CORPORATE REPORTING REGULATION IN ECOWAS STATES

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Abstract
The move to improve commerce comes with the need to look at the corporate reporting aspect of commerce. This study examines the state of corporate reporting regulation among the ECOWAS member states. The research is descriptive in nature, by attempting to describe existing regulatory environment in corporate reporting. The population of study is made up of all the member states of the ECOWAS community. We found out that more that 50% of the countries studied are selective with the adoption if IFRS and that only Nigeria has shown serious commitment to regulating sustainability reporting in the region. It can be concluded from the findings that regulatory bodies in the ECOWAS community have realized the need for regulation of corporate reporting of business organisations, however greater attention is paid only to the financial reporting at the expense of non financial reporting like the sustainability reporting.
Keywords: *ECOWAS, corporate reporting, IFRS.*

Introduction
Since the end of colonial control, many countries in Africa are still struggling to stand economically and attain self-sufficiency in production. The continent has been saddled with many economic problems like poor infrastructure to support life and business, lack of market for its manufactured products, hostile economic and political environment and so on. These problems and many more have resulted in the production of goods and services that are less competitive at the international market.

The manufacturing sector is very important in any economy; it has to do with the production of goods and services to satisfy human wants. But, the manufacturing sector can only thrive when there is enough market for the goods and services produced. Many economies in Africa have suffered economic setbacks because of their inability to boost their markets and consequently their business operations.
In order to take advantage of collective effort and achieve synergy to boost individual countries, sixteen countries in West Africa signed the Economic Community of West African States (ECOWAS) treaty in 1975 in Lagos, Nigeria. The countries were Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, the Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo. However, with the exit of Mauritania in December, 2000, the remaining fifteen members signed a revised treaty which stemmed from the need to promote and facilitate the economic and social development of the member states (ECOWAS, n.d). To this end, ECOWAS designed a trade instrument known as the ECOWAS Trade Liberalization Scheme (ETLS). The scheme offers unrestricted access to markets within the region. The aim of the scheme is to facilitate the easy movement of goods, services and people to foster business activities and improve the economy

of the member state (Nigeria Export Promotion Council s(NEPC), n.d). It is hoped that ETLS would create markets for goods and services produced within the region. But the economic, environmental and social state of the member states have shown that this intention is yet to be realized 21 years after the treaty was implemented. The region still lags behind other regions in Africa in terms of economic growth and development. It still records high incidence of poverty and unemployment among its members and has failed to effectively launch West Africa into the global economy (Igwe et al, 2021; Traoré, 2021).

Since corporate report is an essential tool for communicating with stakeholders, it becomes imperative to find out the extent the corporate reporting requirement is aligned to promote easy understanding of reports across different jurisdictions and ascertain if the corporate reporting regulatory environment encourages investment that promote sustainable economic growth and economic development in the region. Studies on corporate reporting in Africa have been based on either financial reporting or non-financial reporting. Majority of these studies focused on Africa as a whole (Ezenwoke & Tion, 2020; Songi & Dias, 2019; Tawiah, 2019; Tilt, Qian, Sanjaya & Dissanayake 2021). There is a dearth of study that looks at the corporate reporting environment at the regional levels in Africa and ECOWAS in particular (Ezenwoke & Tion, 2020; Okoro et al as cited in Igwe, Ochinanwata & Madichie, 2021). This study tries to fill the gap by focusing on ECOWAS and looking at both the financial and non-financial aspects of corporate. The aim of this study is to appraise the state of corporate reporting requirement among the ECOWAS member states. The specific objectives are as follows:

- To find out the extent of IFRS adoption in ECOWAS member states;
- To examine the regulatory environment of sustainability reporting in ECOWAS member states.

To achieve the objectives stated above the following research questions are formulated.

- What is the extent of IFRS adoption among ECOWAS member states?
- What is the state of sustainability reporting regulation in ECOWAS member states?

In the light of this, the paper is stationed into introduction, material and methods, results and discussion.

Materials and Methods

Corporate Reporting

Corporate reporting is the process by which an organization communicates relevant material information about itself to its stakeholders for decision making (Islam, 2017). It is prompted by the need to disclose relevant information about an organisation and its management to different stakeholders. A lot of importance has been placed on corporate reporting that good corporate reporting is often regarded as a sign of effectiveness and efficiency in corporate governance. (Deloitte, 2016; Aruwa, 2010).

The aim of corporate reporting is to create information, to connect to the different stakeholders, form a basis for comparison and enable the users of such information to make better decisions. It is also a basis to source for funding from investors. Usually these reports are made in a systematic manner to enhance understandability and comparability by following standards set by relevant authorities. Corporate reporting includes audit reporting, financial reporting, corporate governance, corporate social responsibility reporting, integrated reporting and other reports published by organisations from time to time (Cordos, Fülöp & Mădgaş, 2020, Deloitte, 2016; Federation of European Accountants (FEE),2015).

In this study, corporate reporting refers to the process by which organisations make relevant disclosures to different interest groups within and outside the organisations, on its activities in the past, what it is doing and what is intends to do in the future and strategies put in place to achieve the goals. These reports can be financial or non-financial.

Financial reporting

Financial reporting is the crux of corporate reporting and has been in existence for a long period of time. It is also known as the traditional corporate report. It includes financial statements and accompanying notes that are prepared in accordance to generally accepted accounting practice (GAAP) (Cordos et al, 2020).
It has to do with disclosures on the financial state of an organisation as well as its performance of the period under review. The reports usually follow accounting principles and concepts and adhere to standards set by relevant authorities.

Non- financial reporting

The advancement in technology and commerce has made the assumption on which the financial reports are based on unrealistic and therefore the report incomplete for decision making. This brings about the need to provide non-financial information to support the financial report so that users can have a comprehensive understanding (Beattie, 2000; Islam, 2017). One important non-financial report that has gained widespread attention is sustainability report.

Sustainability reporting**:** Sustainability reporting has to do with corporate disclosures made by an organisation on the positive and/or negative impact it has on the economy, environment and society to its different stakeholders (Burhan & Rahmanti, 2012; Christensen, Hail & Leuz, 2019; Song i& Dias, 2019). The increase in the demand for and the publication of sustainability reporting is brought about by the growing importance the society has placed on greater transparency from corporate organisations and stricter regulations of financial markets (Chipalkatti, Le, & Rishi, 2021). Information contained in the sustainability report is processed and presented in a methodical manner to allow for comparison between the past and present reports (Saji in Eneh & Amakor, 2019). Sustainability report includes information which can be expressed in monetary, quantitative or qualitative terms. (Christensen et al, 2019; NIVRA as cited in INTOSAI WGEA, 2013).

Sustainability reporting has been associated with many benefits. It helps organisations to identify, manage and communicate the risks and opportunities facing the organisations to their stakeholders. This can improve efficiency and stakeholder engagements and ensure long-term success of the firms (Burhan & Rahmanti, 2012; Corporate Citizenship, 2012; Saridewi & Koesrindartot, 2014).

Regulatory environment for corporate reporting

Regulatory environment refers to the laws, policies and regulations put in place by the government or its agency to regulate and monitor business conduct as well as enforce compliance. The laws and regulations are monitored and enforced by institutions established by the government for such purpose. The regulatory environment is part of the external business environment because it is not under the direct control of management. This environment is so important that it can affect the strategic objectives, performance and even existence of an organization. It can also stimulate or hinder economic growth and development of a country because investors consider the regulatory environment of a country before choosing to locate a new business or expand existing ones (Borek, Parlikad, Webb & Woodall, 2014; Market Links, n.d).

In corporate reporting, the regulatory environment is made up of laws, standards and guidelines which business organisations are required to adhere to in the preparation of it corporate reports. Some of the popular standards and organisations in corporate reporting will be discussed below.

International Financial Reporting Standards (IFRS).

The growth in international trade and global business brought about the need to have a robust accounting standard that can be applied in any country of the world. IFRS came as the solution to the problem of divergent national accounting standards (IFRS Foundation, n.d).

It is a principled based accounting standard issued by International Accounting Standard Board (IASB). It replaced and adopted the International Accounting Standard (IAS) published by the International Accounting Standard Committee (IASC) in 2001. The work of IASB is supported by the International Financial Reporting Standard Interpretation Committee (IFRIC) to provide International

Financial Reporting Interpretations where there is disagreement in practice (Institute of Chartered accountants of Nigeria (ICAN), 2021).

It is pertinent to note that national financial reporting regulations must approve the use of IFRS before it can be applied by companies in that jurisdiction (ICAN,2021). Currently, over 140 jurisdictions require companies to use IFRS to prepare financial statements and many more permit its use.

A lot of benefits have been accrued to the use of IFRS. It is believed that the use of IFRS increases the comparability of financial reports prepared in different jurisdictions across the globe. It facilitates the access to international finance as foreign investors are able to understand the basis on which the financial statements are based thereby reducing the cost of capital and information gap; this can foster the expansion of international trade and simplify the preparation of group accounts especially with subsidiaries in different jurisdictions. (IFRS Foundation, n.d; ICAN, 2021).

Regulatory environment for sustainability reporting.
Many organizations have recommended guidelines and frameworks for the preparation of sustainability reporting. The most popular of these organizations are the Global Reporting Initiative, the International Sustainability Standard Board, the United Nations Global Compact and the Sustainable Stock Exchange Initiative.

Global Reporting Initiative (GRI). Following the outrage over the Exxon Valdez oil spill, GRI was founded in 1997 in Boston. The aim of the organisation is to help organisations take responsibility for the impact of their activities on the economy, environment and society by providing a common language for communication with the relevant stakeholders. The GRI standards are the first sustainability standards accepted for use by organisations in different parts of the world. These standards are set by Global Sustainability Standards Board (GSSB).

Three series of standards support the reporting process: the GRI universal standards which apply to all organisations, the GRI sector standard, applicable to specific sectors and the GRI topic standards, each listing disclosures relevant to a particular topic. As at the time of this study, about 78% of the organisations that publish sustainability reports use the GRI standards (Chipalkatti et al, 2021; Global Reporting Initiative (GRI), n.d).

International Sustainability Standard Board (ISSB). The International Sustainability Standard Board (ISSB) was created in November,2021, to meet the need for quality corporate disclosures on climate, environmental, social and governance matters. The focus of the ISSB is on helping investors and other capital market participants make informed decision by providing a standard for disclosures on sustainability related issues, to be disclosed either as a standalone or with other reports to meet the disclosure requirements of other stakeholders. The ISSB is under the IFRS foundation together with the IASB. So, while the IASB is for financial reporting, the ISSB is for sustainability reporting (IFRS Foundation, 2021).

The United Nations Global Compact (UN Global Compact). The UN Global Compact is the world's largest corporate sustainability initiative with more than 15,000 signatories in more than 160 countries, representing almost every sector and size. Its mission is to "mobilize global movement of sustainability companies and stakeholders". The UN Global Compact operates on ten principles for sustainable operations (United Nations Global Compact, n.d).

***The Sustainable Stock Exchanges Initiative (SSE*).** The Sustainable Stock Exchange Initiative is a United Nations partnership program of the United Nations Conference on Trade and Development (UNCTAD), United Nations Environmental Program on Finance Initiative (UNEP-FI), United Nations Global Compact (UNCG) and Principles of Responsible Investment (PRI). It kicked off in 2009 with the first SSE global dialogue at New York City. The mission is "to provide a global platform for exploring how exchanges in collaboration with investors, companies, regulators, policymakers and relevant international organisations can enhance performance on ESG issues and encourage sustainable investment, including the financing of the United Nations Sustainable Development Goals". As at the time of this study, 115 stock exchanges have committed to the sustainable stock exchange initiative. The sustainable stock exchange initiative requires participants to provide annual sustainability reports, require the companies listed in them to have environmental, social and governance (ESG) report, to provide guidelines for the preparation of the ESG reports, to offer periodic training on ESG reporting, to have a sustainability index, to have a sustainability bond list segment, to have small and medium enterprises(SME) listing platform and require a mandatory minimum number of women on board (Sustainable Stock Exchange, n.d).

Theoretical framework

Neo Institutional Theory.

This is one of the prominent schools of thought in organisation studies. It was developed in the 1970s. Institution here means "cognitive, normative and regulative structures and activities that provide stability and meaning to social behavior (Alvesson & Spicer, 2019). Neo Institutional theory states that organisations are greatly influenced by the pressures arising from their institutional regulatory environment (Suddaby, in Suddaby, Seidi & Lê, 2013). It is of the view that organisations behave in a certain way as a result of the requirements from institutions that govern them so as to maintain legitimacy. This theory looks at the role of regulatory bodies and other institutional pressure groups in determining organisational behavior (Vargas-Hernandez, 2008). When regulatory bodies issue guidelines, policies or requirements expected from organisations, the affected organisations under their authority adhere to the stated guidelines so as not incur penalty and fines. Most times the need to comply with the stated guidelines affects the organisation's strategic management, organisational culture, operation, and other aspects of management decision making. This theory is relevant to this study because it explains that government and other regulatory bodies can influence corporate conduct and reporting.

Empirical Review

Empirical works on corporate reporting focused on either International Financial Reporting Standard or Sustainability reporting. This review will look at these concepts separately.

IFRS in Africa.

Boolaky et al, (2020), investigated the instructional drivers of International Financial Reporting Standard (IFRS) adoption in Africa. They focused on all 54 African countries and based on the World Bank's Report on Observance of Standards and Codes. They used ordered logit regression for analysis. They found out that coercive mimetic and normative isomorphism influence on IFRS adoption in Africa. Specifically, IMF and World Bank, presence of global audit firms, years of membership on IFAC, countries with a more structured and active professional accountancy organization were found to affect the adoption of IFRS in Africa. They also found that IFRS is primarily driven by social and political dimension than the economic dimension.

Ezenwoke and Tion, (2020), conducted a bibliometric analysis on the state of IFRS research in Africa based on Scopus database. They found that IFRS research in Africa is less than 1% of global research output. This is also confirmed by Tawiah (2019), who appraised existing literature in Africa and found that even though the level of adoption is high, implementation of IFRS is low, due to lack of skill. He also found that adoption of IFRS has made local accountancy professional bodies less attractive to ACCA and the Big 4 firms more competitive than local accounting firms.

Musah et al, (2020), examined the effect of IFRS adoption on foreign direct investment (FDI) in Africa. The study was based on 20 African countries that have adopted IFRS, data was collected from World Bank Financial and Economic Data. Correlation and regression were used for data analysis. They found that IFRS has a positive significant influence on FDI inflows in Africa. Similarly Gu et al (2019), also tried to find out the effect of IFRS adoption on FDI inflows in Africa, they used fixed effect regression on 45 African countries. They found out the IFRS adoption leads to FDI inflows. This view is also supported by Awinburgri and Wotortsi (2019), who tried to determine the correlation between IFRS adoption and earnings quality of listed firms in sub Saharan Ghana. Their study was based on 16 firms and the used logistic regression. They found out that the adoption of IFRS prevents manipulation of earning and leads to high quality accounting information and transparency after using logistic regression on 16 firms for pre-adoption and post- adoption analysis.

Sustainability reporting in Africa

Tilt et al (2021), investigated the current state of sustainability reporting and also to identify the major motivations and barriers for reporting. The study was based on 48 countries and content analysis and interviews were used. They found that Africa was still grappling within the contexts of sustainability reporting.

Nwobu and Ngwakwe (2020), assessed the relationship between macroeconomic indicators, political regimes and corporate responsibility reporting in African countries. Ex post facto design was used multiple regression model was used for data analysis. They found an insignificant positive relation between corporate responsibility reporting, political regime, foreign direct investments, GDP and inflation.

Songi and Dias (2019), explored the sustainability reporting regimes and experiences of six African countries from six different region in Africa. They found conflicting standard among the different countries.

Chipalkatti et al, (2021) examined the role of environmental, social and governance factors in attracting foreign direct investment and enabling progress toward the attainment of the sustainable development goals. They used fixed effect estimation model on a sample of 161 countries. They found out the sustainability reporting attracts FDI to commodity exporting countries.

Methods

This work employed the descriptive research design to describe existing regulatory environment in corporate reporting in West Africa. The population of study is made up of all the member states of the ECOWAS community. The five stock exchanges that are operational within the ECOWAS community were used for the study. No sample was taken.

To find out the extent of IFRS adoption among ECOWAS member states, information was sourced from the IFRS Foundation official database of the use of IFRS standards by various jurisdictions around the world. Data were collected from websites of relevant authorities like IFRS foundation, Global Reporting Initiative, United Nations Global Compact and Sustainable Stock Exchange Initiative. The data were presented in tables, pie charts and column diagram. Data were analysed using percentages.

Results

***The state of IFRS among ECOWAS member states*.**

The extent of adoption by each country is shown in table 1 below. As can be seen, all countries that makeup the ECOWAS member states require the use of IFRS in the preparation of the financial statements of public companies. It is pertinent to note that these requirements are backed up by law.

[Table 1 should be here]

From table 1, it can be seen that even though all the countries adopted IFRS, only 27% require the use IFRS from all public companies irrespective of the sector. 13%

of the population require only financial institutions to use IFRS and 60% of the population require only listed companies to use IFRS.

[Figure 1 should be here]

Even though domestic companies are required to prepare their financial statements in accordance with IFRS, not all member states permit or require the use of IFRS for SMEs within their jurisdiction, the pie chart below shows the adoption of IFRS for SMEs adoption by ECOWAS countries. From the pie chart below, it can be seen that 67% of the member states do not require the use of IFRS for SMEs, 20% required the use of IFRS for SME while, 13% permit its use.

[Figure 2 should be here]

The extent of stock market regulation on sustainability reporting of listed companies in ECOWAS

Despite the fact the all the members of ECOWAS member states are signatories to the Sustainable Development Goals (SDGs), there is little action on the part of regulators to ensure that companies within their jurisdictions prepare quality sustainability reports. According to the sustainable stock exchange database (2022), only Bolsa Regionale de Valeurs Mobilieres (BRVM) and the Nigeria Stock Exchange making up 40% of the stock exchanges in the region, have partnered with GRI to ensure that businesses pay attention and report on sustainability issues. It is pertinent to note that only Nigeria Stock Exchange, making up 20% of the stock exchanges under study has shown significant commitment to Sustainable Stock Exchange Initiative, though BRVM has received an offer to produce environmental social and governance (ESG) reporting guidance and is at the beginning phase of creating a BRVM SSE index. This information can be seen from the table 2 below

[Table 2 should be here]

The Number of voluntary signatories to sustainability operation and disclosures in the ECOWAS

The database of United Nations Global Compact was assessed to find out the number of voluntary signatories who commit to sustainable operations and disclosures. It was discovered that out of over 15,000 signatories cutting across more than 160 countries, 213 are from ECOWAS member states. Of this number, 136 are business organizations while 78 are from organizations like non-governmental organizations, business associations and government associations. This shows that only 136 business organizations in all of ECOWAS region are voluntary signatories to sustainability initiatives. It can be seen that Nigeria is the country with the highest number of participants while Guinea, Guinea Bissau and Niger are the least with the no participants from any of these countries. This information is shown in the table below;

[Table 3 should be here]

The information contained in table 3 above is depicted in the column diagram below.
[Figure should be here]

Discussion

Discussion of Findings

This study shows that the adoption of IFRS is selective in more than 50% of the ECOWAS member states. About 60% of the ECOWAS member states use an alternative accounting system for SMEs within their jurisdictions.

From the analysis above, it can be seen that only one stock exchange which is the Nigeria stock exchange out of the five stock exchanges operating in the region has shown serious commitment towards ensuring that companies make sustainability reporting. This fact is shown on the number of voluntary signatories in the country. One may assume that the high level of regulation on sustainability reporting in Nigeria, when compared to other countries in the ECOWAS community resulted to the high number of voluntary participants to sustainable operations and disclosures in the country unlike other countries in the study.

The findings from the state of IFRS in ECOWAS, confirm the findings from the works of Tawiah (2019) who discovered that many countries in Africa have adopted the use of IFRS in the preparation of corporate financial reports. On the level of sustainability reporting, it also agrees with the work of Tilt et al (2021), who found out that Africa still has a long way to go as far as sustainability issues are concerned. Finally, it also agrees with the work of Boolaky et al (2020), that corporate reporting in Africa is influenced by regulatory environment.

Conclusions and Recommendations

It can be concluded from the findings that regulatory bodies in the ECOWAS community have realized the need for regulation of corporate reporting of business organisation, however greater attention is paid to only the financial reporting at the expense of non-financial reporting like the sustainability reporting leaving the decision of what, how and when to produce sustainability reports in the hands of the business organisations, this trend if left on checked will be inimical to the well being of the people, the protection of the environment and attainment of economic development of the region.

Based on the conclusion above, there is need for the member states to have a set of sustainability reporting guidance to be used in the region, this is to avoid a situation where unscrupulous business organisations will produce goods that do not promote sustainability in one state and take advantage of the free trade agreement to sell to other states with stricter sustainability regulations.

There needs to be an avenue for capacity training of the regulators to ensure effective and efficient regulation

Finally, the academic community should carry out more research on corporate reporting to support better policy formulation, regulation and decision making.

Declaration of Interest Statement

The authors report there are no competing interests to declare.

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Appendix

Table 1: Adoption of IFRS among ECOWAS Member States

Extent of IFRS application	BENIN	B. FASO	C. VERDE	C. IVOIRE	GAMBIA	GHANA	GUINEA	GUINEA B	LIBERIA	MALI	NIGER	NGR	SENEGAL	S.LEONE	TOGO
IFRSs are required for domestic public companies	only listed coys	only listed coys	only fin coys	only listed coys	only banks	All	only listed coys	only listed coys	All	only listed coys	only listed coys	All	only listed coys	All	only listed coys

IFRSs are permitted but not required for domestic public companies	non listed coys	non listed coys	other coys	non listed coys	other coys	none	non listed coys	non listed coys	none	non listed coys	non listed coys	non listed coys	non listed coys	none	none listed coys
IFRSs are required or permitted for listing by foreign companies	REQD	REQD	REQD	REQD	no stock exchange	REQD	REQD	REQD	no stock exchange	REQD	REQD	REQD	REQD	REQD	REQD
IFRS for SMEs is required or permitted	NO	NO	NO	NO	permited	REQD	NO	NO	REQD	NO	NO	permitted	NO	REQD	NO

Source: IFRS Foundation Database (n.d) and World Bank (2012)

Table 2: Commitment to Sustainable Stock Exchange Initiative

Stock exchange	BRVM	BVCV	GSE	NSE	SLSE
SSE partner exchange	YES	NO	NO	YES	NO
Has annual sustainability reporting	NO	NO	NO	YES	NO
ESG reporting reqd	NO	NO	NO	YES	NO
Guidance on ESG reporting	NO	NO	NO	YES	NO
Offers ESG related training	NO	NO	NO	YES	NO
Has sustainability index	NO	NO	NO	YES	NO
Sustainability bond list segment	NO	NO	NO	YES	NO
Has SME listing platform	NO	NO	NO	YES	NO
Women on board mandatory minimum	NO	NO	NO	YES	NO

Source: Sustainable Stock Exchange Database .retrieved from www.sseinitiative.org on 31 December, 2021.

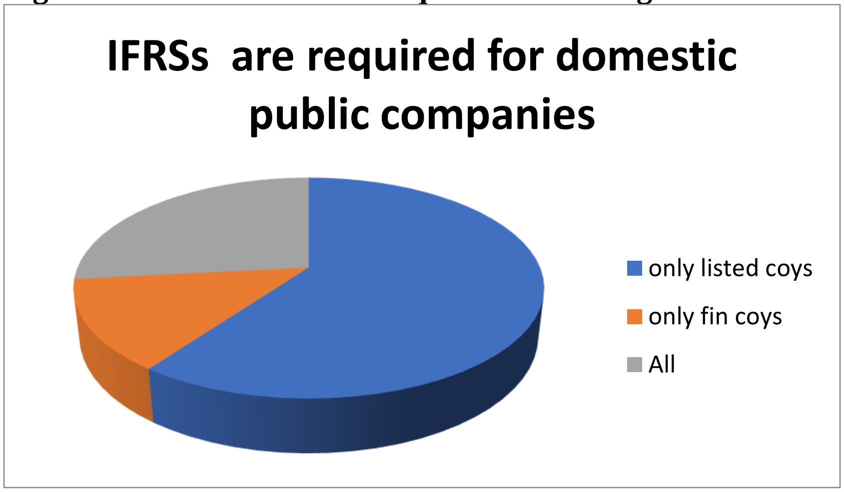
Table 3. UN Global Compact Participants From Ecowas Member States

UN GLOBAL COMPACT PARTICIPANTS FROM ECOWAS MEMBER STATES			
COUNTRY	TOTAL NO.	FIRMS	OTHERS
BENIN REPUBLIC	1	0	1
BURKINA FASO	3	2	1
CAPE VERDE	2	1	1
COTE IVOIRE	1	0	1
GAMBIA	2	1	1
GHANA	32	16	16

GUINEA	0	0	0
GUINEA BISSAU.	0	0	0
LIBERIA	3	2	1
MALI	2	1	1
NIGER	0	0	0
NIGERIA	146	99	47
SENEGAL	7	6	1
SIERRA LEONNE	10	7	3
TOGO	5	1	4
TOTAL	213	136	78

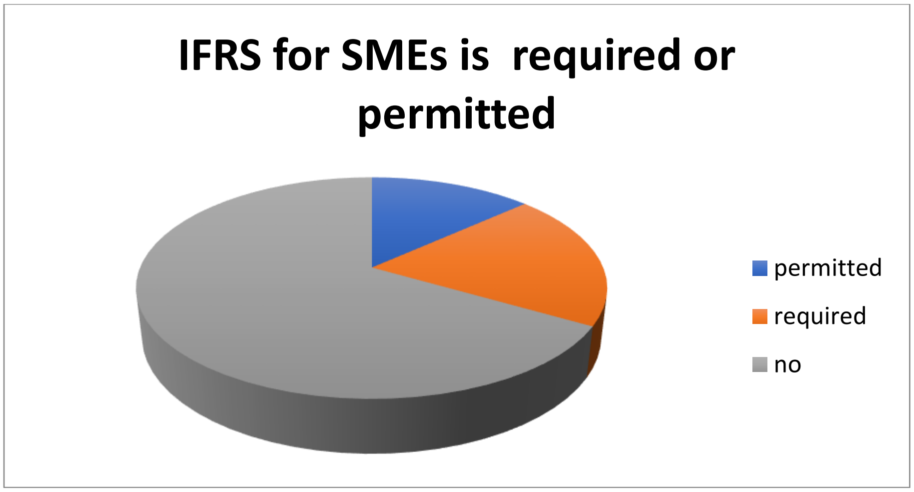
Source: United Nations Global Compact Database (n.d). Retrieved from https://www.unglobalcompact.org/what-is-gc/participants on 26 January,2022.

Figure 1. The level of IFRS requirement among ECOWAS member states.



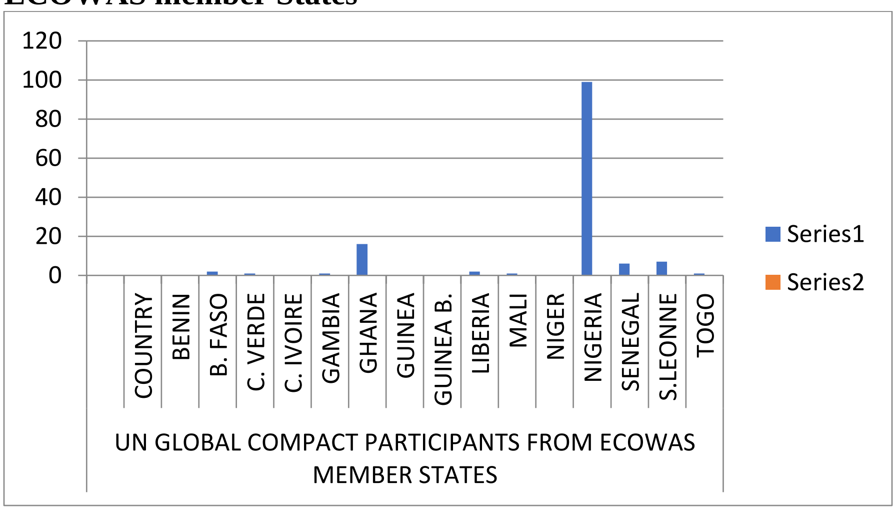
Source: Microsoft Excel Output

Figure 2. The regulation of the use of IFRS for SMEs among ECOWAS member states.



Source: Microsoft excel output.

Figure 3. The number of UN Global Compact company participants from ECOWAS member States



Source: Microsoft Excel output

Figure Captions
Figure 1: The level of IFRS requirement among ECOWAS member states.
Figure 2: The regulation of the use of IFRS for SMEs among ECOWAS member states.
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