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COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE

**Tracking the Transition: A Scoping Review of IFRS
themed Studies in Ethiopia**

**A Thesis Submitted to the College of Business and Economics in Partial
Fulfillment of Requirements for the Degree of Master of Science in
Accounting and Finance**

By

Aboneh Teshome Shibru

Advisor

Takele Fufa (PhD)

March 2022

Addis Ababa, Ethiopia

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Declaration

I, the undersigned hereby declare that the thesis entitled “Tracking the Transition: A Scoping Review of IFRS Themed Studies in Ethiopia” is my original work. I have carried out this study independently with the supervision and guidance of the research advisor, Takele Fufa (Ph.D.). Any sources used in this thesis have been properly acknowledged. Moreover, this study has not been submitted for the award of any Degree in this or any other institution.

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Certification

This is to certify that Aboneh Teshome Shibru has done a study entitled “Tracking the Transition: A Scoping Review of IFRS Themed Studies in Ethiopia”. This study is his original work and all the sources of materials used for the research project paper have been properly acknowledged.

Advisor:

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Addis Ababa University
College of Business and Economics
Department of Accounting and Finance
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Acknowledgement

This master's thesis preparation project wouldn't have been accomplished without the unreserved support of different individuals. I hereby want to present my heartfelt gratitude for those who have provided me with the moral and technical support that brought me here. First and foremost I cannot be thankful enough to my advisor Takele Fufa (PhD) for his constructive comments and guidance throughout the research process. I am also very thankful to my family who is always there for me and gives me moral support. Finally, my gratefulness goes to everyone who directly and indirectly got involved in the preparation of this thesis.

Abstract

This study was conducted with the general objective of assessing prior studies conducted in the thematic area of IFRS adoption in Ethiopia and organizing their major findings. The diverse methodological choices made by the studies in the area made the preparation of a quantitative meta-analysis impossible and an alternative qualitative scoping review was used. The study reviewed 40 unpublished and 8 published studies prepared between 2012 and 2021. The reviewed studies are those that addressed adoption benefits, adoption challenges, and factors that affect IFRS adoption. The finding of the scoping review suggests that the studies are in consensus about IFRS having multiple benefits while it is quite challenging to implement. Reduction of cost of capital and access to easier external financing on the side of the adaptors, enhancement of transparency and comparability in financial reporting, and increase in foreign direct investment are among the benefits of IFRS adoption. The significant cost related to adoption, the need for additional training, the shortage of professionals and experts in the sector, lack of implementation guidance from regulators and other stakeholders, and the complex nature of some of the IFRS standards are amongst the common challenges in the adoption of IFRS. Factors such as level of education and training, company size, the existence of professional bodies and an active capital market positively and significantly affect IFRS, while economic factors and cost of conversion are among the factors that affect IFRS adoption negatively. The scoping review conducted on the study area revealed that the studies give disproportionate attention to certain sectors and types of businesses while ignoring others, have issues of comprehensiveness in terms of giving due attention to opposing views, and largely ignore the peculiarity of the Ethiopian financial ecosystem. This created a knowledge gap in the area and needs to be fulfilled with further studies.

Keywords: IFRS, Adoption, Scoping Review, Benefits, Challenges

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List of Acronyms

AABE	Accounting and Auditing Board of Ethiopia
BASE	Bielefeld Academic Search Engine
CEO	Chief Executive Officer
CFO	Chief Finance Officer
ECX	Ethiopian Commodity Exchange
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
NBE	National Bank of Ethiopia
SMEs	Small and Medium Size Enterprises
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNISA	University of South Africa
US GAAP	United States Generally Accepted Accounting Principles

Chapter One: Introduction

1.1 Background of the Study

According to Needles and Powers (2011), for a very long time accounting and financial reporting was a matter regulated by standards in each country around the world. Multinational companies needed to do their financial reporting adhering to the standards of each of the various countries they operate in. This situation became more and more incompatible with the ever-growing global economy and firming up of multinational companies. Uniformity in financial reporting became a necessity for the way forward. The most fruitful response towards this global requisite was the development of International Accounting Standards (IAS) which later became International Financial Reporting Standards (Needles & Powers, 2011).

International Financial Reporting Standards (IFRSs) are global accounting standards that are intended to be applied by all entities with profit motive including those engaged in commercial, industrial, financial, and similar activities. The origin of IFRS can be traced as far back as that of the early 1970s. International Accounting Standards Board (IASB), which has the objective of developing a single set of high-quality, understandable, enforceable, and globally accepted financial reporting standards based upon clearly articulated principles, is the major player in the development of IFRSs (Bakker, et al., 2017).

According to Walton (2011), theoretically, the adoption of international accounting standards such as IFRS is beneficial for all nations and most companies. It widens investment opportunities for a nation. It provides greater comparability among companies which will, in turn, lead to efficient investment. Multinational companies are deemed to be the major beneficiaries as they would entertain cost savings through avoided financial statement translation cost, minimized secondary financial market listing cost in other countries, and better cost of capital. Corporate entities and groups can also take advantage of IFRS as it makes it easier for them to move around their financial staff without re-training. Their auditing procedure will become much easier and they will have a wide source of cheap finance through the easier international market access induced by uniform accounting standard application.

In practice, the benefit of IFRS adoption is not as crystal clear as what the theory suggests. There are contradictory views and empirical pieces of evidence (Horton, Serafeim, & Serafeim, 2012). Some studies (e.g. Sayumwe & Francoeur, 2017; Kim, Shi, & Zhou, 2014; Chen, Tang, Jiang, & Lin, 2010; Beuselinck, Joos, Khurana, & Meulen, 2010) suggested that the adoption of IFRS brought economic and company-specific benefits both in developed and developing nations. While others (e.g. Daske, 2006; Eccher & Healy, 2000; Goodwin, Ahmed, & Heaney, 2008), claimed to have found no substantial change before and after IFRS adoption. Some other studies (e.g. Fox, Hannah, Helliard, & Veneziani, 2013) acknowledged that benefit can be obtained from IFRS adoption but asserted that the cost of adoption outweighs the benefit. According to what is suggested by Iyoha and Faboyede (2011), in developing nations the controversy over the benefit of IFRS adoption is even more contentious. Views ranging from considering IFRS as something irrelevant to developing nations to considering IFRS adoption in developing nations as an important step in modernizing their accounting system exist.

Though IFRS literature is not mostly on the same page concerning IFRS's benefits, there seems to be a wide consensus in the thematic area of challenges of IFRS implementation. Studies conducted both in developed and developing nations, even though the level is not the same, accentuated the uneasy nature of IFRS implementation. According to Abhimantra, Maulina, & Agustianingsih (2013), IFRS implementation ease is directly proportional to the implementing country's economic development. Empirical pieces of evidence (e.g. Dowa, Elgammi, Elhatab, & Mutat, 2017; Herbert, Ene, & Tsegba, 2014; Jain, 2011; Herath & Alsulmi, 2017; Laga, 2012; Ikpefan & Akande, 2012; Uyara & Güngörmüs, 2013) suggest that the most common challenge for IFRS implementation is the inadequacy of accountancy training and lack of knowledge and skill of accountants. The incompatibility between IFRS and financial reporting requirements of national tax laws is also identified in IFRS themed studies (e.g. Larson & Street, 2004; Jain, 2011; Ikpefan & Akande, 2012; Boumediene, Zarrouk, & Tanazefi, 2016; Cai, Chen, & Zhou, 2020) as an obstacle in the implementation of IFRS.

The other impediment towards the implementation of IFRS, as identified by studies (e.g. Laga, 2012; Uyara & Güngörmüs, 2013) is the absence of a well empowered national professional accountancy body that guides the implementation process. Though the list is not exhaustive at all, studies also found the following as barriers in the effective implementation of IFRS:

underdevelopment of national capital market (Larson & Street, 2004; Boumediene, Zarrouk, & Tanazefi, 2016; Cai, Chen, & Zhou, 2020); delay in the translation of IFRS standards from English to a local language (Larson & Street, 2004; Abhimantra, Maulina, & Agustianingsih, 2013; Dowa, Elgammi, Elhatab, & Mutat, 2017) the inharmoniousness of IFRS with local laws (Jain, 2011; Ikpefan & Akande, 2012); and complicated nature of some of the IFRS standards (Larson & Street, 2004).

According to Wagaw, Mihret, & Obo (2019), the Ethiopian government proclaimed the adoption of IFRS in 2014 through FDRE Financial Reporting Proclamation No. 847/2014 with the effective date of 2017. The same year saw the establishment of an oversight and regulatory body by the name Accounting and Auditing Board of Ethiopia (AABE). Though it was not a statutory requirement, Alemi & Pasricha (2016) claim that four Ethiopian companies started using IFRS in their financial report preparation as far back as the 2002/03 fiscal year. According to Alemi & Pasricha (2016), by the time the Ethiopian government proclaimed IFRS adoption in 2014, there were 18 private and public companies that were already using IFRS. AABE (2015), even though it recognizes the fact that companies were claiming to use IFRS before the mandatory adoption, asserted that, according to studies conducted, the actual accounting and financial reporting practice of these companies diverges a lot from IFRS as issued by IASB.

In its first year of establishment, AABE surfaced a three-phase IFRS implementation roadmap for Ethiopian companies. Significant public interest entities including financial institutions and public enterprises held by federal and regional governments were required to be the torchbearers in terms of IFRS implementation. They were required to adopt IFRS by July 8, 2016, and generate IFRS-based financial reports on July 7, 2017. Other public interest entities including Ethiopian Commodity Exchange (ECX) members and entities meeting the public interest entities quantitative threshold were required to immediately follow. Their adoption timeline required them to adopt the standard on July 8, 2017, with their IFRS-compliant financial reports coming out on July 7, 2018. In the last phase, small and medium enterprises (SMEs) were required to mandatorily adopt IFRS for SMEs on July 8, 2018, and generate IFRS compliant financial report on July 7, 2019 (AABE, 2015).

According to Mastan, Gebru, Anuradha, & Kassa (2015), the initial reaction of Ethiopian financial institutions, which were required to adopt IFRS in the first phase, towards IFRS

adoption was reluctance. Due to the highly prevalent resource meagerness, IFRS adoption was not received with enthusiasm. The reluctance and non-enthusiasm extended to the subsequent phase IFRS adopters. In her study conducted in the year Ethiopian SMEs should have generated IFRS-based financial statements, Tesfaye (2019) found several SMEs that not only didn't commence the adoption process but also doesn't even know the existence of such standard. The higher education institutions in Ethiopia which are expected to produce the highly sought competent human resource for the effective adoption of IFRS are not ready to live up to the expectation. There are issues about lack of practical experience, integrating IFRS into the already existing curricula, and shortage of IFRS-based teaching materials (Lakew & Musa, 2019).

Accounting and Auditing Board of Ethiopia (AABE) resisted much of the calls from accounting and finance practitioners and academicians to extend its three-phase IFRS adoption timeline (Bisrat, 2020 & Woldeesenbet, 2021) until it finally gave in. Taking many of the circumstances into consideration, AABE finally decided to extend the timeline. According to the extended IFRS implementation timeline, Ethiopian companies that are required to adopt the full version of IFRS need to generate IFRS-based financial statements no later than the 2015 Ethiopian fiscal year (2022/23). For IFRS for SMEs and International Public Sector Accounting Standards (IPSAS) adopters, the extended timeline requires them to generate their IFRS and IPSAS based financial statements not later than the 2016 Ethiopian fiscal year (2023/24) (Wodebo, 2021).

Empirical pieces of evidence trailing the IFRS adoption progress in Ethiopia imply that after all the efforts exerted and resources consumed, the Ethiopian government's first shot at making IFRS the modus operandi of the accounting system of large and medium Ethiopian companies largely failed (Wodebo, 2021). Through the extended implementation timeline, the government is currently is in its second shot. As the government and the economy don't afford another failure, this second shot should carefully be handled. One way of doing that is through learning from previous mistakes. The researcher believes that this can be best done through a review of prior studies to identify what they were saying and what they have missed. When such a review is done, fragmented pieces of evidence will be assembled and gray areas will be identified. The assembled evidence will serve as a basis for planning and executing well in the extended timeline and the identified gray areas and oversights will be recommended for further studies. This is the rationale behind the conducting of this scoping review.

1.2 Statement of the Problem

The Ethiopian government, hoping the financial reporting ecosystem in the country would improve, proclaimed the adoption of IFRS as issued by IASB and established a new regulatory and oversight board, AABE, to administer the adoption process. Had things gone as planned, mid-2019 would have been the time most Ethiopian companies (except for micro businesses which are not mandatorily required to adopt IFRS) tuned their financial reporting practice to IFRS and began generating their IFRS-based financial statements.

However, what really happened was far from what was initially planned. The adoption of IFRS in Ethiopia lagged behind the timeline of AABE. The reluctance of reporting entities coupled with the internal and external resource inadequacies towed the adoption progress behind (Mastan, Gebru, Anuradha, & Kassa, 2015; Alemi & Pasricha, 2016 & Tesfaye, 2018). And, finally, in 2020, AABE was forced to extend the IFRS adoption timeline for four to five years.

When plans with huge impact like IFRS adoption in Ethiopia, fail to fully materialize in their original timeline, flaws in the original plan and any subsequent impediments which contributed to the failure need to be thoroughly studied. Their future success is guaranteed by studying the causes of failure and learning from the past. Otherwise, regulators, academicians, and practitioners might keep wondering what went wrong time and time again. If IFRS implementation in Ethiopia once again cannot be fully achieved in the new timeline, in addition to the deferment of IFRS-related benefits to users of accounting information and the economy as a whole, it will jeopardize the government's (specifically the regulatory body's) enforcement power.

Though their sufficiency could be debatable, several IFRS-themed studies were conducted in Ethiopia in the past decade. Topics ranging from IFRS adoption benefits and challenges to factor analysis of IFRS adoption; and from IFRS adoption progress to IFRS teaching readiness are addressed by these studies. The researcher recognizing the fact that academicians and practitioners have addressed a lot of issues in the study area, believes enough effort hasn't yet been exerted to organize the findings of the studies in the form of a systematic review.

The researcher considers now to be the right time to look back at these studies and systematically organize their findings. Card (2012), in explaining the value of conducting a systematic review of prior studies, argued that given the enormous amount of studies produced every year, many areas in social science require more organization of existing studies than adding more.

In this study, a systematic scoping review was conducted on published and unpublished studies on the theme of IFRS adoption in Ethiopia conducted in the past decade (2012 – 2021). Such systematic reviews, though they are not completely non-existent, are not common. As per the knowledge of the researcher, the only two systematic reviews of IFRS-themed studies in Ethiopia are conducted in 2019. Gibru & Aynalem (2019) reviewed 5 Ethiopian and 10 foreign countries' IFRS-themed studies. Eskezia (2019) reviewed 2 Ethiopian and 3 other African countries' IFRS-themed studies. Given the fact that more studies were conducted since then and there were many more published and unpublished studies that were not included in Gibru & Aynalem (2019) and Eskezia (2019) studies, the researcher believes that there is a knowledge gap in this area that can partially be fulfilled by this study.

In due course of conducting this study, the following research questions were enquired and answers were sought:

- What is the available evidence about the benefits and challenges of IFRS adoption in Ethiopia?
- What are the factors that affect IFRS adoption in Ethiopia as identified by prior studies?
- What are the knowledge gaps that exist in the thematic area of IFRS adoption in Ethiopia?

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to assess prior studies conducted in the thematic area of IFRS adoption in Ethiopia and organize their findings.

1.3.2 Specific Objectives

To achieve the general objective mentioned above, this study was conducted having the following specific objectives:

1. To assess the available evidence about the benefits and challenges of IFRS adoption in Ethiopia
2. To assess factors affecting IFRS adoption in Ethiopia identified by prior studies
3. To identify and assess the knowledge gap in the thematic area of IFRS adoption in Ethiopia

1.4 Significance of the Study

This study is expected to make a valuable contribution in three areas. First of all, the organized results of prior studies that are presented by this study may assist regulatory and oversight institutions such as the Accounting and Auditing Board of Ethiopia (AABE) in refining their adoption plans and future policy directions. Secondly, the results of the study may assist Ethiopian reporting entities who are required to adopt IFRS but are struggling to do so. It may assist them by pointing out the critical factors for the successful adoption of IFRS. By organizing the existing evidence on the benefits and challenges of IFRS adoption, this study may contribute to the effort of making Ethiopian reporting entities well-informed IFRS compliers. Finally, this study may also benefit academicians and researchers by identifying knowledge gaps and areas which require further study.

1.5 Scope of the Study

This study included both published and unpublished studies conducted on the theme of IFRS adoption in Ethiopia from the year 2012 to 2021. The researches that are included in this study for review are the ones that are available on online open-access research databases. The year 2012 was used as a boundary because, as per the knowledge of the researcher, it is the year the earliest study on IFRS adoption in Ethiopia is conducted. Conceptually, the study is delimited to the organization and review of findings related to benefits and challenges of IFRS and factors affecting IFRS adoption in Ethiopia in prior studies and identification of gaps in the existing studies.

1.6 Limitation of the Study

This study suffers from two limitations. The first one is concerning data collection and the other one relates to data analysis. As indicated in the scope of the study, this study only included studies available at online open-access research databases. Meaning, studies which are not uploaded online and are available in higher education institutions in text format are not included due to financial and logistical issues. Studies that are not open access were not also included due to financial issues. Through exhaustive inclusion of all other accessible studies (some of them indirectly indicate insights from inaccessible studies), this study tried to partially mitigate the impact of this data collection related limitation.

Based on the preliminary review of IFRS adoption themed studies in Ethiopia by the researcher, it was found that the studies conducted use diverse methods of analysis. Due to this, though it is valuable, conducting a quantitative meta-analytic review is difficult, and qualitative scoping analysis is done. And, this is the limitation of this study concerning data analysis. To compensate for this limitation this study included perspectives of all published and unpublished studies in the study area available at online open-access research databases.

1.7 Organization of the Study

This study is organized into five chapters. Background of the study and problem statement, which points out the rationale behind conducting the study; the general and specific objectives; the thematic, temporal, and spatial boundaries; benefits and limitations of the study are addressed in the first chapter. The second chapter is dedicated to the review of related literature in the study area. Issues related to what methodological choices were made towards the achievement of the study's objectives are addressed in the third chapter. The fourth chapter is devoted to the presentation of the outcomes of the study. Concluding remarks drawn from the study and recommendations to the readership are forwarded in the fifth and final chapter.

Chapter Two: Literature Review

2.1 Theoretical Review

2.1.1 IFRS: The Basics

According to Nandakumar, Ghosh, Mehta, & Alkafaji (2010), IFRSs are sets of principle-based accounting standards promulgated by the International Accounting Standards Board (IASB). The term 'principle-based' is used in defining IFRS mostly to distinguish it from national accounting standards such as the United States Generally Accepted Accounting Principles (US-GAAP) which are deemed as rule-based standards. Here, it is not to say that standards such as the US-GAAP are not based on principle but they give more thorough application guidance and prescribed rules. Such detailed guidance and rule prescription are not found in IFRS.

The organization behind the promulgation of IFRSs, the International Accounting Standards Board (IASB), is a London-based private organization of professional accountants. The board actively develops and adopts IFRSs and their interpretation in consultation with national standard setters. The members of the board are appointed and its work is overseen by the International Accounting Standards Committee Foundation. This Foundation which comprises 22 trustees representing accountants, auditors, financial institutions, and public authorities from around the world sets the parameters for the work of IASB (Donnelly, 2007).

The setting of IFRSs by IASB involves six separately identifiable steps. The process commences with a stage called agenda formation. In this step, IASB based on evidence collected from prior studies deliberates whether a certain issue needs to be included in its agenda for standard-setting or not (Teixeira, 2014). For issues that were successfully added to the agenda, IASB drafts a discussion paper. Upon approval, the discussion paper is published and a formal invitation for comment on the discussion paper is surfaced for all interested parties. Then, the commentaries received on the discussion paper and other valuable inputs are taken into consideration and an exposure draft for a potential IFRS is drafted by the board. Just like the discussion paper, this exposure draft is also published to be commented on. The final stage in the IFRS setting process is the drafting and adoption of the new IFRS upon receiving 9 votes from 16 IASB members (Georgiou, 2010).

Though IFRS passed through numerous ups and downs throughout its history, the years 1973, 1987, 2001, and 2005 are considered as the key turning points in the IFRS chronicles. 1973 is the year the setter of International Accounting Standards (IAS), the predecessor of IFRS, International Accounting Standards Committee (IASC) was established. The committee was established with nine founding member nations (Camfferman & Zeff, 2015). This committee, until it was restructured in 2001, issued 41 IASs of which 24 of them are still in force (Deloitte Global, 2021a). In its early days, the committee and its standards struggled a lot in getting acceptance even from the founding nations. Relatively speaking, nations far from the founding members both geographically and economically showed better interest in adopting the standards set by the committee (Camfferman & Zeff, 2015).

Fourteen years after IASC's establishment, in 1987 an essential development occurred. The committee passed a resolution to base the standards on a solid conceptual framework and to limit the accounting method options available in its prior and subsequent standards. Through a series of discussions and decisions in the late 1990s and 2000, IASC was finally restructured as a board in 2001 and was renamed as International Accounting Standards Board (IASB) (Camfferman & Zeff, 2015). The board made its standard-setting debut under the new name International Financial Reporting Standard (IFRS) in 2003. Since its establishment, the board has issued 17 IFRSs (Deloitte Global, 2021b).

In 2005 another key turning point in the IFRS history occurred. The European Union (EU), to increase the comparability of financial information across member states, began mandatorily requiring consolidated financial reports of publicly traded entities to be prepared in accordance with IFRS. This is a major same time adoption of a standard in the whole financial history (Liao, Sellhorn, & Skaife, 2012).

2.1.2 Benefits and Challenges of IFRS Adoption

The key motivation behind many countries' effort to nationally adopt IFRS is its perceived benefit of increasing cross-national comparability of financial information. As comparability is one of the accounting information qualitative characteristics, nations try to achieve it through the application of consistent set accounting standards such as IFRS (Jung, Hur, & Jung, 2020). Another perceived benefit of IFRS which more specifically tempted developing countries into

adopting the standard is that IFRS will lead to increase foreign direct investment. According to UNCTAD (2019), foreign direct investment (FDI) refers to a type of investment that involves the long-term interest and control of an enterprise in a certain nation by a foreign investor. As countries, especially developing countries, consider FDI as a blessing, they would do almost anything to maximize FDI (Liua, et al., 2020). One of the ways FDI is assumed to be maximized is through the adoption of IFRS.

According to Woldesenbet (2021) better quality of financial reporting, the attraction of investment and foreign support, and better reach to the global capital market are among the perceived benefits of IFRS adoption. On the other hand, the significant cost involved in IFRS adoption, unavailability of resources, and behavioral and cultural characteristics in adopting nations are considered to be the challenges of IFRS adoption (Fantahun, 2012).

2.1.3 Meta-Analysis and Scoping Review as Methodological Approaches

Card (2012) argues that scientific knowledge should be developed through studies that are systematically built upon prior studies. He argues that the level of understanding about a certain theme can be maximized through the accumulation and aggregation of studies conducted on the theme. One of the ways such an elevated level of understanding can be achieved is through conducting meta-analysis. Apart from primary and secondary analyses which are conducted on data directly collected by a researcher for the sec of the research and data collected by others for some other purpose respectively, a meta-analysis involves the statistical analysis of results of more than one prior study.

As a single study conducted in a certain thematic area is usually not more than tentative evidence, pooling outcomes of different studies through the systematic review is very essential (Cleophas & Zwinderman, 2017). Meta-analysis, a method borrowed from psychology and medical sciences in the late 1970s, has now become a powerful tool for drawing essential information from multiple studies in social science (Card, 2012). According to Walsh & Downe (2005), while a systematic quantitative amalgamation of prior studies is commonly referred to as meta-analysis, its qualitative counterpart is usually referred to as meta-synthesis. Though their methodology is different they both have the same purpose of integrating findings of prior studies. According to Combs, Crook, & Rauch (2019), from the key essences of meta-analyses (both

quantitative and qualitative), the most important one is that it enables researchers to create a super sample from the samples of the prior studies under review.

Applying meta-analytic methods in IFRS-themed studies is not new. One of the most cited meta-analytic studies on IFRS is the study by Ahmeda, Chalmersb, & Khlif (2013). Ahmeda, Chalmersb, & Khlif (2013) took a sample of 57 prior studies from Europe and Asia and conducted a meta-analysis on the effect of IFRS adoption. Samaha, Khlif, & Dahawy (2016) meta-analyzed 17 prior studies conducted on the theme of determinants of compliance to IFRS/IAS. Gibru & Aynalem (2019) also conducted a qualitative meta-analysis on 15 prior studies on the theme of challenges in IFRS implementation. That same year, Eskezia (2019) qualitatively meta-analyzed 5 prior studies on the theme of challenges in IFRS implementation.

Scoping review is a relatively new approach that is gaining increasing importance in the areas of medical sciences, educational research, and policymaking and with a potential essence in other areas (Daza, Gudmundsdottir, & Lund, 2021). Scoping reviews are research tools that are used to determine the scope or coverage of prior studies in a certain thematic area. Through conducting a scoping review, one can get a clear picture of the volume of studies available and what have those studies touched in the study area (Munn et al., 2018). Though many powerful academic figures contributed to the development of scoping review as a separate approach, Arksey and O'Malley (2005) are widely considered as the torchbearers in developing a methodological framework for conducting a scoping review. Their methodological framework is now in use in almost all scoping reviews conducted to date.

Munn et al. (2018) suggest that scoping reviews can be conducted for six purposes. The first one is to identify the nature and type of evidence available in a certain thematic area. The second purpose is to elucidate key concepts and definitions in the available literature. The third purpose is to scrutinize how researchers had conducted studies in the thematic area in the past. The fourth purpose of conducting scoping reviews is to identify vital characteristics associated with a concept of interest. The fifth purpose is to lay the ground for a more rigorous systematic review in the study area, and the sixth purpose is to identify and analyze knowledge gaps. Generally, scoping reviews allow researchers to unravel the vagueness of concepts in a study area and summarize how the available literature handled a certain concept (Daza, Gudmundsdottir, & Lund, 2021).

2.2 Empirical Review

2.2.1 Benefits of IFRS

As comparability is one of the perceived benefits of IFRS, in the past years, studies were conducted to assess whether the adoption of IFRS increased comparability or not. The findings of these studies seem to be consistent with one another. They (e.g Brochet, Jagolinzer, & Riedl, 2013; Yip & Young, 2012; Jung, Hur, & Jung, 2020) mostly found increased comparability in nations that mandatorily adopted IFRS.

Another area IFRS is perceived to bring benefit is an increase in FDI. But, the empirical evidence on this assertion is contradictory. Gordon, Loeb, & Zhu (2012) conducted a study on 124 countries using panel data from 1996 to 2009 and were able to ascertain that adoption of IFRS increases the inflow of FDI. Studies by Márquez-Ramos, 2011; Jinadu, Ojeka, & Ogundana, 2016; Pricope, 2017; and Yousefinejad, Salleh, & Rahim, 2018 also arrived at the same conclusion as Gordon, Loeb, & Zhu (2012). On the other hand, a review of the study area also reveals ample empirical evidence pointing to the contrary. Efobi, Nnadi, Odebiyi, & Beecroft (2014) for example took nine years of panel data from 92 developed and developing countries and concluded that IFRS adoption was not able to attract that much FDI. Their findings are shared by other studies (e.g. Emeni, 2014; Nnadi & Soobaroyen, 2015; Owusu, Saat, Suppiah, & Law, 2017).

The incongruities observed above persist in the other areas adoption of IFRS is perceived to bring about a benefit. One of those areas is the supposed benefit of IFRS in improving the financial ratios of adopters. On one side, studies such as the ones by Lueg, Punda, & Burkert (2014) and Gupta, Akhter, & Chaklader (2017) argue with empirical evidence that IFRS adoption leads to improved financial ratios. On the other side, studies (e.g. Kalra & Vardia, 2016; Jin, 2017) once again with empirical evidence contend this argument and claim that adoption of IFRS has no to a very little positive effect on financial ratios.

Concerning the general economic and company-specific benefits of IFRS, empirical evidence pointing at opposite directions exist. Findings of studies conducted both in developed and developing nations range from the consideration of IFRS as a beneficial enabler for adopting

nations and companies (e.g. Chen, Tang, Jiang, & Lin, 2010; Beuselinck, Joos, Khurana, & Meulen, 2010; Kim, Shi, & Zhou, 2014; Sayumwe & Francoeur, 2017) to considering IFRS as an unnecessary burden (e.g. Eccher & Healy, 2000; Daske, 2006; Goodwin, Ahmed, & Heaney, 2008). This indicates that there is a need for further studies to be conducted in the area which would buoyantly allow a clearer picture to be drawn about benefits that can be obtained from IFRS adoption.

2.2.2 Challenges in IFRS Implementation

Regardless of an adopting country's macro and micro-environment, the implementation of IFRS is not an easy fit. Empirical evidence shows that developing countries find it more difficult to implement IFRS than developed countries. This is attributable to the existence of more impediments that challenge the successful implementation of IFRS in developing countries. Most of the impediments unique to developing countries have to do with the countries' level of economic development. As economic development determines the availability of resources that are key for successful implementation of IFRS, though the overall IFRS implementation process is challenging, developed countries have a less hard time in their IFRS implementation endeavor (Abhimantra, Maulina, & Agustianingsih, 2013).

When a certain country decides to abandon the national accounting standard it used to follow and transit to IFRS, one of the major challenges it would face is the availability of appropriately trained professionals (Herath & Alsulmi, 2017). All accounting and finance professionals in a country who had been trained and accustomed themselves to national accounting standards wouldn't be ready overnight to implement IFRS. This would create knowledge and skill inadequacy, especially in the early years of IFRS implementation (Dowa, Elgammi, Elhatab, & Mutat, 2017). Without a rigorous effort to train most, if not all professionals in the area and apt revision of accountancy and finance curriculum, the successful implementation of IFRS would be unthinkable (Herbert, Ene, & Tsegba, 2014).

According to evidence obtained from studies conducted on the theme of challenges in IFRS implementation, most countries who decided to adopt IFRS are reluctant to align the requirements of IFRS to their tax laws (Boumediene, Zarrouk, & Tanazefti, 2016). This situation multiplies the multiple financial statement preparation cost-related benefit of IFRS by zero by

making companies prepare two sets of reports, one for financial accounting purpose and one for tax purpose. Though this problem is also common in national accounting standards as well, it continued to be a challenge in the IFRS era. Unless adopting nations try their best to make the financial reporting requirements of their tax laws compatible with that of IFRS, tax regimes will continue to be a major challenge in the implementation of IFRS (Cai, Chen, & Zhou, 2020).

National tax laws are not the only laws that are causing challenges by being incompatible with IFRS. Evidence had identified many more local laws (religious, finance-related, investment-related, and others) of IFRS adopting nations that are not compatible with IFRS (Jain, 2011; Ikpefan & Akande, 2012).

According to Duff, Hancock, & Marriott (2020), professional accountancy bodies such as professional accountancy associations play a pivotal role in the development of the profession of accounting and accountancy education. Another challenge to the successful implementation of IFRS is the non-existence of professional accountancy bodies to guide the implementation process. Even if they exist, if they are incapacitated, they wouldn't be able to fulfill their duty and the aforementioned challenge would persist (Uyara & Güngörmüs, 2013).

IFRSs and their interpretations are originally published in the English language. Though English is a widely spoken language around the world, it is not the working language in many countries that have already adopted IFRS or are planning to do so. This induces the need for translating the standards and their accompanying interpretations to local languages. This is where the other challenge in the successful implementation of IFRS arises. Apt translation of IFRSs and interpretations are totally non-existent or vastly lagging in many countries. Due to that producing IFRS-trained professionals becomes hampered (Abhimantra, Maulina, & Agustianingsih, 2013; Dowa, Elgammi, Elhatab, & Mutat, 2017).

Boumediene, Zarrouk, & Tanazefi (2016) argue that the availability of a developed national capital market is very essential for the successful implementation of IFRS. When such a capital market is non-existent or the existing capital market is underdeveloped, IFRS implementation becomes defied. Larson & Street (2004) presented a similar argument well before Boumediene, Zarrouk, & Tanazefi (2016). Moreover, Larson & Street (2004) argue that in addition to external

factors challenging IFRS implementation, the very nature of some of IFRS standards, which they say are quite complicated, by itself is a challenge for successful implementation.

2.2.3 Factors Affecting IFRS Implementation

The successful implementation of IFRS in a certain country as a whole or a certain organization is contingent upon multiple macro and micro factors. One of the usually stated macro factors affecting the implementation of IFRS is the national economy. According to Putranto, Sumiyati, & Rahman (2020), economic growth, as measured by gross domestic product (GDP), positively and significantly affect IFRS adoption. Other studies (e.g. Shima & Yang, 2012; Zehria & Chouaibi, 2013; Damak-Ayadi, Sassi, & Bahri, 2020) also confirmed that better economic conditions of a nation are essential enablers in the successful adoption of IFRS. Here it shall be noted that there were also studies (e.g. Ayele, 2020) that had a finding which is contrary to the literature in the area. Company-specific economic factors measured using profitability ratios are also proven to have an affirmative effect on IFRS adoption (Trana, Ha, Le, & Nguyen, 2019).

According to Ayele (2020), cultural factors have a significant positive effect on the successful implementation of IFRS in a country. The cultural factors which were found to be significant influencers of IFRS implantation success in Ayele (2020) study are individualistic culture, uncertainty avoidance, power distance, and masculinity dominance. Damak-Ayadi, Sassi, & Bahri (2020) also agree that cultural factors are key determinates of the successful implementation of IFRS.

According to Iqbal, et al. (2021), another major factor that affects IFRS implementation is the level of education and training. IFRS can be implemented with more ease when the level of accountancy and general education in the adopting country is at a higher level. According to Zehria & Chouaibi (2013), one of the reasons why developing countries find the implementation of IFRS more difficult than developed countries is that the level of accountancy education in developing countries is low. Contrary to this view, studies (e.g. Putranto, Sumiyati, & Rahman, 2020) argued that the level of education has no significant effect on IFRS implementation.

As far as the empirical evidence in the area suggests, other nationwide macro factors affecting the implementation of IFRS include the adopting nations' political and economic ties with the

rest of the world (Shima & Yang, 2012; Sassi, & Bahri, 2020); the quality of law enforcement (Sassi, & Bahri, 2020); the existence of common law legal system (Shima & Yang, 2012; Zehria & Chouaibi, 2013); existence and capacity of professional accountancy bodies (Iqbal, et al., 2021); and others. Though the size of the capital market in a country is stated in different studies as a factor affecting IFRS implementation, the exact nature of the effect is ambiguous (Shima & Yang, 2012; Iqbal, et al., 2021).

According to Nurunnabi (2015), the major institutional micro factors affecting IFRS adoption are pressures from coercive, mimetic, and normative institutional isomorphism. Damak-Ayadi, Sassi, & Bahri, (2020) also arrived at a similar conclusion except that they only found a positive association between coercive and normative isomorphism and IFRS adoption. Institutional isomorphism is a pressure-induced change in an organization. According to DiMaggio & Powell (1983), isomorphic changes in an organization can emanate from three sources. The first is an organization's pursuit to be compliant with the rules and norms that are formally or informally imposed upon it (Coercive isomorphism). The second one is organizations' need for acting in a professionally viable way (normative isomorphism) and finally, the third one is the organization's pursuit to look like a certain model organization which is mostly uncertainty induced imitation (mimetic isomorphism).

2.2.4 IFRS Adoption in Ethiopia: The Ambition and Execution Disparity

From the time modern accounting was introduced to Ethiopia until very recently, Ethiopian financial reporting laws prescribed the use of Generally Accepted Accounting Principles (GAAPs) without clearly indicating from where these GAAPs emanate. Despite not having its own Generally Accepted Accounting Standards, the country has never expressly endorsed the use of GAAP from a certain country (World Bank, 2007). According to Dejene (2020), this lengthy era of vagueness was finally halted with the enactment of proclamation no. 847/2014. The proclamation requires reporting entities in Ethiopia to employ IFRS as issued by IASB or its predecessors in their external financial reporting, which is a more clearly defined requirement than the prescription of the use of GAAPs. Even though 2014 is the year the Ethiopian Government statutorily required nationwide adoption of IFRS through proclamation no. 847/2014, five years before the enactment of the proclamation, Ethiopian Commodity Exchange

(ECX) issued a directive that requires ECX members to produce financial reports in accordance with IFRS for SMEs.

The year 2014 also saw the establishment of the Accounting and Auditing Board of Ethiopia (AABE), a national regulatory body mandated to oversee the implementation of IFRS in Ethiopia. After establishment, AABE surfaced IFRS implementation road map which segregated reporting entities into three categories. From the reporting entities in the three categories, significant public interest entities were required to be the torchbearers by finalizing IFRS implementation. The soon to follow were other public interest entities. Finally, small and medium-sized entities were expected to implement IFRS for SMEs by 2019/20 (Bahiru, 2021).

The IFRS implementation roadmap by AABE was highly controversial at the time. Many criticized it for not taking the high level of resource inadequacy in the country into consideration and for being unrealistic. This sentiment led to reluctance by significant public interest entities, the ones which were expected to make headways in IFRS implementation (Mastan, Gebru, Anuradha, & Kassa, 2015). According to Dejene (2020) by the year 2017 (the year all significant public interest entities including commercial banks were required to finalize implementation of IFRS), the only Ethiopian bank that has adopted IFRS was the government-owned Commercial Bank of Ethiopia (CBE). The Ethiopian IFRS implementation roadmap noncompliance didn't culminate with the first phase adopters. The reaction of reporting entities was quite the same across all three phases.

Though AABE was adamant about not giving in and reviewing the timeline for adoption up until 2020, neither the reporting entities nor the board itself was ready enough to fully abide by the original Ethiopian IFRS implementation road map. According to the original roadmap, in the year 2019 SMEs in Ethiopia should have started producing IFRS-based financial statements. That year, a study conducted by Tesfaye (2019) revealed that there were several Ethiopian SMEs which have no idea about IFRS or the implementation roadmap. In that same year, Lakew & Musa (2019) studied the readiness of Ethiopian higher education institutions in producing IFRS proficient human resource in the area of accounting and finance and found the institutions to be incapacitated. The institutions lack instructors with practical experience in adopting IFRS. They also do not have experts that will assist them in integrating IFRS into the existing curricula.

These together with the shortage of IFRS-based teaching and learning materials towed the potential contribution of the institutions behind.

The incapacity and reluctance are not only observed in the reporting entities. The Accounting and Auditing Board of Ethiopia itself has its own capacity issues in terms of exercising its mandates. One of the mandates of AABE is regularly reviewing whether the financial statements of reporting entities is prepared strictly adhering to IFRS as issued by IASB or not. Though different reporting entities submitted their financial reports in the past years, the board commenced the review as late as Mid-December 2021 (AABE, 2021). In its seven years of existence the board, fighting with its internal incapacity, organized several IFRS adoption-related training for different stakeholders in the sector. But, given the enormous need, the trainings organized are far from being enough.

The almost failure of the original IFRS implementation roadmap didn't come as a surprise. Throughout the timeline of the road map studies were hinting the existence of implementation readiness problem in Ethiopia. Alemi & Pasricha (2016) asserted that the transition to IFRS in Ethiopia at the time was not following the recommendations of IASB. According to them, even the companies which started the claim of the use of IFRS in their financial statement early are doing it just for formality. These companies were not at all ready with regard to assessing the impact of IFRS on their entity, reviewing their financial policy and manuals, and giving proper training to their staff members. At about the end of the roadmap's timeline Tesfaye (2019) conducted a study on SMEs found in Southern Ethiopia and found out that most of them are not aware of the government's IFRS implementation requirement.

Since the year proclamation 847/2014 was enacted up to now, ample resources and effort is exerted by AABE, reporting entities, and other stakeholders to make IFRS the rule of the game in Ethiopia. The nation was not able to fully realize this ambition in its first shot (the timeline of 2015's roadmap). In 2020, AABE revised the implementation timeline to be extended to the 2016 Ethiopian fiscal year (Wodebo, 2021). This is the second shot towards the original ambition. At this point, neither AABE nor the reporting entities and other stakeholders who exerted ample effort and resources would want history to repeat itself. But, the million-dollar question here is how can the stakeholders ensure the realization of the ambition in this second shot?

It is a well-known fact that an important step in solving a problem at hand is conducting a thorough study. The thematic area of IFRS implementation in Ethiopia is not deficient in terms of studies conducted. Academicians and practitioners conducted studies on the theme in the past decade. What is rather deficient is a proper organization of the findings of these studies. According to the knowledge of the researcher, the only effort done to organize the findings of IFRS implementation themed studies in Ethiopia is by Gibru & Aynalem (2019) and Eskezia (2019). Gibru & Aynalem (2019) reviewed a total of 15 studies (5 from Ethiopia and 10 from other countries) and Eskezia (2019) reviewed a total of 5 studies (2 from Ethiopia and 3 from other countries). Though the studies by Gibru & Aynalem (2019) and Eskezia (2019) are great beginnings, they are not comprehensive. Additionally, from the time they conducted the study up to now, more studies are conducted in the thematic area.

Card (2012) argues that many areas in social science require more organization and systematic review of already existing studies than conducting new studies. Though the researcher is not suggesting anything about the studies conducted in the theme of IFRS implementation in Ethiopia being enough or not, the researcher believes that there is a huge knowledge gap in the area of systematically reviewing the already existing IFRS implementation in Ethiopia themed studies. Not to make the expensive mistake of once again entering to IFRS-related ambition and execution disparity in Ethiopia, the findings of studies conducted in the area here and there should be scoped, organized, and reviewed. This is where the knowledge gap lies and this is where this study tried to contribute.

Chapter Three: Research Methodology and Design

3.1 Research Approach

Reviews of prior studies can be performed using both qualitative and quantitative approaches. This study used a qualitative approach. According to Park & Gretzel (2007), the alternative quantitative approach is not appropriate when the prior studies to be reviewed adopted diverse research methods and variables. In such cases, like this study, an alternative qualitative approach of review or synthesis is suggested. This qualitative approach, which is the chosen method for this study, according to Zikmund, Carr, Babin, & Griffin (2013), is a superior method when a research's objective is to develop an in-depth understanding of some phenomena.

3.2 Research Design

Since this study has the aim of describing the evidence in the existing literature concerning IFRS adoption benefits and challenges and factors affecting IFRS adoption in Ethiopia, a descriptive research design was deemed appropriate. The study also used an exploratory design in identifying knowledge gaps in the study area and refining research questions for future research.

3.3 Data and Data Sources

The data collected in this study are published and unpublished prior studies conducted on the theme of IFRS adoption in Ethiopia. The published studies were sourced from four online research databases (Google Scholar, CORE, ProQuest, and BASE). The rationales behind the selection of these four research databases were that they are fully or partially open access and the availability of IFRS in Ethiopia themed studies in them. Additionally, a preliminary assessment conducted by the researcher found out that these four databases top rankings of free online databases in terms of the number of users and availability of published papers. A keyword search was then conducted on the online databases to extract studies conducted on the theme of IFRS adoption in Ethiopia. The unpublished studies which included master's thesis and doctoral dissertations were sourced from online institutional repositories of public and private higher education institutions operating in Ethiopia.

Out of the higher education institutions operating in Ethiopia, by the time this study was conducted, 6 public higher education institutions (Addis Ababa University, Adama Science and Technology University (included because it used to have business and economics faculty), Assosa University, Debrebirhan University, Jimma University, and Woldiya University) and 2 private higher education institutions (St. Mary's University and UNISA) had a working open-access institutional repository. A keyword search was performed on those repositories to extract IFRS adoption-themed studies. The researcher also identified 5 public universities' institutional repositories (Bahir Dar University, Dilla University, Gondar University, Hawassa University, and Jinka University) that were not working at the time this study was conducted.

After the studies were sourced from the online databases and institutional repositories, the search for IFRS-themed prior studies was furthered through a backward search. The references and bibliographies of the identified studies were thoroughly searched to identify any study within the research domain that was not discovered in the initial search. This allowed the identification of a few more studies. From those newly identified studies, the ones which were available in open access databases and repositories were included in this review.

3.4 Inclusion and Exclusion Criteria

The studies included in this study for review are published and unpublished studies conducted on the theme of IFRS adoption in Ethiopia from the year 2012 to 2021 available on online open-access research databases. Specifically, studies concerning IFRS adoption benefits and challenges and factors affecting IFRS adoption are included in this review.

From the unpublished studies available on online repositories, studies done at the undergraduate level were excluded due to concerns over research quality. According to Hanssen, Jørgensen, & Larsen (2018), research quality is positively related to research experience. As undergraduate level researchers have less experience than master's (graduate) level researchers, studies conducted at undergraduate (bachelor's) degree level are excluded.

Therefore, the unpublished studies included in this study for review were master's thesis and doctoral dissertations. Studies published in a non-English language were also excluded.

3.5 Data Analysis

The method of data analysis employed by this study is scoping review. According to Munn et al. (2018), scoping review is a relatively new tool that can be used to determine the scope of prior studies on a given topic and draw a clear picture about the volume of literature and their focus area. Davis, Drey, & Gould (2009) argue that scoping, despite being used widely is poorly defined. They defined scoping as a method that involves the synthesis and analysis of various researches and other pieces of literature intending to provide conceptual clarity about a certain thematic area.

Though the method had been in use under different names and using different frameworks for much longer, a methodological framework for scoping review was first proposed by Arksey & O'Malley (2005). The method then gained popularity and is increasingly being used by studies conducted in the areas of health sciences and education (O'Flaherty & Phillips, 2015). According to Peters et al. (2015), scoping reviews are essential tools that can be used to present a wide-ranging overview of the evidence concerning a certain thematic area irrespective of study quality. They are more important in emerging thematic areas where key concepts need to be clarified, knowledge gaps need to be identified and a precise systematic review of evidence is not amenable.

The overall methodology and data analysis method adopted by this study is based on Arksey & O'Malley (2005) framework. The framework for conducting scoping analysis by Arksey & O'Malley (2005) involves five stages. The first stage is the identification of a research question that needs to be addressed in a certain thematic area. The second stage involves the identification of relevant studies that should be included in the scoping review. Then from the identified studies, the more relevant ones are selected after careful reading. The fourth stage is charting the data obtained from the reviewed studies and finally, the fifth stage is organizing, summarizing, and reporting the results obtained (Arksey & O'Malley, 2005).

The overall research analytical process adopted by this study is adapted from Lamberg, Ojala, & Peltoniemi (2017) and modified by the researcher. The researcher's modification involves the inclusion of backward search as an additional studies identification method.

The overall research analytical process is summarized in the following table:

Table 3.1: Description of the Research’s Analytical Process

Step	Description
Step 1: Keyword Search	An initial search for published and unpublished studies on the theme of IFRS adoption in Ethiopia available online is conducted using keywords. The keywords used are; IFRS in Ethiopia, IFRS adoption in Ethiopia, IFRS implementation in Ethiopia, International Financial Reporting Standards in Ethiopia, and Accounting and Auditing Board of Ethiopia.
Step 2: Backward Search	The reference section of the studies identified in the first step is assessed to identify additional studies on the thematic area.
Step 3: Initial Screening	The abstracts of studies identified in the first two steps are read and those studies that don’t fit the inclusion criteria are dropped from further analysis.
Step 4: Full-Text Reading	The full text of studies that passed initial screening is read to determine whether they fit the inclusion criteria or not. Those which are found to be unfitting are dropped from further analysis.
Step 5: Interpretive Reading	The studies that fit the inclusion criteria are read and analyzed interpretively to identify their key attributes.
Step 6: Categorization	The studies are categorized based on their key attributes.
Step 7: Summarization and Presentation	The key attributes and major findings of the studies are summarized and presented in a way that reveals the already existing evidence, the contribution by the studies, and the knowledge gaps that exist.

Adapted from Lamberg, Ojala, & Peltoniemi (2017) and modified by the researcher.

Chapter Four: Results and Discussion

4.1 Introduction

In this chapter, the results of the scoping review conducted on IFRS-themed studies in Ethiopia are presented together with a discussion on the major findings including the knowledge gaps identified. The chapter begins by briefly discussing the search process for studies to be included in this scoping review. It then presents the publication and preparation time pattern of the reviewed studies, the major methodological choices they made, their participants, and focus areas. Most of this chapter is dedicated to the presentation of the major findings of the 48 published and unpublished IFRS-themed studies reviewed. The knowledge gaps identified by the researcher while conducting this scoping review are presented at the end of this chapter.

4.2 The Search Process

A scoping review was conducted on published and unpublished studies prepared on the theme of IFRS adoption in Ethiopia. Specifically, the ones which addressed the issue of benefits and challenges of IFRS implementation and factors that affect the effective implementation of IFRS were considered.

The search for published and unpublished studies began with the identification of open access online research databases and research repositories of Ethiopian higher education institutions. Four online open-access research databases (Google Scholar, CORE, ProQuest, and BASE) were selected based on the criteria of accessibility and availability of IFRS in Ethiopia themed studies. From the higher education institutions currently operating in Ethiopia, by the time this review was conducted (the most part of 2021) eight of them had a working institutional research repository. All of these repositories were used for the search of IFRS in Ethiopia themed studies.

Then a keyword search was conducted on all of the identified research databases and institutional repositories. Keywords such as IFRS&CR=CountryET, International Financial Reporting Standards&CR=CountryET, IFRS for SMEs&CR=CountryET, IFRS in Ethiopia, IFRS for SMEs in Ethiopia, Benefits, and Challenges of IFRS&CR=CountryET, prospects of IFRS&CR=CountryET, factors that affect IFRS&CR=CountryET, and determinants of IFRS&CR=CountryET were used. The initial keyword search that was conducted in May 2021

resulted in the identification of 52 unpublished and 13 published studies. Through another keyword search that was conducted on October 2021, 9 additional unpublished and 1 published study were identified.

What followed the keyword search was a backward search. The references and bibliographies of the 75 published and unpublished studies that were identified through the keyword search were thoroughly reviewed to identify IFRS in Ethiopia themed studies. A total of 38 studies were identified through the backward search. From the identified studies, all but three were already obtained in the initial keyword search. From the three newly identified studies one was not available at any of the four open-access research databases. Therefore it was dropped and a total of 77 studies were carried to the next step of initial screening.

The abstracts of the 77 studies (62 unpublished and 15 published) were read to gauge whether they fit the inclusion criteria in this scoping review. Through this initial screening 14 studies that addressed issues related to the effect of IFRS on audit fee, quality of financial reporting and financial ratios, and awareness, perception, and readiness towards IFRS implementation were dropped from further review as they do not fit the inclusion criteria of this scoping review. Additionally, 10 studies that were done at the undergraduate level were also dropped from further review at this stage due to concerns of research quality. A total of 53 studies were carried to the next step.

The full-text of the 53 studies that passed the initial screening were then read to find basic information about them and to check whether they fit the inclusion criteria of this scoping review for one final time. At this stage, 5 studies that addressed the issues of the IFRS implementation process, the progress of IFRS adopters, and adequacy of readiness only were dropped. Finally, through this full-text reading process, a decision to include 48 studies (40 unpublished and 8 published) in the scoping review was reached.

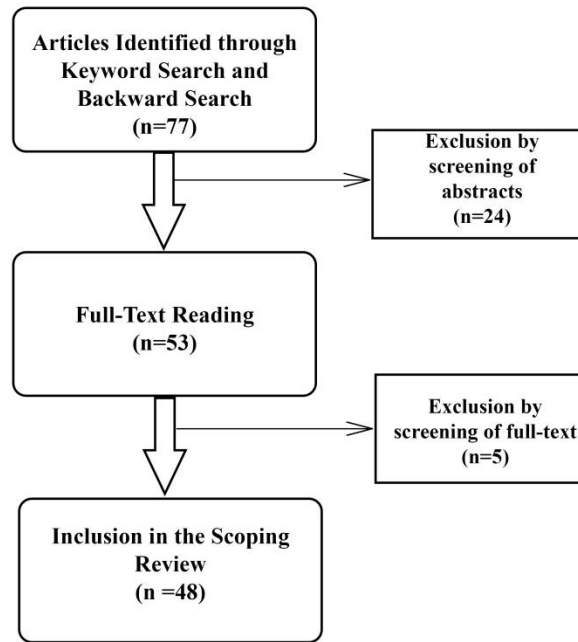


Figure 4.1: Flow diagram of the review

Source: Researcher's own illustration

4.3 Preparation and Publication Year of Reviewed Studies

According to the assessment of the researcher, the first IFRS themed study appeared in Ethiopia in the year 2012. Fantahun (2012) is the torchbearer in the area. After a two-year hiatus, IFRS themed studies began to reappear in 2015. The first IFRS themed published article included in this scoping review was published in 2015. 2018 and 2019 are the years on which most IFRS themed studies in Ethiopia were prepared. This is not surprising because those years were expected to be the years in which most Ethiopian reporting entities would start preparing their financial reports using IFRS. From the 48 studies included in this review, 22.9% and 20.8% of them were prepared in the years 2018 and 2019 respectively. 16.7% of the reviewed studies were from the year 2021 while 14.6% of them were from 2016 and 12.5% were from 2020. Since this review itself was conducted in the year 2021, the studies included from 2021 are the ones that were prepared or published before September 2021.

4.4 Methodological Choices in the Reviewed Studies

One element of this scoping review is the summarization of the methodological choices made by the authors of the reviewed studies. As part of that, the research designs and approaches

followed, the sampling techniques employed and the data collection tools used in the 48 IFRS themed studies were looked at.

With regard to research approaches followed, the reviewed studies predominantly adopted a mixed approach. 72.5% of the unpublished and 62.5% of the published studies followed this approach. The most common rationale behind their selection of this approach is that the limitations of qualitative and quantitative approaches can be minimized when they are used in combination. From the studies which didn't use the mixed approach, the number of unpublished studies that followed the quantitative approach is slightly higher than those which followed the qualitative approach. The reverse is true for the published studies.

As for research design, the commonly used among the reviewed studies is descriptive design. 72.5% of the unpublished and 37.5% of the published studies used this design. Almost all of these studies are the ones that addressed the issue of benefits and challenges of IFRS adoption. The popular research design choice among the studies which were prepared in the theme of factors that affect IFRS adoption was an explanatory design and a combination of descriptive and explanatory design. 25% of the published and unpublished studies made this kind of design choice. This review also identified four studies (8.3%) that adopted an exploratory research design. Of those four, two are qualitative meta-analyses.

Out of the 48 studies reviewed all but six studies were prepared by taking a sample from a population. Additionally, three studies did not give information on whether they have used sampling and if so which sampling method they have used. A look at the sampling techniques used by the remaining 39 studies revealed that 60% of them used non-probabilistic sampling techniques and 35.9% of the studies used probabilistic sampling techniques. The remaining studies used a combination of probabilistic and non-probabilistic sampling techniques.

From the studies which used non-probabilistic sampling technique, all but two studies used judgmental (purposive) sampling. They chose study subjects using their judgment on whether a specific stakeholder in the IFRS adoption process is knowledgeable and adequate to be included in their survey. The remaining two studies used convenience sampling. These two studies, claiming study subject homogeneity, gave priority to ease of access and availability of study subjects than knowledgeable and adequacy.

The commonly used probabilistic sampling technique by the reviewed studies is simple random sampling. 71.4% of the studies which chose probabilistic sampling technique used simple random sampling while the remaining studies used stratified sampling. Two studies selected their study subjects in a dual-phase process which involved the use of probabilistic sampling technique (simple random sampling) on one phase and non-probabilistic sampling techniques (judgmental and convenience sampling) on the other.

From all of the reviewed studies, 89.6% of them used a self-administered questionnaire as a tool for data collection. Documentary reviews were the second most common data collection tool used by the reviewed studies at a 68.75% usage rate. A close third data collection tool by the studies under review was an interview. 66.7% of the studies used it as a tool for data collection. From the studies that used interview as a data collection tool, 56.2% of them expressly used semi-structured interviews while the remaining studies used structured, unstructured, and in-depth interviews or were not straightforward on which kind of interview they have used to collect data. The usage pattern of the aforementioned data collection tools among published and unpublished studies under review is found to be quite similar.

4.5 Participants of the Reviewed Studies

From the reviewed studies all but two studies collected data from primary data sources. The only studies which were entirely prepared using secondary data sources are the two qualitative meta-analyses. The study subjects (respondents) in the remaining 46 reviewed studies were selected from diverse backgrounds. From private accounting and auditing practitioners to public accountants and auditors; from operational level employees to top-level management members and from IFRS implementation team members to officials at regulatory bodies such as AABE and NBE were used as a data source in the studies.

The most common participants in the reviewed studies were private practitioners. Private practitioners include junior and senior accountants at private and public entities, internal auditors, risk and compliance department staff, information technology department staff, and operational staff at financial institutions. Private practitioners participated in 67.4% of the reviewed studies. The other common participants in the reviewed studies were IFRS implementation team and project members. These teams are the one's set up in reporting entities

to facilitate the transition to IFRS. They are composed of employees and managers from multiple concerned departments. 43.5% of the reviewed studies were conducted with the participation of IFRS implementation team and project members.

The other participants in these studies were management members of private and public entities. 21.7% of the studies collected information from Chief Executive Officers (CEOs), Chief Finance Officers (CFOs), Chief Internal Audit Officers, and other top and medium-level management members of entities. Public practitioners including IFRS conversion consultants, public accountants, and external auditors were also participants in the reviewed studies with 13% of the studies collecting data from them.

One of the major players in the transition to IFRS is regulators. In Ethiopia, the mandate of regulating the financial reporting ecosystem all around the nation is given to AABE. In addition to AABE, different sectors have additional regulators as well. The National Bank of Ethiopia (NBE) regulates financial reporting among financial institutions, the Ethiopian Commodity Exchange Authority exercises a similar authority on its members, and the tax agencies at the federal and regional level have authority over financial reporting of taxpayers. These regulators were the other participants in the 48 reviewed studies. They participated in 13% of the studies as a source of data.

In the 46 primary data source based studies reviewed, the number of participants range from 14 to 232. 10.9% of the studies were prepared with less than 25 participants. Most of these studies are qualitative studies that predominantly used interview as a data collection tool. 19.6% of the studies had 26 to 50 participants while 26.1% of the studies had 51 to 75 participants and 13% of them were prepared with 76 to 100 participants. The studies which had more than 100 participants makeup 30.4% of the 46 primary data source based studies reviewed.

4.6 Research Focus of Reviewed Studies

IFRS-themed studies in Ethiopia addressed a variety of matters. This scoping review selected those which covered the issues of benefits and challenges of IFRS and factors that affect IFRS adoption. 93.75% of the reviewed studies focused on the benefits and challenges of IFRS adoption and 39.6% of the studies dealt with factors that affect IFRS adoption.

An assessment of the sectorial focus of these IFRS-themed studies in Ethiopia revealed that significant public interest entities which were required to adopt IFRS in the first phase according to the 2015 Ethiopian IFRS implementation roadmap attracted the majority of research interest. 47.9% of the reviewed studies were prepared on financial institutions and 22.9% of the studies were on public enterprises. Both financial institutions and public enterprises are included in significant public interest entities categorization. From the studies prepared on financial institutions, 69.6% of the studies were on banks, 4.3% on insurance companies, and the remaining on both banks and insurance companies. Rather than the government-owned financial institutions, private banks and insurance companies were the popular choices among the researchers.

Even though their number is not comparable to that of the significant public interest entities, other entities were also included in the reviewed studies. Small and medium-sized enterprises make up 6.25% of the focus area of the reviewed studies. Other private entities make up 14.6% of the focus area.

As for the spatial focus of the reviewed studies, the capital Addis Ababa is the popular choice. From the 48 studies reviewed, except for two studies conducted in Oromia (West Harerge) and Amhara (Debre Markos City) regions and two studies whose research design doesn't involve a spatial boundary, all other studies were conducted in Addis Ababa. The rationale presented by the researchers for this choice is the accessibility of information and convenience.

4.7 Major Findings of Reviewed Studies

4.7.1 Benefits of IFRS Adoption

The IFRS-themed studies conducted in Ethiopia in the past ten years have identified the perceived and actual benefits of implementing IFRS in Ethiopia. The major areas IFRS is expected to bring benefits and opportunities and the areas in which it has already brought the benefit according to the reviewed studies are presented as follows:

A. Comparability of Financial Statements

According to Diriba (2019), when the same set of accounting standards are used in financial reporting across sectors and boundaries, the comparability of the resulting financial statements

will be enhanced. Comparability is achieved when users of financial information are able to identify resemblances and variances between economic phenomena indicated in the financial statements of different companies. It is a key attribute that makes financial information more useful.

The consistent application of IFRS in Ethiopia will not only enable comparability of Ethiopian reporting entity's financial statements within the country's boundary but also beyond. As more than 150 countries tuned their financial reporting system to be based on IFRS, comparability can be achieved internationally. This opens the door for potential foreign investment. Foreign investors can easily decide on which company to invest or which company's financial instruments fit their existing portfolio without going through the tedious task of financial statement translation (Yitayew, 2106; Ayalew, 2018; Hache, 2019 & Wodebo, 2021).

It is known that when the same language is spoken communication becomes easier. That exact same thing is what happens when IFRS is used across boundaries. Comparing financial statements prepared based on different standards is just like trying to communicate by using two different languages. The adoption of IFRS keeps reporting entities from this trouble. All sectors assessed by the reviewed studies are expected to get or have already got this benefit from the adoption of IFRS (Lema, 2017; Shiferaw & Assefa, 2020 & Abera & Belachew, 2020). Tilahun (2021) assessed the post-adoption benefit of IFRS in the banking sector of Ethiopia and concluded that the financial statements of the banks which adopted IFRS actually became more comparable after adoption.

Comparability of financial statements is beneficial to the IFRS adopting entity as it would enable it to access more external financing and gauge its current level of financial position and performance against other entities around the world knowing where exactly it stands now. It widens the competition horizon beyond the countries boundary. This in turn can lead to more efficiency and effectiveness in financial reporting and operation (Simegn, 2015; Tibebu, 2017; Seleshi, 2017 & Shimels, 2018).

B. Enhancement of Transparency

The very purpose of the profession of accounting is to assist decision-making through the supply of useful information. In realizing this basic purpose, transparency is a key attribute.

Transparency is achieved when the process that led to the output (the financial statements) is observable. As IFRS requires full disclosure of relevant financial information, transparency can be enhanced through the adoption of IFRS. It leaves a little room for behind the curtain operations which would seriously impede transparency and erode the confidence on the profession of accounting as a whole (Seyoum, 2018; Demena, 2018; Terfa, 2019 & Shiferaw & Assefa, 2020).

When the requirements of IFRS are duly implemented, a reporting entity's financial condition can be observed more clearly. It prevents users of accounting information from being tricked by decorative numbers and misjudging the financial position and performance of an entity. IFRS, in bringing enhanced transparency to reporting entities, can minimize the possibility of the occurrence of fraudulent financial reporting. But, enhancement of transparency-related benefit of IFRS can only be realized when it is coupled with adequate internal control (Fantahun, 2012; Kenate, 2019 & Kebede, 2020).

C. Reduction of Cost of Capital

According to Hailemichael (2016), the cost of capital of firms that have adopted IFRS will be lowered. This is attributable to three major reasons. The first one is the lower cost of information that can be achieved through IFRS adoption. The others are the higher marketability of shares and the reduction of information asymmetry. Even if the none existence of a stock market in the country impeded this benefit from being fully realized, Tilahun (2021) claims that Ethiopian banks which adopted IFRS had actually observed a reduction in their cost of capital.

As financial reports produced by IFRS are comparable across boundaries, it is assumed that in addition to local investors, international investors can also become interested in buying shares from an IFRS adopting entity. This will increase the market base of the shares and create competition. That competition will in turn lead to the reduction of the cost of raising equity. The same is true for the cost of debt. As the comparability and reliability that come with the adoption of IFRS will lead to access to more lenders, debt financing with favorable terms can be obtained by IFRS adopting entities (Simegn, 2015; Shiferaw & Assefa, 2020 & Feyisa, 2021).

Information asymmetry, which comes with the separation of management and owners, is mitigated through the adoption of IFRS. Under earlier standards, owners had access to profit

figures only while management had considerably more information about the quality of earning (profit). IFRS, through its disclosure requirements, minimizes this asymmetry by allowing the owners to have information not only about earning figures but the quality of earning as well. Information asymmetry doesn't only exist between management and owners. It also exists between management and creditors and among investors and potential investors. When this information asymmetry is reduced and a disposition of certainty comes the cost of capital of a company will be reduced (Kedir, 2019; Kebede, 2020 & Bahiru, 2021).

D. Increase in Foreign Direct Investment (FDI)

In countries like Ethiopia where there is a huge balance of trade deficit and foreign currency problem, attracting FDI is an enormous national priority. Another important area IFRS contributes is the attraction of FDI. When IFRS is implemented, as foreign investors get financial information prepared following a standard they are familiar with they would become more confident and reliant on the information and increase their direct investment. That will partly solve the long-standing balance of trade and foreign currency problem in the nation (Mengesha, 2016; Diriba, 2019; Demissie, 2019 & Ayele, 2021).

Generally, IFRS promotes cross-border investments. It allows cross-border forward, backward and horizontal integration of companies in related and identical sectors. International mergers and acquisitions will be facilitated as time and effort consumed in financial statement translation will be totally avoided. New technologies, managerial and technical expertise, and experiences will be brought. This will then lead to operational efficiencies in companies and contribute to national economic development (Ayalew, 2018; Kenate, 2019; Hache, 2019 & Woldesenbet, 2021).

E. Other Benefits

According to Seyoum (2018), the core benefit of IFRS adoption lies in its ability to improve the general financial function and policies in an organization. It makes the policies to be free from ambiguities and be in line with international best practices. He also argues that the adoption of IFRS improves efficiency in financial reporting and strengthens internal control. His argument is also supported by Kenate (2019). More sound internal control over financial reporting can be

achieved when the accounting system of a company is fine-tuned to IFRS (Berehanu, 2016 & Demissie, 2019).

Fantahun (2012) in his eye-opening study in the area pointed out that IFRS will result in better decision-making by management. Detailed financial information which was not available under earlier standards can be accessed under IFRS. This will expedite the passing of informed decisions. As informed decisions are bases for effectiveness and productivity, this decision-making-related benefit of IFRS is highlighted in the studies of Ayalew (2018); Demissie (2019); Wodaje & Rahmeto, (2019) and Tibebu (2017).

When the same set of rules such as IFRS is being applied across nations, the confidence of users in the outputs of financial reporting will increase (Hailemichael, 2016). Those who consider the profession of accounting as reticent number crunching will begin to look at it in a new light. This will improve the professional development of accountancy (Kenate, 2019). Adoption of IFRS will also help to harness the sense of professionalism by the practitioners (Daniel, 2018). According to Alemi & Pasricha (2016), the adoption of IFRS will help to establish legal backing for the professions of accounting and auditing. The benefit of IFRS to private and public accountants and auditors is not limited to the harnessing of professionalism and getting legal backing. It will also widen their market base to extend beyond the country's boundary. It allows free movement of trained labor both nationally and internationally (Tibebu,2017 & Diriba, 2019).

According to Eskezia (2019), the adoption of IFRS reduces the occurrence of earning manipulation and related fraudulent activities. Even though transparency is what is leading to this benefit, the improved regulatory oversight that comes with the adoption of IFRS also contributes to that effect. Berhanu (2016) claims that the adoption of IFRS in Ethiopia resulted in an improved regulatory oversight. His claim is shared by Dagneu (2018) as well. Fraudulent financial reporting erodes trust on the profession of accounting. Trust and confidence on financial reporting is crucial in many areas. One good example is stock markets. Ethiopia is in the process of establishing a stock market. Diriba (2019) indicated that among others the adoption of IFRS will serve as an input for the establishment.

4.7.2 Challenges of IFRS Adoption

Even though IFRS has benefits to adopting companies, users of financial information, and the nation as a whole, its adoption is faced with serious challenges. The common challenges of IFRS implementation as identified by the reviewed studies are presented as follow:

A. Significant Cost of Adoption

The transition to IFRS is not a low-cost project by any means. A significant amount of money and resources are going to be consumed in the process. The costs related to IFRS adoption are commonly classified into pre-adoption and post-adoption costs. The pre-adoption costs include capacity building cost, training cost, and conversion consultant's fee. The post-adoption costs are compliance costs and audit costs. The cost of adoption both in the pre-adoption and post-adoption periods is significant (Fantahun, 2012; Terfa, 2019 & Abera & Belachew, 2020).

As companies are required to transition from their earlier way of doing things to the new standard with little to no prior groundwork, they need to spend a hefty sum of money to train their staff and build their capacity. The revision of financial policies and procedures together with transition planning needs to be done with the assistance of conversion consultants. Especially in large organizations, the revision and planning need to be done by foreign consultants who have the required skill and capacity. These foreign consultants also ask for substantial service fees (Bekele, 2016; Ayalew, 2018 & Biyargo, 2021).

As there is employee turnover, the training cost of employees is not only limited to the early stage of adoption. It continues to be one of the significant post-adoption compliance costs at least until most of the workforce in the market is trained. Even after that is achieved refresher trainings need to be given to staff members in the areas where new standards are issued or deviation from the standard is observed. It is proven that IFRS adoption results in more complexity in financial reporting. This in turn leads to increased audit fees and this is another significant post-adoption cost (Dagneu, 2018; Muche, 2021 & Woldesenbet, 2021).

All of these IFRS adoption related costs are significant and burdensome, especially for small and medium-sized enterprises. Even though large organizations might not be affected as high as

small and medium-sized entities and can absorb the cost through their high revenue, it can lead to a profit drop, especially in the earlier period (Hailemichael, 2016 & Feyisa, 2021).

B. Need for Training

Prior to the adoption of IFRS, Ethiopian professionals in accounting and finance are trained based on Generally Accepted Accounting Principles (GAAP). Even years after the adoption is proclaimed, higher educational institutions were not swift in integrating it into their business education curricula. Mentioning reasons such as unavailability of instructors with the required knowledge of IFRS and problems in accessing teaching materials, institutions continued educating business students using GAAP (Daniel, 2018 & Feyisa, 2021).

All of this exacerbates the need for additional IFRS training. Accounting and finance professionals who have already joined the workforce usually take training through their employers and those who are not yet employed may take the training by themselves. As this IFRS training is an additional requirement, accessed at a cost, and is not widely available, it is considered a major challenge in IFRS implementation. Inadequacy of the available IFRS training is also another impediment towards effective adoption of IFRS in the nation (Demena, 2018; Ayalew, 2018; Negash, 2019 & Hache, 2019).

C. Shortage of Experts and Professionals

The success of any project depends on the availability of experts who show direction and professionals who follow the directions. IFRS adoption in Ethiopia is deprived of both. There is a huge shortage of experts in the area who can teach in higher education institutions, give practical training, consult organizations on the transition and gauge the overall operation. At the same time, there is also a shortage of professionals with IFRS knowledge and skill who will get engaged in the day to day financial operation of an entity by completely adhering to the requirements of the standard (Hailemichael, 2016; Gibru & Mezgebu, 2019; Wodaje & Rahmeto, 2019).

This is attributable to the overall readiness and capacity problem in the nation. The nation is not ready to produce its own IFRS experts and do not have the capacity to bring them from abroad in the required number. The widely unavailable and inadequate IFRS training in Ethiopia impeded

the nation from producing enough knowledgeable and skillful professionals in the area. The very few knowledgeable and skillful professionals, rather than staying in a certain sector and transferring their knowledge and skill to others, are poached around different sectors. Several studies even question the commitment of the accounting and finance professionals in developing their knowledge and skill in IFRS. This is another contributing factor to the shortage of knowledgeable and skillful professionals in the sector (Mihiret, 2016; Berehanu, 2016 & Bahiru, 2021).

D. Lack of Implementation Guidance

After the 2014 financial reporting proclamation of Ethiopia, which required the adoption of IFRS across the nation, reporting entities were expecting continuous guidance from the government and professional bodies on how to realize that grand goal. When the establishment of AABE comes immediately after the proclamation, many were hopeful as they expected the board to be the anticipated IFRS chaperon. According to Bisrat (2020), this expectation was quickly wilted as the board was found to be incapacitated and reluctant towards giving the anticipated guidance to reporting entities.

The board with fancy mandates, for most of its life, limited itself to building its own capacity and issuing implementation timelines. Agumas (2018) claims, even though the board was expected to do more than issuing timelines, it was not even doing a good job at what it was actually doing. He pointed out that the timeline in the 2015 IFRS implementation roadmap is not attentive to the situation at hand. Generally, the board didn't give the required level of IFRS implementation guidance to reporting entities. In another case in point, Teshome (2018) attributes some of the problems in the delay of IFRS implementation to the lack of enforcement capacity by AABE.

Reporting entities that didn't get IFRS implementation guidance from AABE were once again expectant that the guidance could come from other regulatory bodies and stakeholders such as the National Bank of Ethiopia (NBE) or the tax agency. But, they became disappointed once again when these institutions surprised them with new directives which contradict the requirements of IFRS (Kedir, 2019 & Abebe, 2018). As the stakeholders don't cooperate, entities rather than getting implementation guidance are left confused (Gibru & Mezgebu, 2019).

Another resort for reporting entities to get IFRS implementation guidance was from professional bodies. This was also proven to not be a viable option as the professional bodies are incapacitated, inadequate, and are closer to non-existence (Tibebu, 2017 & Ayalew, 2018). In general, the lack of proper implementation guidance from the stakeholders is proven to be a colossal obstruction for the successful adoption of IFRS (Teshome, 2017; Demissie, 2019 & Abera & Belachew, 2020).

E. Complexity of IFRS Standards

Another challenge in IFRS implementation lies in the standard itself. Studies claim that elements of the standard are complex to understand and apply (Hailemichael, 2016; Terfa, 2019 & Bisrat, 2020). According to Kedir (2019), IAS 19 (Employee Benefit), IFRS 9 (Financial Instruments), and IFRS 13 (Fair Value Measurement) are the most complex IFRS standards to understand and apply. Especially the element of IFRS which relates to fair value measurement is hard to apply in countries like Ethiopia as there is a lack of reliable market information (Worku, 2018). When unreliable market information is in use, it will open room for fraudulent financial reporting.

F. Other Challenges of IFRS Adoption

One critical factor in the successful implementation of a project in an entity is the commitment of top-level management and the board of directors. IFRS implementation in an entity is no different than other projects in requiring the commitment of management and board. The long-standing bad perception of top management and board of directors towards the profession of accounting coupled with the significant cost related to IFRS implementation highly curtailed their commitment and support to the adoption of IFRS in reporting entities (Diriba, 2019). This is one major company-specific challenge in IFRS adoption (Seyoum, 2018; Kenate, 2019; Negash, 2019 & Mucche, 2021).

Lack of commitment and reluctance is not only coming from top management and boards. There is a high level of resistance to change by private and public practitioners in the area of accounting and auditing as well. Such psychological factors which involve a strong desire to stay in the old state of matter forever hinder swift and profound transition (Yitayew, 2016 & Alemi & Pasricha, 2016).

According to Shiferaw (2018), another challenge in IFRS implementation is related to information technology. The current level of information technology in use by entities is not flexible enough to support IFRS requirements. Financial software which is tuned to fit the requirements of IFRS is not available in the market. Reporting entities need to manually process many transactions and manually adjust financial statements as per the requirements of IFRS. This is another inadequacy of available resources in properly handling the change that comes with IFRS adoption (Seleshi, 2017; Seyoum, 2018 & Feyisa, 2021). According to Bisrat (2020), even if a suitable information system infrastructure is available, its assistance towards the facilitation of IFRS adoption will shrink due to the poor documentation practice in many reporting entities.

According to Fantahun (2012), volatility of earning, which might be especially high in the earlier years of adoption were identified as one of the challenges in IFRS adoption by the reviewed studies. Though their impact might not be as huge as the other challenges, the political situation of the nation, the changing deadlines (Muche, 2021), resource miss utilization by reporting entities (Tesfaye, 2018), unavailability of a benchmark (Bahiru, 2021), the emergence of unfair competition in the market (Abera & Belachew, 2020), additional workforce requirement (Wodaje & Rahmeto, 2019) and lack of awareness (Alemi & Pasricha, 2016) are challenges to the successful adoption of IFRS in Ethiopia.

4.7.3 Factors that Affect IFRS Adoption

The studies included in this scoping review identified different factors that affect the adoption of IFRS. They also determined the nature and magnitude of the effect of those identified factors (independent variables). A summary of their findings is presented as follow:

4.7.3.1 Factors that Positively Affect IFRS Adoption

From the studies reviewed, all studies (e.g Fantahun; 2012; Simegn, 2015; Yitayew, 2016; Seleshi, 2017; Seyoum, 2018; Amenu, 2020 & Tilahun, 2021) which have included level of education as a regressor in their developed econometric model while IFRS adoption being the regressand, found a statistically significant positive effect. The studies then concluded, as the level of education in the areas of accounting and finance increases IFRS can more easily be

implemented. More education and training in IFRS and accountancy, in general, will lead to ease of IFRS implementation.

The other factor which showed consistent results across reviewed studies is company size. The studies (e.g. Fantahun, 2012; Seleshi, 2017; Seyoum, 2018; Amenu, 2020 & Muche, 2021) found a statistically significant positive effect of company size on IFRS adoption. The studies used annual turnover and the number of employees as a determinant of company size. According to the studies, larger companies can easily adopt IFRS as compared to that of companies with smaller sizes. This is attributable to the larger company's better access to financial and non-financial resources which are essential in facilitating the adoption of IFRS.

The existence of professional bodies and their assistance to reporting entities is commonly considered to be essential in facilitating the adoption of IFRS. Some of the reviewed studies tried to gauge whether there is a causal relationship between the existence of professional bodies and the adoption of IFRS. The studies (e.g. Fantahun, 2012; Yitayew, 2016; Seleshi, 2017 & Muche, 2021) obtained a significantly positive effect of the existence of professional bodies like professional associations on the successful adoption of IFRS. In addition to the effect of the existence of professional bodies that give proper guidance, the effect of the existence of capital markets that serve as a source of valuable market information was evaluated by three studies. All of these studies (e.g. Fantahun, 2012; Seleshi, 2017 & Seyoum, 2018) found the effect to be a statistically significant positive effect.

A factor whose effect on the adoption of IFRS stemmed contradictory results is legal system. The majority of the reviewed studies (e.g. Yitayew, 2016 & Agumas, 2018) who have assessed the effect found it to be a statistically significant positive effect. But, the study by Simegn (2015) found a statistically significant negative effect of legal system on IFRS adoption. Simegn (2015), though this contradiction might have been caused due to methodological and study setting differences, another culprit could be the way the independent variable legal system is interpreted by the different studies. Simegn (2015) treated legal system as a dummy variable that represents either code law system or common law system. The studies which found a positive effect are largely silent about how they represented the variable. Additionally, there was a study (Muche, 2021) that found a statistically insignificant positive effect as well.

The other factors which were found to have a statistically significant positive effect on IFRS adoption include; government policy, leadership, economic structure (Seyoum, 2018), institutional readiness, enforcement capacity of regulators (Teshome, 2017 & Amenu, 2020), availability of experts (Teshome, 2017; Kenate, 2019), monitoring and evaluation (Worku, 2018 & Tilahun, 2021), economic growth (Tilahun, 2021), Attitude (Yitayew, 2016 & Muche, 2021), adaptability, suitability, necessity, perceived benefit (Wodaje & Rahmeto, 2019), institutional pressure, project governance, cultural factors (Ayele, 2020), subjective norm and perceived control (Simegn, 2015).

4.7.3.2 Factors that Negatively Affect IFRS Adoption

While most of the studies included in this review found positive effects of several aforementioned factors on IFRS adoption. Negash (2019) conducted an exploratory factor analysis on different factors that can affect IFRS adoption and found a statistically significant negative effect of Cost of implementation, Lack of qualified professionals, Lack of coherence between professional bodies and standard setters, and Lack of coherence in the regulatory system on IFRS implementation. In the following year, Amenu (2020) conducted a logistic regression analysis on four independent variables (level of awareness, level of education, cost of conversion, and enforcement strategy of regulator) with one mediating variable (firm size) and found out that cost of conversion negatively and significantly affects IFRS adoption. In that same year, the study by Ayele (2020) which involves a multiple linear regression model with four independent and one dependent variable found economic factors (represented by perceived economic benefits of IFRS by reporting entities) to have a significant negative effect on IFRS adoption.

4.8 Discussion and Identified Knowledge Gaps

The studies included in this scoping review assessed the perceived and actual benefits of IFRS adoption in Ethiopia. The benefits they identified can be classified based on the beneficiaries. The first category of benefits is benefits for the adopting entity. IFRS adoption brings more efficiency and effectiveness to the internal control, internal audit, and risk assessment functions. It generally improves the financial reporting environment in an entity by allowing it to be fitting to that of international best practice.

Since the adoption of IFRS (a standard adopted in more than 150 countries around the world) increases the comparability of financial information, adopting entities can more easily access external financing not only from local sources but from abroad as well. This open access together with other related factors reduces the cost of capital in adopting entities.

The second category of benefits is for owners and investors. The rigorous disclosure requirement of IFRS minimizes the occurrence of information asymmetry and boosts confidence in financial information. This in turn allows owners of business entities and other existing or potential investors to make a well-informed investment or divestment decision. This will induce increased reliance on financial information. This exact situation is what leads to the third category of benefits which is for the profession of accountancy.

The profession of accountancy will benefit from the adoption of IFRS in that it will get better recognition and reverence. The negative perception of management and owners towards the profession will eventually change when its decision usefulness increases. This necessary decision usefulness is partly achieved through the adoption of IFRS. When the same set of accounting rules are applied everywhere, knowledgeable and skillful professionals in the area will get access to better working conditions and reward as they can easily move to other employers locally or internationally.

The fourth category of benefits is to the nation as a whole. A nation that has fine-tuned its financial reporting ecosystem to that of an internationally recognized standard will catch the eyes of foreign investors. Foreign parent companies will begin to look for potential subsidiaries in that nation, foreign direct investment (FDI) will increase and local equity and debt instruments will have their potential market base increased. All of this is a significant benefit for a country like Ethiopia which is constantly in a foreign currency limbo.

All this and other benefits of IFRS do not come free of price. Even though the reviewed studies repeatedly stated that the benefits of IFRS outweigh the cost and challenges related to its adoption, they went on to explain the common challenges impeding smooth transition. Most of the challenges relate to baseline willingness problems and aggravating incapacity.

The studies pointed out that the decision to adopt IFRS in Ethiopia was received with indisposition and reluctance. This indisposition and reluctance are from the reporting entities,

private and public accounting and finance professionals, top-level management of entities, board of directors of entities, the government, and its regulatory bodies. This reluctance was aggravated due to the large-scale resource incapacity in the nation. Even if the reluctance and unwillingness-related problems eventually weakened, capacity-related issues continued to be threats to the successful adoption of IFRS.

The shortage of knowledgeable and skillful professionals, the huge cost related to the adoption, and the absence of flexible information technology infrastructure that can accommodate IFRS are the common capacity issues on the side of the reporting entities. The government and regulatory bodies are not themselves free from capacity problems. Though they are mandated to do so, the regulatory bodies (Specifically AABE) do not give proper implementation guidance and have enforcement capacity issues. The few so-called professional bodies are also incapacitated in terms of playing the role of promoting the standard among reporting entities and giving technical guidance to adopters.

Reluctance and incapacity are not the only challenges to the successful adoption of IFRS. The unrepealed existing laws in the nation and new directives issued by other government bodies which directly contradict the requirement of IFRS are the legal challenges to the adoption of IFRS. The complexity of the standard itself and the absence of developed market information which is essential for fair value measurement are also the other macro factors that have impeded the smooth transition to IFRS.

Concerning the factors that affect IFRS adoption, level of general and accounting education, company size, and availability of capacitated professional bodies have a significant positive effect on IFRS adoption. The smooth transition to IFRS can only become a reality when more professionals are trained and stakeholders give the required technical guidance. It can also be deducted that small and medium-sized entities pass through more hardship to adopt IFRS than large entities. On the other hand factors such as cost of conversion, the perceived economic benefit of IFRS, and lack of coherence between stakeholders negatively affect IFRS adoption. It is only when regulators and other stakeholders work on mitigating or at least coping with these factors smooth all-inclusive transition to IFRS would become a reality.

It shall not be ignored that the IFRS-themed studies in Ethiopia covered a great variety of areas with modest depth. But still, there are knowledge gaps in the area which are unheeded by these prior studies. The researcher believes the existing knowledge gap is in three areas. The first one derives from the extended attention given to certain sectors and the ignorance towards others.

Most of the studies conducted on the theme of IFRS adoption in Ethiopia gyrate around the financial sector. But the financial sector is not the only sector required to implement IFRS. As the day-to-day accounting operation and financial reporting in financial institutions are largely different from that of other business organizations, claiming that the results of studies on the financial sectors can be extrapolated to other sectors without rigorously proving it is not appropriate. Therefore, as the adoption of IFRS in Ethiopia is affecting and is going to affect the accounting operation of businesses in almost all sectors, the absence of multi-sectorial studies or studies which assess IFRS in the context of other sectors is a huge knowledge gap in the area.

The disproportionate attention of the studies doesn't end with sectors; it extends to the size of entities as well. The studies repeatedly mention that larger organizations can more easily implement IFRS than smaller ones. They also assert that more attention and support needs to be given to small and medium-sized enterprises so as to achieve a smooth transition to IFRS. But again they walk back on their words and give most of their attention to the study of the larger entities. Given the number of small and medium-sized enterprises which are all required to adopt IFRS for SMEs, the number of studies that assessed the benefits and challenges of adoption of IFRS for SMEs and factors that affect the adoption of IFRS for SMEs is far from being enough.

The second knowledge gap in the area relates to comprehensiveness. Most of the studies conducted in Ethiopia on the theme of IFRS adoption are not comprehensive enough in terms of entertaining the different opposing views that exist in the abundant IFRS literature. They mostly begin with accepting IFRS as something very beneficial and whose benefits outweigh its cost and challenges. But, a review of IFRS literature reveals an equally recurring opposing view. Rather than proving or disproving those opposing views with a scientifically rigorous process, IFRS-themed studies in Ethiopia seem to prefer taking the easy way out of sticking to the popular side. They go to the extent of using the same set of word choices with commonly cited pro-IFRS articles.

The third knowledge gap is in the ignorance of the peculiarity of the Ethiopian financial ecosystem. In IFRS literature, most of the major benefits of IFRS presume the existence of an active capital market. That does not currently exist in Ethiopia. Those IFRS-related benefits also presume the availability of reliable market information. The existence of this in Ethiopia is also highly questionable. IFRS literature indicates that IFRS can more easily be implanted in developing countries when those countries have a close tie with European countries (especially the UK). Some even straightforwardly claim that this close tie means colonial relation. Ethiopia has never been colonized. The impact this and many other peculiarities have on the benefits, challenges, and factors that affect IFRS are not duly addressed by the IFRS-themed studies in Ethiopia. This is another knowledge gap that yelps for resolution before the arrival of the revised IFRS implementation deadline in Ethiopia.

4.9 Framework for Further Study

Though the intention is not prescription, this study proposes a seven-step framework for further scoping reviews to be conducted in the thematic area. This framework is adapted from Lamberg, Ojala, & Peltoniemi (2017) and modified by the researcher. The modification by the researcher involves the inclusion of additional study searching mechanisms and incorporation of Arksey & O'Malley's (2005) framework.

The first step in this proposed framework is selecting a research question to be answered by the scoping review. What shall follow this initial step is the setting of clear eligibility criteria. What objective characteristics shall a study possess to be included in the review? Should be carefully considered and answered in the eligibility criteria.

The next step in the framework is searching for studies to be reviewed. This can be done through Keyword Search and Backward Search. Keyword search involves the identification of keywords related to the thematic area and using them on research databases, repositories, and library catalogs to identify studies that gyrate around those keywords. The search for studies to be reviewed can be furthered through a backward search which involves the review of the reference and bibliography section of the studies identified on the keyword search. This allows the identification of more studies and enhances comprehensiveness.

The following step is screening. All studies identified in the previous step may not fit the eligibility criteria set at an earlier stage. Therefore, the identified studies should be screened. Screening can be done in two separate steps: initial screening and full-text screening. In the initial screening, the title and abstract of the study under consideration can be read to decide whether the study fits the eligibility criteria. In the full-text screening, the full-text of the study (may or may not include the literature review) shall be read and a resolution about its fitness to the eligibility criteria needs to be passed.

The next steps are interpretive reading and categorization of studies based on their finding. In these steps, the studies that fit the eligibility criteria shall be read and analyzed interpretively to identify their key attributes and those key attributes will then serve as a means of categorization. The categorization makes the data summarization, presentation, and analysis step, the last step, simpler. In this last step, the key attributes and major findings of the studies are summarized and presented in a way that reveals the already existing evidence, the contribution by the studies, and the knowledge gaps that exist.

Chapter Five: Summary, Conclusions, and Recommendations

5.1 Summary

To assess prior studies conducted in the thematic area of IFRS adoption in Ethiopia and organize their findings, a scoping review was conducted on 48 published and unpublished IFRS-themed studies in Ethiopia prepared between 2012 and 2021. The studies included in the review were the ones that addressed three issues. These are the benefit of IFRS adoption, the challenges in IFRS adoption, and factors that affect IFRS adoption.

With regard to the benefits of adoption, the reviewed studies are in consensus that the decision to adopt IFRS in Ethiopia was the right one as IFRS brought and will bring actual and anticipated benefits. The benefits are for the adopting entities, the external users of financial information, the accounting and finance professionals, and the nation as a whole. When IFRS is fully adopted, adopting companies will have easier access to external financing will have reduced cost of capital, and will entertain more effectiveness and efficiency. Under IFRS, external users of financial information will get more dependable financial information. The occurrence of information asymmetry will decrease. IFRS opens more doors of opportunities for accounting professionals locally and internationally. The nation can also get partial relief from its foreign currency headache as the adoption of IFRS relates to an increase in FDI.

One of the areas the popular saying “there is no free lunch” fits very well is the adoption of IFRS. To acquire the benefits, IFRS needs to be properly adopted, and that costs money, requires trained manpower and proper guidance. The challenges of IFRS implementation by reporting entities mostly relate to resource inadequacy and reluctance. The training and other preparation costs by an adopting entity are significant. But, top-level managements and board of directors are reluctant to put more money in the accounting and finance function which they consider as a necessary evil. Institutions which provide IFRS training are not widely available. The ones that are available are incapacitated. In addition to all of that, the very nature of IFRS makes it challenging to fully understand and implement.

Availability of an active capital market, enforcement capacity of regulators, availability of competent specialists, education and training level, availability of professional bodies, close monitoring and evaluation, project governance, and perceived benefit are among the factors

which positively affect the success of IFRS implementation. On the other hand, economic factors, cost of conversion, and lack of professionals affect the successful adoption of IFRS negatively.

The IFRS-themed studies in Ethiopia, though they have tried to address a variety of issues, are found to suffer from problems of lack of comprehensiveness, ignoring peculiarities of the Ethiopian financial ecosystem, and giving disproportionate attention to sectors and types of businesses. All of these resulted in a knowledge gap that needs to be fulfilled with further studies.

5.2 Conclusion

From the scoping review conducted, the researcher concluded that the IFRS-related studies in Ethiopia have wide thematic coverage in limited sectors. The limited sector coverage is mostly attributable to information availability issues. As IFRS is a standard to be applied in all sectors and the sectors which are repeatedly studied are not representative of all sectors, the findings from those IFRS-themed studies may have a hard time being extrapolated. On the up side, there is consistency observed in the findings of IFRS-themed studies in Ethiopia. This consistency is not only observed among the unpublished studies, but also between published and unpublished studies. Though duly proving it may require additional research, this hints at the non-existence of publication bias.

5.3 Recommendations

Starting from the time Ethiopia decided to adopt IFRS, a lot of effort and money is devoted to its achievement. No rational person would want to see all of this go under the bus. Therefore, the findings of all the studies conducted in the thematic area need proper consideration. Ministry of Finance, the initiator of the adoption of IFRS in Ethiopia, as it is expected to have adequate financial and technical resources, shall give proper implementation guidance to reporting entities together with AABE and other regulators.

Accounting and finance professionals shall work on professional skill development. More professional bodies shall be established and the already existing professional bodies shall be

provided with the financial and technical support they need. It is only when they build capacity for themselves that they can play the promoter and facilitator roles they need to play.

Academicians shall work on the preparation of teaching materials per IFRS as that is an essential step in properly integrating the standard into the already existing higher education curricula. Large organizations shall sponsor the teaching material preparation work as the paltry sum they give would save them a lot of money in the future that would be spent on staff training and retraining. Regulatory bodies shall cooperate and rather than confusing reporting entities with conflicting directives shall give the necessary guidance and support.

5.3 Implication for Future Research

This scoping review was conducted only on those studies that are available on open access online research databases and repositories. It would be more comprehensive if researchers with the required financial and logistical capacity perform similar reviews by including studies that are available in payment-based journals and studies in paper form at the libraries of Ethiopian higher education institutions. If the inclusion of those studies in payment-based journals and in paper form allows enough methodological parity, it would also be very helpful to conduct a quantitative meta-analysis on the factors that affect IFRS adoption. Additionally, there is a knowledge gap in the study area which relates to lack of comprehensiveness, ignoring peculiarities of the Ethiopian financial ecosystem, and giving disproportionate attention to different sectors and types of businesses. Further studies which fulfill this knowledge gap need to be conducted.

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Appendix

Appendix – 1: Summary of Major Findings of Reviewed Studies

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
(Seyoum, 2018)	Unpublished	<ul style="list-style-type: none"> - Improvement of financial function and polices - Improvement of efficiency and control - Transparency and comparability 	<ul style="list-style-type: none"> - Cost of adoption - Need for training - Lack of professionals - Lack of board and management commitment - IT problems - Complexity of standards - Lack of implementation guidance - Unavailability of market information 	<ul style="list-style-type: none"> - Government policy - Leadership and commitment - Relationship with professional institutions - Capital market availability - Economic structure - Company size - Educational level 	
(Teshome, 2017)	Unpublished		<ul style="list-style-type: none"> - Cost of adoption - Need for training - Lack of readiness - Lack of implementation guidance - Lack of enforcement capacity of regulators 	<ul style="list-style-type: none"> - Institutional readiness - Enforcement mechanism (capacity) - Availability of expert capacity 	
(Kenate, 2019)	Unpublished	<ul style="list-style-type: none"> - Improve efficiency of financial reporting - Improve reliability and comparability of financial statements - Enhance transparency - Improve internal control effectiveness - Promote cross boarder investment - Improve national economic development - Improve professional development of accountancy 	<ul style="list-style-type: none"> - Cumbersome requirements of the standards - Applying the standard to local realities - Lack of implementation guidance - Difficulty in determining fair value - Lack of professionals - Lack of top management commitment - Limited access to training - Resistance to change - IT problems 	<ul style="list-style-type: none"> - Availability of competent specialists 	<ul style="list-style-type: none"> - Absence of secondary market - Lack of coherence between local laws and IFRS - Lack of readiness - Lack of actualists

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
(Mihiret, 2016)	Unpublished		<ul style="list-style-type: none"> - Lack of involvement by all stakeholders - Low commitment and capacity among professionals 		
(Fantahun, 2012)	Unpublished	<ul style="list-style-type: none"> - Efficient and effective financial reporting - Improved transparency of financial reports - Developed confidence in financial information - Improved management decision making - Improved regulatory oversight 	<ul style="list-style-type: none"> - Significant cost of adoption - Need for training - Complex nature of the standard - Lack of adequate implementation guideline - Volatility of earning - Nature of previous standards - Unavailability of developed market information 	<ul style="list-style-type: none"> - Capital market - Educational level - Professional bodies - Company size 	
(Worku, 2018)	Unpublished			<ul style="list-style-type: none"> - Monitoring and evaluation 	
(Agumas, 2018)	Unpublished		<ul style="list-style-type: none"> - Weak corporate governance - Poor quality of education and training - Lack of support from professional bodies - Weak enforcement - Inadequate transition period - Improper planning - Unavailability of transparent market information - High cost of implementation - Weak management support 		
(Diriba, 2019)	Unpublished	<ul style="list-style-type: none"> - Increase transparency of financial reporting - Attract foreign direct investment - Serve as input for stock market establishment - Enhance the quality of financial reporting - Maintain free movement of 	<ul style="list-style-type: none"> - Lack of competent human resource - Negative attitude of management towards accounting - Lack of strong regulatory and enforcement institution 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
		<ul style="list-style-type: none"> labor - Enhance comparability 			
(Dagnew, 2018)	Unpublished	<ul style="list-style-type: none"> - Improved comparability and reliability of financial statements - Improved transparency - Reduced cost of capital - Improved management information - Improved regulatory oversight 	<ul style="list-style-type: none"> - Significant cost of adoption - Need for training - Complex nature of the standard - Lack of adequate implementation guidance - Lack of observable market price information 		
(Hailemicael, 2016)	Unpublished	<ul style="list-style-type: none"> - Leads to improved comparability and reliability of financial information - Improved transparency - Reduce cost of capital - Improved confidence on financial information 	<ul style="list-style-type: none"> - High implementation cost - Complexity of the standards - Lack of implementation agents - Lack of implementation guidance - Lack of professionals - Need for training - Absence of commitment and proper plan - Existing tax laws 		
(Ayalew, 2018)	Unpublished	<ul style="list-style-type: none"> - Promotes cross boarder investment - Attracts foreign direct investment - Improve access to international market - Improve comparability and credibility of financial information - Better decision making - Reduce agency problem 	<ul style="list-style-type: none"> - Conversion cost - Inadequate training - Existing laws - Resistance to change - Lack of asset valuator - Absence of capacitated professional bodies 		
(Terfa, 2019)	Unpublished	<ul style="list-style-type: none"> - More transparent financial information - Reduce agency problem - Significantly reduced cost of capital 	<ul style="list-style-type: none"> - Significant cost of adoption - Need for training - Complex nature of the standard - Lack of implementation guidance 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
			<ul style="list-style-type: none"> - Volatility of earning - Existing tax laws - Unavailability of market information 		
(Negash, 2019)	Unpublished		<ul style="list-style-type: none"> - Lack of commitment and understanding of management - Complexity of the standard - Limited access to training - Cost of implementation - Existing laws - Lack of coherence in the regulatory system - Lack of support from professional bodies 		<ul style="list-style-type: none"> - Cost of implementation - Lack of qualified professionals - Lack of coherence between professional bodies and standard setters - Lack of coherence in the regulatory system
(Demena, 2018)	Unpublished	<ul style="list-style-type: none"> - Increase in transparency of financial information - Reduce agency problem - Reduce cost of capital 	<ul style="list-style-type: none"> - Insufficient implementation guideline - Lack of appropriate training - Complex nature of the standard - Low involvement of board of directors - Lack of sufficient risk assessment 		
(Bisrat, 2020)	Unpublished	<ul style="list-style-type: none"> - Improve ability of reporting entities to communicate and coordinate activities - Better quality of reporting - More confidence in the financial information - More comparability 	<ul style="list-style-type: none"> - Lack of support and guidance from the regulatory body - Poor documentation - Complexity of the standard - IT issues - Cost of implementation - Inadequate training 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
		- Improved transparency	- Inadequate timeline		
(Hache, 2019)	Unpublished	- Ease of mergers and acquisition - Comparability of financial information - Better access to capital markets - Increase foreign direct investment	- Lack of competent training - Lack of asset valuers - Poor documentation - Resistance to change - Lack of IFRS compliant accounting software		
(Daniel, 2018)	Unpublished	- Ease of external finance access - Growth of international business - Enhance the effectiveness of internal audit - Reduce cost of capital - Harness professionalism - Attract investors	- Lack of bench marking - IFRS knowledge gap - Lack of implementation guidance - Lack of training institutions - Non-inclusion of the standards in higher education curricula - Lack of qualified professionals - High cost of implementation - Lack of valuation expert - Absence of secondary market - Problems in IT system		
(Kebede, 2020)	Unpublished	- Increase quality of financial statements - Increase transparency and comparability of financial information - Increase cross border investment - Increase confidence on financial information - Reduce cost of capital - Better risk management	- Insufficient period for implementation - Shortage of trained professionals - Lack of proper IT system - Need for intensive training - Absence of capital market - Inadequate number of evaluators		
(Amenu, 2020)	Unpublished			- Education and training - Role and enforcement strategy - Size of firm	- Cost of conversion
(Demissie, 2019)	Unpublished	- More transparent financial statements	- Increase volatility of earning - High cost of implementation		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
		<ul style="list-style-type: none"> - Increase foreign direct investment - Improve quality of financial information - Enhance internal control and decision making 	<ul style="list-style-type: none"> - Complex nature of the standard - Lack of implementation guidance - Inadequate level of technology - Inadequate technical capacity 		
(Tilahun, 2021)	Unpublished	<ul style="list-style-type: none"> - Produce reliable and comparable financial report - Improve audit system - Improved competitiveness - Reduce uncertainty and information asymmetry - Minimize cost of capital 		<ul style="list-style-type: none"> - Education level and professionalism - Economic growth - Legal protection - Monitoring and enforcement 	
(Wodebo, 2021)	Unpublished	<ul style="list-style-type: none"> - Improve comparability 	<ul style="list-style-type: none"> - Regulatory body readiness - Readiness of firms 		
(Woldesenbet, 2021)	Unpublished	<ul style="list-style-type: none"> - Better information for decision making - Increased access to international market - Attract investment - Promote cross boarder investment - Provide full and detailed disclosure - Improved understandability of financial information 	<ul style="list-style-type: none"> - Lack of preparation - Lack of commitment of management - Knowledge gap in the stakeholders - Lack of professionals - Lack of asset valuers - High cost of implementation - Increase in audit cost - Inadequate timeline - Lack of involvement by professional bodies 		
(Muche, 2021)	Unpublished		<ul style="list-style-type: none"> - Cost of adoption - Lack of commitment of management - Changing deadlines - Lack of experienced asset valuers - Government's little attention - Complex nature of the 	<ul style="list-style-type: none"> - Legal system - Professional bodies - Company size - Attitude - Complexity 	

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
			standards - Political situation		
(Biyargo, 2021)	Unpublished	<ul style="list-style-type: none"> - Consistency of financial reports - Maximized verifiability and reliability - High comparability - Improve financial information 	<ul style="list-style-type: none"> - High consultation fee - Inadequate competency of professionals - Incompatibility with IT system - Absence of proper guidance - Regulators not performing report review - Absence of stock market 		
(Ayele, 2021)	Unpublished	<ul style="list-style-type: none"> - More information for decision making - Improve transparency - Reduce cost of capital - Increase foreign direct investment - Improve internal audit systems 	<ul style="list-style-type: none"> - Lack of availability of competent professionals - Lack of professional institutions - Lack of competent technology 		
(Yitayew, 2016)	Unpublished	<ul style="list-style-type: none"> - Enhance efficiency of financial reports - Improve reliability and comparability of financial information - Improve quality of management information for decision making - Increase foreign direct investment 	<ul style="list-style-type: none"> - Absence of capital market - Complexity of the standard - Lack of professional associations - Volatility of earning - Existing laws - Cost of implementation - Resistance to change 	<ul style="list-style-type: none"> - Availability of financial market - Level of accounting education - Existence of professional associations - Level of awareness and attitude - Legal system 	
(Tibebu, 2017)	Unpublished	<ul style="list-style-type: none"> - Avoid disharmonized reporting practices - Increase transparency - Lower cost of information processing and decision making - Increase customer base of public accountants and auditors 	<ul style="list-style-type: none"> - Complexity of the standard - Inadequacy of professional bodies - Poor technological advancement - Absence of capital market - Low level of expertise knowledge 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
(Mengesha, 2016)	Unpublished	<ul style="list-style-type: none"> - Increase transparency of financial information - Improve efficiency of financial information - Makes external financial reporting easier - Promote cross border investment 	<ul style="list-style-type: none"> - Significant cost of adoption - Need for training - Lack of guidance - Create a risk for different local or national interpretation 		
(Lema, 2017)	Unpublished	<ul style="list-style-type: none"> - Increase efficiency and effectiveness of financial reporting - Provide reliable and comparable financial statement - Improve transparency - Greater effectiveness of internal audit - Better information for decision making - Minimize information asymmetry - Better risk management - Promote cross boarder investment 	<ul style="list-style-type: none"> - High cost - Complexity of standards - Lack of implementation agents - Lack of guidance - Lack of professionals - Need for training - Absence of commitment - Existing tax law 		
(Kedir, 2019)	Unpublished	<ul style="list-style-type: none"> - More simplicity in raising funds abroad - Reduce cost of capital - Boost confidence of financial information users 	<ul style="list-style-type: none"> - Lack of preparedness - Difficulty of understanding the standard - Conflicting directives by regulators 		
(Shimels, 2018)	Unpublished	<ul style="list-style-type: none"> - Increase transparency of financial reports - Reduce cost of capital - Improve efficiency and effectiveness of financial statements - Produce reliable and comparable financial statements 	<ul style="list-style-type: none"> - Significant cost of adoption - Need for training - Complexity of the standard - Lack of implementation guidance - Lack of market information 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
(Abebe, 2018)	Unpublished	<ul style="list-style-type: none"> - Brings transparency and accountability - Increase comparability - Improves correspondent bank relationships - Attracts foreign direct investment - 	<ul style="list-style-type: none"> - Conflicting directives - Lack of readiness - Lack of adequate guidance - Lack of active market and independent valuers - Lack of professionals 		
(Shiferaw, 2018)	Unpublished	<ul style="list-style-type: none"> - More transparent and accurate disclosure - Increase effectiveness of internal audit - Increase mobility of finance and labor 	<ul style="list-style-type: none"> - Significant cost of implementation - Need for training - Lack of readiness - Lack of implementation guidance - Lack of enforcement capacity - IT problems 		
(Bekele, 2016)	Unpublished	<ul style="list-style-type: none"> - Increase transparency - Reduce cost of capital - 	<ul style="list-style-type: none"> - Significant cost of adoption - Need for training - The complex nature of the standards - Lack of implementation guidance - Increase volatility of earning - Market inadequacies 		
(Tesfaye, 2018)	Unpublished	<ul style="list-style-type: none"> - Reduce cost of capital - Increase transparency and understandability - Facilitates foreign investment - Increase reliability and comparability of financial information - Reduce information asymmetry 	<ul style="list-style-type: none"> - Inadequate good governance and corporate transparency - Weak understanding of the standard - Resource miss utilization - Complexity of the standard - Inadequate training - Resistance to change 		
(Seleshi, 2017)	Unpublished	<ul style="list-style-type: none"> - Improved efficiency and effectiveness of financial reporting 	<ul style="list-style-type: none"> - High implementation cost - Complexity of the standards - Lack of implementation 	<ul style="list-style-type: none"> - Educational level - Professional bodies - Company size 	

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
		<ul style="list-style-type: none"> - Comparability and reliability - Facilitate easier external finance - Increase transparency - Better decision making 	<ul style="list-style-type: none"> guidance - Potential volatility of earnings - Lack of professionals - Need for training - Market problems - IT problems 	<ul style="list-style-type: none"> - Capital market 	
(Berehanu, 2016)	Unpublished	<ul style="list-style-type: none"> - Brings efficient, effective, reliable and comparable financial reporting - Increases transparency - More effective internal control - Enhance investment opportunities - Better disclosure - Improves regulatory oversight 	<ul style="list-style-type: none"> - High cost of implementation - Lack of professionals - Lack of comprehensive training - Lack of independent oversight body - Volatility of earning - IT issues 		
(Feyisa, 2021)	Unpublished	<ul style="list-style-type: none"> - Improved transparency, efficiency, reliability and effectiveness of reporting - Makes access to external finance easier - Increase effectiveness of internal audit - Reduces cost of capital 	<ul style="list-style-type: none"> - High cost of implementation - Complexity of the standards - Lack of implementation guideline - Lack of training - Non-inclusion of IFRS in higher education curricula - Lack of follow up - IT problems 		
(Bahiru, 2021)	Unpublished	<ul style="list-style-type: none"> - More transparent financial statements - Reduce cost of capital 	<ul style="list-style-type: none"> - Significant cost of adoption - Lack of guidance - Lack of proper training - Lack of proper evaluation and instruction - Lack of professionals - Volatility of earning - Unavailability of benchmark 		
(Alemi & Pasricha, 2016)	Published	<ul style="list-style-type: none"> - Enhance comparability - Enhances foreign direct investment 	<ul style="list-style-type: none"> - Knowledge gap - Shortage of qualified professionals 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
		<ul style="list-style-type: none"> - Increases access to finance - Helps to establish a legal backing for accounting and auditing systems 	<ul style="list-style-type: none"> - Resistance to change - High cost - Absence of professional institutions - Emergence of unfair competition among professionals 		
(Wodaje & Rahmeto, 2019)	Published	<ul style="list-style-type: none"> - Better reflects performance - Improves decision making - Improves comparability - Makes it easier to access finance from abroad 	<ul style="list-style-type: none"> - Complexity of user guide - Complexity of conversion process - More staff requirement - Lack of skill - Non retention of key employees - Cost of implementation 	<ul style="list-style-type: none"> - Adaptability - Suitability - Necessity - Perceived benefit 	<ul style="list-style-type: none"> - Constraints
(Ayele, 2020)	Published			<ul style="list-style-type: none"> - Institutional pressure - Project governance - Cultural factors 	<ul style="list-style-type: none"> - Economic factors
(Shiferaw & Assefa, 2020)	Published	<ul style="list-style-type: none"> - Provides more transparency, comparability and quality of financial reporting - Creates investment opportunities - Minimizes information asymmetry 	<ul style="list-style-type: none"> - Lack of knowledge - Lack of training - High cost - Resistance to change - Difficulties of application - Insufficient time 		
(Eskezia, 2019)	Published	<ul style="list-style-type: none"> - Increase in foreign investment - Decreases transaction cost - Reduces earning manipulation - Increases transparency 	<ul style="list-style-type: none"> - Complexity of the standard - Lack of adequate guidance - Lack of professionals - High cost - Less familiarity with IT - Lack of proper instruction and guidance 		
(Abera & Belachew, 2020)	Published	<ul style="list-style-type: none"> - More comparability - More value relevance - Higher quality - More disclosure 	<ul style="list-style-type: none"> - High cost - Complexity of the standard - Lack of awareness 		

Reference	Publication	Major Findings			
		Benefits of IFRS	Challenges of IFRS	Factors that affect IFRS adoption	
				Positively and Significantly	Negatively and Significantly
		<ul style="list-style-type: none"> - Improves monitoring - Decreases information asymmetry - Attracts investment 			
(Simegn, 2015)	Published	<ul style="list-style-type: none"> - Improves transparency, efficiency and effectiveness of financial reporting - Provides reliable and comparable financial statements - Makes external financing easier - Reduces cost of capital - Minimize information asymmetry - Better decision making 	<ul style="list-style-type: none"> - Lack of proper guidance and instruction - Need for additional training - IT problems 	<ul style="list-style-type: none"> - Subjective norm - Perceived control - Level of education 	<ul style="list-style-type: none"> - Legal system
(Gibru & Mezgebu, 2019)	Published		<ul style="list-style-type: none"> - Cost of adoption - Lack of professionals - Lack of cooperation between stakeholders 		