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**Addis Ababa University
College of Business and Economics
Department of Management**

**Assessment on Awareness/Knowledge, Attitude and Practice
of International Financial Reporting Standards in Private
Banks of Ethiopia**

Fekadu Mersha Geremew

**June 2018
Addis Ababa, Ethiopia**



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Assessment on Awareness/Knowledge, Attitude and Practice of International
Financial Reporting Standards in Private Banks of Ethiopia

By
Fekadu Mersha Geremew

Advisor
Habtamu Berhanu (PhD)

A Thesis submitted to the Graduate Programmes of Addis Ababa University in
Partial Fulfilment of the Requirements for the Degree of Executive Master in
Business Administration

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Addis Ababa, Ethiopia

DECLARATION

I, the undersigned declare that this study entitled “**Assessment on Awareness/Knowledge, Attitude and Practice of International Financial Reporting Standards in Private Banks of Ethiopia**” is my own original work. This study has not been submitted for any degree or diploma programme in this or any other institutions and that all sources of materials used for the thesis have been duly acknowledged. I have undertaken the research work independently with the guidance and support of my research advisor.

Declared by:

Fekadu Mersha Geremew

Signature_____

Date _____

CERTIFICATION

This is to certify that Fekadu Mersha Geremew has carried out this research work on the topic *“Assessment on Awareness/Knowledge, Attitude and Practice (KAP) of International Financial Reporting Standards in Private Banks of Ethiopia”* under my supervision. This research is his original work and has not been presented for a degree in any university, which all sources of materials used for the study have been duly acknowledged. Thus it is sufficient for submission for the partial fulfilment of the requirements for the award of Master of Arts in Executive Business Administration.

Advisor: Habtamu Berhanu (PhD)

Signature _____

Date _____

Addis Ababa University
College of Business and Economics
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Executive MBA Programme

Assessment on Awareness/Knowledge, Attitude and Practice of International
Financial Reporting Standards in Private Banks of Ethiopia

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LIST OF ABBREVIATIONS AND ACRONYMS

AABE	Accounting and Auditing Board of Ethiopia
AAU	Addis Ababa University
ACCA	Association of Chartered Certified Accountants
ASC	Audit Service Corporation
CBE	Commercial Bank of Ethiopia
ECX	Ethiopian Commodity Exchange
EMBA	Executive Master of Business Administration
EU	European Union
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GTP II	Second Growth and Transformation plan
GNI	Gross National Income
ICPAK	Certified Public Accountant of Kenya
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards committee
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IOSCO	International Organization Securities Commission
KAP	Knowledge, Attitude and Practice
KAS	Accounting Standards of Kenya
KASB	Korean Accounting Standards Board
NBE	National Bank of Ethiopia
PIE	Public Interest Entities

PwC	Price Water House Coppers
ROSC	Report on Observance of Standards and Codes
SMEGA	Small and Medium Sized Entities Guide Line on Accounting
SIC	Standing Interpretation Committee
SMES	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
UNCTAD	United Nations Conference on Trade and Development
UN	United Nations
WB	World Bank
WTO	World Trade Organization

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Abstract

The study aims to assess the employees' levels of awareness, knowledge, attitude, and practice of IFRS in private banks of Ethiopia. To achieve this, mixed method research design was employed. Both quantitative and qualitative data were collected from 232 randomly selected samples of accountants and auditors of 16 private banks using structured questionnaire, and by conducting semi-structured interviews with five key informants through interview guide, respectively. The findings of the study also revealed that the employees lacked depth of awareness of detailed standards applicable to private banks based on the available data for reporting purpose; 127 (55%) of the sampled employees expressed that they were knowledgeable about different aspects of IFRS such as the provision of IFRS with greater transparency in the financial reporting of the Ethiopian private banks, its contribution to the improvement of regulatory oversight and enforcement, the important role(s) of accounting professional association(s) in the proper implementation of the adoption of IFRS, and the complex of its adoption as compared with local GAAP and US GAAP in the banks. In addition, the majority of the respondents showed positive attitude towards IFRS and most of their dimensions; 60.1% responded that all those stated required 'soft inputs' (like the preparation of IFRS conversion plan; gaps identified, analyzed the impact of accounting reporting and reconciliation processes, the IFRS implementation guidelines prepared, disclosure skeleton prepared, new changes made, and the alignment approach for maintaining process controls made in all of the banks) were made. However, there were multi-faceted challenges which had emanated from different sources and stakeholders. Finally, the study concludes that the employees in the private banks have awareness and knowledge, show certain degree of positive attitude, and limited scope of practical implementation of IFRS adoption. Generally, these may add to knowledge base on IFRS which, in turn, has practical implications for the required professions and future areas of research.

Key Words: Knowledge, Attitude, Practice, IFRS, Private Banks, Ethiopia

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

A reliable and efficient accounting system plays a vital role in the economy of a country. This has never been truer than it is today, as markets are becoming more and more global allowing for business, investment, knowledge and transactions to take place across many borders. There is increased pressure on corporations and countries for reliable, relevant and accurate data (Thompson, 2016).

International Financial Reporting Standards (IFRS) is a single set of accounting and financial reporting standards developed by International Accounting Standards Board (IASB). The standards are intended for global use by entities in all types of economies from developing countries to emerging markets to well established industrialized nations (IASB, 2016).

With the effect of globalization, more and more countries are to open their doors to foreign investment leading to businesses expansion across borders. Public and private organizations are increasingly recognizing the benefits having a commonly understood financial reporting framework supported by strong globally accepted accounting and auditing standards (Wong, 2004). Heterogeneous financial reporting and accounting practices make it very difficult for users of accounting and financial reports to consolidate such information and make comparison of firms that are listed in different countries (Prather-Kinsey, 2006). The growth of multinational company activities, economic and political interactions between developed countries increases the efforts of developing countries to be part of the global market which, in turn, requires quality and transparent financial information (Alp & Ustuntag, 2009).

Proponents of accounting harmonization believe that comparability of financial statements worldwide is necessary for the globalization of capital markets. They suggest that there are many potential benefits that may arise from the use of one common set of accounting standards throughout the world. These include: improved transparency, comparability and quality of financial reporting that lead to lower preparation cost, more efficient investment decisions and lower cost of capital for companies (Choi & Meek, 2005). The benefits of a reliable financial

reporting framework for a country include greater economic growth, more efficient allocation of resources, lower cost of capital, greater comparability of financial information for investors, and a greater willingness on the part of investors to invest cross border (UN, 2008).

Worldwide emerging economies with a comparatively less developed accounting and regulatory framework have generally adopted IFRS on account of institutional pressures (Ball, 2006; Jones & Finley, 2011). Likewise, Ethiopia mandatorily adopted IFRS and has then become part of Ethiopian Law after the House of Peoples Representative of Ethiopia has enacted Financial Reporting Standards Proclamation No. 847/2014 which was effective on the 5th of December 2014. Thus, Ethiopia is the most recent participant in the IFRS adoption chain when the Accounting and Auditing Board of Ethiopia (AABE) announced its road-map after the issuance of Regulation No.332/2014 which became effective on the 14th January, 2015.

Prior to these Financial Reporting Proclamation and Regulation on the IFRS pre-adoption enforcement process on commercial banks was started by National Bank of Ethiopia (NBE) and become part of the Banking Business Proclamation No.592/2008. Tangible results of implementation process by private banks were found to be slower. It was nine years before that, NBE, the country's National Bank, issued its Proclamation for implementation by commercial banks.

Ideally, high level of awareness/ knowledge, attitude and practice of IFRS adoption contribute for the speedy, effective and efficient adoption of it. In this regard, the study can hypothesize the awareness/knowledge, attitude and practice of IFRS system at some level are proximate variables for the high level of adoption of the system and vice versa.

The levels of awareness/ knowledge, attitude and practice of implementation of IFRS by private banks in the country has not been sufficiently documented or no studies at all. In spite of the recognition of the immense contribution of private banks to sustainable economic development in the country, their performance in financial reporting still falls below the expectation of study. Evidence abounds that many of the private banks in Ethiopia have prepared their reports using other reporting approaches that are not compatible with the principles of IFRS.

Therefore, the move to IFRS has created huge research opportunities. For example, impact of IFRS on value relevance (Iarkson et al., 2011), and accounting quality and disclosure

(Emmanuel, 2011). More importantly, researches on the organizational context of IFRS implementation in Ethiopia are limited.

Studies on IFRS conducted by local researchers are centred on the compliance level with the standards (Mihret, 2016), evaluating the disclosure level (Bitew, 2015), advantages and disadvantage of implementing IFRS, and some other studies focused on benefits and challenges of IFRS (Bekele, 2016; Fantahun, 2012; Hailemichael, 2016; Lema, 2017; Weldekidan, 2009).

Knowledge gap on organizational context of IFRS implementation is apparent. Therefore, this study aimed at assessing on level of awareness/ knowledge, attitude and practice (KAP) of IFRS in private banks operating in the country.

1.2. Statement of the Problem

When developing nations decide to adopt and implement IFRS, they often face many challenges and hurdles along the way. Choosing to implement international accounting standards is simply the first step, and what follows is typically a long line of issues that need to be resolved before the benefits (if any) are realized.

The study critically analyzed the factors for noncompliance to IFRS standards by private banks (ROSC-Ethiopia, 2007) and assumed key non-adoption challenges in line with current developments of IFRS adoption processes by private banks as presented in Appendix D .The major non-compliance issues noted were lack of knowledge and attitude of IFRS standards by prepares, weak accounting and auditing professional association(s),complexity of IFRS standards, low level of performance in area of accounting profession and non-existence of strong professional association are problems still persisting at country level in general , and particularly in private banks. According to the framework for Categories of Organizational Changes resulting from IFRS (Bosco, 2013) the IFRS adoption process requires the involvement of structure, system and people. The persisting problems of non-compliance with IFRS in one way another requires major involvement of people or employees.

In recent developments, it was learnt that the Ethiopian Bankers' Association had selected and outsourced the IFRS adoption process by awarding a contract to Price Water House Coppers (PwC), which is an international professional services and auditing firm, for the implementation

of IFRS by private banks. The awarded contract was aimed at to give support for banks to transform their reporting system to IFRS and produce procedures in a bid to meet the aspired reporting standards (Endeshaw, 2017). The state owned Commercial Bank of Ethiopia (CBE) has passed the adoption phase and become the first financial firm to adopt IFRS and complied with the deadline set by authorities of the Federal Regulatory Board, AABE (Quinn, 2017).

According to Deloitte methodologies for IFRS implementation processes model for worldwide banks, total average time required to take for implementation in financial institutions is about 18 months. The time allocation for initial gap analysis (2 months), followed by the implementation (14 months), and the process is concluded by the testing stage (2 months), and ending on the day of IFRS transition (Deloitte, 2017).

Ethiopia has undertaken a wholesale transition to IFRS since December 2014; it still remains an issue of empirical concern. How and why did Ethiopia accept the adoption of IFRS without making preparations from professional development points of view?

Private Banks took a lot of time to adopt IFRS compared to the issuance cut off date on the banking business Proclamation No. 592/2008. This Proclamation required all financial institutions to report their financial statements based on IFRS and the financial reporting Proclamation No. 847/2014 urged companies with public responsibilities, including banks to comply with IFRS.

Though there is no conclusive evidence that government owned banks are always more efficient than the private banks in the implementation of IFRS; implementing IFRS in Ethiopia may therefore be a direct challenge to private banks if it has increased dependence on outside expertise (consultants), lacks qualified professionals, and makes inadequate staff training (development costs) (Mesay, 2009).

Accordingly, considerable number of studies on benefits, prospects, challenges, advantages, disadvantages, disclosures and country's state of IFRS implementation readiness were made. However, little or no systematic study was conducted on knowledge, attitude and practice of IFRS adoption by private banks. Therefore, this study aimed to assess the level of knowledge, attitude and practice of IFRS adoption of private banks in Ethiopia.

1.3. Research Questions

This survey seeks to offer answers to questions on adoption to IFRS through collection and critical evaluation of opinions and insights from a sample of (Accounting Staff and Internal Audit staff) regarding the awareness/ knowledge, attitude and practice of IFRS implementation of private banks in Ethiopia. This study thus focused specifically on the following research questions:

RQ1: Do the employees in the private banks of Ethiopia have awareness of IFRS?

RQ2: Are the employees of the private banks of Ethiopia knowledgeable about IFRS?

RQ3: What is level of the employees' attitude towards the adoption of IFRS in the private banks of Ethiopia?

RQ4: What is the overall practice of IFRS among the relevant professionals in private banks of Ethiopia?

1.4. Objectives of the Study

1.4.1. General Objectives of the Study

The general objective of this study is to assess the overall level of awareness/knowledge, attitude and practice of IFRS adoption in the private banks of Ethiopia. And then to recommend possibilities for early adoption of IFRS in these private banks of the country.

1.4.2. Specific Objectives of the Study

The specific objectives of the study include:

1. To assess level of awareness/knowledge of the employees of the private banks in adopting IFRS standards,
2. To investigate the employees' level of attitude to IFRS adoption in private banks of Ethiopia, and
3. To explore level of adoption of IFRS practice at the private banks of Ethiopia.

1.5. Significance of the Study

Initially, the study benefits private banks to use the assessment results of the study and to recommend possibilities for early adoption of IFRS in private banks of the country. Its adoption has paramount importance for practitioners in the financial system.

This research paper is useful in providing useful information for finance managers; finance professionals, policy makers, regulatory body, and future studies on related issues. The empirical results in the study may serve as input to the existing literature database and accounting and finance about IFRS implementation process in the private banks in Ethiopia.

In addition, the empirical evidence may trigger for further studies. The findings of the study are generally important for different categories of stakeholders and professionals in the financial system.

1.6. Delimitations of the Study

This research paper covers the assessment of awareness/ knowledge, attitude and practices of IFRS implementation in private banks of Ethiopia. This study is delimited to assess the awareness/knowledge, attitude and practice of adoption of IFRS in private banks of Ethiopia. Geographically the scope was to focus only to head offices of 16 private banks in Addis Ababa, Ethiopia. In addition, the study collected cross sectional quantitative and qualitative data from sample respondents and key informants, respectively during the period beginning from March 2017 to June 2018.

1.7. Limitations of the Study

The major limitation of the study is that the data were collected from a small convenience sample of employees in the private bank of Ethiopia. In the study, the sample respondents were those who are working as accounting staff and internal audit staff of the private banks. Thus, the results may provide different since if the study did not allow other employees as participants in the banks. Thus the result may provide different evidence if the study allowed other employees in the private banks. Therefore, it will be a problem in generalizing the sample results to other respondents.

The data collected were a cross-sectional data exposed to problems of internal validity. The study employed a purposive non-probability sampling technique to select key respondents (Accounting Staff and Internal Audit staff).

1.8. Definitions of the key Terms

Awareness: is the ability to directly know and perceive, to feel, or to be cognizant of events. More broadly, it is the state of being conscious of something (Kamawi, 2014).

Knowledge: is familiarity or conversance, as with a particular subject or branch of learning (Quinn, 2010).

Attitude: The predisposition/mental state of individuals/users towards products/ideas/attributes of an object. It also implies the mental readiness to act in a particular manner and influences the individual's behaviour towards the object/group/organization/person under consideration (Kamawi, 2014).

Attitude measurement: relates to the process of measuring an individual's attitude towards an object. When we go for the measurement of attitudes or any other parameter, one has to clearly sort out: What has to be measured, who is to be measured, the accuracy desired in the measurement, the costs permissible and the choices available in the measurement/data collection techniques (Sharma & Jain, 2013).

1.9. Ethical Considerations

Study participants' willingness to fill the questionnaires was respected and verbal consent was taken while distributing the questionnaire papers. Name of individuals was not mentioned in the report, and yet any information or data that can be found confidential as well as affecting the goodwill and reputation of the bank under study was not included.

1.10. Organization of the Thesis

This thesis will be organized in five chapters. Following this introductory statements, the second chapter will deal with literature review about IFRS. The third part presents the research design, data collection and analysis. The fourth and fifth parts deal with the data analysis, summary of findings, conclusions and recommendations. Finally, the thesis contains References and Annexes, including source of the Tables and Figures.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

Developing countries generally do not have an established accounting and auditing tradition. They often lack a strong professional accounting body, if they even have one at all, accounting and auditing systems may be inadequate or nonexistent. Also, one of the largest issues is the shortage of a skilled professional accounting workforce in many nations. This can prevent the development of a well-functioning financial environment (Polizatto, 2016).

Countries like Ghana have inadequate funds for educational institutions where accounting is taught, a lack of skilled teachers, lack of teaching materials, and an inappropriate structure for training and education of accountants (Gyasi, 2009). Moreover, some countries face unfavourable political environment, where corruption is common and transparency is limited. Corruption flourishes when there is little government transparency, illiterate populaces, little to no freedom of information or lack of freedom of speech, as well as dysfunctional government system. Many lesser developed countries lack needed financial and technical capacity, lack fiscal controls, and false government financial statements, weak institutions, and a process of government where information is often undisclosed to citizens (Hooper et al., 2008).

The demand for accounting information comes from various sources including managers, investors, lenders, employees, suppliers, customers, government and the public (Alexander & Nobes, 2004).

Disclosures of banks and other financial institutions are often misleading or fraudulent, which limits foreign investment and the growth of capital markets. Without reliable financial statements, investors are reluctant to assume the risks of lack of transparency and investor protection (Berglöf et al., 1999; Polizatto, 2016). It does not mean that all developing countries face all of these issues; many have at least some of the problems just described.

In this chapter, the study will review other literature done on IFRS, which are relevant to the study.

2.2. Accounting Evolution and IFRS

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit. In order to assess an entity's prospects for future net cash inflows, existing and potential investors, lenders and other creditors need information about the resources of the entity, claims against the entity, and how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's resources (IFRS Foundation, 2013).

Many developing countries and countries with economies in transition strive to mobilize financial resources from domestic and international sources to attain their economic and social development goals. The availability of relevant information on potential investment targets has a bearing on efforts to mobilize investment for financing economic and social development. It might be said that such information plays an important role in making critical investment decisions and conducting risk assessment. Contributions to improved investor confidence and decreased cost of capital might be stated as other benefits. As the world economy became more integrated and flowing velocity of funds increased due to the financial and technological developments, attracting financing needed for economic development has become more competitive. Economic resources have become more mobile across borders. It could be claimed that enterprises that provide potential investors with reliable and comparable financial statements are more likely to attract domestic and international investment (UNCTAD, 2008, p.vi).

In an increasingly interconnected global economy, many market participants are considering the question of whether or not it is possible or desirable to move toward a more uniform global "language" for financial reporting. The proponents of this idea argue that a uniform set of global accounting standards, supported by strong governance, independent standard-setting and a sound regulatory framework, could benefit investors and businesses alike. Others suggest that trying to establish a uniform set of global standards would run the risk of overlooking the unique economic, political, cultural, legal and regulatory realities that exist in different nations and regions (Center for Auditing Quality, 2009, p.1).

2.3. International Financial Reporting Standards (IFRS)

The adoption of International Financial Reporting Standards (IFRS) has been a subject of growing theoretical and empirical investigation in accounting literature. IFRS is an acronym for International Financial Reporting Standards. It is also a series of accounting pronouncements published by the International Accounting Standards Board (IASB) to help preparers of financial statements, throughout the World, produce and present high quality, transparent, and comparable financial information. The term IFRS has broad and narrow meanings. Narrowly, IFRS refers to the new number of series of pronouncements that the IASB is issuing as distinct from the International Accounting Standards (IASs) series issued by International Accounting Standards Committee (IASC). More broadly, IFRS refers to the entire body of IASB pronouncements, including standards and interpretations approved by the IASB and IASs and Standard Interpretation Committees (SIC) interpretations approved by IASC (Ball, 2006; Chamissa, 2000; Epstein, 2009; Mwaura & Nyaboga, 2009).

Before the inception of IASB in 2001, international accounting standards were issued by IASC which is a body established in 1973 by professional accounting bodies from Australia, Canada, France, Germany, Japan, Mexico, Netherlands, U.K., Ireland and U.S.A. After nearly 25 years in 1997, IASC recognized that to continue to perform its role effectively, it must find a way to bring about convergence between Domestic Accounting Standards (DAS) and global accounting standards. The IASB recognized its rules under the new IFRS, though it continues to recognize the prior rules - IASs (Ajibade, 2011).

IAS standards are issued by the IASB by 2001 and IFRS are standards issued after that year. Nevertheless, currently, the expression IFRS is commonly used alone to designate this set of rules (IAS and IFRS).

The number of countries to allow and/or require IFRS adoption when preparing financial statements has grown over the last years. The year 2005 has become a particularly significant milestone in terms of mandatory IFRS adoption; for this was the year that it took place in the European Union (EU) and Australia. The decision to adopt IFRS in the EU played a key role in the international acceptance and dissemination of IFRS (Brown, 2013).

The year 2010 was a second significant milestone in the IFRS adoption process worldwide, with mandatory adoption in Brazil, where it is a country of great importance for the global economy. Later, other countries with great economic importance adopted IFRS: Canada in 2011, and Mexico and Russia in 2012).

The objective of IASB is to require like transactions and events to be accounted for and reported similarly and unlike transactions differently. Under IASB, the choices in accounting treatment are continuously being reduced. In pursuance of its objective, the IASB cooperates with IAS setters to achieve convergence in accounting standards. Despite this effort on the part of IASB, there is still heterogeneity in country's decision to adopt IFRS. The reason for this heterogeneity is generally varied in extant literature.

2.4. IFRS Adoption and Economic Theory of Networks

IFRS adoption for a given country increases with the number of IFRS adopters in its geographical region (Ramanna & Sletten, 2009). This is what is referred to as the “Network Effects” in IFRS adoption. IFRS are used in many parts of the world, including the European Union, Hong Kong, Australia, Malaysia, Pakistan, Russia, Turkey and some African countries (Mwaura & Nyaboga, 2009). Recently, some African countries have already adopted the IFRS product, while some others are supposed to be willing to accept the adoption. If countries within a region are influenced by each other's actions, we can expect the likelihood of IFRS adoption for a given country to increase as the number of IFRS adopters in that region increases.

Network theory suggests that there are generally two factors to consider in adopting network-dependent products: the intrinsic value of the product and the value of the product's Network (Katz & Shapiro, 1985). Here, IFRS is taken as a kind of product.

Ramanna and Sletten (2014) show that mandatory IFRS adoption at a country level is not always entirely exogenous. They find that a country's decision to adopt IFRS is an endogenous choice determined by the country's perceived network benefits. That is, a country is likely to adopt IFRS if the other countries with which it has close economic ties have already adopted IFRS. For example, an adoption experience of IFRS by an East African region may have a motivational impact on IFRS adoption process in Ethiopia.

There are some theories related to adoption of IFRS in given countries. The Economic Theory of Networks favour country level decisions on IFRS adoption. Another theory decisions to adopt or not to adopt IFRS is Institutional Isomorphism theory and by drawing upon DiMaggio and Powell's (1983). This paper reveals that IFRS adoption is significantly related to social pressures of isomorphic changes which contradict the current mainstream belief that adoption is highly associated with its corresponding economic benefits. It hints that the decision of developing countries to adopt IFRS is motivated more by social pressures of legitimacy, than it is by economic reasoning.

2.5. IFRS Adoption and Institutional Theory of Isomorphism and Legitimacy

Recent studies on adoption of IFRS focused on how it improves the competitiveness of countries or firms to compete for economic resources. For instance, it has been maintained by the European Union (EU) and other developed countries that adopting IFRS will help to produce high quality financial reporting. In results, the adoption would help governments and other regulators, such as stock exchange administrators, to reduce monitoring costs related to company financial reporting (Rodrigues & Craig, 2007). National governments could also benefit from adopting IFRS because it would encourage international flows of capital across national boundaries by providing significant positive signals to investors of the higher quality of the countries' financial reporting system (Roberts, Weetman, & Gordon, 2002).

A few studies revealed noneconomic factors such as literacy rate (Zeghal & Mhedhbi, 2006), culture (Ding, Jeanjean, & Stolwy, 2005; Hope, 2003) and language (Doupnik & Taylor, 1985) among the antecedents of the decision to adopt IFRS. These suggest that justifying the adoption of IFRS by only using economic explanation is too simplistic because organizations [countries or firms] are not only the producers of goods or services, but are also symbolic social and cultural entities (Meyer & Rowan, 1977).

Additionally, "organizations and organizational actors not only seek to compete for resources, but also they ultimately seek legitimacy and social acceptance" (Judge, Li, & Pinsker, 2010, p. 162). The need to be socially accepted by the global community is sometime very paramount that the decision to adopt IFRS might not be triggered by the need to compete economically. For example, it was found that Gross Domestic Product (GDP) growth and Foreign Direct

Investment (FDI) are not significantly related to developing countries' decisions to adopt IFRS (Zeghal & Mhedhbi, 2006).

In the context of the diffusion of IFRS, most developing countries are pressured by international organizations to meet the necessity of having legitimate, modern, and high quality accounting standards. They have to accept IFRS partly because of their limited ability to produce a legitimate set of standards, and partly because of their dependence on these organizations.

International organizations that promote globalization and multi-national cooperation are highly likely to influence the process of adoption of IFRS in developing countries. These organizations include the World Trade Organization (WTO), the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the World Bank (WB) and virtually all multinational companies (Rodrigues & Craig, 2007), and “the IASB, the European Union, the International Organization of Securities Commissions (IOSCO), and the United Nations (UN)” (Wyatt, 1997, pp. 10 -15).

Given the fact that some countries adopting IFRS have not enjoyed the expected economic benefits of their decision, and based on the belief that organizations are social entities that seek legitimacy. There is also a strong possibility that these countries have been influenced to accept IFRS for non-economic reasons by external forces such as other organizations, beliefs and processes perceived as legitimate.

Therefore, it is necessary to assess the process using an institutional perspective which is able to explain how adoption of IFRS has been taken place where economic pressures are not the only drivers and how accounting standard-setting bodies and accounting practitioners have searched for legitimacy and have been influenced by external forces (Lasmin, Ritsumeikan).

2.6. IFRS Adoption and Rresistance to Change under Lewin's Theory

The expression “resistance to change” is generally credited to Lewin in 1947. For him, organizations could be considered processes in quasi-stationary equilibrium, that is, the organization would be a system subject to a set of opposing forces, but of the same intensity, which keep the system in balance over time. The changes would occur when one of the forces overcomes the other in intensity, shifting the equilibrium to a new level. Thus, resistance to

change would be the result of an individual or group's tendency to oppose social forces that aim to move the system to a new level of equilibrium (Lewin, 1947 in Hernandez & Caldas, 2001).

When revising the academic literature on organizational change, it turns out that the classic propositions, loosely modelled and practically untested, that were drafted in the late 1940's and diffused as managerial good sense in the decades that followed are recorded as universal truth. This traditional view assumes resistance to change as always negative, which negates the potential benefits of this phenomenon to the process of change (Ford, Ford, & D'amelio, 2008, p.363).

Some authors have established certain assumptions about resistance to change. Hernandez and Caldas (2001), for instance, analyzed the basic assumptions found in the literature on resistance to change, and established counter-assumptions as shown in Table 2.1.

Table 2.1 Basic Premises of Resistance to Change

Premise	Counter premise
Resistance to change is a fact of life and should happen in any organizational intervention	Resistance is scarce and will only happen in exceptional circumstances. By trying to prevent them, the agents of change end up contributing to their occurrence or worsening. Resistance is a behaviour vaunted by those in powers and by the agents of change when their privileges or actions are challenged.
Resistance to change is harmful to organizational change efforts.	Resistance is a healthy and contributing phenomenon. Resistance is used as an excuse for failed or inappropriately designed processes of change.
Human beings are naturally resistant to changes.	Human beings resist loss, but want change: This need typically overrides the fear of the unknown.
Employees are the organizational actors with the greatest probability to resist change.	When resistance happens, it can take place among the managers, agents of change and employees (deriving from Lewin's original proposal).
Resistance to change is a collective group phenomenon.	Resistance is individual and collective; it varies from one person to the other in function of many situational and perception factors.

Source: Hernandez and Caldas (2001)

Daft (2006, p.344) considered that one of the challenges of the change process is linked to the human factor. For this author, organizations are composed of people and their mutual

relationships. Changes in strategy, structure, technologies and products do not happen by themselves, and changes in each of these areas also involve changes in people/employees.

Lewin argued that the status quo is a system subject to a set of opposing forces, which keeps it in balance, when one of the forces change, the process of change begins, divided into three stages: thawing, consisting of the rupture of the status quo; movement, creates new behaviours; and freezing; in which a new balance between the forces arises (Lewin, 1947).

One of the consequences usually found in change processes are the different forms of resistance. There is currently an approximation in the academics' perception on the resistance to change. For Bareil (2013, p. 62), resistance to change can be seen from the perspective of two paradigms: the traditional, classifying resistance as a problem to be eliminated; and the modern, which classifies resistance as a kind of feedback for those intending to implement change.

Resistance is viewed as an attitude diverging from the changes that are being implemented (Giangreco & Peccei 2005, pp. 1816-1817). However, Delassus, Vandelannoite and Lorraine (2014, p. 47) further argued that resistance originates from individual's threatening and unhelpful perception of the change.

In his multiple case studies with three Brazilian companies that underwent the accounting convergence process through using a qualitative investigation, Boscov (2013) contended that ten organizational changes were observed as indicated in Table 2.2 below:

Table 2.2 Categories of Organizational Changes resulting from IFRS in Brazilian Companies

Structure	Integration of areas and better knowledge of the organization Engagement of board of directors Greater proximity in relationship with investors Conduct of financial consultancies Attrition in relationship with clients
Systems	Change in information systems (SAP). Use of management information Change in covenants
People	Change in professional profile Accomplishment of training

Source: Boscov (2013)

In these studies, those two of the three companies analyzed faced this resistance phenomenon, mainly due to the fact that they partially disagreed from some IFRS procedures. Another fact that caused resistance was the lack of examples and parameters for the companies to mirror themselves in which tend to be the main precursors of the phenomenon resistance to change (Umble & Umble, 2014, p.18).

All companies analyzed reported that they had had several difficulties in adopting the international standards. All of them underwent a hard work process, with plenty of overtime. In these companies, employees were allocated full time to the project. Although the work has increased, it is noticed that they hired few new employees. The consulting firms have aided to different extents at these companies.

The process of convergence brought an increase in the quantity and complexity of work in the accounting area. Another challenge was linked to the impact of changes in other areas of the company, such as financial, planning, new business, engineering, information technology and senior management.

The companies reported that there had been intense conversations with auditors to define the new procedures, but that all auditors and trainers were learning for the first time. There was nothing pre-established, and Europe often did not serve as an example because of specific issues in Brazil (Sangster et al., 2015).

2.7. Benefits and Challenges of IFRS Adoption

Implementing IFRS has an impact on all aspects of a company, including financial reporting systems, internal controls, taxes, treasury, management compensation, cash management, and legal, among other things. It requires a transformation that involves employees, processes, and systems (Deloitte, 2017).

Many developing countries and countries with economies in transition strive to mobilize financial resources from domestic and international sources to attain their economic and social development goals. The availability of relevant information on potential investment targets has a bearing on efforts to mobilize investment for financing economic and social development.

It might be said that such information plays an important role in making critical investment decisions and conducting risk assessment. Contributions to improved investor confidence and

decreased cost of capital might be stated as other benefits. As the world economy became more integrated and flowing velocity of funds increased due to the financial and technological developments, attracting financing needed for economic development has become more competitive. Economic resources have become more mobile across borders. It could be claimed that enterprises that provide potential investors with reliable and comparable financial statements are more likely to attract domestic and international investment (UNCTAD, 2008, p.vi).

In an increasingly interconnected global economy, many market participants are considering the question of whether it is possible or desirable to move toward a more uniform global “language” for financial reporting. The proponents of this idea argue that a uniform set of global accounting standards, supported by strong governance, independent standard-setting and a sound regulatory framework, could benefit investors and businesses alike. Others suggest that trying to establish a uniform set of global standards would run the risk of overlooking the unique economic, political, cultural, legal and regulatory realities that exist in different nations and regions (Center for Auditing Quality, 2009, p.1).

Rezaee et al. (2010) state the use of IFRS as a single global accounting standard is not without its challenges. The prevailing challenges of adopting and using IFRS are related to a country's culture and legal and political systems, as well as educational training and implementation of IFRS. Regulatory bodies and standard setting bodies face the challenge of reconciling cultural, political, and legal differences in order to implement and enforce the adoption process of IFRS as issued and advised by the IASB.

Bhattacharjee and Islam (2009) recommend that building effective enforcement mechanisms might ensure high-quality corporate financial reporting environment. In order to attain such an environment they emphasize three sequencing points:

1. Enforcement of preparation and presentation of financial reports by corporate directors and managers;
2. Auditors judicious and independent action in order to ensure the compliance of financial statements with IFRS; and

3. Implementation of arrangements for efficient monitoring of regulatory compliance and consistency in taking appropriate actions against violators.

It could be stated that depending on the jurisdictional area and factors such as culture, economy etc. adoption of IFRS might be time taking and challenging. On the other hand, as it is mentioned by some authors, the adoption process might be carried out with appropriate actions and measures in order to achieve a smooth adoption (Naim Ata Atabey et al., 2014).

2.8. Banking Business in Ethiopia

The Ethiopian banking sector is currently comprised of a central bank (The National Bank of Ethiopia or NBE), two government owned banks, and sixteen private banks. In September 2011, NBE issued a regulation that increased the minimum paid up capital required to establish a new bank from 75 million Birr (\$3.4 million) to 500 million Birr (\$22 million), which effectively stopped the entry of most new banks to the market. By end of June 2017, all private banks have met the minimum paid capital requirement of 500 million birr except Debu Global Bank S.C. 351 million Birr (see Appendix C).

Under the Growth and Transformation Plan II (GTP II) period, NBE further increased the minimum paid up capital for banks is raised to be 2 Billion Birr (\$90 million) and advised all the sixteen currently operating private banks to increase their paid up capital to that amount by 2020. Wegagen Bank S.C. and Awash Bank S.C. already surpassed the new paid up capital requirement before the deadline year of 2020.

Foreign banks are not permitted to provide financial services in Ethiopia and the market is closed to foreign retail banks. Foreign citizens are not allowed to hold shares of domestic private banks. Currently, Ethiopia has allowed some foreign banks to open liaison offices in Addis to facilitate credit to companies from their countries of origins. Chinese, German, Kenyan, Turkish, and South African banks have opened liaison offices in Ethiopia, for example. The state owned giant Commercial Bank of Ethiopia generally accounts about 70% of the deposits of the commercial banks (Commercial Bank of Ethiopia, 2017).

NBE controls the bank's minimum deposit interest rate, which now stands at 7 percent, while loan interest rates are allowed to float. Real deposit interest rates have been negative in recent years mainly due to inflation.

NBE aims to foster monetary stability and a sound financial system, maintaining credit and exchange conditions conducive to the balanced growth of the economy. NBE may further engage with banks and other financial institutions in the discount, rediscount, purchase, or sale of duly signed and endorsed bills of exchange, promissory notes, acceptances, and other credit instruments with maturity periods not exceeding 180 days from the date of their discount, rediscount, or acquisition by the Bank. The Bank may buy, sell, and hold foreign currency notes and coins and such documents and instruments, including telegraphic transfers, as they are customarily employed in international payments or transfers of funds. Lack of access to finance is a significant constraint for local businesses. NBE's Directive forces banks to purchase central bank bills to the tune of 27% of their loans and advances at an interest of 5% (lower than the cost of funds at 7%) and a maturity of five years. This action constrains banks' liquidity and capacity to supply businesses with needed finance.

There is a growing liquidity problem in Ethiopia that is impeding the private sector. To address these problems, NBE reduced reserve and liquidity requirements of banks from 15% and 25% to 10% and 20% in January 2012 and further reduced the reserve requirement to 5% in March 2013. In 2015, NBE allowed commercial banks to provide mobile banking service and agent banking. Pursuant to NBE's permit, many of the commercial banks added mobile and agent banking in their line of services.

Private Banks in Ethiopia were required to report their financial reports based on IFRS to provide for banking business under a Proclamation No.592/2008 which was issued on the 25th of August, 2008. This was the case before the enactment of country level chosen standard had started operational under financial reporting Proclamation No. 847, 2014.

Table 2.3 Reported Accounting Standards by Private Banks, June 2017

No	Name of Private Bank	Applied Accounting Standard(s)	Auditor
1	Zemen Bank s.c	Accounting polices applied on a consistent basis	Degefa Lemessa Authorized Auditors L. P. Chartered Certified Accountants
2	Buna International Bank S.C	GAAP	Taye and Co. Chartered Certified Accountants And Authorized Auditors
3	Dashen Bank Sc.	GAAP	A.A. Bromhead and Co. Chartered Accountants and United Kingdom Registered Auditor
4	Abyssinia Bank S.C.	GAAP	Getachew Kassaye and Co. Chartered Certified Accountants
5	Addis International Bank S.C	GAAP	Tay and Co. Chartered Certified Accountants And Authorized Auditors
6.	Debub Global Bank S.C.	GAAP	Tay and Co. Chartered Certified Accountants and Authorized Auditors
7	Berhan International Bank	GAAP	Taye and Co. Chartered Certified Accountants And Authorized Auditors
8	United Bank S.C.	Accounting framework applied by the bank and the requirements of commercial code of Ethiopia, 1960 and the banking business proclamation no. 592/2008	A.W Thomas L.P Chartered Certified Accountants
9	Wegagen Bank S.C.	In accordance with its accounting polices applied on a consistent basis	Degefa Lemessa Authorized Auditors L. P. Chartered Certified Accountants
10	Enat Bank S.C.	In accordance with its accounting polices applied on a consistent basis.	Degefa Lemessa Authorized Auditors L. P. Chartered Certified Accountants
11.	Nib International Bank S.C.	GAAP	Getachew Kassaye and Co. Chartered Certified Accountants
12	Oromiya International Bank S.C.	GAAP	Taye and Co. Chartered Certified Accountants and Authorized Auditors
13	Awash International Bank S.C.	GAAP and the requirement of commercial code of Ethiopia	Audit Service Corporation
14	Abay Bank S.C.	GAAP, the requirement of Commercial Code of Ethiopia,1960 and the banking business proclamation no. 592/2008	Kokeb and Melkamu Audit Work Partnership
15	Lion International Bank S.C.	Accounting policies and applicable laws	Am-Hi Chartered Certified Accountants and auditors
16	Cooperative Bank of Oromiya)	GAAP	Taye and Co. Chartered Certified Accountants and Authorized Auditors

Source: Annual reports of private banks, June 30, 2017

Table 2.3 above shows that the accounting policy choice of sixteen private banks was different. Nine private banks reported that they were using GAAP; two private banks reported using GAAP combined with the Commercial Code of Ethiopia, another four consistently used their Accounting Policies, and the remaining private banks used GAAP combined with the Commercial Code of Ethiopia and NBE Banking Business Proclamation No. 592/2008. Unlike private banks, NBE's financial report for the same period was prepared in line with International

Financial Reporting Standards (IFRS) and the audit opinion was formed by Audit Service Corporation in line with IFRS standards.

NBE has a relatively higher discretionary power on setting and enforcing rules and regulations governing the operation of banks. It issued directives on financial reporting approach and also scrutinizes the quality of independent auditors. However, it couldn't manage to enforce banks to standardize accounting methods, nor get assisted by the independent auditors. Most private banks are still following the old version of accounting guideline (GAAP) combined with accounting policies and the old Commercial Code of Ethiopia.

2.9. IFRS Adoption Plan in Ethiopia

BBC (2018), using Africa Investment Index of 2018, assessed the Ethiopia's business environment, liquidity, risk, growth, social capital, and demographic factors to "paint a picture of the investment attractiveness of countries in the medium term." This growth needs to be supported by high quality financial reporting.

To ensure transparency in financial reporting aimed at building confidence in the minds of investors, and local and foreign direct investors; Ethiopia as a nation has to ensure a globalization of world trade desire to adopt IFRS. In December 2014, the House of Peoples' Representatives of Ethiopia gave approval for financial reporting standards issued in Proclamation No. 847/2014 which was made effective on the 5th of December 2014. The purpose of this Proclamation is to establish a sound, transparent and understandable financial reporting system applicable to entities in private and public sectors. Having uniform financial reporting standards enhances transparency and accountability by centralizing the previous decentralized financial reporting structures of the country (FDRE, 2014, p. 7714).

A country can change its existing accounting system to a globally recognized accounting standard called IFRS either by totally replacing or customizing it with over time. The first approach is known as adoption approach, while the latter is called to converge. In the first approach, once it is accepted all IFRS standards should be complied while preparing financial statements and the existing accounting standard should be replaced by IFRS (IFRS Foundation, 2013).

Ethiopia as country has chosen the adoption approach of IFRS adoption by replacing the previous inconsistent local accounting standards. As a regulatory body, AABE approved Five Years Strategic Plan document issued on November, 2015 which drafted a road map for implementation deadline of IFRS. According this document, the deadline set for the first phase of IFRS implementation ranges from Years 2015/2016 to 2020/2021. IFRS for financial institutions and large public enterprises was July 8, 2016 and July 8, 2015, including comparative financial statement preparation for comparison purpose in the same standard.

In the second phase, other Public Interest Entities (PIE), ECX, and Charities and Societies have to report by end of July 8, 2017. Similarly, comparative statement for year 2016 has to be prepared in the same standard.

In the third phase, small and medium- sized entities shall mandatorily adopt IFRS for SME by the end of July 8, 2018 and as a statutory requirement for July 8, 2019 will be the reporting deadline for Small and Medium Enterprises based on IFRS for SME.

Those entities which do not meet the SME criteria will report based on Small and Medium Sized Entities Guideline on Accounting (SMEGA) or United Nations Conference on Trade and Development (UNCTAD) or Micro Sized Entities applying for IFRS for SMEs (2009) issued by International Accounting Standards Board (IASB), together with additional disclosures required by the board.

In the preparation of AABE's Five Years Strategic Plan Document (2015/2016 to 2020/2021), the key adoption challenges at a country level were assumed and they are still found to be problems to private banks. These include:

1. The number of qualified professional accountants in the country is too small and falls short of meeting national demand in the private and public sectors, including academia;
2. Absence of local professional accountancy organization in the country;
3. For international standards, there is a gap between what is taught at Universities and the international standards knowledge required in practice;
4. The level of knowledge on international standards by academics, preparers, auditors and regulators is not as required;

5. Implementation of IFRS in the country is not uniform and is still in the early stages of transition, requiring a Road Map and implementation support. The Road map is already set by AABE;
6. Weak corporate governance practices in almost all reporting entities in the country. High quality audits and financial reporting cannot be achieved just by focusing on developing the accounting and auditing profession. Rather, this goes hand-in-hand with building a foundation of good corporate governance and high-quality financial reporting in reporting entities;
7. There are few audit firms in the country and all firms are small size practitioners and are weak in terms of technical capacity and other resources. The quality of services provided by authorized accountants and auditors are not at par with the international standard; and
8. The accountancy profession has been rules based and moving to principles based IFRS that require cultural changes supported by extensive education over the years.

It is true that legal backing is given by the Ethiopian Government for the establishment of the AABE through the Financial Reporting Proclamation No. 847/2014 and related Regulation No. 332/2014 issued. The implementation road map for implementation time is also fixed, but private banks are still lagging behind the implementation of IFRS before deadline. As there is lack of adequate professionals with practical IFRS conversion experience, many private banks will have to rely on external consultants and external auditing firm's guidance. This is further magnified by a lack of preparedness amongst private banks. IFRS Conversion Project may be viewed simply as a project management issue or an accounting issue which can be left to the finance function and auditors. However, it should be noted that IFRS conversion will involve a fundamental change of financial reporting systems and processes to banks. It will also require a detailed knowledge of the standards and the ability to consider their impact on business transactions and performance measures.

In addition to AABE's road map, methodologies for IFRS implementation designed by Deloitte, IFRS implementation processes are structured as below in Figure 2.4.

Table 2.4. Methodologies for IFRS Implementation Process



Develop roadmap for IFRS implementation	Perform comprehensive IFRS conversion	Enable continued IFRS reporting and perform knowledge transfer
1. Analyze impact of IFRS on consolidated and statutory reporting and accounting policies.	1. Convert to IFRS at the consolidated and/or statutory reporting level.	1. Configure, test and deliver production environment and monitor system enhancements.
2. Determine tax implications of IFRS adoption.	2. Develop a judgment framework for document and resolving issues.	2. Execute change management activities and implement revised operating model.
3. Analyze impact on functional and business processes and controls.	3. Perform tax conversion.	3. Deploy IFRS accounting, reporting, consolidation and reconciliation processes and controls.
4. Evaluate the impact on financial systems.	4. Design IFRS accounting, reporting, consolidation and reconciliation processes and controls.	4. Continue monitoring and application of the changing standards environment.
5. Assess magnitude of change on organization.	5. Design IT systems to incorporate IFRS reporting.	5. Facilitate knowledge transfer for ongoing IFRS reporting.
	6. Develop change management strategy and revised operating model.	

Source: Deloitte, 2017

All companies, including private banks are required to follow the above steps for implementation of IFRS. In this study, the focus will be on financial institutions especially, private banks in Ethiopia.

2.10. Empirical Evidence on IFRS

IFRS adoption has a positive effect on information quality, the capital market, analysts' ability to predict, comparability, and information use. Nevertheless, this effect depends on some factors, such as country's characteristics (namely, the enforcement level) and companies' characteristics. Sharing rules is not, by itself, enough to create a common business language, and management incentives and institutional factors play major roles in framing the characteristics of financial reporting.

Most of the researches on IFRS have been conducted on the data obtained from developed countries. Under this section, certain relevant empirical findings on practices of IFRS and its influences on IFRS adoption are reviewed based on developed and developing countries data sources. These include European Union, Bangladesh, Korean, Brazilian, and Kenyan experiences.

European Union Experience:

Local standards were quite different from IFRS and the European Union enacted a law at the European parliament in 2002 in legalizing IFRS starting from the year of 2005. Pope and McLeay (2011) have analyzed studies on mandatory IFRS adoption in the EU, but they focus on those conducted within the project INTACCT (The European IFRS Revolution: Compliance, Consequences and Policy Lessons - funded by the EU). They also emphasize that the effects of mandatory IFRS adoption are not uniform in the EU, as a result of differences in preparers' incentives and local enforcement mechanisms.

Brüggemann et al. (2013) also analyzed studies on IFRS adoption in the EU, but they consider three categories of consequences: in financial reporting in the capital market, and those with a macroeconomic nature. These authors also introduce the distinction between intended and unintended economic consequences, depending on whether they are related to regulator's stated objectives. They stress that IFRS had a limited effect on financial reporting, due to a substantial non-compliance, persistence of national accounting standards of choice, and absence of improvement regarding transparency of outcomes and comparability measurements. On the other hand, they detected strong evidence that mandatory IFRS adoption brought macroeconomic benefits and benefits for the capital market.

Palea (2013) has also examined the effects of IFRS adoption in the EU in terms of financial reporting quality, focusing on the investigation about the relevant value. The author concluded that empirical evidence points out a positive effect of mandatory IFRS adoption in the EU and that these effects differ depending on the institutional contexts of companies adopting such standards.

Adoption lessons found in European Union were: The benefit of IFRS adoption outweighs the costs; listed companies and other public interest entities should be requested to use IFRS others should not; local variants of IFRS should be kept minimal; sometimes complexity is unavoidable; national standard setters and regional groupings are important; strong national enforcement is critical; and endorsement underpins legitimacy.

Bangladesh's Experience:

Number of accounting studies has documented the symbolic use of IFRS in different countries.

Cairns (2000) gave some evidence of the loose coupling between the spirit of the IFRS standards and the actual accounting practices of organizations in a number of countries. Mir and Rahaman (2005) found that the decision to adopt IFRS in Bangladesh was driven by the pressure exerted by the WB and the IMF on the Bangladeshi Government and professional accounting bodies. They argued that the perceived undemocratic nature of the IFRS adoption process in Bangladesh creates and enhances conflict among various constituencies, resulting in a very low level of compliance with these standards. Similarly, Dahawy and Conover (2007) argued also that the imposition of IFRS in Egypt created resistance that is reflected in the selective compliance with the requirements of these standards.

Korean Experience:

In Korea (Republic of Korea), full adoption of IFRS is mandatory for all listed companies and certain financial institutions for year 2011. Voluntary adoption has been permitted for all companies, listed and non-listed since 2009. Korea Accounting Standards Board and Financial Supervisory Service (2012) in their report entitled "IFRS Country Report on IFRS Adoption, implementation and the lessons learned" has shown that Korea had faced the following challenges and at the earlier stages of adoption process: There were troubles relating to unexpected additional costs, and lack of accounting professionals, and unwelcoming public

sentiment, etc. as the users, preparers and auditors of the financial statements encountered numerous challenges and difficulties in adopting the new IFRS.

Changes of familiar practices affected during adoption were: principle rather than specific values, economic substances rather than legal form, consolidated financial statements rather than individual financial statements, and fair Value measurement rather than historical cost investment.

IFRS adoption created greater changes to the Korean Accounting system, changes in realignment of laws and regulations, rebuilding the disclosure and regulatory policies created resistance by companies. Korea Accounting Standards Board (KASB) employed multidimensional channels to improve the general perceptions of IFRS in Korea, for example it carried out on and off-line education sessions and held numerous seminars and conferences to improve the understanding of IFRS. Well understanding of IFRS and creating wide sense that helped support and persuade companies which showed resistance. Adoption lessons were: need for education and promotion, importance of communication local and foreign constituents, support for new IFRS adopters, strengthening the role of IFRS interpretation committee, sufficient preparation periods, relevant infrastructure, and resolutions of authorities.

Brazilian Experience:

Brazil is currently undergoing a gradual process of converge its accounting standards with IFRS. In March 2006, the Central Bank of Brazil announced that starting in 2010 to require all financial institutions under its supervision to prepare consolidated financial statements in accordance with IFRS. Lessons learnt in Brazil were:

1. One of main lessons learned in the process of convergence of Brazilian Accounting standards to IFRS was the need for better coordination of efforts among the various organizations involved in the process;
2. Creating a single entity responsible for preparing and issuing standards in conformity with IFRS. Such as clear separation of tax legislation from financial reporting requirements, making cash flow statements mandatory for listed companies and requirement for large companies, corporations, private companies and limited companies disclose their audited financial statements; and

3. There is a strong need for greater international cooperation to ensure a wider dissemination in a small circle of knowledge on IFRS, including in languages easily understood in Brazil. The International Accounting standard Board (ISAB) could facilitate access to IFRS by conducting a series of technical discussions in Brazil so that communications and expertise are enhanced (UNTD, 2006).

Kenyan Experience:

In 1998, Council of Institute of Certified Public Accountant of Kenya (ICPAK) decided to make a decision to adopt IFRS. All companies were expected to prepare their financial statements for the periods beginning January 1, 1999 on the basis of IAS/IFRS. Prior to this, ICPAK already issued Accounting Standards of Kenya (KAS) which is largely adopted from international accounting standard (IAS).

Adoption lessons found in Kenya were: (1) Staff expertise and knowledge, need for IFRS qualified local accountants; (2) IFRS transition issues for most of state owned enterprises (consolidated financial statements, intercompany transactions, related party transactions disclosures, etc.); (3) Impact on accounting and reporting systems, including enhancement of IT systems; (4) Data collection to produce a set of IFRS compliant financial information; (5) The legal environment should be adjusted; (6) Translation to local language; and (7) Technical training and change of curriculum.

Lessons from already adopters of IFRS reveal that there must enabling institutional framework, accounting education and training, efficient capacity building programme to prepare the various stakeholders for the imminent transition and challenges for effective IFRS adoption (Odia & Ogiedu, 2013). To support this position, Akintoye (2016) further states that the aim of IFRS is to enhance the relevance, reliability and comparability of the information being presented in the financial statement concerning a business.

2.11. Summary of Empirical Findings

Table 2.5 Summary of Empirical Findings

No.	Country	Author	Findings
1	European Union	Pope and McLeay (2011)	Emphasized the effects of mandatory IFRS adoption are not uniform in the EU, as a result of differences in preparers' incentives and local enforcement mechanisms.
		Brüggemann et al. (2013)	Positive effect of mandatory IFRS adoption in the EU and effects differ depending on the institutional contexts of companies adopting such standards.
2	Bangladesh	Mir and Rahaman (2005)	Decision to adopt IFRS in Bangladesh was driven by the pressure exerted by the WB and IMF on the Bangladeshi Government and professional accounting bodies.
3	Korea (South)	Korea Accounting Standards Board (KASB),2012	Multidimensional channels to improve the general perceptions of IFRS in Korea, for example it carried out on and off-line education sessions and held numerous seminars and conferences to improve the understanding of IFRS.
4	Brazil	Central Bank of Brazil,2006	Undergoing a gradual process of converge its accounting standards with IFRS.
5.	Kenya	Institute of Certified Public Accountant of- Kenya (ICPAK),1998	<p>Lessons learnt:</p> <ol style="list-style-type: none"> 1. Staff expertise and knowledge need for IFRS qualified local accountants. 2. IFRS transition issues for most of state owned enterprises (consolidated financial statements, intercompany transactions, related party transactions disclosures, etc.). 3. Impact on accounting and reporting systems, including enhancement of IT systems. 4. Data collection to produce a set of IFRS compliant financial information. 5. The legal environment should be adjusted. 6. Translation to local language. 7. Technical training and change of curriculum.

2.12. Practical Adoption of IFRS Status in Private Banks of Ethiopia

One of the qualitative measures of financial reporting quality is comparability of performance among companies and/or a trend of single company across time. This seems lacking with the observed inconsistent application of accounting standards in Ethiopia. The IFRS adoption in the banking sector is not completed even after nine years of Banking Business Proclamation No 592/2008 and three years after country wide Financial Reporting Proclamation No 847/2014 urging private banks to follow IFRS. Though the trend had been increasing, it was not impressive for the fact that all private banks in the country are still following the older version of reporting standard according to Annual Reports of Private banks end of June 2017 (Table 2.3). Some reported that using GAAP, others mixing up their accounting policies with commercial

code of Ethiopia and NBE directives. This inconsistency on reporting created problems of comparing performance of private banks and using financial statements for economic decisions.

Table 2.6 Summary of IFRS Adoption Status by Private Banks

No.	Name of Private Bank	Status of IFRS implementation
1	Awash International Bank S.C.	*
2	Dashen Bank S.C.	During the reporting fiscal year, the bank had been heavily engaged on foundation works for the adoption of the (IFRS).
3	Wegagen Bank S.C.	Gap assessment report, accounting policy choices and staff enhancement so as to cope with the change has been done.
4	Bank of Abyssinia S.C.	*
5	United Bank S.C	*
6	Nib International Bank S.C.	The introduction of IFRS, a new reporting standard principle is considered favourable to the endeavour of the bank in wealth creation, accumulation and promoting its image and recognition at the global level.
7	Cooperative bank of Oromia S.C.	The bank has established IFRS technical committee and has arranged various trainings for the committee members, board of directors and senior management members. Capitalizing the basic knowledge, distinguish policy and estimation, screen out policy options, writing proposal for early adoption, arrange IFRS diploma courses for team members, awareness creation in the gap, new standards and the change, collection of data which are not in the existing system, asset valuation training, prepare IFRS based accounting policy, select optional exemptions based on IFRS1 and work on impairment model for financial instruments.
8	Lion International Bank S.C.	The bank has prepared road map and formed various committee(Board audit committee, steering committee, project core team, working groups and support organs).In addition the bankers association has hired a consultant that would assist the implementation of the standard and its conversion for 16 commercial banks. As a result the consultant has given various trainings, made gap assessment against the existing practice and completed accounting policy choices that would facilitate IFRS first time adoption.
9	Zemen Bank S.C.	The Bank has hired an international consulting firm, PWC, in collaboration with other private Banks and setup a project team (from within) dedicated for the IFRS adoption business. The overall effect of the conversion would bring major qualitative; as well as quantitative change on the financial statements of the Bank. Thus far, gap assessment report, accounting policy choices and staff enhancement so as to cope with the change has been done.

10	Oromia International Bank S.C.	The Bank has established IFRS Implementation Project Team drawn from different work units; training had been provided to the technical team and Senior Management of the Bank including Board of Directors. On top of this, the technical Team has provided training to seventy Five Branch Managers; The IFRS Project Implementation Team had made extensive discussion with Price Waterhouse Coopers (PWC), consultant hired by Ethiopian Bankers Association (EBA) to assist member banks on IFRS implementation; Gap Analysis and Impact assessment between the existing practice and IFRS requirement has been made; Policy Choice, first time adoption exemptions and exceptions had been made by the bank as the First Time Adopter and approved by Board of Directors. Opening Financial position adjustment is ongoing. IFRS will bring more transparency and reliability on financial reporting which will be very useful for the shareholders. Certain impacts on key performance indicators will be expected as a result of changes on mechanism of recognition and measurement of elements of the financial statements during next financial year.
11	Bunna International Bank S.C.	The Bank, in collaboration with other member banks of Ethiopian Bankers' Association, has appointed a consultant Price water house Coopers (PwC) for the conversion process. Currently, the consultant is on the process of converting the beginning balance sheet dated July 01, 2016 to IFRS based report to prepare the opening IFRS balance sheet at the date of transition to IFRSs.
12	Berhan International Bank S.C.	The bank is in the process of conversion from its current financial reporting practice (GAAP) to IFRS based financial reporting. Accordingly, the date of transition to IFRS for the bank is July1, 2016 and the bank will publish its first IFRS financial report for the year ending June, 2018.
13	Debub Global Bank S.C.	The Consultant (PWC) has performed gap analysis between the current accounting Practices (GAAP) and IFRS of the bank. Accordingly, PWC has forwarded the indentified gaps along with gap analysis and corresponding recommendations and requested for confirmation of optional exemptions and accounting policy choices. Following this, the IFRS project team has thoroughly discussed the identified gaps, the optional exemptions and accounting policy choices and forwarded its recommendations to the executive managements and same were endorsed by concerned authority.
14	Abay Bank S. C.	*
15	Addis International Bank S.C.	IFRS implementation project of the bank in collaboration with international consultant PWC is on process of converting the beginning balance sheet dated July1, 2016 to IFRS based report to prepared opening IFRS balance sheet at the date of transition to IFRS.
16	Enat Bank S.C.	Gap assessment report, accounting policy choices and staff enhancement so as to cope with the change has been done.

*Information unavailable in the annual report

Source: Compiled by the author based on June 30, 2017 annual reports of private banks

2.13. The Conceptual Framework of IFRS

The study based on the literature reviewed, proposed Research Model (KAP) which reflects the factors that are responsible for creating early adoption as shown in Figure 2.1. In the proposed research model, independent variables were represented on the left side of the model with 2 main components are awareness/knowledge and attitude. On the right side of the model, the dependent variable is represented by practice to adopt IFRS. Generally, this is a Source and Effect Model (SEM) assumes that knowledge and attitude are directly related which, in turn, affect practice.



Figure 2.1 Research Model (KAP)

Source: This conceptual framework for knowledge, attitude, and practice model shows that practices can be changed by adjusting attitude through awareness/ knowledge. This model is adopted from Health related surveys used by UN organizations.

2.14. Summary of Literature Review

The theory of network effects and the institutional theory of isomorphism and legitimacy are the theories of adoption of IFRS which were focus of discussion in this chapter. Both theories have common direction towards development of IFRS adoption, but the former one gives attention to the big picture of countries. IFRS adoption and economic benefits and the latter one focus on the institutional perspective of IFRS adoption. In most developing countries, donor institutions like the IMF and the World Bank give attention to country level IFRS adoption; less attention is given to the institutional perceptive. Researches on institutional perspective of IFRS adoption were limited. Therefore, gap filling studies are expected.

Single-country setting IFRS studies allow researchers to focus on homogenous context. Accordingly, such studies focus on a more homogenous sample with comparable ownership structures, legal and regulatory factors. Additionally, constant and enabled researchers tried to go deeper into analysis of institutional details, adopt better identification strategies, and better control for potential confounding events.

Most of the researches on IFRS have been conducted on the data obtained from developed countries. For this research purpose, empirical findings on practices of IFRS and its influences on IFRS adoption were reviewed based on data sources from developed and developing countries.

Ethiopia at a country level has chosen the adoption approach of IFRS to replace the previous inconsistent local standards. In the first phase of country wide adoption plan, IFRS for financial institutions and large public enterprises were expected for implementation since July 8, 2016 including comparative financial statement of July 8, 2015.

As part of the adoption plan, private banks were expected to comply with the standards according to time period set in the road map for IFRS adoption. Even though some progresses were made in IFRS adoption process by private banks, the existing levels of awareness/knowledge and practice of IFRS adoption has to be studied at some point in time and future studies are recommended for longitudinal comparison between years of reporting periods of such banks.

Methodologies on IFRS studies were found complex to use in our country setting that they require data for comparison from previous studies and require control groups for comparison purposes. For this purpose, the study selected a survey type of research model called KAP to assess the level of knowledge, attitude and practice of IFRS in private banks of Ethiopia. Generally, studies that allow answering these and other questions that may arise are significant inputs for the process of adjusting and converging to a pattern of accounting standards to be universally applied in the country.

CHAPTER THREE

RESEARCH APPROACH, DESIGN AND METEHOLOGY

3.1. Introduction

This chapter dwells on research approach, design, and methodology of the study. It thus describes the employed research approach, design, and methods. The chapter also discusses about the target population and sampling designs, sample size, data collection instruments and procedures, reliability and validity of the instruments, and data analysis methods.

3.2. Research Approach, Design, and Methods

In this study, the researcher used quantitative research method led by qualitative research methods (QUAT-QUAL research approach). Accordingly, the research design employed was a mixed research. There are benefits and weaknesses in employing quantitative and qualitative research methods separately. The quantitative method limits research results because it expresses them in terms of numbers, and also restricts the respondents' freedom by giving choices to choose only one answer among the given distracters. Contrarily, the qualitative research method deals with subject matters and gives the freedom to the informants to express their opinions and views in words, phrases, clauses and/or even paragraphs instead of concentrating on a single answer. In this regard, Creswell (2009) argues that the mixed research approach uses research methods as a means to offset the weaknesses inherent within one method with the strength of the other research method.

Due to shortage of time and finance, the researcher generally selected and used the concurrent mixed research approach in which the quantitative and the qualitative data were collected at the same time during the study. Then these analyzed data were integrated in interpreting both the quantitative and the qualitative results to reach at conclusions which may answer those research questions, while writing up the thesis.

The use of mixed research approach, on the other hand, has the advantage of enabling triangulation. It is a common feature of mixed research method based studies which involves the use of a variety of data sources (data triangulation), the use of several different researchers (investigator/researcher triangulation), the use of multiple perspectives to interpret the results

(theory triangulation), and the use of multiple research methods to study a researchable problem (methodological triangulation) (Given, 2008).

Regarding the research methods, both quantitative and qualitative research methods were employed. Quantitatively, the researcher used cross-sectional descriptive type of research design because the study aims to answer those research questions and then to describe the major findings of the study thereby drawing conclusions and thus, suggest actions for facilitating IFRS adoption in the Ethiopian private banks. In the qualitative aspect of the study, the researcher used semi-structured interviews with key informants using interview guide. In addition, observations of the annual financial reports and formats of those private banks to cross-check their actual IFRS adoption status.

Likewise, the researcher employed documentary analysis research method to analyze and identify relevant contents from different secondary data sources like policy documents, guidelines, manuals, published and unpublished dissertations and theses, research reports, books, journal articles, archival materials, and so on.

3.3. Target population and Sample Design

3.3.1. Target Population

Nowadays, there are 16 private banks in Ethiopia in the Fiscal Year of 2017/18. Geographically, this study was delimited to head offices of these banks in Addis Ababa. This is because the IFRS adoption process in these banks is at a pilot stage which is concentrated at the head quarters level. Therefore, the researcher carefully selected study participants and included them as the representative samples to the population of groups involved in the IFRS implementation processes. The target population of this study was stratified proportionate to size by department or work category staff members who were working in the following departments of the private banks: Finance and Auditing Departments.

Table 3.1 Distribution of Population and Sample Proportion of the selected Employees from Finance and Audit Departments.

S/N	Research Area	Accounting Staff March 2018	Internal Audit Staff March 2018	Total Accounting and Internal Audit Staff March 2018	Sample		
					Accounting staff	Internal Auditors	Total
1	Awash International Bank	21	28	49	9	11	21
2	Dashen Bank	19	30	49	8	12	20
3	Wegagan Bank	13	17	30	5	7	12
4	Bank of Abyssinia	20	28	48	8	12	20
5	United Bank	19	20	39	8	8	16
6	Nib International Bank	15	21	36	6	9	15
7	Cooperative bank of Oromia	19	29	48	8	12	21
8	Lion International Bank	22	25	47	9	11	20
9	Zemen Bank	8	10	18	3	4	7
10	Oromia International Bank	10	12	22	4	5	9
11	Bunna International Bank	13	15	28	6	6	12
12	Berhan International Bank	26	45	71	11	19	30
13	Debab Global Bank Share Co.	10	7	17	4	3	7
14	Abay Bank S. C.	12	10	22	5	4	9
15	Addis International Bank	8	5	13	3	2	5
16	Enat Bank S.C.	19	6	25	8	2	10
	Total	254	308	562	105	127	234

Source: Compiled by the author, February 2018

In order to draw the representative sample of respondents in the study, multi-stage stratified proportionate random sampling design was used. By so doing, those members of the target population had equal chance of being selected and included in the study. Thus, it is possible to

generalize the results of this study is not only limited to groups of randomly selected, but also to those professionals within specific conditions and contexts. Generally, the distribution of the target population and the samples is indicated in Table 3.1 above.

3.3.2. Sample Size

To determine the required sample size from the target population for this study, Yamane's formula (1967) was used. Out of the 562 persons in the target population, a total of 234 representative samples were drawn from. The researcher employed the following assumptions while calculating the sample size:

- 95% confidence level
- e (the level of precision or sampling error) = $\pm 5\%$ (0.005) significance level
- N = Target population size of 562, and
- n = Sample size

Where, $n = N / (1 + Ne^2)$

$$n = 562 / (1 + 562 \times 0.0025) = 562 / (1 + 1.405)$$

$$n = 562 / (1 + 1.405)$$

$$n = 562 / 2.405 = 233.10$$

$$n = 234$$

Based on the size of the stratified target population, samples were drawn from each bank as well as from each stratum/category of department after the sample size had been calculated and drawn proportionally. Table 3.1 shows the distribution of sample in each private bank in Addis Ababa, Ethiopia.

3.4. Data Collection Instruments and Procedures

3.4.1. Data Collection Instruments

To reiterate, mixed research method which involves both quantitative and qualitative research methods was used to collect primary and secondary data from their respect sources in this study. To collect the primary quantitative data, structured questionnaire which included was employed. Interview guide was also used for collecting primary qualitative data of the study. For the purpose of collecting secondary data from those different sources, the researcher used secondary

data analysis template/matrix which contains list of research topics row-wise and list of relevant documents column-wise.

3.4.2. Data Collection Procedures

The structured questionnaire was mainly directed to Head Office units of Accountants and Internal Audit staff of Private Banks in which the units were involved or expected to have their involvement in the IFRS adoption process. The English version of the instrument used for primary quantitative data collection in this study was the questionnaire (see Appendix A). This questionnaire consisted of seven sections. The first section sought the sample respondents' socio-demographic and economic data. The second section contains general questions about IFRS. In the third and fourth sections, there were a five level Likert scale and also yes or no type of questions which sought to collect data on key variables affecting the adoption process of IFRS. The questions focused on awareness/knowledge, attitude and practices of IFRS implementation in the Ethiopian private banks. In addition, questions about challenges encountered while engaging in the IFRS implementation process and adoption. Finally, questions on suggestions for facilitating the IFRS adoption were included in the structured questionnaire.

During the data collection, the researcher first obtained letter of introduction from the Department of Management of College of Business and Economics, Addis Ababa University. Using this letter, the researcher secured permissions from concerned Official of each private bank to collect pertinent data from the sample respondents and key informants.

To collect the primary quantitative data, the survey questionnaire was distributed to each of sampled accountants and internal audit staff in the private banks. Moreover, the researcher organized and conducted semi-structured interviews with key informants, including Senior Staff of Accounting and Auditing Board of Ethiopia (AABE) using semi-structured interviews using the interview guide (Appendix B) to generate the required qualitative data. This helps the researcher to add some insights to the study by incorporating the interviewee's different views and opinions on issues under investigation. Accordingly, this research technique may make the responses clear and useful for measurement of the quantified variables.

Secondary data were further found from all private banks published and unpublished annual financial reports and other relevant documents which were used (see Table 2.1 and Appendix C).

These secondary data were generated from AABE strategic plan document, NBE websites and publications, websites of private banks, newspapers, journal articles and other research reports issued by researchers, IFRS websites, ACCA websites, previous interviews, etc. On the whole, the researcher collected quantitative and qualitative data from the respondents and informants selected at each private bank during the data collection period, respectively.

3.5. Reliability and Validity of Research Instruments

Pre-testing on contents of the structured questionnaire was made to collect constructive comments and feedbacks from those professionals who are experts in the field. After the researcher had incorporated these constructive feedbacks and made ready the final version of the research instrument, a pilot study was conducted on 20 randomly selected individuals from those 16 private banks. Accordingly, a reliability test was run using SPSS version 20 software to compute Cronbach's alpha test score. This test results showed overall Cronbach's alpha test score of 0.901.

3.5.1. Reliability

A reliability test was conducted to each Likert scale based variable of the instrument. Cronbach's α (alpha) was used as an estimate of the reliability test. As a rule of thumb, many scholars believe that the alpha test should be greater than 0.70 to say the instrument is internally consistent. Table 3.2 shows that a Cronbach's alpha with a minimum of 0.859 and maximum of 0.893. These scores reveal that a very good internal consistency among those Likert scale items or variables and the questionnaire is thus reliable as well as the scaled items have internal validity to measure knowledge, attitude and practice (KAP) of the respondents' IFRS adoption.

Table 3.2 Reliability Test

Variables	Number of items	α (Cronbach's alpha)
Knowledge	17	0.867
Attitude	14	0.893
Practice	17	0.859

Source: Summary of own survey results, May 2018

3.5.2. Validity

Validity refers to the degree to which the study accurately reflects or assesses the specific concept or construct that the study is attempting to measure. Content validity then shows the extent to which the KAP survey Likert scaled items and the scores from these questions were found to be representatives of all the possible questions about the IFRS adoption in Ethiopian private banks. Therefore, this helped the researcher to assess whether or not the survey questions seemed relevant to the research issue it is aimed to measure. Generally, reliable and valid structured questionnaire with Likert scale items was used in the study.

3.6. Data Analysis Methods

This section of the thesis presents both quantitative data analysis and qualitative data analysis methods used in the study. The analysis of quantitative data requires the use of descriptive statistical techniques and tests. Additionally, the qualitative data analysis demands the use of content and thematic analyses.

3.6.1. Unit of Analysis

As unit of analysis is persons, subjects or documents from whom or which data are collected, the data analysis was performed based on quantitative data collected from sample of respondents (i.e. accountants and internal auditors) and the qualitative data generated from the key informants and secondary sources (e.g. annual reports and other relevant documents, as well as materials of the private banks).

3.6.2. Measurement of Variables

In order to assign numeric values for those variables under investigation, the researcher first identified independent variables, as well as the dependent in the study. The former include awareness, knowledge, and attitude; whereas the latter category consists of practice.

3.6.2.1. Independent Variables

Awareness/Knowledge: This variable is the prime interest in the study. Knowledge is the acquisition, retention, and use of information or skills (Badran, 1995). Cognition through which knowledge is acquired is a process of understanding and is distinguished from the experience of feeling. Knowledge accrues from education and experience. Knowledge of employees about

IFRS adoption by private banks can be explained by sound technical knowledge and further development plan for professional development and their practical experience about IFRS adoption. Awareness/Knowledge level of employees about IFRS is measured using questions with Yes or No choices and also the 5-points Likert scale types of questions in the questionnaire.

Attitude: is a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour (Eagly & Chaiken, 1993). Attitude of employees and management of private banks towards the outcomes of IFRS early adoption may be positive or negative. Attitudinal level of employees about IFRS adoption was measured in 5-points Likert scale questions in the questionnaire.

3.6.2.2 Dependent Variable

Practice: It demonstrates the acquisition of knowledge (i.e. increased understanding of a problem/late IFRS adoption) and any change in attitude caused by the removal of misconceptions about problems. General studies using KAP survey methodology assume that knowledge and attitude are related and that knowledge and attitude which, in turn, affect practice are cross-sectional and descriptive.

3.6.3. Quantitative Data Analysis Methods

The response rate in the study was calculated to be 99.14%. To analyse the quantitative data descriptive statistics was used. When these data were analyzed, the researcher employed frequency distributions, measures of central tendency (e.g. mean and median), measures of variability (e.g. minimum, maximum, standard deviation, and inter-quartile range, Q_3), For this purpose, the Statistical Package for Social Sciences version 20 (SPSS 20) software was used. The quantitative data collected using the structured questionnaire were first verified, coded and then entered in the Variable Template of the Software to make ready for analysis.

3.6.4. Qualitative Data Analysis Methods

In the qualitative data analysis, the interview notes were transcribed verbatim and the written responses were once again read to identify common opinions and perceptions expressed in concepts, categories of issues raised during the interviews under investigation and key themes which emerged in due process of semi-structured interviews with the key informants' interviewees. Using the qualitative thematic analysis framework, the researcher thus used it to

classify and to organize the qualitative data according to concepts, emergent categories, and key themes thereby allowing the themes to be identified, categorized, and indexed to determine the prevalence of each identified theme. Accordingly, these themes were ordered into a hierarchy according to three separate criteria: (1) The number of interviewees that had discussed that theme; (2) The number of times each respondent had raised the theme; and (3) The level of importance attached to the theme by the interviewee (Ritchie, Spencer, & O'Connor, 2003).

Moreover, those qualitative data collected from the secondary sources were analysed using content analysis technique. In the end, both the results of the quantitative data analysis and the identified themes of the qualitative data analysis were integrated while interpreting the findings of the study and writing-up the thesis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter consists of seven sections, including the introductory statements. It describes socio-demographic characteristics of the respondents, awareness of the respondents on IFRS benefits, knowledge of IFRS of the respondents, their attitude towards IFRS adoption, practice of IFRS adoption in the private banks, and challenges of IFRS adoption in the banks.

4.2 Socio-demographic Characteristics of the Respondents

Table 4.1 presents the socio-demographic characteristics of the respondents in the study. The majority (206, 89%) of them were male employees, while one-tenth of the respondents were females. Accordingly, most of the employees in the Ethiopian private banks are males. Hence, there is, as usual, gender disparity in the provision of employment opportunities in the banking business sector of the country. Additionally, these employees are young and older adults who are in their economically active ages. A total of 153 (66%) which was two-third of the respondents' ages were found to be in a range of 25-36 years age bracket. These employees may create enabling environment for IFRS adoption and affirmatively accepting such business-oriented innovative financial reporting standards which are the demand of the globalized economy in the 21st Century.

The private banks in this study have employees with first and second degrees educational statuses. Three-fourth (173, 75%) of them obtained bachelor degrees in different fields of study and one-fourth (59, 25%) of the respondents were with second degrees in relevant fields of specialization for the banking sector. Amongst the stated fields of study by the respondents, a total of 169 (73%) of them trained and specialized in Accounting and Finance, but other fields of the study did not appear noticeable in terms of their proportions in this study. These professionals (95, 41%) also held senior positions, followed by managerial positions (43, 18.5%), as well as junior positions which accounted for the two-fifth of the respondents (40, 17.2%) in the Ethiopian private banks. Moreover, 131 (56.4%) of those employees in the study had more than five years of work experiences in the banking sector in the country.

Table 4.1 Socio-Demographic Characteristics of the Respondents

Items		f	%		
Sex	Male	206	88.8		
	Female	26	11.2		
Total		232	100.0		
Age	25 - 30 years	87	37.5		
	31 – 36 years	66	28.4		
	37 – 42 years	73	31.5		
	43 - 48 years	4	1.7		
	49 – 54 years	-	-		
	55 - 60 years	2	0.9		
Total		232	100.0		
	(First) degree	173	74.6		
	Second degree (Master's degree)	59	25.4		
Total		232	100.0		
Qualification	Accounting and Finance	169	72.8		
	Economics	30	12.9		
	Management	28	12.1		
	Law	5	2.2		
Total		232	100.0		
Current job position	Junior	40	17.2		
	Senior	95	41.0		
	Team Leader	9	3.9		
	Manager	43	18.5		
	Director	34	14.7		
	Other(s)	11	4.7		
Total		232	100.0		
Work experience in the bank	Less than 1 year	4	1.7		
	1 – 5 years	79	34.1		
	6 - 10 years	69	29.8		
	11 – 15 years	62	26.7		
	16 - 20 years	7	3.0		
	21 – 25 years	10	4.3		
	More than 25 years	1	.4		
Total		232	100.0		
Professional membership		Yes		No	
		f	%	f	%
	Member in Professional Association/ Accounting Certification	20	8.6	212	91.4
Total		20	8.6	212	91.4
Membership type in Professional Association/ Accounting Certification		f		%	
	ACCA	11	4.7		
	CPA	5	2.2		
	IFRS	4	1.7		
Total		20	8.6		
Role in IFRS implementation	Has role in the implementation	Yes		No	
		f	%	f	%
		117	50.4	115	49.6
Total		117	50.4	115	49.6
Actual role in IFRS implementation		f		%	
	Member	80	34.5		
	Team leader	35	15.0		
	Other(s)	2	.9		
Total		117	50.4		

The respondents were asked about whether or not they had a role in the implementation of IFRS in their respective bank. One hundred and seventeen (50.4%) confirmed that they had roles in

implementation of the private banks of the International Financial Reporting Standards. Thus, it can be deduced that the employees in the Ethiopian private banks have already embarked on certain stage(s) in implementing the IFRS in which they are assigned with certain relevant tasks, duties, and responsibilities.

Out of the total sample respondents who were asked about the type of actual role in the IFRS conversion process of the private banks, 80 (34.5%) of them were members of the adoption team members, whereas 35 (15%) of the respondents claimed that they occupied Team Leader position. Generally, half of the employees in the Ethiopian private banks have held those positions and played expected roles from them as stipulated in the IFRS, Implementation Manuals and other relevant material(s).

Among those employees who had participated at least once in a Training on IFRS, 173 (74.6%) of these respondents took such a training organized by their respective organization. Accordingly, it is possible to argue that the IFRS implementing team members have got trained in IFRS which, in turn, serves as a favourable ground for adopting and cropping up the IFRS. The same respondents were furthermore requested about their opinions on adequacy of training(s). A total of 124 (53.4%) of them viewed those trainings they had participated as inadequate. Therefore, the trainings conducted on IFRS in the private banks have been inadequate, and not that much informative in their modes of delivery. Consequently, these employees may fail to efficiently and effectively adopt the IFRS implementation process as stipulated in the Manual in the Ethiopian private banks.

Similarly, the researcher presented a question on whether IFRS was implemented in their respective bank or not. Their responses have revealed that there are different scenarios. For instance, 120 (52%) of the respondents articulated that IFRS was implemented in the private banks of Ethiopia. Thus, it is possible to deduce that IFRS is being practiced in its actual sense or in its progressive sense in these banks. But there have not yet closed their books of accounts based on the IFRS as of June 30, 2018.

Another research question in the study was on duration or length of implementing the introduced IFRS in the private banks of Ethiopia. Out of the total respondents, 94 (40.5%) of them stated that their respective bank already started implementing IFRS less than a year ago from the date of data collection in this study. Hence, the private banks have short period of experience in

implementing and reporting their financial statements using the internationally developed standards.

The findings of this study re-confirmed that the private banks were found to employ other chosen financial reporting standards before the introduction of IFRS in the country, according to one hundred and fifty-eight (sixty-eight percent) of the respondents in these business firms. Specifically, those private banks that had previously used different financial reporting standards which were identified US GAAP (83, 35.8%) and local GAAP (45, 19.4%). Thus, GAAP in its variety forms have been used by the Ethiopian private banks while preparing and reporting their financial reports to concerned organizations at different levels.

In the same framework, the same respondents were further asked to compare and contrast the previous reporting standards employed in those private banks with IFRS. Nevertheless, the empirical evidence uncovered mixed type of responses. A total of 111 (48%) of the respondents preferred IFRS to GAAP in its local and/or international formats, but 99 (43%) contended that they could not clearly state their preference because they had believed that it was too early to compare the available financial reporting standards in Ethiopia.

4.3 Awareness of the Respondents on IFRS Benefits

Table 4.2 depicts that the employees of those private banks in Ethiopia have had awareness of the different benefits of using IFRS in preparing and reporting their financial reports for different users. On average, 172 (74.1%) of these respondents assured that IFRS improved financial reporting effectiveness, efficiency, internal control effectiveness, their depths of reports, as well as the IFRS reporting deadline set for the Ethiopian private banks, and the IFRS adoption was not only an accounting issue, but other dimensions as well.

Table 4.2 Awareness of the Respondents on IFRS Benefits in Addis Ababa (n = 232)

Items	Response category							
	Yes		No		Have no idea		Can't decide	
	f	%	f	%	f	%	f	%
IFRS improves effectiveness of reporting	197	84.9	1	.4	22	9.5	12	5.2
IFRS improves efficiency	180	77.6	7	3.0	35	15.1	10	4.3
IFRS improves internal control effectiveness	146	62.9	4	1.7	62	26.7	20	8.6
Comparison of IFRS with GAAP or local standards	184	79.3	8	3.4	37	15.9	3	1.3
Awareness of IFRS-based reporting deadline for private banks	166	71.6	15	6.5	49	21.1	2	.9
IFRS adoption is not only an accounting issue	161	69.4	6	2.6	44	19.0	21	9.1

Moreover, the respondents' awareness of those issues related to IFRS adoption in the Ethiopian private banks. More than eight-five percent of the respondents in this study stated that they were aware of those issues under investigation and discussion.

In support of the above-stated quantitative data, IFRS are issued by International Accounting Standards Board (IASB) and it is up to individual companies, including banks to decide whether or not to adopt them. Since IFRS reporting in Ethiopia is mandatory for most private banks are aware of early reporting, but lacks depth of awareness of detailed standards applicable to private banks based on the available data for reporting purpose.

Private Banks should create detailed awareness of standards and then practical application guidelines of each standard. One of the key informants of the private banks has to say the following on this issue under investigation,

In Ethiopian context, most private banks have made gap analysis between IFRS and US GAAP by employing a consultant, analyzing the impact of accounting and reconciliation processes, and preparing for guidelines of IFRS implementation. These activities were jointly undertaken by those members of Ethiopian Private Banks Association. However, awareness level of the employees in these banks about IFRS is very shallow. The Training on IFRS was viewed as inadequate in terms of depth and practice. Even if the Training was

organized and conducted to the employees of the private banks in Ethiopia, those trained employees did not roll it out to their respective colleagues to share what they had gained from the training sessions. In some cases, comparative financial statements produced for serving as samples by the Consultant were kept confidential by some of the Directors in those private banks under investigation.

Accordingly, the Trainings which have been underway are not being implemented in acceptable manner in their entirety. Thus, concerned bodies may engage in creating awareness of IFRS of the employees.

4.4 Knowledge of IFRS of the Respondents

In the study, both closed-ended questions and Likert scale items were also used to assess the respondents' knowledge of the IFRS in the private banks. Accordingly, a considerable proportion or more than half (127, 55%) of the sampled employees expressed that they were knowledgeable about different aspects of the International Financial Reporting Standards per se. Consequently, these responding employees uttered that they were knowledgeable about the provision of IFRS with greater transparency in the financial reporting of the Ethiopian private banks, its contribution to the improvement of regulatory oversight and enforcement, the important role(s) of accounting professional association(s) in the proper implementation of the IFRS adoption, and the complex of its adoption as compared with the previous reporting standards (e.g. local GAAP and US GAAP) on the part of the private banks.

One hundred and fifty-five (two-third) of the respondents confirmed that they had knowledge of IFRS adoption. These claims are illustrated in Table 4.3 below.

Table 4.3 Knowledge of IFRS of the Respondents (n = 232)

Items	Response category							
	Yes		No		Have no idea		Can't decide	
	f	%	f	%	f	%	f	%
IFRS provides greater transparency in reporting	195	84.1	13	5.6	22	9.5	2	.8
IFRS adoption improves regulatory oversight and enforcement	158	68.1	29	12.5	33	14.2	12	5.2
Role of accounting professional associations is important for proper IFRS implementation	197	84.9	5	2.2	19	8.2	11	4.7
The adoption of IFRS is complex compare to previous standards (local GAAP and US GAAP)	151	65.1	35	15.1	37	15.9	9	3.9
Employees who are involved in IFRS adoption process should have sound technical knowledge	105	45.3	88	37.9	24	10.3	15	6.5
Employees who are involved in IFRS adoption process should have sound technical knowledge, further development plan for professional development	151	65.1	38	16.4	36	15.5	7	3.0
The employees should have sound technical knowledge and practical experience	128	55.2	61	26.3	36	15.5	7	3.0

Therefore, these findings reveal that it is possible to argue the employees in those banks are knowledgeable about those aspects of IFRS adoption – the requirements for sound technical knowledge and further development plan for professional development, and the needs for having both technical knowledge of IFRS combined from model IFRS adopting private banks which have already implemented from local and abroad. Generally, the employees in the private banks of Ethiopia appear to be knowledgeable about and to have general overview of IFRS.

This study, on the other hand, considered the study participants' knowledge of IFRS adoption using five rating Likert scale items based questions. All of the respondents in the study agreed

that they were knowledgeable about those employees in the private banks who had been involved in the IFRS adoption process required technical knowledge, further requirements for professional development, and practical experience in the reporting standards.

To summarize and describe the above-stated Likert scale data collected from the respondents to assess and measure their knowledge level related to the requirements for those personnel involved in the IFRS adoption process in the private banks in Ethiopia. The researcher considered the scale as interval scale and employed median and mode for measuring the tendency of those observations towards moving to the centre (measures of central tendency) and frequencies for measuring their variability or dispersion.

Table 4.4 Knowledge Level of IFRS Adoption Process Participants Private Banks

Items	Strongly disagree		Disagree		Neither agree nor disagree		Agree		Strongly Agree	
	f	%	f	%	f	%	f	%	f	%
IFRS Adoption process requires technical knowledge										
IFRS Adoption process requires further professional development	1	.4	-	-	20	8.6	48	20.7	163	70.3
IFRS Adoption process requires practical experience	1	.4	1	.4	6	2.6	77	33.2	147	63.4
IFRS adoption is complex to understand as compared to previous standards (Local GAAP and USGAAP)	8	3.5	9	3.9	35	15.1	99	42.7	81	34.9

Allen and Seaman (2018) state that an initial analysis of Likert type data should be based on the ordinal nature of the data, while Likert scale data and variables usually represent an underlying continuous measurement – as interval variables. If there are a series of individual questions that have Likert response options or choices for the respondents to answer then analyze them as Likert-type items using median, mode, and frequencies. If there are also a series of Likert-type questions that when combined describe an attitude, it is then possible to use mean and standard deviation for the above-stated purpose (Clasen & Dormody, 1994; Jamieson, 2001; Likert, 1932; Allen & Seaman, 2007). Thus, combining Likert-type questions into indexes adds values and variability to

the data collected. Such data are also treated as interval continuous data and analyzed using median and mode among those measures of central tendency, as well as range and inter-quartile as measures of variability/dispersion.

Accordingly, the computed mean value of 4.00 and that of standard deviation value of .785 which indicated that the employees in the Ethiopian private banks did not show variability in their responses, and then they agreed that they were also aware of the complex nature of IFRS adoption process, as well as the requirements for technical knowledge, professional development, practical experience, and its complexity nature.

Knowledge level of the employees in private banks of IFRS was qualitatively measured by raising key questions about benefits of IFRS reporting, its implementation issues, and its complexity of standards by categorizing knowledge level into sound technical knowledge, sound technical knowledge and CDD, sound technical CPD, and practical experience point of views.

Consequently, the majority of key-informants selected from those private banks, as they uttered: “Most employees in the private banks have knowledge level which is confined to theoretical knowledge which lacks practical experience; lack of knowledge combined with practical experience of IFRS makes it difficult to develop IFRS complaint policies. Thus, their knowledge level is not that much detail.”

4.5 Attitude towards IFRS Adoption

The study further assessed the sample of employees of the Ethiopian private banks. Out of the fourteen Likert-type questions or items prepared to assess and measure the respondents’ attitude towards IFRS and their dimensions, they expressed their agreement on eleven items. However, few of the respondents showed their disagreement with three of the Likert-type of items. Table 4.5 illustrates these respondents’ attitude to the adoption of IFRS.

As shown in Table 4.5 below, 194 (84%) of the respondents agreed that the financial statements prepared based on IFRS were reliable. Likewise, the majority (87%) of them expressed their agreement with a statement about IFRS provided high quality reporting than local GAAP or US GAAP. A total of 207 (89.2%) of them claimed that the financial statements prepared based on the IFRS were comparable to one another, 201 (87%) of them stated their agreement with a statement on the fact that IFRS provided high quality reporting standards than local GAAP or USGAAP

standards, and 180 (78%) of the respondents further agreed that investors would have more confidence in the pieces of information presented using IFRS than other reporting standards. In the same framework, IFRS has importance for investors in a given country. Hence, the majority (180, 77.6%) of them stated their agreement on their belief in that the investors would have more confidence in the information presented using IFRS in preparing the financial statements of the private banks in Ethiopia.

Likewise, 206 (89%) of the respondents agreed that the IFRS adoption enabled financial reporting of the private banks and their transparency more than before. A total of 203 (88%) also supported that IFRS improved decision making by providing management body with relevant information, 207 (89.2%) of them agreed that IFRS adoption enabled better risk management by providing relevant information than other standards, 205 (88.4%) of them agreed that IFRS provided greater credibility prospects for the accounting profession than local GAAP and USGAAP standards, 192 (83%) of the respondents accepted that IFRS provided the accounting profession with improved economic prospects, 164 (71%) of them argued that IFRS adoption was considered as time consuming when it was compared to the local GAAP and USGAAP, and 175 (75.4%) of the respondents agreed that the adoption of IFRS was a possible global standard as compared to those previous standards. Generally, a total of 194 (87%) of those sample employees selected from the Ethiopian private banks showed positive attitude to the adoption of IFRS and then agreed that its adoption had different contributions to these banking firms more than local GAAP and USGAAP standards in the country.

Conversely, the study respondents have had mixed attitude towards the benefits and costs of IFRS adoption and significant impacts of financial performance of the private banks. Thus, one hundred and thirty-two (57%) of the respondents agreed that the IFRS adoption by the banks had more benefits than costs expressed in financial terms, but ninety-one (39%) of them disagreed that its adoption with this argument, and a total of 74 (32%) also disagreed

Table 4.5 Attitude of the Respondents towards IFRS

Items	Strongly disagree		Disagree		Neither agree nor disagree		Agree		Strongly agree	
	f	%	f	%	f	%	f	%	f	%
Financial statements prepared based on IFRS are reliable	-	-	3	1.3	35	15.1	114	49.1	80	34.5
Financial statements prepared based on IFRS are comparable	-	-	3	1.3	22	9.5	111	47.8	96	41.4
High quality reporting	-	-	-	-	31	13.4	71	30.6	130	56.0
Have more confidence	4	1.7	10	4.3	38	16.4	93	40.1	87	37.5
Enables transparency	-	-	3	1.3	23	9.9	114	49.1	92	39.7
Improves decision making	-	-	-	-	29	12.5	98	42.2	105	45.3
Enables better risk management	-	-	-	-	25	10.8	100	43.1	107	46.1
Greater credibility prospects	1	.4	-	-	26	11.2	114	49.1	91	39.2
Improved economic prospects	2	.9	-	-	38	16.4	105	45.3	87	37.5
Benefits exceed costs	1	.4	8	3.4	91	39.2	78	33.6	54	23.3
Time consuming	-	-	11	4.7	57	24.6	113	48.7	51	22.0
A possible global standard	1	.4	5	2.2	51	22.0	100	43.1	75	32.3
Full of subjectivity	10	4.3	35	16.8	74	31.9	69	29.7	40	17.2
Significant decrease in financial performance	18	7.8	52	22.4	68	29.3	56	24.1	38	16.4

that the adoption was not full of subjectivity. However, 109 (47%) considered IFRS adoption as full of subjectivity.

A total of 94 (40%) of the sample respondents agreed that the IFRS adoption decreased the financial performance of private banks, but 68 (29%) furthermore opposed this claim of the respondents. The distribution of those collected quantitative data similarly depicted concentration of responses of agreement on those stated issues under investigation with mean of 4.00 and median of 4.00 values. On the whole, the significant majority of the employees in the Ethiopian private banks have positive attitude to the adoption of IFRS when compared with those previous reporting standards like local GAAP and USGAAP.

4.6 Practice of IFRS Adoption in the Banks

In order to assess the practice of the IFRS adoption in the private banks of Ethiopia, the researcher designed two types of questions – closed-ended questions and Likert-scale questions. In addition to the above-stated types of questions, the sample of employees in the private banks were asked about whether or not some issues were required for the proper implementation of the IFRS adoption.

Three-fifth (60.1%) of the respondents responded that all those stated required ‘soft inputs’ were made. These include: the preparation of IFRS conversion plan; the employment of Project Manager of IFRS Project; gaps identified; analyzed the impact of accounting reporting and reconciliation processes; the IFRS implementation guidelines prepared; disclosure skeleton prepared; prepared IFRS complaints formats; the required training conducted; new changes made; and the alignment approach for maintaining process controls made in all private banks in Ethiopia.

Table 4.6 Practical Issues on IFRS Adoption in Private Banks of Ethiopia

Items	Yes		No		Have no idea		Can't decide	
	f	%	f	%	f	%	f	%
Has IFRS conversion plan	172	74.1	14	6.0	45	19.4	1	.4
Has project manager to execute IFRS Project	125	53.9	48	20.7	52	22.4	7	3.0
Gap identification made	166	71.6	11	4.7	48	20.7	7	3.0
Impact of accounting, reporting and reconciliation processes is analyzed	159	68.5	18	7.8	48	20.7	7	3.0
IFRS implementation guidelines are prepared	162	69.8	10	4.3	50	21.6	10	4.3
Preparation of disclosure skeleton is made	123	53.0	36	15.5	58	25.0	15	6.5
IFRS complaint in terms of financial statements and reporting preparation is made	130	56.0	54	23.3	39	16.8	9	3.8
Required Training on IFRS and new changes made to all relevant banks	105	45.3	62	26.7	58	25.0	7	3.0
Approach for maintaining and process controls to align made	114	49.1	41	17.7	75	32.3	2	.9

The majority (175, 75.4%) of the responding employees in the private banks agreed that all those practice-related inputs below-stated in Table 4.7 were necessary in the Ethiopian context. A total of 203 (88%) of the respondents highly agreed and argued for the necessity of those finance and non-finance officers in the private banks had to participate in adequate Training on IFRS. Nonetheless, 130 (56%) of them slightly agreed that the existing software and information system of these banks could not support or satisfy the IFRS requirements. Therefore, all these considerations are important for the practical implementation of IFRS in the Ethiopian private banks. The distribution of these observations illustrated homogeneous pattern (with a mean value of 4.01) without the presence of dispersion (with a standard deviation of .876) in the distribution of data generated on the employees' attitude towards all those required inputs for proper implementation of the adopted IFRS in the private banks in Ethiopia.

Table 4.7 Practical oriented Inputs for IFRS Adoption in Private Banks

Items	Strongly disagree		Disagree		Neither agree nor disagree		Agree		Strongly agree	
	f	%	f	%	f	%	f	%	f	%
Updating accounting software and information system	-	-	5	2.2	45	19.4	107	46.1	75	32.3
Huge amount of investment	-	-	18	7.8	34	14.7	125	53.9	55	23.7
Systems of banks cannot support or satisfy the IFRS requirements	9	3.8	30	12.9	63	27.2	91	39.2	39	16.8
IFRS requires high level of education, competency, and expertise	-	-	12	5.2	36	15.5	85	36.7	99	42.7
The existence of institution	-	-	16	6.9	18	7.8	106	45.7	92	39.7
Officers' Training on IFRS	-	-	1	.4	28	12.1	112	48.3	91	39.2
Absence of capital market has negative impact on IFRS adoption	14	6.0	7	3.0	64	27.6	77	33.2	70	30.2

Regarding whether or not IFRS have been included by most of the Ethiopian universities' curricula of Accounting and Finance Education, Senior Officials in AABE argued,

To the best of our knowledge, most universities in Ethiopia have incorporated IFRS as a course in their respective Department of Accounting and Finance. Accordingly, all of these students are trained in IFRS, but the actual practice of preparing still remains as a huge gap! Let alone they prepare financial statements based on IFRS, can they pass a single accounting transaction accurately?

The foregoing findings and their discussions have indicated that the employees from the private banks show positive attitude to different dimensions of the practical requirements for the proper adoption and implementation of IFRS. Most importantly, it is possible to argue that all those and related issues could be put in their contexts to actually practice the IFRS in the Ethiopian private banks.

4.7 Challenges of IFRS Adoption in Private Banks

Table 4.8 shows that those private banks in Ethiopia encountered with various types of challenges and their multi-dimensional aspects. These were related to lack of training facilities and academic courses on IFRS; inadequate number of accounting professionals; increased impact of fair value measurement use; absence of capital market which affected market value determination; lack of updated regulatory laws; inadequate time allowed for IFRS implementation; and lack of updated Ethiopian commercial Code which could fulfil the requirements of the National Bank of Ethiopia (NBE).

Table 4.8 Challenges encountered for IFRS Adoption in Private Banks

Items	Yes		No		Have no idea		Can't decide	
	f	%	f	%	f	%	f	%
Lack of training facilities and academic course on IFRS	183	78.9	27	11.6	16	6.9	6	2.6
Impact of increased use of fair value measurement	149	64.2	43	18.5	29	12.5	11	4.7
Inadequate time for IFRS implementation	113	48.7	45	19.4	62	26.7	12	5.2
Ethiopian Commercial Code needs update for NBE requirements	93	40.1	17	7.3	85	36.6	37	15.9
Existing regulatory laws need update	127	54.7	16	6.9	61	26.3	26	11.2
Availability of limited accounting professionals	150	64.7	35	15.1	40	17.2	7	3.0
Absence of capital market affects market value determination	140	60.3	31	13.4	55	23.7	6	2.6

Accordingly, the respondents in this study identified as a high challenge among the foregoing ones the first factor and the last one also as the least challenging factor. In the first place, based on the Likert scale data, the mean and the standard deviation are satisfactorily accepted as the two measures of central tendency and dispersion or variability. In summarizing and describing the respondents' attitude towards the encountered challenges on the part of the private banks; the computed mean was 4.00 which showed agreements with those Likert scale data, and with the standard deviation of .795 standard units which indicated low level of variability/dispersion among the responses of the respondents in the study which, in turn, implied their responses were similar – there was no variation in the respondents' responses to those questions. Thus, the employees who participated in this study have had agreements with those stated challenges encountered the adoption and implementation of IFRS in the private banks of Ethiopia.

Here, it may be possible to deduce that lack of IFRS training facilities and courses in higher educational institutions in Ethiopia are the most outstanding challenges which have encountered the private banks. Finally, these multi-faceted challenges may contribute their share to affect their fast adoption and implementation of IFRS in such banks in the country.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

5.1. Introduction

This chapter presents summary of the major findings of the study, conclusions drawn based on empirical evidence, and recommendations which are possible and plausible for practical actions. It thus restates and highlights major findings in the study; puts together those related issues, categories of issues and themes; and to draw conclusions based on these which have been running throughout the thesis. Finally, the chapter suggests recommendations to speed up the IFRS adoption and to implement the standards at the acceptable levels in the private banks, as well as to clearly identify those areas for further studies.

5.2. Summary of Major Findings

The majority (206, 89%) of the respondents were male employees. Additionally, 153 (66%) which was two-third of the respondents' ages were found to be in a range of 25-36 years age bracket. Three-fourth (173, 75%) of them also obtained bachelor degrees in different fields of study and one-fourth (59, 25%) of the respondents were with second degrees in relevant fields of specialization for the banking sector. Generally, 169 (73%) of them trained and specialized in Accounting and Finance. About fifty percent of the respondents further confirmed that they had roles in implementation of the private banks of the International Financial Reporting Standards. Eighty 80 (34.5%) of them were members of the IFRS adoption team members, and half of the employees in the Ethiopian private banks have held those two types of positions and then played expected roles from them as stipulated in the IFRS, Implementation Manual and other relevant material(s).

About 75% of these respondents took trainings organized by their respective organization. A total of 124 (53.4%) of them viewed those trainings they had participated as inadequate. Ninety-four (405.%) of them furthermore stated that their respective bank already started adopting and implementing IFRS less than a year ago from the date of these data collection in this study. Hence, the private banks have short period of experience in implementing and reporting their financial reports using the developed standard formats.

Amongst those private banks that had previously used different financial reporting standards, 83 (35.8%) of them were found to employ US GAAP, while 45 (19.4%) private banks used local GAAP. Concerning their preference, 111 (48%) of the respondents preferred IFRS to GAAP in its local and/or international formats. Nonetheless, 99 (43%) of them contended that they could not clearly state their preference because they had believed that it was too early to compare the available financial reporting standards in Ethiopia.

One hundred and seventy-two (74.1%) of the respondents, on average, assured that IFRS improved financial reporting effectiveness, efficiency, internal control effectiveness, their depths of reports, as well as the IFRS reporting deadline set for the Ethiopian private banks, and the IFRS adoption was not only an accounting issue, but other dimensions as well. Since IFRS reporting in Ethiopia is mandatory for most private banks are aware of early reporting, but lacks depth of awareness of detailed standards applicable to private banks based on the available data for reporting purpose.

A considerable proportion (127, 55%) of the sampled employees expressed that they were knowledgeable about different aspects of the International Financial Reporting Standards per se. Consequently, these responding employees uttered that they were knowledgeable about the provision of IFRS with greater transparency in the financial reporting of the Ethiopian private banks, its contribution to the improvement of regulatory oversight and enforcement, the important role(s) of accounting professional association(s) in the proper implementation of the adoption of IFRS, and the complex of its adoption as compared with the previous reporting standards (e.g. local GAAP and US GAAP) on the part of the private banks.

Out of the fourteen Likert-type questions or items prepared to assess and measure the respondents' attitude towards IFRS and their dimensions, the respondents expressed their agreement on eleven items. However, few of the respondents showed their disagreement with three of the Likert-type of items.

Three-fifth (60.1%) of the respondents responded that all those stated required 'soft inputs' were made. These include: the preparation of IFRS conversion plan; the employment of Project Manager of IFRS Project; gaps identified; analyzed the impact of accounting reporting and reconciliation processes; the IFRS implementation guidelines prepared; disclosure skeleton prepared; prepared IFRS complaints formats; the required training conducted; new changes

made; and the alignment approach for maintaining process controls made in all private banks in Ethiopia.

In this study, there are certain challenges which have encountered on the part of private banks to adopt IFRS. These challenges were related to lack of training facilities and academic courses on IFRS; inadequate number of accounting professionals; increased impact of fair value measurement use; absence of capital market which affected market value determination; lack of updated regulatory laws; inadequate time allowed for IFRS implementation; and lack of updated Ethiopian commercial Code which could fulfil the requirements of the National Bank of Ethiopia (NBE).

5.3. Conclusion

The study has argued that those employees in the Ethiopian private banks have awareness and knowledge, show certain degree of positive attitude, and limited scope of practical implementation of the International Financial Reporting Standards (IFRS) adoption. Additionally, the IFRS adoption process is being challenged by multi-dimensional problems which have emanated from different sources and stakeholders of the Project on the adoption of IFRS in private banks of Ethiopia.

Although the trainings conducted on IFRS in the private banks have been inadequate, and not that much informative in their modes of delivery; the employees have awareness. Consequently, the employees in the banks have had awareness and knowledge of the different benefits of using IFRS in preparing and reporting their financial reports for different users.

As the adoption of IFRS is mandatory in the country, the majority of the employees in the Ethiopian private banks show positive attitude towards the adoption of IFRS when compared with those previous reporting standards like local GAAP and USGAAP. Accordingly, there have to be due considerations of the practisoners' awareness, knowledge and positive attitude as important inputs for the practical adoption of IFRS in the private banks.

Since there is positive attitude towards different dimensions of the practical requirements for the proper adoption and implementation of IFRS, it is possible to conclude that all those and related issues could be put in their contexts to actually practice IFRS in the private banks. Thus, it can be

deduced that the employees in these banks have already embarked on certain stage(s) in adopting IFRS in which they are assigned with certain relevant tasks, duties, and responsibilities.

Finally, those private banks in Ethiopia have encountered with those various types of challenges and their multi-dimensional aspects. These challenges may contribute their share to affect their fast adoption and implementation of IFRS in the private banks. Those employees who are knowledgeable about and with positive attitude towards IFRS may create enabling environment for IFRS adoption and affirmatively accepting such business-oriented innovative financial reporting standards which are the demand of the globalized economy in the 21st Century.

5.4. Recommendation

Based on the conclusions drawn from those major findings of the study, the researcher would suggest the following possible and plausible actions:

- ✓ Those concerned stakeholders such as the National Bank of Ethiopia, Board of Directors of each private bank, and Chief Executive Officers including other Top Management members should have detail knowledge of IFRS, give clear directions to middle level managers, and play active roles in improving and enhancing the employees' levels of awareness, knowledge, attitude, and practice about IFRS.
- ✓ As the employees first know and get convinced their paramount importance in promoting and facilitating the IFRS adoption in a contextualized manner; they should be aware of IFRS as being the standards and the interpretations issued by the International Accounting Standards Board (IASB), should acquire knowledge of such standards, should show positive attitude towards the Reporting Standards, and should engage in actual practice of IFRS in those business firms in Ethiopia.
- ✓ Since the practical adoption of IFRS in the private banks is at its infancy stage, responsible Top Management bodies should create enabling environments for conducting empirical studies on the multi-dimensional aspects of IFRS and their importance in and impact on the financial status of the private banks.
- ✓ Although there is awareness of IFRS among the employees in the private banks, the responsible body in each firm should organize targeted sensitization and awareness sessions on overall importance and objectives of IFRS on a continuous basis and then those trained participants should roll out their exposure.

- ✓ There should be the use of multi-dimensional channels to improve the general perception of IFRS in private banks by using online and offline educational sessions and by organizing seminars, as well as conferences on knowledge-sharing incidences to improve the stakeholders' understanding of IFRS.
- ✓ Since this study employed mixed method research to assess the IFRS adoption in the private banks in Addis Ababa; further studies on the overall process of acceptance, adoption, implementation, follow-up, supervisory, mentoring, coaching, monitoring and evaluation, including sustainability of the IFRS in Ethiopia based on awareness, knowledge, attitude, and organizational practice using quantitative led qualitative research methods at country level.

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APPENDICES
APPENDIX A: QUESTIONNAIRE
ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT: EXECUTIVE MBA

General Introduction:

Dear Respondents:

My name is Fekadu Mersha who is final year graduate student in the Executive Master’s Degree in Business Administration (EMBA) Program at the College of Business and Economics, Addis Ababa University.

Presently, I am conducting a study entitled “*Assessment on Awareness/ Knowledge, Attitude and Practices of International Financial Reporting Standards (IFRS) in Private Banks of Ethiopia*” as in partial fulfilment for the requirement of Executive Master Degree in Business Administration (EMBA) Program in the University. The study aims at assessing over all awareness/ knowledge, attitude and existing practices of International Financial Reporting Standards (IFRS) in Private Banks of Ethiopia using cross-sectional data from March 2017 to May 2018.

This structured questionnaire is mainly directed to Accounting Staff and Internal Audit staffs that are involved or expected to be involved in IFRS adoption process of the targeted private banks. Therefore, your genuine responses to each item in this questionnaire are believed to contribute valuable inputs to the successful accomplishment of the study, which will in turn have important impact on IFRS practices in Ethiopia in general and on private banks in particular.

Finally, I would like to make sure that the information you provided in this questionnaire will be only used responsibly for academic purpose in this study.

I thank you very much in advance for your cooperation, participation and sacrifice of valuable time!

With regards,

Fekadu Mersha

Mobile +251 0911610974

Please kindly encircle your respondent's profile responses by writing clearly if required for each item in the questionnaire.

I. Respondent's Profile:

- 1.1. Sex: 1. Male 2. Female
- 1.2. Age: 1. Below 21 2. 21-30 3. 31-40 4. 41-50 5. 51-60 6. Above 60
- 1.3. Qualification: 1.Accounting and Finance 2.Economics 3.Management 4.Law 5. IT
6. Marketing 7. Others (please specify) _____
- 1.4. Your Highest Educational status:
1. Diploma 2.Degree 3.Masters 4.Doctrate 5.Others (please specify) _____
- 1.5. Your Bank Name_____
- 1.6. Your current job position: 1. junior 2.Senior 3.Team Leader 4.Manager 5.Director 6. CEO
- 7.Others (please specify) _____
- 1.7. Years of experience: 1. <1yr 2.1-5 yrs 3.6-10yrs 4.11-15 yrs 5.16-20yrs 6. >20yrs
- 1.8. Do you have membership of Professional Association/Accounting Certification?
1. Yes 2. No
- 1.8.1 IF yes! Please specify: 1. ACCA 2.CPA 3.IFRS 4.Others (please specify) ____
- 1.9. Do you have a role in IFRS implementation process? 1. Yes 2. No
- 1.9.1 IF yes! , what is your actual role?
1. A member 2.A team leader 3. Project sponsor 4.Others (please specify) _____
- 1.10 Which knowledge source about IFRS is best for you?
1. Book 2. Internet 3. Professional Organizations 4.conference/Seminar 5. Journals

II. General Questions about IFRS:

- 2.1 Did you have attended IFRS related trainings? 1. Yes 2. No
- 2.1.1 If your answer to question number 2.1 is yes!
- How adequate is the IFRS training that you have had for implementation of IFRS?
1. Adequate 2.Not adequate
- 2.2 Does your Bank implement IFRS? 1. Yes 2. No
- 2.2.1 If your answer to question number 2.2 is yes!
- How long in years IFRS was introduced in your Bank?
1. <1 yr 2.1-3 yrs 3. 3-5 yrs 4.over 5 yrs
- 2.3 Did your Bank use other financial reporting standards prior to IFRS adoption?
1. Yes 2. No 3. I do not know

2.3.1 If your answer to question number **2.3** is yes!

Would you mind stating the previous standard?

1. US GAAP 2. Local GAAP 3.I do not know

2.4 If you make comparisons between previous standard with IFRS then which one is more preferable?

1. USGAAP 2. Local GAAP 3.IFRS 4.It is too early to compare

For Yes! Or No! And Likert - Scale types of Questions please indicate your answers by encircling the appropriate number inside a block.

III. Awareness:	1.Yes	2.No	3.I have no Idea	4.I can't Decide
1. Are you aware of that the adoption of IFRS improves effectiveness of financial reporting?	1	2	3	4
2. Are you aware of that the adoption of IFRS improves efficiency of financial reporting?	1	2	3	4
3. Are you aware of that IFRS adoption increases private bank's greater effectiveness in internal audit?	1	2	3	4
4. Are you aware that adoption of IFRS has more details compared to previous standards (Local GAAP, US GAAP)?	1	2	3	4
5. Are you aware that adoption deadline for IFRS reporting date for banks ends as of June, 2017?	1	2	3	4
6. Are you aware that adoption process for IFRS for companies is not simply an accounting issue?(e.g. participation of member from other disciplines)	1	2	3	4

IV. Knowledge:	1.Yes	2.No	3.I have no Idea	4.I can't Decide
1. Do you know IFRS provides greater transparency in reporting?	1	2	3	4
2. Do you know IFRS adoption improves regulatory oversight and enforcement?	1	2	3	4

3. Do you know for proper implementation of IFRS the role of accounting professional associations is important? 1 2 3 4
4. Do you know the adoption of IFRS is complex compared to previous standards (Local GAAP, US GAAP)? 1 2 3 4
5. As a private bank employee involved in IFRS adoption process, do you think you have no sound technical knowledge about IFRS? 1 2 3 4
6. As a private bank employee involved in IFRS adoption process, do you think you have no sound technical knowledge and further development plan for profession development? 1 2 3 4
7. As a private bank employee involved in IFRS adoption process, do you think you have no sound technical knowledge combined with practical experience? 1 2 3 4

- | | Strongly
Disagree
(1) | Disagree
(2) | Neither
Agree
nor
Disagree
(3) | Agree
(4) | Strongly
Agree
(5) |
|--|--------------------------------------|-------------------------|---|----------------------|-----------------------------------|
| 8. Employees of private banks who are involved in IFRS adoption process require technical knowledge. | 1 | 2 | 3 | 4 | 5 |
| 9. Employees of private banks who are involved in IFRS adoption process require further professional development. | 1 | 2 | 3 | 4 | 5 |
| 10. Employees of private banks who are involved in IFRS adoption process require practical experience. | 1 | 2 | 3 | 4 | 5 |
| 11. In your opinion adoption of IFRS is complex to understand as compared to previous standards (Local GAAP, US GAAP). | 1 | 2 | 3 | 4 | 5 |

V. Attitude:	Strongly		Neither		Strongly
	Disagree	Disagree	Disagree	Agree	Agree
	(1)	(2)	(3)	(4)	(5)
1. Financial statements prepared based on IFRS are reliable.	1	2	3	4	5
2. Financial statements prepared based on IFRS are comparable.	1	2	3	4	5
3. IFRS provides high quality reporting than Local or US GAAP.	1	2	3	4	5
4. Investors will have more confidence in the information presented using IFRS.	1	2	3	4	5
5. Adoption of IFRS enables transparency of private banks through better reporting.	1	2	3	4	5
6. IFRS improves decision making by providing management with relevant information.	1	2	3	4	5
7. IFRS enables better risk management by providing relevant information.	1	2	3	4	5
8. IFRS provides greater credibility prospects for the accounting profession.	1	2	3	4	5
9. IFRS provides improved economic prospects for the accounting profession.	1	2	3	4	5
10. IFRS adoption by private banks has Benefits exceeds costs expressed in financial terms.	1	2	3	4	5
11. Adoption of IFRS is very time consuming as compared to previous standards (Local GAAP, US GAAP).	1	2	3	4	5
12. Adoption of IFRS is a possible global standard as compared to previous standards (Local GAAP, US GAAP).	1	2	3	4	5
13. Adoption of IFRS is full of subjectivity compared to previous standards.	1	2	3	4	5
14. The change in financial reporting standard from Local GAAP or US GAAP to IFRS significantly decreases financial performance of private Banks.	1	2	3	4	5

VI. Practices:	Neither				
	Strongly	Disagree	Disagree	Agree	Strongly
	Disagree	Disagree	Disagree	Agree	Agree
	(1)	(2)	(3)	(4)	(5)
1. The practice of preparing accounts based on IFRS requires updating the current accounting software and information system to a new one.	1	2	3	4	5
2. The update of the information technology and information system shall require huge amount of investment.	1	2	3	4	5
3. The existing software and information system of the bank can't support or satisfy the requirement of IFRS.	1	2	3	4	5
4. Implementation of IFRS requires high level of education, competency and expertise to be able to understand, interpret and make use of the standards.	1	2	3	4	5
5. The existence of institution that facilitate and provide training on IFRS and also certify members of professional body shall facilitate the practice of international standards.	1	2	3	4	5
6. Finance and non-finance officers requires taking adequate training about IFRS.	1	2	3	4	5
7. The absence of capital market in Ethiopia has negative impact on the adoption of IFRS.	1	2	3	4	5

	1.Yes	2.No	3.I have no Idea	4.I can't Decide
8. Does the bank have IFRS conversion plan?	1	2	3	4
9. Does the bank have project manager to execute IFRS project?	1	2	3	4
10. Is identification of gap between the existing practice and IFRS requirement is made in the bank?	1	2	3	4
11. Is analyzing the impact of accounting, reporting and reconciliation processes is done in the bank?	1	2	3	4
12. Is Preparation of implementation IFRS guidelines made in the bank?	1	2	3	4
13. Is Preparation of skeleton of disclosure is made in the bank?	1	2	3	4
14. Is Preparation of IFRS compliant interim-financial statements and reporting made in the bank?	1	2	3	4
15. Does Preparation of IFRS compliant interim-financial statements and reporting is made in the bank?	1	2	3	4
16. Does training on all relevant banks' staff on IFRS requirements and new changes is made?	1	2	3	4
17. Does developing an approach for maintaining and process controls and IT controls to align with IFRS conversion requirements is made in the bank?	1	2	3	4

VII. Challenges:	1.Yes	2.No	3.I have no Idea	4.I can't Decide
1. Do you agree that lack of training facilities and academic course on IFRS will pose challenges in the implementation process?	1	2	3	4
2. Do you agree increased use of fair value measurement for some financial instruments will challenge the risk management strategy of private banks?	1	2	3	4
3. Do you agree about the preparation time for IFRS reporting date is not adequate for private banks as per AABE Road Map Implementation deadline for companies with public responsibilities ends as of June, 2017?	1	2	3	4
4. Does the commercial code of Ethiopia proclamation no.166 of 1960 needs update with Requirements for the preparation of financial reporting (IFRS) stated in Financial reporting proclamation 847/2014?	1	2	3	4
5. Does the commercial code of Ethiopia proclamation no.166 of 1960 need update per NBE banking business proclamation.592/2008?	1	2	3	4
6. Does the existing Regulatory Laws for preparation of financial statements need update per international practices?	1	2	3	4
7. Can you say that adoption and implementation of IFRS in private banks with having limited number of accounting professional bodies is very challenging?	1	2	3	4
8. Is there an agreement that the absence of capital market makes the market value determination of financial instruments challenging?	1	2	3	4

VIII. Suggestions:

1. What do you suggest to increase the employees' awareness about IFRS?

2. In your opinion, what should be done to facilitate the employees' understanding of IFRS?

3. In order to improve the employees' attitude to IFRS in private banks what should be performed by different stakeholders?

4. What has to be done to enhance the implementation or practice of IFRS in the private banks of Ethiopia?

5. In your perspective, what should be performed to improve and make efficient the implementation of IFRS in the private banks?

Thank You!

APPENDIX B: Interview Guide

Addis Ababa University College of Business and Economics Department of Management

Interview Questions

- 1.** According to Accounting and Auditing Board of Ethiopia (AABE)'s road map, the first phase of IFRS adoption for financial institutions and large public enterprises were expected to comply with IFRS Implementation deadline set by the end of July 8, 2016. However, according to Audited June, 2017 annual reports of each private banks, there is no any private bank which prepared IFRS compliant financial report in the same reporting period? In your opinion, what do you think may be the reason(s)?
- 2.** Do you think that the time period for IFRS implementation set by AABE for private banks is adequate?
 - 2.1.** If yes, please explain for its adequacy.
 - 2.2.** If no, what is expected from the Regulatory Board?
- 3.** As the Representative of the Regulatory Board, is the reason for the delay of IFRS implementation by private banks is known? If it is known, what action(s) do you think is expected from the Board?
- 4.** As the Representative of the Regulatory Board, do you know the reason for the delay for implementation of IFRS by private banks? Is it due to lack of awareness or knowledge about IFRS?
- 5.** As the Representative of the Regulatory Board, what do you think are the main reasons for not implementing IFRS by private banks? Is it because of their lack of the required capacity, their resistance or their negative attitude towards IFRS implementation?
- 6.** As the Representative of the Regulatory Board, do you think that lack of company level practical experience of IFRS adoption is the major reason for the implementation delay of IFRS by private banks?
- 7.** As the Representative of the Regulatory Board, is one of the reasons for the delay of IFRS implementation due to costs for implementation exceed the expected economic benefits from its adoption by private banks?
- 8.** As the Representative of the Regulatory Board, do you think that lack of implementation guidance given to private banks from the Board itself delay the implementation of IFRS?

9. From the Regulatory Board’s point of view, what should be performed to improve and make efficient the implementation of IFRS in the private banks of Ethiopia?

10. If you have any comment(s) or suggestion(s) in the issue?

APPENDIX C: Year of Establishment and paid up capital of private banks

S. No.	Name of Private bank	Year of establishment	Paid up capital in Ethiopian Birr
1	Awash International Bank	1994	2,645,330,081
2	Dashen Bank	1995	1,927,141,000
3	Wegegan Bank	1997	2,072,112,000
4	Bank of Abyssinia	1996	1,802,000,736
5	United Bank	1998	1,557,577,452
6	Nib International Bank	1999	1,792,391,500
7	Cooperative bank of Oromia	2004	1,000,000,000
8	Lion International Bank	2006	938,230,347
9	Zemen Bank	2008	850,000,000
10	Oromia International Bank	2008	1,167,821,000
11	Bunna International Bank	2009	1,009,894,770
12	Berhan International Bank	2009	1,396,123,084
13	Debub Global Bank Share Co.	2009	351,223,197
14	Abay Bank S. C.	2011	1,000,000,000
15	Addis International Bank	2011	609,278,000
16	Enat Bank S.C.	2012	763,917,278

Source: Annual reports of private banks, June 30, 2017

APPENDIX D: Factors for Non-compliance to IFRS as listed by ROSC, 2007 and the current Assumptions

Factors	Study's Current Assumptions
Lack of sufficient preparation time,	18 months is enough for implementation international financial standards for financial institutions(Deloitte, 2017)
Weak regulatory body	Insignificant when viewed from individual company efforts point of view
Lack of knowledge and attitude of IFRS standards by prepares	Problem
Lack of management willingness and commitment	Financial institutions' and the bankers association's top management members have strong willingness and commitment for implementation of IFRS before deadline set by AABE
Weak Accounting and Auditing Professional Association(s)	Problem
High cost of IFRS implementation	Banks are paying to external consultants, having capacity to cover IFRS implementation costs
Lack of compatible IT system	Most banks are changing core banking systems and have also the chance and the capacity to use IFRS compatible software
Low level of internal as well as external audit capacity	External auditors with capacity to audit financial institutions are graded and listed by NBE
Complexity of IFRS standards	Still a problem
Low level of infrastructure and economic system	Ethiopia, High growth economy in 2018 (African Development Index 2018)
Low level of performance in area of accounting profession	Still a problem
Non-existence of strong professional association, etc.	Still a problem

Source: Compiled by the author, ROSC Ethiopia Report, 2007