PERCIEVED CHALLENGES OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ADOPTION IN NIGERIA

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ABSTRACT

The IFRS adoption is already an issue of global relevance among various countries of the world due to the quest for uniformity, reliability and comparability of financial statement of companies. This research paper, therefore, investigated the perceptions of Nigerian accounting professionals, regarding the perceived challenges of IFRS adoption in Nigeria. The population consists of three different sub-groups of accountants (i.e., auditors, accountants, and academics. Stratified random sampling method was adopted, and primary data used to elicit responses with a structured questionnaire administered. The survey instrument was developed after review from recent literature. The questionnaire was pre-tested, 30 targeting audiences and a questionnaire survey were conducted. The mailing questionnaire was designed as a booklet. The questionnaire booklets were addressed to 2,100 target participants of all three accountant sub-groups (700 participants for each group. The questions were designed using five-point Likert scales, the questionnaire was self-administered, and Data used for the purpose of this paper consists of the responses received to selected items included in the survey questionnaire which explored the benefits, costs and challenges of IFRS in the context of Nigeria. Respondents were required to rate the extent to which they agreed or disagreed with these statements based on a five-point rating scale. Open-ended questions were also provided to allow any other opinions that the respondents may have concerning the questioning variables. The finding shows that there is no statistically significant difference in the opinions between the Auditors and Accountants (Group 1,2) since $p>0.017$. Therefore, the statistically significant differences in Group (1,3) and Group (2,3) with $p <0.001$ solely cause by the different perceptions between the academics (Group 3) and the practitioners (Groups 1 & 2). The researchers recommended that FRCN should ensure that increased volatility of earnings is addressed. The government should not mind the cost of implementing IFRS in Nigeria and do well to embrace it financially.

***Keywords**: IFRS, FRCN, Post Challenges, Nigeria.*

Introduction:

The evolution of this international convergence towards a global set of accounting standards started in 1993, when 16 professional accounting bodies from Austria, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and United States decided to establish the internationals accounting standard board (IASB). The rapid development of global financial markets demands harmonization of accounting standards and approach around the world. In 1999, the demand was polled by stakeholders in financial reporting. The federal executive council, the Nigeria accounting standards board (NASB), now designated as financial reporting council of Nigeria (FRCN) in December 2010, asserted through the issuance of what is known as implementation roadmap for Nigerian adoption of IFRS which set a January 2012 date for compliance for publicly quoted companies and banks in Nigeria. The Central Bank of Nigeria (CBN) and Securities and Exchange Commission also adopted their date for compliance and has issued guidance compliance circular to ensure full implementation of IFRS in Nigeria. It is worthy to state that since the adoption and implementation of

IFRS, it has been facing a lot of challenges and many more perceived challenges which will entail significant costs and will have far-reaching challenges on a wide variety of stakeholders in the financial reporting process; including financial statement preparers, investors, analysts, auditors, regulators and other partakers of financial reporting process. These stakeholders are faced with a number of implementation challenges on the financial reporting process which include amongst;- conversion will require companies to re-align their systems, train employees and educate users of the financial statement on changes to financial reports. Auditors will be required to implement extensive training programme to ensure that future accounting professionals receive a sound education on the application of international financial report standards (IFRS).

The perceived challenges of IFRS adoption is the major concern in Nigeria today. In view of the above fact that reported accounting numbers are shaped historical, economical and institutional structure in the local where firms are domicile. Soderstrom and Sun (2007) argue that cross –country difference in accounting quality are likely to remain, sequel to IFRS adoption, because accounting qualitative is a function if the firms overall institutional infrastructure where they reside.

To address this concern, of perceived challenges of IFRS adoption, three research questions were formulated to guide the study: What are the perceptions of Nigerian accountants about the potential benefits from IFRS?; Do Nigerian Accountants anticipate post implementation challenges of IFRS adoption in Nigeria? And does different Accountants sub-group have a different perception regarding IFRS adoption? The following hypotheses guided the paper: Nigeria Accountants are not optimistic about the potential benefits from IFRS adoption; Nigeria Accountants anticipate significant challenges (cost and challenges) during the IFRS transition and Practitioner and academicians have different perspective regarding IFRS adoption in Nigeria.

Literature Review:

Over the last two decades a considerable amount of literature has been published on the topic of IFRS harmonization, convergence and a feasibility of a single set of globally accepted accounting standards. For the purpose of this paper, we draw our literature review on more recent literature that addresses both desirable and non-desirable characteristics of IFRS convergence as well as the potential perceived challenges of a smooth IFRS convergence process in the accounting process in Nigeria.

Relevance of IFRS adoption:

Proponents of IFRS claim that IFRS possess many advantages over the domestic accounting standards of individual countries. Several studies report improvements in accounting quality following voluntary IFRS adoption (Barth, Landsman & Lang 2008) as well as mandatory IFRS adoption (Daske et al. 2008). For example, Barth et al. (2008) provided evidence from 21 countries, showing that firms applying international accounting standards generally had less earnings management, more timely loss recognition, and more value relevance of accounting amounts than others.

Prior researchers provided many reasons for a higher accounting quality in the financial statements under IFRS: They were originally designed for developed capital markets and therefore, more relevant to investors (Ball 2006); they reduce the alternative accounting methods, leading to lower earning management (Jeanjean&Stolowy 2008); They require higher quality measurement and recognition rules (De Franco, Kothari & Verdi 2010) that better reflect a firms underlying economic position, hence more transparent than local GAAP (Ding et al. 2007)and they require higher disclosure levels, thereby mitigating information asymmetries between firms and their shareholders (Healy & Palepu 2001).

Besides the higher financial reporting quality argument, advocates of IFRS also claim that IFRS reporting increases comparability of firms across markets and countries (DeFond et al. 2010), thus, facilitating cross-border investment (Lee & Fargher 2010) and integration of capital market (Saudagaran 2008). In light of the IFRS effects on the capital market, the promoters of IFRS often argue that companies could access the international capital market more easily (Christensen, Hail &Leuz 2011), especially the ones with high level of internationalization such as trading or raising fund in overseas markets (Daske et al. 2009) .

In addition, there are also the intangible advantages that adopting firms might be able to benefit from, when they implement additional disclosure policy under IFRS (Florou& Pope 2012). For example, the firm may more easily access capital market (Soderstrom& Sun 2007), charge higher price for products (Ray 2010), and attract more experienced staff (Naoum, Sykianakis & Tzovas 2011) thanks to the reputation of more transparency than their competitors (Fox et al. 2013).

In the same line of argument, prior researchers reported that „serious. IFRS adopters experienced significant declines in their cost of capital and substantial improvements in their market liquidity compared to label, adopters (Daske et al. 2009). Accordingly, it is predicted that the IFRS related effects for first-time adopters are likely to be greater in countries with higher quality institutions and countries with higher divergence between domestic GAAP and IFRS (Ding et al. 2007).

Problems of IFRS:

There are several reasons why the expected benefits of IFRS may not be achieved. Reducing accounting alternatives may result in a less true and faithful representation of the firms, underlying economics (Barth, Landsman & Lang 2008).

- As a result of the principle-based nature of IFRS (Hong 2008), professional judgment may create the opportunities for earning management (Chand, Patel & Patel 2005; Jeanjean & Stolowy 2008).
- Weak enforcement mechanisms of adopting nations can reduce financial reporting quality, even when high-quality accounting standards are implemented (Brown & Tarca 2007; Chen & Cheng 2007)

Furthermore, capital market effects of IFRS are more pronounced in countries with stricter enforcement regimes and therefore better IFRS implementation (Chen & Cheng 2007; Hail &Leuz 2006). Wang & Yu (2009) and Leuz (2006) showed that capital market effects were also apparent when stronger reporting incentives and thus higher quality financial reporting were evident. A higher divergence between IFRS and local GAAP and therefore larger change of domestic accounting rules (Byard, Li & Yu 2011; Daske et al. 2008) are also relevant factors.

Regarding the capital market effects, prior authors suggested that the introduction of IFRS reporting can improve stock market liquidity (Narayan &Zheng 2010) and reduce cost of capital (Ahmed, Neel & Wang 2010; Li 2010) although many other authors argued that this may not always be the case (Armstrong et al. 2010; Daske 2006; Hail &Leuz 2009; Karamanou&Nishiotis 2009; Lambert, Leuz &Verrecchia 2008).

In addition to the potential disadvantages, previous authors also expressed some concerns regarding the costs of transitioning to IFRS. Smith (2009) expressed that transition costs may vary from firm to firm, and some may be common to all firms across many countries. For example, according to the report "EU implementation of IFRS and the Fair Value Directive" (ICAEW 2007), the ten common costs of conversion (as shown in Figure 1) to IFRS include: IFRS project team,Software and systems changes,

iii. Additional external audit costs, External technical advice, Training of staff, Training other staff (such as IT staff, internal audit and management), Communications with third parties, Tax advice, Additional external data costs and Costs arising from changes such as renegotiating debt covenants surveys of accounting firms (Larson & Street 2004; PWC 2011) unveiled that most companies hire extra staff or use subcontractors for IFRS project team, therefore, the real costs of resources could be higher than the reported figures. The survey results in ICAEW (2007) also observed that, depending on the size of the company, the ranking of cost of preparing the first set of IFRS financial statements and recurring costs varies depending on the size of the firm, and these costs can represent up to 24 percent of turnover. Other less tangible costs also become apparent when disclosures which create a concern in the investors about the abilities or reputation of the reporting firms and disclosed information supply other firms with a competitive advantages are present (Fox et al., 2013)

Despite some costs of IFRS, implementation is obvious such as those discussed in ICAEW (2007); Fox et al. (2013) argued that other costs are less tangible. They provided examples of these intangible costs occurring when: Disclosures which create a concern in the investors about the abilities or reputation of the reporting firms and Disclosed information supply other firms with a competitive advantages In summary, the key arguments in favor of IFRS adoption focus on the effects on capital and investors; and the less favorable arguments give emphasis to the costs occurring during and after the transition period. Though the evidence of economic consequences of IFRS implementation in the literature is mixed and inconclusive, there is a growing demand for IFRS and potentially a single set of global accounting standards.

Perceived Challenges of IFRS adoption:

The move to a new reporting system (like IFRS) brings many challenges for different stakeholders involving in the process such as regulators, preparers, auditors and users. In particular, the challenge for regulators is to identify to what extent national GAAP will be similar or distant from IFRS (Heidhues & Patel 2008). This, in turn, requires the practitioners to develop or obtain an in-depth analysis what changes in hardware, software, reporting processes are required; what transitional workload adding to the normal day-to-day activities (AICPA 2011). Managing public perceptions around the changes in financial statements are another challenge for the management of adopting firms (PWC 2011). From the perspective of auditors, they need to well plan so that their professional staff have the necessary skills at the time their clients begin the process of conversion, but not so early that the knowledge is out of date or forgotten from lack of use (Deloitte 2008).

Furthermore, Jermakowicz (2004) listed some key challenges in the process of adopting IFRS including: The complicated nature of some standards of IFRS (e.g. impairment test in IAS 36); the lack of guidance of first time IFRS reporting (e.g. IFRS 1); the underdevelopment of capital market and the weak enforcement of law and regulations. Tokar (2005) added that for the country that has a different official language other than English, timely IFRS translation into the national language is another obstacle during the transition period. The task of implementing IFRS is further complicated by the fact that IFRS are continually evolving, and not yet finalised (Fox et al. 2013). This challenge makes it more difficult for a smooth transition to the status of full compliance under IFRS (Joshi et al. 2008).

Several authors have also expressed their concerns about how IFRS will be taught to students and how professionals will keep up to date with new standards (Heidhues & Patel 2008; Wong 2004). Education for both professional and non-professional resources also then becomes an important barrier for making IFRS convergence with national accounting standards happening. Other challenges according to Egbere et al (2013) include: Increased vitality of earnings; High cost of implementing IFRS; Complex nature of IFRS; Lack of IFRS implementation guidance and Tax driven nature of national standards.

Methodology:

The mail questionnaire was designed as a booklet. The questionnaire booklets were addressed to 2,100 target participants of all three accountant sub-groups (700 participants for each group). Reminder letters were sent to all the participants one month and one week before the closing date. Respondents were asked to answer the survey and return the completed survey booklets in the prepaid envelope attached. In addition, in the survey booklet and both reminder letters, the link of an online survey and the email address of the researcher were provided as the alternative options to participate online or return the completed questionnaire electronically. The respondents were anonymous. The sample size and responses per accountant-sub group are illustrated in Table 1.

Table 1: Sample Size and Response Rate per Accountant Sub-Group

Accountant sub-group	Questionnaires				Rates	
	Sent	Returned	Unusable	Usable	Response rate	Usable rate
Group 1: Auditors	700	274	130	144	39.1	21
Group 2: Accountants	700	372	102	270	53	39
Group 3: Academics	700	247	106	141	35	20
Total	**2100**	**893**	**338**	**555**	**43**	**26**

Source: Ocheni (2014)

Table 1 indicates that 274 responses were received from the Group 1, 130 of which were not usable because they were incomplete, thus providing 144 usable responses (representing a usable response rate of 39 per cent). Out of 372 responses received from Group 2, 270 responses were usable, representing a usable response rate of 39 percent (the highest rate among three groups). In Group 3, 247 responses were received, 106 of which were not usable because they were incomplete, thus providing 141 usable responses (representing a usable response rate of 20 percent, same response rate as Group 1). The overall usable response rate of all three groups is 26 per cent.

There were a few numbers of questionnaires that were received outside the cut-off date. The early responses were compared with the late responses of the same accountant subgroups for each question of the questionnaire at 5% level of statistical significance using SPSS. The differences between these responses were non-significant. As a result, it is reasonable to conclude that the error due to non-response bias was negligible or insignificant. Given the length of the survey (7 pages) and scope of the research project (152 questions in 8 sections), the overall usable response rate 26 per cent compared favourably to the response rates of other similar academic surveys. For example, Graham et al. (2005) suggested that a common response rate of such long questionnaires would range from 8 to 10 per cent. This suggestion is consistent with the results of Foo (2008).

The questions were designed using five point Likert scales so that the individuals, knowledge and perceptions of IFRS could easily be determined. The questionnaire was self-administered, as this design was considered preferable for a large number of responses, allowing conclusions to be drawn with greater confidence and allow for comparison across groups. Creswell & Clark (2011) concluded that the self-administered questionnaire was an appropriate method for analyzing a large volume of data or number of people. Data used for the purpose of this paper consists of the responses received to selected items included in the survey questionnaire which explored the benefits, costs and challenges of IFRS in the context of Nigeria. Respondents were required to rate the extent to which they agreed or disagreed with these statements based on the five-point rating scale. Open-ended questions were also provided to allow any other opinions that the respondents may have concerning the questioning variables.

Table 2: Reliability Statistics (Cronbach's alpha test)

Items	Cronbach's Alpha	Cronbach's Alpha based on standardized items	No of items
Relevance	.862	.865	10
Problems	.806	.801	14
Perceived implications	.907	.908	10
Cost	.815	.815	4
All	**.809**	**.823**	**38**

Source: Ocheni (2014)

A test for internal reliability is presented in table 1. The scores of Cronbach's alpha between 0.801 and 0.908 for each and all items indicate a high level of internal consistency for our scale (Pallant 2011).

Data Analysis and Findings:
Descriptive analysis:

Table3: Stakeholder of financial reporting perception on the Relevance of IFRS in Nigeria

Survey items	Respondents agreeing	
	Frequency	Per cent
q1 Reliable	474	85
q1 investor confidence	464	84
q104 comparable	556	82
q102 Relevant	454	82
q107 Access global market	450	81
q106 Creditability	428	77
q108 External financing	384	69
q105 Higher quality than VAS	324	58
q109 Creditor relationship	304	55
q103 Understandable	292	53

Source: Ocheni (2014)

A table three illustrates the perception of the respondents upon relevance, problems, and implications of IFRS in the context of Nigeria. The score " Respondents agreeing" was computed from the rating 4 (agree) and rating 5 (strongly agree) of the Likert 5-point scale in the questionnaire. A majority of the respondents (over 80%) agreed that IFRS possess many advantages including reliability, improving investors, confidence, comparability across firms and nations, relevant to public users, and make access to global market easier than the current national accounting standards. This result is consistent with the literature in this area (Jermakowicz 2004; Joshi et al. 2008). Thus, it confirms the hypothesis H1.

There is however less agreement on the perception of disadvantages than advantages. The majority of respondents (around 70%) agreed that both IFRS and IFRS for SME were overly complicated for Nigerians companies.

Table 4: Stakeholder of financial reporting perception on the problems of IFRS in Nigeria

Survey items	Respondents agreeing	
	Frequency	Percent
q208 Too complicated for SME	394	71
q110 Complicated	388	70
q203 Time consuming	327	59
q205 Hard to understand	297	54
q2010 Impossible global standards	292	53
q207 Not yet globally accepted	253	46
qQ202 Subjective	135	24
q206 Political intervention	119	21
q2012 Vietnam has no voice	113	20
q204 Lack details	84	15
q209 Fraud risk	82	15
q2013 Compromise national pride	71	13
q2011 Vietnam does not need	22	4

Sources: Ocheni (2014)

Despite the diversity of views regarding the problems of IFRS, the respondents have consensus about the challenges that they likely to face if IFRS conversion occurs as seen in Table 5. The majority of concerns (over 80%) are focused on the training/education fields and guidance material (see the top 5 items in Table 5).

Table 5: Stakeholder of financial reporting perception on the IFRS Implementation Challenges in Nigeria

Survey items	Respondents agreeing	
	Frequency	Percent
q307 Educate financial staff	461	83
q302 Update accounting process	454	82
q310 Limited coverage in University	450	81
q304 Manage public perception	449	81
q306 Educate non-financial staff	449	81
q301 IT system	444	80
q305 Manage transition workloads	437	79
q308 Insufficient guidance	437	79
q309 Update auditing process	422	76
q309 Not timely translated	414	75

Sources: Ocheni(2014)

The majority of the respondents (94%) do not know how much it would cost their organizations to change from their current reporting systems to new systems and fully comply with IFRS. Additionally, only 35 out of 555 (6%) respondents could provide a draft estimate of the IFRS reporting costs. Descriptive statistics relating to IFRS reporting costs. Estimated cost varied widely (from zero to 1 million dollars). Except for one respondent who answered with a zero cost (as their company already had the process in place to comply with IFRS under its overseas head office's requirements), the estimated costs of IFRS conversion were significantly correlated with the firms size.

Table 6: Awareness of Costs of IFRS Transition

Awareness of IFRS cost	Frequency	Percent
No	521	94
Yes	34	6

Sources: Ocheni(2014)

Table 7: Costs of IFRS Transition

Cost of IFRS conservation	N	Min	Max	Mean	Std. Division
Naira billion	34	10	20,000	3,917	6,863
Equivalent AUD (*)	34	458.36	$179,536.90	$179,536.90	$314,559.26

Sources: Ocheni(2014)

As the majority of companies operating in Nigerian are small to medium sizes with the average net turnover estimated to be approximately a$2.12 million (see Table 10), the estimated average IFRS Reporting cost of over a$179,000 (see Table 9) is likely to be a financial burden to most of companies. This would put IFRS reporting costs at 8% of net annual turnover, which is more than two times net annual profit before tax, 17% of the values of fixed assets and long-term investments or 7% of capital.This result agreed with the findings from prior studies (ICAEW 2007). Thus, the hypothesis H2 was confirmed.

Table 8: Comparing the Estimated Cost of IFRS to other Financial Indicators

Item	31.12.2008 VND billion	31.12.2008 AUD equivalent (***)	IFRS cost ratio
Net annual turnover	5,315,444	435,406,261,954	
Net annual profits before Tax	211,432	17,319,120,807	
Fixed Assets and Long-term investment	2.579,595	211,303,480,256	
Corking Capital	6,335,827	518,989,335,690	
Number of employees	8,154,850	8,154,850	
Number of enterprises	205,689	205,689	
Average per Enterprise			
Net annual turnover	25.84	2,116,818.41	8%
Net annual profit before Tax	1.03	84,200.52	213%
Fixed Assets and long-term investments	12.54	1,027,295.97	17%
Working capital	30.80	2,523,174.97	7%

Sources: Ocheni(2014)

Since the respondents' perceptions regarding the benefits and costs of IFRS are diverse, the questionnaire contained the questions to gain insights of views on the overall cost-benefit of IFRS adoption and the intention to voluntarily adopting IFRS. Although the estimated IFRS reporting cost is significant, the respondents are optimistic about the net economic consequences of an IFRS switch. In particular, only 23% of the respondents perceive that costs outweigh benefits and up to 42% disagree. This indicates that Nigerian accountants are optimistic on the view that the upfront cost could be recovered, and net benefit will incur in the future.

Table 10: More Costly than Beneficial for IFRS Adoption?

Opinion	Auditor	Accountant	Academic	All groups
Agree	24 (17%)	39 (14%)	62 (44%)	125 (23%)
Disagree	61 (42%)	124 (46%)	46 (33%)	131 (42%)
No opinion	59 (41%)	107 (40%)	33 (23%)	199 (36%)

Sources: Ocheni (2014)

From this perception of long-term benefit, the majority of the respondents (60%) said yes to voluntary IFRS adopting if the Nigerian accounting jurisdiction allows. This finding confirms hypothesis H1.

Table 11: Willingness to Voluntary Adopt IFRS?

Opinion	Auditor	Accountant	Academic	All groups
Yes	93 (65%)	153 (41%)	87 (62%)	333 (60%)
No	44 (31%)	101 (27%)	47 (33%)	192 (35%)
Not sure	7 (4%)	16 (32%)	7 (5%)	30 (5%)

Sources: Ocheni(2014)

The survey participants also provided their opinion on the general impact of IFRS upon the operation of their organizations. The results are consistent with the above findings from an earlier question regarding a general impact of IFRS upon the organizations.

The majority of the respondents (57%) also believed that IFRS would leave either positive or extremely positive impact on the operation of their companies (rating 4 and 5). Only three respondents (less than 1 percent) were concerned about the negative impacts (rating 1 and 2).

Table 12: Impact of IFRS to the Organization

Opinion	Auditor	Accountant	Academic	All groups
0 Don't know	15 (10%)	14(5%)	53 (38%)	182 (15%)
1 Extremely negative	-	-	-	-
2 Negative	-	2 (1%)	1 (1%)	3 (1%)
3 No effect	56 (39%)	81 (30%)	18 (13%)	155 (28%)
4 Positive	60 (421%)	128 (47%)	44 (31%)	232 (42%)
5 Extremely positive	13 (9%)	45 (17%)	25 (18%)	83 (15%)

Sources: Ocheni (2014)

Non-Parametric Tests:

Two non-parametric tests i.e. the Kruskal-Wallis H (KW) and the Mann-Whitney U test (MW) were conducted (see tables 14 and 15). The KW test enables an investigation of possible differences of perceptions amongst the three groups of accountants. Upon the results of the KW test, the MW was conducted to

Table 13: Computed Variables

Items	Mean	Std. Error	Std. Deviation	Variance	Skewness	Kurtosis
Advantages	3.8452	.02458	.57905	.335	-.098	.088
Disadvantages	3.0090	.02313	.54494	.297	-.171	-.491
Challenges	4.0180	.02772	.65304	.426	-.616	.243
Costs	3.1305	.02597	.61191	.374	-.034	-.043

Source: Egbere et al. (2013)

Table 15 displays the summary from the SPSS output of the differences in the perceptions of the respondents amongst the three accountant subgroups.

Table 14: Krustal Wallis H-test

Items	Auditor		Accountant		Academics		Kruskal Wallis H-test (for all 3 groups)	
	Mean of response	Mean Rank	Mean of response	Mean Rank	Mean of Response	Mean Rank	Chi-square	P value
Advantage	3.7278	253.07	3.9007	291.34	3.8589	277.92	5.378	.068
Disadvantage	3.0139	280.44	2.9644	265.48	3.0895	299.49	4.226	.121
Challenges	4.0194	273.72	3.9193	252.76	4.2057	273.72	22.133	.000*
Cost	3.1069	278.17	3.1563	287.20	3.1050	260.22	2.654	.265

***** mean statically significant at 5% level

The results of the KW test (Table 15) indicate except the challenges item, the accountants of all three subgroups agreed on the significance of advantages, disadvantages and costs of IFRS. Opinion regarding the potential challenges of IFRS implementation are diverse between the respondents (since $p<0.05$). However, the KW test results do not tell which pairs of means of the accountant subgroups were different on the views of challenges variable. Therefore, the MW tests (post hoc KW test, pair wise comparisons amongst three groups) were performed. The MW tests were conducted for the following pairs of accountant subgroups:

Group [1,2] = Auditors vs. Accountants

Group [1,3] = Auditors vs. Academics

Group [2,3] = Accountants vs. Academics

The results from the MW test are displayed in Table 16. The entries marked by asterisks (***) demonstrated that this particular value is statistically significant since $p<0.017$. As previously mentioned, the significant value of the MW test is adjusted by Bonferroni adjustment (diving 5% by three as 0.017).

Table 15: Mann-Whitney U-test

Attributes	Mean of responses			Group (1, 2)				Group (1, 3)				Group (2, 3)			
	1	2	3	Mean diff (1)-(2)	MW	WW	P Value	Mean diff (1)-(3)	MW	WW	P Value	Mean (2)-(3)	MW	WW	P value
Challenges	4.0194	3.9193	4.2057	0.1002	17635.5	54220.5	0.119	0.1862	7730.5	18170.5	…	-0.2864	14025	50609.5	…

Sources: Ocheni(2014)

From Table 15, we observe that there is no statistically significant difference of opinions between the Auditors and Accountants (Group 1,2) since $p>0.017$. Therefore, the statistically significant differences in Group (1,3) and Group (2,3) with $p<0.001$ solely cause by the different perceptions between the academics (Group 3) and the practitioners (Groups 1 & 2) as shown in Table 16. This agreed with the finding of prior studies (Pandaram 2002; Rezaee et al. 2010). Thus, our hypothesis H3 is accepted.

determine whether there were significant differences in the response ratings between each of the pair groups. The MW test is used only for those sets of hypotheses that were statistically significant in the KW test at 0.05 level of significance. To protect for Type I Error, the significance level in the MW tests was adjusted by dividing 0.05 by the number of groups (Bonferroni adjustment). Hence, the significance level of MW test was 0.05/3 or 0.017.
This has been done to “reduce the likelihood of identifying a difference by chance” (Morgan &Griego 1998; p.186 cited in Pandaram 2002). Prior to conducting KW or MW tests, the mean values of four variables (Advantages, Disadvantages, Challenges, and Costs) of each accounting subgroup were computed, and the results are shown in Table 14. The KW and MW tests were conducted on these mean values.

Discussion of Finding:

This study examined the perceived challenges of IFRS Adoption highlighting on the benefits, costs and challenges of IFRS implementation. The analysis of the responses suggests that the Nigerian accounting professionals are optimistic about potential benefits of IFRS although they anticipated significant costs and challenges during the transition period. Moreover, the survey findings suggest a strong support in switching from Nigeria SAS to IFRS gradually, though the level of support is different from the lens of three different accountant sub- groups. The results provided by this study are likely to be of interest to other countries or firms considering future IFRS switch and to the IASB and/or others involved in the development of IFRS as they consider the future of a single global accounting standards.

Conclusion and Recommendations:

Conclusively, the research findings are subject to the limitations of any survey study. First, there is a possibility that some respondents might have a bias toward providing average or non-committal answers to the questions in the questionnaire. Second, the non-response bias may be present in the results though non-response bias test was conducted. Finally, the results should be interpreted with care because of the relative small sample size. The researcher recommends that FRCN should ensure that increased volatility of earnings is addressed. The government should not mind the cost of implementing IFRS in Nigeria and do well to embraces it financially. Experts should be employed to educate to help in the interpretation of the standards in order to elicit every ambiguity in the practice.

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