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Professionalization of Accountancy in Ethiopia: Trends and Challenges

By
Muridu Sirage

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Professionalization of Accountancy in Ethiopia: Trends and Challenges

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By
Muridu Sirage
GSR/0756/10

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

June 2019

Addis Ababa, Ethiopia

Addis Ababa University
College of Business and Economics
Department of Accounting and Finance
Graduate Program

This is to certify that the thesis prepared by Muridu Sirage, entitled: *Professionalization of Accountancy in Ethiopia: Trends and Challenges*, submitted in partial fulfillment of the requirements for the Degree of Master of Science in Accounting and Finance complies with the regulations of University and meets the accepted standards with respect to originality and quality.

Signed by the examining committee:

External Examiner: Zenegnaw Abiy (Ph.D.) Signature _____ Date _____

Internal Examiner: Sewale Abate (Ph.D.) Signature _____ Date _____

Advisor: Wollela A. Yesegat (Ph.D.) Signature _____ Date _____

Chair of Department or Graduate Program Coordinator

Statement of Declaration

I, Muridu Sirage declared that, this thesis entitled “Professionalization of Accountancy in Ethiopia: Trends and Challenges” have carried out independently in partial fulfillment of the requirements of the MSc Degree in Accounting and Finance with close advice and support of my advisor.

This thesis is my own work that has not been submitted for any degree or diploma program in this and any other institution, and that all source of materials used for the thesis has been appropriately acknowledged.

Muridu Sirage

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Addis Ababa

Abstract

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Muridu Sirage

Addis Ababa University, 2019

This study examines the professionalization of accountancy in Ethiopia focusing on trends and challenges. The study adopts a qualitative research approach in which interviews with key informants and document reviews are used as main data acquisition methods. The result of the study reveals that the progress in developing local professional accountancy qualification in Ethiopia is quite slow as Accounting and Auditing Board of Ethiopia (AABE) neither made joint examination arrangements nor facilitate the merging of indigenous professional accountancy associations for the establishment of Ethiopian National Accountancy Association (ENAA). The result also shows that after the enactment of the 2014 financial reporting proclamation, changes in the financial reporting practice and regulation have been experienced in the accountancy profession of Ethiopia. Further, the result of the study shows that the existence of a regulatory body has the potential to improve the financial reporting quality. Furthermore, the result of the study reveals that the indigenous professional accounting associations of Ethiopia are not able to perform core functions of professional accounting organization as they are vulnerable to resource constraints, absence of member's commitment and lack of support from the regulatory bodies. Besides, the results also indicate that the accountancy profession of Ethiopia is facing challenges including the absence of strong accountancy body, lack of communication among accounting stakeholders, unsatisfactory performance of AABE. Given these findings, the study suggests that AABE, the indigenous professional accountancy associations, and other concerned stakeholders has to build their capacity to enhance the accountancy profession of Ethiopia.

Key words: professionalization of accountancy, financial reporting proclamation, Ethiopia

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List of Abbreviations

AABE	Accounting and Auditing Board of Ethiopia
AAU	Addis Ababa University
ACCA	Association of Chartered Certified Accountants
AEA	Associations of External Auditors
ASE	Accounting Society of Ethiopia
CFAA	Country Financial Accountability Assessment
CPA	Certified Public Accountants
CPD	Continuing Professional Development
ENAA	Ethiopian National Accountancy Associations
EPAAA	Ethiopian Professional Associations of Accountant and Auditors
IPD	Initial Professional Development
IAESB	International Accounting Education Standard Board
ICAG	Institute of Chartered Accountant of Ghana
ICAN	Institute of Chartered Accountant of Nigeria
ICASL	Institute of Chartered Accountant of Sierra Leon
ICPAE	Institutes of Certified Public Accountants of Ethiopia
IESs	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federations of Accountant
IFRS	International Financial Reporting Standard
INTOSAI	International Organization of Supreme Audit Institutions

ISA	International standard on Auditing
MoSHE	Ministry of Science and Higher Education
OFAG	Office of Federal Auditor General
PAOs	Professional Accounting Organizations
ROSC	Report on Observance of Standard and Code
UK	United Kingdom
UNCTAD	United Nation Conference on Trade and Development
USA	United States of America

Chapter One: Introduction

Profession is defined simply as an occupational group that is recognized by the state and the public as having special knowledge and expertise in a particular field or occupation. On the other hand, professionalization is defined as the process by which such a group obtains the status and privileges of a profession (Ngrimwa 2016). In addition, as Gillis (2014) noted, the profession is considered as an occupation that attempts to translate its specialized knowledge and skills into social and economic rewards. And, professionalization is the term used to identify the process through which a profession succeeds in obtaining regulatory acknowledgment and restriction on the claimed activities and rights.

The accountancy profession includes skilled individuals working in a variety of roles including both professional accountants and accounting technicians (IFAC 2008). In all countries, regardless of the level of development, people, in addition to professionally qualified accountants, are involved in the accountancy profession. They possess diverse skills and function in various capacities e.g. clerks and bookkeepers, accounting technicians and information technology specialists. Such people work in both public and private sectors with distinct and important competencies (CFAA 2003).

The process of accounting professionalization in Ethiopia appears to exhibit distinct patterns during the three epochs (Mihret et al. 2009). Though there was an establishment of professional accounting association like Ethiopian Professional Associations of Accountants and Auditors (EPAAA) in 1973, the accounting practice and professionalization was not as expected in the pre-1974 (Mihret et al. 2009). The weakness of the profession can be attributed to the political environment from 1974 to 1991 (CFAA 2003). However, the important landmark in this period was the establishments of Audit Service Corporation in 1977 (Kidane 2012). Post 1991, EPAAA became better as it gained more active status than in prior periods. In the same period, other three professional associations (Ethiopian Accounting Finance Association (EAFA), the Ethiopian Charter of the Institute of Internal Auditor (IIA) and the Accounting Society of Ethiopia (ASE)) were established (Kidane 2012; Mihret et al. 2009). Generally, after 1991 there has been an improvement in the accountancy profession even though it was not as expected (CFAA 2003).

Ethiopia's accounting practice, education, and professional training are extensively shaped by the Western model. Tertiary accounting education is based on the USA model, professional accountancy training is imported from the UK and accounting practice, while not making explicit reference to any financial reporting framework, tends to have been influenced largely by the UK system (Mihret et al. 2012). The absence of a single professional accountancy body that can contribute to the development of professional accountant competencies resulted in ignorance of local context. However, Ethiopia continued trialing policy initiatives that are yet to yield a stable equilibrium with coherent links of accounting education, practice and professional training (Mihret and Bobe 2014).

Previous studies were conducted in Ethiopia by Mihret et al. (2009), Mihret et al. (2012), Mihret and Bobe (2014) on how the state, occupational group struggle, and transnational accountancy bodies influence the realization of closure by relating with those three epochs in Ethiopia's political-economic context. Another similar study by Kidane (2012) tried to examine the accounting and auditing practice in three distinct periods. Those studies were mainly focused on the history of accounting and how the changes in state ideology influenced professionalization of accountancy in Ethiopia. To the knowledge of the researcher, no study is conducted related to the trends and challenges of the accountancy profession of Ethiopia.

In light of the above discussions, the purpose of this study is to examine the current trends and challenges of the accountancy profession in Ethiopia. The remaining part of this chapter is structured as follows: The first section presents statement of the problem. The next section states the broad research objective and specific research questions. Subsequently, the third section deals with the significance of the study followed by the scope and limitations of the study. Finally, an organization of the paper is discussed.

1.1. Statement of the Problem

A key component towards a successful and efficient implementation of international accounting standards requires highly qualified professionals that can be developed through education, training, and experience. The shortage of accountants is worse in developing countries that do not have full capacity to train qualified professional accountants (UNCTAD 2013). The number of qualified professional accountants in Ethiopia is too small which requires developing

internationally accepted national professional accountancy qualification. And also, acquiring professional accountancy qualification, especially if studying abroad, is enormously expensive for Ethiopians (AABE 2015; Williams 2017).

According to Uche (2007), the level of economic, social and political development of any country usually determines the accounting needs of that country. Even though Ethiopia is experiencing rapid economic development, lack of qualified manpower and active accounting professional bodies significantly influences the developments of the accountancy profession. Professional bodies are the heart of setting, maintaining and monitoring educational and professional qualifications for professionals. And also, they ensure university degrees remain relevant to the changing needs of the industry and the economy at large (Green 2015). Though ROSC (2007) recommended having such accountancy body in Ethiopia, it has not been established yet.

Further, there is no local accountancy qualification and training program in Ethiopia, rather foreign-based qualification is the prevailing condition. According to Mihret et al. (2012) certified members qualified by a foreign accountancy body might be expected to lack the motivation to shift professional commitments to EPAAA and away from the parent accounting body to which they are members. Again, there was no active participation to develop the accountancy profession by those expected to do so (CFAA 2003). The inability of professional bodies to train and develop sufficient accounting manpower which is relevant to the economic development will result in failure and having of accountants which are not suited for the economic situations of the country (Uche 2007).

To enhance the financial reporting and regulatory environment, the government of Ethiopia passed a law in 2014 setting up Accounting and Auditing Board of Ethiopia (AABE). And also, the regulatory power over the accountancy profession were transferred from the office of the auditor general to the AABE (Huck 2015). The Financial Reporting Proclamation of 2014 provides AABE the duties to oversee the financial reporting practice and the accountancy profession of Ethiopia.

Since its establishment, among the responsibilities of AABE includes: regulating the profession, issuing a national professional accountancy qualification training and building the accountancy profession through supporting the establishments of accountancy body (AABE 2015). Those

stated objectives are the instruments in the professionalization of accountancy. In addition, changes in the accountancy practice and activities performed by accounting professionals can be fueled by the existence of a regulatory body (Morini 2016). Therefore, examining the progress in achieving those stated objectives along with changes in the profession provides insight regarding the professionalization of accountancy in Ethiopia today and how different it is before the enactment of the financial reporting proclamation. Therefore, the absence of the previous studies in line with the above-discussed issues called for the current research.

1.2. Broad Research Objective and Specific Research Questions

The broad objective of this study is to examine the current trends and challenges of professionalization of accountancy in Ethiopia. Based on this broad objective, the following specific research questions (RQs) are developed.

RQ1. How is the progress in establishing a local professional accountancy qualification in Ethiopia?

RQ2. How is the trend in the professionalization of accountancy in Ethiopia before and after the enactment of the financial reporting proclamation in 2014?

RQ3. How is the role of indigenous professional accounting organizations/ associations in developing the accountancy profession in Ethiopia?

RQ4. What are the challenges in the professionalization of accountancy in Ethiopia?

1.3. Significance of the Study

As the study focused on the current trends and challenges of the accountancy profession of Ethiopia, the information provided in this study has much importance for different accounting stakeholders in terms of providing insights and knowledge. Specifically, the study is very helpful in identifying the roles and existing status of the indigenous professional accountancy organizations in the development of the accountancy profession of Ethiopia. Additionally, the study has also much importance in providing insights into how AABE has been progressing to build the accountancy profession of Ethiopia after its establishment. Further, the study would increase the researcher's knowledge of empirical as well as theoretical levels. Finally, the study might have a significant contribution to future researchers who need to conduct a study in this and related fields.

1.4. Scope and Limitations of the Study

The study focuses on the trends and challenges of the accountancy profession in Ethiopia by considering the activities of AABE and professional bodies like EPAAA, ASE, and Associations of External Auditors (AEA). Accordingly, participants from AABE, indigenous Professional Accounting Organizations (PAOs), Addis Ababa University (AAU), Ministry of Science and Higher Education (MoSHE), Associations of Chartered Certified Accountants (ACCA), HST audit firm and other three well informed professionals in the audit service are consulted to generate the relevant information that helps the achievement of objectives of the study.

Those above indigenous professional bodies are considered purposely because of their long years of existence, broader responsibility in the accountancy profession and constituting of academic professional members (ASE). Beside other audit firms, HST audit firm is mainly considered because the firm is the first professional accounting partnership in Ethiopia with combined experiences of over 18 years. So, the study examines the progress in the accountancy profession before and after the establishments of AABE, the roles of indigenous PAOs in the development of the accountancy profession and the profession's challenges in Ethiopia generally.

The major limitation of the study is that it has not incorporated other regional professional associations, participants from other higher education institutions and audit firms other than those mentioned above due resource constraint.

1.5. Organizations of the Study

The thesis is organized into five chapters. The first chapter presents the introduction to the thesis including statement of the problems, objective of the study, research questions, significance of the study, and scope and limitation of the study. The related literature is reviewed in the second chapter. In the third chapter, the research methodology including the method adopted and techniques that is used in data collection and analysis is offered. Consequently, the fourth chapter discusses the results and analysis of the findings of the study. Finally, the fifth chapter presents the conclusions and recommendations based on findings.

Chapter Two: Literature Review

The previous chapter highlighted and introduced the study in general. While the purpose of this chapter is to review literature which are relevant to the accomplishments of the intended objectives. It is organized into three sections. The first section reviews theoretical studies on accounting profession while the second section presents the empirical evidence on accountancy professional practice of different countries and related issues. The final section provides concluding remarks on the review of the literature and identifies the knowledge gap.

2.1. Theoretical Studies

This section briefly discusses the concept of profession and professionalism, professionalization process, the relations of an accountancy profession with state and globalization, professional associations and their role, and international education standards for professional accountants. Finally, the concern is about the code of ethics for professional accountants.

2.1.1 Professionalism

The profession is defined simply as an occupational group that is recognized by the state and the public as having special knowledge and expertise in a particular field. On the other hand, professionalization is defined as the process by which such group obtains status and the privileges of a profession (Ngrimwa 2016). As indicated in Gillis (2014), Profession is considered as an occupation that attempts to translate its special knowledge and skills into social and economic rewards. And, professionalization is the term used to identify the process through which a profession succeeds in obtaining regulatory acknowledgment and restriction on claimed activities and rights.

Moreover, the Merriam-Webster dictionary defines professionalism as "the conduct, aims, or qualities that characterize or mark a profession or a professional person"; and it defines a profession as "a calling requiring specialized knowledge and often long and intensive academic preparation." These definitions imply that professionalism encompasses a number of different attributes and together with these attributes identify and define a professional (Porcupile 2015). Traditional sociological accounts held that the professions were a distinct class of occupations

recognizable by their traits (e.g. use of codes of ethics, self-regulation, systems of education and credentialing) and their reliance on specialized and arcane knowledge (Richardson 2017).

According to Kokemuller (2018), professionalism includes a variety of personal qualities and behaviors including (i) commitment and confidence; (ii) responsibility and dependability; (iii) ethics and honesty; and (iv) appearance and professional presence. Other authors also tried to explain the profession by considering its characteristics or attributes. For instance, Saks (2012) stated, profession possesses a diverse range of characteristics or attributes which includes knowledge, expertise, and others such as playing a positive part in the community which differentiates it from other occupations. Therefore, professionalism requires those working as professionals to be worthy of that trust, to put clients first, to maintain confidentiality and not use their knowledge for fraudulent purposes. In return for professionalism in client relations, some professionals are rewarded with authority, privileged rewards and high status (Evetts 2014).

2.1.2 Professionalization Process

For a long time, the sociological analysis of professional work has differentiated professionalism as a special means of organizing work and controlling workers (Evetts 2014). According to Abbott (1988), the early works on professionalization had based on the functional assumption which attributed the collegial organizations of professions to their position as experts. Further, the functionalist and trait approaches to the sociology states that, professions are concerned with defining the characteristics of a profession and identifying the role they fulfill in society (Hewitt et al. 2007).

The interactionism perspective of professionalism views the profession simply as a socially negotiated label based on occupational ideologies, not least in terms of the knowledge and skills involved. And, the neo-Weberian perspective of professionalization is centered on attaining a particular form of formal legal regulation with registers creating bodies of insiders and excluding outsiders (Saks 2012). Moreover, according to Wenocur and Reisch (1983), there are different perspectives regarding professional phenomena including the structural-functional perspective of professions that supports the dominant ideology and the political-economic perspective ties the profession squarely to social class.

In many ways, accounting is unique among the professions. It does not advocate, heal, or counsel; nor does its primary obligation run to those who retain its services. Rather, it applies a coherent system for communicating financial status and certifies to its presentation. As such, if the profession's work is to have value, it must rest on the profession's ability to maintain and justify a high degree of public trust and confidence (Williams 1981).

Accounting professionalization processes appear dependent upon a diverse and complex set of political, economic, and social contexts in which they take place (Mihret et al. 2009). A conceptual model of accounting professionalism encompasses three key conditions that define professionalism, namely: professional power; associational control; and, sustaining ideology (Birkett and Evans 2005).

What it is intended with the process of professionalization and which elements are involved in this process are going to be explained through several theories. It has been told that the industrial revolution led to important transformations in accounting practices and activities aiming at recording new economic entities. Yet, affirming that it was only experienced a change in the practices of accounting could be misleading. Indeed, such changes implied that, together with activities performed by accountants, it was the perception of the accounting profession to have changed, alongside the profession itself (Morini 2016).

2.1.3 The Accounting Profession and the State

The idea of 'the State' essentially is that there should be a single, unified source of authority in each area, drawing upon the undivided loyalties of a population, operating in a well-organized way, and directed towards the interests of a whole society (Ngrimwa 2016). The state and the profession have an interdependent relationship, as the state depends on the professional association to regulate matters of the profession and monitor the quality of practitioners. This in turn allows the profession to exercise a degree of authoritative power by controlling market entry in order to achieve closure (Altaher 2014).

According to Morini (2016), professional associations and state's relationship is best interpreted as one of interdependence and tension, each party enabling as well as constraining the other. The professions cannot exist unless the authorization of the State, therefore they are the weak part. As accounting associations turned to the state for the power to close the profession, the associations

found that they were entering into a corporatist relationship with the state (Richardson 2017). But then it will be the State to become dependent upon the professions since they will be supplying skilled labor necessary to social and economic life (Morini 2016).

The relationship between the state and profession may be affected by factors such as public expectations; developmental requirements of the state; knowledge base of the profession; social relationship; and professional lobbying (Uche 2007). The profession's engagement with the state had a reciprocal effect. Although the associations may have approached the state as a source of power to enhance its position in society, they found that the state saw in the accounting profession a means to deal with issues in the regulation of the economy (Richardson 2017).

2.1.4 Accounting and Globalization

In the last twenty years many businesses, and other organizations have become global in their focus and operations. So too has the accounting profession (ACCA 2008). Accounting is an instrument and an object in globalization but its impact and manifestation are not same across developed and developing countries and also the development of the accounting profession in developing countries faces competition from developed global accounting firms (Hopper et al. 2017).

Professional accountants now often work in a milieu which requires an understanding of the business environment and standards in several countries. Mobility is the key to ensuring that business has access to the best professional accounting resources (ACCA 2008).

Continued globalization will present opportunities and challenges to those in and around the accountancy profession. Professional accountants will need to anticipate and accommodate emerging differences in business practices, geographies, roles, responsibilities and regulations. And also, it is required to develop the necessary technical knowledge, skills, and ethics, in addition to displaying interpersonal behaviors and qualities (ACCA 2016). Individual states have used the models propagated by the transnational bodies as a guide to their own operations and have delegated important standard-setting roles to them (Richardson 2017).

2.1.5 The Role of Accountancy in Economic and Business Environment

Accounting plays an essential role in economic development. High-quality corporate reporting is key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, thus promoting financial stability (ACCA 2012). When professional accountancy organizations (PAOs) function properly, they hold the power to support the production of high-quality financial information, contributing to public and private sector development, economic growth, and the aid effectiveness agenda (IFAC 2013). The major area of economic development where accounting information is very important in a developing country is that economic planning, capital formation, and taxation (Taufu'i 1996).

Professional accountants in business are a key pillar in organizations helping to create and sustain value and growth. Their ability to continue to fulfill these roles in the face of constant environmental changes is vital to their continued relevance. Professional accountants in business are also the front runners when it comes to upholding the quality of financial reporting and providing the broader public with reliable financial information (Jui and Wong 2013).

Early government concerns about the need to train low-level accounting manpower which has crucial to the development of the local economy did little to sensitize indigenous accounting associations (Uche 2007). These emergent Professional accounting bodies also need to pay attention to their members in business and provide them with the support they need in order to succeed in their roles. Their voices also need to be represented. Achieving success on all these fronts will drive continued recognition by society of the value of professional accountants in business. This shapes the continued success of the accountancy profession as a whole (Jui and Wong 2013).

2.1.6 Professional bodies and their Role

Professional associations are a group of people who come together to form a professional organization. They are dedicated to the advancement of the knowledge and practice of the profession through developing, supporting, regulating of standards for technical and ethical competence. Furthermore, they set standards that must be achieved, maintained and enhanced through the professional's career. This supports the public's trust. Beyond this, they seek to raise

the standards of the profession, increase understanding and protect the public interest. Through this, they build social and economic capital (Moyo 2016; Green 2015).

A remarkable fact is that the structure of high-level professional education and qualifications has developed with little. With the changes that have taken place in education and training over the last fifty years, professional bodies have tended to provide, through their qualifications, a consistent benchmark. However, while these bodies are structured along fairly straightforward functional lines, it is important to note that it is the whole more than the individual elements of a professional body that ultimately makes them socially and economically useful (Green 2015).

Professional accounting bodies globally have the important mandate of representing, promoting and enhancing the global accountancy profession. At the national level, the professional accounting body is the voice for the nation's professional accountants; this includes all professional accountants both in practice and in business. Because they play different roles in the society, the overall status of the accountancy profession can only be strengthened when both professional accountants in practice and in business are well-perceived by society (Jui and Wong 2013). The role that professional bodies play within social mobility is complex. Their role to set standards, by its very nature, inhibits access to the unqualified. But their role to promote education, career choices and to widen membership routes both opens up and propels the careers of all. Balancing these two roles can lead to tension, but it is important to observe that many other aspects associated with social mobility are not necessarily able to be influenced by professional bodies, instead of manifesting themselves within society at large (Green 2015).

According to Moyo (2016), professional associations have the role of (1) giving common vision and goal to the profession; (2) aggregates efforts, thoughts, and ideas of members; (3) gives power and credibility to the profession; (4) resource to keep members up to date; (5) provide structure and governance to the profession; and (6) advocate for the provision of quality care.

Professional accounting bodies grants recognition and license to professional accountants to render an accounting and financial services to the public (Dauda et al. 2015). An Effective PAO enables to have (1) sustainable organization through Legal framework; Institutional & managerial capacity and Intellectual & professional capacity; (2) A relevant organization through adding Value to members, students, stakeholders and to society; and (3) Standards and enforcement through education, training & qualification, adoption & implementation of

international standards and monitoring & enforcement (IFAC 2018). Moreover, according to Green (2015), Professional bodies play a major role in improving productivity within their respective industries including (1) Providing education, qualifications, and training ;(2) Improving standards and culture; (3) Providing essential networks to exchange experience and information; and (4) Responding issues through research.

According to IFAC (2013), the followings are the Role of PAOs in National Financial Infrastructure;

- i. **Act in the Public Interest-** functioning as an integral aspect of the delivery of public value globally.
- ii. **Develop and Produce Capable and Competent Accountancy Professionals-** Through education, certification, and Continuous Professional Development (CPD) programs, these organizations produce competent professionals who are able to meet the demands of business and government by producing high-quality financial information, undertaking risk management and internal control activities, and furthering corporate governance.
- iii. **Promote and Enforce Strong Professional and Ethical Standards-** Through adoption and implementation of international professional and ethical standards and best practices.
- iv. **Furthering quality of financial reporting and management through review of professionals-**Through systems of quality assurance (QA) and investigation and discipline
- v. **Enhances Transparency and Accountability in the Use of Resources-** Aiding in internal management decisions in resources allocation (planning and budgeting), monitoring, and accountability.
- vi. **Act as a Resource to Government, Regulators, and Other Stakeholders-** Sound public policy guidance and advice on accountancy-related topics.
- vii. **Improves the Design and Delivery of Vital Public Services-** Utilizing the information provided through high-quality financial reporting, policymakers, and others in positions of authority.

2.1.7 Framework for International Education Standards for Professional Accountants

According to International Accounting Education Standard Board (IAESB) (2014), the accountancy profession's ability to satisfy users' information needs contributes to an efficient economy, creating value to society. The IAESB's mission is to "serve the public interest by strengthening the worldwide accountancy profession through the development and enhancement of education." Enhancing education serves the public interest by contributing to the ability of the accountancy profession to meet the needs of decision makers. Enhancing education through developing and implementing International Education Standards (IESs) should increase the competence of the global accountancy profession, contributing to strengthened public trust.

2.1.7.1 Purpose of the Framework

As per IAESB, the Framework is intended to assist IFAC member bodies, as they have direct or indirect responsibility for the education and development of their members and students. It should also enhance the understanding of the work of the IAESB by a wide range of stakeholders including: (1) Universities, employers, and other stakeholders who play a part in the design, delivery, or assessment of education programs for accountants; (2) Regulators who are responsible for oversight of the work of the accountancy profession; (3) Government authorities with responsibility for legal and regulatory requirements related to accounting education; (4) Accountants and prospective accountants who undertake their own learning and development; and; (5) Any other parties interested in the work of the IAESB and its approach to developing publications on accounting education.

The Framework developed by IAESB has two parts. Part one deals with the educational concepts of (a) competence, (b) initial professional development, (c) continuing professional development, and (d) assessment used by the IAESB when developing IESs. Part Two describes the nature of IESs and related publications, as well as related IFAC member body obligations.

According to IAESB (2014) part one of the Educational Concepts includes;

Competence- is defined as the ability to perform a work role to a defined standard with reference to working environments. To demonstrate competence in a role, a professional accountant must possess the necessary (a) professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes.

Learning and development- is an ongoing process of acquiring, maintaining, and renewing competence at an appropriate level throughout a professional accountant's career. The primary types of learning and development are defined by the IAESB as follows:

- a. Education-** is a systematic process aimed at acquiring and developing knowledge, skills, and other capabilities within individuals, a process that is typically but not exclusively conducted in academic environments.
- b. Practical experience-** refers to workplace activities that are relevant to developing competence.
- c. Training-** is used to describe learning and development activities that complement education and practical experience. It has a practical bias, and is usually conducted in the workplace or a simulated work environment.

In a constantly changing work environment, both learning to learn and a commitment to lifelong learning are integral aspects of being a professional accountant. According to IAESB (2014), the IESs address both Initial Professional Development (IPD) and CPD which are discussed below;

Initial Professional Development- includes general education, professional accounting education, practical experience, and assessment. IPD continues until individuals can demonstrate the competence required for their chosen roles in the accountancy profession. IPD goes beyond knowledge of principles, standards, concepts, facts, and procedures at a given point in time. It includes the ability to integrate (a) professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes. Such competences enable individuals to identify issues, know what knowledge is relevant, and know how to apply that knowledge and professional judgment to resolve issues ethically.

Continuing Professional Development- Change is a significant characteristic of the environment in which professional accountants work. Pressures for change come from many sources, including (a) globalization, (b) advances in technology, (c) business complexity, (d) societal changes, and (e) the expansion of stakeholder groups, including regulators and oversight bodies. The competence gained during IPD is continually renewed, modified, and/or expanded through CPD.

2.1.8 International Ethics Standards Board for Accountants (IESBA's) Code of Ethics for professional Accountants

The code requires professional accountants to comply with the fundamental principles of ethics and professional accountants to be independent when performing audit, review and other assurance engagement (IESBA 2018).

Authorized auditors and accountants have an important role in society. Investors, creditors, employers and other sectors of the business community, as well as the government and the public at large, rely on professional accountants for sound financial accounting and reporting, effective financial management and competent advice on a variety of business and taxation matters. The attitude and behavior of professional accountants in providing such services have an impact on the economic wellbeing of the community. Therefore, they should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate a commitment to professionalism. The Code recognizes that the objectives of the accountancy profession are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement (OFAG 2009).

As per the IESBA standards issued on 2018 and the code of ethics of professional accountant issued by the office of Federal Auditor general of Ethiopia, Any professional accountant should follow the fundamental principles of the code of ethics of professional accountant though out his professional life

IESBA's professional code of ethics has three sections. Part 1 deals with complying with the code, fundamental principles, and conceptual framework. Part 2 and part 3 are about professional accountants in business and in public respectively.

2.1.8.1 Fundamental Principles For Code of Ethics For Professional Accountant

As per IESBA of 2018, there are five fundamental principles of ethics for a professional accountant:

- A. Integrity-** To be straight forward and honest in all professional and business relationship.
- B. Objectivity-** not to compromise professional or business judgment because of bias, conflict of interest or undue influence of others.

C. Professional competence and due care- to:

- i. Attain and maintain professional knowledge and skill at all level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation; and
- ii. Act diligently and in accordance with applicable technical and professional standards.

D. Confidentiality- To respect the confidentiality of information acquired as a result of professional and business relationships

E. Professional behavior- to comply with relevant laws and regulations and avoid any conduct that professional accountants know or should know might discredit the profession.

2.2. Empirical Studies

As previous studies on the development of the accounting profession in various locations were examined in professionalization literature, this section critically reviews the extant empirical literature on the professionalization of accounting to understand the research gap in the professionalization of accounting in developing and emerging economics, particularly on the Ethiopian accountancy profession.

Dauda et al. (2015) studied the drawback to the development of accounting practices in Nigeria. The study tried to examine the practice of accounting profession in order to identify those threats and challenges serving as an obstacle to its development in Nigeria. To achieve its objective, the study used primary and secondary data. The study result has identified a shortage of accounting teachers and the lack of compliance with the profession's ethics by practitioners following protection of personal interest as some of those challenges/threats to the accounting profession. The study recommended that, while the academics and the professional accountants are called upon to be committed and proactive as they handle their various functions of theory generation, field practices and advancement of accounting knowledge, regulators should consider objectivity and sincerity as they work out rules for the practice of accounting profession.

Ngrimwa (2016) studied an empirical investigation of the development of the accounting profession in the Republic of Sudan in the post-independence era (1956-2010). The study applied a qualitative case study, by taking into note the local accountancy association. The study found that Sudan's connection with Britain and the continuing British interests in the post-independence period have significantly impacted upon Sudan's business, social, political and educational spheres not only that but also the British-based ACCA is dominating in the accounting profession in Sudan despite the existence of the country's local accountancy associations. In addition, the study also revealed that, albeit the accountancy profession in Sudan was largely influence and overshadowed by the British-based ACCA from 1956 to 2010, yet there exists significant cooperation in the form of a Joint Exam Council between the ACCA and Sudan Council of Certified Accountants (SCCA).

Uche (2007) studied the development of the accounting profession in Ghana, Nigeria and Sierra Leone in the context of the various political and social environment. The study, which was

exploratory, examined the role of professional bodies in enhancing economic development in developing countries. The study summarized that the inability to train and develop sufficient accounting man power relevant for the economic developments of those countries along with ineffective cooperation by the indigenous professional bodies are the major reasons for failing of the professional accounting bodies in Ghana, Sierra Leone, and Nigeria. Accordingly, the author recommended that indigenous accounting bodies in the three countries should concentrate on the developments of accounting manpower which is relevant to the level of economic development. Further, the study also recommended that the training program for accounting technician, which has already established in Ghana and Nigeria should be strengthened.

Another study was conducted by UNCTAD (2013) concerning the accounting and corporate reporting issues in different countries. According to the study, there are many challenges in the accounting and corporate practice including lack of capacity and qualified human resources to the successful implementation of international standards, lack of coordination to improve education and training among stakeholders, and absence of government funding are witnessed across countries. Moreover, the study found that the shortage of accountants is worse in developing countries that do not have full capacity to train qualified professional accountants. Finally, the study recommended that the perception of the accounting profession should change significantly, the government should involve indirectly to support the members of PAOs, and introduction of a unified professional accountant qualification examination along with trainings that meet the requirements of IFAC as the outstanding issue.

ROSC (2011) studied that in Zimbabwe there is no coordination of university education programs with professional qualifications and regulation that results in a significant gap between university accounting graduates and required skills to serve in the corporate sector. Another study by IFAC (2012) found that in Costa Rica the local law prevents the PAO from requiring candidates to pass a professional examination to attain membership. Additionally, the study showed that in some Latin American countries the existence of an excessive number of professional associations results in the profession being fractured, disorganized and underfunded.

In Ethiopia, Mihret et al. (2009), Mihret et al. (2012), Mihret and Bobe (2014), reviewed regarding accountancy profession from a different perspective. They studied historical developments of accounting practice, education, and professional training in Ethiopia covering

the period from 1905 to 2011 by considering the country's relation with Britain and the USA. Additionally, Kidane (2012), examined the accounting and auditing practice of Ethiopia based on a review of relevant documents.

The study by Mihret, et al. (2009) examined accounting and auditing professionalization processes in the context of alternating state ideology in Ethiopia to identify how changes in the country's politico-economic condition impacted on these processes. The study employed archival evidence and oral history of emerging indigenous accounting and auditing associations in Ethiopia. The study found that even though there were no enough initiatives to establish indigenous accounting bodies, the accountancy profession exhibited different patterns in three epochs in which Ethiopia had different state ideologies. In addition according to the study, there was little success in establishments of strong professional bodies. The study also found that state role in the supply of accounting labor, interactions between the state and global forces, and inadequate 'signals of movement' for indigenous accounting profession as a fallback are identified as key themes in the dynamics.

Another study by Mihret et al. (2012), examined accounting professionalization in Ethiopia focusing on how the state, occupational group struggle, and transnational accountancy bodies influence the realization of closure. The study adopted a qualitative research approach and data were collected using document review and oral history approaches. The study found that the accountancy profession in Ethiopia was initiated by the state to strengthen the country's financial system. The study also mentioned that prior to 1991 government exerted more influence on the accounting profession but post-1991 the accountancy profession became more autonomous. Additionally, the study also stated that in recent decades Ethiopia's accountancy is influenced by the UK- based ACCA. Moreover, the study also indicated that ACCA control and consolidates its position in Ethiopia's accountancy by controlling EPAAA's member training and certification.

The study by Mihret and Bobe (2014) adopted a history based literature analysis of publicly available documents including professional and academic publications supplemented with the interview. The main findings of the study regarding accounting practice, education and professional training in Ethiopia was that the predominance of ACCA qualified Ethiopians in the professional accountancy market and the American orientation of the accounting curriculum is

continued. Again the study also mentioned that the active role of ACCA in accountancy practice and professional training contributed to the perpetuating incoherence of accounting education, practice and professional training in Ethiopia. Additionally, the study also found that in the case of Ethiopia, neither professional training nor accounting education is sufficiently grounded in the country's realities rather EPAAA continued importation of the ACCA qualification training. Finally, the study also highlighted that it is better to adopt a holistic approach to accounting reforms in Ethiopia.

The study by Kidane (2012) adopted a case study method by taking Ethiopia. The study used secondary data from reports of different institutions. Similar to the above studies in Ethiopia, the study by Kidane (2012) tried to examine the accounting and auditing practice in three distinct periods from a developing market economy (pre-1974), communist economy (from 1974 to 1991), and then back to a market-oriented economy (1991 onward). The study found that government regulation and proclamations since the 1920s have contributed to the developments of accounting in the country. Additionally, the study mentioned that the developments of accounting from the 1900s to 1974 were continuous which is in contrast to the communist economy. Moreover, Kidane (2012) studied that the communist period cannot be considered as totally negative because the government made an attempt to found internal audit which has a root in the strength of internal audit relative to the external audit of Ethiopia today.

2.3. Conclusions and Knowledge Gap

In the last few years, there is an increasing trend toward the adoption of international standards and codes for corporate reporting which requires highly qualified professionals for its successful implementation (UNCTAD 2013). Some developing countries rely on neighboring countries or other organizations at the international level to provide training and certification. A big challenge identified by IFAC in those developing countries is the lack of a regulatory framework that facilitates the development of the accountancy profession and PAOs. As a result of the complex nature of the accounting profession, the PAOs of the developing countries now have a big role in the development and improvements of the accountancy profession of the country. Additionally, many developing countries particularly, former British colonies are influenced by the UK. Even

though Ethiopia is undertaking accounting reforms, the country's accounting practice and professional organizations are shaped by UK practices (Mihret et al. 2012).

Except for the study by Mihret et al. (2009), Mihret et al. (2012), Mihret and Bobe (2014) and Kidane (2012), the remaining empirical studies that were reviewed in the preceding section focused on the different countries' practice of the accountancy profession. Basically, those studies discussed how the accountancy profession is progressed and also how the accountancy practice is affected by other developed countries especially the UK. The studies also provided the challenges in the accountancy profession of different countries with their respective government and PAOs.

However, to the knowledge of the researcher, it is possible to conclude that although there was a number of studies on accountancy profession both in the developed and developing countries, Ethiopia in particular, there are no studies that exhaustively examine the accountancy profession's trends and challenges after the establishments of a regulatory body (AABE). In Ethiopia, the exception is the studies by Mihret et al. (2009), Mihret et al. (2012), Mihret and Bobe (2014) and Kidane (2012). In all cases, the studies tried to show the history of accounting as well as the influence of changes in the state ideology and transnational accountancy bodies on the accountancy practice and education of Ethiopia. However, this study addresses the professionalization of accountancy by focusing on the trends including the progress in the establishment of local professional accountancy qualification, the roles of indigenous PAOs in the professionalization of accountancy and the challenges of the profession in general which are not addressed yet.

Chapter Three: Research Design and Methodology

The previous chapter discussed both theoretical and empirical studies along with conclusions and knowledge gap. The intent of this chapter is to discuss the underlining principles of research methodology and the research methods adopted to fulfill the broad research objective and research questions along with justification for selecting a particular method for the study. Accordingly, the discussion in this chapter is organized in five sections. Section 3.1 presents the broad research objective and specific research questions. Section 3.2 outlines the research design. Section 3.3 discusses the research approaches while section 3.4 provides methods adopted in the study with justification for prioritizing a particular method. Finally, methods of data analysis is offered.

3.1. Broad Objective and Research Questions

The broad objective of this study is to examine the current trends and challenges of accountancy profession in Ethiopia. In light of the broad objective, the study outlines the following four specific research questions.

RQ1. How is the progress in establishing a local professional accountancy qualification in Ethiopia?

RQ2. How is the trend in the professionalization of accountancy in Ethiopia before and after the enactment of the financial reporting proclamation in 2014?

RQ3. How is the role of indigenous professional accounting organizations/ associations in developing the accountancy profession in Ethiopia?

RQ4. What are the challenges in the professionalization of accountancy in Ethiopia?

In order to address the above research questions, the appropriate research design, methodology and specific research methods that are adopted is presented as follows;

3.2. Research Design

This thesis has an objective of examining the trends and challenges in the accountancy profession of Ethiopia. To achieve the stated objective, it is important to view and explore the

perspectives of homogenous and different groups along with supplementary documents. Therefore, exploratory research design is appropriate and employed for this study.

3.3. Research Approaches

There are three alternative approaches of inquiry: qualitative, quantitative and mixed approaches. These approaches are different in terms of the purpose of the research, based on the environment in which the research is done as well as methods used in data collection, analysis, and interpretation. A brief discussion about those approaches is made in the following paragraphs.

A qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. Research in such a situation is a function of the researcher's insights and impressions (Kothari 2004). In addition, they do not bring individuals into a lab (a contrived situation), nor they typically send out instruments for an individual to complete (Creswell 2007).

Qualitative research is used basically to describe what is happening within a study area and it mainly includes three kinds of data collection: in-depth interview, direct observation, and written documents (Patton 2003). In the in-depth type of interview, the researcher attempts to achieve a holistic understanding of the interviewees' point of view or situation (Dawson 2002). Document analysis is another form of qualitative research in which documents are interpreted by the researcher to give voice and meaning around an assessment topic (Bowen 2009). In contrast, the quantitative approach involves the generation of data in a quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion (Kothari 2004).

Mixed methods are the general term for when both quantitative and qualitative data collection techniques and analysis procedures are used in research design. It is subdivided into two types. It uses quantitative and qualitative data collection techniques and analysis procedures either at the same time (parallel) or one after the other (sequential) but does not combine those (Saunders et al. 2007).

To sum up, in order to achieve the research questions stated previously, the researcher used a qualitative approach in collecting and analyzing data as discussed in the following section. The selection of qualitative over the other approach for the conduct of this study is based on the research problem that needs to be addressed.

3.4. Research Methods Used

The qualitative approach focuses on explaining and understanding of the meanings to answer ‘how’ question and enables to gain rich information and detail understanding about accounting professionalization projects (Ngrimwa 2016; Bryman and Bell 2007). Accordingly, as the research questions of this thesis need professional opinions of respondents to explore and describe the trends and challenges in the development of the accountancy profession of Ethiopia, a qualitative approach is indispensable. Additionally, most previous studies like Mihret, et al. (2009), Mihret et al. (2012), Mihret and Bobe (2014), Kidane (2012), Ngrimwa, (2016), and Uche (2007) adopted qualitative research to examine the accountancy profession.

Accordingly, this study collected data through reviewing of different documents and conducting of in-depth interviews with key informants. The following paragraph briefly discusses and presents both the document study and in-depth interview.

3.4.1. Document Analysis

Document analysis is a tool conducted using documents such as written materials, organizational or program records, official publications and reports, newspapers, minutes of the meeting, and personal documents (diaries, artistic works, letters, photographs, and journals) (Patton 2003).

According to Bowen (2009), the main purpose of documentary evidence is that to combine with data from interviews to minimize bias and establish credibility. So in this study, document analysis is combined with the in-depth interview, which are main data collection methods for the qualitative types of research. Documents in the form of brochures or manuals, background papers, proclamation, institutional reports, and drafted constitution and by-laws were analyzed for examining the role and responsibilities of AABE as well as the accountancy profession trends.

3.4.2. In-depth Interview

In-depth interview is repeated face-to-face encounters between the researcher and the informants directed towards understanding informant’s perspective (Kikwalila study group 1994). As the study area needs a detailed understanding of the issue which is examined, this study used in-depth interview (unstructured interview) to explore the data that is significant for the researcher

and the information that has not been collected through document analysis by allowing the interview to remain flexible.

The design of sampling strategy for a qualitative study is important as that for quantitative inquiry (Wilmot 2005). There are no strict rules in sampling or sample size in qualitative research rather it depends on the purpose of the research, the quality of the information being collected and the available resources (Kikwalila study group 1994).

Qualitative research uses non-probability sampling so that the characteristics of individuals are used as a basis of selection, most often chosen to reflect the diversity and breadth of the sample population (Wilmot 2005). As a result to get relevant information and to achieve the intended objectives, this study employed non-probability sampling technique particularly purposive sampling in selecting participants for an in-depth interview.

The in-depth interviews were conducted with respondents from different institutions to understand how AABE and the indigenous professional accounting associations are performing in developing the accountancy profession. Additionally, to explore the trends along with the challenges of the profession in general, it is very important to have a holistic understanding of the perceptions of those selected professionals in the accountancy profession of Ethiopia which is possible through in-depth interviews. Therefore, the in-depth interviews were conducted with a total of 22 respondents including 9 respondents from indigenous PAOs (4 from EPAAA, 2 from ASE and 3 from AEA), 4 respondents from AABE, 4 respondents from audit firms, 3 respondents from AAU, and 1 respondent each from MoSHE and ACCA Ethiopia office.

3.5. Data Analysis method

After the necessary data is collected, a thematic analysis approach was followed so as to analyze the trends and challenges of the accountancy profession of Ethiopia. Accordingly, after the interviews were conducted, the researcher read and re-read through all the data continuously to understand and to become familiar with the concepts. Then the organization has been made so as to categorize the responses from each question and to create a logical theme as it is useful to produce an interview summary as soon as possible after each interview has taken place (Dawson 2002). Finally, by relating the key themes from the interview with additional information from documents, interpretations were made.

Chapter Four: Result and Discussion

The previous chapter discussed the research methodology along with the methods that are adopted in this thesis to achieve the intended objective of the study. This chapter presents the results and interpretation of data obtained from different sources. The chapter is organized into three sections. Section 4.1 presents the research objective and specific research questions. This is followed by results in section 4.2. Finally, discussions are presented in section 4.3.

4.1 Broad Research Objective and Specific Research Questions

As stated in chapter one the objective of this study was to examine the current trends and challenges of professionalization of accountancy in Ethiopia. Based on this broad objective the following 4 specific research questions (RQ) were developed;

RQ1. How is the progress in establishing a local professional accountancy qualification in Ethiopia?

RQ2. How is the trend in the professionalization of accountancy in Ethiopia before and after the enactment of the financial reporting proclamation in 2014?

RQ3. How is the role of indigenous professional accounting organizations/ associations in developing the accountancy profession in Ethiopia?

RQ4. What are the challenges in the professionalization of accountancy in Ethiopia?

4.2 Results

The subsequent sections outline the results of document reviews and in-depth interviews. Specifically, section 4.2.1 presents the result of document reviews. Then section 4.2.2 presents results of in-depth interviews with respondents from AABE, EPAAA, ASE, AEA, Audit firms, MoSHE, AAU lecturers and ACCA.

4.2.1 Results of Document Reviews

This section reviews different documents including the financial reporting proclamation, AABE's Five year strategic plan, internal documents, constitution and by-laws for establishing of Ethiopian National Accountancy Association (ENAA), drafted recommendation document for the establishments of Institute of Certified Public Accountants of Ethiopia (ICPAE) along with

drafted constitution and by-laws were reviewed to supplement the in-depth interview result and to achieve the objective of the study.

Article 4 (1) and (2) of the Financial Reporting Proclamation of 2014 discusses the establishment of AABE with a power and duties to (1) issue standards and directives to financial reporting and auditing and ensuring compliance; (2) conduct inquiry and investigation and impose administrative sanction in accordance with the proclamation where appropriate on public interest entities and public auditors to enforce compliance with financial reporting and auditing standards (3) cooperate with or become a member or affiliate of international bodies; (4) register and license public auditors; (5) provide accreditation to local professional accountancy body that satisfies the required standard; (6) oversee professional accountancy body; (7) conduct quality assurance reviews of public auditor, audit firms and persons associated with them.

Additionally, under Ministry of council regulation No. 332-2014 of Art. 6 gives AABE the power to establish and publish code of ethics for professionals, represent accounting and auditing profession of Ethiopia, conduct or arrange for the conduct of professional examination for registering certified public accountants (For more refer to “Financial Reporting Proclamation No. 847/2014” of Art. 4(2) and Regulation No. 332-2014 of Art. 6). Under article 26 (2) of the Proclamation, some of the requirements to qualify for accreditation as a professional accountancy body are; (a) comply with the requirement for professional development and achievement of professional competence prescribed by the board; (b) to have appropriate mechanism for ensuring CPD by its members; (c) to monitor and ensure its members are disciplined.

As stated in AABE (2015), AABE is the statutory body established in terms of the Financial Reporting Proclamation 847/2014, with the primary purpose of protecting the public interest. To achieve this, AABE is responsible for regulating the profession and for issuing a national professional accountancy qualification that is recognized internationally. Ministry of council Regulation No. 332-2014 of section 5 prescribes the objectives of the board as (1) Promote high-quality reporting of financial and related information by reporting entities, (2) Promote the highest professional standards among auditors and accountants; (3) Promote the quality of accounting and auditing services; (4) Ensure the accountancy profession is used in the public interest; and (5) Protect the professional independence of accountants and auditors.

As stated in the Regulation No. 332-2014 of section 8 the board consists of 12 members comprised of government organ, higher education institutions, and private sectors and from the association representing the profession. Section 11 of the regulation stated that the board shall meet regularly once in a month and decisions will be passed by a majority vote.

AABE (2015) stated that the number of qualified professional accountants in the country is too small and falls short of meeting national demand, there is a gap between what is taught at universities and the international standards knowledge required in practice and lack of local professional accountancy organization in the country. The Financial Reporting Proclamation No. 847/2014 defines professional accountancy body as an associate of accountants having as its objectives the regulation of professional competency its members and the development of the accounting profession.

Moreover, AABE (2015) stated that, the immediate step for AABE is to focus on developing skilled and competent accounting professionals to ensure effective implementation of high-quality financial reporting in the country. This includes administering examination system, Influencing curriculum in accountancy education at higher institutions to include modules in International Financial Reporting Standard (IFRS), making of twinning arrangement for the development of examination arrangements for a local professional qualification with experienced and a reputable professional accountancy organization. In addition, it is possible through developing and implementing accreditation model and criteria to accredit/recognize professional accountancy bodies and their members to further meet the demand for qualified accountants.

Furthermore, for the objectives of increasing competent accounting and auditing professionals and handling of standards, AABE (2015) stated measures of success including; (1). increasing the number of qualified professional accountants in Ethiopia; (2). successful establishment of a local professional accountancy qualification in Ethiopia; (3). setting up of certificate/diploma courses with appropriate organizations that have the capacity to offer the courses; (4). changes in curriculum at colleges to include international standards; (5). number of accredited professional accountancy bodies; and (6). effective implementation of International standards.

Article 18 (3) of the Regulation No. 332/2014 prescribes the registrations of certified auditors where it is satisfied that the applicant (a) certified public accountant; (b) meet the requirements

laid down in the directives of the board; (c). Arrangement for CPD (d). Having of the necessary competence to practice as certified auditor.

Although the legislation mandate AABE to issue directive for licensing of professionals, so far AABE has not done that; instead AABE uses the directive issued by Office of Federal Auditor General (OFAG). As Regulation No. 4/2010 prescribed a committee accountable to OFAG scrutinize the applications of accountants and auditor and recommended to the Federal Auditor General the issuance of certificates of competence. In the process of licensing professionals, now AABE does the licensing internally by forming a responsible committee constituting 5 members. Then each responsible committee member of AABE evaluates the applicant based on the criteria to certify accountants and auditors. Accordingly, beside other minor criteria including supplementing of recommendation letter from three parties along with an official transcript, there are specific criteria issued by OFAG in which the committees follow to certify authorized auditor or accountant as discussed in the next paragraph.

Basing the directives of OFAG, to be authorized auditor, the board requires to be a membership in recognized professional accountancy organization like ACCA with practicing certificate from the professional body he/she is a member along with 2 years of experience as an external auditor. However, if the practicing certificate is gained abroad, then practical experiences of both foreign and in recognized domestic audit firm of Ethiopia is required. Further to be authorized accountants, it is required to be a membership of recognized professional accountancy body or if the applicant is masters or above degree holder in accounting from recognized university, then it is required to have experience of 4 years as finance/accounting or audit manager or if the applicant is holder of bachelor of degree in accounting then 8 years of experience in finance/accounting or auditor is necessary. Moreover, the regulation No. 332/2014 specified that a certified public accountant and certified auditor who meets the criteria shall be entitled as a certified public accountant (C.P.A) and certified Auditor (C. Au).

Article 22 (1) of the Regulation No. 332/2014 also points how the board cancel the registration of CPA, a certified auditor or a firm which include (a) CPA, a certified auditor or a firm obtain registration by fraud; (b) CPA, a certified auditor or a firm no longer satisfies or acted in breach of any directives of the board; (c) the registration of CPA, a certified auditor or a firm has been canceled by the professional accountancy body of which he is a member; (d) the CPA or a

certified auditor has been convicted an offense involving dishonesty; (e) the CPA, a certified auditor or a firm has submitted incorrect information to the tax authority.

Article 28 of the Regulation No. 332/2014 prescribes professional qualification and content of educational programs which specified that the board in accordance with International Federation of Accountants (IFAC) or successor develop qualification requirements and content of education program that meets the needs of both government and private sectors. In addition, Article 29 of the Regulation also stated the board establish a twinning arrangements with accountancy body accredited by IFAC or its successor in partnership with them in joint examination scheme for experience sharing and for ensuring the board's qualification international recognition.

Article 24 of the Financial Reporting Proclamation No. 847/2014 stated the board may review the financial statements and reports filed to determine whether the financial statements and reports are in compliance with the proclamation.

There was an initiation by the indigenous PAOs to establish an Association called the "Ethiopian National Accountancy Association" abbreviated as ENAA. Constitution and by-laws were drafted in 2016 for the establishment of ENAA.

Section 18 of the by-laws prescribes that the founding members of ENAA are voting members of EPAAA, ASE, AEA and other members admitted as founding members at the time of formation of ENAA.

Section 4 of the constitution for the establishments of ENAA defines the power and objectives of the association including ; (1) To lay down standards of professional accountancy education, training and experience appropriate for practitioners in accountancy and to hold examinations of knowledge and experience and to award certificates to those who pass such examinations and tests; (2) To recognize educational institutions that provides education and training for members wishing to qualify as professional accountant in accordance with the requirements of the Association; (3) To institute and establish training courses, scholarships, grants, awards and to promote education so as to provide members with relevant information on new developments in the accountancy profession.

As stated in section 4 of the By-laws for the establishment of ENAA, membership of the Association shall consist of authorized auditor or accountant holding an authorized practicing

certificate issued by the AABE and a person who has been awarded second Degree in Accounting, Finance, Taxation, and Auditing and directly related to such fields of study and is currently teaching in recognized tertiary educational institutions can be an Academic Member. Further, Section 40 of the by-laws of ENAA stated that the association constitutes a Monitoring, Investigation and Disciplinary Committee (MIDC) to assure the members of the associations are in line with the constitution, By-laws or code of conduct in their professional practice.

A recommendation document was also drafted for the constitution and By-laws as part of the process for the development of a PAO for Ethiopia under the AABE, IFAC, and Department for International Development (DFID) Project. The Recommendations were drafted by international independent consultant. According to this document, the forthcoming Institute of Certified Public Accountants of Ethiopia (the national PAO) is expected to organize regional state-level associations, operate in-line with international standards and good practices and attain membership in the IFAC.

The drafted recommendation document pointed that to support the Ethiopian government's achievement of establishing ICPAE, the UK Department for International Development (DFID) and IFAC are working with country counterparts through the Project to Support the AABE Ethiopia in Establishing ICPAE. The drafted document stated that AABE and regional state associations including EPAAA, ASE and AEA have been preparing for the establishment of a strong unified national-level Professional Accountancy Organization (PAO) – The ICPAE - that organizes regional state-level associations.

Some of the recommendation of the drafted document by the independent consultant includes; (1) the Council of ICPAE to maintain 50 members - 6 members from each of the five larger regions (30), 3 members from each of the six smaller regions (18), one member representing the Ministry of Finance (1) and one member representing the Office of the Auditor General; (2) The role and responsibility of IFRS, ISA and IPSAS implementation activities in Ethiopia should be undertaken by the lead of ICPAE including developing awareness building programs and training programs for stakeholders (3) independently operating regional state associations should collaborate under the umbrella of the national PAO – the ICPAE– while maintaining their own individual identities and state responsibilities; and (4) The Government to fund the ICPAE at least in the initial stages of its formation until the Institute matures and own funding through

membership and other fees. Section 24 of the by-law reveals that the ICPAE may enter into twinning arrangements with any Institute which is a member of IFAC for purposes of strengthening the capacity of the ICPAE in any area which the Council of the ICPAE deems requires such support.

Section 25 of the by-law also prescribes that applicants for membership of the ICPAE shall hold a tertiary level degree (i.e., first level or Bachelor's degree) in accountancy. After the degree qualification, candidates aspiring to be professional accountants as members of the ICPAE should join a firm of CPA and sign a three (3) year training contract with the Institute. The candidate should then be required to pass a qualifying examination of the Institute in addition to completing and being discharged from the training contract before qualifying for admission to membership of the Institute as a CPA.

In addition, section 26 of the By-law states that subject to the provisions of by-law 25, qualification for admission to the Institute shall be proof if; (1) the applicant has passed the examinations, and has the practical experience, prescribed by the Council; or (2) If the application is for admission as a reciprocal member, that the applicant is a member in good standing of a body of accountants recognized by the Council for this purpose and has passed the examinations prescribed by the Council for this purpose, if so required by the Council; (3) If the application is for admission through a grandfathering arrangement, that the applicant satisfies the following grandfathering criteria and processes as provided for in Proclamation 847/2014 and its Regulation 332/2014 subject to the grandfathering period of 6 years for persons who were providing audit and assurance services and 5 years for persons who were providing accounting or auditing services to a reporting entity.

Further, section 27 of the by-law points that a professional member of the ICPAE is required to satisfy CPD requirements in accordance with the criteria and minimum number of hours specified from time to time by the Institute Council. Moreover section 39 of the By-law states that qualification for registration as a student shall be proof to the satisfaction of the Council that the applicant has passed the relevant entry examinations to be a trainee accountant as prescribed by the Council from time to time.

4.2.2 In-depth Interview Results

After its establishment, AABE has been responsible for both the regulation and development of national professional accountancy qualification. Therefore, with respect to the progress in the establishment of local accountancy qualification, the results of in-depth interviews with respondents of different institutions are presented as follows;

Respondents from Accounting and Auditing Board of Ethiopia (AABE) noted that even though it was planned to establish local accountancy qualification, totally no attempts have been made so far to develop the local qualification as the board was inactive. The respondents argued that the board became passive to carry out its activities and to hold the required meetings because of lack of commitment and unstable political terms of government officials constituting the board. The participants added that; though the decision either to establish the local qualification with the staff or through hiring consultants is necessary, there were no directions from the board that could help to establish the local accountancy qualification.

Another respondent from AABE mentioned that to develop a local accountancy qualification in Ethiopia, it is required either to have competent manpower in the country to handle the certification process or making twinning arrangements with other countries accountancy bodies by adding local variants of tax and commercial law. Other interviewees from one of the audit firms and AAU pointed that to certify professionals locally, the first consideration of AABE should be towards having competent staffs which can set, examine and mark.

Most of the respondents argued that AABE's responsibility should be to regulate and check whether activities are in accordance with the standards rather than establishing the accountancy certification. Interviews with participants from AAU and EPAAA showed that the certification should be controlled by independent or non-governmental bodies. Participants argued that, in the beginning, it was planned to establish professional accountancy body called Institutes of Certified Public Accountants of Ethiopia (ICPAE) that can take the responsibility of certification but as there is lack of government attention, it has not been achieved yet. One of the respondent from EPAAA commented that;

Initially two separate proclamations had been drafted one was about regulation and second was about the establishment of an institute to certify. Against this proposal, both responsibilities have been given to AABE. So, AABE's failure to establish the local accountancy qualification might be a priority issue.

The in-depth interviews with AABE employees and AEA showed that to have consistency, priority should be given for implementing the revised curriculum at higher education institutions instead of establishing the accountancy qualification.

Another respondent from EPAAA mentioned that AABE's attention currently is on IFRS so there has not been much focus to develop the local accountancy qualification yet. As a PAO, EPAAA also made no effort for establishing the qualification rather the focus is on training of International Financial Reporting Standards (IFRS) and Continuous Professional Development (CPD) for its members. The in-depth interviews with respondents from AAU, audit firms and ASE indicated that establishing a local accountancy qualification is not an easy task as it needs time, effort and capacity to handle. According to interviewees from EPAAA, ASE and audit firms, there are many requirements that take to establish accountancy qualification locally. It includes the formation of strong PAOs with legal backing, commitment, responsible body, government support or finance, qualified personnel to examine, professionals at a high level, well-developed code of ethics and CPD system with a quality review.

Moreover, respondents from AEA and EPAAA pointed that there was an initiation to establish strong body through merging of EPAAA, ASE, and AEA but AABE did not give the mandate as there was dissatisfaction on the organizational structure of the professional accountancy body that is going to be established. The in-depth interviews with respondents from EPAAA, audit firms and AEA revealed that government intervention is the reason for failing to have local accountancy qualification.

It has been a question that what would be the next move for ACCA if Ethiopia establishes a local accountancy qualification. In this connection, the in-depth interview with ACCA respondent indicated that as far as appropriate and transparent regulation on the accountancy environment of Ethiopia prevails, it will not be a big deal for ACCA rather it deems positive as ACCA's core value is to create accountants the world demands. The respondent added that ACCA has offices in more than 80 countries in which local qualification system exists like in Kenya, Uganda or

Rwanda but such situation didn't influence ACCA so same will be here if local accountancy qualification is introduced.

Realizing the absence of local accountancy body to qualify accountants locally, producing enough professionals to alleviate the shortage through accountancy education and training is very difficult. In Ethiopia, the number of qualified accountants and auditors is quite low. Respondents also asked to share their ideas concerning the trend in accountancy education and training to increase the number of qualified accountants and auditors.

According to respondents from AABE and ASE, efforts are made to broaden the awareness in terms of short term training for accountants and university lecturers about IFRS rather than to increase the number of qualified accountants and auditors. The interviews with most of the participants showed that the progress in producing the required number of qualified accountants and auditors is unsatisfactory as there is no local professional accountancy body in Ethiopia which gives proper accountancy education and training which, in turn, enables ACCA to control and certify accountants.

Respondents from EPAAA and ASE argued that there is a mismatch between the number of auditors in Ethiopia and the market's demand. According to the participant from EPAAA, the reason for a low number of auditors is the requirements to get the practicing license. Respondent from AABE mentioned that to be an authorized auditor, it is required to be a member of recognized accountancy body along with practicing certificate. However, according to the participant from EPAAA, the number of authorized accountant is sufficient to meet the needs of the market as their demand is mostly for the tax period.

Most of the respondents argued that accountancy education at higher institutions lacks appropriate ethical subject matters to aware students about professional ethics and value. A respondent from MoSHE argued that it is true that the education system of the higher institution is poor compared to other countries. However, it is planned to improve the quality of students through extending the number of years required to take the degree in accounting and finance from 3 to 4 years. According to the respondent, the longer students spend in universities, the higher is the competency and quality of graduates. Moreover, the respondent added that it is also planned to provide professional know-how to the students before they join tertiary education.

According to the respondent from ACCA, ACCA plays a big role in bringing international perspectives for accountants in Ethiopia through educating, qualifying, and giving a partial scholarship for universities that could increase the qualified accountants. The participant added that there are around 2,000 active students and 8,000 inactive students in ACCA. Moreover, the participant mentioned that there was a discussion with MoSHE regarding education in universities and practice but it didn't continue because of MoSHE's limitation.

One issue related to training and education is the gap between the theory being thought and the practice in the ground. Respondent from AABE argued that the business system in the market is not formal that makes it difficult to narrow what is thought and practice. Respondents from AABE, EPAAA and ASE mentioned that there is no national accounting and auditing standard in Ethiopia yet, so it is difficult to customize the standards as it loses international acceptance.

With respect to the trends in the professionalization of accountancy before and after the issuance of the Financial Reporting Proclamation of 2014, respondents of this study were asked to compare the profession's trend after 2014 through making reference to the profession's status before the enactment of the financial reporting proclamation which is presented in the next paragraphs.

Most of the respondents argued that the Financial Reporting Proclamation brings institutions, academicians and the finance society into IFRS concept. According to them, the Proclamation also makes the institutions to prepare reports based on a comparable standard even though it requires investigation regarding their compliance. The interviews with most of the respondents showed that though it is too early to see the fruits of the Proclamation, it has the capacity to increase the confidence of investors and Foreign Direct Investment (FDI). Respondents from AABE, EPAAA, and ASE mentioned that the dearth of professional accountants and auditors and the absence of national standard makes adopting international standards more logical option for Ethiopia.

The interviews with respondents of EPAAA and audit firms showed that the Proclamation has an advantage for the profession in providing a clear benchmark for financial reporting, in terms of increasing the values of the accountancy profession, and in creating motivation, training and know-how about IFRS. However, according to the respondents there are also threats for

professionals who couldn't meet the criteria the new standard requires as their license might be canceled by AABE.

Further, most of the participants argued that before the enactment of the Proclamation, there was no regulation which makes accountants and auditors legally responsible for their actions but now there is a regulatory body to oversee the accounting and auditing profession.

The interviews with most of the respondents indicated that the Proclamation is a ground breaking that can increase the financial reporting qualities of companies. Moreover, a participant from AAU pointed out that beside the increment of quality of reporting, the education and the practice now relatively becomes consistent which makes the benefits of accounting information more valuable. Another participant from AAU pointed out that most of the reports prepared by firms before 2014 was mostly for tax compliance purpose rather than for financial reporting. Moreover, the respondent also stated that the type of financial reporting by firms is greatly influenced by US Generally Accepted Accounting Principle (GAAP) on a company which constitutes academicians, but in a company where ACCA professionals involved, the financial reporting is more tailored to UK practice. Interviews with EPAAA, AEA and AABE respondents showed that quality financial reporting is necessary if the stock market is assumed in Ethiopia.

Most of the respondents argued that the formation of a regulatory body is necessary to protect the public interest and to build the credibility of the profession. According to ASE respondent, AABE has a contribution to the profession and PAOs as it requires CPD for a minimum of 20 hours in a year. Participants from ASE, EPAAA and audit firms shared a point that though AABE's focus is more on training rather than regulation, the coming of AABE have a positive signal for the profession as it enhances the report quality prepared by entities through reviewing and controlling of unethical reports.

A respondent from ACCA mentioned that when the 2014 Financial Reporting Proclamation was in process, ACCA's role was great in participating and commenting on the draft without any remuneration. Moreover, respondent from audit firm mentioned that in the implementation of IFRS, ACCA's role is more supportive than AABE or indigenous PAOs.

Concerning the roles played by the indigenous PAOs of Ethiopia including EPAAA, ASE, and AEA, in-depth interviews were conducted with respondents from different institutions to analyze how their role is in the accountancy profession of Ethiopia and the result is presented next.

The interviews with respondents from EPAAA and one of the audit firms showed that EPAAA has a role in developing the accounting profession through capacity building and providing of IFRS training to its members. Additionally, participants from EPAAA pointed out that the association now has a code of ethics to control its members in addition to requiring at least 20 hours of CPD to continue as a member of the association.

The in-depth interview with a participant from ASE revealed that ASE is now supporting the members in advancing their knowledge to new concepts and theories through research and development, preparing a national conference once in a year concerning issues on the profession as well as regulating the members to maintain professional ethics. Another participant of ASE added that ASE has a role in providing training for its members through cost-recovery bases. Interviews with AEA respondents revealed that the major role of AEA in developing the profession is to bridge the profession and the users but as there is no complete set of accounts by the companies, it makes unrealistic so far.

According to respondents from AABE, audit firms and AAU, the indigenous PAOs in Ethiopia doesn't have a significant role or contribution to the developments of the accountancy profession compared to other countries PAOs as they are inactive in CPD and in supporting of the education. Respondents of AAU and one of the audit firms elaborated the idea through mentioning the role Ethiopian Economic Association has in influencing and participating the monetary and other economic policies of the country in contrary to the accounting associations. Moreover, the respondent from AAU mentioned that the professional auditors themselves prepare the trail balance, generate a report and prepare financial statements then audit the financial report prepared by themselves. Therefore, according to the respondent, there are ethical and independent issues as they cook documents to survive and to make their relationship strong with their clients. The participant argued that this clearly shows a lack of professional ethics and quality assurance mechanism in the indigenous PAO they represent.

Another participant from AAU mentioned that as a PAO, the indigenous PAOs supposed to conduct regular training with well-developed CPD system along with quality control mechanism

but they failed to do so. The in-depth interviews with respondents from audit firms pointed out that though the indigenous PAOs are creating awareness related to the standards, their intervention in the implementation of IFRS is quite low. As respondents from AABE and AAU revealed, to be relevant, the indigenous PAOs should benefit their members and protect the profession.

Most of the participants mentioned that the relationship between AABE and indigenous PAOs is passive or if there is a relationship that is either in training or in renewing the licenses for professionals. The interviews with participants from audit firms stated that there is a vertical relationship between AABE and the audit firms. Another participant from MoSHE mentioned that the relationship with the PAOs is less as there are no strong initiatives by PAOs.

However, in playing their roles, the indigenous PAOs of Ethiopia experiences many challenges. So, regarding the problems and obstacles that the indigenous PAOs faces in contributing to the development of the accountancy profession of Ethiopia, respondents were asked to share their opinion which is presented in the following paragraphs;

According to participants from EPAAA and ASE, there is no legal backing to the associations which decreases public confidence. Moreover, the respondents argued that members are neither committed nor volunteers that could be an obstacle in playing the expected role.

The interviews with respondents from ASE, EPAAA, and AEA showed that there are many challenges to the PAOs including, financial and other resource constraints, lack of member's commitment and coordination and low level of staff to accomplish the association's activities are among them. One of the participants from ASE added that the association increased the membership fees to hire staff and to cover office expenses. Participants from AAU and audit firms revealed that the indigenous PAOs in Ethiopia doesn't have the required support from the government or the regulatory body so it is difficult to expect them to contribute for the development of the profession as they lack the necessary capacity to do so.

With respect to the challenges of the accountancy profession of Ethiopia in general, respondents were asked to share their opinions. Accordingly, the results of the interview of those participants regarding the challenges of the profession are presented next.

Almost all of the respondents shared a challenge concerning the curriculum at higher education institutions along with the education quality. One of the participants from AAU argued that the curriculum at universities is not tailored to the practice and the education system is more generic with small training because of resource and industry problems.

Regarding the curriculum, a respondent from MoSHE mentioned that the curriculum was developed with the initiative of AAU and addressed to all universities. The participant added that MoSHE doesn't have the mandate to force the implementation of the curriculum rather follow up is required. Moreover, the respondent from MoSHE mentioned that lack of human resource to oversee the implementation of IFRS curriculum, having of administrative view rather than technical in the education system and, the government direction as the focus is for science and technology are the main challenges. However, a participant from AAU mentioned that MoSHE has to make the accounting curriculum formal to be implemented in higher education institutions. One of the respondents from AAU pointed out that the MoSHE's know-how and focus is more on pedagogy as they don't understand the consequence and impact of not implementing the revised IFRS curriculum. According to the respondent, this will result in chaos in the industry at the time IFRS is fully implemented as the market soon demands students with IFRS know-how.

Two of the respondents from AAU pointed that AAU was the leader in the IFRS curriculum draft and also extended 40 hours training for universities but there was resistance from other universities on the final approval for implementation. According to the participants, the reason for the resistance was lack of capacity, training and preparation to implement the curriculum.

The interviews with respondents from AAU and AABE indicated that though accountancy curricula is redesigned, it lacks implementation across other universities as instructors failed to get the IFRS training. However, respondents mentioned that AAU instructors are preparing and delivering the materials and courses in accordance with adopted standards. One of the respondents from AAU outlined that provision of short-term training for students to fill the gap in the education of adopted standards is costly and challenging. However, if the revised education curricula is implemented and training are delivered to instructors across universities, it could be a long-term solution.

The in-depth interviews with most of the respondents showed that lack of resources and materials related to the standard in the market, absence of strong PAOs, human resource mobilization problem, lack of coordination between MoSHE, AABE, the academician and practitioner, undervaluing the profession by the society and ethical issues as there are different financial reports among companies are among the challenges in the accounting profession of Ethiopia. Moreover, one of the participants from EPAAA mentioned that the main challenge in the accountancy profession of Ethiopia is the absence of separation as the government takes both regulation and certification.

According to the respondent from AAU, there are challenges related to the regulatory body (AABE), the first is lack of preparation in advance as AABE started orientation when a year lefts for the first phase implementation process as contrary to other countries which require 3 years as preparation before implementation. Secondly, there is a high turnover and capacity problem which limits the activities of the board. Thirdly, even though reports are submitted to AABE, still none of the reports have been verified. Finally, respondents from AAU and audit firms shared a challenge that there is a lack of follow-up by the board in the implementation process as there are institutions which are not in compliance with the roadmap.

4.3 Discussion

This section presents the discussion based on the results of data obtained from document reviews and in-depth interviews held with selected key informants.

4.3.1 Local Accountancy Qualification

Regarding the progress in the development of local accountancy qualification in Ethiopia as noted in section 4.2 the results of the interviews showed that though it was planned, no strong initiations has been made to establish the local accountancy qualification by AABE or other bodies yet. The document result also evidenced that, AABE planned to establish the local qualification by making twinning arrangements with recognized strong accountancy bodies in other countries even though it is unachieved yet.

The results of the study showed that developing the local accountancy qualification is difficult which requires time and commitment. In coherence with this finding, INTOSAI (2010) and IFAC (2017) stated that introducing professional qualifications requires much time, effort and a

strong base of foundation. The result of the study also showed that there are many requirements to establish qualification locally including collaboration with universities, MoSHE, or with other professional bodies with strong CPA, competent manpower with commitment, and finance. The results in this connection is consistent with the findings of INTOSAI (2010) which revealed that introducing professional qualifications needs funding, identifying and allocating resources, setting up the administrative framework, having of sufficient numbers of capable staff available with organized training national organizations such as universities, academies or business schools.

Further, the result of the interviews showed that lack of support from the government and other concerned bodies contribute to the absence of a professional accountancy body in Ethiopia. Realizing the shortage of qualified man in Ethiopia, the result evidences how the government lacks recognition for the accountancy profession. However, in contrary to Ethiopia, Uche (2007) stated that the Institute of Chartered Accountants Ghana (ICAG) was established with full support from the government of Ghana with the objective of conducting local accountancy qualification to meet the increasing demand for the accountants of Ghana. Similarly, to achieve professionalization of accountancy, the government of Jordan laid down the foundation for the first professional auditing body in the country called Jordanian Association of Certified Public Accountants (JACPA) (Atmeh 2016).

In Ethiopia, the establishment of professional accountancy body called ICPAE was initiated in 2014 but it has not been practical yet as the government representatives pointed that there are resource constraints and redundancy to handle two independent organizations (the institute and regulatory body). The document result outlined in section 4.2 showed that currently there is a project supported by IFAC and UK department of international development commenced in 2017 for the establishments of ICPAE. The project produced the drafted constitution and by-laws for supporting the realization of the PAO. The drafted document mentioned how government funding is important for the initial stages of ICPAE through basing international best practice for the establishments of the strong institute.

Moreover, according to the results from interview, lack of qualified manpower to examine hinders undertaking the local accountancy qualification in Ethiopia . However, lack of manpower to handle the certification process does not limit other African countries to prepare examination

paper for qualification. For example, Uche (2007) stated though the early attempts to examine accountants locally failed because of lack of resources and competent people, the Ghana's ICAG and the Nigerian Institute of Chartered Accountants of Nigeria (ICAN) arranged a collaboration with England Institute of Chartered Accountant (ICAEW) to deal with the problems.

However, as the result of the interviews and article 29 of the Regulation No. 332/2014 showed AABE planned to have contact with other professional bodies with strong CPA recognized by IFAC but it has not been practical yet. The above cases of Ghana and Nigeria show how cooperation and commitment are important in attempting to develop local accountancy qualification in developing countries. Previously in Ethiopia, EPAAA and ACCA agreed to have a joint examination through incorporating Ethiopian variants of its taxation and commercial law papers but it didn't continue because of EPAAA's limitation (Mihret et al. 2012; participant from ACCA). Though such a joint arrangement for certification requires less resource and time, lack of initiation has been witnessed in case of AABE or other bodies in Ethiopia to prepare examination by taking the common syllabus and adding local variants like a tax.

Further, the result of the study showed that certification has to be controlled by independent PAO. This is consistent with the findings of IFAC (2018) and UNCTAD (2013) stated that certification programs for professional accountants in South Africa, Tanzania and Malaysia are carried out by their respective PAOs. In contrast to the above case of countries in which PAO offers their own qualification, in Ethiopia, there is no accountancy body to do so which results AABE to take the responsibility for examination and regulation with the assumption that there is no capacity for professional associations for self-regulation and certification.

Besides, the document evidence showed that the forthcoming ICPAE will be established through organizing independently operating regional state associations under the umbrella to provide certification and education. Therefore, if the drafted constitution and by-laws were agreed and approved, then non-governmental body holds the mandate to the certification of professionals but lack of resource may force to bundle those independent monitoring and certification responsibilities like the case of the Tanzanian National Board of Accountants and Auditors.

As the result of the study outlined, there was an initiation to merge the indigenous PAOs of Ethiopia (EPAAA, ASE, and AEA) and to establish a PAO called ENAA but such initiation has not been supported by AABE as there was dissatisfaction in the structure of the organization. In

contrast to Ethiopia, the Nigerian ICAN was established from different professional bodies to bring all Nigerians to provide for training and examination and oversees accounting local qualification (Uche 2007). Similarly, by merging, the three national professional accountancy bodies in Canada provide common certification and qualification program and govern the accounting profession in an effective and efficient manner (UNCTAD 2013).

As noted in section 4.2, the interviews result showed that the curriculum at universities has to be considered before the introduction of the qualification. This finding is consistent with (IFAC 2013) study that higher education entities should revamp their academic curricula to meet with international standards regarding professional certification as lack of updated curricula and incorporation of international standards will create inconsistency and weaken the quality of financial information. Although the accountancy curricula is redesigned to accommodate the adopted standard, it has not been implemented in many universities as there is lack of initiation and collaboration among universities, AABE, and MoSHE to provide training for instructors which might result inconsistency and high short-term training costs if professional accountancy qualification is developed in advance. In contrast to Ethiopia, the study of ROSC (2014) found that in Ghana the collaboration between the universities and other tertiary education lecturers with the regulatory body (ICAG) further enhanced professional certification, education, and training.

Accountancy bodies like ACCA provide an alternative qualification to those offered by national bodies resulting in a more competitive environment. The students in Sierra Leon, Ghana and Nigeria preferred international qualification than the national (Uche 2007). Similarly, in Jordan, university graduates prefer to go for internationally recognized certificates than the local (Atmeh 2016). In line with this, it is imperative to see what competitive market could exist and the likely interest of students and accounting firms in choosing either ICPAE or international qualification when the indigenous professional accountancy body like ICPAE comes to exist.

Regarding accounting education and training in Ethiopia, neither professional training nor accountancy education is grounded in the Ethiopian context. The education was designed based on the US model but the practice mostly attributed to UK (Mihret and Bobe, 2014; participants from AAU). As the study result outlined in section 4.2 revealed, the level of production and educational development of qualified accountants and auditors in Ethiopia is low which is

consistent with the finding of UNCTAD (2013) in which the shortage of accountants is worse in developing countries that do not have full capacity to train qualified professional accountants.

There are currently 135 certified auditors and around 685 authorized accountants in Ethiopia (AABE, 2019). The population size of Ethiopia currently is around 109,700,000 (Worldometers 2019). From those data, the population distribution of professional accountants and auditors in Ethiopia is 1:133,780. The ratio of professionals per thousand population clearly shows the scarcity of professional accountants. According to the result of the study, there are many factors that arguably results in such a low number.

One of the reasons for the delay in the professionalization of accountancy through appropriate training and education in Ethiopia is the requirements to get the practicing license. As the results showed, the requirements to be authorized auditor in Ethiopia is somehow difficult as it requires to be a member of recognized PAO with practicing certificate. Further, there is no supportive training programs by AABE or other institutions to help students to pass the exams of ACCA. However, UNCTAD (2013) stated that considering their needs of human capital, Denmark sets a few routes to accountants along with continues training programs for the candidates throughout the process to become authorized auditor.

Although coordination between the players in accountancy education and training is necessary to alleviate the dearth of professional accountants and auditors, the relationship between AABE, PAOs, higher education institutions, and MoSHE is passive. In contrast to Ethiopia, Malaysia addresses some of the shortcomings of qualified professional accountants with the help of the universities and the industry (ROSC 2012). In Ethiopia, AAU has an initiation to teach the ACCA qualification in its continuing education programs as part of Memorandum of Understanding signed between the university and ACCA (AAU 2017) that could be a way to increase the pass rate of professional accountants who take ACCA examination and meeting the country's demand of accountants and auditors.

Moreover, the results of the study showed that in higher education institutions of Ethiopia, ethical subjects are not sufficiently addressed which is consistent with the findings of UNCTAD (2013) in which developing countries do not seem to include a separate subject on ethics in the accounting education programs which hampers the production of qualified manpower with understanding of professional values related to ethics.

4.3.2 Accountancy profession trends before and after the Financial Reporting Proclamation

With respect to the trends in the accountancy profession before and after the enactment of the 2014 Financial Reporting Proclamation, the result of the interviews as noted in section 4.2 showed that after the issuance of the proclamation, a common benchmark of financial reporting standards along with regulatory body for the accountancy profession of Ethiopia has been witnessed. Document results also evidenced that AABE is established as a regulatory body for controlling the reporting practice and accountancy and auditing profession of Ethiopia (Ministry of Council Regulation No. 332/2014; AABE 2015).

As the result of the study revealed, before the issuance of the proclamation, the financial reports prepared by companies was not comparable and also what is thoughts in higher accountancy education is far apart from the practice. As stated on the financial reporting proclamation No. 847/2014 the basic objectives of the proclamation is to have uniform financial reporting law that enhances transparency and accountability. The result in this connection is consistent with the findings of UNCTAD (2013) which stated that the benefits of globally recognized corporate reporting standards, such as IFRS, ISAs is to promote reliability and comparability of corporate reports.

Further, the interviews result as noted in section 4.2 showed that having of such reporting standard has the capacity to increases the investor's confidence and FDI. As Ethiopia is going to establish a stock market by 2020 and lacks its own standards, it is imperative and evident to adopt international standards. However, the reform by those international financial institutions including IFRS adoption by Ethiopia and other developing countries is basically to cover the interest of developed countries as a means of globalization (Mihret and Bobe 2014). Nonetheless, it is stated that adopting IFRS will produce high quality, transparent and comparable information in financial statements that increase FDI (Landsman et al. 2012; Lasmin 2011; Taylor 2009). But developing countries with a higher concentration of small businesses, like Ethiopia, may not be able to utilize the benefits of the increase in FDI as investors consider adopting IFRS less important than other factors like market capitalization, legal environment, tax policy, economic growth, social system, and political system (Lasmin 2011).

After the enactment of the proclamation, AABE was established as a regulator of the accounting and auditing profession of Ethiopia. The study result as noted in the 4.2 section showed that regulation of the profession is very important to oversee the compliance with the standard and ethical issues in the profession. This result is consistent with the finding of IFAC (2011) which stated that regulation is a specific response to the need for a certain standard to be met by the member of that profession and it also seeks to ensure the quality of accountancy service. In contrast, the absence of a regulatory body makes the profession in threat as professionals are not legally responsible for their action. For example, as El-Firjani et al. (2014) stated in Libya before the establishment of the regulatory body, the absence of a regulatory framework to oversee the accounting practice results pressure for an accounting and auditing profession.

Further, Article 22 of the Regulation No. 332/2014 stated that AABE has a power to cancel the license of certified public accountants or auditors for breaking of ethics in professional practice which implies that the existence of the regulatory body is a means to reduce unethical reports and increase the quality of those reports.

Moreover, the document result showed that increasing the number of qualified professional accountants, establishing a local professional accountancy qualification and incorporating materials related to the adopted standards in universities are among the measure of success by the board. But regarding AABE's performance in relation to achieving those objectives and regulating accounting and auditing profession, the study result showed that it is less-satisfactory. This is resulted partly due to its structure and influence. As the board members constitutes government officials, it exerts pressure on the board's activity and results AABE to lack independence. The result in this connection is consistent with the findings of Ngrimwa (2016) that the Sudan Council of Certified Accountants (SCCA) was established to regulate and organize the accounting profession in the country but the council finally failed to regulate the accounting and auditing profession in Sudan as expected because there was government intervention in contrast to early periods of its establishment.

4.3.3 The Role of Indigenous PAOs and Their Challenges in Ethiopia

As the result of the study presented in section 4.2 revealed that the role of indigenous professional associations in Ethiopia is very limited compared to other countries PAOs. This is

because the indigenous PAOs does not perform the basic and core activities of PAOs except training. The result in this connection is consistent with the findings of UNCTAD (2013) which stated that many developing countries lack PAOs able to fulfill core functions including professional certification and human capacity building.

Though PAOs may not have the legal authority for every aspect of accountancy education, they play a key role in supporting the accountancy educational programs (IFAC 2017) and exert pressure to changes through education (Ioane 2014). As the result of the study indicated that the indigenous professional associations (EPAAA, ASE, and AEA) are not active in supporting the education practice of the country. However, in order to ensure that accounting academics and accounting students have mastered a core set of academic and professional competencies upon graduation, coordination with the help of PAOs is very important (World Bank 2014).

The role of PAOs is explained in terms of their participation in certification, education, training, and CPD system with an appropriate quality review (UNCTAD 2013; IFAC 2013; Green 2015). However, undertaking CPD does not, by itself, guarantee that all professional accountants will provide high-quality professional service at all times unless the CPD program is well-established with quality assurance processes (IAESB 2014). Therefore, according to the result stated in section 4.2, even though the indigenous PAOs in Ethiopia have CPD programs, it lacks strong foundation as there is no quality assurance mechanism to control their member's professional service which in turn limits their function.

Even though IRC (PAO in DR Congo) is not officially recognized by the government as a PAO, in contrast to the indigenous PAOs in Ethiopia, their role in ensuring CPD and attainment of knowledge and skills in line with latest emerging issues in the profession through cooperation with recognized PAO is outstanding (IFAC 2012). This indicates that the indigenous PAOs of Ethiopia lacks initiation and commitment to build their capacity and credibility in the industry.

However, as the drafted by-laws for establishing ENAA in 2016 stated that the association (ENAA) have CPD requirements with Monitoring, Investigation and Disciplinary Committee (MIDC) to control its members in their professional service. Which indicates that EPAAA, ASE, and AEA made an effort to have A CPD system with a strong committee to investigate whether there is a breach of professional ethics by the association members.

Nonetheless, currently, the indigenous PAOs in Ethiopia has roles in supporting training and education courses concerning IFRS and International Public Sector Accounting Standard (IPSAS). Providing of IPSAS for the public sector indicates that the indigenous PAOs are supporting the professionalization of the public sector and acting as a resource to the government (UNCTAD 2013; IFAC 2013). However, the interviews result showed that their intervention in the implementation of those standards is quite low. In contrast, the professional association in Ghana called ICAG plays a major role in implementations of IFRS and IPSAS in cooperation with the regulatory bodies (IFAC 2016).

The drafted recommendation report for establishing ICPAE stated that the forthcoming national PAO (ICPAE) should undertake the lead in implementation and training programs concerning the standards for different stakeholders. This further shows that the regional PAO including EPAAA, ASE and AEA could not able to perform the core functions of PAO.

Although PAOs around the world hold the potential to significantly impact national economic and social development, many struggles to fulfill their roles and fall short of realizing their full potential (IFAC 2013). Particularly PAOs of developing countries including EPAAA, ASE and AEA face many challenges in playing their roles to the development of the profession.

As the result of the study indicated in section 4.2, one of the challenges the indigenous PAOs in Ethiopia facing is lack of legal backing. This is because the indigenous PAOs in Ethiopia couldn't meet the requirements of IFAC so they are not accredited by AABE. As the study of (IFAC 2013) stated legal recognition enables the PAOs to support their environment, strengthens the role and function of professional accountancy. Such loss of legal backing influenced the indigenous PAOs in connection with the industry and the public as it potentially results in status of being a “club” rather than “association with a strong legal foundation”. This is consistent with that of UNCTAD (2013) finding in which the Tanzanian association of accountant (TAA), not a member of IFAC, has largely been ineffective, partly because of lack of legal backing, failing to run any examination scheme, and due to capacity constraints. Additionally, lack of legal recognition was also the key challenges facing Latin American PAOs which makes difficult the environment they operate to support their functions (IFAC 2013).

According to the study result, lack of resources is another challenge the indigenous PAOs are experiencing. As UNCTAD (2013) stated PAOs should maintain the appropriate capacity to

enhance the quality of financial reporting and auditing through education and training, quality review, investigation, and discipline of professionals. Therefore, when PAOs are in short of resource or capacity, they will be far from achieving the reasons for their existence as in the case of Ethiopia.

Moreover, the result in section 4.2 revealed that lack of support from the government or AABE is a problem for the indigenous PAOs of Ethiopia. However, the study of (IFAC 2011, 2013) stated that supporting and strengthening PAO could have a significant impact on improving the capacity, training, and CPD of PAOs which in turn contributes to the national development. Another common challenge for EPAAA, ASE, and AEA is lack of member's commitment. According to Alderton (2016), the level to which a professional commitment to the organization's purpose has an impact on the organization. Those indigenous PAOs are not doing what is expected of them which indirectly refers that the contribution of their member to their association is quite low as they do not confer economic benefits.

4.3.4. Challenges of The Accountancy Profession of Ethiopia

As the result of the interviews showed, there are many obstacles that hinder the development of the accountancy profession and the contribution of accountancy to the economic development of Ethiopia. Therefore, here below based on the result of the study as noted in section 4.2, challenges of the accountancy profession of Ethiopia in general is discussed.

A. Absence of strong professional accountancy body

One of the recommendations by World Bank in reviewing of accounting and auditing in Ethiopia was to establish a strong accountancy body but it is unrealized yet. In contrast to Ethiopia, Rwanda took immediate action towards the establishment of the Institute on the same year the recommendation was issued by World Bank (ICPAR 2017).

Professional certification and lifelong learning is the beating heart of the profession and provides educated, experienced, and skilled professionals to all sectors of the economy (IFAC 2013). But in Ethiopia, such certification and strong CPD system have not been guaranteed yet because of the absence of strong professional accountancy body which in turn results a gap in education and training. As Sidaway et al. (2008) stated those professional accountancy bodies stimulate both

the supply and demand of accounting service through professional activities and providing information.

Challenges in attaining a professional qualification in Zimbabwe, for example, leads to the shortage of skilled professionals which is appropriate for the size of Zimbabwean economy considering its growth potential. But after the establishments of the body called institute of chartered accountants of Zimbabwe (ICAZ), the professional accountants and auditors start to increase (ROSC 2011). Therefore, the absence of such a body partly contributes to the shortage of accountants and auditors relevant to the Ethiopian market. Moreover, adopting international standard requires to have sufficient human capital for effective implementation of the standards (UNCTAD 2013) which further shows how important PAO is in addressing the requirements of the standards.

B. Curriculum and education quality

As a result of the study indicated that the accounting education curricula lack practical knowledge as the revised curricula is not implemented formally which makes the accountancy education to focus more on theoretical aspects. Though Ethiopia adopted international standards, the education system in universities is not aligned with the practice as training related to the revised curriculum is not offered for instructors which reduce the quality of graduate students. The result in this connection is consistent with Romanus and Arowoshegbe (2014) which stated that in Nigeria the curriculum was not flexible enough to incorporate developments in accounting standards, which affected the quality of graduates from the various higher institutions of learning. Similarly, in Zimbabwe, there is no integration of IFRS and ISA modules into university accountancy education curriculum which results to have graduate students with a lack of practical knowledge (ROSC 2011).

Such curriculum challenge even worse when the market soon demands competent students sufficient to the practice in the industry. The solid curriculum at institutions makes the education quality stand out and produce students with their post-educational pursuits (Pak, 2018). However, lack of coordination between education and professional practice will result slow development in the accounting profession and poor education quality (Ali and Ahmed 2007; Pak 2018).

In contrast to MoSHE of Ethiopia, the Malaysian MoSHE took the initiatives for bachelor of accounting curriculum design and implementation. Even though it was necessary to producing and implementing a curriculum to serve as a benchmark to cut the time and cost (UNCTAD 1999), MoSHE didn't push for the implementation and training of IFRS curricula yet which may result unfavorable outcomes later when the industry demands accountants competent with IFRS.

C. Lack of coordination between accounting stakeholders

According to the result of the study, another big problem in the accountancy profession of Ethiopia is lack of integration and facilitation between or/and among AABE, indigenous PAOs, universities, MoSHE which in turn results resource mobilization problem.

The creation of coordination and communication among various stakeholder in the profession will greatly advance the achievement of the overriding goals of developing sound financial sector legislation, building professional accountancy capacity, and strengthening regulation of the profession (IFAC 2013). In contrast to Ethiopia, in Denmark as UNCTAD (2013) stated, communication and cooperation between the PAO, the universities and the professional accounting firms enhance curriculum and inclusion of up to date materials and best practices. But lack of such cooperation between the PAO and higher education institutions in Ethiopia will be a great obstacle when the students go through the accountancy qualification.

In addition the collaboration between the indigenous PAOs and AABE is limited. Moreover, the indigenous PAOs in Ethiopia are far from cooperation with the ACCA to develop their capacity and to support the national accountancy profession. In contrast, the Mauritius Institute of Professional Accountants (MIPA) made a partnership with ACCA to support their goals for the national profession in Mauritius, deliver the activities outlined in their IFAC action plan and progress towards IFAC membership (ACCA 2016).

D. AABE related challenges

AABE established with the Regulation No. 332/2014 to oversee the accounting and auditing profession of Ethiopia. When AABE established it was assumed to act independently as regulator and to some extent as a professional accounting organization. However, as the result of the study showed AABE failed to be independent rather political influence challenges the body as the board consists of higher government officials. Therefore, AABE has not been independent

to represent the profession as the government took both the regulation and certification. In case of Sudan however, the Sudan Council of Certified Accountant (SCCA), the regulator of the accounting and auditing profession in Sudan, consists of government Ministries and agencies but the Council maintains independence from direct state control (Ngrimwa, 2016).

Though Article 4(2) and Art 24 of the 2014 Financial Reporting Proclamation gives the mandate to AABE to investigate, enforce and review the compliance with financial reporting and auditing standard, none of the reports submitted by entities has been reviewed by the board yet. This challenge is also relevant to Zimbabwe where a joint committee of Public Accountants and Auditors Board (PAAB) and Zimbabwe Stock Exchange (ZSE) failed to review financial statements comply with IFRS because of lack of technical capacity and methodologies to review (ROSC 2011).

Further, AABE failed to supervise and coordinate the implementation of the standards due to much focus on short term training. The finding in this connection is consistent with ROSC (2005) that after National Board of Accountants and Auditors established in Tanzania, the board's focus was more on training of accountants rather than coordination of relevant activities which results the board to fail to perform many activities including monitoring and oversight of compliance with accounting rules and regulations.

E. Other challenges faced by the profession

As the result of the study indicated that though Ethiopia adopted international standards, materials related to those standards are inadequate in the market. Moreover, the result of the study revealed that AABE gave orientation when the first phase implementation process nears to complete which shows lack of enough preparation and orientation sufficient to the adoption of the IFRS standard for the entities. This case is also relevant to Zimbabwe in which the profession was subject to challenges in providing adequate awareness and implementation guidelines for the ever-changing international standards. In addition, shortage of training materials and trainers at an affordable cost are another problems (ROSC 2011).

Further, the shortages of skilled professional accountants in Ethiopia results the auditors to prepare financial statements and to perform the audit function which results departure from ISA requirements of independence. Such a problem is common in a country which experiences a

dearth of professional accountants. For example, ROSC (2011) stated that company management in Zimbabwe sometimes receives help from auditors when preparing financial statements in IFRS applications and interpretations result the accountants responsibility to be part of the audit function.

According to the result of the study, lack of recognition by government and society is another challenge the accountancy profession of Ethiopia is facing. In India, for example, the government exerts attention to create a strong, and ethical accounting profession through making interaction with the Institute of chartered accountant of India (ICAI) (Verma and Gray 2006). But in the case of Ethiopia, the government neither support the PAOs nor the regulatory body in developing the accountancy profession of the country. However development assistance, by both government and PAO stakeholders, concerning the relevance of the profession and value of PAO knowledge could greatly enhance the support of PAOs and in turn the profession (IFAC 2013).

Chapter Five: Conclusions and Recommendations

The previous chapter presented the results and discussion of the study. This chapter provides conclusions and recommendations based on the findings of the study. The chapter is structured in two sections. The first section deals with conclusions whereas the second section presents some recommendations suggested as a solution to problems that have been identified in the study.

5.1. Conclusions

The broad objective of the study was to examine the professionalization of accountancy by focusing on the trends and challenges. To achieve this objective, the study adopted a qualitative approach. Document reviews and in-depth interviews with key informants were used as main data collection techniques. Specifically, in-depth interviews were held with key informants from such institution as AABE, professional associations, audit firms, ACCA, MoSHE, and academic institution. The following paragraphs discuss the key findings of the study.

First, though AABE took the mandate to establish the local accountancy qualification, neither twinning arrangements with strong PAO nor other strong initiatives have been made for the establishments of the qualification locally. This results ACCA to continue as a provider of the accountancy qualification in Ethiopia. Lack of government support is the main reason for failing to establish an accountancy body in the country. However, the revised IFRS curriculum at higher education institution needs to be implemented across universities to create consistency in the path of professional qualification and to minimize cost of providing short-term training regarding the standards.

Secondly, the absence of local PAO to give accountancy education and training results, at least partly, in shortage of professional accountants and auditors in Ethiopia. The focus of AABE and the indigenous PAOs is on short term training without making any effort to increase the pass rate of students who takes ACCA examination. However, there is a drafted constitution and by-laws developed by an independent consultant for establishing an institute called ICPAE through organizing the regional PAO with a project supported by IFAC and UK department of international development. The draft is expected to be approved when AABE and other concerned stakeholders are agreed upon.

Thirdly, a significant step in the accountancy environment of Ethiopia were the 2014 Financial Reporting Proclamation. The Proclamation changed the financial infrastructure and the regulatory environment of Ethiopia as the country adopts the internationally accepted standards that could make the financial reporting quality better and comparable which was not before 2014. Following the enactment, AABE was established to oversight the accounting and auditing profession of Ethiopia. This regulation is very important in controlling compliance and unethical reports. However, the existence of political influence on AABE limits its activities which in turn results in a lack of directions from the board to accomplish the stated objectives in the five-year strategic plan of AABE.

Fourthly, the indigenous professional associations (EPAAA, ASE, and AEA) fails to perform the basic role and core functions of PAOs including education and certification, quality review programs with strong and up to date CPD, influencing the curriculum at higher institutions and active participation in the implementations of international standards. Such a limited role of indigenous PAOs might, at least partly, come from the absence of legal backing and capacity constraints. However, they made an effort to establish PAO called ENAA through merging but dissatisfaction of AABE in the organizational structure prevents ENAA to come into the ground.

Finally, there is limited cooperation between MoSHE, AABE, PAOs, and universities in implementing the revised accounting curriculum at universities and in reducing the gap between the education and training and the practice at the industry. Such an absence of collaboration between those stakeholders creates resource mobilization problem.

5.2. Recommendations

This section provides some recommendations that are suggested as a solution to mitigate the challenges and problems of the accountancy profession in Ethiopia. Therefore, the researcher has provided briefly the following recommendations:

- ✓ AABE needs commitment and should make a cooperation with ACCA or other regional accountancy bodies to achieve the objective of undertaking local examinations.
- ✓ AABE should also facilitate the merging of EPAAA, ASE, and AEA to down-to-earth the establishment of ENAA that could provide core functions of accountancy body.

- ✓ Communication between AABE, the indigenous PAOs, professional accounting firms and universities should be there to incorporate and align the education curricula with the practice. AAU has tried to include IFRS based education curriculum so other universities have to take the initiation like AAU.
- ✓ AABE should hire sufficient and competent staff to oversight the accounting and auditing professions and to follow-up the implementations of standards by adopters. Moreover, AABE should introduce training programs to increase the qualification rate of students who take ACCA by making universities and colleges the leader in the academics part of the training.
- ✓ The indigenous PAOs should make themselves viable in the accountancy environment of Ethiopia through creating linkage with ACCA or other regional PAO. In addition, members of EPAAA, ASE and AEA have to shift their commitments to their association to be able to influence the government through acting as a resource. By doing so, the indigenous PAOs could get attention and the necessary support from the government, society and the industry. Moreover, those PAOs needs to strengthen their roles through supporting the implementation of IFRS as they constitute competent professionals.

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Appendix

Professionalization of Accountancy in Ethiopia: Trends and Challenges

In-depth interview instruments for respondents

Some of in-depth interview instruments for selected employees of AABE

1. What does it take to establish a local accounting professional qualification?
2. What are the efforts so far by AABE in developing local professional qualification in Ethiopia? Do you think it is possible to establish the local qualification by the end of the strategic plan? If not why?
3. How is the progress in producing qualified accountants and auditors and meeting the demand in the market? If it is slow, what could be the reason for the delay in professionalization of accountancy in Ethiopia through the appropriate training and education?
4. What AABE is doing to narrow the gap between what is taught in education and training about international standard and its practicality in local ground?
5. How do you explain the progress in the accountancy profession of Ethiopia after the establishment of AABE? how do you compare the current trend in the accountancy profession with the profession's trend before the enactment of the financial reporting proclamation of 2014
6. What roles are being played by the professional accounting association in supporting the development of the accountancy profession of Ethiopia? What relationship exists b/n the regulatory body and the PAO?
7. In developing the accountancy profession, what challenges are there in the professionalization of accountancy in Ethiopia generally? How those challenges affected the accountancy profession of Ethiopia?

Some of in-depth interview instrument for selected members of indigenous PAOs (EPAAA, ASE and AEA)

1. What does it take to establish a local accounting professional qualification?
2. What are the efforts so far by the organization in developing local professional qualification in Ethiopia?

3. How do you explain the progress in producing qualified accountants and auditors and meeting the demand in the market? If it is slow, what could be the reason for the delay in professionalization of accountancy in Ethiopia through the appropriate training and education?
4. What has the financial proclamation law of 2014 brought in and you think helped in the professionalization of accountancy in Ethiopia? How do you compare the trends in the accountancy profession of Ethiopia before and after the enactment of the financial reporting proclamation of 2014?
5. What do you think of the AABE's contribution to the profession and to the professional accounting association after its establishment?
6. What roles are being played by the professional accounting association in supporting the development of the accountancy profession of Ethiopia? How different is your accounting association from others?
7. What relationship exists b/n the regulatory body and the PAO/firm you are in? How the relationship facilitates the role played by the association/ firm? Do you think the association gets support as expected from AABE?
8. Can you explain the challenges that the professional accounting organizations of Ethiopia facing in achieving their objectives? What internal and external factors exaggerate the challenges the professional associations are facing? How the challenges are hindering the roles played by the professional associations? How did you respond to those challenges?
9. In developing the accountancy profession, what challenges are there in the professionalization of accountancy in Ethiopia generally? How those challenges affected the accountancy profession of Ethiopia?

Some of in-depth interview instrument for audit firms

1. What does it take to establish a local accounting professional qualification? How do you see the progress in establishing accountancy qualification in Ethiopia?
2. What has the financial proclamation law of 2014 brought in and you think helped in the professionalization of accountancy in Ethiopia? How do you compare the trends in the accountancy profession of Ethiopia before and after the enactment of the financial reporting proclamation of 2014?

3. What roles are being played by the professional accounting association in supporting the development of the accountancy profession of Ethiopia?
4. What relationship exists b/n the regulatory body and the firm you are in? How the relationship facilitates the role played by firm? Do you think the firm gets support as expected from AABE?
5. In developing the accountancy profession, what challenges are there in the professionalization of accountancy in Ethiopia generally? How those challenges affected the development of the accountancy profession of Ethiopia?

Some of in-depth interview instrument for AAU participants

1. What does it take to establish a local accounting professional qualification?
2. How do you explain the progress in producing qualified accountants and auditors and meeting the demand in the market? If it is slow, what could be the reason for the delay in professionalization of accountancy in Ethiopia through the appropriate training and education?
3. How do you see the accountancy education at higher education institutions of Ethiopia in meeting the demands at the market? Do you think the accountancy education and practice are related?
4. What has the financial proclamation law of 2014 brought in and you think helped in the professionalization of accountancy in Ethiopia? How do you compare the trends in the accountancy profession of Ethiopia before and after the enactment of the financial reporting proclamation of 2014?
5. How do you see the roles being played by the professional accounting association in supporting the development of the accountancy profession of Ethiopia? What about their challenges?
6. What do you think of the AABE's contribution to the profession and to the professional accounting association after its establishment?
7. In developing the accountancy profession, what challenges are there in the professionalization of accountancy in Ethiopia generally? How those challenges affected the accountancy profession of Ethiopia?

Some of in-depth interview instrument for ACCA Ethiopia office

1. What do you think of establishing local accountancy qualification in Ethiopia? What will be the strategic move if local accountancy body is established in Ethiopia?
2. How do you explain the progress in producing qualified accountants and auditors and meeting the demand in the market? If it is slow, what could be the reason for the delay in professionalization of accountancy in Ethiopia through the appropriate training and education? How ACCA is supporting the accountancy education in alleviating the dearth of professional accountants and auditors in Ethiopia?
3. What has the financial proclamation law of 2014 brought in and you think helped in the professionalization of accountancy in Ethiopia? How do you compare the trends in the accountancy profession of Ethiopia before and after the enactment of the financial reporting proclamation of 2014? What was the role of ACCA in the process of issuing the financial reporting proclamation of 2014?

Some of in-depth interview instrument for participant of MoSHE

1. What MoSHE is doing in order to implement the IFRS related curriculum and materials in higher education institutions of Ethiopia? If there is no move for the implementation of the IFRS based curriculum, then what is the reason?
2. How do you see the quality of accountancy education in higher education institutions of Ethiopia? Is the education sufficient to the business conditions of Ethiopia?
3. What kinds of relationship MoSHE have with the regulatory body (AABE) and the indigenous professional accounting organizations (EPAAA, ASE and AEA)? Is it is passive? If yes what could be the reason?
4. What future directives are planned by MoSHE in increasing the education quality and in producing students relevant to the socio-economic conditions of Ethiopia?