



Issues and challenges in IFRS adoption: Perceptions of the Professional Accountants in Sri Lanka

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Abstract

This study mainly focused on identifying the IFRS adoption issues and challenges in the perception of Sri Lankan professional accountants. Professional Accountants face many obstacles when adopting the IFRS and identifying those issues and challenges and finding significant factors for them is mainly focused on his study. This study directly identifies what are the issues and challenges faced by Sri Lankan Professional Accountants and how the Accountants' perception of issues and challenges are varied with the geometric characteristics. The quantitative research approach was used in the study and the questionnaire survey method was used to collect data from the Professional Accountants. The study used the convenience sampling technique to identify the sample for the study while ensuring representativeness. The sample size was 200 accountants. The Likert scale questionnaire was based on the literature and expert opinion on Sri Lankan IFRS adoption issues and challenges. To identify the major issues & challenges faced when adopting the IFRSs in the perceptions of professional accountants and identify the difference in perceptions on IFRS adoption issues and challenges of Accountants based on demographic characteristics Descriptive statistics and independent t – tests have been used. The study's findings particularly demonstrated that the accountants recognized every problem except one as having an impact on their work. A number of demographic factors were also examined, including gender, experience level, highest academic degree earned, professional certifications, and the sector. The study addresses the research gap in understanding the problems with IFRS adoption in Sri Lanka while offering useful insights for policymakers.

Keywords: IFRS Adoption, Professional Accountants, Sri Lanka



Introduction

Earlier, International Financial Reporting Standards (IFRS) were known as the International Accounting Standards (IAS). IAS was published by the International Committee for Accounting Standards (IASC) from 1973-2000 (Zakari 2014). In order to set the global accounting standard, IAS was released, and because of that all businesses could have a better financial understanding and constant accounting method (Zakari 2014). More than a decade ago, the International Accounting Standards Board (IASB) launched significant efforts to globally implement its International Financial Reporting Standards (IFRSs) in 2001. But as described by Sri Lanka Accounting Standards (2019, p.xiii) in Sri Lanka the International Financial Reporting Standards were introduced as Sri Lankan Financial Reporting Standards (SLFRS) in 2012. In order to comply with the global accounting system Sri Lanka also has to adopt the IFRSs. Chartered Accountants of Sri Lanka are responsible for adopting the IFRSs to Sri Lanka and CA Sri Lanka has introduced IFRSs to Sri Lanka as Sri Lankan Financial Reporting Standards (SLFRS) with the essential changes (Sri Lanka Accounting Standards, 2017).

The main objectives of the IASB (2002) are explained in its "Preface to IFRS" and can be divided into two main groups. The first is to create comprehensible, high-quality accounting standards and the second is to ensure that they are accepted and applied globally (Sharma & Joshi 2017). During the current phase of worldwide IFRS adoption, with the majority of countries agreeing to IFRS adoption, the second category of IASB objectives want attention, as recent executions have identified challenges same as those faced by early adoptions a decade ago (Sharma & Joshi 2017).

According to BDO New Zealand (2017) IFRS 9, IFRS 15 and IFRS 16 and adoption is more challenging because those standards require professional judgments of the Accountants. Not only that the introduction of new concepts like "Right to use of assets" and more complicated valuation methods like "Expected Credit Loss method" also have made things worse for the Accountants according to the Daily Mirror (2020).

Available researches in Sri Lanka are more focused on the advantages of adopting IFRSs and not much consideration the issues faced by Accountants. In order to fill that research gap this research contributed and gives remedies for the issues faced by the Accountants when adopting the IFRSs. This study makes a number of contributions to the understanding. First, this study explains execution challenges like training, cost and practical awareness that have not received due to lack of attention or have been overshadowed by other aspects of the implementation of global IFRS. Second, the identification of differences in the perceptions of accountants on the basis of demographic characteristics such as experience, gender, the level of position in the organization and professional qualifications will lead to the identification of the factors causing problems and challenges faced by accountants when adopting IFRS. Third, the study results help to direct the transiting accounting bodies and regulators towards IFRS convergence or adoption with a view of minimizing transitional difficulties. This is also relevant to the IASB's objective of successfully and seamlessly implementing IFRS globally. Finally, this study will contribute significantly to the global IFRS literature by adding experiences from professional accountants in an emerging economy on IFRS adoption issues and challenges.

Problem Justification and Problem Statement

Globally there are many articles about the IFRS adoption issues for Accountants. Those studies have focused on the issues and challenges faced when adopting and how to mitigate those issues by finding remedies for the issues and challenges.

According to Sharma and Joshi (2017), the results express participants' perceptions of IFRS implementation preparedness with respect to access to relevant educational materials, training, and infrastructure for information technology (IT). Respondents have appreciated the efforts and ability of the accounting body, the Institute of Chartered Accountants of India but pinpointed the issues and challenges such as explanations on IFRSs, training expenses, IT infrastructure and staffing issues (Sharma & Sharma, 2017). As Joshi and Sharma (2017) mentioned accounting professionals and consumers have similar viewpoints on the issue of IFRS implementation understanding and preparation challenges.

This study helps to identify the main issues and challenges of adopting the International Financial Reporting Standards (IFRS) in the Sri Lankan context. Earlier articles have identified the main issues as training expenses, interpretation, IT infrastructure and staffing and on the other hand corporate governance, fair value accounting and Environmental concerns.

Studies can be found in Sri Lanka also relating to the issues and challenges faced when adopting the IFRSs, but those studies are not focused on the issues faced by the Accountants. One such study (Madurapperuma, 2019) has identified the following issues challenges and remedies for those issues and challenges. Users of SLFRS are facing many obstacles when the interpreting of IFRSs mainly due to the lack of advanced technical understanding. There are contradictions in the implementation of IFRSs and incoherence in the views of actors on the real benefits of IFRSs. The findings of this study suggest that CA Sri Lanka should consider the level of technical expertise of the diverse profession and simplify the SLFRSs (Madurapperuma, 2019). There are many studies in Sri Lanka that mainly focused on the advantages of adopting IFRSs in Sri Lanka (Najim, 2016) but not the issues and challenges of IFRS adoption.

According to the collected data from research articles and other studies, it can be said that there aren't many studies on the issues and difficulties associated with the implementation of IFRS in the context of professional accountants in Sri Lanka. Particularly, there are lacks of articles about IFRS implementation concerns for professional accountants in the context of Sri Lanka. Since many study articles are focused on the problems and difficulties professional accountants have when adopting IFRSs, as indicated above, Sri Lankan scholars are less interested in these problems and difficulties. Although IFRS adoption concerns and challenges have been discovered in worldwide studies, these issues and challenges vary from nation to country.

As discussed in above this study intended to identify, “what are the issues and challenges faced by the professional accountants when adopting IFRS and identifying how the professional accountants’ perception of IFRS adoption issues and challenges are varied with the geometric characteristics such as gender, experience level, professional qualifications and position level of the organization.”

Research Questions

As above discussed problem statement there are three research questions identified in the study. Those questions are as follows,

1. What are the major issues and challenges faced when adopting the IFRSs in the perceptions of Professional Accountants in an emerging economy?
2. Do accountants have similar perceptions regarding the IFRS implementation issues and challenges in an emerging economy?

Research Objectives

According to the above identified research questions three research objectives can be identified relating to the study. Those three objectives are as follows.

1. To identify the major issues and challenges faced when adopting the IFRSs in the perceptions of professional accountants in an emerging economy.
2. To identify the difference in perceptions of Professional Accountants based on demographic characteristics such as gender, experience level, professional qualifications and position level in an organization in an emerging economy.

Literature Review

IFRSs and Globalization

The main concepts related to the study are IFRSs and globalization. IFRS means a set of accounting principles established by the International Accounting Standards Board (IASB) and which is an independent non-profit organization (Corporate finance institute 2020, 2015). Corporate finance institute (2020, 2015) also has defined the IFRSs as a Set of accounting rules determining how to report transactions and other accounting events in financial statements and they are designed to maintain financial world accountability and transparency which helps investors and business operators to make informed financial decisions. Carmona and Trombetta (2008) have defined the IFRS as a set of globally accepted financial reporting principles which makes accounting discipline and rules for financial reporting. These standards are opposed to the US GAAP. Sri Lanka Accounting Standards, as mentioned in the Sri Lankan Accounting Standards (2019, p.xiii), comprise both SLFRS and LKAS prefixed accounting standards. SLFRS refers to the IFRS-compliant Sri Lankan accounting standards.

Globalization is another major concept related to the study. According to Pawan (2011) India has received a lot of foreign investment as a result of these increasing investment trends in India from abroad demand for fully harmonized corporate financial reporting system with the one used worldwide. As mentioned in globalization 101 Globalization is a process of cooperation and convergence between individuals, corporations, and governments of various nations, a process guided by foreign trade and investment and is facilitated by information technology. This process has implications in communities around the world on the environment, culture, political structures, economic growth and prosperity and on human physical well-being. As per the Mariam-Webster Dictionary Globalization means the evolution of an increasingly integrated global economy, characterized in particular by free trade, the free flow of capital and the taping of cheaper external labour markets. According to Anjum (2006) globalization was started by Britain in the 19th century and Americans spread it around the world.

Legitimacy Theory and Isomorphism

The main theories discussed in the study are legitimacy theory and isomorphism. Suchman (1995, p.574) defines legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Legitimacy theory is related to the study because most

of the countries haven't adopted the IFRSs as it is published by the IASB but with modifications. The reason behind that is IFRS-adopting countries' hesitant to surrender their sovereignty to an IASB like international organization. Therefore, the IASB has established an acknowledged and admired accounting board (comply with input legitimacy) and an internationally recognized due process (comply with throughput legitimacy). This technical competence is in fact a necessary condition for establishing credibility with constituencies for specialized regulatory bodies, but this may not be sufficient to obtain credibility because of the importance of the political aspects (Luca & Kinsey 2018).

Isomorphism means a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions (DiMaggio & Powell 1983, p. 149). According to Hans et al. (2015, p.31), most of the countries in the world tend to adopt the IFRS and the other countries which are not willing to adopt the IFRS are forced to adopt the IFRS. Because most of the countries adopting the IFRS one country couldn't resist adopting the IFRS. Small countries like Sri Lanka, even if they aren't willing to adopt the IFRS have to adopt the IFRS because of the force from the IFRS-adopted countries.

The legitimacy theory and the isomorphism theory explain why the countries are willing to adopt the IFRS over the other standards used in the countries such as GAAPs. The issues and challenges of adopting IFRS adoptions are rising when countries are willing to adopt the IFRS over their existing standards. The factors which force to adoption of IFRS are explained through the legitimacy theory and the isomorphism theory.

Empirical Studies

Major Issues and Challenges Faced When Adopting the IFRS in the Perceptions of Professional Accountants

Developing and implementing the IASB-initiated global accounting standards has received worldwide assistance from many national accounting bodies and international organizations. The literature on the global implementation of IFRS explained the reasons for the adoption of IFRS, the impacts of experience, variety in practice and the challenges of implementation (Barth et al. 2012; Cascino & Gassen 2014; Jeanjean & Stolowy 2008; Jones & Finley 2011; Lang, Maffet & Owens, 2010; Sharma & Joshi 2017). As mentioned above because of globalization and its impacts the IFRSs have been adopted by many countries on all sides of the world but few research articles focused on the specific issues and challenges faced by Accountants when adopting the IFRSs.

When adopting the IFRSs the adopters have to face many obstacles in the practical scenario. As Weaver and Woods (2015) highlighted, while the current literature covers a number of dimensions of global accounting harmonization, implementation issues such as preparation, implementation costs, knowledge and information technology (IT) do need to be addressed. According to Micheal (2013), when adopting IFRSs the conversion requirements such as technical assistance, consultancy and training are expected to be the challenges.

Odia and Ogiedu (2013) identified the requirement of extensive public awareness of IFRSs, taking legal and regulatory support and lack of resources (knowledge, information, trained staff etc.) as the major issues and challenges when adopting the IFRSs. Zeff (2007) has identified challenges for adopting IFRSs as issues of language, issues of terminology and the impact of the politics. Ballas, Skoutela and Tzovasissues (2010) highlighted that issues and challenges arise when adopting a new accounting regulation, such as the execution method, the scope of IFRS, specific issues related to local accounting practices and IFRS, and

enforcement of IFRS compliance. Further, the study mainly focused on the relevance of the IFRS adoption in the emerging market. Ballas, Skoutela and Tzovasissues (2010) used the mixed method in order to collect information on the above topic. The relevant articles, annual reports and reports have been used as secondary data for the research and postal survey has been carried out in order to take primary data from the Finance Managers of the top 100 Greek firms.

Jermakowicz (2004) has mentioned the main issue of adopting IFRSs as the high cost of adopting IFRSs, the complexity of the many standards has leads the adopters to take extra effort to understand the standards and some standards are unable to understand without the expert and advice and lack of adequate education, training also identified as issues in the study. For the first time, IFRS-adopting nations had no past execution experiences from which to draw. The IFRS adoption process was reported by jurisdictions that opted for single-step IFRS adoption as costly, complex and burdensome for EU-listed companies (Jermakowicz, 2004).

Similarly, Weaver and Woods (2015) mentioned perceptions of professional accountants with practice in implementing IFRS, identifying challenges such as training and data collection that gained precedence over specific IFRS implications. Training accountants and widely use of professional judgement for accounting have been observed to be a major issues in adopting IFRS (Heidhues & Patel 2008). Even though the use of fair value depicts the current market conditions estimating the fair value is more complex and a time- consuming task may not cost-effective (the cost to take information is higher than the usefulness of the information gathered through the process) and that can be identified as an issue of adopting IFRSs for Accountants(Heidhues & Patel 2008).

As mentioned by the Singh and Newberry (2008) IASB's attempt to address financial reporting issues and challenges in the major capital markets and language barriers have magnified the issues faced by the developing countries because IASB makes IFRS more and more complex in order to address those issues.

The above only focused on the foreign studies related to IFRSs adoption but this paragraph mainly focused on the local studies that address the same topic. Madurapperuma (2019) mentioned that lack of knowledge and technical expertise about deferred taxation, lease accounting, financial instruments and fair value measurement were the major issues faced in adopting IFRSs in the Sri Lankan context. According to Nijam (2016), IFRS is not yet able to have given to beneficial capital market response towards firms in the insurance, finance and bank sector in Sri Lanka. Though IFRS has caused to increase in the cost of the adopting firms it is accepted that the adoption is cost-effective.

The Difference in Perceptions of Accountants Based on Demographic Characteristics Such as Gender, Experience, Professional Qualifications and Position Level in Organization

Only a few studies on IFRS adoption have tested how the perception of IFRS adoption issues and challenges are varied with the geometric characteristics. But that few studies strongly recommend that this one of the best ways to identify what has affected the IFRS issues and challenges. As mentioned above there are not much studies focused on the factors affecting for the accountant's perception of IFRS adoption issues, but few studies have used this method.

According to Pawan (2011), female accountants have a high percentage of the agreement the existing knowledge is enough to adopt the IFRSs than male accountants, more experienced

accountants have fewer issues but less experienced accountants have more issues regarding the adoption of the IFRSs, Qualified Accountants have fewer issues when comparing to the non-qualified Accountants. Most of the respondents agree that they face issues and challenges when adopting the IFRSs but not when understanding the IFRSs. According to the study, this is a good way to explain and identify the issues and challenges faced when adopting IFRS and the study strongly recommended that the perception of the accountant is the best way to identify the issues and challenges. Not only that the study explained that the responses given by accountants with different geometric characteristics will give a guide to recognize which party in the accounting field has the IFRS issues and challenges.

Joshi and Sharma (2017) have identified that 48.5% of the respondents have agreed that the preparedness of the Institute of Chartered Accountants of India is enough for the adoption of IFRS and 51.5% of the respondents disagreed with the statement. 43% of the respondents were agreed that the training provided by the Institute of Chartered Accountants of India enough to provide the knowledge to adapt to IFRS in India but 57% of the respondents disagreed with the statement and for same statement male respondents were more agreeable than the female respondents. This study by Joshi and Sharma (2017) has identified the perception of bankers and accounting professionals in India. The study tried to mainly identify whether the efforts of the Institute of Chartered Accountants of India are enough for IFRS adoption. In Joshi and Sharma's (2017) study they try to take the responses from respondents with different geometric characteristics like male and female, experience with more than 15 years and less than 15 years and respondents who are qualified and non-qualified. As per the experience of the two researchers this is a good way to identify the IFRS adoption issues and challenges and what has been factored into those issues and challenges.

Not only these demographic characteristics are impacting the perception of professional Accountants but the country's legislation also impacting to the professional Accountants perception of IFRS adoption issues and challenges (Barth et. al. 2012). According to Barth et al. (2012) in America most Accountants are in the perception of that the adoption of IFRS will make more issues because the country US GAAP which are firmly established in the country for years.

As discussed above demographic characteristics such as gender, experience, professional qualifications and position level in the organization are affecting the perception of professional Accountants on IFRS adoption issues and challenges. Many studies have shown that these demographic characteristics are not the only factors affecting to the perception of professional Accountants.

The Actions Taken to Mitigate the Above Identified Issues and Challenges.

Odia and Ogiedu (2013) explained the remedies for the issues identified in the study and they explained how to mitigate the issues and challenges faced when adopting the IFRSs. Those suggestions are well-planned implementation of IFRSs, training the staff by giving required knowledge, enhancing the communication system in order to mitigate the information gap, having consultative groups to respond to the issues and challenges of adopting IFRSs and they strongly suggest developing an independent oversight body to monitor IFRS adoption compliance and take actions for the non-compliance.

According to Pawan (2011), female accountants have more knowledge when adopting IFRS and male accountants have a high amount of issues and challenges. More experienced accountants have fewer issues, but less experienced accountants have more issues regarding the adoption of the IFRSs, Qualified Accountants have fewer issues when compared to non-

qualified Accountants. Pawan (2017) explained that the IFRS-adopting institutes and regulatory bodies should consider these geometric characteristics when preparing awareness programs and training programs.

As mentioned by Joshi and Sharma (2017) Institute of Chartered Accountants of India should take more action to familiarize the IFRS with the Indian accounts and for that, the study strongly recommends training programs and online lecturing programs like technology-related innovative ways.

According to above mentioned studies the researchers have tried to give remedies for the IFRS adoption issues and challenges. Commonly, developing an independent oversight body to monitor IFRS adoption compliance and take actions for the non-compliance, training staff in order to familiarise with the new standards and preparing awareness programs have been identified as recommendations of the past researchers for the IFRS adoption issues and challenges.

There is a dearth of studies in global studies identifying the remedies for the issues and challenges faced when adopting IFRSs. In the Sri Lankan context, there is a dearth of studies on identifying the issues and challenges of adopting IFRS and also the solutions for those issues and challenges. In Sri Lankan context there is no any study which is focused on identifying the geometric characteristics that are affecting the IFRS adoption issues and challenges. Therefore, this gap can be identified as opportunity for further empirical studies. This study also tries to fill the gap to some extent.

According to Ballas, Skoutela and Tzovasissues (2010) there is a dearth of studies on IFRS adoption issues and challenges for financial information providers. Further, the above-mentioned study has pointed out that the financial information users opinion on IFRS adoption also should be considered but few research studies have been focused on the opinion of the financial information users on IFRS adoption.

Research Methodology

From this section, methodology of the study is explained the and described by eight different subtopics as research approach, Population and Study Sample, Hypothesis, Operationalization, Sample Size and Selection of Sample, Sources and Collection of Data and Data Analysis Strategies.

Hypotheses

H1: Perception of accountant's on IFRS adoption problems with technical and professional staffing issues will be changed with the gender.

H2: Perception of accountant's on adoption of IFRS is costly, complex and burdensome will be changed with the gender.

H3: Perception of accountant's on cost of staff training, the provision of consulting services, the adjustment of information systems and computer software alteration are the concern areas will be changed with the gender.

H4: Perception of accountant's on implementation process is facing problems of interpretation, language and terminology regarding IFRS will be changed with the gender.

H5: Perception of accountant's on IFRS adoption will be caused to practical implementation issues will be changed with the gender.

Conceptual Framework

Strong foundation for fulfilling the study's goals is provided by the conceptual framework. It details the factors that were employed in this investigation. To accomplish the main goal of the study, the authors used independent and dependent variables.

The conceptual framework listed below has been constructed in light of the literature review and study objectives.

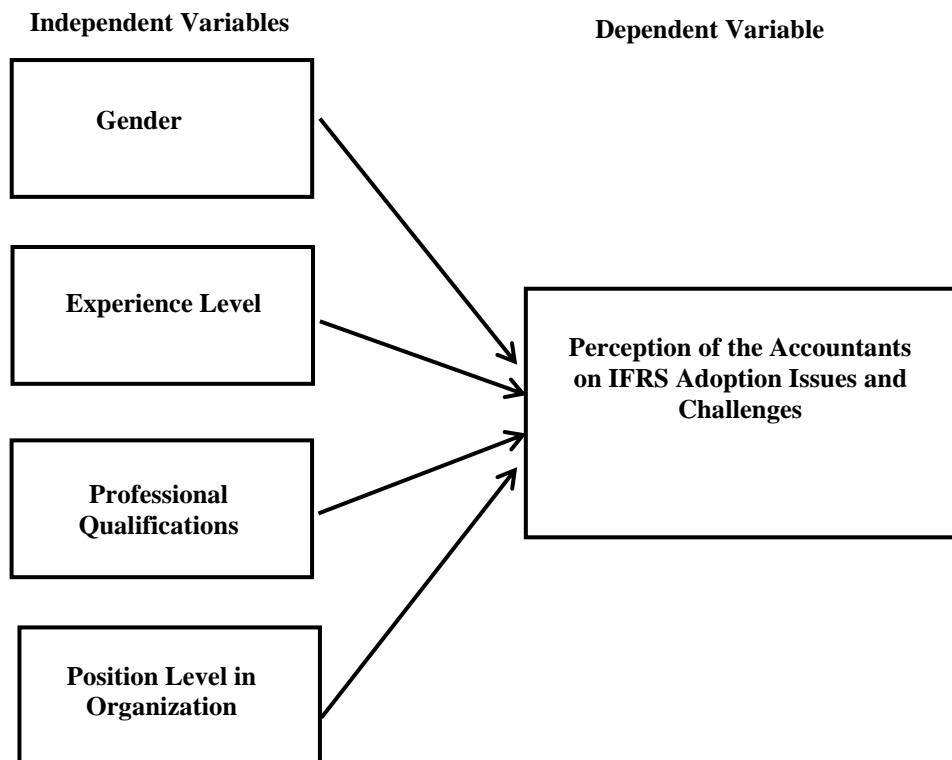


Figure I: Conceptual Framework (Source: Developed by the researchers, 2022)

Operationalization

Determining how to quantify the concept employed in this research study is essential when operationalizing variables. It is just the process of identifying the foundation upon which the variables for this study are measured. Consequently, the following dimensions and measurements have been taken in this study in order to analyse the variables.

Table I: Operationalization of Variables

Variable	Working Definition	Measurement
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Perception of Accountants' on IFRS adoption issues and challenges.	IFRS accounting principles is to promote more consistency, credibility, and relevance of accounting information and the globalization of economies. (Uzma, 2016)	Measurement of perception of respondents (according to Likert Scale responses) using the questionnaire
Gender	Gender of the respondent accountants	Male and Female
Experience Level	The experience level of the Professional Accountants	More than 4 years' experience and less than 4 years' experience
Professional qualification	Whether the Accountant has completed examinations of Chartered Accountancy of Sri Lanka	Qualified Professional Accountants (Chartered Accountancy of Sri Lanka) and non-qualified Professional Accountants
Position level	What is position level of the professional Accountant	Middle level and upper level

Source: Developed by the researchers, 2022

Population and Sampling

The population is all the Accountants in Sri Lanka. The sample has been selected from the population. There are no numerical statistics on how many accountants are employed in Sri Lanka. Here considered more than one year of experienced employees in the accounting field as accountants.

As mentioned above in the population and study sample section there are no numerical statistics on how many accountants are employed in Sri Lanka. Therefore, convenience (opportunity) sampling technique was used to identify the sample for the study. Sample size was 200 Accountants in SBEs in Sri Lanka.

Sources and Collection of Data

Data has been collected through questionnaire survey and it was sent to the selected sample through post and emails. The questionnaire was based on the literatures on Sri Lankan IFRS adoption issues and challenges.

Research Approach– Quantitative Approach

The literature offers evidence that a questionnaire survey methodology is the most appropriate in explanatory and descriptive research on IFRS and other topics to classify participants' views of different aspects of change in organizational practice and environments (Sharma & Joshi 2017; Jermakowicz 2004). When consider the objectives of the proposal the first objective is to Identify the major issues and challenges faced when adopting the IFRSs in the perceptions of professional accountants. In order to identify the perception, the questionnaire survey is the best way because it gives a clear picture of the perception of the Accountants. Not only that

the questionnaire will narrow the answer scope and that will ease the analyzation of the perception of the Accountants using the data analytic tools. In order to measure the level of perception the Likert Scale responses will be used and which is included 5 levels of responses. Those levels are Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. The available studies focus more on the perception of financial statements users on issues and challenges related to IFRS adoption but rarely focused on the perception of accountant's on IFRS adoption issues and challenges (Sharma & Joshi 2017; Jermakowicz 2004). Therefore, identification perception of the Accountants on IFRS adoption issues and challenges using questionnaire will be most suitable method to achieve the first objective of the proposal.

The second objective of the proposal is Identify the difference in perceptions on IFRS adoption issues and challenges of Accountants based on demographic characteristics such as gender, experience, professional qualifications and position level in organization. When consider the literature the most suitable method to identify the demographic characteristics is questionnaire survey method. These demographic characteristics can be easily identified from few simple questions and because of that the questionnaire survey is the best method to achieve the second objective of the proposal.

Data Analysis Strategies

The data collected through the survey questionnaire was analyzed via version 20 of IBM SPSS. Descriptive findings similar to Sharma and Joshi (2017), Innes (1990) and Thorne, Mahoney and Manetti (2014) have been used to answer the first two research questions.

1. To identify the major issues and challenges faced when adopting the IFRSs in the perceptions of professional accountants – Descriptive statistics and independent t-tests.

The central trend under Descriptive statistics was used to describe the Accountants' mean, median and style understanding of issues and challenges regarding IFRS adoption. To compare the Accountants' mean responses independent t-tests have been carried out. Two-sample t-statistics and p-values were used to test the statistical significance of sample mean difference.

2. To identify the difference in perceptions on IFRS adoption issues and challenges of Accountants based on demographic characteristics such as gender, experience, professional qualifications and position level in organization – Descriptive statistics and independent t – tests.

The demographic characteristics of gender, experience, professional qualifications and position level in organization was considered in the study and there are two outcomes in every demographic characteristic. Gender was divided as male and female, experience as less than two years and more than two years, professional qualification as qualified in Chartered Accountants in Sri Lanka (CASL) and not qualified in CASL and position level in organization as upper and middle. This was analyzed mainly using descriptive statistics.

Data Presentation and Analysis

Descriptive Statistics

The first objective of the study is to identify what are the issues and challenges faced when adopting IFRSs. In order to identify the issues and challenges professional accountants in Sri Lanka used the one sample t-test and the test results are shown in the below table. As the Likert

scale is used in the questionnaire to collect the data from the participants the best method to elaborate the gathered data is from the using one sample t -test.

Table II: IFRS adoption issues and challenges

Issues and Challenges	Indicated as 'Not Applicable'	N	Mean ^a	SD
1. Technical and professional staffing issues when adopting IFRSs.	6	203	3.55**	1.286
2. Adopting IFRS is complex and burdensome.	4	203	3.44**	1.044
3. Cost of staff training, the provision of consulting services, the adjustment of information systems and computer software alteration when adopting IFRSs.		203	3.53**	1.031
4. IFRSs implementation process is facing problems of interpretation, language and terminology.	14	203	3.03	1.313
5. IFRSs adoption has caused to practical implementation issues.		203	3.39**	1.016
6. Frequent change of IFRSs.		203	3.25**	1.014
7. Practical implementation issues for IFRSs for small and medium level organizations.	5	203	3.45**	1.049

^aBased on the one sample t-test performed, the significance of the difference between the test value of 3 and the mean values are also indicated, where **p<.01 and *p<.05.

Source: Developed by the researchers, 2022

Based on the results of the one-sample t-test analysis, it can be concluded from the study's results that professional accountants in Sri Lanka consider the majority of the concerns and challenges to be important when adopting IFRSs. The results for each issue are as follows: Technical and professional staffing issues: The mean value of 3.55, which is much higher than the mean value of 3, indicates that this problem is a significant challenge. Complexity and burden of adopting IFRS: The implementation of IFRSs is seen as difficult and burdensome by professional accountants, according to a mean value of 3.44, which is much higher than the test value of 3. Cost of staff training, consulting services, and system adjustments: With a mean value of 3.53, which is much higher than the test value of 3, it is acknowledged that the cost-related difficulties of adopting IFRSs are significant. Interpretation, language, and terminology issues: Although the participants acknowledge this obstacle, they do not believe it to be important given that the mean value of 3.03 does not differ significantly from the test value of 3. Practical implementation issues caused by IFRS adoption: With a mean value of 3.39, much higher than the test value of 3, this problem is seen as an important barrier.

Frequency of IFRS changes: The frequency of IFRS changes is recognized as a significant problem, with a mean value of 3.25, which is notably different from the test value of 3. Issues with small- and medium-sized businesses' practical implementation with a mean value of 3.45, significantly different from the test value of 3, this issue is deemed significant.

Demographic characteristics

The second objective of the study is identifying difference in perceptions of accountants based on demographic characteristics such as gender, experience level, professional qualifications, highest level of academic qualification, size of the organization, position level in organization and the sector which the professional accountant is employed.

Table III: Demographic characteristics

Demographics	Categories	N	%
Gender	Male	100	50.7
	Female	103	49
	Total	203	100.0
Age	19 - 23 years	59	29
	24 - 29 years	136	29
	30 - 39 years	4	2
	40 - 49 years	4	2
	50 - 59 years	0	0
	60 and above	0	0
	Total	203	100.0
Experience as an Accounting Professional	0 – 2 Years	145	71.4
	11 – 15 Years	50	24.6
	3 – 5 Years	4	2
	6 – 10 Years	4	2
	More than 16 Years	0	0
	Total	203	100.0
Highest level of academic qualification	G.C.E. Ordinary Level	0	0
	G.C.E. Advanced Level	26	12.8
	Certificate	4	2
	Diploma	8	3.9
	Bachelor's Degree	160	78.8
	Post Graduate Diploma	5	2.5

	Master's Degree		0	0
	PhD		0	0
	Total		203	100.0
	Lower level Management		139	68.5
Position level in the organization	Middle Level Management		64	21.5
	Upper Level Management		0	0
	Total		203	100.0
	Financial		115	0.0
	Energy		4	1.4
	Health Care		4	1.4
	Industrial		10	3.5
Sector	Information Technology		16	5.6
	Telecommunication Services		50	17.4
	Real State		7	44.3
	Wholesale or retail (Consumer Goods)		42	25.8
	Total		203	100.0
	Qualified	ICASL	14	4.9
		CIMA	0	0
		ACCA	4	1.4
		AAT	2	0.7
Professional qualification		Other	2	0.7
	Partly Qualified	ICASL	52	18.1
		CIMA	12	4.2
		ACCA	2	0.7
		AAT	2	0.7
		Other	8	2.8

	ICASL	211	73.5
Total	CIMA	42	14.6
	ACCA	38	13.2
	AAT	88	30.7
	Other	12	4.2
Small (Employees 0 – 50)		103	35.9
Medium (Employees 51 – 300)		148	51.6
Size of the company			
Large (Employees 301 and above)		36	12.5
Total		287	100.0

Source: Developed by the researchers, 2022

When consider the male and female participants to the study there are 100 female participants and there are 103 male participants. As depicts on the above table the majority of the respondents represents the male gender group, but the difference is only three people. Female participants represent 49.3% of the total participants and 50.7% represents male participants. As described in the methodology section in the study we select the sample randomly therefore the male and female percentages are selected randomly from the population.

Sample has been categorized to 5 age groups such as 19 - 23 years, 24 - 29 years, 30 - 39 years, 40 – 49 years, 50 - 59 years and 60 or above which represent 29%, 67%, 2%, 2% and 0% respectively. Majority of the participants were from the 24-29 years age group and that age group represents the youth accountants who are mainly engage in the IFRS implementation process in the companies. 19 – 23 years age group represents 29% those professional accountants who are newly joined to the profession. Even though they don't have experience in first-time adoption of IFRSs in 2012 they have faced to newly adopted IFRS 16, IFRS 09 and IFRS 15 adoption process.

When considering the highest professional qualification of the participants 81.3% participants have at least a bachelor's degree or above professional qualification. As most participants of the sample are highly educated, we could rely on their answers because even to identify the issues and challenges in the adoption of IFRS there should be some sort of knowledge in IFRSs. In the questionnaire that is clearly mentioned if the academic qualifications are higher than the GCE A/L then those qualification should be accounting and finance-related academic qualification.

The experience level of the participants is measured through five subcategories based on the years of experience. Most of the participants are in the 0 – 2-year experience level and that is 42% from the total sample. Second most participants are from the 3 - 5 year experience and that is 33% from the total sample. Experience level is a highly impacting factor for the knowledge on IFRSs when the participants don't have much academic and professional qualification in accounting and finance field. When considering the practical implementation issues the higher the experience level, they have the more experience on such issues. Due to

the recent implementation of IFRS 09, IFRS 15 and IFRS 16 even for 0 – 2 experience category participants also have an experience on IFRS implementation issues in their organizations.

In the study used the sector classification in order to identify the how perception of various professional accountants in the different sectors are varied relating IFRS adoption issues and challenges. Identified responders from 8 sub sectors and most of the responders were from finance sector and that is 48% from the total population. Finance sector represents mainly Banks, Finance companies and primary dealers of the country which sector is mainly affected from the implementation of the recent IFRS 09. As Second most responders are from the industrial sector which is 33% from the total population. Therefore, in order to identify the specific sector related issues and challenges it was useful to take responders from various sectors.

In order to identify how the professional level achievements impacting to the perception of IFRS adoption issues and challenges in the study total responders were categorized into 8 subsections as qualified or part qualified in either CASL, CIMA, ACCA or AAT. Responders feel free to mention any other accounting related professional course which they are engaged in.

How the firm size affecting to the perception on IFRS adoption issues and challenges were analysed by categorizing the responders in to three main groups as per the demographic factor firm size. As per the analysis done on the participants firm size most of the participants are from the large scale organizations and that is 55% from the total participants of the study. The perception of the participants according to scale can be changed because there can be different accounting cultures in the organizations according to the scale of the organization.

Summary, Conclusions, and Implications

Summary

The purpose of this study was to fill the research gap in identifying the IFRS adoption issues and challenges in the perception of Sri Lankan professional accountants. Especially, this study were examined the issues and challenges and remedies to overcome those in adaption of IFRS in Sri Lanka. The authors have derived five hypotheses to achieve the objectives of the study. The research study was explanatory type research and quantitative research approach was used for this study. The population of the study was all the Accountants in Sri Lanka and out of this population; the study was based on 200 accountants as the sample of the study. To achieve the objectives of the study data were collected from accountants by using the questionnaire. Version 20 of IBM SPSS was used to analyze the data. The study mainly performed descriptive statistics, and independent t – tests to test the hypothesis of the study.

Implications of the Study

Practical Implication

Practical Implication of the article is that the findings of this article can be used for policy makers to identify the issues faced by the Accountants when adopting the IFRSs and identify remedies to those issues and challenges by using the guidance of the article. There are many articles on this topic in the international context but in Sri Lankan context we couldn't find many studies on this topic.

Empirical Implication

Empirical significance of the article is that there is lack of studies in the Sri Lankan context about the issues and challenges faced by the Accountants when adopting IFRSs and this article can be used to fill that gap.

Methodological Implication

The methodological Implication of the article is that most of the studies had used Qualitative methodologies to identify the issues and challenges and this article is used quantitative methodologies to identify the issues and challenges faced by the Accountants when adopting the IFRSs.

Limitation of the Study

Readers should consider two key limitations when interpreting the results of our study. Our study, although is significant, is nation-specific, which restricts the applicability of our conclusions. On the other hand, it suggests that future studies could compare our findings to how professional accountants are seen in other emerging and developed nations. We also acknowledge the broader survey design problems. The language of these ordinal scales and other concerns related to survey design, particularly with regard to 5-point Likert scales, can get tedious after a while.

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Appendices 01

Questionnaire

Part 1 – Demographic Characteristics

Please indicate your answer by placing a tick “√”

1. Please indicate your gender MaleFemale

2. Which of the following age groups do you belong to?

19 - 23 years 24 - 29 years 30 - 39 years 40 - 49 years 50 and above

3. Experience as an Accounting Professional

4. Professional qualifications of the participant

Professional Qualification	Qualified	Partly Qualified
CASL		
ACCA		
CIMA		
AAT		
Other (Please specify)		

5. What is your position level in the organization?

Professional Qualification

☐

Qualified

☐

Partly Qualified

6. What is your industry sector of the current employment?

Financial	<input type="checkbox"/>	Wholesale or retail (Consumer Goods)	<input type="checkbox"/>
		Other	<input type="checkbox"/>
Energy	<input type="checkbox"/>		
Health Care	<input type="checkbox"/>		
Industrial	<input type="checkbox"/>		
Information Technology	<input type="checkbox"/>		
Telecommunication Services	<input type="checkbox"/>		
Real State	<input type="checkbox"/>		

Part 2 - Issues and Challenges when adopting IFRSs.

7. To what extent do you think that the following IFRS adoption issues and challenges have affected to the companies when adopting IFRSs.

	N/A	Strongly Not	Not Affecting	Moderate	Affecting	Strongly Affecting
Technical and professional staffing issues when adopting IFRSs.						
Adopting IFRS is complex and burdensome.						
Cost of staff training, the provision of consulting services, the adjustment of information systems and computer software alteration when adopting IFRSs.						
IFRSs implementation process is facing problems of interpretation, language and terminology.						
IFRSs adoption has caused to practical implementation issues.						

8. What are the issues and challenges you have identified when adopting IFRSs (If any)?

Part 3 - Remedies for the IFRS adoption issues and challenges

9. To what extent do you think that following remedies for the IFRS adoption issues and challenges will be effective to rectify the above identified issues and challenges?

	N/A	Highly Not Effective	Not Effective	Moderate	Effective	Highly Affecting
Giving sufficient training to Accounting Professionals on new IFRSs in company level.						
Giving sufficient training to Accounting Professionals on new IFRSs by the Accounting regulation bodies.						
Hire knowledgeable people who have enough knowledge on new IFRSs.						
Developing an independent oversight body to monitor IFRS adoption compliance.						
Identify practical implementation issues in the IFRS adoption process from the early adopters.						
Giving clear guidance for adopting IFRSs by the Accounting regulation bodies.						