------------------------------------------|---------------------------------------------|
| <input type="checkbox"/> Finance and Banking | <input type="checkbox"/> Mining             |
| <input type="checkbox"/> Retail              | <input type="checkbox"/> Telecommunications |
| <input type="checkbox"/> Manufacturing       | <input type="checkbox"/> Other:             |

#### 3. Number of years your company has been listed on the Botswana Stock Exchange

- |                                           |                                             |
|-------------------------------------------|---------------------------------------------|
| <input type="checkbox"/> Less than 1 year | <input type="checkbox"/> 6-10 years         |
| <input type="checkbox"/> 1-5 years        | <input type="checkbox"/> More than 10 years |

#### 4. Number of employees

- |                                       |                                        |
|---------------------------------------|----------------------------------------|
| <input type="checkbox"/> Less than 50 | <input type="checkbox"/> 201-500       |
| <input type="checkbox"/> 51-200       | <input type="checkbox"/> More than 500 |

#### 5. Company size (annual revenue)

- |                                                       |                                                       |
|-------------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Less than P199 million       | <input type="checkbox"/> P300 million to P499 million |
| <input type="checkbox"/> P200 million to P299 million | <input type="checkbox"/> More than P500 million       |

**6. What are the key challenges your company faces in complying with IFRS? (Select all that apply)**

- ☐ Technical complexity of standards
- ☐ High cost of compliance
- ☐ Limited availability of qualified staff
- ☐ Insufficient training or guidance
- ☐ Other:

**7. What specific corporate governance challenges do you encounter in ensuring IFRS compliance? (Select all that apply)**

- ☐ Inadequate board oversight
- ☐ Lack of financial expertise among board members
- ☐ Ineffective internal controls
- ☐ External audit challenges
- ☐ Other:

**8. What are the key challenges your company faces in complying with IFRS? (Select all that apply)**

- ☐ Technical complexity of standards
- ☐ High cost of compliance
- ☐ Limited availability of qualified staff
- ☐ Insufficient training or guidance
- ☐ Other:

**9. What specific corporate governance challenges do you encounter in ensuring IFRS compliance? (Select all that apply)**

- ☐ Inadequate board oversight
- ☐ Lack of financial expertise among board members
- ☐ Ineffective internal controls
- ☐ External audit challenges
- ☐ Other:

**10. How would you rate your company's level of compliance with IFRS?**

- ☐ Full compliance
- ☐ Moderate compliance
- ☐ Minimal compliance
- ☐ Non-compliant

**11. Which IFRS standards are most challenging to implement for your company?**

- ☐ IFRS 9 (Financial Instruments)

- ☐ IFRS 15 (Revenue from Contracts with Customers)
- ☐ IFRS 16 (Leases)
- ☐ IFRS 17 (Insurance Contracts)
- ☐ Other:

**12. Does your company undergo external audits to verify IFRS compliance?**

- ☐ Yes, annually
- ☐ Yes, bi-annually
- ☐ No

**13. What are the primary reasons for any non-compliance with IFRS in your company? (Select all that apply)**

- ☐ Lack of technical knowledge
- ☐ High cost of compliance
- ☐ Complexity of IFRS standards
- ☐ Limited staff resources
- ☐ Other:

**14. Which aspects of IFRS 9 (Financial Instruments) are most difficult for your company to comply with? (Select all that apply)**

- ☐ Classification and measurement
- ☐ Impairment
- ☐ Hedge accounting
- ☐ Other:

**15. Has your company encountered issues when applying IFRS 15 (Revenue from Contracts with Customers)? (Select all that apply)**

- ☐ Identifying performance obligations
- ☐ Timing of revenue recognition
- ☐ Disclosure requirements
- ☐ Other:

**16. What are the primary challenges in implementing IFRS 16 (Leases)? (Select all that apply)**

- ☐ Lease identification and classification
- ☐ Measurement of lease liabilities
- ☐ Presentation and disclosure requirements
- ☐ Other:

**17. What difficulties has your company faced in complying with IFRS 17 (Insurance Contracts)? (Select all that apply)**

- ☐ Identifying insurance contracts
- ☐ Measurement of contract liabilities
- ☐ Financial reporting implications
- ☐ Other:

**18. Does your company have an independent audit committee?**

- ☐ Yes
- ☐ No

**19. How frequently does your audit committee meet?**

- ☐ Monthly
- ☐ Quarterly
- ☐ Annually
- ☐ As needed

**20. Does your company have a separate financial reporting unit that focuses on IFRS compliance?**

- ☐ Yes
- ☐ No

**21. Rate the effectiveness of your board of directors in ensuring IFRS compliance.**

- ☐ Very effective
- ☐ Effective
- ☐ Somewhat effective
- ☐ Ineffective

**22. To what extent do corporate governance practices influence IFRS compliance in your company?**

- ☐ Very strong influence
- ☐ Moderate influence
- ☐ Weak influence
- ☐ No influence

**23. In your opinion, which aspect of corporate governance most strongly influences IFRS compliance? (Select one)**

- ☐ Board structure and oversight
- ☐ Transparency and disclosure practices
- ☐ Internal controls
- ☐ External audit processes
- ☐ Other:

**24. What factors within corporate governance predict your company's adherence to IFRS standards? (Select all that apply)**

- ☐ Board independence
- ☐ Internal audit function
- ☐ External audits
- ☐ Regulatory oversight
- ☐ Stakeholder engagement
- ☐ Other:

**25. Does managerial ownership or shareholding impact the level of IFRS compliance in your company?**

- ☐ Yes
- ☐ No

**26. Do you believe that the size of the board influences IFRS compliance?**

☐ Yes

☐ No

**27. To what extent does the presence of internal controls predict adherence to IFRS in your company?**

☐ Strong predictor

☐ Weak predictor

☐ Moderate predictor

☐ No predictor

**28. How does the composition of your audit committee (e.g., expertise, independence) influence IFRS compliance**

Your answer

**29. Are Botswana's current regulations (BSE, Companies Act, etc.) effective in promoting IFRS compliance?**

☐ Very effective

☐ Slightly effective

☐ Moderately effective

☐ Ineffective

**30. What challenges does your company face in complying with corporate governance regulations? (Select all that apply)**

☐ Lack of clear guidelines

☐ Cost of implementation

☐ Conflicting regulatory requirements

☐ Limited enforcement of regulations

☐ Other:

**31. Do you think existing penalties for non-compliance with IFRS are sufficient to enforce adherence?**

☐ Yes

☐ No

**32. How effective are regulatory bodies (e.g., the Botswana Stock Exchange, Non-Bank Financial Institutions Regulatory Authority) in enforcing corporate governance and IFRS compliance?**

☐ Very effective

☐ Slightly effective

☐ Moderately effective

☐ Ineffective

**33. What aspects of the current regulatory framework most require improvement to ensure better corporate governance and IFRS compliance?**

☐ Clarity of regulations and policies

☐ Enforcement mechanisms

☐ Monitoring and auditing procedures

☐ Penalties for non-compliance

☐ Other:

**34. Do you believe that the penalties for non-compliance with corporate governance and IFRS regulations in Botswana are sufficient to ensure adherence?**

☐ Yes

- ☐ No
- ☐ Not Sure

**35. How would you rate the cost of compliance with corporate governance and IFRS regulations for your company?**

- ☐ Very expensive
- ☐ Expensive
- ☐ Moderate
- ☐ Affordable
- ☐ Not a financial burden

**36. In your view, how can the current regulatory framework be improved to better support corporate governance and IFRS compliance**

Your answer \_\_\_\_\_

**37. To what extent do external factors (e.g., economic conditions, foreign investment, regulatory pressure) impact corporate governance practices in your company?**

- |                                            |                                          |
|--------------------------------------------|------------------------------------------|
| <input type="checkbox"/> Strongly impact   | <input type="checkbox"/> Slightly impact |
| <input type="checkbox"/> Moderately impact | <input type="checkbox"/> No impact       |

**38. Which external factor most influences corporate governance in your company? (Select one)**

- ☐ Economic conditions
- ☐ Foreign investment
- ☐ International regulations
- ☐ Market competition
- ☐ Other:

**39. In your opinion, how do external pressures (e.g., globalization, foreign stakeholders) affect IFRS compliance?**

- ☐ Increase compliance
- ☐ No impact
- ☐ Decrease compliance

**40. Do you have any additional comments or suggestions regarding corporate governance and IFRS compliance in Botswana**

Your answer \_\_\_\_\_