

Measures of Corporate Governance Efficiency on the Quality Level of Value Relevance Using IFRS and Corporate Governance Acts: Evidence from African Stock Exchanges

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Abstract : This study measures the efficiency level of corporate governance to improve the quality level of value relevance in the resolution of market value efficiency increase issues, transparency problems, risk frauds, agency problems, investors' confidence, and decision-making issues using IFRS and Corporate Governance Acts (CGA). The final sample of this study contains 3660 firms from ten countries' stock markets from 2010 to 2020. Based on the efficiency market theory and the positive accounting theory, this paper uses multiple econometrical methods (DID method, multivariate and univariate regression methods) and models (Ohlson model and compliance index model) regression to see the incidence results of corporate governance mechanisms on the value relevance level under the influence of IFRS and corporate governance regulations act framework in Africa's stock exchanges for non-financial firms. The results on value relevance show that the corporate governance system, strengthened by the adoption of IFRS and enforcement of new corporate governance regulations, produces better financial statement information when its compliance level is high. And that is both value-relevant and comparable to results in more developed markets. Similar positive and significant results were obtained when predicting future book value per share and earnings per share through the determination of stock price and stock return. The findings of this study have important implications for regulators, academics, investors, and other users regarding the effects of IFRS and the Corporate Governance Act (CGA) on the relationship between corporate governance and accounting information relevance in the African stock market. The contributions of this paper are also based on the uniqueness of the data used in this study. The unique data is from Africa, and not all existing findings provide evidence for Africa and of the DID method used to examine the relationship between corporate governance and value relevance on African stock exchanges.

Keywords : corporate governance value, market efficiency value, value relevance, African stock market, stock return-stock price

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