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The Impact of Adoption of International Financial Reporting Standard on Quality of Accounting Information in South Sudan: A Case Study of Kenya Commercial Bank and Cooperative Bank

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Abstract

The study sought to investigate the influence of international financial reporting standards adoption on the quality of accounting information in South Sudan, using a case study of a Kenyan commercial bank and a cooperative bank. The study's objectives were to investigate the impact of IFRSs on the quality of information in financial statements, to determine if IFRS adoption will improve openness and accountability, and to assess the impact of IFRS adoption and implications for foreign direct investment. The study used a cross-sectional survey and descriptive research methodology, and the primary data were collected using questionnaires from 70 respondents drawn from Kenya commercial and cooperative bank workers. SPSS was used to edit, process, and analyze the field data. According to the findings, the two banks have International Financial Reporting Standards Effectiveness on the quality of information in financial statements, neutrality, comparability, timeliness, relevance, consistency, understandability, verifiability, credibility, and transparency. The findings revealed that the two Banks have Effectiveness of International Financial Reporting Standards on the quality of information in financial statements, neutrality, comparability, timeliness, relevance, consistency, understandability, verifiability, credibility and transparency. The results of analysis also revealed that adoption of International Financial Reporting Standards that enhanced transparency, information adequacy, reduced failure to report suspicious transactions, solves agency problem in corporate sector, causes managers acts, reduces failure to verify identity, reduces misleading cash report, reduced failure to keep records, accountability of managers to shareholders, limited chances for acquiescence and reduction in financial reporting offences and foreign investors, lessens corruption and increases investor protections, improve the transparency and comparability of financial reporting, encourages foreigners cross border investment, reduce information symmetries by providing greater access to information needed and boost the flow of Foreign Direct Investment.

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Introduction

Accounting standards are a collection of rules and regulations that businesses throughout the world should go by when preparing and presenting their financial information on a regular basis. A standardized means of displaying the financial performance of the commercial bank is provided by accounting standards. Listed entities are legally obligated to prepare their financial statements in accordance with a predetermined set of accounting standards, which includes International Financial Reporting Standards (IFRSs Foundation, 2017). Adopting International Financial Reporting Standards will be beneficial in a variety of ways, including facilitating cross-border transactions around the world, improving the free flow of international capital, assisting investors in seeking diversification and providing investment opportunities across countries, and serving as a source to reduce information asymmetry and uncertainty, thereby significantly lowering transaction costs (Ball., et al. 2006); Unlike previous studies that concentrated on the signal aspect of adoption, compliance, or sequence (Khalif et al 2016); IFRS and auditing (Ahmed et al., 2013); IFRS adoption effects (Ali 2005); IFRS compliance (Brüggemann et al., 2013); and Intended and unintended consequences, our current study synthesizes research on all three major facts of IFRS in Africa. As a consequence, our technique provides a comprehensive analysis of the study on International Financial Reporting Standards in Africa. The researchers feel that the three integrated features are acceptable since neither compliance nor consequences would arise without adaptability. The adoption of International Financial Reporting Standards (IFRSs) marked the start of a new era in financial reporting. Since 2005, publicly listed corporations in over 100 countries have been obliged to submit consolidated financial statements in line with the International Financial Reporting Standards (IFRSs) (IASB, 2011). This is due to the achievement of the expected benefits of shifting from national generally accepted accounting standards (GAAP) to IFRSs in terms of enhanced financial reporting quality, which has been the primary motivator for proponents of universal IFRS adoption. Adherents of IFRS say that the benefits of increased financial statement disclosures, enhanced measurement and recognition processes, and a reduction of discrepancies in corporate reporting caused by the use of a variety of national GAAPs will accrue (Schipper, 2005; Whittington, 2005). Acceptance is also founded on the notion of accounting standards convergence, which strives to decrease reporting format variations across international boundaries. The International Financial Reporting Standards are published by the International Accounting Standards Board, which was founded in 2001 as the successor to the International Accounting Standards Committee (IFRSs). The IASB and FASB decided to collaborate in 2002 at a conference in Norwalk to ensure compatibility between IFRS and US GAAP. In their 2006 Memorandum of Understanding, the two groups indicated that they will achieve convergence by 2008. Hoti and Nuhiu (2011). International Financial Reporting Standards have molded the accounting framework to include rules for transactions and events represented in financial statements in terms of recognition, measurement, presentation, and disclosure requirements. The International Financial Reporting Standards (IFRSs) were created in the public interest to offer a unified set of superior, clearly comprehensible, and standard accounting principles. Financial statements must be completely understood by all worldwide users, which is feasible due to generally recognized accounting standards. Convergence with IFRSs will allow workers to communicate financial information in a meaningful and trustworthy manner as finance becomes increasingly worldwide (Ikefan and Akande 2012). The use of IFRSs, or international financial reporting standards, guarantees that the accounting reporting system maintains a high level of quality. As a result, readers of financial statements may simply compare financial data from companies across continents. Adoption of a global financial reporting language, which guarantees that a company's financial statements are understood internationally, is one of the repercussions of adopting IFRSs. There was little study on IFRS (international financial reporting standards) in

South Sudan. It indicates that, while previous continental studies claimed to encompass Africa, they were actually limited to a small number of countries, led notably by South Sudan. The authors discovered just one research, as well as a few studies that looked across continents but only at a small number of African states, to investigate the influence of economic and cultural variables on IFRS adoption in Africa. Concerning compliance, four research concluded that a firm's qualities influence IFRS compliance. The researcher also stated that some of the general conclusions obtained from previous studies on the influence of adoption of international financial reporting standards on the quality of accounting information in South Sudan a case study were supported by the findings of this study. This effort has helped to close a knowledge gap, which is a step forward.

Statement of the problem

The substance and presentation of financial information in financial statements will alter internationally with the introduction of a new set of accounting standards, such as international financial reporting standards (IFRS). This will considerably enhance accounting data quality. As a result, several studies have been done throughout the world to investigate how the deployment of IFRS influenced accounting data accuracy. All Sudanese stock market listed firms were compelled to follow international financial reporting standards beginning in 2001 (Alexei et al. 2001); an exceptional Gazette (No. 1735/25) was published by The Institute of Chartered Accountants of Sudan.

Objectives of the Study

The primary goal of this study is to assess the impact of International Financial Reporting Standards adoption on accounting quality in organizations.

Specific Objectives

To investigate the impact of International Financial Reporting Standards on the quality of information in financial statements, to determine whether International Financial Reporting Standards adoption will improve transparency and accountability, and to assess the impact of International Financial Reporting Standards adoption and implications on foreign direct investment.

Research Questions

What is the impact of the International Financial Reporting Standard on information quality? What is the impact of adopting International Financial Reporting Standards on financial reporting transparency and accountability? What is the impact of South Sudanese institutions adopting International Financial Reporting Standards on foreign direct investments?

Significance of the study

The findings of the study should be known to users of accounting information such as income statements, statements of financial position, and cash flow statements. Because of the differences between IFRS-based accounting standards and local GAAPs, relevance in financial statements prepared in accordance with International Financial Reporting Standards improves the information's credibility with users. The study's findings help to improve understanding of the impact of International Financial Reporting Standards adoption on the quality of accounting information among corporate stakeholders, entrepreneurs, and members of the general public. This data also acts as a resource for academics and researchers interested in conducting additional research in this area, which, if used, will go further and provide fresh explanations.

Literature review

This chapter examined the theoretical literature relevant to the adoption of the IFRSs. It presents relevant literature on IFRS adoption that has been consulted, as well as theories

presented around the world regarding the impact of IFRS adoption on improving the quality of accounting information.

Theoretical Background

It is impossible to evaluate empirical findings without theoretical guidance. Theory, according to Kothari, should guide empirical study (2001). According to Varela et al., without descriptive theories to evaluate empirical relationships, literature associations have limited consequences or inferences for standard establishment (2014). As a consequence, this study used Agency Theory, Positive Financial Theory, and Signaling Theory to theorize the influence of IFRS adoption and accounting information disclosure by South Sudan enterprises. Accounting theory aims to understand diverse accounting procedures and their impacts in order to discover and adopt the optimal practice (Watts and Zimmerman, 1978). Changes in accounting standards that serve as a guide in the compilation of accounting information will also result in incremental information content of the new accounting standard based on the data, according to the research. As a result, the ideas will be explored in light of the specific goals to which they are linked.

Agency Theory

During the 1960s and 1970s, the agency paradigm evolved in the economics literature to find the appropriate degree of risk-sharing among various persons (Ross, 1973; Meckling, 1976). The connection between principals (shareholders) and agents is explained by agency theory (managers). In this arrangement, the principal delegated or engaged an agent to undertake tasks in the principle's best interests. Delegation of decision-making authority can lead to inefficiencies and increased expenses (Meckling, 1976). Agency theory has been one of the most influential theoretical frameworks in accounting during the last 20 years (Lambert, 2006). It regards transparency as a cost-cutting strategy for conflicts between managers and shareholders (compensation contracts) as well as problems between the company and its creditors (debt contracts). As a result, disclosure serves as a method for controlling manager performance, and managers are incentivized to proactively reveal information. According to Healy (2001), corporate transparency is necessary for an effective capital market. Firms make information available through regulated financial reports, which contain financial statements, management discussion and analysis, and footnotes, as well as additional regulatory filings. Financial reporting is an important aspect of company disclosure.

Positive Accounting Theory (PAT)

For almost four decades, accounting theories have been interested in positive accounting theory.In the realm of accounting choice research, positive accounting theory is widely recognized. The PAT is used to explain why accounting is what it is, why accountants do what they do, and how these phenomena effect people and resource usage, according to Charles et al. (1983). Accounting theory's function, according to Watts and Zimmerman (1990), is to give explanations and forecasts for accounting methods. Demaria and Dufour (2007) suggest that PAT intervenes at the level of the standards setter or at the business level when the standards setter provides a choice between multiple possibilities. This second issue examines the first-time application of IAS/IFRS options.

Signaling Theory

Signaling theory may be used to describe behavior when two parties (individuals or organizations) have differing levels of information. Typically, the sender must decide whether and how to convey (or signal) that information, and the recipient must decide how to interpret the signal. In the presence of information imbalance. According to Akerlof (1990), signaling

theory holds that organizations with superior performance (or excellent corporations) utilize financial data to convey signals to the market. Ross (1978) demonstrated that if the cost of signal is higher for the bad type than for the good type, the bad type may not consider it profitable to imitate, and so the signal may be believable. Debt, according to Narayanan (1988), may be utilized as a costly signal to differentiate the excellent from the bad. As a result, managers may be incentivized to willingly share sensitive information. This is due to their expectation that it will supply (and reduce) information asymmetry.

International Financial Reporting Standards (IFRS)

International Financial Reporting Rules (IFRS) are a collection of accounting standards produced by the International Accounting Standards Board (IASB) that are quickly becoming the global standard for preparing financial statements for public companies. In this study, it is an independent variable. The primary motivation for the standard-setting initiative was to limit the large range of accounting techniques used by businesses.

Qualities of accounting Information

Accounting information in financial statements and reports should be of high quality in terms of relevance, verifiability, understandability, neutrality, timeliness, comparability, and completeness (Belkaoui, 2002). According to Benston et al. (2007), if the financial reporting system reveals accounting information of high quality, consumers of accounting information such as investors, management, government, workers, creditors, and analysts may make informed and qualitative judgments. Transparency (Frost et al. 2006), conservatism (Ball et al. 2006, LaFond and Watts. 2008), consistency (Obaidat, 2007), and trustworthiness are some desired qualities of financial information that have been proposed in certain research (Dey, 2006, Khurana and Raman, 2004). These attributes, however, are separate ideas used to characterize the quality of accounting information and do not specify the main Qualities (relevance and faithful representation) or the improved accounting information characteristics as defined by FASB/IASB in 2010.

Determinants of the Quality of accounting information

Financial Reporting Incentives: The establishment of financial markets is the first financial reporting incentive that is likely to influence accounting quality. According to Soderstrom and Sun (2007), the need for information stems from market actors' desire to eliminate information asymmetry. Adverse selection occurs when market participants are unable to distinguish between excellent and poor enterprises. Without such distinction, market players would 'price protect' themselves by raising the prices of funding for enterprises, and only bad firms would be ready to finance at such high rates. According to LaFond et al. (2005), enterprises in need of external finance voluntarily reveal more information than a country's minimal requirement and have lower capital expenses. Thus, market participants' desire for information offers incentives for business management to enhance the quality of financial reporting. Accounting quality is influenced indirectly by financial markets, legal systems, and political systems.

Ownership Structure: Accounting quality is also influenced by a company's ownership structure. The necessity for financial reporting decreases in enterprises with concentrated ownership when controlling stakeholders are involved in management (mainly private corporations). Political and legal systems can also have an indirect impact on accounting quality through a firm's ownership structure. According to La Porta et al. (2008), nations with higher investor protection have lower concentrations of ownership because ownership concentration is a replacement for legal protection since shareholders require more influence

over management and small investors have less protection. Thus, the country's legal and political framework influences ownership structure, which in turn influences earnings quality.

Tax System

The tax system is another legal component that can affect income quality in a number of ways. First, when accounting standards and tax laws are inextricably intertwined, the quality of accounting standards decreases because accounting standards serve political goals such as tax collection for the government. Second, tax rates may make minimizing taxable income more enticing. Third, tax officials are legally empowered to check a company's earnings. Finally, because tax rates are determined by a political process, legal and political systems influence accounting quality (Badloe, 2011).

Research Methodology

This chapter covers the ideas and techniques that acted as a guide to reaching the study's objectives. It discusses the research design, data source and collecting technique, population and sample size, data collection processes, data analysis, validity and reliability, and ethical issues. The research design is the blueprint that allows the investigator to solve difficulties and guides her/him through the various stages of the investigation (Nachmias and Nachamias, 2004). The descriptive research design was used in the study. According to Robson (2002), descriptive research depicts an accurate portrayal of people, events, or situations. According to Chandran (2004), descriptive explains actual situations and attitudes via observation and interpretation approaches. The descriptive approach was suited for this since it aided in data collection in order to answer questions about the present state and characterize the nature of the topic under study's existing conditions. The use of a questionnaire to collect both quantitative and qualitative data for the study was also assisted by the descriptive research design. It has the advantage of being widely used to describe behavior, attitude, characteristics, and ideals (Mugenda and Mugenda, 2003). Sample size and population according to Ogula (2005), is any collection of institutions, people, or things that share characteristics. This study's target audience included both Kenya Commercial Bank and Cooperative Bank. Kenya Commercial Bank and Cooperative Bank each had a sample size of 70 respondents. The employees were divided into four departments: accounting, internal audit, budget, and payments. The researcher purposefully selected the sampling technique, which was decided by the amount of responders from each group. Procedure for Data Collection, the researcher received an introduction letter from the University of Juba once the questionnaire was accepted. The researcher then sought consent from the managements of the chosen banks. Following clearance, the researcher delivered the questionnaire to the sampled individuals using the drop and pick approach. Field data was edited and categorized according to themes derived from the study subject objectives and questions. Closed-ended questions yielded quantifiable data. Respondents were asked to rate the statement on a five-point scale ranging from 1 Strongly Disagree (SD) to 5 Strongly Agree (SA) (SA). The information was then displayed in a table with frequencies and percentages.

Data analysis, Presentation and Interpretation

The total number of questionnaires given to the bank's two institutions was 70. The response rate was 82.9% since 58 respondents returned their surveys and 12 questionnaires were missing.Respondents' gender, age, educational and job experience, directorate and positions in both Kenya Commercial Bank and Cooperative Bank were all reported. These were intended to attain a detailed understanding of the respondents’ key characteristics that influence the result of the study. The general information had an implication on the study variables.

Table 4.2.1. Gender of Respondents

Gender	Frequency	Percentage
Male	42	72.4
Female	16	27.6
Total	58	100

Source: Field Survey 2021

The gender analysis of the respondents found that males made up 42 (72.5%) of the respondents, while females made up 16 (27.6%), and the results suggested that males dominated the study even though both genders submitted data.

Table 4.2.3 Showing the Age of Respondents

Ages	Frequency	Percent
19-30	9	15.5
31-40	30	51.7
41-50	13	22.4
51 above	6	10.4
Total	**58**	**100**

Source: Field Survey 2021

The study found that the respondents' ages were distributed as follows: those aged 31-40 made up 30 (51.7%) of the respondents, those aged 41-50 made up 13 (22.4%) of the respondents, those aged 19-30 made up 9 (15.5%) of the respondents, and those aged 51 and up made up 6 (10.4%). The findings just indicated that the respondents were mature enough to offer data for the study.

Table 4.2. Educational level of Respondents

Education	Frequency	Percent
Secondary Certificate	3	5.2
Diploma	18	31.0
Bachelor's Degree	24	41.4
Post-Grade High Diploma	4	6.9
Master Holder	8	13.8
PhD	0	0
Others not specified	1	1.7
Total	58	100

Source: Field Survey 2021

According to the research, respondents had various levels of schooling. Degree holders made up 24 (41.4%) of the respondents, Diploma holders made up 18 (31.0%) of the respondents, Master holders made up 8 (13.8%) of the respondents, High Diploma holders made up 4 (6.9%), Secondary certificate holders made up 3 (5.2%) of the respondents, and PhD holders made up 0 (0%) of the respondents. The findings indicated that knowledgeable respondents were interviewed throughout data collecting, hence the findings are unquestionable.

Table 4.2. Directorate in both institutions of Respondents

Directorates		
Budget	10	17.2
Accounts	20	34.4
Internal Audit	6	10.5
Revenue Department	1	1.7
Taxation	6	10.5
Planning	6	10.5
Administration	1	1.7
Procurement	1	1.7
Department of store	1	1.7
Public Service	1	1.7
Human Resource	1	1.7
Not Answered	3	5.2
Others not Specified	1	1.7
Total	58	100

Source: Field Survey 2021

Table 4.2.4 indicates the directorates of the respondents, the respondents working in the Directorate of Accounts were 20 (34.4%) of the respondents. the respondents working in the Directorate of Taxation, Internal Audit and Planning were 6 (10.4%) each of the respondents. The respondents who did not answer were 3 ((5.2%) of the total number of the respondents. Other respondents from the Directorate of budget were 10 (17.2%) of the respondents. Respondents working in the Directorate of Administration, Procurement, Store, Pubic Service and Human Resource and the Department of Store, Revenue were 1 (1.7%) each of the respondents. The results revealed that the majority were from Directorate of Accounts, instead the Directorate of Budget.

Table 4.2.6. Period of work experience of Respondents

Work Experience		
1-5 years	19	32.8
6-10 years	11	18.9
11-15 years	8	13.7
16 and above	13	22.4
Others not specified	7	12.2
Total	58	100

Source: Field Survey 2017

The analysis on the period of work experience provided by the respondents showed 19 (32.8%) of the respondents worked for a period of 1-5 years, 11 (18.9%) of the respondents worked for a period between 6-10 years, 8 (13.7%) of the respondents worked for a period above 11-15, 13 (22.4%) of the respondents worked for the period above 16 years, and 7 (12.2%) of the total respondents did not specify the period of work experience. The results implied that majority of the respondents were experienced and have provided informative nature of the data.

Table 4.2.7 shows the current positions of the respondents. Those who served as Assistant Inspectors of Budget and Inspector of Accounts were 7 (12.6%) each of the respondents, Senior Inspectors, Deputy Director and Assistant Director of Accounts were 3 (5.1%) each of the respondents. Meanwhile those respondents in Assistant Inspector of Accounts, Senior Inspector of Accounts or Controller, Inspector of Audit, Assistant Director of Records Management, Inspector and Senior Inspector for Audit were 2 (3.4%) each of the respondents. Budget officer, Inspector of budget, Junior Inspector of budget, Inspector of expenditure, Assistant Audit Manager, Accountant, Assistant Audit Inspector, Senior Inspector of Revenue, Director of Human Resources, Head of Audit, Senior Inspector of Taxation, Head of Taxation Office, ICT Inspector, Internal Audit Inspector, Senior Inspector of Procurement, Inspector of Procurement, Assistant of Planning, Director of Store and other not specified were 1 (1.7%) each of the respondents. It revealed that the both bank institutions have enough manpower to run the day-to-day activities of the two bank institutions.

Table 4.2.7. Current position of Respondents

position of Respondents	Frequency	Percent
Ass. Inspector of Accounts	2	3.4
Ass. Inspector of Budget	7	12.6
Budget officer	1	1.7
Inspector of Budget	1	1.7
Junior Inspector of Budget	1	1.7
Inspector of Expenditure	1	1.7
Ass. Audit Manager	1	1.7
S/ Inspector of Accounts	2	3.4
Accountant	1	1.7
Inspector of Accounts	7	12.6

D/ Director of Accounts	3	5.1
Ass. Director of Accounts	3	5.1
Controller of accounts	2	3.4
Ass. Audit Inspector	1	1.7
Inspector of Audit	2	3.4
A/ D, Records Management	2	3.4
Head Audit	1	1.7
S/Inspector of Revenue	1	1.7
Director of Human Resource	1	1.7
S/ Inspector of Taxation	1	1.7
S/ Inspector	3	5.1
Inspector	2	3.4
Ass. Inspector	2	3.4
Head of Taxation Office	1	1.7
ICT Officer	1	1.7
Internal Audit Inspector	1	1.7
S/ Inspector of Procurement	1	1.7
Inspector of Procurement	1	1.7
Senior Inspector of Planning	2	3.4
Ass. of Planning	1	1.7
Director of Store	1	1.7
Others not specified	1	1.7
Total	**58**	**100**

Source: Field Survey 2021

4.3 Effectiveness of IFRSs on the quality of Information in Financial Statements

Table 4.3.1 Showing Effectiveness of IFRSs on the quality of Information in Financial Statements

Five Point Likert Scale	**1**	**2**	**3**	**4**	**5**
Statement	**SD**	**D**	**NS**	**A**	**SA**
The adoption of IFRSs has improved understandability financial statements	2(3.4%)	3(5.2%)	3(5.2%)	19(32.8%)	31(53.4%)
The adoption of IFRSs has brought verifiability of financial statements	3(5.2%)	4(6.8%)	2(3.4%)	36(62.3%)	13(22.4%)
The adoption and use of IFRSs in preparation of financial statements has impose neutrality	2(3.4%)	1(1.7%)	1(1.7%)	24(41.4%)	30(51.8%)
The adoption of IFRSs has brought consistency in financial statements	3(5.2%)	3(5.2%)	2(3.4%)	18(31.3%)	32(55.1%)
The adoption of IFRSs has brought credibility in financial statements	4(6.8%)	3(5.2%)	2(3.4%)	16(27.8%)	33(56.8%)
The adoption of IFRSs has brought transparency in financial statements	3(5.2%)	2(3.4%)	4(6.8%)	15(25.9%)	34(58.7%)
The adoption of IFRSs has brought comparability of financial statements	1(1.7%)	2(3.4%)	1(1.7%)	19(32.8%)	35(60.4%)
The adoption of IFRSs has improved timeliness presentation of financial statements	2(3.4%)	2(3.4%)	3(5.2%)	33(56.8%)	18(31.2%)
The adoption of IFRSs has improved relevance of financial statements	3(5.2%)	2(3.4%)	2(3.4%)	36(62.2%)	15(25.8%)

Source: Field Survey 2021

The Table above shows the levels of agreement/ disagreement to the statements on the effectiveness of IFRSs on the quality of information in the financial statements. The levels of agreement/disagreement of respondents to the statement that the institution has a adoption IFRSs has improved understandability of Financial Statements:31 (53.4%) of the respondents strongly agreed, 19 (32.8%) agreed, 3(5.2%) each of the respondents were not sure and disagreed and 2 (3.4%) of the respondents strongly disagreed. The Statement whether the two banks institution have known that the adoption of IFRSs has brought verifiability of financial statement. 36 (62.2%) of the respondents agreed, 13 (22.4%) strongly agreed, 4(6.8) disagreed 3(5.2) strongly disagreed 2(3.4) were not sure were at the level's agreement/ disagreement. In

the levels of agreement/ disagreement of respondents to the statement that the adoption and use of IFRSs in preparation of financial statement has impose neutrality, 30 (51.8%) of the respondents strongly agreed, 24 (41.4%) agreed, 2 (3.4%) strongly disagreed and 1 (1.7%) each of the respondents was not sure and disagreed. The following results from the table above showed that 32 (55.1%) of the respondents agreed, 18 (31.1%) strongly agreed, 3(5.2%) each of the respondents strongly disagrees and disagreed 2 (3.4%) of the respondents were not sure. The two institutions that the system of the adoption of IFRSs has brought consistency in financial statements. The levels of agreement/ disagreement of respondents to the statement that the adoption of IFRSs has brought credibility in financial information, 33(56.8%) of the respondents strongly agreed, 16 (27.8%) of the respondents agreed, 4 (6.8%) of the respondent strongly disagreed, 3 (5.2%) of the respondents disagreed 2(3.4) of the respondents were not sure. Further analysis was to the statement that the adoption of IFRSs has brought transparency in financial statements, 34 (58.7%) of the respondents strongly agreed, 15 (22.8%) of the respondents agreed, 4 (6.8%) of the respondents were not sure, 3 (5.2%)of the respondents strongly disagreed,2 (3.4) of the respondents agreed. The two institutions have decided on levels agreement/disagreement, on the statements that the adoption of IFRSs has brought comparability of financial statements 35 (60.4%) of the respondents strongly agreed, 19 (32.8%) agreed, 2 (3.4%) disagreed, 1 (1.7%) each of the respondents were not sure and strongly disagreed. On the statement that the institution has the adoption of IFRSs has improved in timeliness presentation of financial statements: 33 (56.8%) of the respondents agreed, 18 (31.2%) strongly agreed, 3 (5.2%) were not sure and 2 (3.4%)each of the respondents strongly disagreed and disagreed at the levels agreement/ disagreement. The responses of the respondents to the statement that the institution have the adoption of IFRSs has improved relevance of financial statements at the levels of agreement/ disagreement are as follows: 36 (62.2%) of the respondents agreed, 15 (25.8%) strongly agreed, 3 (5.2%) strongly disagreed, 2 (3.4%) each of the respondents disagreed and were not sure. This indicated that the two institutions have Effectiveness of IFRSs on the quality of information in financial statements. The quality includes understandability, verifiability, neutrality, consistency, credibility, transparency, comparability, timeliness and relevance.

Table 4.4.1 showing Adoption of IFRSs enhance transparency in corporate accountability

Five Point Likert Scale	1	2	3	4	5
Statement	SD	D	NS	A	SA
Adoption of IFRSs led to reduction in financial reporting offences	4(6.9%)	4(6.9%)	1(1.7%)	33(56.9%)	16(27.6%)
Adoption of IFRSs led to limited chances for acquiescence comprise evidence and manipulation of accounting items	3(5.2%)	2(3.4%)	2(3.4%)	16(27.5%)	35(60.2%)
Adoption of IFRSs has reduced failure to keep records	2(3.4%)	2(3.4%)	3(5.2%)	36(62.2%)	15(25.8%)
Adoption of IFRSs has reduced failure to report suspicious transactions	2(3.4%)	1(1.7%)	1(1.7%)	17(29.3%)	37(63.9%)
Adoption of IFRSs implies perceived information adequacy which is a factor of transparency	1(1.7%)	1(1.7%)	2(3.4%)	18(31.0%)	36(62.2%)
Adoption of IFRSs has reduces failure to verify identity	3(5.2%)	1(1.7%)	1(1.7%)	37(63.9%)	16(27.5%)
Adoption of IFRSs reduces misleading cash report	2(3.4%)	2(3.4%)	2(3.4%)	18(31.0%)	34(58.6%)
Adoption of IFRSs improves accountability of managers to shareholders	1(1.7%)	3(5.2%)	3(5.2%)	37(63.9%)	14(24.0%)
Adoption of IFRSs solves agency problem in corporate sector	2(3.4%)	2(3.4%)	1(1.7%)	19(32.7%)	34(58.8%)
Adoption of IFRSs causes managers acts more in the interest of the shareholders	1(1.7%)	1(1.7%)	3(5.2%)	38(65.6%)	15(25.8%)

Source: Field Survey 2021

Table 4.4.1 from the levels of agreement/disagreement of respondents to the statement that Adoption of IFRS led to reduction in financial reporting offences 33 (56.9%) of the respondents agreed, 16 (27.6%) strongly agreed,4(6.9) each of the respondents strongly disagree and 1 (1.7%) of the respondents were not sure. On the levels of agreement/disagreement to the statements that Adoption of IFRS led to limited chances for acquiescence comprise evidence and manipulation of accounting items 35 (60.4%) strongly agreed, 16 (27.6%) of the respondents agreed, 3 (5.2) strongly disagree, 2 (3.4%) each of the respondents disagreed, and were not sure. The decisions on levels of agreement/disagreement of the respondents to the statement that Adoption of IFRS has reduced failure to keep records, 36(62.2%) of the respondents agreed, 15 (25.8%) strongly agreed 3(5.2) were not sure 2 (3.4%) each of the respondents disagreed and strongly disagreed. The two banks have also demonstrated levels of agreement/disagreement on whether IFRS adoption has reduced failure to report suspicious transactions. 37 (63.9%) of respondents highly agreed, 17 (29.3%) agreed, 2 (3.4%) strongly disagreed, and 1 (1.7%) of respondents were unsure and disagreed. The two financial institutions' degrees of agreement/disagreement on whether the adoption of IFRS indicates perceived information sufficiency, which is a factor of transparency, are as follows: 36 (62.2%) of respondents highly agreed, 18 (31.0%) agreed, 2 (3.4%) were unsure, and 1 (1.7%) strongly disagreed and disagreed. The respondents' degrees of agreement/disagreement with the statement if adoption of IFRSs has reduced failure to verify identity in most institutions. 37 (63.9%) of respondents agreed, 16 (27.5%) strongly agreed, 3 (5.2%) strongly disagreed, and 1 (1.7%) disagreed and were unsure. The responders' replies Adoption of IFRSs decreases misleading cash reports by lowering the degree of agreement/disagreement with the statement 34 (58.8%) of respondents strongly agreed, 18 (31.0%) agreed, and 2 (3.4%) disagreed, strongly disagreed, or were unsure. The declaration of the degrees of agreement/disagreement on whether IFRSs promote managers' accountability to shareholders. 37 (63.9%) of respondents agreed, 14 (24.0%) strongly agreed, and 3 (5.2%) disagreed and were unsure. One responder (1.7%) strongly disagreed. Further investigation was conducted on the claims that Adoption of IFRSs solves the agency problem in the business sector, as well as the degrees of agreement/disagreement between the two institutions: 34 (58.8%) of respondents highly agreed, 19 (32.7%) agreed, 2 (3.4%) disagreed and strongly agreed, and 1 (1.7%) of respondents were unsure. In terms of respondents' levels of agreement/disagreement with the statement if adoption of IFRSs encourages managers to behave more in the interest of shareholders, 38 (65.6%) agreed, 15 (25.8%) strongly agreed, and 3 (5.2%) were unsure. Each of the 1(1.7) respondents strongly disagreed and disagreed. The results implied that the two Institutions have agreed that to Adoption of IFRSs has enhanced, transparency, incorporate accountability by reduction in financial reporting offences, limited chances, reduced failure to keep records, reduced failure to report suspicious transactions, implies perceived information adequacy, reduces failure to verify identity, reduces misleading cash report, accountability of managers to shareholders, solves agency problem in corporate sector, causes managers act more in the interest of the shareholders.

Table 4.5.1 from the levels of agreement/disagreement of respondents to the statement that Adoption of IFRS boost the flow of Foreign Direct Investment 33 (56.9%) of the respondents agreed, 16 (27.6%) strongly agreed, 4(6.9) each of the respondents strongly disagreed and 1 (1.7%) of the respondents were not sure. On the levels of agreement/disagreement to the statements that Adoption of IFRSs reduces information symmetries by providing greater access to information needed 35 (60.4%) strongly agreed 16 (27.6%) of the respondents agreed, 3 (5.2) strongly disagreed, 2 (3.4%) each of the respondents disagreed, and were not sure.

Table 4.5.1 showing IFRSs adoption and Implication on Foreign Direct Investment

Five Point Likert Scale	**1**	**2**	**3**	**4**	**5**
Statement	SD	D	NS	A	SA
Adoption of IFRSs boost the flow of FDI	4(6.9%)	4(6.9%)	1(1.7%)	33(56.9%)	16(27.6%)
Adoption of IFRSs reduce information symmetries by providing greater access to information needed	3(5.2%)	2(3.4%)	2(3.4%)	16(27.6%)	35(60.4%)
Adoption of IFRSs improve the transparency and comparability of financial reporting	2(3.4%)	2(3.4%)	3(5.2%)	36(62.2%)	15(25.8%)
Adoption of IFRSs stimulates flow of FDI as a result of reduction in information costs	2(3.4%)	1(1.7%)	1(1.7%)	17(29.3%)	37(63.9%)
Adoption of IFRSs reduces the cost of capital.	1(1.7%)	1(1.7%)	2(3.4%)	18(31.0%)	36(62.2%)
Adoption of IFRSs eases company valuation for likely foreign investors	3(5.2%)	1(1.7%)	1(1.7%)	37(63.9%)	16(27.5%)
Adoption of IFRSs lessens corruption and increases investor protections	2(3.4%)	2(3.4%)	2(3.4%)	18(31.0%)	34(58.8%)
Adoption of IFRSs encourages foreigners cross border investment	1(1.7%)	3(5.2%)	3(5.2%)	37(63.9%)	14(24.0%)

Source: Field Survey 2021

The decisions on levels of agreement/disagreement of the respondents to the statement that Adoption of IFRSs improve the transparency and comparability of financial reporting, 36(62.2%) of the respondents agreed, 15 (25.8%) strongly agreed 3(5.2) were not sure 2 (3.4%) each of the respondents disagreed and strongly disagreed. The two bank institutions have also shown levels of agreement/disagreement on whether Adoption of IFRSs stimulates flow of FDI as a result of reduction in information costs, 37 (63.9%) of the respondents strongly agreed, 17 (29.3%) agreed, 2 (3.4%)of the respondents strongly disagreed , 1 (1.7%) each of respondents were not sure and disagreed. The assessment to the statement on whether the Adoption of IFRSs reduces the cost of capital, the two bank institution levels of agreement/disagreement 36 (62.2%) of the respondents strongly agreed, 18 (31.0%) agreed, 2 (3.4%) were not sure, 1 (1.7%) each of respondents strongly disagreed and disagreed. The levels of agreement/disagreement of the respondents to the statement whether Adoption of IFRSs eases company valuation for likely foreign investors in most institutions 37 (63.9%) of the respondents agreed, 16 (27.7%) strongly agreed, 3 (5.2%) strongly disagreed, 1 (1.7%) each of respondents disagreed and were not sure. The responses of the respondents the levels of agreement/disagreement to the statement Adoption of IFRSs lessens corruption and increases investor protections 34 (58.8%) of the respondents strongly agreed, 18 (31.0) agreed, 2 (3.4%) each of respondents disagreed, strongly disagreed and were not sure. The statement of the levels of agreement/disagreement of Adoption on whether of IFRS encourages foreigners cross border investment 37 (63.9%) of the respondents agreed, 14 (24.0%) strongly agreed, 1 (1.7%) strongly disagreed, 3 (5.2%) each of respondents disagreed and were not sure 1 (1.7%) of the respondents strongly disagreed. This implied that Adoption of IFRSs has implication FDI on the following manner; boosts the flow of Foreign Direct Investment reduce information symmetries by providing greater access to information needed, improve transparency and comparability of financial reporting. stimulates flow of Foreign Direct Investment as a result of reduction information costs, reduces the cost of capital, eases company valuation for likely foreign investors, lessens corruption and increases investors protections and encourages foreigners cross border investment.

Summary, Conclusion and Recommendations

Summary

The first research question was answering the effectiveness of IFRSs on the quality of information in financial statements. The quality of the information in financial statements consist of neutrality 93.2, comparability 93.2%, timeliness, 93.2%, relevance 88% consistency, 88%, understandability 86.4%, verifiability 86.2%, credibility 84.7%, transparency 84.6%. The second research question focus on adoption of IFRSs has enhance transparency in corporate

accountability. The finding revealed that Adoption of IFRSs has enhanced, transparency by perceived information adequacy 93.4%, reduced failure to report suspicious transactions 93.2%, solves agency problem in corporate sector 91.5%, causes managers acts 91.4%, reduces failure to verify identity 91.4, reduces misleading cash report 89.8%, reduced failure to keep records 88%, accountability of managers to shareholders 87.9%, limited chances for acquiescence 87.7%, reduction in financial reporting offences 84.3%. This third research question also focus on Adoption of IFRSs has implication FDI. The findings revealed that Adoption of IFRSs has implication FDI by the following manner. reduces the cost of capital 93.4%, stimulates flow of FDI as a result of reduction information costs 93.2%, eases company valuation for likely foreign investors91.4%, lessens corruption and increases investor protections89.8%, improve the transparency and comparability of financial reporting 88%, encourages foreigners cross border investment 87.9%, reduce information symmetries by providing greater access to information needed 87.7%, boost the flow of FDI 84.3%.

Conclusions

Effectiveness of IFRSs on the quality of Information in Financial Statements of the financial institutions. This indicated that the two institutions have Effectiveness of IFRSs on the quality of information in financial statements. The quality includes understandability, verifiability, neutrality, consistency, credibility, transparency, comparability, timeliness and relevance, Adoption of IFRSs enhances transparency in corporate accountability in the financial institutions, the results implied that the two Institutions have agreed that to Adoption of IFRSs has enhanced, transparency, incorporate accountability by reduction in financial reporting offences, limited chances, reduced failure to keep records, reduced failure to report suspicious transactions, implies perceived information adequacy, reduces failure to verify identity, reduces misleading cash report, accountability of managers to shareholders, solves agency problem in corporate sector, causes managers act more in the interest of the shareholders. Effects of IFRS adoption and Implication on foreign direct investment (FDI) of financial institutions, this implied that Adoption of IFRSs has implication FDI on the following manner; boosts the flow of FDI reduce information symmetries by providing greater access to information needed, improve transparency and comparability of financial reporting. stimulates flow of FDI as a result of reduction information costs, reduces the cost of capital, eases company valuation for likely foreign investors, lessens corruption and increases investors protections and encourages foreigners cross border Investment.

Recommendations

The following recommendations, which are importantly, enhance the performance of financial institutions, such as Kenya Commercial and Cooperative Banks of South Sudan; The Kenya Commercial and Cooperative banks should exert effort to improve effectiveness of IFRSs on the quality of Information in Financial Statements in South Sudan. The Kenya Commercial and Cooperative banks should improve the adoption of IFRSs enhance transparency in corporate accountability in the Republic of South Sudan. The Kenya Commercial and Cooperative banks should also exert more effort to overcome the effects of IFRS adoption and Implication on Foreign Direct Investment (FDI) of financial institutions in South Sudan.

Suggestions for further research study

The research focused on the effect of implementing IFRS on the quality of accounting information. A further investigation on the effects of IFRS adoption on the quality of reports for large tax payers, as well as other corporate or small and medium firms throughout the world, is required. This will allow the researcher to compare various outcomes about the broad use of IFRSs in financial statements. Given the nature of the research, there is also a need for a study

that evaluates the relationship between long-term financial success. Further research might be conducted in other South Sudanese commercial banks, as the data established in the organization does not necessarily represent the connection in other banks in the Republic of South Sudan.

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