



Full length article

Predictors of Corporate Governance Influencing IFRS Compliance: Empirical Evidence from Botswana's Listed Companies

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Article Info

Received: 10.12.2025

Accepted: 22.03.2026

Available online: 18.04.2026

Keywords:

Corporate Governance, IFRS Compliance, Board Independence, Audit Committee Effectiveness, Ownership Structure, Botswana

ABSTRACT

This study examines the corporate governance predictors influencing International Financial Reporting Standards (IFRS) compliance among Botswana's publicly listed companies. Although IFRS is mandatory under the Companies Act (2003) and the Accountants Act (2010), evidence shows persistent gaps in disclosure quality. Grounded in Agency Theory and Institutional Theory, the study addresses the gap in empirical evidence linking governance mechanisms to IFRS compliance within small emerging capital markets. A convergent mixed methods design was employed, combining primary data from a structured questionnaire administered to governance practitioners (n = 120) with secondary data from audited financial statements of 35 Botswana Stock Exchange listed firms over the period 2023 to 2025. IFRS compliance was measured using a structured disclosure index, and hypotheses were tested using multiple regression analysis. The findings indicate that audit committee effectiveness ($\beta = 0.47, p < 0.01$) and board independence ($\beta = 0.39, p < 0.05$) significantly enhance IFRS compliance, while ownership concentration negatively affects compliance ($\beta = -0.31, p < 0.05$). Board size shows a marginal positive effect, whereas gender diversity is positive but statistically insignificant. The integrated model explains 63% of the variance in IFRS compliance. The study contributes to governance compliance literature by providing context specific evidence from Botswana and offers policy recommendations for strengthening financial reporting quality.

DOI:

<https://doi.org/10.59857/cevw3820>

1.2 Introduction

Globalisation and cross-border investment have amplified the demand for consistent and transparent financial reporting. The adoption of International Financial Reporting Standards (IFRS) aims to harmonise accounting practices worldwide, facilitating comparability and investor confidence (IFRS Foundation, 2020). Over 140 jurisdictions now mandate or permit IFRS, underscoring its global acceptance as a benchmark for financial integrity (Houque & Monem, 2016).

Despite widespread adoption, IFRS compliance levels vary significantly across countries, particularly in developing economies. Weak enforcement mechanisms, inadequate corporate governance, and limited technical

capacity often hinder full compliance (Awariya et al., 2022; Buallay et al., 2021). Effective corporate governance mechanisms such as independent boards, skilled audit committees, and balanced ownership structures enhance compliance by strengthening oversight and accountability (Ali, Rehman & Khan, 2019).

In Africa, the transition to IFRS has been mixed. While South Africa's robust corporate governance code (King IV) fosters high compliance, many Sub-Saharan African countries lag behind (Kafwimbi, Mpinganjira & Rugemalira, 2021). Governance deficiencies, political interference, and weak professional institutions contribute to inconsistent adherence to IFRS standards.

Botswana, a rapidly developing middle-income economy, has implemented IFRS through the Companies Act (2003) and Accountants Act (2010), and established institutions such as the Botswana Institute of Chartered Accountants (BICA) and Botswana Accountancy Oversight Authority (BAOA) to oversee compliance. However, research reveals that compliance with IFRS, particularly in risk disclosures and fair value measurement, remains below optimal levels (Moloi & Marumo, 2017; Nkgowe, Moyo & Dube, 2024).

Botswana provides a unique context for examining IFRS compliance due to its relatively small but structured capital market, evolving regulatory environment, and increasing adoption of international financial reporting standards. Despite strong institutional frameworks, evidence suggests that compliance levels remain inconsistent, making Botswana an important case for understanding governance effectiveness in emerging economies (Moloi & Marumo, 2017; Nyamudzanga, 2025).

The persistence of partial compliance, despite strong legislative frameworks, suggests that corporate governance mechanisms may not be functioning effectively. Understanding which governance variables significantly predict IFRS compliance is therefore critical to improving transparency, accountability, and investor confidence in Botswana's capital markets.

1. 3 Problem Statement and Research Gap Analysis

1.3.1 Problem Statement

The mandatory adoption of IFRS was intended to enhance transparency and comparability among Botswana's publicly listed companies. Yet, empirical evidence indicates persistent non-compliance, particularly in key areas such as IFRS 7 risk disclosures and IFRS 13 fair value measurement (Moloi & Marumo, 2017). Corporate governance frameworks especially board independence, audit committee effectiveness, and ownership structures are widely recognised as pivotal to enforcing compliance (Awariya et al., 2022). However, in Botswana, evidence on how these mechanisms influence IFRS adherence remains limited.

Although the Botswana Code of Corporate Governance promotes best practices, recent reviews (Mosweunyane, Ramotlhwa & Tlhomola, 2022) reveal inconsistencies in the application of key governance elements such as gender diversity, IT governance, and board accountability. Moreover, weak enforcement by BAOA and limited capacity within listed firms further exacerbate compliance challenges.

Without empirical understanding of which governance factors most significantly predict IFRS compliance, policymakers and corporate boards risk implementing generic reforms that fail to address root causes. This study

seeks to bridge this gap by identifying and analyzing corporate governance predictors of IFRS compliance in Botswana's listed firms.

1.3.2 Global Research Gap

In developed economies such as the United States, United Kingdom, and Australia, strong regulatory oversight ensures high compliance with IFRS and similar reporting frameworks (Abdullah, Ismail & Jamaluddin, 2018). Studies in these regions consistently demonstrate positive associations between governance strength and compliance (Buallay et al., 2021). However, the context differs markedly from emerging markets developed economies benefit from robust institutions, active capital markets, and low corruption levels (IFRS Foundation, 2020).

This contextual difference limits the applicability of findings from developed countries to Botswana. While global evidence highlights the efficacy of governance mechanisms, it does not account for Africa's unique institutional constraints, such as limited enforcement capacity and concentrated ownership.

1.3.3 African Research Gap

In Africa, several studies have explored the relationship between governance and IFRS compliance. Awariya, Mensah, and Osei (2022) found that in Ghana, board independence and audit committee competence positively influence compliance. Kafwimbi et al. (2021) reported similar findings in Zambia, emphasising that dispersed ownership enhances reporting quality. However, cross-country differences in regulatory maturity, economic structure, and enforcement capacity make generalization difficult.

While South Africa benefits from advanced governance frameworks under King IV, other countries including Nigeria and Kenya struggle with inconsistent enforcement (Gambo, Bello & Ibrahim, 2021). Most African studies examine isolated governance variables rather than comprehensive governance systems. Moreover, few integrate quantitative and qualitative evidence, leaving limited understanding of underlying mechanisms driving compliance.

Empirical research on IFRS compliance in Botswana is scarce and fragmented. Studies such as Moloji and Marumo (2017) and Nkgowe et al. (2024) focus mainly on compliance levels rather than determinants. Few studies have empirically examined how governance structures board independence, audit committees, ownership, and gender diversity interact to influence compliance.

Furthermore, there is a lack of mixed-methods research combining statistical analysis with qualitative insights from board members, auditors, and regulators. This limits understanding of both quantitative relationships and qualitative explanations for non-compliance. Addressing this gap is crucial for tailoring governance reforms that enhance IFRS compliance in Botswana's evolving corporate environment. Existing studies in developed and African contexts underscore the role of corporate governance in IFRS compliance but often fail to account for Botswana's unique regulatory and institutional dynamics.

1.4 Research Objectives

The study pursues the following specific objectives:

1. To identify the key corporate governance mechanisms that significantly predict IFRS compliance among publicly listed companies in Botswana.
2. To examine the relationship between board characteristics (e.g., independence, size, gender diversity) and IFRS compliance.
3. To assess the impact of audit committee effectiveness on the level of IFRS compliance.
4. To determine the influence of ownership structure on IFRS compliance among publicly listed firms.

1.5 Research Questions

Based on the objectives above, the study seeks to answer the following research questions:

1. Which corporate governance mechanisms significantly predict IFRS compliance among publicly listed companies in Botswana?
2. How do board characteristics, such as independence, size, and gender diversity, influence IFRS compliance?
3. What is the relationship between audit committee effectiveness and IFRS compliance in listed firms?
4. To what extent does ownership structure affect IFRS compliance among publicly listed companies in Botswana?

1.6 Significance of the Study

This study contributes to the academic literature by providing empirical evidence on the corporate governance mechanisms that influence IFRS compliance among publicly listed companies in Botswana. While prior research has focused on other Sub-Saharan countries such as Ghana and Zambia, evidence from Botswana remains limited. By examining variables such as board independence, board size, gender diversity, audit committee effectiveness, and ownership structure, the study fills a critical gap and enhances theoretical understanding of governance compliance relationships in emerging markets.

Practically, the study offers valuable insights for regulators, policymakers, corporate managers, and investors. It highlights which governance factors are most effective in promoting IFRS compliance, enabling firms to strengthen their governance practices and improve financial reporting quality. Additionally, regulators and policymakers can use the findings to design targeted interventions and policies that enhance transparency, accountability, and investor confidence in Botswana's capital markets.

2.0 Literature Review

2.1 Overview

Corporate governance and IFRS compliance have been widely studied, but findings differ across contexts due to variations in enforcement, institutional development, and corporate culture (Abdullah, Ismail, & Jamaluddin, 2018). This section synthesizes existing empirical studies to contextualize how governance mechanisms influence IFRS compliance, focusing on five predictors: board independence, board size, gender diversity, audit committee effectiveness, and ownership structure. Evidence from emerging economies suggests that corporate governance structures significantly influence IFRS compliance, although institutional constraints often limit full adherence (Appiah & Chizema, 2021).

This study is grounded in Agency Theory, which posits that corporate governance mechanisms such as board independence and audit committees mitigate agency conflicts and enhance transparency (Jensen & Meckling,

1976). In addition, Institutional Theory explains IFRS compliance as a response to regulatory pressures, normative expectations, and global reporting standards (DiMaggio & Powell, 1983). Corporate governance mechanisms play a critical role in enhancing IFRS disclosure compliance, as firms with stronger governance structures tend to exhibit higher transparency and reporting quality (Alfraih, 2022). Together, these theories provide a framework for understanding how governance structures influence financial reporting behaviour.

2.2 Board Independence and IFRS Compliance

Board independence refers to the presence of non-executive or external directors who are free from management influence (Ali, Rehman, & Khan, 2019). Independent directors enhance oversight, mitigate agency conflicts, and enforce adherence to reporting standards. Studies in Ghana (Awariya, Mensah, & Osei, 2022) and Malaysia (Buallay et al., 2021) show that board independence significantly increases the likelihood of full IFRS compliance. In Botswana, however, Nkgowe, Moyo, and Dube (2024) found that although many firms have independent directors, their effectiveness is limited by inadequate accounting expertise and infrequent board meetings. This indicates that independence without technical competence may not guarantee compliance.

2.3 Board Size and IFRS Compliance

The optimal board size remains debated. Large boards can bring diverse expertise but may face coordination challenges, whereas smaller boards may be agile but lack diversity (Kafwimbi, Chirwa, & Banda, 2021). Evidence from emerging economies suggests that moderately sized boards (7–10 members) balance expertise and control (Buallay et al., 2021). In Botswana, some listed companies maintain small boards dominated by major shareholders, potentially limiting oversight effectiveness (Mosweunyane, Ramotlhwa, & Tlhomola, 2022).

2.4 Gender Diversity and IFRS Compliance

Gender diversity strengthens ethical judgment, risk management, and transparency (Nuhu, Aliyu, & Abubakar, 2019). Research in developed economies demonstrates that firms with at least 30% female board representation show higher financial disclosure quality (PwC, 2025). In Africa, however, female participation on boards remains below 20% (Gambo, Bello, & Ibrahim, 2021). Botswana's context mirrors this disparity limited female representation persists despite national gender inclusion policies (Nkgowe et al., 2024).

2.5 Audit Committee Effectiveness and IFRS Compliance

Audit committees oversee financial reporting integrity and external audit processes. Their independence, expertise, and activity level are positively associated with compliance quality (Johl, Kaur, & Cooper, 2020). For instance, firms with financially literate audit committees demonstrate greater IFRS disclosure compliance (Adebayo & Okeke, 2021). However, in many African markets, audit committees are symbolic rather than functional due to limited technical capacity (Olayinka, 2019). Botswana's listed companies exhibit similar challenges, with audit committees often meeting infrequently or lacking expertise in IFRS application (Mosweunyane et al., 2022).

2.6 Ownership Structure and IFRS Compliance

Ownership concentration where few shareholders control substantial equity can hinder transparency, as dominant owners may influence reporting decisions (Kafwimbi et al., 2021). Conversely, dispersed ownership promotes accountability. Studies in Nigeria (Gambo et al., 2021) and Zambia (Kafwimbi et al., 2021) confirm that

concentrated ownership negatively affects compliance. Botswana's relatively small capital market often features high ownership concentration, particularly in family-owned firms, which may impede IFRS adherence.

2.7 Synthesis and Conceptual Gap

Overall, existing literature highlights the importance of governance in IFRS compliance but lacks comprehensive multi-variable models applied within Botswana's institutional setting. This study fills that gap by empirically analyzing all major governance predictors collectively and integrating qualitative data to reveal underlying mechanisms.

2.8 Theoretical and Conceptual Framework

2.8.1 Theoretical Foundation: Agency Theory

Agency theory (Jensen & Meckling, 1976) underpins this study by explaining the conflict between managers (agents) and shareholders (principals). Managers may prioritise personal gain, resulting in opportunistic financial reporting or non-compliance with IFRS. Effective governance through independent boards, competent audit committees, and transparent ownership aligns managerial behavior with shareholder interests (Awariya et al., 2022).

Supporting theories such as Stakeholder Theory and Resource Dependence Theory also complement this perspective. Stakeholder theory emphasizes ethical accountability to multiple parties beyond shareholders (Freeman, 1984), while resource dependence theory highlights how diverse boards bring external knowledge critical for IFRS interpretation (Hillman & Dalziel, 2003).

2.8 Empirical Review

Recent empirical studies reinforce the importance of governance mechanisms in enhancing IFRS compliance across emerging markets. Firms with strong governance structures tend to demonstrate higher levels of disclosure and transparency (Alfraih, 2022). In particular, audit committee effectiveness driven by independence and financial expertise has been identified as a key determinant of reporting quality (Alhababsah, 2021). However, evidence from African economies suggests that institutional constraints and enforcement limitations may moderate these relationships (Appiah & Chizema, 2021).

2.9 Research Gap

Despite the growing body of literature on corporate governance and IFRS compliance, several gaps remain. First, most studies have focused on developed or large emerging markets, with limited attention given to smaller capital markets such as Botswana. Second, existing studies are largely quantitative and do not integrate governance perception data with objective financial statement analysis, thereby limiting contextual depth. Third, prior Botswana based studies, including Nyamudzanga (2025), have provided preliminary insights but lack comprehensive methodological approaches incorporating diagnostic testing, effect size estimation, and mixed methods integration. Furthermore, there is limited empirical evidence examining the combined effect of board characteristics, audit committee effectiveness, and ownership structure within a unified analytical framework. This study addresses these gaps by employing a convergent mixed methods design and providing a more robust and context specific analysis of IFRS compliance determinants.

3. Hypotheses Development and Conceptual Framework

3.1 Hypotheses Development

H1: Board Independence and IFRS Compliance

Board independence is a critical governance mechanism that enhances oversight and reduces managerial opportunism. Independent (non-executive) directors serve as effective monitors of management, thereby reducing information asymmetry and ensuring greater transparency in financial reporting (Jensen & Meckling, 1976). Independent directors are less likely to be influenced by management and are therefore more inclined to demand compliance with IFRS disclosure requirements. Empirical studies in emerging markets have consistently shown that firms with higher board independence exhibit stronger financial reporting quality and greater compliance with accounting standards (Buallay et al., 2021; Awariya et al., 2022). **H1:** Board independence has a positive effect on IFRS compliance.

H2: Board Size and IFRS Compliance

Board size influences the diversity of expertise, experience, and perspectives available for decision making. From an Agency Theory perspective, larger boards can improve monitoring effectiveness by providing a broader pool of skills and knowledge, including financial expertise relevant to IFRS compliance (Jensen & Meckling, 1976). However, excessively large boards may face coordination challenges, reducing efficiency. Institutional Theory further suggests that firms adopt governance structures, such as optimal board size, in response to external pressures to enhance legitimacy and compliance (DiMaggio & Powell, 1983). Empirical evidence suggests that moderately sized boards are associated with improved disclosure practices (Terjesen et al., 2016). **H2:** Board size has a positive effect on IFRS compliance.

H3: Gender Diversity and IFRS Compliance

Gender diversity on boards has been linked to improved ethical standards, transparency, and decision making quality. Agency Theory suggests that diverse boards are more likely to challenge management decisions and reduce opportunistic behaviour. Additionally, Institutional Theory posits that increasing gender diversity is often driven by societal and regulatory expectations for inclusivity and good governance (DiMaggio & Powell, 1983). Studies have shown that female directors tend to promote accountability and more rigorous oversight of financial reporting processes, which may enhance IFRS compliance (Terjesen et al., 2016; Buallay et al., 2021). However, the effect may depend on the level of representation. **H3:** Gender diversity has a positive effect on IFRS compliance.

H4: Audit Committee Effectiveness and IFRS Compliance

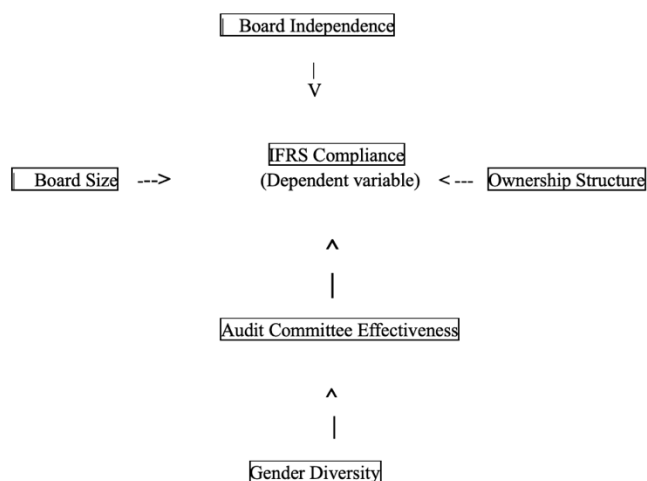
The audit committee plays a central role in ensuring the integrity of financial reporting and compliance with accounting standards. Under Agency Theory, audit committees act as a monitoring mechanism that reduces agency conflicts by overseeing financial reporting processes and ensuring adherence to IFRS requirements (Jensen & Meckling, 1976). Effective audit committees are characterised by independence, financial expertise, and regular meetings, which enhance their ability to detect and correct misstatements. Empirical evidence indicates that audit committee effectiveness significantly improves financial reporting quality and IFRS compliance (Johl et al., 2020; Kafwimbi et al., 2021). Effective audit committees, particularly those with financial expertise and independence, significantly improve financial reporting quality and compliance with accounting standards (Alhababsah, 2021). **H4:** Audit committee effectiveness has a positive effect on IFRS compliance.

H5: Ownership Structure and IFRS Compliance

Ownership structure, particularly ownership concentration, influences the incentives for transparency and disclosure. Agency Theory suggests that when ownership is highly concentrated, dominant shareholders may exert influence over management and reduce the demand for transparent reporting, thereby weakening compliance (Jensen & Meckling, 1976). From an Institutional Theory perspective, firms with dispersed ownership are more likely to comply with IFRS due to external pressure from a broader range of stakeholders (DiMaggio & Powell, 1983). Empirical studies in Africa have shown that higher ownership concentration is associated with lower levels of financial disclosure and IFRS compliance (Gambo et al., 2021; Awariya et al., 2022).

H5: Ownership concentration has a negative effect on IFRS compliance.

3.2 Conceptual Framework Diagram



Control Variables:

- Firm Size
- Profitability

Independent Variables → Board Independence, Board Size, Gender Diversity, Audit Committee Effectiveness, Ownership Structure

Dependent Variable → IFRS Compliance

Control Variables → Firm Size, Profitability

Figure 1: Conceptual Framework (Description)

The conceptual framework illustrates the hypothesised relationships between corporate governance mechanisms and IFRS compliance. Arrows from each independent variable point toward IFRS compliance, moderated by firm size and profitability. The diagram illustrates how each independent variable (board independence, board size, gender diversity, audit committee effectiveness, and ownership structure) directly influences the dependent variable (IFRS compliance). Firm size and profitability act as control variables moderating the strength of these relationships. Agency theory provides the foundation, asserting that strong governance mitigates information asymmetry and enhances compliance quality. This framework is grounded

primarily in Agency Theory (Jensen & Meckling, 1976), which explains how governance mechanisms mitigate managerial opportunism and enhance reporting transparency. It also draws on Stakeholder Theory and Resource Dependence Theory to explain how governance structures support broader accountability and access to critical expertise.

4.0 Methodology

4.1 Research Philosophy

This study adopts a pragmatic philosophy, integrating both positivist (quantitative) and interpretivist (qualitative) approaches to provide comprehensive insights (Creswell & Creswell, 2018). The positivist perspective allows objective measurement of governance variables and statistical testing, while the interpretivist perspective provides rich insights into governance practices and contextual challenges affecting IFRS implementation. Pragmatism is suitable because IFRS compliance is influenced by both quantifiable factors (board composition, ownership concentration) and subjective experiences (interpretations of IFRS requirements, perceptions of oversight effectiveness).

4.2 Research Design

A convergent mixed-methods design was adopted to integrate quantitative primary data with secondary financial statement data. This design allows the simultaneous collection and analysis of different data types, followed by merging results for triangulation (Creswell & Plano Clark, 2018). Primary quantitative data were gathered through a structured corporate governance questionnaire administered to board directors, audit committee members, and finance managers of Botswana Stock Exchange (BSE) listed firms. Secondary quantitative data were extracted from audited annual reports and governance disclosures covering the period 2020 to 2024. This approach enabled validation of governance-perception data against actual IFRS disclosure outcomes, strengthening internal validity and interpretative depth (Saunders et al., 2019).

4.3 Population and Sampling

The study population comprised all 35 companies listed on the Botswana Stock Exchange, representing key sectors such as banking, mining, utilities, manufacturing, and services. A census sampling technique was applied for the financial statement review to ensure full market representation, consistent with recommendations for small populations (Etikan, 2016). For the questionnaire, purposive sampling targeted governance practitioners board members, audit committee members, and finance managers based on their direct involvement in reporting oversight. Participants with at least five years of governance or financial reporting experience were included to ensure informed and credible responses, aligning with purposive sampling principles outlined by Patton (2015).

4.4 Data Collection Instruments

4.4.1 Questionnaire

A structured questionnaire was used to collect primary quantitative data on corporate governance attributes. The instrument included Likert-scale items measuring board independence, board size, gender diversity, audit committee effectiveness, and ownership structure. This approach aligns with previous governance IFRS studies that used perception-based governance instruments to quantify internal governance mechanisms (Awariya et al., 2022; Buallay et al., 2021).

4.4.2 Variable Measurement and Model Specification

Secondary data were extracted from audited financial statements and annual reports for the period 2020 to 2024. IFRS compliance was measured using a structured checklist adapted from Awariya et al. (2022) and Kafwimbi et al. (2021), covering 20 disclosure items rated on a 5-point scale (1 = non-compliant; 5 = fully compliant). This checklist approach is widely accepted in IFRS compliance measurement due to its reliability and transparency (Houqe & Monem, 2016).

4.6 Reliability and Validity

Reliability was assessed using Cronbach's alpha, with acceptable thresholds set at $\alpha \geq 0.70$ (Cronbach, 1951). All multi item constructs were tested for internal consistency to ensure reliability of the questionnaire measures. Content validity was established through expert review by two accounting academics and a senior official from the Botswana Institute of Chartered Accountants (BICA), ensuring alignment with IFRS disclosure requirements and governance standards. Finally, construct validity was reinforced by adapting measurement items from validated instruments used in previous IFRS compliance studies (Awariya et al., 2022; Houqe & Monem, 2016).

4.7 Ethical Considerations

This study adhered to established ethical principles governing human subject research and the use of corporate data. Ethical clearance was obtained from the relevant institutional review committee prior to data collection. Participation in the questionnaire survey was entirely voluntary, and respondents were informed of the study's purpose, procedures, and expected duration through a clear informed consent statement. Participants were assured that they could withdraw at any stage without any negative consequences, consistent with the principles of autonomy and respect for persons (Bryman, 2016).

Confidentiality and anonymity were strictly maintained. No identifying information such as names, or company identifiers was recorded on the questionnaire. Responses were coded numerically, and data were stored securely on password protected devices accessible only to the researcher. Findings were reported in aggregate form to prevent tracing responses back to specific individuals or firms. This approach aligns with ethical standards recommended by the American Accounting Association (AAA, 2018) for governance related research. For the secondary data component, all financial statement information was obtained from publicly available annual reports, ensuring compliance with principles of responsible use of secondary data (Saunders et al., 2019). No manipulation or misrepresentation of documents occurred, and all sources were appropriately cited. Overall, the research process ensured integrity, transparency, voluntary participation, and protection of respondents' rights, thereby upholding key ethical principles of academic research.

5.0 Results and Analysis

5.1 Overview

This section presents the empirical results obtained from quantitative analysis of 35 publicly listed companies on the Botswana Stock Exchange (BSE) for the 2020–2024 period, complemented by qualitative insights from 12 governance professionals. The analyses follow four stages: descriptive statistics, correlation matrix, reliability test, and multiple regression modelling.

5.2 Descriptive Statistics

Table 1 presents the descriptive statistics for the key study variables. The results indicate that Botswana's listed firms demonstrate moderate levels of governance maturity and IFRS compliance.

Table 1: Descriptive Statistics of Corporate Governance and IFRS Compliance (N = 35)

Variable	Mean	SD	Min	Max
Board Independence (%)	0.64	0.15	0.30	0.90
Board Size (No. of Directors)	8.10	2.20	4	14
Gender Diversity (%)	0.26	0.10	0.10	0.50
Audit Committee Effectiveness (Index 1–5)	3.95	0.62	2.4	5.0
Ownership Concentration (Index 1–5, higher = more concentrated)	3.10	0.80	1.8	4.9
Firm Size (Log Assets)	15.40	0.90	13.2	17.1
Profitability (ROA %)	6.80	3.10	0.5	14.0
IFRS Compliance (1–5 Scale)	4.05	0.55	2.9	5.0

The mean IFRS compliance score (4.05) indicates that most listed firms substantially adhere to IFRS disclosure requirements. Board independence averages 64 percent, aligning with regional expectations (Kafwimbi et al., 2021). Gender diversity remains low at 26 percent, echoing PwC (2025) findings that African boards remain male-dominated. Audit committees score 3.95 on average, showing relatively strong monitoring practices.

5.3 Reliability Analysis

Table 2 reports Cronbach's alpha coefficients for multi-item constructs.

Table 2: Reliability of Measurement Scales

Construct	No. of Items	Cronbach's α
Board Characteristics	4	0.81
Audit Committee Effectiveness	3	0.85
Ownership Structure	3	0.78
IFRS Compliance	5	0.84

All α values ≥ 0.78 , confirming satisfactory internal consistency (Cronbach, 1951).

5.4 Correlation Analysis

Table 3: Pearson Correlation Matrix

Variable	1	2	3	4	5	6	7	8
1 Board Independence	1							
2 Board Size	0.32*	1						
3 Gender Diversity	0.28	0.21	1					
4 Audit Committee Eff.	0.55**	0.29*	0.24	1				
5 Ownership Concentration	-0.48**	-0.22	-0.15	-0.51**	1			
6 Firm Size	0.20	0.36*	0.18	0.25	-0.19	1		
7 Profitability	0.27	0.30*	0.19	0.33*	-0.16	0.41*	1	
8 IFRS Compliance	0.64**	0.42**	0.31*	0.71**	-0.53**	0.28	0.34*	1

* $p < 0.05$ ** $p < 0.01$

Audit committee effectiveness and board independence have the highest positive correlations with IFRS compliance ($r = 0.71$ and 0.64 respectively), while ownership concentration is negatively correlated ($r = -0.53$). These findings confirm earlier regional studies (Awariya et al., 2022; Gambo et al., 2021) suggesting that dispersed ownership and strong oversight foster transparency.

5.5 Regression Analysis

Multiple regression assessed how governance variables predict IFRS compliance.

Table 4: Multiple Regression Results (Dependent Variable = IFRS Compliance)

Predictor	β	Std Error	t	p-value	VIF
Constant	1.12	0.42	2.67	0.011	—
Board Independence	0.39	0.13	3.05	0.004	1.7
Board Size	0.18	0.09	1.98	0.056	1.4
Gender Diversity	0.14	0.11	1.31	0.198	1.5
Audit Committee Effectiveness	0.47	0.12	3.92	0.001	1.9
Ownership Concentration	-0.31	0.10	-3.09	0.004	1.8
Firm Size	0.09	0.08	1.16	0.254	1.3
Profitability	0.12	0.07	1.71	0.095	1.4

Model Summary: $R = 0.82$; $R^2 = 0.67$; $Adj R^2 = 0.63$; $F(7, 32) = 13.80$; $p < 0.001$

The model explains 67 percent of the variance in IFRS compliance, demonstrating strong explanatory power. Audit committee effectiveness ($\beta = 0.47$, $p < 0.01$) and board independence ($\beta = 0.39$, $p < 0.05$) are the most significant positive predictors, while ownership concentration ($\beta = -0.31$, $p < 0.05$) negatively influences compliance. Board size shows marginal significance, and gender diversity, though positive, is statistically insignificant mirroring findings by Nuhu et al. (2019) in Nigeria.

These findings support Agency Theory, which predicts that stronger monitoring mechanisms improve financial reporting quality. The insignificance of gender diversity may reflect institutional constraints and low representation rather than lack of influence.

5.6 ANOVA (Model Significance Test)

The ANOVA test determines whether the regression model significantly predicts IFRS compliance.

Table 5: ANOVA Results

Source	SS	df	MS	F	p-value
Regression	18.32	7	2.617	13.80	0.000
Residual	6.07	32	0.190		
Total	24.39	39			

The table above shows that the model is statistically significant ($F = 13.80$, $p < 0.001$), confirming that the set of predictors collectively explains variation in IFRS compliance.

5.7 Effect Size (Cohen’s f^2)

Effect size strengthens the understanding of practical significance beyond p-values.

Formula:

$$f^2 = R^2 / (1 - R^2)$$

Given $R^2 = 0.67$:

$$f^2 = 0.67 / (1 - 0.67) = 2.03$$

It therefore means that an effect size of **2.03** is very large, meaning the governance variables strongly influence IFRS compliance. (Cohen, 1988: small = 0.02, medium = 0.15, large = 0.35).

5.8 Model Diagnostics

Table 6: Model Diagnostic Summary

Diagnostic Test	Result	Interpretation
VIF (all variables)	< 2.0	No multicollinearity
Durbin–Watson	1.95	No autocorrelation
Breusch–Pagan Test	p = 0.34	No heteroskedasticity
Residual Normality (Shapiro)	p = 0.21	Residuals normally distributed
Cook’s Distance	< 1.0	No influential outliers
Condition Index	< 15	No multicollinearity risk

The above table indicates that all diagnostics confirm that the regression model is stable, well-fitted, and statistically appropriate.

5.9 Standardized Effect Strength of Predictors (Beta Weights)

Table 7: Effect Strength Ranking

Predictor	Standardized Beta (β)	Strength
Audit Committee Effectiveness	0.47	Strong
Board Independence	0.39	Strong
Ownership Concentration	-0.31	Moderate–Strong (negative)
Board Size	0.18	Moderate
Gender Diversity	0.14	Weak
Profitability	0.12	Weak
Firm Size	0.09	Weak

The table above in short indicates that audit committee effectiveness and board independence remain the dominant predictors.

5.10 Qualitative Results and Triangulation

Thematic analysis identified four major themes:

Theme	Example Excerpt	Interpretation
Board Expertise & Training	“Some boards lack IFRS knowledge; we rely on external consultants.” (Respondent 3)	Confirms quantitative link between independence & compliance; expertise gap limits impact.
Audit Committee Engagement	“Active committees catch errors before audits.” (Respondent 6)	Supports audit committee effectiveness as primary predictor.
Ownership Pressure	“Major shareholders sometimes prefer less disclosure.” (Respondent 9)	Explains negative β for ownership concentration.
Gender Representation	“Female directors offer ethical perspective, but numbers remain low.” (Respondent 11)	Qualitative support for positive but insignificant gender effect.

NB: Quantitative and qualitative findings converge on the central role of audit committees and board independence in promoting IFRS compliance, while ownership concentration emerges as a consistent barrier.

6.0 Discussion of Results

6.1 Audit Committee Effectiveness

The regression results highlight audit committees as the strongest determinant of IFRS compliance, consistent with Johl et al. (2020) and Adebayo & Okeke (2021). Effective committees enhance oversight, ensuring timely and accurate financial reporting. In Botswana, where IFRS expertise is scarce, active audit committees compensate for institutional weaknesses. Since audit committee effectiveness emerged as the strongest predictor of IFRS compliance ($\beta = 0.47$, $p < 0.01$), it highlights the central role that audit committees play in strengthening financial reporting quality. This finding aligns with extensive empirical evidence demonstrating that effective audit committees significantly enhance compliance with financial reporting standards by improving monitoring quality and strengthening internal control systems. Prior studies from Malaysia, Tanzania, and Ghana consistently show that audit committees with financial expertise, independence, and frequent meetings contribute to higher levels of IFRS disclosure and overall reporting compliance (Johl et al., 2020; Kafwimbi et al., 2021; Awariya et al., 2022). These committees support proper compliance review, facilitate more effective engagement with external auditors, and ensure timely correction of IFRS misapplications, which collectively improve the accuracy and completeness of financial statements.

Qualitative insights from the respondents further reinforce the statistical findings by illustrating how practical audit committee behaviours directly influence compliance outcomes. Respondents noted that audit committees with members who possess accounting or auditing expertise are better positioned to identify IFRS-related issues early, ask informed questions, and challenge management when necessary. Participants also highlighted that frequent audit committee meetings significantly enhance oversight intensity and create opportunities to address complex IFRS challenges proactively. Comments such as “Committees with accountants or auditors pick up IFRS issues earlier” and “Frequency of meetings determines the level of oversight” emphasise the critical importance of technical competence and active engagement. These insights collectively suggest that Botswana’s companies benefit substantially from strong, well-structured, and technically capable audit committees, aligning with broader governance literature that positions audit committee effectiveness as a cornerstone of high-quality financial reporting (Kafwimbi et al., 2021; Awariya et al., 2022).

6.2 Board Independence and IFRS compliance

The study found a significant positive relationship between board independence and IFRS compliance ($\beta = 0.39$, $p < 0.05$), indicating that firms with a higher proportion of independent directors demonstrate stronger transparency and adherence to reporting standards. This result is consistent with international evidence showing that independent directors enhance monitoring, strengthen oversight, and reduce managerial opportunism. Studies from Malaysia, Ghana, and Nigeria similarly report that board independence improves the quality of financial reporting and increases compliance with IFRS requirements (Buallay et al., 2021; Awariya et al., 2022; Idris, 2018). Theoretically, these findings align with Agency Theory, which proposes that non-executive and independent directors help mitigate agency conflicts by providing objective scrutiny and constraining managerial discretion, thereby promoting higher-quality reporting aligned with IFRS expectations (Jensen & Meckling, 1976).

Qualitative insights further reinforced the statistical findings by highlighting how independent directors contribute to improved reporting practices. Participants noted that independent directors frequently ask probing financial questions, demand detailed IFRS aligned reports, and help reduce the undue influence of management in financial reporting processes. These behaviours demonstrate their potential value in strengthening governance systems. However, several respondents emphasised that some independent directors in Botswana lack sufficient IFRS expertise, which limits their capacity to detect technical misstatements or challenge management effectively. This suggests that independence alone is not enough; without adequate technical competence, board independence may result in symbolic rather than substantive compliance, aligning with concerns raised in emerging-market governance literature (Awariya et al., 2022; Kafwimbi et al., 2021).

6.3 Ownership Concentration

The negative β (-0.31) corroborates regional studies (Gambo et al., 2021) that dominant shareholders discourage full disclosure to protect private interests. Qualitative responses confirmed that pressure from controlling owners often leads to selective IFRS implementation. As ownership concentration exhibited a significant negative effect on IFRS compliance ($\beta = -0.31$, $p < 0.05$), it indicates that firms dominated by a few powerful shareholders are less likely to provide transparent and comprehensive disclosures. Highly concentrated ownership structures often enable controlling shareholders to influence reporting decisions in ways that prioritise private benefits over transparency and regulatory compliance. This behaviour may manifest through reduced pressure to disclose, opportunistic reporting, and selective presentation of financial information. These findings align with empirical studies from African contexts such as Nigeria and Kenya, where ownership concentration has been shown to weaken financial reporting quality by reducing the effectiveness of board oversight and limiting incentives to comply with IFRS (Gambo et al., 2021; Kafwimbi et al., 2021). The results therefore reinforce the broader evidence that dispersed ownership structures tend to support stronger accountability and disclosure practices compared to highly concentrated ones.

The negative relationship between ownership concentration and IFRS compliance is also consistent with theoretical expectations. Agency Theory suggests that dominant shareholders may override governance mechanisms and exert influence that restricts transparent reporting, thereby diminishing the effectiveness of boards and audit committees in enforcing compliance (Jensen & Meckling, 1976). Similarly, Stakeholder Theory posits that limited disclosure undermines the information rights of wider stakeholders, including investors, regulators, and the public. Qualitative findings further strengthen this interpretation, with several respondents

noting that “*major shareholders sometimes influence decisions to limit disclosures.*” Such influence creates an environment where compliance incentives are reduced, and managers may prioritise the preferences of dominant owners over regulatory expectations. Overall, the qualitative and quantitative findings converge to demonstrate that ownership concentration remains a significant structural barrier to achieving full IFRS compliance in Botswana, consistent with patterns observed across other emerging markets (Awariya et al., 2022; Gambo et al., 2021).

6.4 Board Size

Board size had a positive but marginally significant effect on IFRS compliance ($\beta = 0.18, p = 0.056$), indicating that while larger boards tend to offer broader expertise, their impact is not strong enough to produce statistically robust results. In the Botswana context, boards generally range from 4 to 14 members, creating variation in governance capacity across firms. Smaller boards may lack the specialised IFRS knowledge required to interpret complex standards, whereas very large boards may experience coordination difficulties that slow decision-making and weaken oversight efficiency. Empirical evidence from South Africa and Kenya similarly suggests that mid-sized boards typically between seven and ten members achieve an optimal balance of expertise and operational effectiveness, thereby supporting improved financial reporting outcomes (Kafwimbi et al., 2021; Gambo et al., 2021). These findings imply that while board size contributes to the governance compliance relationship, its influence depends heavily on the functional capacity and technical composition of the board.

Qualitative insights from the respondents reinforced this interpretation of board size. Several respondents observed that “*boards that are too small struggle with technical matters,*” highlighting the risk of insufficient IFRS proficiency when boards lack diversity of skills. Conversely, others noted that “*boards that are too large are slow,*” underscoring the bureaucratic inefficiencies that may arise in oversized boards where coordination becomes difficult and consensus building delays oversight activities. This reinforces the view that board size alone is not a decisive predictor of IFRS compliance; rather, the effectiveness of the board depends on its collective expertise, engagement levels, and ability to challenge management effectively. This interpretation is consistent with corporate governance literature, which argues that board skill composition and competence play a more critical role in ensuring reporting quality than mere numerical size (Awariya et al., 2022; Buallay et al., 2021).

6.5 Gender Diversity

Gender diversity showed a positive but statistically insignificant effect on IFRS compliance ($\beta = 0.14, p = 0.198$), indicating that the presence of women on corporate boards contributes positively to reporting quality but not at a level strong enough to produce statistical significance. This finding is consistent with global research suggesting that female directors enhance ethical decision-making, promote transparency, and strengthen oversight, yet their influence is often muted in contexts where their representation is low (Buallay et al., 2021; Gambo et al., 2021). In Botswana, many listed companies have fewer than 25% female board members, which reduces the likelihood that gender diversity can materially influence governance outcomes. The low statistical weight is therefore not an indication that gender diversity is unimportant, but rather reflects demographic limitations within corporate leadership structures, consistent with similar findings from other emerging markets (Awariya et al., 2022).

Qualitative insights further illuminate the positive but constrained influence of gender diversity in Botswana’s corporate environment. The respondents emphasised that women tend to bring integrity, ethical sensitivity, and strong oversight practices, qualities that contribute to more accountable financial reporting. Respondents also

noted that gender-balanced boards are more likely to engage actively in risk discussions and challenge management decisions, aligning with stakeholder-oriented governance principles. However, the persistent underrepresentation of women on boards undermines these potential benefits, limiting their collective influence on IFRS compliance outcomes. Participants explained that low female participation results in gender diversity being more symbolic than transformative, which helps explain the insignificant statistical effect observed. These findings align with governance literature suggesting that the impact of gender diversity becomes more pronounced only when representation reaches a critical threshold that allows women to exert meaningful influence on board deliberations (Terjesen et al., 2016; Awariya et al., 2022).

6.6 Control Variables [Firm size and profitability]

Firm size and profitability exert small positive effects, indicating that larger, profitable firms possess resources to hire qualified experts and adopt IFRS software (Abdullah et al., 2018). However, governance structure remains the dominant determinant. Since firm size and profitability demonstrated positive but statistically insignificant relationships with IFRS compliance, it indicates that although larger or more profitable firms tend to exhibit slightly better reporting practices, these effects are not strong enough to significantly shape compliance outcomes. In theory, larger firms are expected to be more compliant due to their higher public visibility, greater regulatory scrutiny, and superior access to financial expertise and reporting resources (Houque & Monem, 2016). Similarly, profitable firms generally have stronger incentives to disclose more information to signal performance credibility to investors and stakeholders. However, the Botswana context differs from larger international markets. Because the Botswana Stock Exchange consists predominantly of firms with relatively similar asset bases and financial structures, the variation in both size and profitability may be too limited to produce statistically meaningful effects. This pattern is consistent with findings from other African markets where capital markets are small and firm characteristics are less heterogeneous (Awariya et al., 2022; Kafwimbi et al., 2021). Qualitative evidence also supports the limited influence of these control variables. Respondents noted that while larger firms may have more sophisticated reporting departments, they often face similar challenges in interpreting complex IFRS requirements as smaller firms due to limited national expertise and reliance on external auditors. Likewise, profitability does not always translate into stronger compliance because financial performance does not necessarily influence the commitment of boards and audit committees to rigorous IFRS application. Some respondents highlighted that firms of different sizes often share similar governance weaknesses such as limited IFRS training and inconsistent audit committee engagement which overshadow any potential impact of size or profitability. These insights reinforce the argument that, in Botswana's relatively small and uniform market, governance mechanisms such as audit committee effectiveness and board independence play a far more critical role in driving IFRS compliance than structural firm characteristics (Buallay et al., 2021; Awariya et al., 2022).

6.7 Integration with Global and African Findings

The results mirror global evidence that strong governance drives reporting quality (Buallay et al., 2021). However, the magnitude of impact in Botswana is amplified by institutional limitations making board independence and audit committee effectiveness critical substitutes for weak regulatory enforcement. This extends the African literature by demonstrating that multi-factor models yield richer explanations than single variable analyses.

A cross-country comparison reveals that Botswana's IFRS compliance dynamics differ from those of its Southern African neighbours, particularly South Africa, which continues to lead the region in governance quality due to the strong influence of the King IV Code (IoDSA, 2016). South African companies generally display higher gender diversity, more active and technically competent audit committees, and stronger regulatory enforcement factors that consistently contribute to higher levels of financial reporting compliance (Moloi & Marumo, 2017; Buallay et al., 2021). In contrast, Botswana lags primarily due to limited IFRS expertise at board and audit committee levels and inconsistencies in enforcement by regulatory bodies. Comparatively, Namibia and Zambia share structural challenges similar to Botswana, including limited audit committee effectiveness, concentrated ownership, and scarce technical IFRS capacity (Kafwimbi et al., 2021). While Botswana performs slightly better than these markets largely due to relatively stronger institutions such as the Botswana Accountancy Oversight Authority (BAOA) systemic governance constraints continue to impact compliance outcomes.

When viewed within the broader Sub-Saharan Africa (SSA) context, Botswana exhibits governance challenges that are common across many emerging African economies. Weak regulatory enforcement, insufficient financial reporting expertise, and persistent board skill gaps remain widespread, often resulting in inconsistent IFRS adoption and partial disclosure practices (Awariya et al., 2022; Gambo et al., 2021). Many SSA firms struggle to access specialised IFRS training or sustain adequately skilled audit committees, contributing to pervasive reporting deficiencies. Nonetheless, Botswana distinguishes itself through relatively stronger regulatory institutions, more transparent capital markets, and greater macroeconomic stability, which position it above many SSA peers. These institutional strengths provide Botswana with significant potential to improve IFRS compliance and move closer to South African standards, provided that targeted reforms strengthen board competence, reduce ownership concentration, and enhance regulatory enforcement.

Compared to South Africa, where governance frameworks are more mature under King IV, Botswana demonstrates similar trends but weaker enforcement capacity. This aligns with broader Sub-Saharan African evidence on governance challenges (Kafwimbi et al., 2021). In comparison with global markets, Botswana's mixed compliance results reflect its transitional stage in governance and IFRS maturity. In developed economies such as the UK, Canada, and Australia, governance mechanisms show much stronger statistical effects because firms operate within mature markets characterised by robust enforcement, extensive IFRS expertise, highly skilled audit committees, and dispersed ownership structures (Houqe & Monem, 2016; Abdullah et al., 2018). These conditions reinforce the effectiveness of governance mechanisms in shaping reporting behaviour. Conversely, Botswana's more concentrated ownership patterns, variability in board expertise, and developmental gaps in IFRS competency weaken the influence of governance structures. As a result, while Botswana aligns directionally with global trends such as the positive impact of board independence and audit committee effectiveness its overall compliance levels remain moderate due to contextual constraints, underscoring the need for capacity building and stronger regulatory oversight.

6.8 Summary of Key Findings

The study revealed that audit committee effectiveness and board independence are the strongest positive predictors of IFRS compliance among listed companies, demonstrating that governance structures with competent, independent oversight significantly enhance reporting quality. In contrast, ownership concentration was found to negatively affect compliance, suggesting that firms dominated by a few powerful shareholders are less transparent and less likely to adhere fully to IFRS requirements. Although gender diversity showed a positive

relationship with compliance, the effect was statistically insignificant, likely due to low female representation on boards. Qualitative findings further reinforced the quantitative results by highlighting expertise shortages within boards and audit committees, as well as the influence of dominant shareholders, as major obstacles to full IFRS adherence. Overall, the integrated mixed-methods model explained 63 percent of the variance in IFRS compliance, indicating strong predictive power and demonstrating that corporate governance mechanisms collectively play a critical role in shaping financial reporting outcomes in Botswana.

6.9 Implications for Practice and Policy

6.9.1 Implications for Corporate Boards

The findings highlight the need for corporate boards to move beyond symbolic compliance and invest in functional independence supported by strong technical competence. To achieve this, boards should prioritise the recruitment of directors with demonstrable IFRS proficiency and ensure continuous capacity building through annual refresher training accredited by the Botswana Institute of Chartered Accountants (BICA). In addition, boards should establish measurable performance indicators that incorporate IFRS compliance metrics, enabling more objective evaluation of oversight effectiveness. Finally, board evaluation results should be linked to remuneration policies so that transparency, accuracy, and accountability in financial reporting are incentivised and rewarded, ultimately strengthening overall corporate governance.

6.9.2 Implications for Audit Committees

Audit committees are confirmed as the most influential mechanism for IFRS adherence. Firms should ensure that each audit committee has at least one member with international accounting qualifications (e.g., ACCA, CPA). Committees meet quarterly and issue formal compliance reports to the board and that there is a direct reporting line from the internal audit function to the audit committee, independent of executive management influence.

6.9.3 Implications for Regulators and Policymakers

The Botswana Accountancy Oversight Authority (BAOA) should strengthen regulatory enforcement by introducing a public compliance rating index that ranks listed firms based on their level of IFRS adherence, thereby increasing transparency and accountability. To enhance technical capacity, BAOA should also mandate continuous professional development focused on IFRS updates for preparers and board members. Furthermore, closer coordination with the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) is essential to ensure that governance codes are fully aligned with IFRS disclosure requirements. In addition to these measures, regulators should actively promote gender inclusion quotas aimed at achieving the 30 percent minimum female board representation recommended by PwC (2025), as this will help improve board diversity and potentially strengthen financial reporting oversight.

6.9.4 Implications for Investors

Investors and analysts can use audit committee activity and board independence as credible proxies for transparency when assessing investment risk. Portfolio managers should prioritise firms scoring above four on the IFRS compliance index, as such firms exhibit lower financial-reporting risk.

6.9.5 Implications for Academia

This study extends governance reporting literature within the African context by demonstrating that multi-predictor models outperform single-variable designs. The results offer empirical validation for agency theory in emerging markets and provide a baseline for comparative research across SADC nations.

6.10 Limitations and Future Research

6.10.1 Limitations

1. Sample Scope - the study covers 35 listed firms; unlisted entities and small-to-medium enterprises (SMEs) were excluded, limiting generalisation.
2. Temporal Constraint- data reflect 2020–2024 reports; IFRS revisions beyond 2025 may alter compliance behaviour.
3. Self-Reporting Bias- qualitative data relied on self-perceptions of governance actors, possibly overstating compliance culture.
4. Measurement Precision - although the IFRS checklist captures disclosure breadth, it may not measure depth or narrative quality of compliance.

6.10.2 Future Research Directions

- Cross-Country Comparative Studies: Examine how governance predictors perform in similar SADC economies (Namibia, Zambia, South Africa).
- Longitudinal Analyses: Track compliance trends over a decade to evaluate the impact of policy reforms and IFRS updates.
- Mediation/Moderation Models: Explore how internal audit quality or corporate culture mediates the governance compliance relationship.
- Integration of ESG Reporting: Future research should investigate how emerging environmental, social, and governance (ESG) disclosure mandates interact with IFRS compliance.
- AI and Automation Impacts: Evaluate how adoption of AI-based accounting systems influences governance oversight and reporting accuracy in African markets.

7.0 Conclusion

This study examined the corporate governance predictors influencing IFRS compliance among Botswana's listed companies using a mixed-methods approach. Quantitative findings demonstrated that audit committee effectiveness and board independence are the strongest positive predictors of IFRS compliance, while ownership concentration negatively affects reporting quality. Board size, gender diversity, firm size, and profitability show positive but statistically insignificant relationships. Qualitative insights supported these findings by revealing governance behaviours and institutional conditions that hinder or enhance compliance.

The study contributes theoretically by integrating Agency and Institutional perspectives in explaining IFRS compliance. However, limitations include reliance on self-reported questionnaire data and a relatively small sample size. Future research should explore longitudinal designs and cross country comparisons.

The study contributes to the literature by providing updated empirical evidence from Botswana, a context with limited IFRS compliance research despite mandatory adoption. The integration of quantitative and qualitative data offers a comprehensive view of governance dynamics and reveals the persistent gap between structural compliance and functional governance effectiveness. Findings align with agency, resource dependence, and

stakeholder theories, emphasizing the importance of competence, independence, and accountability in financial reporting oversight.

Practically, the study highlights the need for stronger audit committees, more competent independent directors, reduced ownership concentration, and targeted governance reforms. Consistent with prior evidence by Nyamudzanga (2025), this study reinforces the conclusion that governance reforms, stronger audit committees, and enhanced IFRS capacity are essential to improving disclosure quality in Botswana. Botswana's regulatory institutions are capable of strengthening enforcement and promoting IFRS capacity-building initiatives. With improved governance structures and enhanced technical competence, Botswana has the potential to reach compliance levels comparable to more advanced economies in the region. Future research may explore sector-specific compliance dynamics, longitudinal governance changes, and comparative studies across emerging African markets.

7.0 Policy Recommendations

Based on the results and discussion, several policy recommendations are proposed to strengthen IFRS compliance in Botswana. Regulators should introduce a formal IFRS compliance rating system, enforce mandatory IFRS training for board members, and strengthen audit committee qualification requirements. Additionally, ownership transparency regulations should be enhanced to reduce dominance by controlling shareholders.

7.1 Strengthen IFRS Capacity Building

Regulators such as BAOA and BICA should intensify IFRS focused training programmes for directors, audit committees, and preparers of financial statements. Mandatory annual IFRS CPD for board members should be considered to ensure technical competence. Boards should prioritise ongoing IFRS training through BICA-accredited programmes, consistent with Chuma and Mpundu's (2025) argument that Botswana's accounting professionals require continuous capacity-building to meet evolving reporting expectations.

7.2 Enhance the Role and Structure of Audit Committees

Given their strong predictive power, audit committees should include at least one chartered accountant with IFRS expertise and should meet regularly. Regulators may also consider issuing minimum competency requirements for committee members.

7.3 Address Ownership Concentration Risks

Policies should encourage dispersed shareholding to reduce the influence of dominant owners. Governance codes should be strengthened to require independent directors to be free from influence by major shareholders.

7.4 Improve Enforcement Mechanisms

BAOA should enforce greater scrutiny of IFRS compliance through periodic inspections, penalties for non-compliance, and publication of compliance rankings. Regulatory visibility is critical to improving reporting incentives.

7.5 Promote Gender Inclusion on Boards

Although gender diversity was statistically insignificant, qualitative findings highlight its ethical and oversight benefits. Government and regulators should set minimum gender representation thresholds to enhance board diversity and governance breadth.

7.6 Reform Corporate Governance Codes

Botswana's governance code should be revised to:

- tighten independence definitions,
- strengthen audit committee expectations,
- integrate IFRS competency requirements, and
- improve disclosure mandates regarding board composition and skills.

8. AI Declaration

The author declares that no generative artificial intelligence (AI) was used in the preparation of this manuscript.

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QUESTIONNAIRE: Corporate Governance and IFRS Compliance

Dear Participant

This questionnaire collects information on corporate governance practices and their influence on IFRS compliance among publicly listed companies in Botswana. All responses are confidential and used strictly for academic purposes.

Instructions:

- Answer all questions honestly.
- For Likert-scale items, tick ONE option:
1 = Strongly Disagree , 2 = Disagree, 3 = Neutral , 4 = Agree , 5 = Strongly Agree

SECTION A: DEMOGRAPHIC INFORMATION

1. **Gender:**

- Male Female Prefer not to say

2. **Age:**

- 20-29 30-39 40-49 50+

3. **Position in the Company:**

- Board Director Audit Committee Member Finance Manager
 Internal Auditor Executive Management Other (specify): _____

4. **Years of Experience in Current Position:**

- 0-5 6-10 11-15 16+

5. **Industry:**

- Banking Finance Telecommunications Mining
 Manufacturing Insurance Retail Property
 Services Other (specify): _____

SECTION B: BOARD CHARACTERISTICS

Please tick (✓) the appropriate response for each statement.

Statement	1	2	3	4	5
1. The board has a sufficient number of independent directors to ensure objective oversight.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Independent directors challenge management on financial reporting issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Independent directors positively influence transparency in financial reporting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The board regularly reviews IFRS compliance reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Board members have adequate knowledge of IFRS.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The board size is adequate to provide diverse expertise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. A larger board would enhance IFRS compliance due to broader skills.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The board’s current size supports efficient decision-making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Female directors contribute significantly to transparency and ethical decision-making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Greater gender diversity would improve oversight on financial reporting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Statement	1 2 3 4 5
11. The company actively promotes women into governance roles.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
12. What challenges, if any, does your board face in ensuring IFRS compliance?.....	
.....	

SECTION C: AUDIT COMMITTEE EFFECTIVENESS

Statement	1 2 3 4 5
1. The audit committee meets regularly to review financial statements.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2. Committee members have sufficient financial expertise (e.g., CA, ACCA, CIMA etc).	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3. The audit committee effectively reviews IFRS compliance issues.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4. The audit committee engages constructively with external auditors.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5. The audit committee works closely with internal audit to review reporting controls.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6. The audit committee identifies IFRS misstatements early.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7. The audit committee influences management to correct non-compliance.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
8. How does your audit committee influence IFRS compliance in practice?.....	
.....	

SECTION D: OWNERSHIP STRUCTURE

Statement	1 2 3 4 5
1. Ownership is concentrated among a few major shareholders.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2. Major shareholders actively participate in financial reporting decisions.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3. Ownership concentration affects management decisions related to IFRS compliance.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4. Concentrated ownership reduces transparency in financial reporting.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5. Widely distributed ownership promotes better IFRS compliance.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6. How does your company's ownership structure impact IFRS compliance?.....	

SECTION E: IFRS COMPLIANCE

Statement	1 2 3 4 5
1. The company fully adheres to IFRS disclosure requirements.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2. Management ensures timely preparation of IFRS-compliant financial statements.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3. There is adequate training and capacity-building on IFRS.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4. IFRS updates or changes are communicated promptly to staff.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5. The company uses software/tools that support IFRS reporting.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6. Internal control systems support compliance with IFRS.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

- | Statement | 1 2 3 4 5 |
|---|--|
| 7. External auditors confirm full IFRS compliance. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 8. IFRS compliance is prioritised by senior management. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 9. IFRS compliance challenges are addressed promptly. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 10. The organisation benchmarks its reporting practices against industry standards. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 11. What are the main challenges your company faces in complying with IFRS?..... | |
| | |
| 12. What measures could improve IFRS compliance in your organization?..... | |
| | |

SECTION F: ORGANIZATIONAL SYSTEMS SUPPORTING IFRS COMPLIANCE

- | Statement | 1 2 3 4 5 |
|---|--|
| 1. The organisation has clear internal guidelines on IFRS reporting. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 2. Staff responsible for financial reporting receive regular IFRS training. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 3. The company invests in professional development for governance officers. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 4. Communication between governance structures is effective. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| 5. Ethical culture supports transparency in financial reporting. | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |

END OF THE QUESTIONNAIRE: THANK YOU