Post-Adoption Implementation of IFRS Benefits in Ethiopia; Evidence from the Banking Sector

A Thesis Submitted to MBA Coordination Office, College of Business and Economics, Addis Ababa University

In Partial Fulfillment of the Requirements for the Degree of Master of Business Administration in Finance

By:

FITSUM TILAHUN

GSE/1542/2008

JUNE, 2021

ADDIS ABABA, ETHIOPIA

DECLARATION

I hereby declare that MBA. Thesis entitled, "**Post-Adoption Implementation of IFRS Benefits in Ethiopia; Evidence from the Banking Sector"** is my original work and has not been presented for a Degree/Diploma in any other university, and all sources of material used for this thesis have been duly acknowledged.

Name: **Fitsum Tilahun Gute**

Signature: _____________

SCHOOL OF GRADUATE STUDIES

ADDIS ABABA UNIVERSITY

ADVISOR APPROVAL SHEET

This is to certify that the thesis entitled, "**Post-Adoption Implementation of IFRS Benefits in Ethiopia; Evidence from the Banking Sector"** submitted in partial fulfillment of the requirements for the Degree of Master of business Administration in Finance has been carried out by **Fitsum Tilahun**, ID No: GSE/1542/2008 under my supervision. Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

……………………	…………………….	…………………..
Name of Advisor	Signature	Date

SCHOOL OF GRADUATE STUDIES

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

GRADUATE PROGRAM

EXAMINERS APPROVAL SHEET

We, the undersigned, members of the Board of Examiners of the final open defense by **Fitsum Tilahun Gute** have read and evaluated his thesis entitled "**Post-Adoption Implementation of IFRS Benefits in Ethiopia; Evidence from the Banking Sector"**, and examined the candidate. This is therefore to certify that the thesis has been accepted in partial fulfillment of the requirement of Degree of Master of Business Administration in Finance.

Approved by the Board of Examiners:

-------------------	----------------------	---------------------
Internal Examiner (Name)	**Signature**	**Date**
----------------------	------------------------	---------------------
External Examiner (Name)	**Signature**	**Date**

ACKNOWLEDGEMENT

First and foremost, I would like to thank God Almighty for giving me the strength and ability to undertake and accomplish this study.

Next, I would like to express my sincere gratitude to my advisor Dr. Abebe Yitayew for his invaluable guidance and encouragement throughout my work.

My special thanks go to Dr. shimelis Tilahun for his effort rendered towards the successful accomplishment of this study.

This would not have been successful without my family support and guidance throughout my carrier; especially my mother Etifework Assefa and my father Tilahun Gute. I thank you a lot.

Fitsum Tilahun

Contents

Acronyms

AABE - Accounting and Auditing Board of Ethiopia

AISG - Accountants international study committee

AMOS - Analysis of Moment Structure

CLRM - Classical Linear Regression Model

FASB - Financial Accounting Standard Board

FDRE - Federal Democratic Republic of Ethiopia

GAAP - Generally Accepted Accounting Principle

IAASB - The International Auditing & Assurance Standard Board

IAS - International Accounting Standard

IASB - International Accounting Standard Board

IASC - International Accounting Standard Committee

ICAEW - Institute of Chartered Accountants in Wales & England

IFAC - International Federation of Accountants Committee

IFRS - International Financial Reporting Standard

NBE - National Bank of Ethiopia

SEM - Structural Equation Modeling

SME - Small & Medium Enterprise

SPSS - Statistical Package for Social Science

VIF - Variance Inflating factor

List of Figures

List of Tables

ABSTRACT

Different nations & companies implement IFRS standard in expectation to a number of benefits. So the aim of this study is to examine the post implementation benefit of IFRS in Ethiopia. Notwithstanding to proponents of IFRS there is a profound argument from scholars that benefit of IFRS gained not only by moving to a single set of accounting standard but also relied (directly attributed to) on supporting institutions; which constitutes for the effectiveness of IFRS implementation in each nation. Therefore the researcher assesses the benefit materialized, the effectiveness of IFRS implementation and finally measuring the extent to which the benefit materialized followed the effective IFRS implementation. To achieve this objective, both primary and secondary data were collected from IFRS implementation team members of 18 commercial banks. Sampling method purposive based on their role and involvement in the implementation process. Primary data were collected based on 5 point Likert scale structure questionnaires and interview questionnaires; whereas secondary data based were collected through documentary evidence. The Likert data smoothed by triangular fuzzy number before further analysis began using SPSS. The questionnaire data were analyzed using descriptive statistics, correlations, multiple linear regression analysis and structural equation modeling. Data from interview and document reviews were interpreted qualitatively. The statistical result show that reliable and comparable financial report produced, the benefit outweighed the cost of implementation of IFRS, reduced uncertainty and information asymmetry in the financial reports provided. The findings of the study also show that with the exception of culture the other variables educational level and professionalism, economic growth, legal protection and monitoring & enforcement positively and significantly influenced effective IFRS implementation. Finally, the study confirmed that the benefit of IFRS acquired followed effective IFRS implementation. From the finding of the qualitative data, international consulting firm played a major role for the effective implementation of IFRS; so this finding is in a conscience with AMOS result why it rejected educational level as an explanatory variable for effective IFRS implementation.

Keywords: IFRS, Implementation benefit, effective IFRS implementation, commercial Banks, Ethiopia.

Chapter One

1. Introduction

1.1 Background of the study

According to Costa Lourenço & De Almeida Delgado Castelo Branco (2015), considering the EU and Australia adopted mandatory IFRS in the year 2005 makes the year an important landmark in the history of IFRS adoption. Also in the history of IFRS adoption process, year 2010 taken as the second important milestone, since in this particular year Brazil adopted IFRS a Nation with a massive importance in the world economy. Afterwards in consecutive years in 2011, Canada; in 2012, Mexico and Russia has adopted IFRS mandatorily.

In the historical adoption process of IFRS and gaining its benefits, developing countries has also tried to adopt with passion because of the increasing growth in international trade and investment. Behind the exited initiative of adopting IFRS, developing counties has challenged with interpretation of the financial statements**.** As the study of Owolabi & Iyoha, (2012) preparation and interpretation of financial statement has remained hard to comprehend in most publicly traded companies. Thus, their accounting system and financial statements limited to local standard sets which cannot fit and compete in world wide decision making process.

The study of Hache, (2019) stated that Ethiopia made the adoption process by the proclamation No. 847/2014 Article 5(1) in December 2014 which states that Ethiopia has adopted the International financial reporting standard for both full-IFRS or IFRS for SME for the very reason of preparing financial statements**.** Prior to this proclamation there was no exclusive responsible body for the regulation accounting and auditing professions and financial reporting practices in Ethiopia. The endorsement of this proclamation in the history of Ethiopia is the new development in the accounting, auditing, and financial reporting. The established proclamation also set to develop a sound, accessible, and easy-to-understand financial reporting system that can be used by both companies and public agencies. The proclamation also let the establishment of AABE which considered as a legal body accountable to the Ministry of Finance and Economic Development (Art.3/2/ of Regulation 332/2014). The board set the following goals, according to Article 5 of the 332/2014: (1) Supporting bodies that report financial and related information better; (2) promoting auditors and accountants to adhere to the highest ethical standards; (3) promoting the accounting and auditing business area's excellence; (4) ensuring that the accounting profession is used for the benefit of the public and (5) Protect accountants' and auditors' professional integrity.

Regarding the achievement of benefits of implementing IFRS plenty of researches has done with diverse objectives since IASB has launched. The primary benefit of implementing IFRS has claimed on the actual investigation of empirical studies showed that countries adopted & implemented IFRS has developed international accounting standards of high excellence that are simple to understand and improve financial reporting transparency (Oladeji & Agbesanya, 2019). Moreover as stated by the gurus of IFRS (Barth et al., 2006; Lang et al., 2003; Puspa, 2013; Uwuigbe et al., 2016) the implementation of IFRS has benefits of comparability, reliability, relevance, and consistency of information has known benefits of on the process of disclosing a financial statement with IFRS.

The argument is based on the idea that using a common set of accounting standards enhances the quality of financial reporting to a large extent. Consequently, a useful financial report characterized by describing the financial value of an entity to be relevant, reliable, comparable, easy to understand, and rightness, and simplifies accounting numbers interpretation. On the other side, poor financial reporting practice is the end result of lack of transparency and accountability, distortion in financial reporting; inconsistencies this in turn caused by a failure on the part of firms to fully implement IFRS requirements. Thus, across different countries where subsidiaries resides IFRS implementation made it ease of using one consistent reporting standard to build up companies whereas investors will develop, amongst others, raising confidence in the financial reporting which help them to understand and use (Owolabi & Iyoha, 2012).

Yet other researchers argue that not only having a shared rule or common business language can deliver the desired benefits of IFRS; however, management incentives, and institutional factors can play a major role in defining the characteristics of financial reporting (Costa Lourenço & De Almeida Delgado Castelo Branco, 2015). Thus, according to the mentioned authors, only moving to a single set of accounting standards has not enough to produce the required outputs. Therefore, the benefits of IFRS relied on the strengths of supporting institutions, rigorous enforcement, education and training, and professional competence.

Empirical studies show that Amanamah, (2017) revealed that the benefits of implementing the IFRS outweigh the cost in contrary to the view of other researchers, provided important points from the Ghanaian accounting professionals and managers on the benefit and challenges of IFRS after ten years of its implementation. Also, the study recommended that further study need to be conducted to measure benefit after implementation across nations.

Different studies had been done before mandatory IFRS adoption implementation begins in Ethiopia on banking sector, among many research Tesfu, (2012) in his research, concluded that the implementation of the international Financial Reporting Standards (IFRS) in Ethiopia would help a wide range of stakeholders. Companies would reap the benefits of accurate and reliable financial reporting. Since identical economic transactions are accounted for in the same way by removing different ways of accounting for the same transactions, IFRS improves financial statement comparability and reliability.

Many studies in Ethiopia after the mandatory adoption implementation of IFRS focus on adoption & implementation effect and key challenges. Though a few studies in respect to benefit of IFRS Ababa, (2017) concluded that the impact of the International Financial Reporting Standards on financial reporting quality has a significant relationship with the transparency, accountability, and economic efficiency.

Therefore this study can fill the gap where the benefits of implementing IFRS after mandatory IFRS implementation researched rare; so needs to confirm the rarely studied results with different methodologies. Second if this study proved that IFRS benefit has been acquired by the industry that should be investigated whether the benefit acquired was as a result of effective IFRS implementation or any other parallel improvement; by identifying the relationship of effective IFRS implementation with IFRS benefit acquired.

1.2 Statement of the problem

A common set of financial reporting requirements that apply to and are enforced by European countries as well as many other countries let the application of IFRS declared by the International Accounting Standards Board (IASB) (Odia & Ogiedu, 2013). According to Odia & Ogiedu, (2013) International Financial Reporting Standard (IFRS) used as their center for financial reporting by many developed and developing countries in the past few years. High quality, transparent, and comparable information in financial statements are required by companies to report by developing a single set of accounting standards is one of the main goals of ISAB's (Paglietti, 2009).

Furthermore, according to proponents of IFRS (Costa Lourenço & De Almeida Delgado Castelo Branco, 2015; Daske & Gebhardt, 2006; Dunne et al., 2008; UNCTAD, 2008; Zeghal & Mhedhbi, 2006) argued that using a common set of financial reporting requirement improves transparency, credibility, comparability, and positive capital market effects, reduces cost of capital, corporate investment efficiencies and global capital flows.

Thus, in the process of implementing IFRS policymakers (management) could generate improved access to worldwide capital markets and higher financial disclosure for national governing bodies. Moreover, users can make better economic decisions with the help of a collection of high-quality accounting standards that provide accessible, comparable, and easy to understand financial reports (Chebaane & Othman, 2013; YURT & ERGUN, 2015)

(Seyoum, 2018; Tesfu, 2012; The Institute of Chartered Accountants in England and Wales (ICAEW), 2015), Ethiopia has been no exclusion to the impact of economic globalization which has now taken the initiative to develop and adopt the International Financial Reporting Standards in order to hold the benefits of having uniform International standards of financial reporting.

According to Utility, (2013) by Proclamation number 847/2014 Ethiopia officially adopted IFRS as a system for its corporate reporting lately. Consequently IFRS implementation road map and announcing of the starting dates of different groups of reporting organizations deliberated by the Accounting and Auditing Board of Ethiopia (AABE). According to the roadmap, In July 2016, the move to IFRS should have begun, and they should plan to close their books on June 30, 2018 for government development organizations and public interest entities including Banks.

Notwithstanding to ISAB'S & proponents of IFRS, other scholars dispute that not only moving into a common set of language can bring the desired benefit of IFRS but also countries legal and institutional basis. (Soderstrom & Sun, 2016) researches indicate that the investigation of IFRS benefits has limited with the country's general institutional basis, which includes its legal and governmental system. Moreover studies made by (Hail & Leuz, 2009; Submitted et al., 2018; UNCTAD, 2008) stated that facts prove benefits of implementation IFRS depend on the strengths of supporting institutions, rigorous enforcement, education and training, and professional competences and integrity but not moving to a single set of accounting standards is enough to produce the required outputs.

In addition Horton et al., (2010) argued that quality and comparability of information not influenced by the same standards by different countries but by the difference of implementation and interpretation of the standard. In line with the above finding the study of The Institute of Chartered Accountants in England & Wales, (2015) reveals that since differences in institutions and incentives, IFRS implementation benefits were unevenly distributed among different firms and different nations or there may have been either insignificant benefits or even negative effects rather than benefiting firms or countries.

On the other hand, researchers have also found that a country's legal and political system and financial reporting incentives (i.e., financial market development, capital structure, and ownership structure and tax system) has affected effective IFRS implementation. Moreover, the benefits acquired from implementing IFRS have also contextual difference with countries and operating environment of business entities. Hence the study of Stainbank and Zeghal (2014; 2006) showed that effective IFRS implementation is influenced by culture, economic growth, educational level, external economic openness, and capital market.

Therefore the researcher convinced to study benefit of IFRS not only from the perspective of the requirements that IFRS benefit has been defined or from the variables (reliability, comparability, consistency and so on but also needs to investigate country's legal & supporting institutions to proof whether the benefits identified comes from effective IFRS implementation or any other improvement.

Antwi, (2010) conducted a study titled "Adoption of International Financial Reporting Standards in Developing Countries: The Case of Ghana" the benefits and drawbacks of the adoption of IFRS in Ghana. External environmental influence, economic growth, and stock market strongly influenced the implementation of IFRS in Ghana, while the legal system had a moderate impact on the implementation of IFRS in Ghana, and inadequate previous norms had no impact on the implementation of IFRS in Ghana, according to the research report.

According to the study of Hache (2019) the benefits of IFRS implementation is not as expected in the financial institutions of Ethiopia due to the reasons of a lack of expertise to technically implement the standard, data asymmetry, compatible technologies that can set in accounting information with the requirements of IFRS, and a lack of competent training with the capacity to deliver beyond the principle of IFRS. On contrary Ababa, (2017) concluded that the impact of the International Financial Reporting Standards on financial reporting quality has a significant relationship with the transparency, accountability, and economic efficiency. Two years after mandatory IFRS implementation go on board in Ethiopia a study made by Seyoum, (2018) concluded that there is strong, significant and positive association between the contributing factors and implementation of IFRS with the highest correlation between government policy and the least correlation between educational level and implementation of IFRS by commercial banks in Ethiopia respectively. And also in his remark IFRS had helped to preserve belief in commercial banks and other financial markets by providing increased transparency and comparability in Ethiopia. But he is not conclusive enough on the result by saying "Determining how much of the gains discovered as a result of mandatory IFRS implementation can be attributed specifically to the improvement in financial reporting requirements or to any parallel improvements in other organizations would often be difficult".

Now this study focus on whether the very reason of implementing IFRS attained or not investigated. In this regard rare empirical literatures found. The study also focused on investigating effective IFRS implementation in relation to culture, economic growth, educational level, external economic openness, and capital market. Furthermore, if the study shows that there is IFRS benefit acquired in the industry that should be investigated whether the benefit of IFRS directly attributed to effective IFRS implementation.

1.3 General Objective

The main objective of this study is to investigate the post benefits IFRS implementation in the banking sector in Ethiopia.

1.3.1 Specific objectives

The specific objectives of the study to find out the following

1. Investigate acquired benefits by implementing IFRS in Ethiopian banking sector
2. Examine the impact of contributing factors on effective IFRS implementation in Ethiopian banking sector
3. Evaluate the relationship of acquired benefits in implementing IFRS on the contributing factor in Ethiopian banking sector
4. Assess extent of effective implementation of IFRS in relation to acquired benefit of IFRS.

1.4 Research questions

1. What are the acquired benefits in implementing IFRS in Ethiopian banking sector?
2. How the contributing factors affected effective implementation of IFRS in Ethiopian banking sector?
3. How the acquired benefits in implementing IFRS related to contributing factor in Ethiopian banking sector?
4. How effective implementation of IFRS related to the acquired benefit of IFRS in the Ethiopian banking sector?

1.5 Significance of the study

The result of this study expected to provide information whether the hoped benefit of IFRS acquired or not in respect to IFRS implementation; so financial statement preparers, auditors, regulators and managers would be benefited to make a correction according to the findings of the study where they can make an improvement.

This research could have an implications and the contribution to knowledge and it might also be used as a reference for policy makers if they require assessing the overall success of implementation of IFRS and for their likewise policy change if necessary & in addition used as a basis for further research.

1.6 Scope and Limitation of the study

All significant public interest entities & the financial institutions are first phase adopters of IFRS needs to be investigated to show a clear view on the benefit of IFRS after mandatory IFRS required by those entities. But due to time, financial constraints and the behavior difference between the financial institution and the other public interest entities the researcher confined the study only on the commercial banks in Ethiopia. This would help to lower data inconsistency. Secondly, the research has a limited scope of investigating the benefits of IFRS which the analysis of this thesis has limited on the descriptive and inferential analysis techniques, following the exploratory approach.

Lack of adequate empirical evidences in Ethiopian context which enable to back the researchers finding are one of the major limitations of this study.

1.7 Organization of the study

This study has organized in to five chapters. Chapter one made of the introductory part, the background of the study, statement of the problem, objective of the study, significance of the study, scope and limitations of the study. The second chapter discusses literatures available in the areas of IFRS implementation benefit in corresponding to effective IFRS implementation which includes history of IFRS implementation, term definitions and concepts, review of theoretical and empirical literature, summarization of literature review and conceptual frame work. The third chapter of the study deliberated on methodology of the research, which includes research design, the data collection methods and tools, the sources of data, sampling design, Data analysis methods and measurement of variables has been presented. The fourth chapter has presented the results and discussions of the research study, based on data collected by the researcher from primary and secondary sources of data. The final chapter articulates conclusion and recommendation based on the finding of the study.

Chapter Two

2. Literature Review

2.1 Introduction

As the study of Alemi (2016) described IFRS is a tool used to disclose financial statements aligning with the set of standards, accounting rules, and principles. The Author also described that IFRS makes business entities readable (or accessible) to the market by orienting to globally accepted financial reforms and structures. Thus, IFRS is a kind of international standard which enforce financial transactions and events obliged with globally acceptable financial statement reporting systems (Simegn, 2015). In this regard Amanamah, (2017) stated, especially the establishment of IASB granting on the issue of IFRS as an archive of harmonization with regard to financial accounting systems and financial statement preparation process among different countries implemented full IFRS. Similarly, IASB was responsible for the development of various accounting standards and their associated interpretations which lately referred as International Financial Reporting Standards (Adeuja, 2015).

By the principles of IFRS described in the above paragraphs, IFRS stands in contrast to generally accepted accounting principles (GAAP); the study of Pacter (2015) reveals IFRS has shown a clear difference form locally known GAAP, by (i) the stuffs that ought to be classified as assets, liabilities, revenue, and expenses; (ii) how to calculate those items; (iii) how to show them in a set of financial statements; and (iv) applicable disclosures about those stuffs.

2.2 Historical background of IFRS

In the implementation process countries that applied the accounting standards has started to testify the positive influence of making accounting statements recognizable by the international standard bodies. Moreover, countries also show the benefits of applying internationally recognizable reporting system for their business entities, which makes after that the implementation of IFRS is a must for survival. Related to that the implementation of IFRs and its benefits started to be outshined, after the year of 2005, which is since full wedge of action plan starred to be implemented by EU and countries membered with it. According to Costa Lourenco & De Almeida Delgado Castelo Branco, (2015) mandatory adoption and implementation of IFRS by EU member country, Australia in the year 2005 was taken an exemplary landmark in the historical IFRS adoption. After that, countless testimonies has revealed in the history of IFRS adoption, in which amongst all times 2010 – 2012 has recognized as a foundation of its spread all over the world. Specifically in 2010 Brazil, in 2011 Canada, and in 2012 Mexico's mandatory IFRS adoption has considered an important milestone and successful story for the adoption process of IFRS around the globe.

In the adoption of IFRS, Africa also taken share on the benefits of having the standardized financial reporting system. As the study of Stainbank (2014) indicated, the adoption of IFRS has faced different historical hassles. As the author indicated African countries by 2010, 11 countries required IFRS for all domestic publicly traded companies, nine countries did not allow IFRS for publicly traded companies, and four countries allowed IFRS, four countries did not have stock exchanges, and although one did not allowed IFRS, three required or allowed IFRS. One country added that require IFRS from 2012 and one country allowed listed companies to choose between IFRS and national GAAP. The study made by Deloitte, (2007) stated that on 17 African countries no information was available.

Recent studies done on adoption of IFRS in Africa also showed that from surveyed African countries 38 countries has found passed different regulations and jurisdictions in which the study reveals that from those countries 95% of them has required implementation of IFRS for their domestic publically accountable business entities (Tawiah & Boolaky, 2019). The benefit of adopting IFRS and its implementation also extended to Ethiopia since December, 2014 through enactment of Proclamation (Proclamation no. 847/2014). Since the proclamation of adopting IFRS to provide standardized financial reporting; companies in Ethiopia have started to adopt the system voluntarily and started preparing the financial statements accordingly (Alemi, 2016).

As it has practiced in overseas, the practice of implementing IFRS has get due attention by auditing professionals and financial reporting practitioners in Ethiopia. In this regard, the passed proclamation has set the regulation pertaining to the formation of Ethiopia's accounting and auditing board or (AABE). As it has shown literatures, there was no trial in adoption of IFRS until it has get concerns by government. Specifically, on the stated proclamation Article 4(2) the accounting and Auditing Board of Ethiopia (AABE) had gain access to authorities and responsibilities to establish financial reporting and auditing guidelines and directives, and confirm that they are followed. As the proclamation stated in article 5 AABE has taken huge responsibility in promoting standardized financial reporting systems done by business entities in the country. In general, including Ethiopia the adoption of IFRS has spread all over the world and it has been adopted by more than 160 countries (Tran et al., 2019). The study showed that, the benefit of implementation IFRS has recognized well and now it becomes a mandatory way of reporting financial statements. It is also a way of harmonizing and archiving accounting terms all over the world. Moreover, business entities in countries adopting IFRS has benefited from a standardized accounting system in the eyes of global market. Likewise Ethiopia has understood the mobs of global accounting systems and sense that IFRS benefits drawn in implementing IFRS, in which passed a law to enforce the implementation of IFRS on selected business entities. As it has been indicated on the historical timeline of implementation of IFRS, the banking sector and public entities are required to implement in the first phase; so this thesis chose to study the pioneer practitioners in implementing IFRS, the banking sector have been selected for the investigation.

2.3 Benefits of IFRS Implementation

However, those implementation factors doesn't mean hinder the benefits of IFRS for business entities. As evidence, diverse testimonies have given a huge positive impact of IFRS implementation in the timeline of its history. The study of De George et al., (2016) concluded that on the first instance business entities has benefited by implementing IFRs in the process of acquiring high quality, transparent and comparable information in financial statements. Besides, the research of De George revealed that financial reporting's prepared based on IFRS has benefited investors, other actors in global capital markets, and other financial information users to make economic decision. In literature, such benefits of acquired by implementing IFRS has considered prior element in the objectives of having financial reporting standards.

Recent studies also show that business entities started to implement full IFRS has benefited through increased trust among business unties and reducing complaints caused by un-standardized financial statement (Tawiah & Boolaky, 2019). Consequently the adoption IFRS attracts investors for fresh capital (Craven & Marston, 1999). According to Craven and Marston (1999), benefits of IFRS implementation include reducing the cost of capital and attracting cross-border investment, companies in developing countries are keen to fully comply with IFRS requirements and disclosures to gain access to the global market.

Yet, the benefits of implementing IFRS have extended into impacting the stock market development, cost of equity, economic growth, liquidity and foreign direct investment (Tawiah & Boolaky, 2019). According to Tran et al., (2019) fully implemented IFRS has a potential in granting on the availability of quality information which it ensures transparency among business units and support to make compatible with their day to day financial operations. The authors also find out that IFRS is a shield of business competition which it increase investor confidence, thereby helping businesses in particular and the economy in general attract more investment capital.

Especially the benefits of implementing IFRS become extra ordinary when it is supported by institutional structures and international investment opportunities (Brown, 2013). In general, as stated by the gurus of IFRS (Barth et al., 2006; Lang et al., 2003; Puspa, 2013; Uwuigbe et al., 2016) the implementation of IFRS has benefits of comparability, reliability, relevance, and consistency of information has known benefits on the process of disclosing a financial statement with IFRS. As the IFRS gurus argue through the implementation of IFRS, the financial statement quality has enhanced with the implementation of a uniform set of accounting standard reports worldwide. Thus the following are the benefits of IFRS stipulated by ISAB and gurus of IFRS scholars.

2.3.1 Comparability

IFRS implementation has leads to the greater international harmonization (Jermakowicz, 2004). As the authors states IFRS implementation eliminates different methods of accounting for the same transactions which probably creates an improved comparability of financial statements because similar economic transactions are accounted for similarly. Thus, the advantage of implementing IFRS and its use in transforming accounting information's to make it ready for better decision has found useful to creditors, investors and all other users of the financial statements. As the empirical study done by Jermakowicz (2004) showed that implementing IFRS will allow for greater comparability of accounts with other listed companies since it results in a movement towards similarity in the choice between alternative accounting treatments. In the specific survey of the author has concluded that under IFRS accounting, certain 'off balance sheet' items will be brought onto the balance sheet and additional disclosure will enable performance evaluation by industry sector and geographic segment.

Thus, IFRS implementing helps to narrow the cross-country differences in financial reports and promoting international trade by improving reporting quality with recognizable company performances (De George et al., 2016). As the authors declare with regard to making accounting information's comparable national accounting standards shall emphasize the need for global accounting standards to make cross-country transactions less costly and more efficient. Those approaches create trends toward IFRS as a single set of globally accepted accounting standards. According to Palea, (2013) with all those qualities accounting information's can create in implementing IFRS, a clear and strong comparability of quality financial reporting throughout the world (Palea, 2013).

Herath & Alsulmi (2017); DeFond et al., (2011) studied the impact of mandatory IFRS adoption on cross-border investments. Their research suggests that comparability, which enhances the qualitative characteristics of accounting information, is the main motivation for implementing IFRS. Indeed, the implementation of IFRS results in financial statement comparability and also serves to attract greater investment by foreign mutual funds (Alkhtani, 2012). In other words, high costs of obtaining and processing foreign companies' information is considered a hindrance for investors when initiating cross-border investments. In general, research has shown that there is a strong relationship between credible IFRS implementation and increasing foreign direct investment (DeFond et al., 2011).

2.3.2 Reliability

Research shows robust application of accounting principles and increase in financial statement reliability, the implementation of IFRS is expected to have a significant impact on financial reporting efficiency (Babu et al., 2016). It could be argued that, the most benefits associated with the adoption of uniform standards, are to eliminate barriers to cross border investing; by increasing the reliability, transparency and comparability of financial reports; to increase market efficiency; and to decrease the cost of capital (Laga, 2012).

With the implementation of IFRS, the reliability or credibility of financial statements may be questioned if the compliance mechanism is not in place (Zaidi & Paz, 2015). Once compliance systems are in place, financial statements easily harmonized. Accounting harmonization benefits developing countries; because it offers not only higher-quality standards but also a higher-quality accounting system. However, a single set of standards may not be suitable for all settings and thus may not uniformly improve value relevance and reliability, especially given differences among countries (Soderstrom & Sun, 2007).

2.3.3 Relevance

A vast literature has discussed the importance of implementing IFRS; along with value relevance of IFRS has become the center of discussion. According to Gjerde et al., (2008) empirical investigation sometimes the value-relevance of IFRS is not larger than that of GAAP. The author's empirical findings demonstrate that IFRS have small marginal value-relevance relative to GAAP. In the concluding remark Gjerde et al, (2008) discussed that the relevance of implementing IFRS has outweigh with its related implementation costs, especially when taking into account the positive effects of a harmonization leading to increased value-relevance in countries with a less established accounting structure, which benefits all overseas capital market investors.

However, contrary to the above finding, Pope & McLeay, (2011) stated IASB's intention is to make IFRS relevant to the economic decisions of capital market participants and other, unspecified, user groups. In this regard, relevance of implementing IFRS depends with the objectives of financial statements and the characteristics that determine the usefulness of financial statement information.

According to Chalmers et al., (2011) this factors affect the relevance of IFRS implementation due to its impact and increase in the value relevance of earnings, which is become more persistent around IFRS adoption practices. In this regard, the authors generally find out that implementing IFRS is associated with decreased earnings management and timelier loss recognition. Thus, the authors conclude that evidence of enhanced value relevance of IFRS accounting information is country specific. Moreover, the study by Jermakowicz et al., (2007) stated the value relevance of adopting IFRS revealed in common-law countries with efficient legal arrangements, improved investor protection, and higher accounting standards. Also Gjerde et al., (2008) has concluded that the lower a domestic practice's divergence from the IFRS, the practice's demonstrates that there is higher value relevance.

2.3.4 Consistency

With all benefits mentioned above, Ball, (2006) stated the development and acceptance of international standards are also expected reduce compliance costs for corporations and improve consistency in audit quality. Hence, accounting standards are expected to be responsive to the real problems of its constituents but, at the same time, should not compromise its fundamental principles, which are essential to achieving consistency and comparability in accounts and to balancing the interests of preparers and users of accounts (Whittington, 2005). In the study of Saidu & Dauda, (2014) stated that to acquire a full range of benefits from IFRS it requires also to adopt and keep up-to-date accounting and auditing standards, and ensure consistency between standards issued under International Financial Reporting Standards. In general, companies will benefit from the implementation of IFRS because it makes it easier to use one uniform reporting standard across subsidiaries in various countries, while investors can gain more trust in the details provided in financial statements that they will understand and use (K Aggarwal et al., 2011).

2.3.5 Stock market development

The primary purpose of accounting is to meet the needs of capital markets (FASB and IASB, 2006). According to Alsaqqa & Sawan, (2013) the relationship between stock markets and accounting numbers has been the focus of considerable attention and it likely to be one of the most popular issues in the literature for accountancy and finance. The findings also reveal that implementation of IFRSs in stock markets has improved the overall standard of the quality of financial reporting, which help in attracting investors to invest in the stock markets. Brown, (2011) in his study also articulated that for those implemented IFRS means they are also committed to have the highest accounting standards to greater disclosures and to more openness and transparency in its dealings with outside investors. Guggiola, (2010) concluded those who are committed to have full IFRS would benefit the stock market and raised the stock price more efficiently in financial markets.

2.3.6 Liquidity

As the study of Abu Alrub et al., (2018) indicated that liquidity and capital adequacy have a negative effect on bank profitability which increased Post IFRS implementation - post-world crisis comparing with GAAP, which gives a signal prior the crisis under IFRS, in turn, it led to increasing the leverage. As the authors stated the implementation of these new standards raised the level of liquidity of capital and reduced the cost of borrowing this capital as empirical studies revealed. This change attracted cross-border investments due to more accessible capital associated with fewer costs in local markets.

Zaidi & Paz (2015) liquidity refers to the ease of selling assets (e.g. investment securities), as evidenced by lower transaction costs and narrower bid-ask spreads. Because transaction costs add nothing to the intrinsic value of the assets transferred, lower cost when warranted, improved the investment returns to be realized. Ball (2006) believe that IFRS ultimately increase liquidity, competition, and efficiency of market through improving transparency, facilitating cross boarder comparability, decreasing information cost & minimizing information asymmetry.

2.3.7 Economic Growth

With all benefits disclosed in the above discussion, a literature has given highest attention on the study of IFRS implementation and its related advantage for economic growth. Specially the nature of economic benefits and costs of implementing IFRS within and across countries remains a subject of discussion (Daske, 2006). However, the study of Daske has concluded that the total economic costs and particularly the economic benefits by implementing IFRS are found more difficult to quantify. Studies focused on IFRS implementation has revealed that economic benefits has associated with increased relevance of IFRS which are measured with compliant financial information for the market, for the management team, and with the possibility of accessing external financing (Iona et al., 2014).

As a general truth globalization is a defector which causes a convergence of economic, trading, political and social processes (Sedzani, 2012). Thus, in the process of implementing IFRS geographical boundaries has been breached due to international standard which lately becomes a chosen to adopt as a common language: International Financial Reporting Standards (hereafter IFRS). As the study of Sedzani (2012) now a day's not adopting IFRS by developing countries has become considered as not become part of this global conversation as there are serious challenges hindering the implementation of IFRS. As the study of Jones & Higgins (2006) by not incorporated in such kind of huge move developing countries has loses an open opportunity of reaping any significant economic benefits from implementing IFRS. Specially implementing IFRS, developing countries can benefit three fold of economic advantages (Leuz & Wysocki, 2016). Moreover, the study of Zaidi & Paz, (2015) stated the practical application IFRS reduced volatility and information asymmetry draws more investors to the stock market, improving market liquidity and performance. Efficient capital markets promote economic growth of countries (Marinković et al., 2013).

2.3.8 Cost of Equity

The study evidenced by Daske, (2006) showed that in Germany which IFRS has fully adopted, implemented internationally recognized financial reporting standards (IAS/ IFRS or US-GAAP) reduce the cost of capital for IFRS implementing firms. According to the author, by measuring their cost of equity capital through the use and customization of available implied estimation methods, a group of German companies that have implemented such standards have acquired the potential economic benefits. The study of Brown, (2011) also showed that implementation of IFRS ultimate equity market benefit to the firm is to lower its cost of capital, on the assumption outside suppliers of capital would not need the same level of price protection. Stockholders would then benefit because the firm's existing activities would become more valuable, future growth opportunities would become more worthwhile and some otherwise marginal projects would become economically viable. The economy as a whole would benefit from expanded employment opportunities.

2.4 Factors that lead to achieve best practice [effective implementation] of IFRS

International Accounting Standard Board (IASB) issued IFRS & it's an accounting principle with the expectation to achieve harmonization among countries in the preparation of financial statements (Amanamah, 2017). According to Adeuja, (2015) IASB is also a responsible body for the installation, standardization and interpretation of financial reports generated by IFRS. The board is also responsible of control standard of financial statements whether business entities are reported it in high quality or not. In addition to that, IASB is responsible to create transparent and comparable information in financial statements and other financial reporting to assist investors, other participants in global stock market, and other users of financial information in making cost-effective decisions (De George et al., 2016). Due to that, literatures conclude that IASB is a controlling body for the functionality of IFRS implementation by business entities around the globe.

Vast amount of researches has done on factors affecting the implementation of IFRS. Specifically, on those identified timelines of implementing IFRS, business entities (BE) found in different countries has faced diverse amount of challenges. Moreover, the benefits acquired from implementing IFRS have also contextual difference with countries and operating environment of business entities. Hence the study of Stainbank and Zeghal (2014; 2006) concluded that IFRS implementation is influenced by culture, economic growth, educational level, external economic openness, and capital market.

The empirical study of Tawiah & Boolaky (2019) has revealed that IFRS implementation has significantly influenced by both institutional and political pressures. The authors have concluded that institutional and political factors have worsened impact on the implementation of IFRS for business entities existed in developing countries. For instance, institutional structures, such as ownership type, shaped the adoption, compliance, has consequences on the successful implementation of IFRS (Bova & Pereira, 2012).

2.4.1 Educational level and professionalism

It is clear that for quality of financial statement production educational level has its own obvious influence. In IFRS implementation and acquiring the required benefits; the level of education and its adequacy has remained an obstacle for those ignored its value (Zeghal & Mhedhbi, 2006).

The study of Gobena (2019) indicated that IFRS also requires educational capacity which participants in report writing has to be qualified with relevant education, training and experience.

In this regard, studies done on developing countries showed that in the process of implementing and acquiring the required level of benefits from IFRS; educational level has shown the highest impact (Herath & Alsulmi, 2017). Similar research's has also reveal that in developing countries with a high education level and well-trained accounting staffs are more capable of implementing IFRSs Alkhtani 2010 (1377). A practical assessment on Nigeria by Herbert et al., (2013) has concluded that in the implementation process of IFRS lack of education, understanding and experience by preparers of financial reports with the use of IFRS has limited its intended benefit.

On the other argument as Djatej et al., (2012) stated there are many factors which may hinder the benefits of implementing IFRS; above all attitude is prime influential factor. As the author discuss die to that the importance of education remains high for acquiring benefits of implementing IFRS. Related to such principle openness and flexibility exert a lasting effect on the educational background and professional skills of accountants and auditors (Carmona & Trombetta, 2008). Especially Carmona & Trombetta, 2008 concludes that education is very important in creating a fertile ground and the process of accounting harmonization, although there is still far to go in the comparability of accounting measures across countries and regions.

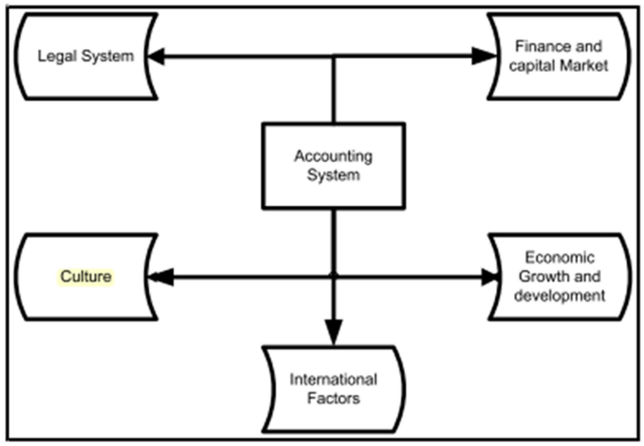
In this regard, when education level found very important in acquiring the benefits of implementing IFRS; licensing and registering accountants whom pass the IFRS test exam found very crucial in IFRS implementation practice (Outa, 2012). Thus, the authors claim with qualified and licensed accountants IFRS is a critical component of the accounting quality process as it forms the basis of professional practice in any country. Similarly the study of Ozu et al., (2018) due to nationwide contextual characteristics and challenges licensed and trained IFRS practitioners has then be able to ensure and cope with unfamiliar practices. Also the study of D.W.Taylor, (2009) stated that generally for perfect implementation of IFRS developing countries need to ensure the availability of qualified and certified IFRS practitioners through extensive training and education to ensure that financial statements prepared under IFRSs would be correctly prepared, interpreted and audited (D. W. Taylor, 2009).

2.4.2 Culture

Some literatures argue that due to primary origin of English language the implementation of IFRS has been challenged by other language speakers whom English is not their mother tongue (Abdelsalam & Weetman, 2007; Chamisa, 2000). Those authors argue that in the implementation of IFRS the inclusion of western culture has affected its *successful implementation*. However, plenty of researchers also argue language is not a barrier for the implementation of IFRS. As it is known, the above argument as supported by (Vinayagamoorthy, 2014) in which the world is become one village and language is no longer a barrier since countries in different part of the world, during the last few decades, the world has become increasingly multicultural. The author argues then, due to globalization International Financial Reporting Standards (IFRS) is becoming the global language of business. As a matter of fact, globalization creates an increased need for communication in the terms of language, awareness of culture differences and domestic customs. Thus, Vinayagamoorthy (2014) argues that International Financial Reporting Standards (IFRS) claim that mandating a uniform set of accounting standards improves financial statement comparability that in turn attracts greater cross-border investment.

Therefore, authors like Chow et al (1995) argue that more than one language the adopter countries different culture and related accounting system has influenced IFRS implementation. Such problems specially are related with accounting standards which each country is referred with has limited its full fledge application and limited its intended benefit for the adopters (S.J.Gray, 1988). For instance developing countries like Libya has challenged to implement IFRS due to challenges of culture, regulation and transparency and fraud, all of which threaten to damage the process of the implementation of IFRS (Zakari, 2014b). As Zakari stated, culture related problems in the implementation of IFRS has associated with obstacles such as accounting education and economic issues. The authors has recommended that in successful implementation of IFRS the problems of cultural influences can be alleviated focusing through fussed structure of legal, accounting education, economic and culture in IFRS implementation.

Figure 2-1Factors that influence the accounting system



Source from (Zakari, 2014b)

The study of S.J. Gray (1988) and Nobes (2004) confirms that the culture is one of the external influential factors which it causes in the existence of different financial reporting due to cultural differences. As an example, the study of Nobes (1998a; 1998b) Cited by (Stainbank, 2014) has shown that nations around the world would implement the accounting method of a similar culture easily. Thus, as the reviewed literatures confirmed, culture similarity has facilitated IFRS implementation. In this case language similarity takes the prime hand and priority in which language is relevance to facilitation of IFRS with regard to culture (Stainbank, 2014). The research results have confirmed that translation barriers also slowed the adoption and implementation or application of international standards in general. According to Perramon & Amat, (2011) studies has revealed that culture similarity and common potential in language has supported in common understanding of accounting rules facilitates the process of international harmonization of financial statements. However, in the implementation of IFRS diverse norms and values influence varies accounting professional's which has a greater influence on accounting practices than national culture (Hassan et al., 2014). Studies done by Sharif Hossain et al., (2015) argues that developing countries can resist the cultural influences by adjusting their regulatory infrastructure and culture to comply with international accounting principles.

2.4.3 Economic Growth

Studies done in adoption of IFRS has revealed that separating a firm's reporting from the underlying economics (or alternatively controlling for the economics) is very difficult (Leuz &

Wysocki, 2016). In the studies of adopting IFRS economic growth challenges are associated with (1) quantifying regulatory costs and benefits, (2) measuring disclosure and reporting outcomes, and (3) drawing causal inferences from regulatory studies (Hail et al., 2011). The study also analyzes that economic and policy factors are related to the potential adoption of International Financial Reporting Standards (IFRS). Based on the authors assessment economics of the standard setting process and assesses the political ramifications affects IFRS implementation.

The adoption of IFRS has related to countries economic growth and its motivation to consider it as an important tool to facilitate countries economy (Zeghal & Mhedhbi, 2006). Fox et al., (2013) stated that economically advanced countries has more interest to use more standardized account reporting system that developing countries due to initiatives of their business entities. Therefore, the above authors have argued that when a country's economic growth is strong, accounting's social role of measurement becomes more significant. Because of the size and complexity of business transactions and economic activities, high-quality accounting will be needed.

Moreover, in related to economic factors and growth studies has found that the availability of capital market and degree of external economic openness, economic and political influences, legal systems, taxation, culture, and accounting education and training system that seem to affect the implementation of IFRS in emerging countries (Zakari, 2014a). In general, IFRS implementation of developing countries has been influenced by the economic growth, the education level, the degree of economic openness (including here the influence of the World Bank), the cultural aspects and the existence of a capital market (Albu et al., 2011). Especially developing countries open economic model has a huge influence on the implementation of IFRS (Zeghal & Mhedhbi, 2006). In this regard, external challenges, such as the country's degree of economic openness, would subject it to a variety of transnational pressures, including those from "global investors, multinational companies, international accounting firms, and world financial institutions."

Particularly for developing countries implementation of IFRs has creates comparative advantages of improving their efficiency of capital market operations and promoted cross border investment (Brown & Tarca, 2012). As the authors concluded in developing countries IFRS could provide those benefits while is supported by a framework that encompasses legal protections, competent professionals and adequate monitoring and enforcement.

2.4.4 Legal Protection

S.J. Gray's (1988) model suggests that institutional factors, such as legal systems, will have an influence on the development of accounting practices, such as standards, practices and disclosure. More recent studies Ball; Brown, (2006; 2011) also suggest that legal systems have a significant effect on the adoption and implementation of IFRS in a given country. In particular, IFRS implementation benefits are materialized where the legal systems promote disclosure and investors' protection. In the case of Ethiopia, the Commercial Code of 1960 (Government of Ethiopia, 1960) was a statutory framework for accounting and financial reporting practices up to 2014 when Financial Reporting Proclamation No. 847/2014 was issued to adopt IFRS (Ethiopian Government, 2014). Financial Reporting Proclamation No. 847/2014 to determine the country's accounting and auditing standards (Ethiopian Government, 2014) and established Accounting and Auditing Board of Ethiopia to oversee the country's accounting practices (Mengistie, 2017). According to Proclamation No. 847/2014, the Accounting and Auditing Board of Ethiopia has the power to set accounting and auditing standards for the country by adopting, adapting or amending the IASB's IFRS and the IAASB's

Alinda et al., (2018) with regard to policies, the government has significantly reduced the cost of doing business by simplifying regulations and improving the quality and effectiveness of the institutions supporting businesses. For example, in 2013–2014, the Ethiopian government introduced new legislation on investments and a new procedure to register companies owned by shares efficiently (Alinda et al., 2018).

2.4.5 Adequate monitoring and enforcement

According to Brown, (2011); IFRS implementation and practice requires effective enforcement. Moreover, in the implementation process of IFRS responsible institutes for enforcing IFRS has to take in mind that their action of enforcement is a device to protect both domestics and international investors from growing globalization effects (Gelaye, 2019). Gelaye and Jeanjean & Stolowy (2019; 2008) states that national enforcement regime has also required for effective IFRS implementation to achieve the stipulated benefits.

More importantly, well established legal enforcement system assures to realize comparable accounting practice across nations (Jeanjean & Stolowy, 2008). Therefore, enforcement is an essential component of the institutional fabric for securing compliance and the benefits from implementing IFRS, although there may be some scope(2010) for variations in the structure of the enforcement body and its methods of operation (Brown, 2011).

2.5 IFRS Implementation practice

The demand for a company's accounting report to be transparent, relevant, credible, and understandable is robust so that investors, lenders, and other users of the report can compare the presentation of one country to another when deciding whether to purchase, keep, or sell their investment (Mihret & Ababa, 2016).

According to an indication of Ethiopian corporate annual reports, Ethiopian corporations began using IFRS in their financial statements for the first time in 2002/03. State-owned institutions such as the Commercial Bank of Ethiopia, Construction and Business Bank, Ethiopian Insurance and Ethiopian airlines were among the first in Ethiopia to use the word IFRS in their annual reports. But, the analysis of the proclamations, regulations and directives, however, indicated that there was no national or regional law that required companies to adopt and implement IFRS in Ethiopia (Alemi, 2016).

The government of Ethiopia by appreciating the value of high-quality financial reporting and its contribution to better business, which is needed to attract investment was the cause to issue the financial reporting proclamation in 2014 (AABE 2015).

On its release, Ethiopia's accounting and auditing board stated that adopting the IASB's IFRS would be in the country's best interests. The Board adopts the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) (AABE, 2015) pursuant to Article 5(1) as read with Article 54(1) of the Financial Reporting Proclamation. (IASB) (AABE, 2015).

The move to IFRS was supposed to happen by the end of 2016/17, but it didn't. Companies' readiness to introduce the System is also in doubt for the current fiscal year (2017/18). However, businesses, especially those in the financial sector required to make efforts to comply with the norm.

2.6 Empirical Evidence

Antwi, (2010) conducted a study titled "Adoption of International Financial Reporting Standards in Developing Countries: The Case of Ghana" with the sole purpose of exploring how the accounting profession has progressed in developing countries, specifically Ghana, over time. Furthermore, the mechanisms and factors influencing Ghana's adoption implementation of International Financial Reporting Standards, as well as the benefits and drawbacks of the adoption of IFRS in Ghana. External environmental influence, economic growth, and stock market strongly influenced the implementation of IFRS in Ghana, while the legal system had a moderate impact on the implementation of IFRS in Ghana, and inadequate previous norms had no impact on the implementation of IFRS in Ghana, according to the research report.

According to the study of Hache (2019) all financial institutions has implemented IFRS in Ethiopia. As the researcher described as a matter of fact the financial institutions has in forced to implement IFRS; those institutes cannot embedded the standard with their day to day operations. Due to that the author has concluded that IFRS implementation in Ethiopian financial intuitions is not full. In this regard different authors have forwarded different findings about the limited implementation of IFRS. For instance, Submitted et al., (2018) study finds out that the implementation of IFRS in the financial institutes has not brought its expected benefits due to bad corporate governance, poor education and training, lack of help from accounting professional bodies, weak regulatory compliance, inadequacy of transition time, improper preparation, lack of transparency in business information, high implementation costs, and poor management are all factors to consider.

The study of Hache (2019) also supports the previous finding as the benefits of IFRS implementation is not as expected in the financial institutions of Ethiopia due to the reasons of a lack of expertise to technically implement the standard, data asymmetry, compatible technologies that can set in accounting information with the requirements of IFRS, and a lack of competent training with the capacity to deliver beyond the principle of IFRS. On contrary Seyoum, (2018) in his concluding remark, IFRS had helped to preserve belief in commercial banks and other financial markets by providing increased transparency and comparability in Ethiopia. But he is not conclusive enough on the result; so he recommended further study that shows whether the benefits acquired are directly attributed to the improved financial reporting system.

South Africa

"The adoption of IFRS has clearly increased South Africa's role as a global player in the accounting field and has strengthened uniformity in the application of IFRS in South Africa. Listed companies and the accounting practice have tackled the task of implementing IFRS diligently and have achieved great successes. Clearly, many teething problems have been resolved.

The adoption of IFRS has enhanced consistency of the application of IFRS and has further confirmed the need for a local technical body that will contribute to IASB's due process and resolve specific local issues and divergence in practice.

The country has witnessed a significant growth in the technical accounting departments of audit firms to cope with the increased technical demand. However, many accounting specialists trained in South Africa have left the country because of global demand for their skills. The challenges facing South Africa are to create a process of legal backing for accounting standards by proper monitoring and enforcement structures and to implement a system of differential reporting."

………………….Source……….(Financial & Standards, 2007)

Kenya

"A financial reporting system supported by high quality standards such as the IFRS and the ISAs is central to economic development. Increased levels of globalization are underscoring the important role of a common financial reporting framework supported by strong globally accepted financial reporting standards. However, the implementation of the standards will continue to be problematic. This can be attested by the fact that even after seven years since the adoption of IFRS and ISAs in Kenya, compliance levels remain quite low among companies in Kenya.

A multi-pronged approach is required to enhance adoption of international reporting and auditing standards. The focus should be on simplifying the standards themselves and creating a stable platform or period during which no new standards are issued until the existing ones have been well and thoroughly understood. The different reporting needs of various categories of companies, including those of SMEs must be recognized. These require a highly simplified set of standards to encourage compliance at these levels. For the developing economies, a majority of the population's interactions with the economy occurs at the micro- and small-size firm level and if there can be an appreciation of the importance of good financial reporting at these levels, albeit based on simplified but nevertheless high quality standards, then the impact of sound financial reporting will no doubt cascade to the rest of the economy.

The education process needs to be addressed, as this equips preparers and auditors with the tools they need to understand and participate in the financial reporting process using IFRS and ISAs. In this case, the education process should comprise both the pre- and post-accountancy qualification phases. Accountants need to continuously review and enhance their skills set so as to remain relevant. In this regard, professional bodies must be strengthened so as to ensure that their members remain relevant and committed to the adoption and compliance with international reporting standards."

…………………….Source ………(I. Taylor & Smith, 2007)

2.7 Summary of Literature review and gap

The literature review has seen basic definition of IFRS, its historical development, benefits of implementing IFRs, effective IFRS implementation, and best practices of IFRS implementation in developing countries and empirical findings discussed. Based on arguments made on literature manuscripts have revealed that there is a massive benefits of IFRS with its full implementation package.

In general, as stated by the gurus of IFRS Barth et al; Lang et al.; Puspa; Uwuigbe, (2006; 2003; 2013; 2016) *the implementation of a uniform set of accounting standard by itself has benefits* of comparability, reliability, relevance, and consistency of information on the process of disclosing a financial statement. According to Laga, (2012) most benefits associated with the adoption of uniform standards, are to eliminate barriers to cross border investing; to increase the reliability, transparency and comparability of financial reports; to increase market efficiency; and to decrease the cost of capital.

On the same way, according to Jermakowicz, (2004) concluded that improved **comparability** of financial statements gained in implementing IFRs because similar economic transactions are accounted for similarly. Herath & Alsulmi (2017); DeFond et al., (2011) low costs of obtaining and processing foreign companies' information is considered as an attraction for investors to initiate cross-border investments. So, the research has shown that there is a strong relationship between uniform set of accounting standard and increasing foreign direct investment. Also Zaidi & Paz; Soderstrom & Sun (2007; 2015) a single set of standards would easily harmonize financial statements, to improve value relevance and **reliability.** Djerde, (2008) discussed that the **relevance** of implementing IFRS has *outweigh with its related implementation costs,* especially in countries with a less established accounting structure. However, on the other hand, Pope & McLeay, (2011) stated IASB's intention is to make IFRS relevant *to the economic decisions* of capital market participants and other, unspecified, user groups.

Furthermore, K Aggarwal, (2011) says companies will benefit from the implementation of IFRS because it makes it easier to use one uniform reporting standard across subsidiaries in various countries **consistently**, while *investors can gain more trust* in the details provided in financial statements that they will *understand and use*. The primary purpose of accounting is to meet the needs of **capital markets** (FASB and IASB, 2006). Those who are committed to have full IFRS would benefit the stock market and *raised the stock price more efficiently* in financial markets (Guggiola, 2010).

According to Zaidi & Paz (2015) **liquidity** refers to the ease of selling assets (e.g. investment securities), as evidenced by *lower transaction costs* and narrower bid-ask spreads. Furthermore, Ball (2006) believe that IFRS ultimately increase liquidity, competition, and efficiency of market through improving transparency, facilitating cross boarder comparability, *decreasing information cost & minimizing information asymmetry*.

Studies focused on IFRS implementation has revealed that **economic benefits** has associated with increased relevance of IFRS which *are measured with compliant financial information for the market, for the management team, and with the possibility of accessing external financing* (Iona et al., 2014). Specially implementing IFRS in developing countries *can benefit three fold of economic advantages* (Leuz & Wysocki, 2016). The study of Brown, (2011) also showed that implementation of IFRS ultimate equity market benefit to the firm **is to lower its cost of capital**, on the assumption outside suppliers of capital would not need the same level of price protection.

On the contrary, scholars also argue that IFRS benefits achieved not only by moving to a single set of accounting standards but also by the institution & the rigorous enforcement used in a particular nation. Costa Lourenço & De Almeida Delgado Castelo Branco (2015) according to the mentioned authors, only moving to a single set of accounting standards has not enough to produce the required outputs. Therefore, the benefits of adopting IFRS relied on the strengths of supporting institutions, rigorous enforcement, education and training, and professional competence and integrity**.** Hence the study of Stainbank and Zeghal (2014; 2006) showed that IFRS implementation is influenced by culture, educational level, external economic openness, and capital market. So that the effectiveness of IFRS implementation affected by educational level & professionalism, culture, economic growth, supporting institutions (legal protection and monitoring and enforcement).

In IFRS implementation and acquiring the required benefits, the level of education and its adequacy has remained an obstacle for those ignored its value (Zeghal & Mhedhbi, 2006).

Education level found very important in acquiring the benefits of implementing IFRS; licensing and registering accountants whom pass the IFRS test exam found very crucial in IFRS implementation practice (Outa, 2012). Studies also has revealed that culture similarity and common potential in language has supported in common understanding of accounting rules facilitates the process of international harmonization of financial statements (Perramon & Amat, 2011). Furthermore, according to Fox et al.; Zeghal & Mhedhbi, (2013; 2006) have argued that when a country's economic growth is strong, accounting's social role of measurement becomes more significant; Because of *the size and complexity of business transactions and economic activities, high-quality accounting will be needed*. Especially developing countries *open economic model* has a huge influence on the implementation of IFRS (Zeghal & Mhedhbi, 2006). With regard to policies or legal protection, the government has significantly reduced the cost of doing business by simplifying regulations and improving the quality and effectiveness of the institutions supporting businesses (Alinda et al., 2018). According to (2011); IFRS implementation and practice requires effective enforcement. Enforcement is an essential component of the institutional fabric for securing compliance, so the benefits from implementing IFRS secured. Supporting the above argument, with such kind of different factors explained effective IFRS implementation has impact on the benefit of IFRS; the study of The Institute of Chartered Accountants in England & Wales (2015) reveals that since differences in institutions and incentives, IFRS implementation benefits were unevenly distributed among different firms and different nations or there may have been either insignificant benefits or even negative effects rather than benefiting firms or countries.

Only few researchers were conducted their study on the benefits of IFRS acquired after adoption of IFRS in Ethiopia and AABE'S schedule of implementation which obliges financial institutions to start reporting in 2018; though now it's updated. According to the study of Hache (2019) the benefits of IFRS implementation is not as expected in the financial institutions of Ethiopia due to the reasons of a lack of expertise to technically implement the standard, data asymmetry, compatible technologies that can set in accounting information with the requirements of IFRS, and a lack of competent training with the capacity to deliver beyond the principle of IFRS. On contrary Seyoum, (2018) in his concluding remark, IFRS had helped to preserve belief in commercial banks and other financial markets by providing increased transparency and comparability in Ethiopia. But he is not conclusive enough on the result that this benefit comes exclusively from implementation of IFRS; so he recommended further study that shows whether the benefits acquired are directly attributed to the improved financial reporting system.

As it had been discussed in literatures the study tried to **evaluate** either the benefits of IFRS or factors related to effective implementation. In this thesis a holistic view of the benefits of IFRS evaluated by identifying the pushing (driving) factors that play a role for effective implementation of IFRS evaluated, and effective IFRS implementation in a relationship with the acquired benefit investigated to see the full range benefit of IFRS implementation in Ethiopian banking sector.

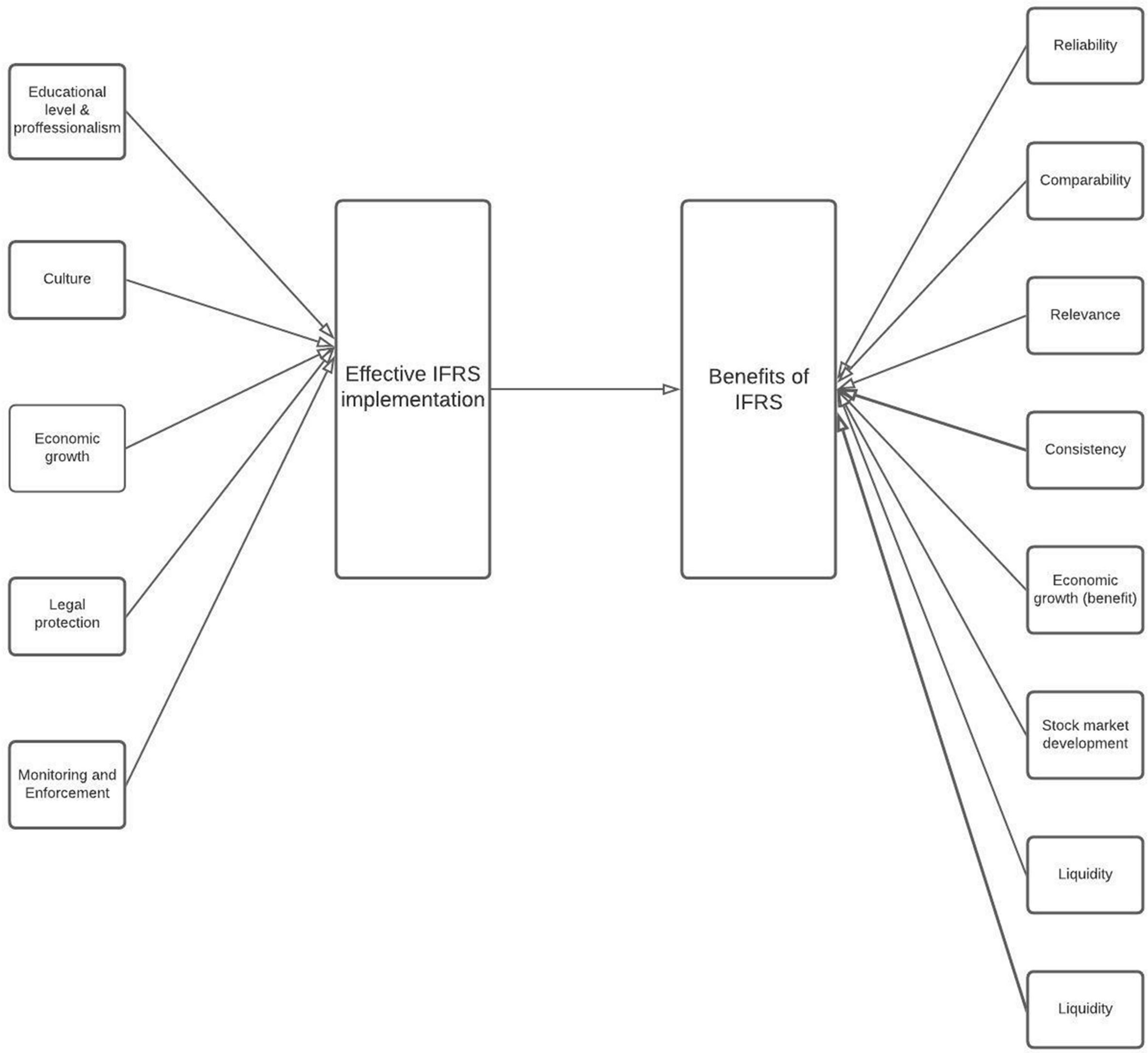
Thus, this study fill a gap on benefits of implementation of IFRS especially referring to the period after mandatory IFRS implementation in respect to whether benefits set by ISAB & many other proponents of IFRS scholars are existent to the banking sector or not & the contributing factors for effective implementation of IFRS studied rare in literatures in the banking sector; so the study can analyze whether the benefit of IFRS surely comes from improvement of financial reporting or any other factor be investigated. This study also investigates whether benefits of IFRS influenced the contributing factor states co in the banking sector; this is a new perspective in the literature.

Consequently, the hypothetical assumption in this thesis;

Effective implementation of IFRS is dependent on the contributing factors. Thus, estimating the extent of influence and evaluate the actual effective implementation of IFRS is a scope of this thesis. The thesis also evaluates the benefits acquired in implementing IFRS in Ethiopian banking sector and furthermore finding their relationship with the contributing factors.

There is a relationship or an influence of effective IFRS implementation on the acquired benefit of IFRS. Therefore, extent of relationship of effective implementation of IFRS with benefit of IFRS evaluated. In general the thesis has the following conceptual map

Figure 2-2 Conceptual map on the benefits of IFRS



Source: Developed by the Authors

This hypothesis will give a new outlook for literatures existed around the benefits of implementing IFRS. In general the thesis has the following hypothesis:

Contributing factors has a positive impact on effective implementation of IFRS in Ethiopian banking sector.

There is an identified acquired benefit of IFRS implementation in Ethiopian banking sector.

Acquired benefit of IFRS has a positive relationship with contributing factors.

There is substantial relationship between effective IFRS implementation with the acquired benefit of IFRS.

2.8 In general

The core for adoption & implementation of IFRS is to achieve the benefits set by ISAB and many proponents of IFRS scholars; and this crucial issue (IFRS benefits) especially after mandatory IFRS implementation commenced in the banking sector rarely studied. Therefore its quiet important to study the acquired benefits after implementation of IFRS in the banking sector; and it's equally important that the contributing factors that influenced effective implementation of IFRS should be investigated. Furthermore, the study also investigate the acquired benefits influence on the contributing factors and also finding out effective implementation of IFRS relationship with the acquired benefit is the scope of this study.

Chapter Three

3. Methodology and Research Design

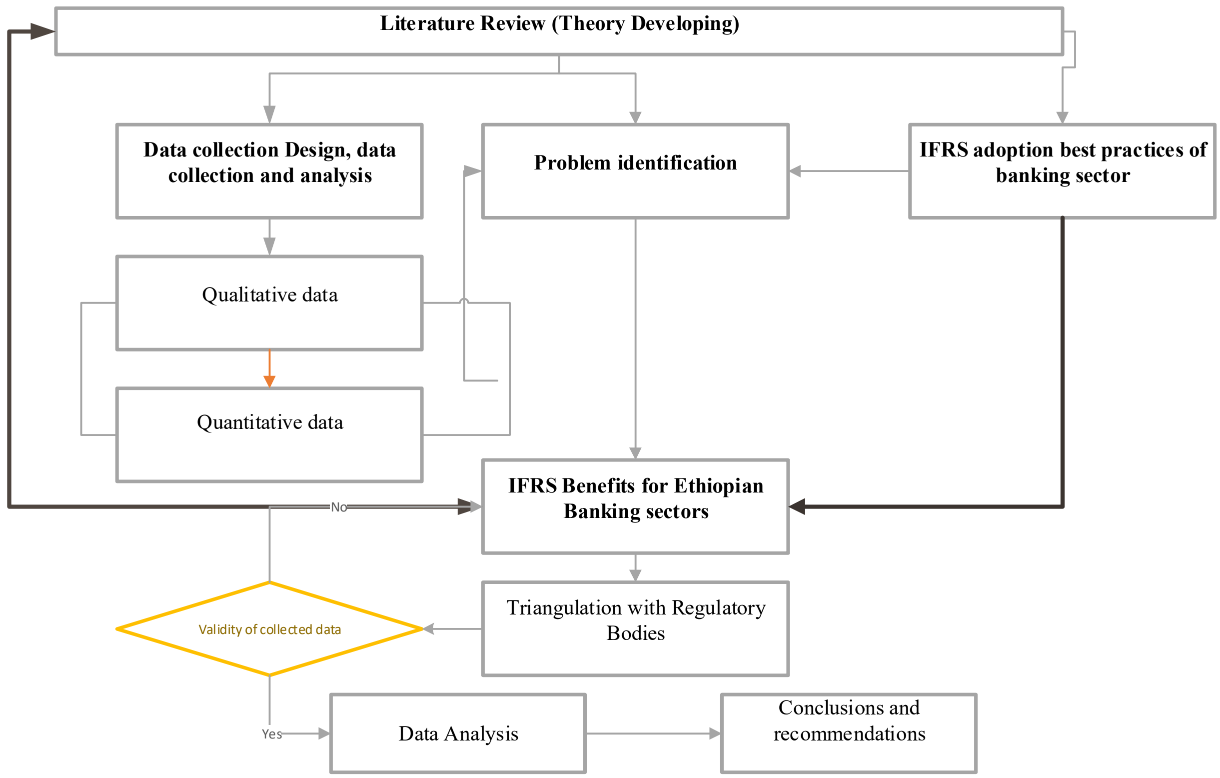
3.1 Introduction

The purpose of this study is to investigate the benefits of adopting IFRS in the commercial banks of Ethiopia. The research has followed the explorative approach which has design to investigate with consistence data collection, measurement, and analysis in order to investigate the actual situation of banks in the IFRS implementation and related benefits. Thus, the research methodology has designed as a master plan specifying out the methods and procedures for gathering and analyzing the data needed for evaluation of IFRS benefits for banks in Ethiopia. The research design has also ensures the relevance the research problem with qualitative and quantitative information which are expected to be collected as input for data analysis.

3.2 Research Methodology

The research methodology has included the data collection, analysis methods, and tools used in data gathering, manipulation and reporting techniques. The research has design to use statistical techniques stretched from descriptive statistics to inferential.

Figure 3-1General framework of the research methodology



Source: Developed by authors

3.3 Data Collection

3.3.1 Data Sources

In the study of investigating the benefits of IFRS in the banks of Ethiopia determining the required data type has found a necessary step. Specifically, in this thesis, the effectiveness of banks financial reporting system and related benefits they acquired by implementing IFRS will be investigated over identified factors in literature, So that the questionnaires are prepared from the literature. By such kind of investigation, the research creates an opportunity to disclose factors for the benefits of IFRS in the financial reporting systems of Ethiopian banking sector. Thus, the headquarters of all banks in Ethiopia has considered as a main source of data. During data collection for the purpose of triangulation regulatory bodies in the banking sector such as national bank of Ethiopia, Accounting and Auditing Board of Ethiopia (AABE), and ministry of finance and economic development will be investigated to have a clear view of the authorities' performance on accounting auditing standards and related issues with implementation of IFRS.

3.3.2 Target Population

As indicated on the source of data collection, the main focus of investigation for this thesis is the banks in Ethiopia. In the current statutes (2020) the total numbers of banks in Ethiopian are 18, (NBE, 2020 website). For the quality of the study and acquiring appropriate information the respondents has purposively selected from each bank which includes IFRS implementation board committees in the bank and financial managers of each bank; due to their frequent exposures for the IFRS implementation issues. The sampling method was chosen based on the findings of Tongoco, (2007) which revealed that when studying a specific cultural domain with experienced experts inside, a purposive non-probability sampling technique is most successful. Therefore the following table shows the available banks in Ethiopia during the study time and the targeted populations.

Table 3-1Targeted respondents

S.N	Name of the Bank	Purposive sample for questionnaire	Purposive sample for interview
1	Awash International Bank	IFRS implementation board committees	financial manager (1)
2	Commercial Bank of Ethiopia	>>	>>
3	Development Bank of Ethiopia	>>	>>
4	Dashen Bank	>>	>>
5	Wegagen Bank	>>	>>
6	Bank of Abyssinia	>>	>>
7	United Bank	>>	>>
8	Nib International Bank	>>	>>
9	Cooperative Bank of Oromia	>>	>>
10	Lion International Bank	>>	>>
11	Zemen Bank	>>	>>
12	Oromia International Bank	>>	>>
13	Bunna International Bank	>>	>>
14	Berhan International Bank	>>	>>
15	Abay Bank S.C	>>	>>
16	Addis International Bank S.C	>>	>>
17	Debub Global Bank S.C	>>	>>
18	Enat Bank S.C	>>	>>
	Total target population	90	18

Source: (NBE, 2020 website)

Based on the above table and according to Submission et.al (2018) research result, most of the banks form their IFRS implementation team members count from 5 to 7 members, so the researcher chose 5 questionnaires to each bank distributed; therefore, 90 questionnaire in total and 1 interview question for each bank (finance manager or deputy finance manager or head of IFRS implementation team) 18 interview questions distributed. The questionnaire and the interview sum up 108 purposive samples assumed to be collected from banks in Ethiopia. For the triangulation purpose respondents in NBE, AABE, and ministry of finance and economic development respondents, at least two higher ranking officials functioning in the regulatory department of the audit (compliance) section in total 6 interviews will be performed to cross check the actual remarks made on the banks of Ethiopia.

3.3.3 Data collection method

The source of data for this study has composed of both primary and secondary sources as explained in the above sections. The primary data will be collected based on Likert Scale structured questionnaires prepared to be evaluated by the respondents. These questionnaires will be designed in such a way that respondents will rank them on a five-point scale. The Likert scale will have positively and negatively worded factors ranging from 1 “strongly disagree”, to 5 “strongly agree”. In addition, for a secondary source of data the researchers will investigate the annual reports at most ranged from the period of 2016-2020.

3.4 Measurement of variables and regression Model

The dependent variable in this study is Benefit of implementing IFRS, effective IFRS implementation & contributing factor. Benefit of implementing the International Financial Reporting Standards (IFRS) are assessed using eight items from scales built using a five-point Likert scale nevertheless two items excluded using fuzzy set method so only 6 items are used to measure, in the other hand effective IFRS implementation is measured using 5 items from the scales built using five-point Likert scale, and Contributing factors that are independent variables for effective IFRS implementation here used as a dependent variable and the independent variables used to measure benefit of implementation also used here to measure contributing factor.

The scales of "1-Strongly Disagree," "2-Disagree," "3-Neutral," "4-Agree," and "5-Strongly Agree" were used to define the dependent variables. These variables can be measured using the scale is by a primary data questionnaire, according to the current literature. Following the compilation and analysis of data, this measure is predictable to produce a reliable result. Frequencies, percentages, means, medians, modes, and standard deviation were taken into account to measure the dependent variable benefit of IFRS. By taking the mean value of the respondents' responses, the analysis' outcome can be inferred.

The regression models below disclose that there is a relationship between dependent variable against independent variables;

Effective IFRS implementation is a dependent variable against five independent variables (Educational level and professionalism, economic growth, legal protection & adequate monitoring and enforcement). There are three questions each to capture educational level & professionalism, culture, legal protection, and two question each to capture economic growth and adequate monitoring & enforcement.

Contributing factor is a dependent variable against six independent variables (Reliability, comparability, Relevance, Consistency, Economic growth & cost of equity). There are three questions each to consistency, and two questions each to capture comparability, relevance, economic growth, and one question each to capture cost of equity.

The regression models for the empirical investigation in estimating factors that might explain the dependent variables; effective IFRS implementation in Ethiopia and contributing factors here below stated respectively.

$Eff\ IFRS_{i} = \beta_{o} + \beta_{1} EL_{i} + \beta_{2\ EGi} + \beta_{3\ LPi} + \beta_{4\ AMi}$

Where:

EFF IFRSi = effective IFRS implementation in Ethiopian banking sector

ELi= Educational level

EGi= Economic growth

LPi = Legal protection

AMi = Adequate monitoring and enforcement

β_{o} = Constant or intercept

β_1 = Coefficient for educational level

β_2= Coefficient for economic growth

β_3 = Coefficient for legal protection

β_4 = Coefficient for Adequate monitoring and enforcement

The structure equation model used for the investigation of extent of the relationship of effective IFRS implementation with the benefit acquired. This might proof whether there is a relationship between the exogenous variable, benefit of IFRS implementation; with the endogenous variable, effective IFRS implementation.

1. **Observed, endogenous variables**

Ed11- the first variable that explain education and professionalism
Ed2- the second variable that explain education and professionalism
Ed3- the third variable that explain education and professionalism
Ec1- the first variable that explain economic growth
Ec2- the second variable that explain economic growth
LP1- the first variable to explain legal protection
LP2- the second variable to explain legal protection
LP3- the third variable to explain legal protection
ME1-the first variable that explain monitoring and enforcement
ME2- the second variable that explain monitoring and enforcement
R1- the only variable that explain reliability
C1- the first variable that explain comparability
C2- the second variable that explain comparability
Re1- the first variable that explain relevance
Re2- the second variable that explain relevance
Co1- the first variable that explain consistency
Co2- the second variable that explain consistency
Co3- the third variable that explain consistency
E1- the first variable that explain economic growth
E2- the second variable that explain economic growth
CE- the only variable that explain cost of equity

2. **Unobserved, endogenous variables**

Benefit_IFRS

3. **Unobserved, exogenous variables**

Effective_IFRS_implementation

3.5 Data Analysis

As indicated on the data collection section, the Likert Scale type questionnaire and an interview questions designed to be distributed for respondents. After appropriate data collection, gathering, sorting and tabulating of collected information's found important. Especially for interview data, documents and for general questionnaires analyzed qualitatively and demographic data analyzed by descriptive statistical technique. However, for Likert scale based questionnaires are expected to describe factors statistically and evaluate the relationship between variables. However, the measured factors has evaluated by the linguistic terms which may not define the exact value of factors for the realized benefit on IFRS implementation. Thus, the researchers will convey the linguistic variables into definable quantitative measures using Triangular Fuzzy Number (TFN), which supports the researchers to rank influential factors for the realized benefit and the best influential factors selected for further analysis using SPSS and the least ranked factors excluded from further analysis. As indicated in the research question the research also expected to answer associatively between factors with dependent variable and one or more independent variables which multiple regression models has found best to use. Norman (2013) when testing Likert scale responses, parametric tests are sufficiently robust to yield largely unbiased answers that are acceptably close to ‘‘the reality." as cited (Submitted et al., 2018). Norman (2010) using real-world data, researchers discovered that parametric tests like Pearson correlation and regression analysis can be used with Likert data devoid of fear in reaching to "drawing incorrect conclusions". Furthermore the study by Mocikova (1992) conclusions taken from Likert scale data are unaffected by the test used weather parametric or non-parametric.

Therefore, the data analysis of this research has been conducted by using both parametric & non parametric tests. Frequencies, percentages, means, medians, modes, and standard deviation were used to examine the dependent variable "Benefit of IFRS". The result of the analysis are inferred by taking the mean value of the response of the respondents.

For the other two dependent variables; Effective IFRS implementation Pearson correlation & linear regression model and the other dependent variable contributing factor for effective IFRS implementation conducted by Pearson correlation.

Factor analysis techniques, and Structural Equation Modeling (SEM) to examine extent of effective IFRS accomplished against the realized benefits of IFRS. Structural equation modeling provides a very general and suitable framework for statistical analysis that includes several traditional multivariate procedures, for example factor analysis, regression analysis, discriminant analysis, and canonical correlation, as special cases. Structural equation models are often visualized by a graphical path diagram (Hasman, 2015).

3.6 Validity and Reliability of the study

The study which possibly confirmed by different researchers using numerous sources of evidence as a way to safeguard construct validity; the degree of stability and consistency attributable to the drawn conclusion is defined by validity. (Yin, 1994). The data in this analysis was cross-validated using several sources of data, including a questionnaire, an interview, and a document review. Reliability insured in this study first relied on the literature review of a variety of well-known accounting writers. Second, the results of different studies' conclusions were thoroughly examined. Third experts in the field IFRS taken as the total population so that reliability of the study profoundly in place. Cronbach's Alpha is the most widely used reliability evaluation method by social scientists. The nearer Cronbach's Alpha is to one would imply that there is higher internal consistency and reliability (Sekaran, 2003). As shown in the table 3-2 and 3-3 below, for all constructs, the variables under investigation are confirmed to be greater than 0.7, which imply that the constructs are internally consistent and reliable.

Table 3-2 IFRS benefit Cronbach's result

Item	**Cronbach's Alpha**	
Reliability and comparability	0.86	
International trade & FDI	0.86	
Better decision	0.86	
Outweighing cost	0.86	
Relevant report	0.86	
Improved internal audit system	0.85	
Improved competitiveness	0.85	
Complaint financial information	0.85	
Reduction of uncertainty	0.85	
Cross boarder investment	0.85	
Minimized cost of capital	0.87	
Overall Cronbach's Alpha	**.87**	**No of items =80**

Source: Researcher's own survey, 2020|| SPSS output

Table 3-3 Contribution factor Cronbach's result

Item	Cronbach’s Alpha	
Qualified preparers	.856	
preparers experience	.864	
Licensed and registered	.872	
Size and complexity	.860	
Economic model	.837	
Adequate disclosure	.841	
Cost of doing	.828	
Investor protection	.832	
Secure compliance	.846	
Regime is effective	.847	
Overall Cronbach’s Alpha	**.862**	**No of items =80**

Source: Researcher's own survey, 2020|| SPSS output

3.7 Tools used in the study

As indicated on the previous sections the researches design to collect primary and secondary data using questionnaire, interview, and reports accordingly. For the analysis purpose the researchers has also planned to use SPSS version 24 (statistical package for social science) & Amos software for descriptive and inferential statistics. Percentages, mean values, frequencies, correlation, regression, and other statistical methods were used to summarize the data using SPSS. The name, AMOS, is an acronym for “Analysis of Moment Structures” or, in other words, the analysis of mean and covariance structures. AMOS Graphics provides the user with all the tools that will ever be needed in creating and employed with SEM path diagrams (Byrne, 2001).

Chapter Four

4. Result and Discussion

4.1 Data Collection and Analysis

As indicated in previous chapter both qualitative and quantitative data has collected in the banking sector using questionnaire and interview.

This chapter explains and discusses the findings based on the data analysis. The study's findings are discussed by combining the results from three separate sources: questionnaires, interviews, and document reviews.

The questionnaires distributed to all banks & for each bank five questionnaires specified in expectation of on an average five members assigned in IFRS implementation committee. From the total 90 distributed questionnaires 80 questionnaires returned. All returned questionnaires are usable.

Social scientists have generally disagreed about what constitutes acceptable response rates. Some accept rates as low as 30 percent; others reject anything below 70 percent (Goyder, 1985). Goudy, (1976) argued that if a group is homogeneous, the impact of response bias is less since the difference between respondents and non- respondents is low. Who engage in similar activities at the same place and at the same time are fairly homogeneous, i.e., sharing class, interests, economic status, or education (Becker et al., 1987). Yet the results of this preliminary study demonstrate that response rates of at least 65 percent for certain surveys-given adequate checks for response bias and assumed homogeneity-may well result in useful and valid results (Dolsen & Machlis, 1991). Questionnaires are distributed to all potential respondents purposively for those working in the banking sector plus who engaged in IFRS implementation team. Thus respondents are fairly categorized as homogeneous. The researcher found that response rate for the questionnaire is 88.8% therefore the results derived from this data are useful and valid. So that the collected expertise opinion and Likert scale measurements has reliable and acceptable for the statistical analysis.

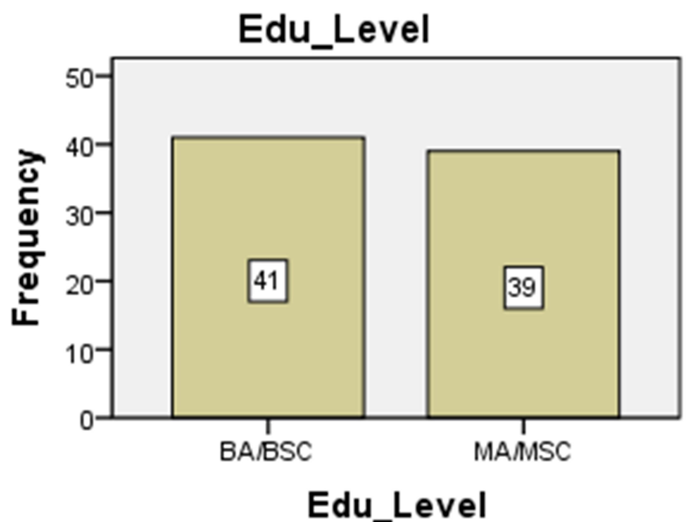
All interviews i.e. 18 interviews collected from each bank finance manager or deputy manager or implementation team leader. The other 6 interviews collected from AABE, NBE & ministry of finance; from each institute two higher officials are interviewed.

As indicated in the previous chapter, the main objective of the research is to investigate the post-adoption benefit of IFRS implementation in Ethiopia, evidence from the banking sector. To this end, descriptive statistics, frequency distribution, correlation and multiple linear regressions, as well as structural equation modeling, are used to interpret the survey results.

4.2 Respondents demographic data

The data collection sample expert's evaluation reliability assured by the expertise educational background, their position in the bank, and their exposure to the IFRS implementation. In addition to that the researches has evaluated experts period of exposure to the implementation of IFRS in their respected banks as evidence to their experts view in the questionnaire.

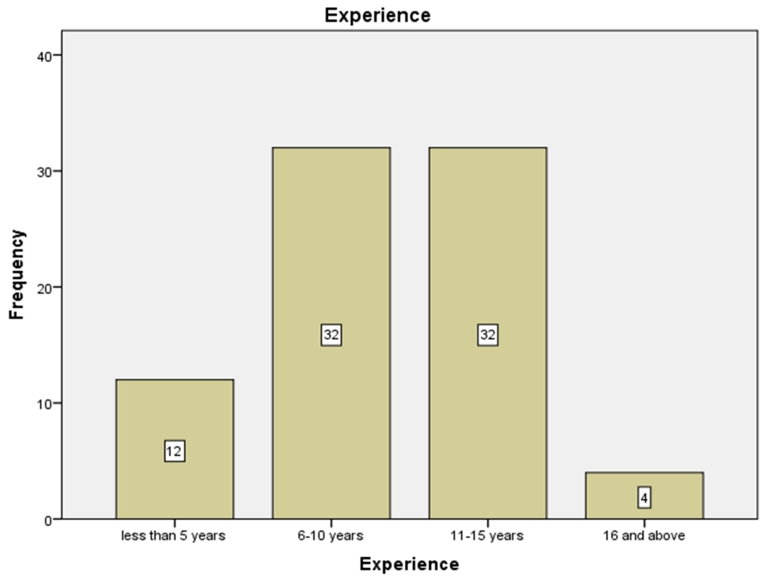
Figure 4-1Educational background of respondents



Source: Researcher's own survey, 2020|| SPSS output

Based on the educational background information of the experts from the 80-respondents 51.25% are BSc/BA and 48.75% are MSc/MA holders. Hence, the result of the educational background of the experts shows that the selected experts expected to have enough information about IFRS.

Figure 4-2 Respondents banking experience

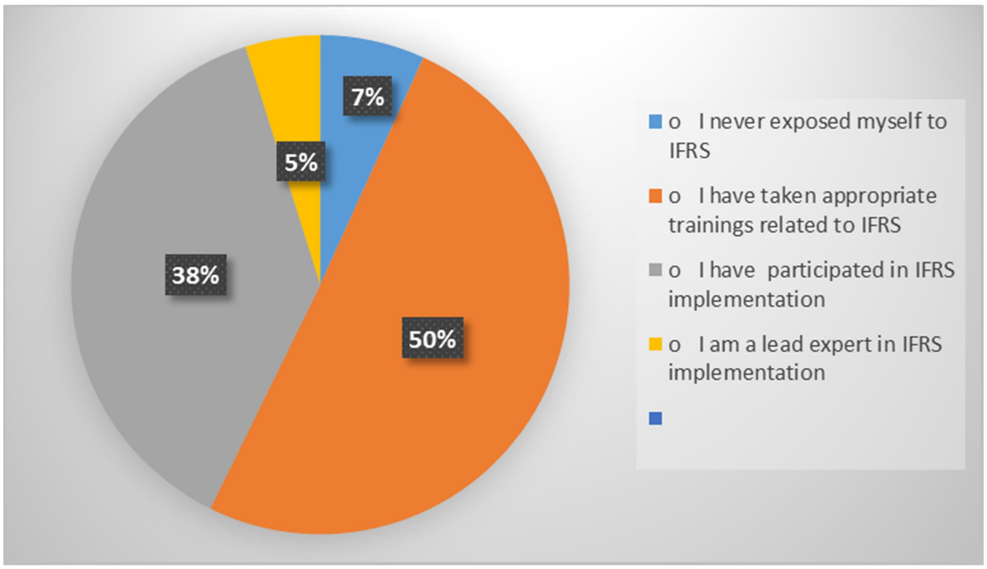


Source: Researcher's own survey, 2020|| SPSS output

As indicated in

Figure 4-2, the researchers have also evaluated the experts experience level in the bank, which obviously experts exposed to the international financial reporting standard. Thus, the researchers have found most of the respondents have appropriate experience in the banking sector that increases the questionnaire reliability. To sensitize it in detail 85% of the respondents have an experience in the banking sector more than 6 years. Hence, the data collected from those experts potentially increase the authenticity of the statistical result.

Figure 4-3 Respondents IFRS experience



Source: Researcher's own survey, 2020|| SPSS output

As indicated in Figure 4-3 the researchers have evaluated expertise direct involvement in IFRS implementation to test expertise knowhow on the issue of the research. As the demographic data indicates on the indicated table, 93% of the expertise has either involved as a lead expert in IFRS implementation, has taken appropriate training about IFRS, and has involved in IFRS implementation. Thus, it can be concluded that the selected samples are reliable to the research.

4.3 IFRS Implementation practical Overview in the banking sector

Here the researcher provides an overview of the process and the status of banks in their practical IFRS implementation. From the interview & general question forwarded to respondents regarding commencement of implementation of IFRS the researcher learnt that banks started implementing IFRS in different periods i.e., the period that the financial reports issued by the respected bank confirms that implementation was in different periods but now the implementation already get into effect by all banks.

From the perspective of the period in which each bank start implementing IFRS; the researcher evaluated data of 80 respondents of which 37.5% of the respondents depicted that implementation started before 2018; 46.25% in 2018, 16.25% in 2019.

The government of Ethiopia issued a proclamation titled "Financial Report Proclamation of Ethiopia: 847/2014" and Council of Ministers Regulation 332/2014 instructing adoption of IFRS and establishing AABE (Accounting and Audit Board of Ethiopia) to take responsibility and to guide and dictate the implementation of IFRS, which became effective December 2014. And as well the proclamation gave power to the Board to issue regulation & directive (FDRE House of People Representative, 2014). As per the directive of the board in phase 1 financial institutions and public corporations operated by federal or regional governments ought to begin using the International Financial Reporting Standards (IFRS) in 2018. From the result 83.75% either started before 2018 or in the year 2018. 16.25% started one year after the deadline set by AABE.

This accomplishment shows in regard to period of start of implementation of IFRS is in good track and also the researcher learnt from the interviewee that IFRS implementation process smoothed by hiring one distinguished international audit firm from abroad as a consulting company to all banks for their national implementation road map entails to be fulfilled. From the interview of higher officials of AABE summarized as;

Exceptionally the banking industry is making a good progress in implementation of IFRS in accordance to ISAB standards & most of the banks acceptably met the deadline set by AABE; unlike other industries that hardly make the deadline. This achievement can be a product of the behavior of the banking industry that accounts presented in well-organized way and it's easy to produce comparative financial statement & as well easy to deal with the starting period financial report in IFRS standard. Having said this, the most important variable to accomplish IFRS implementation effectively could be the hiring of foreign consulting agency of a higher experience in regard to execution of IFRS standards worldwide; made a difference in effectiveness of implementation from other industries.

Contrary to the result obtained by the researcher prior study made by Submitted et al., (2018) concluded that the IFRS implementation processes of private banks are lagged and not running in line with their schedules. Unless the banks take an immediate corrective action, the chance of meeting the deadline set by the regulatory body for the production of their first IFRS based financial statement is unlikely as the reporting date is approaching. The researcher learnt from the result of the analysis that the banking industry made a corrective action in regard to unlikely meeting of the deadline which was notified in April, 2018.

Here the researcher assessed that a hiring of a **consulting company** makes a difference in effectiveness of implementing IFRS & considered as one of the most important player or boldly comes out as a major contributing factor. This would fill the gap of education & professionalism especially from licensed professionals required in implementation of IFRS. The quality needed from the experts of the bank especially a licensed & registered accountants that the bank requires in implementing IFRS fulfilled by this consulting company.

Interview forwarded to respondents of higher officials of the bank about their practical endeavor for effective IFRS implementation. The result shown here under objectively describes in taking the officials most repeatedly depicted factor labeled here under as the first, second, and third by the same fashion. Government policy or the obligatory proclamation of the government took the most repeated factor indicated by the officers and it would imply that Government policy is the most influential contributing factor that made them strive for better accomplishment, secondly the banking association made an agreement to higher an experienced international consulting company added a synergy in their accomplishment so that consulting company stood the second most influential factor, thirdly education & training considered by the officers as third most player or factor & fourthly precondition of international relation, monitoring & enforcement, economic growth share equal pronouncement from officers as the fourth most influential contributing factor for effective IFRS implementation. The above finding mimic with prior study made on developing countries by Chamisa (2000) according to the findings of the survey, government policy plays a critical role in many developing countries by establishing specific guidelines, a dynamic track, regulations, and proper orders regarding the implementation of IFRS and examining the application of the standard system.. The finding from the interview of the banking officials & that of AABE's officials make a congruent answer in respect to international consulting company as a major variable to contribute for the successful implementation of IFRS. This finding supported by Fikru (2012) accordingly he stated, the presence of professional accounting bodies is a main factor that drives implementation of IFRS. Lack of accounting professionals which is due to lack of strength or insufficient standard in the accounting education considered as one of the factor affects the accounting system in developing countries.

The interview of the officials of the NBE on the effectiveness of implementation & whether the banking industry make the benefit out of it by implementation of IFRS summarized here under.

The banking industry is a financial sector that functions for decades or more in well- established accounting system priory to IFRS implementation that the sector requires; contrary to other sectors. This industry has capable enough in capital and personnel for a new system get into effect; in which this requires considerable investment to make it a reality. Implementation of IFRS is mandatory to this industry because of its size & the nature of the industry. In this sector implementation is effected in different periods but most of the banks met the deadline set by AABE. In respect to relevance, reliability, comparability and so on the financial report presented with detailed disclosures about figures shown in the financial statement that helps ease in understanding the reports & it facilitated our job affirmatively. NBE is sure that the industry also benefited from the implementation of IFRS especially in working with abroad banks in respect to comparability of financial reports.

Accordingly Owolabi, (2012) stated that companies will reap the advantages of using a single uniform reporting standard in businesses from various nations, while investors can gain greater confidence in the details contained in financial statements that they will recognize and use, among other things. The adoption of IFRS would improve access to foreign capital markets for policymakers (management) and a higher standard of financial disclosure for national monitoring bodies.

In regard to any influence observed in their practical experience that the benefits of IFRS did change the dynamism of the contributing factors; most of the higher banking officials agreed that the dynamism had been changed. One of the interviewee put it;

The period of implementation of IFRS is different from bank to bank. There is no question that the recent implementers could be influenced by pioneer implementer's experience of the banks positively or negatively. In keeping the legal enforcement constant the pioneer banks in implementing IFRS necessitated other banks to hasten implementation from the learning curve and from their easy engagement with foreign banks. This obliges the late implementers to hasten their preparation especially in regard to professionalism.

4.4 Factor Analysis of IFRS implementation in Ethiopian Banking sector

4.4.1 Fuzzified analysis for factor reduction

In the traditional five-points Likert scale, the rating scores match with the agreement level is assigned by numerical values: 1 for strongly disagree (SD), 2 for disagree (D), 3 for neither agree nor disagree (NN), 4 for agree (A) and 5 for strongly agree (SA). The respondent is asked to choice the agreement level match with the numerical rating score; i.e., when the respondent picked agreement level as strongly disagree (SD), a numerical rating score is 1. Essentially, the agreement levels (SD, D, NN, A, SA) are subject to the respondents vagueness (fuzziness). To overcome this problem, the concept of the fuzzy set theory can be applied to manipulate the agreement levels and the rating scores (Rattanalertnusorn et al., 2013).

Ranking fuzzy numbers is an important tool in decision making, artificial intelligence, data analysis and applications (Peddi, 2019). The variance of the responses of the method using the raw data is more than the variance of the response from the Fuzzy Set Method. This shows that the interpretation using the Fuzzy Set Method is better than the traditional method (Paper et al., 2014). Fuzzy rating score can be measured rating score more clear-cut than the traditional rating score (Rattanalertnusorn et al., 2013).

"Thus several studies have proposed various methods for ranking fuzzy numbers developed by applying maximizing set and minimizing set of fuzzy numbers considered to be an important breakthrough in ranking of fuzzy numbers. To minimize the computational procedure, (Chen, 1985) proposed a method on ranking fuzzy numbers based on maximizing and minimizing set and by using total utility value of fuzzy numbers and this method is adopted by several decision makers in practical applications"

……..*Source* (Peddi, 2019)……….

This is an effort to deal with vagueness and inexact situations with some scientific accuracy. Consider, for example, in human language, sentences used in surveys such as "rather important", "very important" "not sufficient", "very bad", "good", "very good" are not as "crisp" as words like "married", "brother", "male", "female". As can be easily understood, fuzzy logic is particularly operative in the management of assessments and personal opinions. What we will call "fuzzy numbers" can be interpreted as tools to calculate with difference of opinion instead of conventional numbers" (Zadeh, 1996).

For 5 point Likert scale crisp data from questionnaires are fuzzified in triangular fuzzy numbers (TFNs). For example using minimizing and maximizing set of fuzzy numbers if the respondent chosen answer was 1 the TFN represents it by this three numbers (1,1,2); to 2 the TFN represents it by this three numbers (1,2,3); to 3 the TFN represents by this three numbers (2,3,4); to 4 the TFN represents it by this three numbers (3,4,5); to 5 the TFN represents it by this three numbers (4,5,5) (Maritan, 2014).

De-fuzzification in triangular fuzzy numbers is to get a crisp value. As (Wang, 2009) put it, if Ai is a triangular fuzzy number, say Ai= (ai, bi, ci), then it is computed from that xo= (ai+2bi+ci)/4 where; xo is a crisp value.

The degree of influence of factors calculated on dependent variable ranked after fuzzification, Crispation, and normalization. Accordingly reduction of factors selected based on the ranking result where least influential factors eliminated & the researcher additionally proved it from the specific business environment of banks in Ethiopia in which nonexistent variable or factor can no longer be in the domain to explain the effective implementation of IFRS or the benefit of implementation of IFRS in data processing using SPSS.

First From the 16 factors stated to define the benefit of IFRS on the five point Likert scale; those factors ranked from 16th to 12th been selected out before further analysis because they are least influential according to fuzzy logic.

One of the factors used to explain benefit of IFRS by scholars is liquidity. But after fuzzification, Crispation & normalization this variable that had been explained by 3 independent statements ranked 12th, 14th & 15th. The first one explains about 'cross border investment lowered transaction cost after implementation of IFRS though there is no cross boarder transaction to occur for an investor to invest in Ethiopian banks from abroad because the law didn't permit a foreigner to invest in Ethiopian banks, it's permitted only for Ethiopians.

The Law in Ethiopia visibly bounds foreign ownership of domestic banks by overseas citizens or companies to; possess banks entirely or in part, open banks or branch offices or subsidiaries of foreign banks or obtaining the stocks of Ethiopian banks (Kassahun & Asfaw, 2014). The other attribute explains about stock price efficiency of the banks though there is no stock market in Ethiopia to define the benefit. According to Kesshaun & Asfaw (2014) there is distinguished difference from the east African nationals in the perspective of the financial system where the

Ethiopian financial system known for the nonexistence of private corporate bonds and stock markets, financial institutions.

The 3rd factor which explains about decreasing of profitability to signal prior crisis after IFRS implementation; but the researcher learned from most interviewee & documents reviewed the profitability of the bank didn't demonstrate uniformly increase or decrease by changing financial reporting mechanism to IFRS. Therefore the three factors which explain 'liquidity' eliminated before further data processing using SPSS.

The other variable 'stock market development' defined by the attraction of investors in stock market though there is no stock market in Ethiopia implying that there is no benefit derived from non-existent system therefore this variable eliminated before further processing.

Reliability itemized by many scholars as one of the factor used to explain benefit of IFRS implementation. There are two statements used to explain reliability on our questionnaire. One of the statement that scored 16th 'enhanced the reliability of financial statement of your bank' eliminated before further data processing using SPSS because it stood bottom in ranked result.

From the 13 statements that used to explain 5 factors in turn this factors explain effective implementation IFRS. The statements are measured on the five point Likert scale and the factors are ranked using fuzzy logic. Culture is one of the factors in which effective implementation explained; in turn this factor defined by three statements. From the domain this statements scored 13th, 12th & 9th. The researcher convinced to drop this factor before SPSS analysis because this factor in cumulative terms scored the least influential factor and it can no longer used to explain effectiveness of IFRS implementation.

The fuzzification, crispation, normalization procedures excel sheet annexed to this paper.

4.5 Contributing factors influence on the effective implementation of IFRS in Ethiopian banking sector

Using a linear regression model and Pearson correlation analysis, the effectiveness of IFRS implementation in the Ethiopian banking sector was investigated. A dependent variable was equated to five independent variables in this section. Effective implementation of the International Financial Reporting Standards (IFRS) is the dependent variable, whereas the independent variables (contributing factors) are Educational level and professionalism, economic growth, legal protection & adequate monitoring and enforcement. The descriptive statistics, Pearson correlation analysis, and regression model findings will be presented in the following pages, respectively.

4.5.1 Descriptive statistics

The table 4.1 below shows the descriptive statistics of the dependent variable, effective implementation of IFRS and four independent variables.

Table 4-1 Descriptive statistics (Source: Researcher's own survey, 2020)

Variables	N	Mean	Standard deviation	Minimum	Maximum
Ed_1	80	4.10	1.074	1	5
Ed_2	80	4.01	.934	1	5
Ed_3	80	3.51	1.331	1	5
Ec1	80	4.28	.693	2	5
Ec2	80	3.80	1.011	2	5
LP1	80	3.70	1.060	1	5
LP2	80	3.48	1.067	1	5
LP3	80	3.56	1.054	1	5
ME1	80	3.54	1.102	1	5
ME2	80	3.38	1.084	1	5
Eff $IFRS_i$	80	3.6221	.54406	2.43	5

Source: Researcher's own survey, 2020|| SPSS output

The mean for the dependent variable of effective IFRS implementation is 3.6221, with a standard deviation of.54406, as shown in Table 4-1above. This mean value indicates that most respondents agree that there is effective IFRS implementation.

Moreover, the mean and standard deviation for the independent variables (Educational level and professionalism, economic growth, legal protection & adequate monitoring and enforcement) with ten items on five point Likert scale shows ten of them score a mean score of greater than 3 and a minimum standard deviation of 1.331, and a maximum mean score of 4.28 with a maximum standard deviation of .693 respectively. Since the mean score for most of the items is greater than 3.0, thus it could be argued that most of the respondents agree with the questions.

4.5.2 Pearson Correlation Analysis

Pearson correlation analysis is a statistical measurement that the correlation (linear dependence) between two variables, with a value ranging from +1 to 1 inclusive. It's a measurement of the strength of linear dependency between two variables that's widely used in the sciences. The p-value is an indicator of the strength of a test's findings used in Pearson Correlation Analysis., in contrast to a simple reject or do not reject decision.

To define the relationship the significance level $P<0.05$ used. This degree of significance indicates that there is only a 5% risk that the relationship does not exist, and that the relationship between variables is significant 95 times out of 100 times.

In correlation analysis the interpretation based on R values between 0.60 and 0.80 indicate a strong or strongly correlated relationship, R values between 0.40 and 0.60 indicate a moderate relationship, and R values less than 0.2 indicate a weak relationship (Mac Eachron 1982).

Table 4-2 Measures of associations and descriptive adjectives

Measure of Association	**Descriptive Adjective**
> 0.00 to 0.20 ; < -0.00 to – 0.20	Very weak or very low
> 0.20 to 0.40; < -0.20 to – 0.40	Weak or low
> 0.40 to 0.60; < -0.40 to – 0.60	Moderate
> 0.60 to 0.80; < -0.60 to – 0.80	Strong or high
> 0.80 to 1.0; < -0.80 to – 1.0	Very high or very strong

Source: Mac Eachron, 1982|| Cited by (Tesfaye Nigussie, 2018)

Table 4-3 Pearson Correlation

		Edu	**EG**	**LP**	**ME**	**Eff IFRS**
Edu	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	80				
EG	Pearson Correlation	.343**	1			
	Sig. (2-tailed)	0.002				
	N	80	80			

LP	Pearson Correlation Sig. (2-tailed) N	.394** 0.000 80	.676** 0.000 80	1 80		
ME	Pearson Correlation Sig. (2-tailed) N	0.197 0.080 80	.527** 0.000 80	.665** 0.000 80	1 80	
Eff IFRS	Pearson Correlation Sig. (2-tailed) N	.571** 0.000 80	.760** 0.000 80	.869** 0.000 80	.731** 0.000 80	1 80

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher's own survey, 2020|| SPSS output

Based on the research results, the correlation between the dependent variable effective implementation of IFRS and independent variable educational level is positive and they are significantly correlated at (R = .571**), (P< 0.01). According to MacEachron (1982) magnitude of correlation the relationship between the two variables was moderate. This implies that the Educational level and professionalism have a moderate significant positive influence on effective implementation of IFRS.

The correlation between the dependent variable effective implementation of IFRS and independent variable economic growth is positive and they are significantly correlated at (R= .760**), (P< 0.01). According to MacEachron (1982) magnitude of correlation the relationship between the two variables was strong. This implies that the economic growth have a strong significant positive influence on effective implementation of IFRS.

The correlation between the dependent variable effective implementation of IFRS and independent variable legal protection is positive and they are significantly correlated at (R= .869**), (P< 0.01). According to MacEachron (1982) magnitude of correlation the relationship between the two variables was very strong. This implies that the legal protection have a very strong significant positive influence on effective implementation of IFRS.

The correlation between the dependent variable effective implementation of IFRS and independent variable adequate monitoring and enforcement is positive and they are significantly correlated at (R= .731**), (P< 0.01). According to MacEachron (1982) magnitude of correlation the relationship between the two variables was strong. This implies that the adequate monitoring and enforcement have a strong significant positive influence on effective implementation of IFRS.

4.5.3 Multiple linear regression

According to Hair et al. (2004, p.578) multiple linear regression is a statistical technique of estimating coefficients for the equation in a straight line by analyzing the linear relationships between a dependent and multiple independent variables. Cited by (Nasrin Danesh et al., 2012).

Earlier the researcher identified and defined the relationship using Pearson correlation analysis between the dependent variable & independent variable. Now the researcher used regression analysis to examine the effect of the four explanatory variables on the explained variable i.e., the explanatory variables educational level and professionalism, economic growth, legal protection & adequate monitoring and enforcement in examining the effect on effective IFRS implementation in Ethiopian banking sector. Therefore, the researcher used multiple regression analysis in this study, which involves running tests to see whether one or more independent variables affect the variance in the dependent variable.

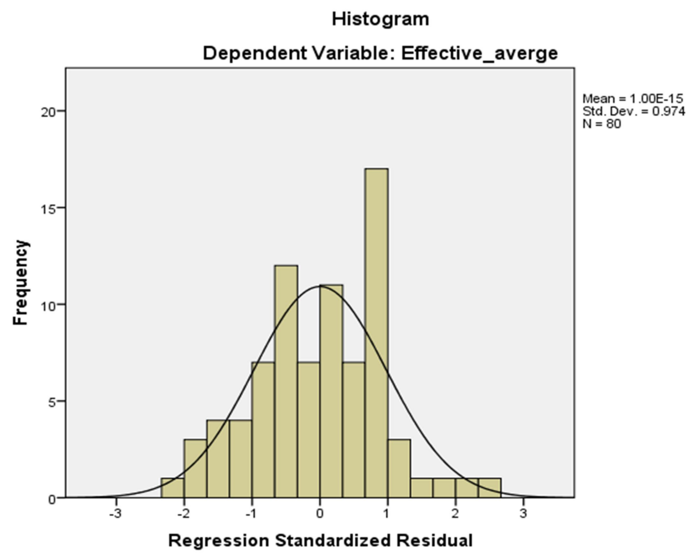
First it's mandatory to carry out the validity and robustness of the regression result or before explicitly applying the classical linear regression model (CLRM), diagnostic tests for the assumption must be performed in order to analyze the strength and direction of relationship among dependent & independent variables using the model.

If the assumptions are violated it's considered that there will be a data missed out of the model (Brooks, 2008). Therefore it must be checked the assumptions are satisfied, if so it's considered that all information available are used in the model (Selamu, 2017). In order to ensure study consistency, normality, multi-collinearity, autocorrelation, and heteroscedasticity tests are performed prior to applying the model for checking the significance of the slopes and evaluating the regressed outcome.

4.5.3.1 Normality Test

Since a positive residual would balance a negative residual, CLRM assumes that the residual is usually distributed with a mean of zero. The residuals are normally distributed, with a mean of zero and a standard deviation of one, according to the linear regression assumption. The histogram for residuals is almost bell shaped with mean of 1.00^{e-15}, and standard deviation of 0.974. Therefore from the histogram Figure 4-4 below the results suggest that that the residual or the error term is normally distributed.

Figure 4-4 Normality test.



Source: Researcher's own survey, 2020|| SPSS output

4.5.3.2 Multi-collinearity test

The other test according CLRM to be conducted in this study is the multi-collinearity test. Collinearity diagnostics, which is the variance inflating factor, tested this test using SPSS (VIF). The VIF shows whether one predictor has a good linear relationship with another (s). VIF of over 2.50 start to specify reasonably high levels of multi-collinearity (Adeboye et al., 2014). The tolerance statistics are related to the VIF and are the reciprocal of the VIF (1/VIF). Such values are worthy of consideration when they fall below 0.2. The closer the tolerance value to zero and if VIF exceeds 10, the greater is the degree of multi-collinearity (Kumari, 2008). Seeing the regression model for this study the tolerance statistics result shows all variables are greater than

0.2 & the VIF of the predictors show less than 10. As shown in the Table 4-4 below result of the predictors confirmed that no multi-collinearity is observed in this model.

Table 4-4 Tolerance & VIF result for Multi-Collinearity test

Model	Unstandardized coefficient		standardized coefficient	t	Sig.	95% confidence interval for β		Collinearity statistics	
	Beta	Stand. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	0.914	0.124		7.388	0.000	0.668	1.160		
Education & professionalism	0.165	0.025	0.270	6.716	0.000	0.116	0.214	0.823	1.215
Economic Growth	0.177	0.037	0.241	4.788	0.000	0.103	0.251	0.524	1.910
Legal protection	0.238	0.033	0.419	7.133	0.000	0.172	0.304	0.384	2.605
Adequate Monitoring & Enforcement	0.146	0.027	0.272	5.480	0.000	0.093	0.198	0.539	1.854

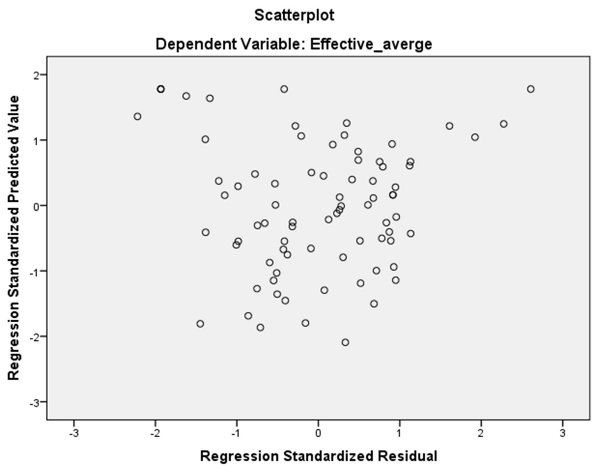
Source: Researcher's own survey, 2020|| SPSS output

4.5.3.3Hetero-scedasticity

Heteroscedasticity is one of the key assumptions in the classical linear regression model. If the error terms do not have constant variance it's said to be there is Heteroscedasticity problem. Your parameter estimates are no longer BLUE due to heteroscedasticity; they are still unbiased, but no longer have a minimum variance. Regrettably, there is no built-in protocol for testing heteroscedasticity in SPSS. We can plot standardized residuals (ZRESID) against standardized predicted values (ZPRED) despite the lack of a built-in protocol to test for heteroscedasticity. If there is no heteroscedasticity, the plot should look random. As shown below on the

Figure 4-5 the residuals have a random pattern in the plot indicating that there is no indication of heteroscedasticity.

Figure 4-5 Testing heteroscedasticity



Source: Researcher's own survey, 2020|| SPSS output

4.5.3.4Autocorrelation

The autocorrelation test also one of the significant diagnostic test used in this study. If the errors are linked to one another, they are said to be "auto correlated" or "serially correlated". The assumption of no autocorrelation tested by Durbin which is approximately the criteria of 2.0 and it can be deduced that there is an absence of serial correlation between the variables (Adelakun & Daramola, 2019). In either model, a D.W test value scored from 1.5 to 2.5 is considered to state it is free of autocorrelation. (Richard, 2015). The statistics show a value 2.030 indicates that there is no serial correlation to the model.

Table 4-5 DW test result of autocorrelation

Model Summary [b]

	Durbin-Watson
result	2.030[a]

Source: Researcher's own survey, 2020|| SPSS output

The above Table 4-5 summarizes the result of autocorrelation test for a total of 80 respondents and four regresses; the DW test statistic value for the model was 2.030. As the value falls within the desirable range of 1.5 to 2.5, we may conclude that there is no evidence of autocorrelation.

Table 4-6 Goodness of fit done with R Square

Model Summary b

Model	R	R. square	Adjusted R. square	Stand. Error of the Estimate
1	.949[a]	.900	.895	.17615

Predictors: (constant), Monitoring & Enforcement, Education & professionalism, Economic Growth, Legal Protection

Dependent Variable: Effective Implementation of IFRS

Source: Researcher's own survey, 2020|| SPSS output

The degree to which the independent variable explains the dependent variable is defined by model fit. They calculate the percentage of variance in the dependent variable that can be explained by the model. Adjusted R^2, on the other hand, is a modification for R^2's constraint. So the value of the modified or adjusted R^2 is used to assess the model's fitness. The model summary as shown in above

Table 4-6, the independent variables education level and professionalism, economic growth, legal protection, and adequate monitoring and enforcement can explain for 0.895 of the variation in effective implementation of IFRS. The independent variables in the model will describe 89.5 percent of the variance in effective implementation of IFRS when expressed in percentage. Therefore, the outcome of the test indicates a good fit so that the independent variables can be judged major determinants of effective implementation of IFRS (the dependent variable).

Table 4-7 Model through ANOVA (Overall Goodness of fit Statistics)

ANOVA[a]

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	21.057	4	5.264	169.668	.000[b]
Residual	2.327	75	.031		
Total	23.384	79			

Dependent Variable: Effective Implementation of IFRS

a. Predictors: (constant), Monitor & Enforcement, Education & professionalism, Economic Growth, Legal Protection

Source: Researcher's own survey, 2020|| SPSS output

Table 4-7 shows the significance (or p-value) is.000, which is less than the.001 threshold, and the F-value is 169.668. Hence, it can be concluded that either the general model may be statistically significant or that the variables have a significant joint impact on the effective implementation of IFRS.

Table 4-8 Regression analysis on IFRS implementation coefficients

Model	Unstandardized coefficient		standardized coefficient	T	Sig.
	Beta	Stand. Error	Beta		
Constant	0.914	0.124		7.388	0.000
Educational level & professionalism	0.165	0.025	0.270	6.716	0.000
Economic Growth	0.177	0.037	0.241	4.788	0.000
Legal Protection	0.238	0.033	0.419	7.133	0.000
Adequate Monitoring & Enforcement	0.146	0.027	0.272	5.480	0.000

Source: Researcher's own survey, 2020|| SPSS output

As illustrated in Table 4-8 for the variables in question, a coefficient test is presented above. The table portrays the effect of each independent variable on the dependent variable. The standardized Beta coefficient explains the factors influencing the independent variables in relation to the variance of effective implementation of IFRS (dependent variable).

For educational level and professionalism, (Beta=0.270, P<0.01), economic growth (Beta=0.241, P<0.01), Legal protection (Beta=0.419, P<0.01), and adequate monitoring & enforcement (Beta=.0.272, P<0.01). The result discloses that there is a significant relationship between independent variables and dependent variable.

4.5.3.5Interpretation of the Results

The last section of this study objective is find out whether the contributing factors did influenced positively on effective IFRS implementation in Ethiopian banking sector. The study's results were presented using descriptive statistics, correlation, and regression analysis. The hypotheses were matched against the result of correlation and regression between independent variables and successful IFRS implementation. The results show there is a significant and positive influence of the independent variables (education level & professionalism, economic growth, legal protection and adequate monitoring & enforcement) on the dependent variable effective implementation of IFRS.

Education level & professionalism

Both the Pearson correlation and regression findings in this analysis show that there is a positive influence of the independent variable i.e., education level & professionalism on effective implementation of IFRS. The Pearson correlation results show that the correlation coefficient (r) is.571 and that it is significant at 0.01**. In addition the regression analysis finding shows that there is a strong and significant influence of education level & professionalism on effective implementation of IFRS with a .270 regression coefficient, a 6.716 t-statistic, and a P-value of 0.000. These values indicate that this value is significant by all measurement that educational level & professionalism positively influenced effective implementation of IFRS. Therefore, this independent variable as one of the contributing factor that support our hypothesis i.e., it positively influenced the dependent variable.

The result is consistent with the findings of Herath & Alsulmi (2017) and states that in developing countries with a high education level and well-trained accounting staffs are more capable of implementing IFRSs.

Economic growth

Both the Pearson correlation and regression findings in this analysis show that there is a positive influence of the independent variable i.e., economic growth on effective implementation of IFRS. The Pearson correlation results show that the correlation coefficient (r) is .760 and that it is significant at 0.01**. In addition the results of the regression analysis shows there is a strong and significant influence of economic growth on effective implementation of IFRS with a .241 regression coefficient, a 4.788 t-statistic, and a P-value of 0.000. These values indicate that this value is significant by all measurement that economic growth positively influenced effective implementation of IFRS. Therefore, this independent variable as one of the contributing factor that support our hypothesis i.e., it positively influenced the dependent variable.

The result is consistent with the previous findings of Herath & Alsulmi (2017) and states that IFRS implementation of developing countries has been positively influenced by the economic growth (Albu et al., 2011).

Legal Protection

Both the Pearson correlation and regression findings in this analysis show that there is a positive influence of the independent variable i.e., legal protection on effective implementation of IFRS. The Pearson correlation results show that the correlation coefficient (r) is .869 and that it is significant at 0.01**. In addition the results of the regression analysis shows there is a strong and significant influence of legal protection on effective implementation of IFRS with a .419 regression coefficient, a 7.133 t-statistic, and a P-value of 0.000. These values indicate that this value is significant by all measurement that adequate monitoring & enforcement positively influenced effective implementation of IFRS. Therefore, this independent variable as one of the contributing factor that support our hypothesis i.e., it positively influenced the dependent variable.

The result is consistent with the previous findings of S.J Gray (1988) model suggests that institutional factors, such as legal systems, will have an influence on the development of accounting practices, such as standards, practices and disclosure.

Adequate monitoring & enforcement

Both the Pearson correlation and regression findings in this analysis show that there is a positive influence of the independent variable i.e., adequate monitoring & enforcement on effective implementation of IFRS. The Pearson correlation results show that the correlation coefficient (r) is .731 and that it is significant at 0.01. In addition the results of the regression analysis shows there is a strong and significant influence of adequate monitoring & enforcement on effective implementation of IFRS with a .272 regression coefficient, a 5.48 t-statistic, and a P-value of 0.000. These values indicate that this value is significant by all measurement that adequate monitoring & enforcement positively influenced effective implementation of IFRS. Therefore, this independent variable as one of the contributing factor that support our hypothesis i.e., it positively influenced the dependent variable.

The result is consistent with the previous findings of Gelaye and Jeanjean & Stolowy (2019; 2008) states that national enforcement regime has also required for effective IFRS implementation to achieve the stipulated benefits.

4.6 Acquired benefits by implementing IFRS in Ethiopian banking sector

In this section the objective is to identify realized benefit of implementation of IFRS. Therefore, a dependent variable in this study is realized benefit in implementation of IFRS against the five independent variables which are reliability, comparability, relevance, consistency, economic growth and cost of equity was investigated through survey result. The descriptive statistics and Pearson correlation analysis findings are presented in the sections that follow.

In this section acquired benefits of post IFRS implementation by banks analyzed using the response of IFRS implementation team.

The statements consist of the scale expressing the level of agreements or disagreements of the respondents. The levels and their ordinal values are: 1=Strongly Disagree on the statement (SD), 2=Disagree on the statement (D), 3=Neutral on the statement (N), 4= agreed on the statement (A), 5=Strongly Agreed on the statement (SA).

For a five point Likert scale the mean value result analysis used by most researchers were the standard set by (Best and khan 1995), concluded in affirming the decision rule of the scale "an average mean result of less than 3 reflected low, average mean equal to 3 reflected medium, and average mean greater than 3 reflected high".

4.6.1 Reliability

In this framework Reliability expressed as one of the factor that explain benefit of implementing IFRS; this variable defined here 'financial statements based on IFRS are reliable & comparable' used to measure the benefit of IFRS.

The researcher constructed one statement that assumed to describe and reliably measure reliability in financial report of the banks after post implementation of IFRS. The statement stated as your bank financial statements based on IFRS are reliable & comparable. The determination of whether there is a strong reliability or not is decided by taking the average score (Mean) of the responses of respondents in defining reliability. Therefore, the higher score implies the existence of strong reliability and it signifies that benefit of IFRS implementation attained in this particular case.

Table 4-9 Reliability frequency statistics

	Label	N	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
			Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	Reliable and comparable	80			1	1.3	2	2.5	42	52.5	35	43.8	80	100
	Mean= 4.185; Median= 4 ; Mode= 4; Standard deviation= .7485.													

Source: Researcher's own survey, 2020|| SPSS output

The above

Table 4-9 shows that out of the 80 respondents; for the statement of 'Your bank financial statements based on IFRS are reliable and comparable' 1.3% Disagree, 2.5% Neutral, 52.5% Agree & 43.8% strongly agree. There is no respondent that replied 'strongly disagree'.

For the statement forwarded the respondent's approval or level of agreement both for 'strongly agree' or 'agree' in total 96.3%. Meaning the survey respondents mostly agreed to the concept of the statement implying that the approval rate scored confirmed existence of reliability or trustworthiness in the financial report prepared accordance to IFRS standard.

Also the survey result shows regarding reliability, the mean and standard deviation are 4.39 and 0.606, respectively; the standard deviation is less than 1. The mean values indicate greater than its moderate value of 3 which can be reflected high, according to (Best and Khan1995). So in this context reliability is achieved by implementation of IFRS in the banking sector. So that this could imply that the financial reports produced in IFRS are reliable; in turn this factor addresses that benefit of IFRS implementation achieved.

4.6.2 Comparability

In this framework comparability expressed as one of the factor that explain benefit of implementing IFRS; this variable defined here by the support it deliver for investment as well its use in transforming accounting information's to make it ready for better decision to stakeholders are used to measure the benefit of IFRS.

The researcher constructed two series of statements that assumed to describe and reliably measure comparability in financial report of the banks after post implementation of IFRS. The two statements; Promoted international trade & creation of FDI and use in transforming accounting information ready for better decision. The determination of whether there is a strong comparability or not is decided by taking the average score (Mean) of the responses of respondents to define comparability. Therefore, the higher score implies the existence of strong comparability and it signifies that benefit of IFRS implementation attained.

Table 4-10 Comparability frequency statistics result

	Label	N	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
			Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	International trade and FDI	80	0	0	2	2.5	17	21.3	31	38.8	30	37.5	80	100
2	Better Decision	80	0	0	0	0	10	12.5	39	48.8	31	38.8	80	100
	Mean= 4.185; Median= 4 ; Mode= 4; Standard deviation= .7485.													

Source: Researcher's own survey, 2020|| SPSS output

The above Table 4-10 shows that out of the 80 respondents; for the statement of 'Implementation of IFRS facilitates promoted international trade and creates foreign direct investment' accordingly 2.5% Disagree, 21.3% Neutral, 38.8% Agree & 37.5% strongly agree. There is no respondent that replied ‘strongly disagree’ for this statement.

Here again out of the 80 respondents; for the statement of ‘Implementing IFRS and its use in transforming accounting information’s has made it ready for better decision’ accordingly respondents response shows, 12.5% Neutral, 48.8% Agree, 38.8% strongly agree. There is no respondent that replied either ‘strongly disagree’ or ‘disagree’ for this statement.

It’s noted accordingly that for first statement the respondent’s approval or level of agreement both for ‘strongly agree’ or ‘agree’ in total 76.3% and for the second statement both for ‘strongly agree’ or ‘agree’ in total 87.6%. Meaning the survey respondents mostly agreed to the concept of the statements implying that the approval rate scored confirmed existence of comparability in the financial report prepared in accordance to IFRS standard.

Also the survey result shows regarding comparability, the mean and standard deviation are 4.185 and 0.7485, respectively; the standard deviation is less than 1. The mean values indicate greater than its moderate value of 3 which can be reflected high (Best and Khan1995). So in this context comparability is realized by implementation IFRS in the banking sector. This implies that the banks financial reporting improved in terms of its comparability in promoting international trade & better financial report produced such that the information supported for better decision. So comparability as one of the factor that explains benefit of IFRS implementation realized. The researcher’s finding also supported by scholars; According to Jermakowicz (2004) in his study, implementing IFRS allow for greater comparability of accounts with other enumerated companies since it results in a movement towards similarity in the choice between alternative accounting treatments.

4.6.3 Relevance

In this framework relevance expressed as one of the factor that explain benefit of implementing IFRS; this variable defined here by the benefit implementation outweigh its related cost of implementation and judicial system of the nation influence on financial report relevance are used to measure benefit of IFRS.

The researcher constructed two series of statements that assumed to describe and reliably measure relevance of the financial report after post implementation of IFRS. The two statements that define relevance are here under.

1. First Implementing IFRS benefit outweighs its related implementation costs
2. Ethiopia judicial system has positively influenced your bank financial report relevance.

The determination of whether there is a strong relevance or not decided by taking the average score (Mean) of the responses of respondents to define relevance. Therefore, the higher score implies the existence of strong relevance and it signifies that benefit of IFRS implementation attained.

Table 4-11 Relevance frequency statistics result

Label		N	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
			Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	Benefit outweigh cost	80			2	2.5	22	27.5	39	48.8	17	21.3	80	100
2	Judicial system influence on FR relevance	80			4	5	28	35	37	46.3	11	13.8	80	100
	Mean= 3.79 ; Median= 4 ; Mode= 4 ; Standard deviation= .7679													

Source: Researcher's own survey, 2020|| SPSS output

The above Table 4-11 shows that out of the 80 respondents; for the statement of 'Implementing IFRS benefit outweigh its related implementation costs' accordingly 2.5% Disagree, 27.5% Neutral, 48.8% Agree & 21.3% strongly agree. There is no respondent that replied 'strongly disagree' for this statement.

Here again out of the 80 respondents; for the statement of 'Ethiopia judicial system has positively influenced your bank financial report relevance' accordingly respondent's response shows; 5% Disagree, 35% Neutral, 46.3% Agree, 13.8% strongly agree. There is no respondent that replied 'strongly disagree' for this statement.

It's noted accordingly that the first statement the respondent's approval or level of agreement both for 'strongly agree' or 'agree' in total 70.1% and the second statement both for 'strongly agree' or 'agree' in total 60.1%. Meaning the survey respondents mostly agreed to the concept of the statements implying that the approval rate scored confirmed existence of relevance in the financial report prepared in accordance to IFRS standard.

Also the survey result shows regarding relevance, the mean and standard deviation are 3.79 and 0.7679, respectively; the standard deviation is less than 1. The mean values indicate greater than its moderate value of 3 which can be reflected high (Best and Khan1995). So in this context relevance is realized by implementation IFRS in the banking sector. This implies that the banks financial reporting improved in terms of its relevance. Therefore IFRS implementation benefit outweighs the related cost of its implementation & the judicial system of the country contributed to IFRS based financial report relevance. So relevance as one of the factor that explains benefit of IFRS implementation recognized. Similarly, the results of this study were in line with the findings of previous similar studies conducted by Gjerde et al., (2008) discussed that the relevance attained by implementing IFRS in showing benefit has outweigh with its related implementation costs, especially when taking into account the positive effects of a harmonization leading to increased value-relevance in countries with a less developed accounting system.

4.6.4 Consistency

In this framework consistency expressed as one of the factor that explain benefit of implementing IFRS; this variable defined here by improved internal audit system, competitiveness and compliant financial information to measure benefit of IFRS.

The researcher constructed three series of statements that assumed to describe and reliably measure consistency in financial report of the banks after post implementation of IFRS. The three statements here indicated are: 1. IFRS implementation improves internal audit system 2. IFRS implementation improved competitiveness 3. IFRS implementation provides complaint financial information to access financing.

The determination of whether there is a strong consistency or not decided by taking the average score (Mean) of the responses of respondents to define consistency. Therefore, the higher score implies the existence of strong consistency and it signifies that benefit of IFRS implementation attained.

Table 4-12 Consistency frequency statistics result

	Label	N	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
			Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	Improves internal audit system	80			4	5	19	23.8	37	46.3	20	25	80	100

2	Improves competitiveness	80			4	5	12	15	39	48.8	25	31.3	80	100
3	Provides complain financial information	80			3	3.8	13	16.3	35	43.8	29	36.3	80	100
	Mean= 4.03; Median= 4 ; Mode= 4 ; Standard deviation= .8212													

Source: Researcher's own survey, 2020|| SPSS output

The above Table 4-12 shows that out of the 80 respondents; for the statement of 'IFRS implementation improves internal audit system' accordingly 5% Disagree, 23.8% Neutral, 46.3% Agree & 25% strongly agree. There is no respondent that replied 'strongly disagree' for this statement.

Here again out of the 80 respondents; for the statement of 'IFRS implementation improved competitiveness' accordingly respondent's response shows; 5% Disagree, 15% Neutral, 48.8% Agree, 31.3% strongly agree. There is no respondent that replied 'strongly disagree' for this statement.

It's noted accordingly that the first statement the respondent's approval or level of agreement both for 'strongly agree' or 'agree' in total 71.3%, the second statement both for 'strongly agree' or 'agree' in total 80.1% and for the third statement both for 'strongly agree' or 'agree' in total 80.1%. Meaning the survey respondents mostly agreed to the concept of the statements implying that the approval rate scored confirmed existence of consistency in the financial report prepared in accordance to IFRS standard.

Also the survey result shows regarding consistency, the mean and standard deviation are 4.03 and 0.8212, respectively; the standard deviation is less than 1. The mean values indicate greater than its moderate value of 3 which can be reflected high (Best and Khan1995). So in this context consistency is recognized by implementation IFRS in the banking sector. This implies that the banks financial reporting is consistent. So IFRS implementation improved internal audit system, improved competitiveness & provides complaint financial information. Thus consistency as one of variable which explains the benefits of IFRS implementation recognized. Similarly, the findings of this study was consistent with the conclusion of previous related researches; According to Ball (2006) With all benefits mentioned, the development and acceptance of international standards are also expected reduce compliance costs for corporations and improve consistency in audit quality.

4.6.5 Economic Growth

In this framework economic growth expressed as one of the factor that explain benefit of implementing IFRS; this variable defined here by reduction of uncertainty and information asymmetry to attract investor and facilitation of cross boarder investment decision are used to measure benefit of IFRS.

The researcher constructed two series of statements that assumed to describe and reliably measure economic benefit after post implementation of IFRS. The two statements here under are 1. IFRS implementation causes a reduction of uncertainty and information asymmetry to attract investors 2. IFRS implementation facilitates cross boarder investment decision

The determination of whether there is a strong economic growth or not is decided by taking the average score (Mean) of the responses of respondents to define economic growth. Therefore, the higher score implies the existence of strong economic growth and it signifies that benefit of IFRS implementation attained.

Table 4-13 Economic growth frequency statistics result

	Label	N	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
			Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	Cause a reduction of uncertainty to attract investor	80	2	2.5	6	7.5	19	23.8	36	45	17	21.3	80	100
2	Facilitation of cross boarder investment decision	80	2	2.5	3	3.8	15	18.8	40	50	20	25	80	100
	Mean= 3.83 ; Median= 4 ; Mode= 4 ; Standard deviation= .9320													

Source: Researcher's own survey, 2020|| SPSS output

The above

Table 4-13 shows that out of the 80 respondents; for the statement of 'IFRS implementation improves internal audit system', 2.5% strongly disagree, 7.5% Disagree, 23.8% Neutral, 45% Agree & 21.3% strongly agree.

Here again out of the 80 respondents; for the statement of 'IFRS implementation improved competitiveness'; 2.5% strongly disagree, 3.8% Disagree, 18.8% Neutral, 50% Agree, 25% strongly agree.

It's noted accordingly that the first statement the respondent's approval or level of agreement both for 'strongly agree' or 'agree' in total 66.3%, for the second statement both for 'strongly agree' or 'agree' in total 75%.

Meaning the survey respondents mostly agreed to the concept of the statements implying that the approval rate scored confirmed that financial report prepared in accordance to IFRS standard to facilitate economic growth.

Also the survey result shows regarding economic growth, the mean and standard deviation are 3.83 and 0.9320, respectively; the standard deviation is less than 1. The mean values indicate greater than its moderate value of 3 which can be reflected high (Best and Khan1995). So in this particular context economic growth is recognized. This implies that the banks financial reporting facilitated economic growth. So IFRS implementation causes a reduction of uncertainty and information asymmetry to attract investors and facilitates cross boarder investment decision. Likewise, the results of this study were in line with the findings of previous related studies conducted by Zaidi &Paz (2015) application or practice of IFRS reduces volatility and knowledge asymmetry, it draws more investors to the capital market, which boosts market liquidity and market capital efficiency.

4.6.6 Cost of Equity

In this framework cost of equity expressed as one of the factor that explains benefit of implementing IFRS; this variable defined here by minimized cost of capital used to measure benefit of IFRS.

The researcher constructed in one statement that assumed to describe and reliably measure the minimized cost of equity after post implementation of IFRS.

The determination of whether there is a strong economic growth or not is decided by taking the average score (Mean) of the responses of respondents to define economic growth. Therefore, the higher score implies the existence of strong economic growth and it signify that benefit of IFRS implementation attained.

Table 4-14 Cost of equity frequency statistics result

Label		N	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
			Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	Cause a reduction of uncertainty to attract investor	80			15	18.8	30	37.5	23	28.3	12	15	80	100
	Mean= 3.40 ; Median= 3 ; Mode= 3; Standard deviation= .963													

Source: Researcher's own survey, 2020|| SPSS output

The above Table 4-14 shows that out of the 80 respondents; for the statement of ‘IFRS implementation has minimized cost of capital’; 18.8% Disagree, 37.5% Neutral, 28.3% Agree & 15% strongly agree.

It’s noted accordingly that the respondent’s approval or level of agreement both for ‘strongly agree’ or ‘agree’ in total 43.3%, most of the respondents above 55% either responded their disagreement or undecided on the issue.

Though the survey result shows regarding the mean and standard deviation for minimum cost of equity is 3.40 & 0.963 respectively; noted that the standard deviation is less than 1. According to (Best and khan1995) standard, the mean values indicates greater than its moderate value of 3 which can be reflected high. So contextually minimum cost of capital is recognized by implementation IFRS in the banking sector. This implies that the banks financial reporting after implementation of IFRS minimized cost of equity. So IFRS implementation benefited the industry with minimum cost of capital.

Similarly, the findings of this study was consistent with the conclusion of previous related researches which were carry out by Daske (2006) the study evidenced that in Germany which IFRS has fully adopted IAS/IFRS, the globally accepted financial reporting guidelines, lower the cost of capital for IFRS adopters.

4.7 IFRS benefits influence on contributing factors

Realized IFRS benefit that could influence the contributing factors in Ethiopian banking sector has been examined by Pearson correlation analysis. In this part, one dependent variable was equated to six independent variables. Contributing factors is the dependent variable, while the independent variables are reliability, comparability, relevance, consistency, Economic growth and cost of equity. The descriptive statistics and Pearson correlation analysis findings will be presented in the sections that follow.

4.7.1 Descriptive statistics

The dependent variable, contributing factor, and six independent variables' here under presented on descriptive statistics.

Table 4-15 Descriptive statistics result of benefit of IFRS in relation to the contributing factor

Variables	N	Mean	Standard deviation	Minimum	Maximum
R1	80	4.39	.606	2	5
C1	80	4.11	.827	2	5
C2	80	4.26	.670	3	5
Re1	80	3.89	.763	2	5
Re2	80	3.69	.773	2	5
Co1	80	3.91	.830	2	5
Co2	80	4.06	.817	2	5
Co3	80	4.13	.817	2	5
E1	80	3.75	.961	1	5
E2	80	3.91	.903	1	5
CE	80	3.40	.963	2	5
Cont. factor	80	3.95	.539	3	5

Source: Researcher's own survey, 2020|| SPSS output

As it is shown on The dependent variable, contributing factor, and six independent variables' here under presented on descriptive statistics.

Table 4-15 above the value of the mean for the dependent variable of contributing factor is 3.95 with a standard deviation of .539. This mean value indicates that most respondents agree that there is influence of IFRS benefits on contributing factor.

In addition, the mean and standard deviation for the independent variables (reliability, comparability, relevance, consistency, Economic growth and cost of equity) with eleven items on five point Likert scale shows ten of them score a mean score of greater than 3.5 and a minimum standard deviation of .963, and a maximum mean score and standard deviation of 4.39 & 0606 respectively. Meanwhile the mean score for most of the items is greater than 3.5, thus it could be argued that most of the respondents agree with the questions forwarded.

4.7.2 Pearson Correlation Analysis

Table 4-16 Pearson correlation analysis of benefit of IFRS in relation to contributing factors

		Reliability	Comparability	Relevance	consistency	Economic Growth	Cost of Equity	Contributing factor
Reliability	Pearson Correlation Sig. (2-tailed) N	1 80	.353** .001 80	.405** .000 80	.458** .000 80	.394** .000 80	.230* .040 80	.403** .000 80
Comparability	Pearson Correlation Sig. (2-tailed) N	.	1 80	.365** .001 80	.555** .000 80	.461** .000 80	.169 .135 80	.275** .014 80
Relevance	Pearson Correlation Sig. (2-tailed) N			1 80	.596** .000 80	.456** .000 80	.279* .012 80	.513** .000 80
consistency	Pearson Correlation Sig. (2-tailed) N				1 80	.567** .000 80	.442** .000 80	.454** .000 80
Economic Growth	Pearson Correlation Sig. (2-tailed) N					1 80	.419** .000 80	.390** .000 80
Cost of equity	Pearson Correlation Sig. (2-tailed) N						1 80	.238** .033 80
Contributing factor	Pearson Correlation Sig. (2-tailed) N							1 80

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).
Source: Researcher's own survey, 2020|| SPSS output

Based on the research results, the correlation between the dependent variable contributing factor and independent variable reliability is significantly correlated at (R = .403), (P< 0.01). According to MacEachron (1982) magnitude of correlation the relationship between the two variables was weak. This implies that reliability has a significant but weak influence on contributing factor.

The correlation between the dependent variable contributing factor and independent variable comparability; significantly correlated at (R= .275), (P>0.05). Accordingly the measure of the result shows that comparability has significant but weak influence on contributing factor.

The correlation between the dependent variable contributing factor and independent variable relevance are significantly correlated at (R= .513), (P< 0.01). According to MacEachron (1982) magnitude of correlation the relationship between the two variables was moderate. Accordingly the measure of the result, relevance has significant moderate influence on contributing factor.

The correlation between the dependent variable contributing factor and independent variable consistency are significantly correlated at (R= .454), (P< 0.01). According to MacEachron (1982) magnitude of correlation between the two variables was moderate. Accordingly, the measure of the result shows consistency has significant but moderate influence on contributing factor.

The correlation between the dependent variable contributing factor and independent variable economic growth are significantly correlated at (R= .390), (P< 0.01). According to MacEachron (1982) magnitude of correlation between the two variables was weak. Accordingly, the measure of the result shows economic growth has significant but moderate influence on contributing factor.

The correlation between the dependent variable contributing factor and independent variable cost of equity are significantly correlated at (R= .238), (P< 0.033). According to MacEachron (1982) magnitude of correlation between the two variables was moderate. Accordingly, the measure of the result shows economic growth has significant but moderate influence on contributing factor.

To put it in a nut shell the benefit acquired after implementation of IFRS helped to improve the contributing factors.

4.8 Extent of effective IFRS implementation related with acquired benefit

4.8.1 Structural equation modeling with AMOS software analysis

For hypothesis testing, the research used the SEM from the statistical software package of AMOS.

SEM techniques can be well-thought-out as the second generation of multivariate analysis; in contrast to first-generation techniques, like factor analysis, discriminant analysis, or multiple regression, SEM allows the researcher to concurrently consider relationships among multiple independent and dependent constructs (Fornell & Wernerfelt, 1987)

AMOS has been commonly used in the research of marketing management and strategic management, by way of a structural equation model. To analyze and test the hypothesis AMOS is instrumental model in showing the measurement and structural problems (Ferdinand, 2005).

The structural equation modeling is used. Where SEM is a multivariate analysis used to test the underlying direct and indirect relationships among variables by approximating a series of separate, still codependent, and multiple regression equation simultaneously; the main objective of SEM analysis is to determine the extent to which the proposed model for observed and latent variable is supported by sample data collection (Agustina, 2019).

Scholars conventionally use a square or rectangle to designate observed variables graphically & the variable termed as measured, indicator and manifest. The response to a Likert-scaled item, ranging from 5 (strongly agree) to 1 (strongly disagree) is an example of an observed variable. A graphical representation with circles or ovals to represent unobserved variables and also termed latent factors, factors, or constructs (Schreiber et al., 2010).

In addition to the new terms, measurement and structural, two other terms are associated with SEM: exogenous, related to independent variables and endogenous, related to dependent or outcome variables. Exogenous and endogenous variables can be observed or unobserved, depending on the model being established. In dealing to structural modeling, exogenous variables characterize those constructs that exert an impact on other constructs under study and are not influenced by other factors in the quantitative model. Those constructs identified as endogenous are affected by exogenous and other endogenous variables in the model (Schreiber et al., 2010).

The measurement model of SEM is the CFA and depicts the pattern of observed variables for those latent constructs in the hypothesized model. A major component of a CFA is the test of the reliability of the observed variables. Moreover, researchers also use the measurement model to examine the extent of interrelationships among the latent constructs. As part of the process, factor loadings, unique variances, and modification indexes (should a variable be dropped or a path added) are estimated for one to derive the best indicators of latent variables prior to testing a structural model. The structural model comprises the other component in linear structural modeling. The structural model displays the interrelations among latent constructs and observable variables in the proposed model as a succession of structural equations—akin to running several regression equations.

In other words, the researcher examines the significance of individual structural paths representing the impact of one latent construct on another or the latent construct on the observed variable, as is the case with CFA. In reference to model fit, researchers use numerous good- ness-of-fit indicators to assess a model.1 Some common fit indexes are the Normed Fit Index (NFI), Non-Normed Fit Index (NNFI, also known as TLI), Incremental Fit Index (IFI), Comparative Fit Index (CFI), and root mean square error of approximation (RMSEA). The popularity of fit-index research can be seen by the number of indexes that exist. We suggest that editors, reviewers, and consumers peruse research studies for an understanding of which indexes appear to work well with different samples sizes, types of data, and ranges of acceptable scores to decide whether a good fit exists.

Source: (Hu & Bentler, 1999)

In general, the authors prefer the TLI, CFI, and RMSEA and Chi square/degree of freedom for one-time analyses. In general, if the vast majority of the indexes indicate a good fit, then there is probably a good fit.

4.8.1.1 Measurement of model fit indices

Table 4-17Measurement of model fit indices

Measure	Recommended	Remark

	value	
Chi square/degree of freedom (CMIN/df	<3.0	
Tucker Lewis Index (TLI)	>0.9	
Comparative Fit Index (CFI)	>0.9	
Root Mean Square Error of Approximation (RMSEA)	<0.1	

Source: (Virani et al., 2020)

As long as a discussion on sample-size requirements for the RMSEA goodness of fit using model degrees of freedom and effect size as reference points. For example, a sample size of 231 with 45 degrees of freedom would have a power value of .80 (MacCallum & Hong, 1997)

The test results of confirmatory factor analysis of endogenous constructs and exogenous constructs that the indicators with the value of loading factor lower than 0.50 are removed from the model and if the confirmatory test results in the second phase indicate that the entire indicators have a value of loading factor higher than 0.50, it can be concluded that the endogenous and exogenous variable indicators can be stated to be valid (Alinda et al., 2018).

4.8.1.2 Confirmatory Factor Analysis of Exogenous Construct

Table 4-18 Standardized regression weights confirmatory factor analysis for Exogenous construct

			Estimate
Benefit_IFRS	<---	Effective_IFRS_implementation	.608
ME2	<---	Effective_IFRS_implementation	.659
ME1	<---	Effective_IFRS_implementation	.720
LP3	<---	Effective_IFRS_implementation	.881
LP2	<---	Effective_IFRS_implementation	.858
LP1	<---	Effective_IFRS_implementation	.792
Ec2	<---	Effective_IFRS_implementation	.786
Ec1	<---	Effective_IFRS_implementation	.437
Ed3	<---	Effective_IFRS_implementation	.341
Ed2	<---	Effective_IFRS_implementation	.309
Ed11	<---	Effective_IFRS_implementation	.414

Source: Researcher's own survey, 2020|| AMOS output

Table 4-19 Further confirmatory test of Exogenous construct second phase

			Estimate
Benefit_IFRS	<---	Effective_IFRS_implementation	.579
ME2	<---	Effective_IFRS_implementation	.671
ME1	<---	Effective_IFRS_implementation	.739
LP3	<---	Effective_IFRS_implementation	.893
LP2	<---	Effective_IFRS_implementation	.839
LP1	<---	Effective_IFRS_implementation	.807
Ec2	<---	Effective_IFRS_implementation	.777

Source: Researcher's own survey, 2020|| AMOS output

Table 4-18 shows that there are the indicators with the value of loading factor lower than 0.50, namely Ed11, Ed2, Ed3 and Ec1. Therefore, the indicators are removed from the model.

Further confirmatory test of exogenous construct was conducted and the revised result of confirmatory testing of exogenous constructs as shown in the above Table 4-19 scored values of loading factor higher than 0.50. This means that the indicators of Benefit of IFRS, ME2, ME1, LP3, LP2, LP1 and Ec2 are stated to be valid.

4.8.1.3 Confirmatory Factor Analysis of Endogenous Construct

The test results of confirmatory factor analysis of endogenous constructs in Table 4-20 show that the indicators with the value of loading factor lower than 0.50 only CE. Therefore, the indicator should be removed from the model.

Table 4-20 Standardized regression weights of confirmatory factor analysis for Endogen construct

			Estimate
R1	<---	Benefit_IFRS	.549
C1	<---	Benefit_IFRS	.561
C2	<---	Benefit_IFRS	.573
Re1	<---	Benefit_IFRS	.609
Re2	<---	Benefit_IFRS	.551
Co1	<---	Benefit_IFRS	.699
Co2	<---	Benefit_IFRS	.742
Co3	<---	Benefit_IFRS	.694
E1	<---	Benefit_IFRS	.672
E2	<---	Benefit_IFRS	.684
CE	<---	Benefit_IFRS	.484

Source: Researcher's own survey, 2020|| AMOS output

Table 4-21 Standardized regression weights of confirmatory factor analysis for Endogen construct

			Estimate
R1	<---	Benefit_IFRS	.550
C1	<---	Benefit_IFRS	.574
C2	<---	Benefit_IFRS	.591
Re1	<---	Benefit_IFRS	.609
Re2	<---	Benefit_IFRS	.554
Co1	<---	Benefit_IFRS	.693
Co2	<---	Benefit_IFRS	.736
Co3	<---	Benefit_IFRS	.701
E1	<---	Benefit_IFRS	.665
E2	<---	Benefit_IFRS	.678

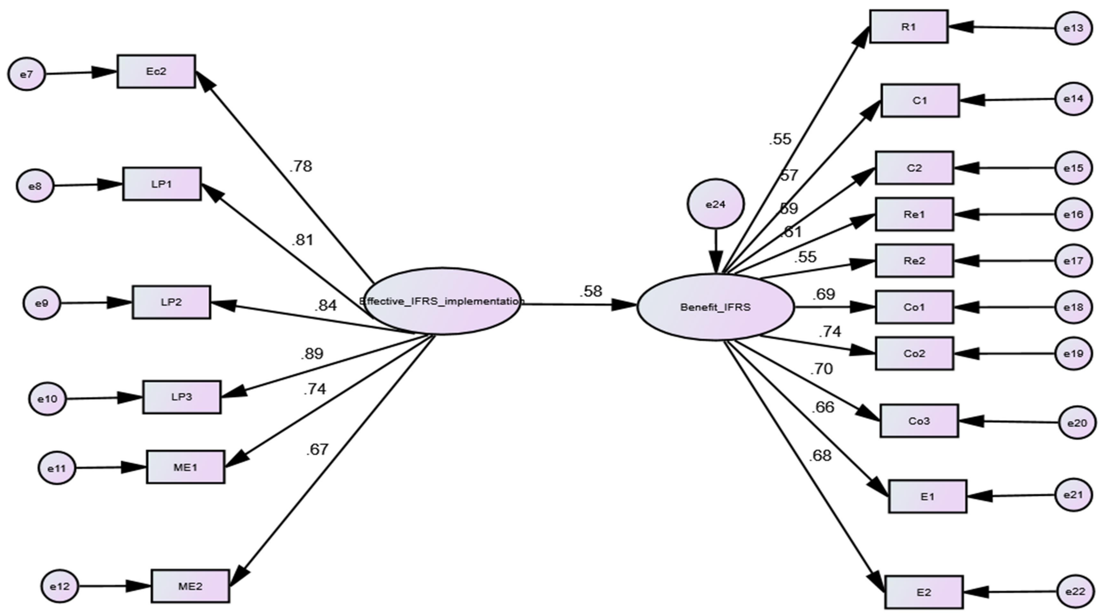
Source: Researcher's own survey, 2020|| AMOS output

The revision results of confirmatory testing of endogen constructs in the above Table 4-21 show that all indicators have the values of loading factor higher than 0.50. This means that the indicators of R1, C1, C2, Re1, Re2, Co1, Co2, Co3, E1 and E2 are stated to be valid.

4.8.1.4 Structural Equation Model (SEM)

The evaluation of measurement model fit was based on the overall model can be summarized by

Figure 4-6 structural equation modeling



Source: Researcher's own survey, 2020|| AMOS output

Result of model fit shows the model is fit. Descriptions of result from this assessment are presented here in Table 4-22 below.

Table 4-22 Goodness of fit of SME

Goodness of fit	**Proposed model**	**Cut-off**	**Evaluation model**
Chi square	171.474	Small	Good fit
Tucker Lewis Index (TLI)	.871	>.9	Marginally good fit
Comparative Fit Index (CFI)	.889	>.9	Marginally good fit
Root Mean Square Error of Approximation (RMSEA)	.092	<.1	Good fit
Chi square/degree of freedom	<3	1.665	Good fit

Source: Researcher's own survey, 2020|| AMOS output

Generally the Table 4-22 above shows that the test against the model fits to the data used in the research.

The model's Chi-Square is 171.474 and furthermore, the values of RMSEA, CMIN / DF, TLI and CFI are in the range of expected values. Based on the criteria for goodness of fit in Table 4-22, it can be concluded that the structural equation model (SEM) specified in this research has been fit to the data (Ngatindriatun, 2018).

Table 4-23 Regression weights of confirmatory factor analysis- SEM

			Estimate	S.E.	C.R.	P	Label
Benefit_IFRS	<---	Effective_IFRS_implementation	.265	.076	3.505	***	
ME2	<---	Effective_IFRS_implementation	1.000				
ME1	<---	Effective_IFRS_implementation	1.119	.189	5.919	***	
LP3	<---	Effective_IFRS_implementation	1.294	.187	6.934	***	
LP2	<---	Effective_IFRS_implementation	1.231	.187	6.601	***	
LP1	<---	Effective_IFRS_implementation	1.176	.184	6.387	***	
Ec2	<---	Effective_IFRS_implementation	1.080	.175	6.185	***	
R1	<---	Benefit_IFRS	1.000				
C1	<---	Benefit_IFRS	1.424	.357	3.983	***	
C2	<---	Benefit_IFRS	1.189	.293	4.064	***	
Re1	<---	Benefit_IFRS	1.393	.336	4.143	***	

			Estimate	S.E.	C.R.	P	Label
Re2	<---	Benefit_IFRS	1.284	.331	3.885	***	
Co1	<---	Benefit_IFRS	1.725	.384	4.496	***	
Co2	<---	Benefit_IFRS	1.802	.387	4.653	***	
Co3	<---	Benefit_IFRS	1.719	.380	4.526	***	
E1	<---	Benefit_IFRS	1.918	.437	4.384	***	
E2	<---	Benefit_IFRS	1.835	.414	4.435	***	

Source: Researcher's own survey, 2020|| AMOS output

The test results of against the values of loading factor for each of the indicators shown on Table 4-23.

According each indicator or the dimensions forming respective latent variables shows good results, namely CR > 1.96 with the probability of < 0.05.

CR> 1.96 with probability of < .05 with these result, it can be said that the indicators forming construct latent variable have shown as **a strong indicator** in measuring latent (Ngatindriatun, 2018).

As shown on Figure 4-6 the extent of impact of effective implementation of IFRS on benefit of IFRS is 0.58 and it's significant <.001. Meaning if effective implementation increased by 100% the benefit of IFRS would increase by 58%.

CHAPTER FIVE

5. Conclusion and Recommendation

5.1 Conclusion

This study enquired the opinion of accounting professionals and financial managers whom engaged in IFRS implementation in Ethiopian banking sector, the responses analyzed using a design of statistical techniques stretched from descriptive statistics to inferential. The statistical result suggests that, the implementation of the IFRS has benefited in terms of producing reliable and comparable financial report thus better decision by stakeholders have been made, the financial reports are relevant where benefit outweighed the cost of implementation, the financial reports are consistent in terms of improved complaint financial report to access finance & improved audit system as well competitiveness of the industry improved, reduced uncertainty and information asymmetry in the financial report provided to increase investment ultimately economic growth as an explanatory factor of benefit showed up. Likewise results of the finding indicate minimum cost of capital achieved. Nevertheless liquidity & stock market development scored lessor in explaining benefit of IFRS after enforcement of implementation began.

The study also concluded that effective IFRS implementation explained by educational level & professionalism, economic growth, legal protection and monitoring & enforcement. The variables have a positive & significant influence on effective IFRS implementation. Yet culture doesn’t have an influence on effective IFRS implementation.

This paper has also provided important insights from the perspective of benefit of IFRS implementation influenced improvement of contributing factor; the variables used to explain benefit in this study positively & significantly influenced the contributing factor to be improved. Finally, the study confirmed that there is a relationship where effective implementation of IFRS positively related with benefit of IFRS. The analysis shows that if effective implementation increased by 100% the benefit of IFRS would increase by 58% this is an encouraging result yet education & professionalism not included to explain this relationship thus it’s recommended that education & professionalism must be improved so that the relationship between effective IFRS implementation and the benefit derived out would be greater. From the finding of the qualitative data, international consulting firm played a major role for the effective implementation of IFRS in the banking industry this variable camouflaged the necessity of professionalism in effective IFRS implementation; so this finding is in a conscience with AMOS result why it rejected educational level as an explanatory variable for effective IFRS implementation. Therefore the acquired benefit of IFRS followed from the improvement of IFRS or effective IFRS implementation.

5.2 Recommendation

Based up on the outcomes of the study, the following recommendations are forwarded. The post implementation of IFRS benefit in the banking sector finding shows that the hoped benefits in implementing IFRS not fully acquired especially from the perspective of stock market and liberalization of the banking industry to the foreign investors. The primary purpose of accounting is to meet the needs of capital markets (FASB and IASB, 2006).

1. The banking industry implemented IFRS but one of the factors that disadvantaged from gaining the hoped benefit is the non-liberalization of the banking industry to foreign investors. The Law in Ethiopia visibly bounds foreign ownership of domestic banks by overseas citizens or companies to possess banks entirely or in part, open banks or branch offices or subsidiaries of foreign banks or obtaining the stocks of Ethiopian banks (Kassahun & Asfaw, 2014). a. Liquidity to the banking industry as a benefit of IFRS explained by 'cross boarder investment lowers transaction cost'. This could not be realized due to the Ethiopian law which prohibit cross boarder investment from abroad. Therefore Bank liberalization recommended for gaining an advantage from implementation of IFRS.

   b. Liquidity to the banking industry as a benefit of IFRS explained by 'the banking industry provided raised stock market price efficiently'. According to Kesshaun & Asfaw (2014) there is distinguished difference from the east African nationals in the perspective of the financial system where the Ethiopian financial system known for the non-existence of private corporate bonds and stock markets, financial institutions. Raised stock market price of the bank not acquired due to non-existence of the stock market. So it's recommended that secondary market is a necessity to increase efficiency of the market; likewise IFRS benefit from the perspective of liquidity improved.

2. The other variable that IFRS benefit not explained in the finding is ‘stock market development’ in which the variable defined by the statement ‘banks IFRS implementation attracted investors in to the stock market’. There is no stock market in the nation so that without non- existent system it’s difficult to gain the benefit hoped. So it’s recommended here also to establish stock market so that investors attracted for the stock market development.
3. One of the explanatory variables which explains or influence effective IFRS implementation is culture. The study finding shows culture not influenced the implementation of IFRS. The result shows that language used in the preparation of financial report and the translation barrier (interpretation of the standards of IFRS) by the professionals not help full for effective IFDRS implementation. So the industry should give due concern in training the preparers and the professionals to be conversant with the language used to prepare the financial report.
4. From the finding of the qualitative data, international consulting firm played a major role for the effective implementation of IFRS in the banking industry. The consultancy firm role camouflaged the necessity of professionalism for effective IFRS implementation. This finding is in a conscience with AMOS result why it rejected educational level as an explanatory variable for effective IFRS implementation. Therefore its recommended that professionalism should be given a priority in giving training and licensing professionals for their inescapable contribution for effective IFDRS implementation; this would decrease a burden of foreign currency required to pay the consulting company.

5.3 Implication for future research

This study was conducted on the benefit of IFRS implementation in consideration of analyzing contributing factors role for effective IFRS implementation and proofing whether effective implementation of IFRS related with the benefit in Ethiopian banking sector. The study conducted using descriptive statistics, regression model & structural equation modeling. Though, it would be quite necessary to extend similar researches using different models.

Reference

Ababa, A. (2017). Benefit and Challenges of adopting IFRS in Case of commercial Bank of Ethiopia. *Creswell W. (2003). Research Design: Quantitative and Mixed Approaches. 2nd Edition Sage Publication, California*, *Thi phana D.H. and Mascitellib,B.(2014).OOptimal Approach and timeline for IFRS adoption in vetinam*.

Abdelsalam, O. H., & Weetman, P. (2007). Measuring Accounting Disclosure in a Period of Complex Changes: The Case of Egypt. *Advances in International Accounting*, *20*(07), 75–104. https://doi.org/10.1016/S0897-3660(07)20004-2

Abu Alrub, A., Ağa, M., & Rjoub, H. (2018). Does the improvement in accounting standard IAS/IFRS cure the financial crisis and bank profitability? Evidence from banking sector in Lebanon*. *Asia-Pacific Journal of Accounting and Economics*, *1625*, 1–18. https://doi.org/10.1080/16081625.2018.1435288

Adeboye, N. ., Fagoyinbo, I. S., & Olatayo, T. . (2014). Estimation of the Effect of Multicollinearity on the Standard Error for Regression Coefficients. *IOSR Journal of Mathematics*, *10*(4), 16–20. https://doi.org/10.9790/5728-10411620

Adelakun, O. J., & Daramola, K. (2019). Analysis of the Effect of Advertising on Sales and Profitability of Company. *International Journal of Management and Network Economics*, *2*(3), 81–90.

Adeuja, Y. O. (2015). *A Comparative Approach to the Impact of IFRS (International Financial Reporting Standards) on the Performance of Banks in Nigeria*. *February*.

Albu, N., Nicolae Albu, C., Bunea, Ş., Artemisa Calu, D., & Mădălina Girbina, M. (2011). A story about IAS/IFRS implementation in Romania. *Journal of Accounting in Emerging Economies*, *1*(1), 76–100. https://doi.org/10.1108/20421161111107868

Alemi, T. D. (2016). *IFRS Adoption Progress in Ethiopia*. *7*(1), 69–81.

Alinda, A., Syed Norris, H., Marlia, P., Siti Hamisah, T., Cotet, G. B., Balgiu, B. A., Zaleschi (Negrea), V. – C., Matusevych, T., Abu Ahmad, I., Teknologi, U., Bandar, M., Abdul, TunAli, S., Rose, Pahang, R., Pendidikan, F., National Education Association (NEA), Information Management Department, HASSAN, C. N. B., Luthfi, A., …

Othman, A. (2018). No Titleبیبیب. ببببب. ثبثبث, ث قققث(2), ققققثقثقث. https://doi.org/10.1051/matecconf/201712107005

Alsaqqa, I., & Sawan, N. (2013). The Advantages and the Challenges of Adopting IFRS into UAE Stock Market. *International Journal of Business and Management*, *8*(19). https://doi.org/10.5539/ijbm.v8n19p1

Amanamah, R. B. (2017). *Benefits and Challenges of International Financial Reporting Standards Adoption in Ghana : Accounts and Business Managers ' Perspective*. *7*(2), 178–193. https://doi.org/10.5296/ijafr.v7i2.12040

Antwi, K. G. (2010). *Adoption of International Financial Reporting Standards in Developing Countries -The Case of Ghana (Unpublished Bachelor Degree Thesis), Vaasa Ammattikorkeakoulu University of Applied Sciences, Finland*.

Babu, R., Muni, J., Research, N., & Venkateswarlu, M. (2016). IND-AS : A Road Map for IFRS in India. In *National Seminar on "IND-AS : A Road Map for IFRS in India."*

Ball, R. (2006). International financial reporting standards (IFRS): Pros and cons for investors. *Accounting and Business Research*, *36*(SPEC. ISS), 5–27. https://doi.org/10.1080/00014788.2006.9730040

Barth, M. ., Landsman, W. ., Lang, M. H., & Williams C. (2006). *Accounting quality: international accounting standards and US GAAP.Manuscript, Standford University. March*.

Becker, R. H., Dottavio, F. D., & Mengak, K. K. (1987). Research note—engagement as a criterion for defining homogeneous groups: Implications for mailed surveys. *Leisure Sciences*, *9*(2), 135–140. https://doi.org/10.1080/01490408709512153

Bova, F., & Pereira, R. (2012). The determinants and consequences of heterogeneous IFRS compliance levels following mandatory IFRS adoption: Evidence from a developing country. *Journal of International Accounting Research*, *11*(1), 83–111. https://doi.org/10.2308/jiar-10211

Brown, P. (2011). International financial reporting standards: What are the benefits? *Accounting and Business Research*, *41*(3), 269–285. https://doi.org/10.1080/00014788.2011.569054

Brown, P. (2013). Some Observations on Research on the Benefits to Nations of Adopting IFRS. *The Japanese Accounting Review*, *3*(2013), 1–19. https://doi.org/10.11640/tjar.3.2013.01

Brown, P., & Tarca, A. (2012). Ten Years of IFRS: Practitioners' Comments and Suggestions for Research. *Australian Accounting Review*, *22*(4), 319–330. https://doi.org/10.1111/j.1835-2561.2012.00198.x

Byrne, B. M. (2001). Structural Equation Modeling With AMOS, EQS, and LISREL: Comparative Approaches to Testing for the Factorial Validity of a Measuring Instrument. *International Journal of Testing*, *1*(1), 55–86. https://doi.org/10.1207/s15327574ijt0101_4

Carmona, S., & Trombetta, M. (2008). On the global acceptance of IAS/IFRS accounting standards: The logic and implications of the principles-based system. *Journal of Accounting and Public Policy*, *27*(6), 455–461. https://doi.org/10.1016/j.jaccpubpol.2008.09.003

Chalmers, K., Clinch, G., & Godfrey, J. M. (2011). Changes in value relevance of accounting information upon ifrs adoption: Evidence from australia. *Australian Journal of Management*, *36*(2), 151–173. https://doi.org/10.1177/0312896211404571

Chamisa, E. E. (2000). The relevance and observance of the IASC standards in developing countries and the particular case of Zimbabwe. *International Journal of Accounting*, *35*(2), 267–286. https://doi.org/10.1016/s0020-7063(00)00049-2

Chebaane, S., & Othman, H. Ben. (2013). Does the adoption of IFRS influence earnings management towards small positive profits ? Evidence from emerging markets. *International Journal of Social, Human Science and Engineering*, *600*(6), 26–32.

Chow, A. H. L., Hsia, C. K., Gordon, J. D., Young, J. W. M., & Vargha-Butler, E. I. (1995). Assessment of wettability and its relationship to the intrinsic dissolution rate of doped phenytoin crystals. *International Journal of Pharmaceutics*, *126*(1–2), 21–28. https://doi.org/10.1016/0378-5173(95)04060-9

Costa Lourenço, I. M. E., & De Almeida Delgado Castelo Branco, M. E. M. (2015). Main consequences of IFRS adoption: Analysis of existing literature and suggestions for further research. *Revista Contabilidade e Financas*, *26*(68), 126–139. https://doi.org/10.1590/1808-057x201500090

Craven, B. M., & Marston, C. L. (1999). Financial reporting on the internet by leading uk companies. *International Journal of Phytoremediation*, *21*(1), 321–333. https://doi.org/10.1080/096381899336069

Daske, H. (2006). Economic benefits of adopting IFRS or US-GAAP - Have the expected cost of equity capital really decreased. *Journal of Business Finance and Accounting*, *33*(3–4), 329–373. https://doi.org/10.1111/j.1468-5957.2006.00611.x

Daske, H., & Gebhardt, G. (2006). International financial reporting standards and experts' perceptions of disclosure quality. *Abacus*, *42*(3–4), 461–498. https://doi.org/10.1111/j.1467-6281.2006.00211.x

De George, E. T., Li, X., & Shivakumar, L. (2016). A review of the IFRS adoption literature. In *Review of Accounting Studies* (Vol. 21, Issue 3). https://doi.org/10.1007/s11142-016-9363-1

DeFond, M., Hu, X., Hung, M., & Li, S. (2011). The impact of mandatory IFRS adoption on foreign mutual fund ownership: The role of comparability. *Journal of Accounting and Economics*, *51*(3), 240–258. https://doi.org/10.1016/j.jacceco.2011.02.001

Deloitte. (2007). *International Financial Reporting Standards: Presentation and disclosure checklist 2007*. 39–54. http://www.iasplus.com/en/binary/fs/2007checklist.pdf

Djatej, A., Zhou, D., Gorton, D., & McGonigle, W. (2012). Critical factors of IFRS adoption in the US: an empirical study. *Journal of Finance & Accountancy*, *9*, 1. http://ezproxy.massey.ac.nz/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=edb&AN=78390320&site=eds-live&scope=site

Dolsen, D. E., & Machlis, G. E. (1991). Response Rates and Mail Recreation Survey Results: How Much Is Enough? *Journal of Leisure Research*, *23*(3), 272–277. https://doi.org/10.1080/00222216.1991.11969858

Dunne, T., Finningham, G., Gwen, H., Power, D., Fifield, S., Fox, A., Helliar, C., & Veneziani, M. (2008). *The implementation of IFRS in the UK , Italy and Ireland* (Issue January).

FDRE House of People Representative. (2014). PROCLAMATION No, 84712014 A PROCLAMATION TO PROVIDE FOR FINANCIAL REPORTJNG. *Federal Negarit Gazette*.

Financial, I., & Standards, R. (2007). *United Nations Conference on Trade and Development International Financial Reporting Standards*. *August*.

Fornell, C., & Wernerfelt, B. (1987). Defensive Marketing Strategy by Customer Complaint Management: A Theoretical Analysis. *Journal of Marketing Research*, *24*(4), 337. https://doi.org/10.2307/3151381

Fox, A., Hannah, G., Helliar, C., & Veneziani, M. (2013). The costs and benefits of IFRS implementation in the UK and Italy. *Journal of Applied Accounting Research*, *14*(1), 86–101. https://doi.org/10.1108/09675421311282568

Gelaye, Z. E. (2019). Major Challenges of Adopting International Financial Reporting Standards in Ethiopia. *Research Journal of Finance and Accounting*, *10*(21), 1–10. https://doi.org/10.7176/rjfa/10-21-01

Gjerde, Ø., Knivsflå, K., & Sættem, F. (2008). The value-relevance of adopting IFRS: Evidence from 145 NGAAP restatements. *Journal of International Accounting, Auditing and Taxation*, *17*(2), 92–112. https://doi.org/10.1016/j.intaccaudtax.2008.07.001

Gobena, T. Y. (2019). *Financial Reporting Practicies in Ethiopia*. *August*.

Goudy, W. J. (1976). Nonresponse effects on relationships between variables. *Public Opinion Quarterly*, *40*(3), 360–369. https://doi.org/10.1086/268312

Goyder, J. (1985). Face-to-face interviews and mailed questionnaires: The net difference in response rate. *Public Opinion Quarterly*, *49*(2), 234–252. https://doi.org/10. 1086/268917

Guggiola, G. (2010). IFRS Adoption In The E.U., Accounting Harmonization And Markets Efficiency: A Review. *International Business & Economics Research Journal (IBER)*, *9*(12), 99–112. https://doi.org/10.19030/iber.v9i12.350

Hache, A. (2019). *Challenges and Opportunities in Adopting IFRS by Private Commercial Banks Challenges and Opportunities in Adopting IFRS by Private Commercial*

Banks.

Hail, L., & Leuz, C. (2009). Cost of capital effects and changes in growth expectations around U.S. cross-listings. *Journal of Financial Economics*, *93*(3), 428–454. https://doi.org/10.1016/j.jfineco.2008.09.006

Hail, L., Leuz, C., & Wysocki, P. D. (2011). Global Accounting Convergence and the Potential Adoption of IFRS by the United States: An Analysis of Economic and Policy Factors. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.1357331

Hasman, A. (2015). An introduction to structural equation modeling. *Studies in Health Technology and Informatics*, *213*, 3–6. https://doi.org/10.3233/978-1-61499-538-8-3

Hassan, E. A., Rankin, M., & Lu, W. (2014). The development of accounting regulation in iraq and the IFRS adoption decision: An institutional perspective. *International Journal of Accounting*, *49*(3), 371–390. https://doi.org/10.1016/j.intacc.2014.07.001

Herath, S. K., & Alsulmi, F. H. (2017). International Financial Reporting Standards (IFRS): The Benefits, Obstacles, and Opportunities for Implementation in Saudi Arabia. *International Journal of Social Science and Business*, *2*(1), 1–18. https://www.researchgate.net/profile/Siriyama_Herath/publication/314136787_International_Financial_Reporting_Standards_Ifrs_The_Benefits_Obstacles_and_Opportunities_for_Implementation_in_Saudi_Arabia/links/58b6e0d7aca27261e51a1dca/International-Financial-

Herbert, W. E., Tsegba, I. N., Ohanele, A. C., & Anyahara, I. O. (2013). Adoption of International Financial Reporting Standards (IFRS): Insights from Nigerian Academics and Practitioners. *Research Journal of Finance and Accounting*, *4*(6), 121–135. http://www.iiste.org/Journals/index.php/RJFA/article/view/5656

Hu, L. T., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling*, *6*(1), 1–55. https://doi.org/10.1080/10705519909540118

Iona, M., Iona, I., & Marian, S. (2014). IFRS adoption in developing countries: the case of Romania. *Contabilitate Şi Informatică de Gestiune*, *13*(2), 311–350.

Jeanjean, T., & Stolowy, H. (2008). Do accounting standards matter? An exploratory analysis of earnings management before and after IFRS adoption. *Journal of Accounting and Public Policy*, *27*(6), 480–494. https://doi.org/10.1016/j.jaccpubpol.2008.09.008

Jermakowicz, E. K. (2004). Effects of Adoption of International Financial Reporting Standards in Belgium: The Evidence from BEL-20 Companies. *Accounting in Europe*, *1*(1), 51–70. https://doi.org/10.1080/0963818042000270811

Jermakowicz, E. K., Prather-Kinsey, J., & Wulf, I. (2007). The Value Relevance of Accounting Income Reported by DAX-30 German Companies. In *Journal of International Financial Management and Accounting* (Vol. 18).

Jones, S., & Higgins, A. D. (2006). Australia's switch to international financial reporting standards: A perspective from account preparers. *Accounting and Finance*, *46*(4), 629–652. https://doi.org/10.1111/j.1467-629X.2006.00186.x

K Aggarwal, P. K., Bhavet, D., S SENAM RAJU Director A C D, P. M., N SHARMA Chairman, P. M., K Sharma, P. R., Sambhav Garg, D., Ambika Zutshi, D., Vivek Natrajan, D., Rajesh Modi, D., Sikander Kumar, P., Sanjiv Mittal, P., Rajender Gupta, P., & Nawab Ali Khan, P. (2011). *International Journal of Research in Commerce, Economics & Management*. *2*(7), 35–40. www.ijrcm.org.in

Kassahun, M., & Asfaw, M. (2014). *Financial Regulation and Supervision in Ethiopia*. *5*(17), 63–72. www.iiste.org

Kumari, S. S. S. (2008). Multicollinearity : Estimation and Elimination. *Journal of Contemporary Research in Management*, *3*(1), 87–97.

Laga, M. (2012). Obstacles of adoption and implementation of IFRS in Libya. *European Accounting Review*.

Lang, M., Raedy, J. S., & Yetman, M. H. (2003). How representative are firms that are cross-listed in the United States? An analysis of accounting quality. *Journal of Accounting Research*, *41*(2), 363–386. https://doi.org/10.1111/1475-679X.00108

Leuz, C., & Wysocki, P. D. (2016). The Economics of Disclosure and Financial Reporting Regulation: Evidence and Suggestions for Future Research. *Journal of Accounting Research*, *54*(2), 525–622. https://doi.org/10.1111/1475-679X.12115

MacCallum, R. C., & Hong, S. (1997). Power analysis in covariance structure modeling using GFI and AGFI. *Multivariate Behavioral Research*, *32*(2), 193–210. https://doi.org/10.1207/s15327906mbr3202_5

Marinković, S., Stojković, D., & Radović, O. (2013). Stock market development and economic growth (the case of Belgrade stock exchange). *Actual Problems of Economics*, *143*(5), 399–408.

Mihret, Y., & Ababa, A. (2016). *IFRS Adoption in Ethiopia: A Critical Analysis of the Process, Issues and Implications*.

Mocikova, K., Svac, J., Faber, E., Wildova, B., & Banikova, I. (1992). Comparison of tarivid and biseptol in prevention of bacterial infection in patients with acute leukaemia. *Vnitrni Lekarstvi*, *38*(2), 166–172.

Nasrin Danesh, S., Ahmadi Nasab, S., & Choon Ling, K. (2012). The Study of Customer Satisfaction, Customer Trust and Switching Barriers on Customer Retention in Malaysia Hypermarkets. *International Journal of Business and Management*, *7*(7), 141–150. https://doi.org/10.5539/ijbm.v7n7p141

Nobes, C. (2004). On accounting classification and the international harmonisation debate. *Accounting, Organizations and Society*, *29*(2), 189–200. https://doi.org/10.1016/S0361-3682(03)00045-X

Norman, G. (2010). Likert scales, levels of measurement and the "laws" of statistics. *Advances in Health Sciences Education*, *15*(5), 625–632. https://doi.org/10.1007/s10459-010-9222-y

Odia, J. O., & Ogiedu, K. O. (2013). IFRS adoption: Issues, challenges and lessons for Nigeria and other adopters. *Mediterranean Journal of Social Sciences*, *4*(3), 389–400. https://doi.org/10.5901/mjss.2013.v4n3p389

Oladeji, W. S., & Agbesanya, E. O. (2019). *Benefits and Challenges of Adoption of International Financial Reporting Standards*. *III*(Vi), 521–525.

Outa, E. R. (2012). The Impact of International Financial Reporting Standards (IFRS) Adoption on the Accounting Quality of Listed Companies in Kenya. *SSRN Electronic Journal*, 1–43. https://doi.org/10.2139/ssrn.1976146

Owolabi, A., & Iyoha, F. O. (2012). Adopting International Financial Reporting Standards (IFRS) in Africa: benefits, prospects and challenges. *African J. of Accounting, Auditing and Finance*, *1*(1), 77. https://doi.org/10.1504/ajaaf.2012.046127

Ozu, C., Nakamura, M., Nagata, K., & Gray, S. J. (2018). Transitioning to IFRS in Japan: Corporate Perceptions of Costs and Benefits. *Australian Accounting Review*, *28*(1), 4–13. https://doi.org/10.1111/auar.12168

Pacter, P. (2015). Global Reach of IFRS Is Expanding. *CPA Journal*, *85*(7), 13–16. https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=108524205&site=eds-live&scope=site

Paglietti, P. (2009). Investigating the Effects of the EU Mandatory Adoption of IFRS on Accounting Quality: Evidence from Italy. *International Journal of Business and Management*, *4*(12), 3–18. https://doi.org/10.5539/ijbm.v4n12p3

Palea, V. (2013). IAS/IFRS and financial reporting quality: Lessons from the European experience. *China Journal of Accounting Research*, *6*(4), 247–263. https://doi.org/10.1016/j.cjar.2013.08.003

Paper, C., Aud, A., King, P., & Tho, T. (2014). *Comparing results between fuzzy set interpretation and raw data interpretation*. *May*, 1–6. https://doi.org/10.13140/2.1.2641.9843

Peddi, P. B. R. (2019). Defuzzification method for ranking fuzzy numbers based on centroids and maximizing and minimizing set. *Decision Science Letters*, *8*(4), 411–428. https://doi.org/10.5267/j.dsl.2019.5.004

Perramon, J., & Amat, O. (2011). IFRS Introduction and its Effect on Listed Companies in Spain. *SSRN Electronic Journal*, *11*(3), 55. https://doi.org/10.2139/ssrn.1002516

Pope, P. F., & McLeay, S. J. (2011). The European IFRS experiment: Objectives, research challenges and some early evidence. *Accounting and Business Research*, *41*(3), 233–266. https://doi.org/10.1080/00014788.2011.575002

Puspa, A. E. D. (2013). Implementation of International Financial Reporting Standards (IFRS) and the Quality of Financial Statement Information In Indonesia. *Research Journal of Finance and Accounting*, *4*(19), 200–210.

Rattanalertnusorn, A., Thongteeraparp, A., & Bodhisuwan, W. (2013). *Oral Sessions Agenda Chemical Engineering I / Fundamental and Applied Sciences I*. *October 2015*.

S.J.Gray. (1988). Towards a Theory of Cultural Influence on the Development of Accounting Systems Internationally. *Abacus*, *24*(I), 1–15. file:///Users/sophiefriedrich/Dropbox/Uni Semester/SS16/bachelorarbeit/Gray 1988 - Towards a Theory of Cultural.pdf

Saidu, S., & Dauda, U. (2014). An Assessement of Compliance with IFRS Framework at First-Time Adoption by the Quoted Banks in Nigeria. *Journal of Finance and Accounting*, *2*(3), 64–73. https://doi.org/10.12691/jfa-2-3-3

SCHOOL OF GRADUATE STUDIES FACTORS AFFECTING ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS FACTORS AFFECTING ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS. (2017).

Schreiber, J. B., Nora, A., Stage, F. K., Barlow, E. A., Schreiber, J. B., Nora, A., Stage, F. K., Elizabeth, A., & Schreiber, J. B. (2010). *Modeling and Confirmatory Factor Analysis Results : A Review*. *0671*. https://doi.org/10.3200/JOER.99.6.323-338

Sedzani, F. (2012). Challenges To the Adoption of International Financial Reporting Standards in Africa. *Minor Dissertation*, 1–111.

Seyoum, H. (2018). *Assessment on the Adoption of International Financial Reporting Standards (Ifrs) in Selected Commercial Banks in Ethiopia : Assessment on the Adoption of International Financial Reporting Standards (Ifrs) in Selected Commercial Banks in Ethiopia :* 99.

Sharif Hossain, M., Salim Hasan, M., & Safiuddin, M. (2015). Adoption of International Financial Reporting Standards in Bangladesh: Benefits and Challenges. *IOSR Journal of Business and ManagementVer. I*, *17*(8), 2319–7668. https://doi.org/10.9790/487X-17811624

Simegn, Y. (2015). *Adoption of International Financial Reporting Standards (IFRS) in Ethiopia : Empirical Evidence*.

Soderstrom, N. S., & Sun, K. J. (2007). IFRS adoption and accounting quality: A review. In

European Accounting Review (Vol. 16, Issue 4, pp. 675–702). https://doi.org/10.1080/09638180701706732

Soderstrom, N. S., & Sun, K. J. (2016). European Accounting Review IFRS Adoption and Accounting Quality: A Review. *European Accounting Review*, *16*(4), 675–702. https://doi.org/10.1080/09638180701706732

Stainbank, L. J. (2014). Factors Influencing the Adoption of International Financial Reporting Standards by African Countries. *South African Journal of Accounting Research*, *28*(1), 79–95. https://doi.org/10.1080/10291954.2014.11463128

Submitted, A. T., Mba, T. O., Office, C., Business, O. F., Partial, I. N., Of, F., Requirements, T. H. E., The, F. O. R., & Babil, A. A. (2018). *CHALLENGES OF PRACTICAL IMPLEMENTATION OF IFRS IN ETHIOPIA , EVIDENCE FROM BANKING SECTOR A THESIS SUBMITTED TO MBA COORDINATION OFFICE , COLLECGE OF BUSINESS AND ECONOMICS , ADDIS ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE*.

Tawiah, V., & Boolaky, P. (2019). A review of literature on IFRS in Africa. *Journal of Accounting and Organizational Change*, *16*(1), 47–70. https://doi.org/10.1108/JAOC-09-2018-0090

Taylor, D. W. (2009). Costs-benefits of adoption of IFRSs in countries with different harmonization histories. *Asian Review of Accounting*, *17*(1), 40–58. https://doi.org/10.1108/13217340910956504

Taylor, I., & Smith, K. (2007). United Nations conference on trade and development (UNCTAD). *United Nations Conference on Trade and Development (UNCTAD)*, 1–131. https://doi.org/10.4324/9780203029770

Tesfaye Nigussie. (2018). *The Determinants of Customers Attitude Toward Services of Ethiopian Electric Power Corporation : A Case of Addis Abeba ,. 50*, 106–107.

Tesfu, F. F. (2012). The Adoption of International Financial Reporting Standards (IFRS) in Ethiopia : Benefits and Key Challenges Fikru Fantahun Tesfu A Thesis Submitted to The Department of Accounting and Finance , College of Business and Economics Presented in Partial Ful. *Thesis, Addis Ababa University Addis Ababa, Ethiopia*, 1–

123.

The Institute of Chartered Accountants in England and Wales (ICAEW). (2015). The Effects of Mandatory IFRS Adoption in the EU : A Review of Empirical Research. In *Information for Better Markets, Forthcoming.* (Issue April).

Tongco, M. D. C. (2007). Purposive sampling as a tool for informant selection. Ethnobotany research and applications. *Ethnobotany Research and Applications*, *5*, 147–158. https://doi.org/10.17348/era.5.0.147-158

Tran, T. C. T., Ha, X. T., Le, T. H. P., & Nguyen, N. T. (2019). Factors affecting IFRS adoption in listed companies: Evidence from Vietnam. *Management Science Letters*, *9*(Special Issue 13), 2169–2180. https://doi.org/10.5267/j.msl.2019.7.035

UNCTAD. (2008). Practical implementation of international financial reporting standards : Lessons learned. In *New York and Geneva, 2008*. http://www.unctad.org/en/docs/diaeed20081_en.pdf

Utility, E. E. (2013). *FEDERAL NEGARIT GAZETTE ; JtLlIl. 35*.

Uwuigbe, U., Emeni, F. K., Uwuigbe, O. R., & Maryjane, A. C. (2016). IFRS adoption and accounting quality: Evidence from the Nigerian banking sector. *Corporate Ownership and Control*, *14*(1Continued1), 287–294. https://doi.org/10.22495/cocv14i1c1p12

Vinayagamoorthy, A. (2014). Opportunities and Challenges in Adopting IFRS in India. *International Journal of Business and Administration Research Review*, *2*(3), 132–136.

Virani, S. R., Saini, J. R., & Sharma, S. (2020). Adoption of massive open online courses (MOOCs) for blended learning : the Indian educators ' perspective. *Interactive Learning Environments*, *0*(0), 1–17. https://doi.org/10.1080/10494820.2020.1817760

Whittington, G. (2005). The adoption of International Accounting Standards in the European Union. *European Accounting Review*, *14*(1), 127–153. https://doi.org/10.1080/0963818042000338022

Yin, R. (1994). Method in Evaluation Research. *Evaluation Practice*, *15*(3), 283–290.

YURT, C., & ERGUN, U. (2015). The IFRS Adoption and Accounting Quality: A Comprehensive Trend Analysis. *International Journal of Academic Research in Economics and Management Sciences*, *4*(2), 11–19. https://doi.org/10.6007/ijarems/v4-i2/1631

Zaidi, S., & Paz, V. (2015). the Impact of Ifrs Adoption : the Impact of Ifrs Adoption : a Literature Review. *Journal of Theoretical Accounting Research*, *10*(2), 116–142.

Zakari, M. A. (2014a). Challenges of International Financial Reporting Standards (IFRS) Adoption in Libya. *SSRN Electronic Journal*, *4*(2), 390–412. https://doi.org/10.2139/ssrn.2538220

Zakari, M. A. (2014b). Challenges of International Financial Reporting Standards (IFRS) Adoption in Libya. *International Journal of Accounting and Financial Reporting*, *1*(1), 390. https://doi.org/10.5296/ijafr.v4i2.6302

Zeghal, D., & Mhedhbi, K. (2006). An analysis of the factors affecting the adoption of international accounting standards by developing countries. *International Journal of Accounting*, *41*(4), 373–386. https://doi.org/10.1016/j.intacc.2006.09.009

کوچکی, س. غ. م. . و. ع. (1377). *No Title*فیزیولوژی گیاهان زراعی (ترجمه) . 68–70.

Annex

Data collection formats on Ethiopian banking sector with regard to post adoption benefit of IFRS implementation.

5.4 Questionnaire Data collection format

Addis Ababa University

SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

Questionnaire on the Post Benefit of IFRS Adoption implementation

Dear Respondent,

The aim of this questionnaire is to seek information regarding on the Post adoption implementation of International Financial Reporting System (IFRS) in Ethiopia. The questionnaire is distributed to *IFRS implementation board committees in the bank or financial managers of each bank*. The information you provide in response to the item in the questionnaire will be used as part of the data needed for study on adoption of IFRS benefit and the driving factors influence on the benefit & vice versa.

I would like to assure that the information you provide will be accessible only to academic purpose. Your involvement is regarded as a great input to the quality of the research results. You're honest and thought full response is invaluable.

Fitsum Tilahun (MBA Student)

Addis Ababa University

Department of MBA

Phone: 0911208173 || 0912375267

Email: fitsumtilahun197@gmail.com

Thank you for your participation

Kind regards

Fitsum Tilahun

PART I

Demographic Background: Please kindly tick (√) your answer in the appropriate boxes or respond by writing if required.

1. Educational Background

- Certificate
- Diploma
- BA/BSC Degree
- MSc/ MA
- Other specify………………………………………………..

2. Your Position in the Company

- Finance Manager
- Deputy Finance Manager
- Other Specify …………………………………………………

3. Working experience in the banking sector

- Less than 5 years
- 6 to 10 years
- 11 to 15 years
- Over 15 years

4. What is your experience related to IFRS (you can select more than one)

- I never exposed myself to IFRS
- I have taken appropriate trainings related to IFRS
- I have participated in IFRS implementation
- I am a lead expert in IFRS implementation

5. If you have related experience to IFRS implementation, how long it is

- 0-6 months
- Less than a year
- Less than 5 years

6. If you have experience on implementation of IFRS, can you please specify where it is

- Financial institutes
- Governmental institutions
- Other Specify

PART II

In part II the researcher is seeking your specific perceptions toward the benefit of IFRS implementation in your Bank. Please indicate the extent of agreement with each statement by ticking (√) on the spaces that specify your choice from the options that range from "strongly agree" to "strongly disagree".

Notes: - SA- Strongly Agree A- Agree D- Disagree N- Neutral SD- Strongly Disagree

	Benefits	**Benefits of implementation of IFRS**	SA	A	N	D	SD
1	Reliability	Your bank financial statements based on IFRS are reliable and comparable					
2		The regulatory enforcement mechanism has impaired the reliability of the financial statement of your bank					
3	Comparability	Implementation of IFRS facilitates promoted international trade and creates foreign direct investment					
4		Implementing IFRS and its use in transforming accounting information's has made it ready for better decision					
5	Relevance	Implementing IFRS benefit outweigh its related implementation costs in your bank					
6		Ethiopia judicial system has positively influenced your bank financial report relevance					
7	Consistency	IFRS implementation Improves internal audit system in your bank					
8		IFRS implementation improved competitiveness of your bank					
9		IFRS implementation provides compliant financial information to access external financing of your bank					
10	Stock market development	Your bank IFRS implementation attracted investors in stock market					
11	Liquidity	Your bank profitability decreased by implementing IFRS in which it gives prior signal to crisis					
12		After implementation of IFRS in your bank cross border investment lowered transaction cost & narrower bid-ask spreads					

13		Implementation of IFRS in your bank Provides raised stock price efficiently					
14	Economic Growth	IFRS implementation cause a reduction of uncertainty and information asymmetry to attract investors					
15		IFRS adoption & implementation facilitates cross border investment decision					
16	Cost of Equity	IFRS implementation has Minimized cost of capital					

PART III

In part 3 the researcher is seeking your specific perceptions toward the contributing factors impact on effective IFRS implementation in your Bank. Please indicate the extent of agreement with each statement by ticking (√) on the spaces that specify your choice from the options that range from “strongly agree” to “strongly disagree”.

Notes: - SA- Strongly Agree A- Agree D- Disagree N- Neutral SD- Strongly Disagree

Serial Number	**Contributing factors**	**The contributing factors impact on effective IFRS implementation**	SA	A	N	D	SD
1	Educational level and professionalism	The preparers of financial reports in your bank are **qualified**					
2		The preparers are fulfilled the required experience & training					
3		The prepares of financial reports in your bank licensed & registered accountants					
4	Culture	The language used in preparation of financial report affect negatively					
5		The culture dissimilarity has negatively affected your IFRS implementation effort					
6		The IFRS implementation in your bank obliged to adopt western oriented accounting standards; increase translation barriers					
7	Economic Growth	The size & complexity of your bank requires high quality accounting system					
8		The country’s economic model affect IFRS implementation positively					

9	Legal Protection	The legal system that is in place in the country requires adequate disclosure of financial reporting					
10		The government policy made cost of doing business reduced					
11		Legal systems has promoted disclosure and investors' protection					
12	Adequate monitoring and enforcement	The regulatory body is up to the standard to secure compliance of financial reporting					
13		National enforcement regime is effective enough to enforce effective IFRS implementation					

Part IV. General questions

Please kindly tick (√) your answer in the appropriate boxes or respond by writing if required

1. Does your bank implement IFRS?

- Yes
- No
- If No please Specify

2.If your Bank started implementing IFRS when does it begun.

- Before 2016
- 2016
- 2017
- 2018
- 2019
- 2020

3. What are the contributing factors in adoption-implementation of IFRS? Please Specify

- ………………………………………………………………………………………………

………………………………………………………………………………………………

……………………………………………………………………………..

4. Does your bank understands and uses proclamation No. 847/2014 dated December 5, 2014 about IFRS on Share Company and government finance institution?
   - Yes
   - No
   - If No please Specify
5. Is there any formal training when IFRS was introduced?
   - Yes
   - No
   - If not please specify the reason ……………………………………………………
6. Is there an influence observed in your practical experience that the benefits of IFRS did change the dynamism of the contributing factors? Like; culture, government policy, Education & professionalism
   - Yes
   - No

   How---

5.5 Interview: Data collection format

Addis Ababa University

SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

Interview on the Post Benefit of IFRS Adoption implementation

Dear Respondent,

The aim of this interview is to seek information regarding on the Post adoption implementation of International Financial Reporting System (IFRS) in Ethiopia. The interview intended to *IFRS implementation board committees chairman or financial managers of each bank*. The information you provide in response to the item in the interview will be used as part of the data needed for study on adoption of IFRS benefit and the driving factors influence on the benefit & vice versa.

I would like to assure that the information you provide will be accessible only to academic purpose. Your involvement is regarded as a great input to the quality of the research results.

You're honest and thought full response is invaluable.

Fitsum Tilahun (MBA Student)

Addis Ababa University

Department of MBA

Phone: 0911208173 || 0912375267

Email: fitsumtilahun197@gmail.com

Thank you for your participation

Kind regards

Interview: Data Types

1. **IFRS Implementation History**
   - ➢ Implementation year
   - ➢ Involved Stakeholders (auditors, preparers, regulators)
   - ➢ Applied Procedures (indicate specific procedures|| IFRS Committee members or any other….. please attach available data
   - ➢ Evaluate worthiness of implementation cost to its benefit
   - ➢ State influence of the regulation of AABE on your effective implementation

2. **Efforts Made**
   - ➢ Training (Type, Number, Investment cost)
   - ➢ Certifications (Licensed, preparers qualification (education level)| please attach available data
   - ➢ Observed challenges and remedy

3. **Level achievement**
   - ➢ Fulfillment of regulatory body directives
   - ➢ If there is any extra ordinary achievements || please attach available data or yearly report||
   - ➢ Realized benefits…..
   - ➢ State new business agreements or new opportunities after IFRS implementation, (what are those agreements, please evaluate the status)
   - ➢ Lost business agreements or opportunities after IFRS implementation… Why?
   - ➢ State how IFRS implementation supports to win local and overseas business competition….How?

4. **Dynamism of the driving factors**
   - ➢ Is there an influence observed in your practical experience that the benefits of IFRS did change the dynamism of the driving factors; such as
   - ✓ Education & professionalism
   - ✓ Culture
   - ✓ Economic growth
   - ✓ Legal protection /Government policy/
   - ✓ Monitoring & enforcement
   - ✓ etc
   - ✓ How influenced?

Any suggestion ………………..