



**ST.MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
MBA PROGRAM**

**CHALLENGES OF IFRS ADOPTION IN ETHIOPIA IN MANUFACTURING  
COMPANIES: IN CASE OF ROHA PACK PLC**

**BY**

**FITSUM ARAYA**

**JUNE, 2020**

**ADDIS ABABA, ETHIOPIA**

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**BY FITSUM ARAYA**

**A RESEARCH THESIS SUBMITTED TO THE GRADUATE STUDIES MBA PROGRAM  
OF ST. MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENT  
FOR MASTERS OF ACCOUNTING AND FINANCE**

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## **ABBREVIATIONS AND ACRONYMS**

ACCA	Association of Chartered Certified Accountants
AABE	Accounting and Auditing Board of Ethiopia
GAAP	Generally accepted accounting principles
ICAA	Institute for Certifying Accountants and Auditors
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards

## **Abstract**

*The study aspires to examine the challenges of International Financial reporting standards in Ethiopian Manufacturing industry. To answer the research question and it achieve the objective of the study this paper adopted qualitative research approach. The questioner data were analyzed by using descriptive statistics and data from interview and document review were interpreted qualitatively. The target population selected for this study is all the IFRS adoption team members, trained employees and other concerned staffs. The study also find with eight variables namely in need of requiring competitive professionals, amendment of legal and authority body requirements, difficulty of obtaining conducive environment, lack of adequate awareness on stakeholders are the main challenges of IFRS adoption in manufacturing industries. Finally the study recommended that the relevant of availability of strong professional bodies and revise the curriculum for competitive human power, sufficient consultation bodies and making universities a strong remedies to avoid the gap on qualified professionals area. The study also looks at network effect of IFRS, the importance of IFRS, and gave appropriate recommendations that will aid effective implementation of the international financial reporting standards. Companies also should have strongly support their finance team and help to upgrade themselves by simultaneous trainings continuously.*

**Keywords:** Adoption, International Financial Reporting Standards, Ethiopia, manufacturing companies.



## **Acknowledgements**

It is a pleasure to convey my gratitude to those who helped me in making this thesis. In the first place I would like to thank God for being my source of strength and his mother Saint Marry who is my sign of success. I am also sincerely grateful for Mr Asmamaw, for his invaluable assistance and guidance during the course of my study. I would also like to thank staff members of Roha pack plc, especially finance team for giving me helpful information to finish this thesis. This paper would not have been possible without the support of the staffs of different organizations especially accountants and auditors. My family deserve special mention for their support and prayers. My husband, Yidenek Kebede and my beloved kids Loza Yidenek and Lewi Yidenek thank you for giving me their priceless time and patience hanks for being supportive and caring. Love you all! Finally, I would like to thank my brother Getaw Yilma and all my families My dearest Mom W/ro Yimegnushal Asfaw and My Special dad Ato Araya Garedew and everybody who was important to the successful realization of my thesis as well as expressing my apology that I could not mention personally one by one. You are all dear to me. Thank you.

# CHAPTER ONE

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## 1.1 Background of the study

According to Asuquo (2013), accounting has been in existence since the beginning of civilization. In the present world any firm which organized for profit or non-profit needs to record its financial transaction on structured recording way and finally needs to produce a legible report. This system called an accounting. Accounting is the recording of financial transactions along with storing, sorting, retrieving, summarizing, and presenting the results in various reports and analyses most of a times it is called a financial language of the world because everywhere it is necessary to measure a company or a corporate entity performance timely. Thus to bring common this world wide reporting need to one the common standard has required and designed by international financial reporting board. Hence for these integrated financial system it needs to create a common financial language which helps to understood company to company and business to business internationally. The process of international convergence towards a global set of accounting standards started in 1973 (FASB, 2012).IFRS is a set of accounting standards that have already been adopted by a number of countries around the world. In order to sustain cohesive market in globalized countries they are comes to assimilation in social, economic and financial aspects. European countries are main models by unifying their financial reporting system guide to IFRS in November (2009).

For these dynamic world situation IFRS has applied in many developed countries through in well-structured implementation procedure and timely issued consequent international standards. The reporting standards currently governed by International accounting standards committee, the motion was developing globally acceptable high quality and understandable financial reporting standard started in 1973 when the international accounting standard committee (IASC) was formed by accounting professionals from Canada, USA, United kingdom, Germany, France, Netherland, Australia, Mexico and Japan. This committee mission was to formulate uniform and global accounting aimed at reducing the discrepancies in international accounting principles and reporting practices.

In this light, the IASC was established and has actively been supporting the uniformity and standardization of accounting principles for the past few years. In April 2001, the IASC was

reorganized into International Accounting Standard Board (IASB). Henceforth, the IASB has updated the already existing International Accounting Standards and referred to them as International Financial Reporting standards (IFRS). IFRSs are single set of high quality understandable standard for general purpose of financial reporting which are principles based in contrast to the rules based approach.

Various countries have been using these standards for decades, there are some countries which are recently joined these new reporting system, Ethiopia is one of the countries currently supposed to implement IFRS. In Financial reporting proclamation No 847/2014 Ethiopia has introduced this new financial reporting standard in regarding of to establish a sound transparent and understandable financial reporting system that is applicable to entities in both private and public sectors. Where having a uniform financial reporting law enhances transparency and accountability by centralizing the previous decentralized financial reporting structure in Ethiopia.

## **1.2 Statement of the problem**

Many studies are conducted around the title of adoption and challenges of IFRS implementation in different parts of the world (Ball, Robin & Wu, 2000; Christensen Lee & Walker 2008; Alessandro et al., 2009; Robyn and Graeme, 2009; Sunders, 2010; Atu & Raphael, 2016). Likewise, various survey studies have been piloted to assess the challenges of IFRS adoption in Ethiopia most of them was done in financial institutions (Peter Wong, 2004; Ihab Alsaqqa & Nedal Sawan, 2013; Yichilal Simegn; Tesfu, 2012; Fikru Fantahun, 2012; Zewdu Eskezia, 2019; Yitagesu Terfa, 2019). However, there is no adequate study in Manufacturing company on the adoption and challenges of implementation international standards in a country. The implementation of IFRS are affected by factors unique to that company; for example, the economy, politics, laws and regulations and cultures of working environment. Hence, the study endeavors to illuminate International Financial Reporting Standards adoption and challenges, by undergoing an in-depth analysis of existing ROHA PACK PLC. Moreover, the study would practice perspective PLC and facilitate the concerned stakeholders with the understanding of numerous challenges associated with it and finds effective solution for its successful execution.

### **1.3 Research questions**

This study is to evaluate the implementation challenges facing the adoption of the International Financial Reporting Standard in ROHA PACK PLC. And also answers have been provided to the following questions.

1. Is the first time implementation of IFRS costly and expensive?
2. What is the level of public awareness of stakeholders on these standards?
3. What is the established board contribution on the new reporting system implementation?
4. Does existing Ethiopian tax law has any influence on the transition process to IFRS?

### **1.4 Objectives of the study**

#### 1.4.1 General objective

General objective of this study is to analyse the challenges facing the adoption of IFRS in the Ethiopia manufacturing companies of ROHA PACK PLC

#### 1.4.2 Specifically, the study seeks to:

1. Ascertain if the first time adoption of IFRS is expensive.
2. Examine the level of public awareness by the stakeholders in the use of these standards.
3. Examine the influence of existing Ethiopia tax laws on the confront transition to IFRS.
4. Examine the capacity& sustain support of established board to attain successful implementation of the reporting standard.

## **1.5 Significance of the study**

The purpose of this study is to identify the challenges of IFRS adoption in Ethiopia Manufacturing industries and to access the factors that affect the adoption of IFRS and to provide the possible recommendation.

Hence, it will contribute an important input for manufacturing companies for who always experience on their complicated financial structure. On manufacturing Industry the adjustment side is more wide Inventory impairment, in order to having huge machineries PPE application, due to their much employees, employees benefit adjustment would require a lot qualified human asset and supportive institutions.

The company participated in this study and other similar organizations would be benefited from this study and it helps to minimize challenges and exploit opportunities. To the best of the researcher's knowledge published research are limited on manufacturing industries particularly in case of Ethiopia. Hence this paper will intend to fill this literature gap and will be used as a reference for other researchers who have exposure on the same issues.

The finding of the study will be useful for manufacturing companies which will be going to adopt the new financial reporting system in Ethiopia. It also helps for policy makers to evaluate and review their policies, regulations and directive regarding impact of international financial reporting standard on their reporting system. Owners may get an opportunity the new financial reporting system contribution for their business. Finally, the study will be useful for providing a comprehensive frame work and literature about challenges of IFRS adoption specifically in manufacturing company in Ethiopia and it serves as initial for further study and detail investigation for other researcher in this area.

## **1.6 Scope of the study**

The scope of the study was primarily on the challenges of IFRS adoption on selected manufacturing companies in Ethiopia. In order to undertake this study only one plastic manufacturing company was selected by the researcher namely. The study will be limited on the following variables the adoption challenge based on cost, qualified professionals shortage, poor awareness in stakeholders and limitation of the established board. Finally, the methodology of the study will be qualitative method with descriptive statistics.

## **1.7 Organization of the paper**

This study will be organized in to five chapters, chapter one Introduction and it includes background of the study, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of the study and organization of the paper. Chapter two will be cover literature review, The third chapter will be the methodology of part and includes the research design, data type and data sources, sample design and sample size and data analysis technique. Chapter four will include data analysis and discussion of the results. Then finally, chapter five presents the major conclusions and recommendation of the research.

# CHAPTER TWO

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## **2. LITERATURE REVIEW**

### **2.1 Introduction**

This section reviewed the previous studies on the challenges of IFRS adoption. It consists of a general overview about International Financial Reporting Standards, challenges of adopting IFRS, factors affecting the adoption and development of accounting in Ethiopia manufacturing companies. In general, this chapter synthesized existing descriptive research in the area of international accounting standards and ends by summarizing the review and identifying the gap in the existing literature.

### **2.2. The Concept of IFRS**

IFRS stands for International Financial Reporting Standards and they are standards for reporting financial results and are applicable to general purpose financial statements and other financial reporting of all profit-oriented entities. The term IFRS comprises IFRS issued by IASB; IAS issued by IASC; and interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB (Hoyle B., et al., 2009; Baker E. et al., 2009 and Larsen E. 2008).

Since 2001 International Financial Reporting Standards (IFRS) are being developed and approved by the International Accounting Standards Board (IASB). The IASB is a stand-alone, privately funded accounting standard setting body established to develop global standards for financial reporting. It is the descendant to the International Accounting Standards Committee (IASC), which was created in 1973 to develop International Accounting Standards (IAS).

IFRS is that it is a principle based standard and seeks to avoid a rule based mentality (Hlacuc et. al., 2009). Instead, the application of IFRS requires exercise of judgment by the preparer and the auditor in applying principles of accounting on the basis of the economic substance of transactions. The IASB framework establishes a general requirement to account for transactions in accordance with their substance, rather than only their legal form. This principle comes through very vividly in many IFRS. The ISAB intends not to permit choices in accounting treatment, as its objective is to require like transactions and events to be accounted for and reported in a like way, and unlike transactions and events to be accounted for differently.

### **2.3 challenges of IFRS Adoption**

According to Vinayagamoorthy (2014), challenges of Adopting IFRS Accounting Professionals across the world have listed various benefits of adopting IFRS. In spite of these benefits, adoption of IFRS is a difficult task and has many challenges. Difference in GAAP and IFRS Adoption of IFRS means that the entire set of financial statements will be required to undergo a drastic change.

The differences are wide and very deep routed. It would be a challenge to bring about awareness of IFRS and its impact among the users of financial statements.

Training and Education Lack of training facilities and academic courses on IFRS will also pose challenge. A key challenge is to ensure companies, auditors, regulators and the investment community is appropriately skilled to apply and interpret IFRS Research paper IJBARR E- ISSN -2347-856X ISSN -2348-0653 International Journal of Business and Administration Research Review, Vol.2, Issue.3, Jan-March, (2014).



According to Sharma et. al. (2017): The finding conveys IFRS implementation preparedness perception of participants with respect to education, training and information technology infrastructure. Respondents acknowledged the efforts and capability of accounting body, the institute of chartered accountants of the country, but expressed reservations about training, cost, interpretation, IT infrastructure and staffing. The accounting practitioners and the users have similar perspectives on the subject of awareness and preparedness challenges of IFRS implementation.

The impact of culture, voluntary and mandatory IFRS adoption developing and developed countries, as well as corporate governance issues.... In this study the authors focus on personal and cultural factors to understand this effect on international accounting and ethical decision making.

## **2.4 IFRS Adoption and Implementation challenges in Ethiopia**

Ethiopia is taking great steps to build an accountancy and auditing regime fit for a country with an ambitious economic agenda. The country is the second most populated nation had neither a regulatory body nor any professional accounting organization. As per AABE it is a formidable task one that will not be completed for long time to come. The foundation of this Board has a clear watershed in the development of accountancy profession in the country and before the proclamation before there was no ownership of the profession and with this point the country lacking a well-established and properly functioning professional accountancy organization, AABE needs to act as an independent regulator as well as carry out some functions that are normally handled by a professional accountancy organization, AABE needs to act as an independent regulator as well as carry out some functions that are normally handled by a professional accountancy organization. According to the board Ethiopia had no national accounting or auditing standards before the appearance of AABE. The board was developed a five year strategic plan for 2016-2021 for the adoption of IFRS standards.

To adopt the standards, AABE has developed a roadmap. There are three steps described by Teferi and Pasricha (2016), the new adopters of IFRS should pass through before adopting it. According to them, making policy decisions through building consensus among concerned stakeholders is the first step and following this preparing a plan by building in targets and deadlines, and making them public and helps to identify obstacles that must be overcome and the last step addressed by them was identifying the resources that we have on hand what we need to implement the new standard.

Zoubi (2017), studies expected benefits and challenges of adopting IFRS: A focus on Saudi Arabia. The aim of the study was to examine and explore contradiction and the question of the relevance of IFRS to Saudi Arabia using the perception of users and preparers. The methodology used in the study was descriptive study in which questionnaire was used to collect data the preparers and users of annual reports. The study found that benefit to companies ease of using one consistent reporting standard in subsidiaries from different countries will accrue to companies, benefit to investors; more confidence in the information presented in financial statements with easy understand and use of it; for policy makers it creates better access to the global capital markets and a higher standard of financial disclosure for national regulatory bodies. In addition, other stakeholders would benefit from overall better reporting and information on new and different aspects of the business. Besides there are a number of challenges to be faced in the process of adoption of the new standard. These among others include ethical environment and the ability to protect qualified and competent employees from being poached other companies.

The other challenge as per the study applied by Firdawok (2017), was that significant cost of adoption of IFRS, need for training, lack of readiness to implement within the time frame set by AABE, lack of adequate implementation guidance and lack of enforcement capacity.

The Adoption of International Financial Reporting Standards (IFRS) in Ethiopia: Benefits and key challenges by (FikruFantahun, 2012) the study was made on IFRS adoption in Ethiopia has a result in a number of important benefits to a wide range of stakeholders. High cost of adopting, lack of proper instructions from regulatory bodies for implementing IFRS, as well as IFRS's emphasis on fair value accounting, are listed among the most important challenges of IFRS adoption. The study also find that with the exception of government policy the other four variables which are professional bodies, capital market, educational level and company size significantly influence the adoption of IFRS in Ethiopia

IFRS implementing challenges of institutions that high implementation cost, the complexity of financial reporting , lack of IFRS implementing agent, guidance lack of availability of competent specialities, high level training requirement, less familiarities with the IT challenges in handling the implementation of IFRS, lack of proper instruction from regulatory bodies, and problem with IFRS implementation proper plan and absence of commitment and requirement of existing tax law amendment are identified as factors that makes to implement IFRS.

According to MareneshAbebe (2018), IFRS adoption renders many benefits it possesses many challenges. Various literatures revealed challenges in the process of IFRS adoption. Need of amendment to regulatory requirement and tax laws, high implementation cost, more complex financial reporting requirement, shortage of IFRS specialist and tight deadline are the major challenges. Financial institutions particularly banks is expected to be most affected by changes in accounting standards specifically IFRS adoption or convergence.

Some countries were conclude that the IFRS adoption is full of challenge and impossible in developing countries (Odia&Ojiedu,2013) (IFRS adoption issues, challenges and lessons ) Ifrs promises a lot of benefits of financial reporting for adopters, there are many challenges and obstacles overcome. The author recommend that enabling institutional framework, accounting education and training and efficient capacity building program to prepare the various stakeholders for the eminent transition and challenges.

(Tesfu, 2012) in a study regarding IFRS adoption in Ethiopia tried to see the adoption of IFRS in Ethiopia. The study focused on the factors, Prospects and challenges of IFRS adoption in Ethiopia. To response the research question and achieve the objectives, both primary and secondary data were collected through questionnaire, interview and the review of related authorized document. The respondents which were selected from those companies adopted IFRS includes finance officers and accountants. The result shows that Cost of adoption, need for training, complexity of IFRS, Lack of adequate implementation guidance. Increase volatility of earnings, tax driven nature of previous standards, Problem with Fair value use of IFRS was the main challenges of IFRS adoption. Moreover the findings revealed that due to the benefits outweighs the problems IFRS should have been adopted earlier in Ethiopia. The benefits of effective and efficient financial reporting for companies, IFRS lead to improved comparability and reliability of financial statements, enhanced transparency through disclosure of information, enhanced investor confidence, improved regulatory oversight and greater credibility for the accounting profession.

(Hailemichael, 2016) conducted a research on the Adoption, Challenges and Perception of IFRS on quality of financial reports of Financial Institutions in Ethiopia. The study focus on identifying the impact of adopting IFRS on the quality of financial reporting, examining the challenges and recognizing the benefits of adopting IFRS in financial institution. The paper uses both qualitative and quantitative approach by taking a sample of 32 out of 35 private banks and insurances companies registered under National Bank of Ethiopia. The study uses both primary and secondary data source collected through questionnaire and document review. The study reveals that high implementation costs, the complexity of financial reporting, lack of IFRS implementation agent, lack of IFRS implementation guidance, lack of availability of competent specialists, high level training requirement, less familiarity with the IT challenges in handling the implementation of IFRS, lack of proper instructions from regulatory bodies, and problem with IFRS implementation proper plan and absence of commitment & proper plan of financial institutions to implement IFRS and requirements of the existing Tax law amendment are the challenges. Quality of financial reporting has significant correlation with the transparency, accountability and economic efficiency.

The study highlights implementation of IFRS leads to improved comparability & reliability of financial statements reduce cost of capital of firms through lower cost of information, greater marketability of shares, and reduced information asymmetry and others. The study recommends among others that the National Bank of Ethiopia has to give clear direction through its directives about the implementation of IFRS; the curriculum of accounting should be amended in light of IFRS the board should conduct a study to identify the gaps in systems and processes, develop IFRS accounting manual modifying charts of accounts and provide detailed instructions by taking IFRS requirements into accounts.

## **2.5 Overall challenges of IFRS adoption**

The practical challenges that may be faced in Ethiopia as a result of adopting the IFRS need to be identified and addressed in order to benefit fully from the introduction of IFRS. These challenges have been evidenced by previous studied conducted by scholars such as: Rudzani and David, 2016: potential knowledge shortfall, Mekonnen,2016: Level of Awareness, Yichilai (2015): legal system effect and economic development, Owolabi and Iyoha,2012: Ethical environment were studied. The main reason of selecting those variables was previous studies showed those variable was used by different scholars on different financial institutions and some selected companies before the practical implementation of IFRS but not public enterprise. Therefore, the researcher wants to address those variables on the practical challenges happened on the adoption and implementation of IFRS on those public enterprise. So, to identify the practical challenges of these variables on this sector and in order to meet the objectives of this paper, the challenges are discussed as follows.

## 2.6 Summery and Gap in the existing Literature

As a result of the difficulties connected with worldwide accounting diversity, efforts to reduce accounting differences across countries have been on-going for decades (Nobes, 2004). Due to the advantages it provides for countries and multinational companies, many countries adopt International Financial Reporting Standards. Adoption of IFRS a number of important benefits for a wide range of stakeholders such as, increase

The quality of accounting information increased investors' confidence, increase comparability of financial statement, quality information for control and decision making purposes, better access to the global capital markets and other stakeholders (Zoubi, 2017; Kenneth and Grazyina,2013; Fikru,2012 Owaolabi and Iyoha,2012; Bhattacharje and Islam, 2009). Notwithstanding the quite many benefit of IFRS adoption, it is also a challenging task and has many challenges. As proved by the global experience, are also certain specific challenges like; increase in cost; conducive environment, the ability to protect qualified and competent employees from being poached by other companies, amendments to regulatory requirements and tax law; complexity of conversion and timely interpretation of standards, Lack of technically skilled and adequate knowledge of professional accountants are the main challenges of IFRS (Joseph ,2018;Zoubi,2017; Firdawok,2016; Hussein.Hasan and Safiuddin,2015; Zakari,2014; Fikru,2012; Kenneth and Grazyina,2013; Owolabi and Iyoha,2012). Though, studies have been conducted on the challenge of adoption IFRS in Ethiopia there is literature gap in the challenges of adoption IFRS in Ethiopia there is a literature gap in the benefit and challenges of adopting IFRS in manufacturing companies of Ethiopia. So, the researcher was motivated to study this gap and asses the challenges for the manufacturing companies of Ethiopia.

# CHAPTER THREE

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## **3 METHODOLOGY**

### **3.1 Research design and Approach**

#### **3.1.1 Descriptive Research Design**

The main aim of descriptive research is to provide an accurate and valid representation of (encapsulate) the factors or variables that pertain / are relevant to the research question. Such research is more structured than exploratory research. Although some people dismiss descriptive research as 'mere description', good description is fundamental to the research enterprise and it has added immeasurably to our knowledge of the shape and nature of our society.

#### **3.1.2 Research Approach**

As per Creswell (2003) there are three approaches that are used in conducting a given research. These are qualitative research approach.

In this paper the researcher used qualitative research approach; To see the adoption and challenges of IFRS in manufacturing company the concurrent qualitative method design is used.

### **3.2-Data type and source**

The study was a primary data source which is interview and questioner mainly using qualitative data type. Qualitative data is data that approximates or characterizes but does not measure the attributes, characteristics, properties, etc. of a thing or phenomenon. Qualitative data cannot be expressed as a number. Data that represent nominal scales such as gender, socio economic status religious reference are considered as a qualitative data. (Islam, Faruque 2016)

The qualitative data for this research was collected from the company experienced the IFRS adoption in practice and on the target company.

### **3.3- Sample design and sample size**

According to Accountants and Auditors board Enterprise manufacturing companies which intended by public interest are categorized to issue their annual financial report in 2011 E.C. Which means their adoption period was on the end of 2009E.c. The sample manufacturing company which have been included through the period will be selected using purposive sampling technique. Hence, as this category Roha pack plc which is a manufacturing company was cover by this study.

In general, this research has been used full population which directly and indirectly involved by the adoption process and will continue after the adoption period.

### **3.4- Data Sources**

This study used primary data which mean original data that has been collected from the original source. The source for this study includes: interview and questioner the main reason for using primary data sources were to get a first-hand data for the solution to the problem (Avasarikar, 2007).

### **Target Population**

Target Population: The target population selected for this study is all the IFRS adoption team members, trained employees and other concerned staffs. Thus, the study had employed census survey instead of sample survey. Therefore, the study has neither sample size nor applied any sampling technique.

### **3.5- Data collection instruments**

#### **3.5.1 - Questioner**

This research was conducted by means of self-administered questioner which was distributed for IFRS implementation team in the selected company. Questioner is one of quite observing, analyzing and research tool for use in the required area. The researcher distributes 20 questioners for IFRS conversion team and indirectly participants which



includes division heads, internal and external audit team, consultants, senior accountants, senior auditors and accountants who are deemed to be knowledgeable about IFRS and could provide important perspectives on its implementation of which 16 questioner were collected and usable for the study.

The response is expected to help understand the issues that could explain the implementation of IFRS in the manufacturing company. The research evidence will be gathered by using close ended structured questioners.

The questioner were adopting from different researchers (Fikru, 2012);( Mekonnen 2016), with a modifications considering the existing situation of the study. Respondents were asked to respond to the item by indicating their level of understanding by using a five point Likert scale. The reason behind employing likert scales were: it can make a compromise between the conflicting goals of offering enough choice and making things manageable for respondents quite popular because they are one of the most reliable ways to measure opinions, perceptions, and behaviours and it would reduce also the frustration level of tolerant respondents and increase response rate and response quality.(Nicole LaMarca, 2013).

Furthermore, it is mostly recommended from previous studies (i.e Fikru,2012; Mekonnen 2016;). So, because of the above reasons respondentswere asked to indicate their level of agreement on a five points based on Likert scale with respect to the closed ended questionnaires on the following lever : a score 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicates agree and a score of 5 indicates strongly agree. On this scale a score of 4 & 5 indicates that the item is perceived to be essential while a score of 3 & 2 indicates that the item is perceived to be fairly important, but not essential, while a score 1 indicates that the item could be disregarded for being unimportant.

With respect to the open ended questionnaires the respondents were asked to provide open ended responses to the questions that require opinion and if they feel the researcher would find convenient.

### **3.5.2 Interview**

The researcher has a plan to conduct semi-structured interviews with corporate finance head, senior financial advisor and audit service head, This allows the researcher some degree of flexibility at the time of interviewing for the pursuit of unexpected line of inquiry which was arising at the study of progresses. The main reason of using this instrument is to get qualitative information directly related to the objective of the study which was not administered by questionnaires. Question of the interview checklist were driven from the review of literature. In the process of preparing, testing and using the instruments, the following procedure have been applied

- The questioner and interview guidelines were developed based on literature review relevant to the research objectives.
- Both tools were judged for their validity using directly participants.

In the final study, the questionnaires and interview were administered both by the researcher to get realizable and valid information.

### **3.6 – Data analysis techniques**

In this research paper in order to address the objective of the study data was analysed qualitatively. Data collected through questioner was analysed by descriptive statistics using statistical package for the social science (SPSS) version 26. It helps to summarize data. The results were presented by tables figure and percentage.

Once more, the data collected from interview were interpreted qualitatively.

### **3.7- Research ethical consideration**

Ethical consideration implies that on the methods by which information is gathered and the way the data is transferred to the interesting participants. Ethical norms promote the roles of research, such as the acquiring of knowledge, the pursuit the participants idea and compliance with laws and government policies. In this regard the paper was take in to considerations the following ethical issues:-

- Participants were selected after the objective of the study was informed well and with voluntarily.
- Confidentiality of the participants response was done and it used for the intended purpose only.
- The researcher findings represent only from observed data which was collected.

## CHAPTER FOUR

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### 4. RESULTS AND DISCUSSIONS

#### 4.1 Introduction

Data required for this research paper was collected from interview and questionnaires. A total of 20 questioners which dealt with challenges of IFRS adoption in manufacturing companies in Ethiopia were distributed and to IFRS conversion team which includes senior finance officials, auditors, accountants and senior accountants of a case company.

The analysis was based on those 16 respondents which were collected out of the 20 questionnaires distributed to the study and who respond to the question properly, and a vigilant analysis of the response obtained from the respondents through accurate questionnaires administered. Statistical analysis for social sciences (SPSS) version 26 was used. In addition, it was conducted personal interviews with corporate finance head, senior financial advisor and audit service head.

#### 4.2 Descriptive statistics of data collected through Questionnaire

##### 4.2.1 Back ground of Respondents

Descriptive statistics were used to analyse the demographic background of participants such as gender, academic level and year of experiences.

**Table 1: Gender**

	Frequency	Valid Percent
Valid Male	10	62.5
Valid Female	6	37.5
Total	16	100.0

**Table 2: Academic Level**

	Frequency	Valid Percent
Bachelor degree	12	75.0
Valid MBA/BSC	4	25.0
Total	16	100.0

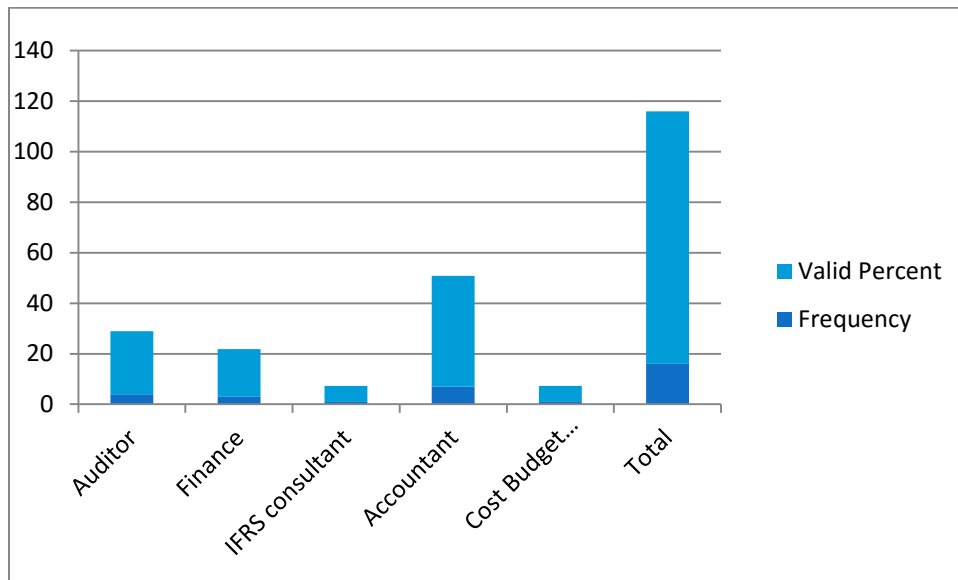
**Table 3: Working Experience**

	Frequency	Valid Percent
Less than 5 years	2	12.5
6 to 10 years	7	43.8
Valid 11 to 15 years	3	18.8
16 to 20 years	2	12.5
Over 20 years	2	12.5
Total	16	100.0

**Source Questioner result**

As shown on the above table No 4.1 out of 16 respondents 62.5% (10) were male and the other 37.5% (6) were female. The result shown that there were un biased gender distribution. In addition, the table that out of the 80% (16) of the respondents were bachelor degree holders 75% (12) and 25% of participants have Master's degree. This implies that respondents can easily understand the questioner of the study and the response obtained from such groups could be dependable. And finally, as the table describes that 43.8% (7) of respondents have an experience of six to ten years, while 18.8% (3) of the participants have working experience between eleven to fifteen years, the other 12.5% (2) of the respondents have working experience less than five years , the participants who have over twenty years experiences are 12.5% (2) and the remaining 12.5% (2) of the respondents have working experience between sixteen to twenty years. This implies that service year of respondents were good for achieving right information.

**Figure 1 Current position of respondents**



Source Questioner result

As per the figure 4.1 of above 43.8% of respondents are accountants, the other 25% are belongs to internal and external auditors 18.8% are senior finance staffs finance director and manager both 6.3% are division head and consultants. The result implies that majority of the respondents have fertile work experience and competency to conduct the research study.

When analysing the demographic information of respondents who were participated in this research paper majority of the respondents which responding questioner of the study were male, and almost all of the respondents have first degree in the company particularly in accounting & finance. Majority of respondents who participated in this survey also worked more than five years and have taken at least the IFRS adoption training. In addition all respondents of the study were currently working in either finance or audit departments in the company. This implies that the respondents of this study have better knowledge and work experience to provide significant and important information for this study, and this was a good to better findings and conclusions.

#### **4.2.2 Implementation of IFRS in respect of cost and expense**

In this section, the questioner results related to the implementation of IFRS in respect of different costs and its market accessibility. This study provides observable evidence for cost of IFRS adoption during the period of transition. 87.5% (14) of respondents were agree on the lack of accessibility of competitive market.

The interview result showed that companies may incur high cost of implementation exclusively if the valuation approach is chosen in a cause of inconvenience qualified valuation experts.

#### **4.2.3 Challenges of IFRS adoption and company investors**

The second question of the first time IFRS adoption challenge was Ethiopian company owners are not motivated to undertake any risk related with new system adoption. The mean response of this question is 3.9 and standard deviation is less than 1 which indicates that the respondent's perception was close to one another. This implies that company owners are highly resistant for new system adoption and to compromise the consequential risk. Especially if the new system may require high implementation cost like IFRS it would be challenge full.

The result of respondents shown that majority of them are agree and some of them strongly agree on challenges of raised from company owners side in terms of money and time. Until company owners can accesses the advantage of quality report for their investment opportunity and effective decision making, it is only cost and time wastage for them as interviewee respond.

**Table 4 Descriptive statistics on Challenges of IFRS adoption**

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
Competitive market for adoption of the standard is not accessible	3.9375	.57373	16
Relatively, with other system development services the IFRS adoption is highly expensive	4.0000	.63246	16
Ethiopian company owners are not motivated to undertake any risk related with new system adoption	3.9375	.77190	16
In current Ethiopia context the IFRS adoption is unfavourable in terms of money & time	3.1875	+1.32759	16
Absence of cooperation and fast respond on data requirement	3.1875	1.27639	16
Company attention and strong feedback on necessary requirements	4.0000	.81650	16
Does the management team was supportive and reactive on required point	3.6875	1.07819	16



## **4.2.4 Competency of professionals**

### **4.2.4.1 Complication of IFRS standards**

Due to its continuous amendments of the standard the reporting standard requires continuous adjustment so that professional has upgraded themselves incessantly. In other way When organizations begin to move from their current accounting standards mandated by the global accounting rules set by the International Financial Reporting Standards, then there is an increased risk of suffering from a costly delay or mistake during the transition period the qualified professionals scarcity is another issue. Since every country maintains their own complex systems of regulations that govern financial reporting without direct involvement with the standards in use, there might still be a requirement to offer multiple reports as well. That means the only difference we see when adopting IFRS as a nation is a shift in the presentation of what the authority body provide.

The respondents with mean and standard deviation were 3.37 and 1.31 respectively it indicates they agreed on complication of standards.

### **4.2.5 Competitive training centres for IFRS adoption**

The most respondents question was how to solve the gap of awareness on the previous and new adoption system. The result also implies that they agree on the lack of training center the respondents mean is 4 and the standard deviation is 1.

This research may require changes to the university accounting curricula. In other words, given that principles-level accounting courses often represent the non-accounting business majors' only contact with accounting (McClure, 1988), instructors should consider the role that education directed at users will play in SEC's assessment and how the curriculum can prepare students for global financial reporting (Barth, 2008). Possibly, accounting instructors believe that comparing IFRS with United States GAAP improves students' understanding of fundamental accounting concepts.

**Table 5: Competency of professionals**

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
IFRS is very complicated	3.3750	1.31022	16
Continuous amendments of standards may cause of difficulty	3.8750	1.02470	16
Most professionals cannot focus on full time on the adoption and implementation due to routine works	4.1875	.98107	16
There is shortage of capable training canters and qualified professionals on the field	4.0625	.77190	16
Companies are not fully focused and supportive on the adoption process	4.1250	.50000	16
Lack of technically skilled and adequate knowledge of accountants shortage	4.0625	.99791	16

#### 4.2.6 Impact of existing Ethiopian Law on IFRS adoption

##### 4.2.6.1 Effect of the tax law & tax authority on IFRS adoption

Respondents were asked their opinion on the contribution of tax authority on its regulation and implementation and may respondents agreed the mean is above 4 and the standard deviation was under 1 it implies the tax and financial authority has an effect on the adoption process. So the inefficiency of tax authority will be a challenge of the IFRS implementation.

IFRS adoption falls within the broader scheme of universalising regulatory institutions in the globalizing world economy. Compared to the commonly understood trends of IFRS adoption circumscribed within a pre-existing regulatory framework, this study also illustrates IFRS adoption as a primary driver of major reforms to the accounting regulatory landscape (YitayewMihiret, DegefaDuressa, Desalegn Getie. 2018)

**Table 6: Impact of existing tax law**

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
There is no clearly stated financial reporting law as a country	3.5625	1.41274	16
The tax and financial authority has an effect on the adoption of IFRS	4.1250	.61914	16
As a previous practice the tax authority is capable to adjust itself as periodically amended standards	2.8125	1.42449	16

#### **4.2.7 Challenges of IFRS adoption in case of Roha pack plc**

The adoption process takes place on the planned period, lack of competency and management concern was asked for respondents as a challenge for the specific company the respondents also revealed that with mean & standard deviation 2.75 & 1 respectively for the first question also for lack of competency 3.4 and less than one respectively for the last question 3.68 mean and .95 standard deviation for management concern. The result indicates that most of participants agreed the adoption process in Roha pack plc was very tricky.

In practice the main challenge in the case company was the adoption process was fully outsourced, However getting the competitive qualified professional was very tedious most of them have a commitment problem lack of competence was the main problem.

The respondents which were selected from the company agreed on the raised question. The result shows that Cost of adoption, need for training, complexity of IFRS, Lack of adequate implementation guidance. Increase volatility of earnings, tax driven nature of previous standards, Problem with Fair value use of IFRS was the main challenges of IFRS adoption. Moreover the findings revealed that due to the benefits outweighs the problems IFRS should have been adopted earlier in Ethiopia. The benefits of effective and efficient financial reporting for

companies, IFRS lead to improved comparability and reliability of financial statements, enhanced transparency through disclosure of information, enhanced investor confidence, improved regulatory oversight and greater credibility for the accounting profession. (Marenesh Abebe, 2018, M.A thesis)

**Table 7: In case of Roha pack plc**

No	Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
	The adoption process was taken place as planned before	1	6.3	7	43.8	3	18.8	5	31.3		
	The main challenge was lack of competency			4	25	2	12.5	9	56.3	1	6.3
	The management was fully concerned for the adoption progress.			3	18.8	1	6.3	10	62.5	2	12.5
	On the outsourcing occurrence getting capable professionals was very tricky					2	12.5	10	62.5	4	25

43.8% of respondents are agreed the adoption process couldn't take place on the planned schedule the reason behind for this failures is on the questioner result implies lack of competency taken 56.3% agreed and getting capable professionals being very difficult shown 62.5% agree. On the lack of IFRS specialists Yetneberk Abebe's survey result shown the same. (Yetneberk, 2018)

Respondents agreed with the statement of IFRS the management was fully concerned for the adoption progress with a mean and standard deviation 3.68 and .94 respectively. The result showed that almost all of respondents agreed and strongly agree on the statement and this indicates the company managers were fully concerned and can understand the benefit which can be forwarded to the company.

In most countries IFRS adoption is associated with a significant mode. The application of a set of rules gives room to the application of a set of principles aimed at providing useful information to make financial and economic decision. IFRS adoption is associated with an increased complexity in the accounting system which now requires a higher degree of assessment and greater commitment of managers at various levels within the company and it is also characterized by move away from accounting towards taxation and a significant increase in the amount of disclosure. This literature also agreed with this idea (Estima Costa Lourenco, 2014)

#### **4.2.8 Factors Affecting the IFRS Implementation In the case company**

As previously stated the implementation cost was delinquent due to lack of competitive professionals and training centers, fortunately the company was obliged to outsource the conversion process due to its limited staff and was difficult going besides with routine works, So entire the company the challenge was investing to much conversion cost. The respondents also 87.5% are agreed on the lack of cultural and social dimensions and auditors competence in implementing of IFRS.

Respondents were asked their agreement level about absence of adequate training centers with relevant technical person as a challenge of adopting IFRS with mean and standard deviation 3.37 and 1.02 respectively. The result implies that the majority of the respondents were agree and strongly agree on the statement that it was a challenge for the adoption of IFRS. Similarly, results from the interview show that adoption of IFRS could be challenged by the weak corporate governance and corporate transparency. This finding were consistent with that of the previous studies (Joseph,2018: Zoubi,2017). This indicates that there could be weak implementation and audit assurance of the policies and procedures. Therefore, this would lead to the company for poor resource utilization.

The second point raised to the respondents as a challenges companies are certainly committed to reimburse any important requirement for additional qualified staff their response were with a

mean and standard deviation 3.25 & 1.12 respectively which mean not much deviate each other, the result implies that practically the company have no any new staff in order to cover this commitments. Result from the interview shows that the core challenge as a staff was upgrading the existing employees and protecting them from overloaded routine works to accomplish the adoption programme.

**Table 8: External factors affecting the implementation of IFRS**

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
<b>On adoption required area there is adequate training centers with relevant technical persons</b>	<b>3.3750</b>	<b>1.20416</b>	<b>16</b>
<b>Companies are certainly committed to reimburse any important requirement for additional professionals.</b>	<b>3.2500</b>	<b>1.12546</b>	<b>16</b>
<b>The authority body who established to organize the IFRS implementation process as a country is fully compassionate.</b>	<b>3.1875</b>	<b>1.42449</b>	<b>16</b>

#### **4.2.9 External Factors Affecting the IFRS Implementation From established and legal entities**

This question was formed in terms of legal system and AABE contribution on affecting the new standard adoption. Respondents were asked their agreement level about absence of good governance and corporate transparency as a challenge with mean and standard deviation 3.62 and 1.36 respectively. The result implies that majority of the respondents were agree and strongly agree on the statement that it was a challenge for the adoption of IFRS. Similarly, results from the interview shows that adoption of IFRS could be challenged by the weak corporate governance and corporate transparency. This finding were consistent with that of the previous studies (Joseph, 2018; Zoubi,2017). This indicates that there could be weak supervision, weak audit control and weak implementation of the policies and procedure. Therefore, this would lead to the enterprise for poor resource utilization.

The second point raised to the respondents as a challenge in authority systems was lack of auditors and other professional's competence and respondents their response with a mean and standard deviation is 4.0 & .36. The result was highly interrelated and it implies the availability of qualified professionals stated as a challenge by respondents. Results from interview shows the same after challenge full Ifrs conversion the auditors readiness were un expected difficulty and taken another time wastage. This finding also consistent with previous study of (Zoubi,2017). Besides the IFRS adoption is currently a hot issue as a country due to that the available experienced auditors have poached by the companies who adopt the standard on the same period.

**Table 9: External factors affecting the implementation of IFRS**

<b>Descriptive Statistics</b>			
	<b>Mean</b>	<b>Std. Deviation</b>	<b>Analysis N</b>
<b>Lack of Cultural and social dimensions and auditors competence in implementing of IFRS</b>	<b>4.0000</b>	<b>.36515</b>	<b>16</b>
<b>There is no adequate IFRS adoption and implementation infrastructure such as legal system, taxation system, accounting education and its road maps.</b>	<b>3.6250</b>	<b>1.36015</b>	<b>16</b>

# CHAPTER FIVE

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## 5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

### 5.1. Introduction

The objective of the study was to analyse the challenges of IFRS adoption in Roha pack plc. This chapter presents the conclusions drawn from the summaries of the major findings in achieving the research's objective and the recommendation of the study. It has two parts; the first part presents conclusions of the study. The second part presents recommendation and finally, the last part presents possible future research areas.

### 5.2 – Summary of Findings

The study examined the adoption of IFRS in Ethiopia, implementation and challenges in a specific manufacturing company. 16 responses in questionnaire and 6 interviews with higher company officials were analysed by using a simple percentage and z-test statistical method to test its adoption challenge in manufacturing company. The study reveals that as a country the responsible body (Aabe) planned to adopt IFRS in three phases and this study target company falls in the second phase who is expected to adopt full IFRS. The challenges found out that

- 1- The first time adoption is expensive.
- 2- Absence of data providing and lack of management and company owners support.
- 3- Professionals' incompetency.
- 4- Non supportive existing tax law

Due to that the adoption of IFRS become to be enormous task on the fact that several challenges are often met in the basis of implementation.

These challenges are not only in manufacturing companies but are common in other sectors which are in the process of adopting this international standard. From the study, several challenges requiring determinations have been identified in varies forms. Most outstanding ones are lack of competent professionals and owners awareness towards the adoption.



### **5.3 Conclusions**

The main objective of this study was to assess the challenges of IFRS adoption in manufacturing industries beyond researches done on the same topic.

This study has delivered evidence of challenges of the adoption of IFRS in which the area of the financially complicated manufacturing area as before IFRS also fully applicable in this sector. The standard has given benefit for investors with greater transparency and understandable report standard. However it has so many challenges on different aspects, the assigned authority institute incompetency is a main challenge for implementers', inadequate good governance and lack of professionals is the other problem. Weak understanding and interpretation on standards and have no interpretation organization was cause of different perception and this would lead to the companies resource miss utilization. Besides, complexity of conversion and continuous amendments of standards and its continuous effect on reporting process would create more challenge to implementation with in the given time frame.

Furthermore, in adequacy of technically skilled professional accountants in the adoption process, lack of training of relevant finance professionals and mental readiness, inefficient training centers could lead to challenges to the dimension of potential knowledge scarcity and this would lead to resistance of change, weak disclosure and less transparency in the reports produced.

Overall, the objective of this study is to ascertain if the first time implementation of IFRS is costly and expensive, examine the level of public awareness by the stakeholders in the use of these standards, to assess the conducive environment availability to examine the influence of existing Ethiopian laws on the smooth transition, challenges being encountered, and measure taken in order to ensure a successful implementation.

Based on that, this study was able to assess the level of implementation of the standard which is targeted on manufacturing industries which are expected to render their 2011 E.c financial report

using IFRS framework. Finding from the study reveals that so many challenges were encountered which causes a difficulty on delay against the application plan.

This delay is attributed to several factors which ranges from challenge of amending the level of education and experience, level of awareness, Weak enforcement and compliance mechanism, inadequate technical capacity, improper planning on the part of reporting companies.

#### **5.4 Recommendation**

Consequence to the above summary and conclusion, however for effective IFRS adoption, the following are suggested:

- To avoid challenges of the standard implementers should be create continuous awareness campaigns to organize by the regulatory bodies in order to have an idea about the standards.
- To strengthen awareness of stakeholders the regulatory bodies should be adequately made stronger through engagement of qualified professionals to ensure proper compliance and monitoring of the implementation of adopted IFRS for financial reporting and corporate governance practice.
- Investors should have invested on their human resource too, to upgrade their qualification and meet international standards to be capable to apply continuously revised standards harmoniously.
- The adoption process should have supported by all stakeholders and establish the IFRS capacity building program which should be embarked upon by all regulatory bodies, firms and training institutions in order to provide the required qualified man power for the market.
- In this study the most noticeable challenge identified was lack of awareness and professionals, Therefore companies, policymakers and national regulatory body should have work together to the increment of awareness for managing the dynamics of continuous amendments of the standard, mainly for report preparation and interpretation of financial reports.

Finally, the findings reveal that there are numerous factors that impact adoption of IFRS in Ethiopia. Based on the findings of the study, it is essential that the concerned body should support adoption of IFRS.

### **5.5 Suggestion for future studies**

The International Financial Reporting Standards (IFRS) is a broader scope of accounting which cannot be distributed with in its entirety in one study alone. This study focused on the challenges that could explain the adoption of these standards in Ethiopia manufacturing industries. However, it would be highly appropriate for future research to be conducted on the accessing challenges of adoption. This would to help how to accommodate the challenges and convert to as opportunity for training institutions.

Furthermore, the country has a schedule to adopt IFRS for SME's subsequently so that how the enterprises are ready beyond the previous adopters challenge to adoption the standard.

Finally, this study endeavoured to focus on the challenges of IFRS adoption in manufacturing industries in the case of Roha pack plc. Though the research found the visible challenges with in the given variable, the researcher prompts more studies to be conducted in the liability recognition area particularly on foreign purchase the tax liability treatment by integrity of the tax authority interest.

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# **APPENDIXES**

## **Appendix (A)**

### **Questionnaire**

**Fitsum Araya (MBAAF student)**

**St Mary University**

**School of Graduate studies**

**Dear Sir/Madam**

The purpose of this questionnaire is to search for information regarding the challenges of IFRS adoption in Roha pack plc. The questioner will be distributed to all IFRS team members in the company. The information you provide in response to the items in the questioner will be used as part of the data needed for a study on key challenges on adoption of International Financial Reporting Standards in manufacturing companies in specific company.

I would like assure you that the information you provide will be accessible only to the academic purpose. Your participation is regarded as a great input to the quality of the research results. Hence, I believe that you will enlarge your assistance by participating in the study.

Your honest and thought full response is valuable.

Thank you in advance for your participation.

**Kind regards,**

*fitsa*

**Fitsum Araya**



# Questioner

## Section 1: Demographic Background

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

1. Gender                  Female                                       Male    

2. Academic Level

Bachelor degree    

MBA/BSC            

PHD                   

ACCA Certified     

Other Specify -----

\* More than one qualification possible to disclose by selection additional level.

3. Working Experience

Less than 5 years    

6 to 10 years        

11 to 15 years       

16 to 20 years       

Over 20 years        

4. Current position in your organization \_\_\_\_\_

## Section 2: Challenges of Adopting IFRS

### I. Is the first time implementation of IFRS is expensive?

Challenges	Scale				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1- Competitive market for adoption of the standard is not accessible					
2- Relatively, with other system development services the IFRS adoption is highly expensive					
3- Ethiopian company owners are not motivated to undertake any risk related with new system adoption					
4- In current Ethiopia context the IFRS adoption is unfavourable in terms of money & time					

II- The level of public awareness of stakeholders on these standards.

Challenges	Scale				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Availability of conducive environment</b>					
5- Absence of cooperation and fast respond on data requirement					
6- Company attention and strong feedback on necessary requirements					
7- Does the management team was supportive and reactive on required point					
<b>Competency of professionals</b>					
8- IFRS is very complicated					
Standards are not understandable					
9- Continuous amendments of standards may cause of difficulty					
10- Most professionals cannot focus on full time on the adoption and implementation due to routine works					
11- There is shortage of capable training centers and qualified professionals on the field					
12- Companies are not fully focused and supportive on the adoption process					
13- Lack of technically skilled and adequate knowledge of accountants shortage					

<b>Impact of Existing tax law</b>					
14- There is no clearly stated financial reporting law as a country					
15- The tax and financial authority has an effect on the adoption of IFRS					
16- As a previous practice the tax authority is capable to adjust itself as periodically amended standards					
<b>In case of Roha pack plc</b>					
17- The adoption process was taken place as planned before					
18- The main challenge was lack of competency					
19- The management was fully concerned for the adoption progress.					
20- On the outsourcing occurrence getting capable professionals was very tricky					
<b>External factors affecting the implementation of IFRS</b>					
21- On adoption required area there is adequate training centers with relevant technical persons					
22- Companies are certainly committed to reimburse any					

important requirement for additional professionals.					
23- The authority body who established to organize the IFRS implementation process as a country is fully compassionate.					

III -The established board contribution on the new reporting system implementation

<b>External factors affecting the implementation of IFRS</b>					
24- Lack of Cultural and social dimensions and auditors competence in implementing of IFRS					
25- There is no adequate IFRS adoption and implementation infrastructure such as legal system, taxation system, accounting education and its road maps.					

## Appendix (B)

### Interview Guide

Fitsum Araya Garedeu (MBAAF student)

St. Mary University

School of Graduate Studies

#### **Dear Sir/Madam**

Manufacturing Company in the case of Roha pack plc to have sufficient response to the research problem in addition to questionnaires distributed to the finance and auditors team which adopt IFRS including consultants. The interview will be made with Financial Managers and Audit Service head and senior consultant in the company. The information you provide in response to the items in the interview will be used as part of the data needed for a study on the challenges of Adoption International Financial Reporting Standards in the case company.

I would like to promise you that the information you provide will be accessible only to the academic purpose. Your involvement is regarded as a great input to the quality of the research results. Hence, I believe that you will enlarge your assistance by participating in the study.

Your honest and thoughtful response is invaluable.

Thank you for your participation.

Kind regards,

*Fitsa*

Fitsum Araya

## Interview questions

- 1- What accounting standards were employed in your company before the adoption of IFRS?
- 2- Do you have face any knowledge gap on the process of IFRS adoption?
- 3- What challenges do observe in the adoption of IFRS by stakeholders?
- 4- Do you think the in house finance team is capable to proceed the IFRS implementation?
- 5- Do you agree the established authority the new standard implementation process is helpful?