

**UNIVERSITY OF EDUCATION, WINNEBA**  
**COLLEGE OF TECHNOLOGY OF EDUCATION, KUMASI**

**AN INVESTIGATION INTO THE BENEFITS AND CHALLENGES OF  
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)  
ADOPTION AND IMPLEMENTATION AMONGST SMALL AND MEDIUM  
ENTERPRISES IN KUMASI METROPOLIS**



**ANYAGRE ADUKU ABEL**  
**MASTER OF BUSINESS ADMINISTRATION (ACCOUNTING)**

**2019**



**UNIVERSITY OF EDUCATION, WINNEBA  
COLLEGE OF TECHNOLOGY OF EDUCATION**

**AN INVESTIGATION INTO THE BENEFITS AND CHALLENGES OF  
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)  
ADOPTION AND IMPLEMENTATION AMONGST SMALL AND MEDIUM  
ENTERPRISES IN KUMASI METROPOLIS**



**A Project Report in the Department of Accounting Studies, submitted to the School  
of Graduate Studies in partial fulfillment of the requirements for the award of the  
degree of Master in Business Administration (Accounting) in the University of  
Education, Winneba**

**JULY, 2019**

## DECLARATION

### STUDENT'S DECLARATION

I, ANYAGRE ADUKU ABEL, declare that this thesis, with the exception of quotations and references contained in published works which have all been identified and duly acknowledged, is entirely my own original work, and it has not been submitted, either in part or whole for another degree elsewhere.

SIGNATURE.....

DATE.....



### SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of this work was supervised in accordance with the guidelines for supervision of thesis as laid down by the University of Education, Winneba.

NAME OF SUPERVISOR: **MR. ALFRED B. MORRISON**

SIGNATURE.....

DATE.....

## DEDICATION

This glamorous and tantalizing work is hereby dedicated to my only beloved wife Betilda Anyagre and lovely little girls Abaare Michelle Awinborim (Doctor) and Abaare Sharon Awinimie (Lawyer).

May the almighty God bless you all.



## ACKNOWLEDGEMENT

Special appreciation and thanks goes to my Supervisor Mr. Alfred Morrison who in spite of his busy schedules had the patience and energy to guide me through this work. I really appreciate his constructive suggestion. I am also grateful to Rev, Dr. David Akonsi and the wife Rev Hannah Akonsi (Tamale Central Assemblies of God Church Pastor) and all my colleagues and my friends for their immense contribution towards this programme of study.

Special thanks also go to Dr. Mbawuni for his guidance and encouragement towards this programme of study. Finally, I wish to express my deepest appreciation to my parents, Mr. Anyagre Ateah Daniel and my late mother Ruth Anyagre (Queen mother of Tetako) for their prayers and financial support, my Brothers Dr. Benjamin Anyagre, Joseph Anyagre, Joshua Anyagre and Sisters, Comfort Azumah Anyagre, Rev Hannah Akonsi, Esther Aluguni, Sarah Anyagre and the last girl Elizabeth Ayesibun Anyagre I will never forget of the numerous assistance given to me during my programme of study.

You are wonderful friends and may the almighty God bless you all.

## TABLE OF CONTENTS

CONTENTS	PAGE
TITLE PAGE .....	i
DECLARATION.....	iv
DEDICATION.....	v
ACKNOWLEDGEMENT .....	vi
TABLE OF CONTENTS .....	vii
LIST OF TABLES.....	x
LIST OF FIGURES .....	xi
LIST OF ABBREVIATIONS.....	xii
ABSTRACT .....	xiii
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.0 Conceptual Framework.....	1
1.1 Statement of the Problem.....	4
1.2 Purpose and of the Study .....	7
1.3 Guiding Research Questions.....	7
1.4 Significance of the Study.....	8
1.5 Delimitation of the Study.....	9
1.6 General Layout of the Report .....	9
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>9</b>
2.0 Introduction.....	10
2.1 The Development of IFRS for SMEs .....	10
2.2 What are Small and Medium Sized Enterprises (SMEs?).....	14

2.3 Adoption of IFRS in Ghana.....	16
2.4 Accounting Practices of SMEs in Ghana.....	20
2.5 International Financial Reporting Standards (IFRS) For Small and Medium Enterprises (SMEs) in Ghana .....	23
2.6 Challenges faced by Small and Medium (SMEs) in Adopting International Financial Reporting Standards (IFRS) .....	26
2.7 Benefits of IFRS Adoption on SMEs in Ghana.....	31
2.8 The Main Research Gap .....	34
<b>CHAPTER THREE: METHODOLOGY OF THE STUDY.....</b>	<b>37</b>
3.0 Introduction.....	37
3.1 Research Design .....	37
3.2 Population of the Study .....	39
3.3 Sample and Sampling Techniques.....	40
3.4 Data Collection Techniques.....	43
3.4.1 Sources of Data.....	43
3.4.2 Data Collection Instrument.....	43
3.4.3 Data Collection Procedures .....	45
3.5 Method of Verification .....	46
3.6 Data Analysis.....	47
3.7 Limitations of the Study .....	47
<b>CHAPTER FOUR: ANALYSIS AND PRESENTATION OF DATA.....</b>	<b>49</b>
4.0 Introduction.....	49
4.1 Respondents Rate.....	49



4.2 Demographics of Respondents .....	50
4.3 Age of Respondents .....	51
4.4 Work Experience .....	52
4.5 Data Analysis Tool .....	54
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION ....</b>	<b>71</b>
5.0 Introduction.....	71
5.1 Summary of Findings .....	71
5.2 Conclusions.....	74
5.3 Recommendations.....	74
5.4 Suggestions for Further Research.....	76
<b>REFERENCES .....</b>	<b>77</b>
<b>APPENDIX.....</b>	<b>88</b>



## LIST OF TABLES

Table 4.1 General Perceptions on the Awareness Regarding IFRS for SMEs .....	55
Table 4.2 Factors affecting the adoption of IFRS for SMEs .....	57
Table 4.3 Preparedness and Perception Benefits of IFRS for SMEs .....	59
Table 4.4 Preparedness and perception challenges of the implementation of IFRS for SMEs .....	64
Table 4.5 Perception on the Benefits after the adoption IFRS for SMEs .....	69



## LIST OF FIGURES

Figure 4.1 Data Respondent of Gender .....	50
Figure 4.2 Age of Respondents .....	51
Figure 4.3 Working Experience of Respondents .....	52
Figure 4.4 Educational Levels of Respondents .....	53
Figure 4.5 General Perceptions on the Awareness Regarding IFRS for SMEs .....	55
Figure 4.6 Factors affecting the adoption of IFRS for SMEs .....	57



## LIST OF ABBREVIATIONS

SMEs	Small and Medium Scale Enterprise
IFRS	International Financial Reporting Standard
ROSC	Observance of standard and code
UN	United Nations
ECOWAS	Economic Community of West African States
IASB	International Accounting Standard Board
ACCA	Association of Chartered Certified Accountant
IAS	International Accounting Standard
ICAG	Institute of Chartered Accountant Ghana
GNAS	Ghana National Accounting Standards
SHS	Senior High School
GAAP	General Accepted Accounting Principles
OECD	Organization for Economic Co-operation and Development
IASCF	International Accounting Standard Committee Foundation
SMEDA	Small and medium Enterprise Development Authority (Pakistan)
AICPA	America Institute of certified Public Accountants
MOFEP	Ministry of Finance and Economic Planning
IFAC	International Federation of Accountants

## ABSTRACT

This paper provides empirical evidence regarding the perceived investigation into the benefits and challenges of international financial report standard adoption and implementation amongst small and medium enterprises in Kumasi metropolis. The Ghanaian financial reporting framework is keeping pace with the global development due to the globalization of the world's economy and markets led companies and nations to become world global players. Thus, as a result, Ghana made preparation and effectively launched the International Financial Reporting Standards (IFRS) on January 23, 2007 and other bodies were given a supplementary changeover period of two years to comply (United Nations, 2007), to make sure that all companies and Small and medium Scale Enterprise report or prepare their financial statement base on International Financial Reporting Standards (IFRS) for Small and medium Scale Enterprise in Ghana. . This study contributes to the limited empirical research regarding the investigation into the benefits and challenges of international financial report standard adoption and implementation amongst small and medium enterprises in Kumasi metropolis in particular. In addition, International Financial Reporting Standards (IFRS), different countries developed their own national accounting standards or adopted that of other countries. However, movement of business toward a global economy brought challenges in comparability, objectivity, reliability, understandability among others. These issues have accelerated the need to move toward global accounting standards. Thus these challenges spelt the need for a single set of high quality and globally accepted accounting standards. This study recommends that, the SMEs in Kumasi Metropolis, Ghana should work on skills and expertise gap through training and development and to ensure that these standards are included in the academic and professional curricula. Moreover, regulatory bodies should monitor and enforce these standards but where local content is needed, convergence should be the solution.

## CHAPTER ONE

### INTRODUCTION

#### 1.0 Conceptual Framework

Small and medium scale enterprises have become one of the most important areas in the growth of the every economy in most countries in the world today and for that matter cannot be underestimated. The Small Medium Enterprise (SMEs) sector both national and international have contributed greatly to gross domestic product in most countries as they also part take in the activities of the production of goods and services, import and export, as well as contribution in reducing unemployment in the economy and many others countries across the world. Greenan, Humphreys, and McIvor (1997) noted, “The contribution of small and medium sized enterprises (SMEs) towards economic performance is now collectively accepted as significant”. A number of studies have concluded that the practice and implementation of good management is a key ingredient to a firm’s success (Ghosh, Teo, & Low, 1993; Yusuf, 1995). To drive the manufacturing and other sectors into accelerated growth and global competitiveness, Ghanaian businesses must look beyond their present conditions and employ every available alternative in terms of innovation, strategy and the best available technology.

According to Gono (2013), SMEs contribute to output and employment creation and they are also a nursery for the larger firms of the future. Most of the developing economy over many years are successfully due to the contribution of these small and medium scale enterprises (SMEs) .Modugu and Eragbhe (2013) alluded to the fact that Small and Medium Enterprises (SMEs) contribute over 90% of the private sector production and they

are the main root of job creation in developing countries and play a significant part in income generation activities mostly for the poor who have access to work in there.

The need for accounting regulation to harmonize accounting reporting standards for small and medium enterprises (SMEs) sectors and other entities for operating across the world of today, made the Minister of Finance and Economic Planning on 21<sup>st</sup> January, 2007 to formally launch the adoption of IFRS. By 31<sup>st</sup> December 2007, listed companies, government business enterprises, banks, insurance companies, securities brokers, pension and investment banks and public utilities were expected to prepare their financial statements in accordance with the IFRS and this was a step ahead to encourage other sector of the economy to grow. In an address to the participants at the launching, the minister referred to a Report on Observance of Standards and Codes (ROSC) on Ghana issued by the world bank in March 2006, and noted that "the adoption of IFRS would address certain weaknesses the a Report on Observance of Standards and Codes (ROSC) of Ghana has identified" (UN, 2007).

With the technology world of today where globalization is so fast fetching, there is the need to investigate the effect that the adoption of International Financial Accounting Standard (IFRS) espousal has effect on small and medium scale enterprises (SMEs) as they have played an important role in both local and international trade in Ghana's economy. Earlier to the 1970's the development of accounting standards was customized to each country to meet the needs of its business environment. Differences in standards came about as a result of differences among countries with factors such as culture, legal systems, providers of finance, taxation, accounting profession and inflation Choi and Mueller (1992); Nobes (1998); Radebaugh and Gray (1997) and Doupnik and Salter (1995).

However the unique increase in foreign investment, the formation of regional economic groups such as (European Union and ECOWAS) and the growing need of multinational companies including the Small and medium enterprises (SMEs) sectors to raise capital for their operations in the stock market intensified the need for internationally accepted accounting standards to enhance the quality of financial information Radebaugh and Gray (1997). Eventually International accounting standards were developed in 1973 by a standard setting body called International Accounting Standard Committee whose functions were taken over by International Accounting Standard Board (IASB) in April 2001 with the authority to make the standards which is now termed International Financial Reporting Standards (IFRS) mandatory among its members (ACCA 2008, IAS Plus 2010).

The primary objective of the IFRS is to help companies generate general purpose financial statements that provide users with relevant, reliable and timely information (IASC Foundations 2009). It is argued by Imhoff (2003) that such information contributes towards the achievement of orderly capital markets around the world. Since the global implementation of IFRS over one hundred countries have adopted the standards with more other countries preparing to convert their standards to IFRS (Hibbard, 2012).

Ghana, a West African country had its stock exchange established in 1990 under the Stock Exchange Act of 1971 (Act 384), (Ghana Stock Exchange, 2011) and was the first to adopt IFRS in the West African sub region in its effort to deepen its commitment in expanding the private sector which includes the small and medium scale enterprises (SMEs). The Council of the Institute of Chartered Accountants Ghana (ICAG) realizing the significant gaps in the Ghana National Accounting Standards (GNAS) onwards, resolved to journey



from using the GNAS as the financial reporting outline to IFRS. Therefore, Ghana adopted IFRS in 2007 requiring all companies listed on the Ghana Stock Exchange to comply.

The acceptance of the IFRS in Ghana with the current system of today's globalization indicates that small and medium scale enterprises (SMEs) cannot move on with the local standard for financial reporting resolutions. However, before small and medium scale enterprises (SMEs) get itself into the international trade with its holdings and authorizations in other sector of the globe to be more acceptable, it must make sure that they comply with the IFRS standards. Due to adoption of accounting reporting standard, the acceptance of the IFRS is broadly accepted by many countries across the globe and therefore all small and medium scale enterprises (SMEs) have to go by its standards in order to move into the world market. Nevertheless, the full IFRS publicized by the IASB has been seen as not necessary due to the revelation desire, which are far-reaching for SMEs. As a result for that matter, IASB published a simple part of the IFRS application to SMEs. As the outcome of wider consultation for the SMEs across the world, the International Accounting Standard Board (IASB) introduced an International Financial Reporting. The adoption of the International Financial Accounting Standard (IFRS) came with a lot of misunderstanding by those organizations adopting the complete reporting of IFRS, and the main challenges of which was based on a cost-benefit analysis associated with it for SMEs (Nazri, 2010).

### **1.1 Statement of the Problem**

The study was to assess the challenges faces the small and medium scale enterprises (SMEs) sub-sector in Ghana since the adoption of IFRS. The researchers work was a case study which concentrates on only the adoption of International Accounting Standards for

small and medium scale enterprises (SMEs) and its quality to accounting information in Ghana. The researcher concentrates on how International Accounting Information Standard can improve small and medium scale enterprises (SMEs) accounting information to stakeholder of the accounting sector for the best decision to be made.

Ghana adopted International Financial Reporting Standard (IFRS) on 1<sup>st</sup> January 2007 which replaced the National Accounting Standard Ghana. This was a way to move on with the harmonization and the growth of the developing countries and Ghana as a whole and also to increase the private sector of the economy which is largely covered by the SMEs. The Institute of Chartered Accountants, Ghana (ICAG), has significantly followed the implementation of the acceptance of the IFRS in Ghana since its inception. On 23<sup>rd</sup> January, 2007 the ICAG finally introduced the acceptance of the IFRS and then asked all companies listed on the Ghana stock market to comply with IFRS by 31<sup>st</sup> December 2007. Others were given two more years to comply with the directives of adoption of IFRS in Ghana (United Nations, 2007).

The adoption and the inception of the International Financial Reporting Standard (IFRS) in the developed and developing economy has brought a great impact in countries that have adopted and complied with the International Financial Reporting Standard (IFRS). As trade increases in the world today, financial statement prepared according to a nation's local accounting principles and systems may not achieve the investors need, business partners, people who wants to invest and those who need accounting information for decision making who are used with the international standards. As the market increases in the world today, there is the need for nations to adopt the accounting standards (IFRS) to meet the need of the investors and for the humanization of financial report to be accepted

across the globe. To close the distance between the accounting standard among other countries, the international Accounting Standard Committee (IASC) was founded in 1973 by a group of accounting practitioners to make a unique or uniform and global standards that will help to reducing the differences in accounting principles and reporting. Due to this, the International Accounting Standard (IAS) was set up to implement the similarity and standardization of accounting practice and principles over two decades (Carlson, P 1997).

An outcome of a research by Deloitte in 2009 shows that 43% of small and medium scale enterprises (SMEs) respondents were not aware of the IASB's standard IFRS for SMEs, lack of management knowledge in financial management and proper book-keeping are treats that are be deviling small and medium scale enterprises (SMEs) when it comes to accessing resources form the financial institutions in Ghana and elsewhere A study conducted by Gono (2013) shows that some of the small and medium scale enterprises (SMEs) are not able to meet the requirement by financial institution due lack of financial management skills. For that reasons, it is necessary for small and medium scale enterprises (SMEs) to move in the same path of IFRS in Ghana and to benefit from it. This has therefore made the researcher to investigation into the benefits and challenges of IFRS adoption and implementation amongst SMEs operation in Kumasi Metropolis in the Ashanti Region in Ghana.

Difference studies on International Financial Accounting Standards (IFRS) in Ghana looked at the companies listed in Ghana (see Agyei-Mensah 2012; Ocansey & Enahoro 2014; Yiadom, & Atsunyo 2014, Appiah *et al.* 2016). These than means that all small and medium scale enterprises (SMEs) in the country need to accept and adopt the requirement of International Financial Accounting Standards (IFRS) for all small and medium scale

enterprises (SMEs) beginning from 2009, still very little research has been done regarding the benefits and challenges of IFRS adoption for small and medium enterprises (SMEs) in specific developing African countries such as Ghana. These missing gaps had caused the need to study the challenges of adopting and implementing International Financial Reporting Standard among SMES in the Kumasi Metropolis in order to come out with findings that will enhance development in the SMEs sector of the country.

### **1.2 Purpose and of the Study**

The main objective of this research is to investigate the challenges and the benefits that are there for the adoption of IFRS amongst small and medium enterprises (SMEs) in Kumasi Metropolis. Specific objectives of the study are to:

1. Determine the challenges faced by small and medium scale enterprises (SMEs) within the adoption of IFRS Kumasi Metropolis.
2. Assess the impact of adopting IFRS on the growth and development of Small and Medium Scale Enterprises (SMEs) in Kumasi Metropolis
3. Examine the benefit for adopting IFRS for small and medium scale enterprises (SMEs) in Kumasi Metropolis.

### **1.3 Guiding Research Questions**

The researcher will find answers to the following questions:

1. What are the challenges facing small and medium scale enterprises (SMEs) within Kumasi Metropolis?
2. What is the impact of adopting IFRS on the growth and development of Small and Medium Scale Enterprises (SMEs) in Kumasi Metropolis?

3. What are the benefits for adopting IFRS in small and medium scale enterprises (SMEs) in Kumasi Metropolis.?

#### **1.4 Significance of the Study**

Looking at the important contribution that the small and medium scale enterprises (SMEs) sub-sector helps in the developing and developed economy make and considering the ongoing reform in the global world of the adoption of the IFRS for SMEs, the regulators of IFRS should strengthen the small and medium scale enterprises (SMEs) sub-sector by making sure that more education is done by the body of IFRS. The importance of this study cannot be downplayed.

The significance of this study therefore lies in the attempt to document the factors that is truly responsible for hindering the adoption of IFRS amongst small scale enterprises, which have not been appreciated, recognized or factored into the various incentives schemes and policy measures being put up for SMEs in the state and the nation at large. In addition, this research will equip owners of small scale enterprises by encouraging them to pay attention to keeping of proper books of accounting records a greater priority in the objectives of their business. With this, adequate information about the profitability of the business will be accurately known.

Furthermore, apart from the result of the study contributing to the “knowledge bank” of small scale enterprises, it will stimulate more researches into this area since from research literature work in this field is still minimal.

### **1.5 Delimitation of the Study**

The study is focus on the investigation into the benefits and challenges of international financial report standard adoption and implementation amongst small and medium enterprises in Kumasi metropolis. The study look at how small and medium scale enterprise uses international accounting standard to prepare their financial report within Kumasi Metropolises, challenges they encounter and also the benefits.

### **1.6 General Layout of the Report**

The project was organized in five chapters as follows. The first chapter contains introduction which includes the background of the study, the statement of the problem, the purpose and objectives of the study, significance of the study, limitations of the study, delimitations of the study and the organization of the study. Chapter two also deals with the review of related literature which concerns about the challengers facing small and medium scale enterprises (SMEs) in Ghana. Chapter three embodies the methods used in the collection of data such as population and sampling size, techniques. Chapter four deals with the results of the study. This was a stage where various data collected from the field was grouped, arranged as expected by the study and analyzed the data to achieve the research objective. Chapter five contains summary, conclusion and recommendation. The research summed up the whole result from the field as gathered and used it to make conclusion as well as recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

## **2.0 Introduction**

This chapter attempt to review some of the related literature that forms the basis for this study. The chapter begins with the development of international financial reporting standard (IFRS) for small and medium enterprise (SMEs), what are small and medium enterprise (SMEs), as well as the adoption of international Financial Reporting standard in Ghana, the literature on accounting practices of small and medium enterprises (SMEs) in Ghana, international financial reporting standard (IFRS) for small and medium enterprise (SMEs) in Ghana, challenges faced by small and medium enterprise (SMEs) of n the adoption international financial reporting standard (IFRS), the benefits of international financial reporting standard (IFRS) adoption in small and medium enterprise (SMEs) in Ghana. The chapter therefore concludes by reviewing the literature on the research gaps.

## **2.1 The Development of IFRS for SMEs**

The fast growing of business and the quick growth of the capital markets cause the need for a world agreed financial reporting outline as stated by Campbell and Howard (2008). The patricians of the accounting sectors has a lot of difficulties of reorganizing its financial report outline to deal with current accounting reporting issues ; activate its image; and build upon its professional ability level. In responding to this request, the International Accounting Standard Board and the Financial Accounting Standard Board signed the Norwalk agreement in 2002, the reason of these was to make sure that it helps to enable the convergence of existing accounting standard and to make major joint project. There are different achievements of practicing a unique set of internationally agreed financial standard. . In a case study of Zimbabwe, Chamisa (2000), cited in Zeghal and Mhedhbi (2006), came out with the result that worldwide accounting standards plays a major role

in the growth of every economy financial market in emergent states. Same as, Tarca (2008); Zeghal and Mhedhbi (2006) also came out that developing nations struggling for the growth and development should fast rebuild their financial system and strongly motivate the acceptances of the world accounting standards. , Downes (2006) alluded to the fact that global standard help in constructing hope in financial markets.

Thus, in 2005, the international accounting standard board (IASB) made a try to attain global agreed financial reporting standard for all reporting businesses or entities. As IFRS deal with wide range of accounting reporting matters, it's really provided the information needs of equity investors in the public capital markets. IFRS was very good for bigger companies listed in the stock market for some number of thoughts. To mention but few are, the scope, the fulfillment of customers and users of accounting information and others. As a matter of fact, in 2007 IASB Developed the International Financial Reporting Standards for Small and Medium sized Entities, with the aim of satisfaction the information needs of non-public accountable business that brings out general purpose of financial report. IFRS for SMEs was to bring down set of choice for accounting treatment and making it easy for SMEs achievement. IFRS for SMEs was to make sure that other impediments that will make IFRS for SMEs adoption difficult and irrelevant are eliminated and to make it simpler for it adoption for SMEs. Indeed, the adoption of the IFRS for SMEs by SMEs in the growing nations or countries is to achieve a good result in the accounting scholars and reporting entities. This is because such economies largely consist of small and medium sized entities. This development in financial reporting will in the near future improve the financial reporting in emerging economy and at the same time, result in more transparent reporting.



However, the costs of adopting IFRS for SMEs, for instance, costs incurred in changing accounting information systems, hiring experts and training employees, may outweigh the benefits from compliance in some economy for years. The adoption of IFRS for SMEs standard is not without challenges. What now lies ahead is whether practitioners and SMEs in emerging economy like Ghana would benefit from adopting the standard? However, before discussing the matter in detail, it is important to consider the financial reporting environment in Ghana and the likely challenges facing the accounting profession in adopting IFRS for SMEs.

The strength of every nation and the increasing in the living standard of its citizens (that is output and per capita income) has not been depending on not only local production and consumption activities but indeed rely on the also international business or trade of goods and services (Jhingan 2006). Small and Medium-scale Enterprises (SMEs) has taken part of the nation's burden by playing an important part in the role of industrialization and maintaining the growth of the economy. (Aremu & Adeyemi, 2011; Terungwa, 2012) From many years now till date Small and Medium-scale Enterprises (SMEs) have been offered that respect specifically in the developed world for partaking in the contribution of the nation building by way of employment and social responsibilities in their area of operations (Gunu, 2004; Onugu, 2005; Aremu, 2010) . For that matter Small and Medium-scale Enterprises (SMEs) should not be looked down upon but should be supported by all government to make sure that they achieve their said target and contribution to economic growth. For some years now, Small and Medium-scale Enterprises (SMEs) has contributed a great portion of business activities across the globe and indeed, marvelously created avenues of employment, provisions of goods and services, and increasing the livelihood of many poor Ghanaians as well as contributing to the Gross Domestic Products (GDP) of

many countries (Paul, 2010; Ojeka & Mukoro, 2011) According to Onugu (2005) Small and Medium Enterprises (SMEs) occupy a place of self-importance in almost every part of almost all nation or state. In view of that, the Small and Medium Enterprises (SMEs) has played a significant role in the growth and intensification of the economy, Small and Medium Enterprises (SMEs) have suitably been referred to as “the engine of expansion” and “facilitators for socio-economic change of any nation.” Onugu (2005) believes that Small and Medium Enterprises (SMEs) signify a true medium for the achievement of national development and also the creation of employment for even people with little skills within the economy to reduce poverty level of the society and to increase the living standard of nationals for economic development. Owolabi, Adetula & Onyinye (2014) proposes that Small and Medium Enterprises (SMEs) roles in the international business has made a lot of them entered into the exportation and importation of raw material for bigger industry used.



The Organization for Economic Co-operation and Development (OECD) stated that the level of altitude to which small firms are globalized is more often than not a direct function of their involvement in exportation (OECD, 1997). Due to the echelon at which business is being globalized in the present day, Ghana cannot afford to present its financial reporting with local standards hence this research. According to Grosu & Bostal, (2010) a good number of local standards cannot offer the desired level of comparability, trustworthiness and culpability. Small and medium-sized enterprises (SMEs) are fast growing and been seen as productive tool of every economic development and growth in African countries where Ghana is not an exception. Indeed, small and medium sized enterprises (SMEs) have contributed to 70% percent of our nation (Ghana) gross domestic product (GDP) and 92 percent of its activities. Small and medium sized enterprises (SMEs) have not only

added to the nation's development but service as a change through their development of new mood of operation in the sector of the economy.

## **2.2 What are Small and Medium Sized Enterprises (SMEs?)**

The definition of Small and Medium Enterprises (SMEs) has been a problem due to differences in understating the concept and the manner of the operation of the enterprise. Even though Small and Medium Enterprises (SMEs) has made a tremendous contribution to the economic growth for both local and international, its definition is a thought-provoking task as different nations has its way of the definition. Indeed, there has not been any consistence agreed definition of a 'small firm' (Storey, 1994). Enterprises vary in the way of their activities depending on the capitalization, number of people they employ and the sale they make, therefore if definition is going to be depending on the number of employment, sales made and size for instance will be misleading, which has really made the definition of Small and Medium Enterprises (SMEs) very difficult to be define. Under the economic definition, a firm is regarded as small if it meets the following three criteria:

- It has a relatively small share of their market place
- It is managed by owners, or part owners, in a personalized way and not through the medium of a formalized management structure and
- It is independent in that it is not part of a larger enterprise (Mahembe, 2011).
- The 'statistical' definition, on the other hand, is used in three main areas:
  - Quantifying the size of the small firm sector and its contribution to GDP, employment and exports;
  - Comparing the extent to which the small firm sector's economic contribution has changed over time and
  - In a cross-country comparison of the small firms' economic contribution.

These definitions, however, have a number of weaknesses. For example, the economic definition, which states that a small business be managed by its owners or part owners in a personalized way and not through the medium of a formal management structure, is incompatible with its statistical definition of, for example, a small manufacturing firm which might have up to 200 employees (Mahembe, 2011). The OECD estimates that small and medium enterprises account for 90% of firms and employ 63% of the workforce in the world (Munro: 2013). Small and medium enterprises account for that amount of businesses that it is senseless the arbitrariness with which they are defined. Language mainly used for definition is numbers, but it is difficult to find two institutions, statistical agencies or countries who speak the same language in terms of small and medium enterprises. Academics, authors, policy makers apply SME definitions in terms of dichotomy between universality and standardization of a unique definition and relativity and sectorized specialization. Although qualitative criteria-characteristics of SMEs easily distinguish them from large businesses, quantitative criteria are mainly used for their dimensional classification. This paper deals with a critical approach to the definition of small and medium enterprises, inconsistencies in criteria and various proposed approaches to the definition towards universal acceptance. Small firms are also defined on the basis of different criteria. But it is argued that fulfilling the criteria of the number of employees is obligatory, while filling another financial criteria the choice of the enterprise (Berisha & Pula, 2015). In Pakistan, the small firms are defined as "those having an employee size up to 35 people while medium size firms are those with 36-250 employees" (SMEDA, 2018).

According to the International Accounting Standard Committee Foundation (IASCF, 2009) the proposed IFRS for SMEs has been plan in a way that an entity with no public

accountability is not considered as Small and Medium Enterprise (SMEs) and that shows that an entity (Small and Medium Enterprise (SMEs) that has no public accountability has no right and obligation for making their financial report known to the general public and other users of accounting information and can decide not to publish their financial statements. The International Accounting Standard Committee Foundation (IASCF, 2009) made assertion that entity is than define as having public accountability” if: It has issued or in the process of issuing debt, equity or other mechanism in the public market or holding assets in the fiduciary capacity for the board group of outsiders as one of its main entity, for instances, a bank, an insurances company, securities brokers/ dealer and a mutual fund.

On the other size of the coin, entities that are publicly accountable are made to publish their financial report for the general public which is mandatory by law. The above definition eliminate a quantified sizes test and instead, adopts a public accountability principles IFRS for SMEs has been designed using 50-empolyees typical entity guidelines not as a quantified size best for board for defining SMEs, but rather to help the board in knowing the type of activities that standards should be addressed. Indeed for the reason of this research, the definition by The International Accounting Standard Committee Foundation (IASCF, 2009) will be used even though the definition of SMEs is not complete.

### **2.3 Adoption of IFRS in Ghana**

Let’s begin by asking a question what is IFRS? International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements, therefore all companies across the

world will have to prepare their financial statement base on (IFRS) before it can be internationally accepted by investors and other actors of the accounting family.

The IASB is an independent accounting standard-setting body, based in London. It consists of 15 members from multiple countries, including the United States. The IASB began operations in 2001 when it succeeded the International Accounting Standards Committee. It is funded by contributions from major accounting firms, private financial institutions and industrial companies, central and development banks, national funding regimes, and other international and professional organizations throughout the world.

While the AICPA was a founding member of the International Accounting Standards Committee, the IASB's predecessor organization, it is not affiliated with the IASB. The IASB neither sponsors nor endorses the AICPA's IFRS resources. Approximately 120 nations and reporting jurisdictions permit or require IFRS for domestic listed companies, although approximately 90 countries have fully conformed to IFRS as promulgated by the IASB and include a statement acknowledging such conformity in audit reports. International Financial Reporting Standard (IFRS) refers to a set of accounting standards developed by the International Accounting Standards Board (IASB) to be applied when preparing the financial statement and balance sheet of a company. IFRS was developed in 2001 by the IASB in the public interest to provide a single set of high quality, understandable and uniform accounting standards. With the globalization of finance and industrialization, the adoption of IFRS was to enable investors to understand financial information in a meaningful and trustworthy manner. Adoption of IFRS would facilitate decision-making, there by leading to better accountability and compliance with tax legislation.

Due to the harmonization of financial report in the global set up in the world today, there was the need for all countries to understand in a common team of how financial reporting should be prepared. Before the adoption of international accounting standard, all nations had a way of preparing their financial report to meet their standards. In view of the change in the global world, there was the need for uniformity of financial reporting across the globe and these than called for the International Financial Accounting Standard (IFRS) to be adopted across the world today. Most of the past studies that has taken a look at the adoption or the process of IFRS has seen a lot of challenges and differences even though many of 100 nations now adopted the IFRS (KPMG 2007). The European Union (EU) and Australia also adopted the International Financial Reporting Standard (IFRS) during 2005. New Zealand also joined the race in 2007, already, Canada than came in to the process and committed to the implementation of International Financial Reporting Standard (IFRS) by 2010.



Meanwhile the development of the (IASB), a sufficient number of the IASs and International Financial Reporting Standard (IFRS) have been issued. Notwithstanding that, the angels of non-compliance with these standards have been noted. Street et al. (1999) researched and studied in the 1996 annual reports of 49 trial companies in 12 diverse nations pick up from a total number of 221 companies that had conformed to international accounting standard (IAS), the result came out that the numbers of compliance with international accounting standard (IAS) has a lot of variation, and their readiness and willingness to fulfill all of the requirements involved. Quite a number of researches have

noted that the lack of consistency in the use of IAS and IFRS usually results in reporting overstated income (Street and Gray, 2002; Prather-Kinsey and Meek, 2004).

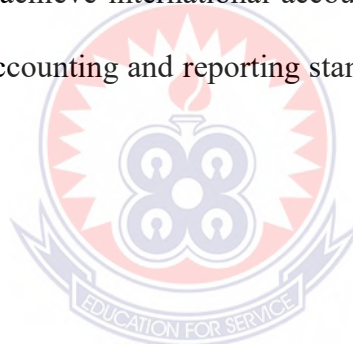
In 2004, the World Bank conducted a review of accounting and auditing practices in Ghana which was presented in its Report on Observance of Standards and Codes. This was to “evaluate the weaknesses and strengths of the accounting and auditing requirements, and to review the reporting requirements against actual practices” (ROSC, 2004). One of the major weaknesses identified in the report was that, the Ghana National Accounting Standards was out of date and differ significantly with International Accounting Standards. In 2004, the World Bank and the Ministry of Finance and Economic Planning (MOFEP) now Ministry of Finance inaugurated a Report on the Observance of Standards and Codes (ROSC) in Ghana (World Bank, 2005). Which reported on the accounting and auditing practices in Ghana, ROSC realised that the nation was badly pretentious by an enforceable international regulation, acceptance and enforcement of standards (ROSC, 2004).

Again most of the nation’s weaknesses were seen in regulation and laws empowering financial reporting. All though Ghana’s Accounting and Auditing Standard were founded on International Accounting Standards and International Standards on Auditing, harmoniously, they were out of date and some gaps were created in view of that, ROSC held that the laws and the legal charter implementation mechanisms, professional education and adoption of International Financial Reporting Standards (IFRSs) without any changes to replace the already existing Ghana National Accounting Standards (World Bank, 2005). The ICAG, the country’s Accounting Standard Setter became members of the International Federation of Accountants (IFAC) in the year 2005. IFAC made a directive by demanding its member countries adopt IFRS. As a result, Ghana made



preparation and effectively launched the International Financial Reporting Standards (IFRS) on January 23, 2007 (Mbawuni 2017) and other bodies were given a supplementary changeover period of two years to comply (United Nations, 2007).

The World Bank therefore recommended that Ghana should adopt the IFRS. Hence The Institute of Chartered Accountants' decree that all financial reports from 2007 onwards should comply with the IFRS in justifying the adoption of IFRS in developing countries, Ball (2006) stated that many developing countries where the quality of local governance institutions is low, the decision to adopt IFRS will be beneficial. According to Chamisa (2000), "When developing countries adopt the IASC standards as national standards, the primary objective is not to achieve international accounting harmonization, but to meet their need for appropriate accounting and reporting standards", hence there was the need of adoption of IFRS.



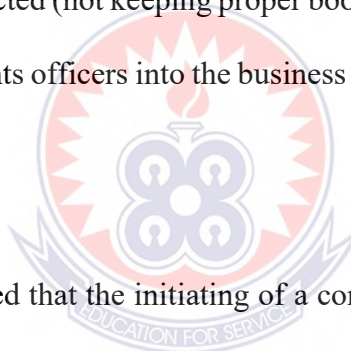
#### **2.4 Accounting Practices of SMEs in Ghana**

Other data taken by developed and developing countries on small and medium Size enterprise financial statement alluded the fact that financial statement, either audited or audited has a serious implication for SMEs, not in teams of payment of tax only but enabling the managers of SMEs to build upon their financial operation of the entity which enhance them to have access to credit facilities from the banks and other financial institution in Ghana. Accounting information is a vital tool which serves as a measure in knowing the strength and weakness of the financial position of the business for the purpose of the payment of statutory obligations. Due to the nature of the Small and Medium Enterprises (SMEs), the sector did not really considered it more important to make sure

that they have qualified accountants and for that matter have not been attended to in both developing and developed countries which has made them to keep incomplete account for their stakeholders, and this has call for the researchers in other professional bodies to conduct such an important studies as to the Small and Medium Enterprises (SMEs) and accounting practices Maseko and Manyani (2011).

Information on the Observance of Standards and Codes (ROSC, 2004) shows that the nation Ghana has no strong and empowered organization ability to regulatory outline showing the weakness of accounting by other businesses working in the country. The results show that the institution that claims to be preparing financial statement was either having wrong accounting records or their ways of reporting was totally poor irrespective of standard they were practicing. The bigger industries in Ghana even had issues and challenges with financial reporting which was never anticipated for, SMEs had more serious issues and challenges in recording and preparing their financial reporting according to Observance of Standards and Codes (ROSC, 2004). Some of the Small and Medium Enterprises (SMEs) do not know how to prepare financial report and some also do not keep any transaction that goes into the business which made them not to have incomplete accounting records. In view of that assertion, Agyei-Mensah (2012) also supported the fact that some of the business owners (SMEs) within the economy did not realised the importance of recording any transitions relating to the Small and Medium Enterprises (SMEs) for a well-structured financial report to be extracted. The only time that that the Small and Medium Enterprises (SMEs) needed financial report or statement of financial position is when they are due to pay their income tax to government agencies and not because they are interested in the preparation of financial report according to Amoako (2013).

Some of the Small and Medium Enterprises (SMEs), are owned by individual and they are their own boss who feels that if they are preparing the statement of financial position of their enterprise, it will show the real wealth of their business which is a treat of either paying higher income tax or other competitors finding their way of entering into the business, hence the financial report is not necessary and that has led to the reasons why most of the Small and Medium Enterprises (SMEs) could not have access to bank loan and other credit facilities is due to lack of proper accounting recording of their business transactions which makes business not to flourish to. (Quartey & Abor, 2010). Amoako *et al.* (2014) believes that the Small and Medium Enterprises (SMEs) don't really record their business transaction as expected (not keeping proper books of accounts) due to the absence of employing skillful accounts officers into the business which is associated with high cost of paying.



Ismail and King (2007) noted that the initiating of a complete financial systems in Small and Medium Enterprises (SMEs) depends on the business owners' level of accounting and skills. Lalin and Sabir (2010) are of the view that the main brain be hide why Small and Medium Enterprises (SMEs) comply statement of financial position is the pressure that comes from the regulatory bodies. On that note, most of the Small and Medium Enterprises (SMEs) do not want to reveal their financial report for other government agencies to know for tax purposes making them not really getting the assistance from the banks and other financial institution in Ghana.

## **2.5 International Financial Reporting Standards (IFRS) For Small and Medium Enterprises (SMEs) in Ghana**

The publication of IFRS for SMEs entities is the main backbone for entities throughout the globe. For the first time SMEs will have a simple better quality and internationally respected set of accounting tools / requirement. Getting a sound understanding of IFRS represent the benefits in itself. Some part of the global world has already started using or taken it towards IFRS for companies that are listed in the stock exchange market and many instances also for non-listed companies. Benefits that is include in the adoption of IFRS are reducing the cost of capital (Leuz&Verrecchiia, 2000; Daske, Hail, Leuz& Verdi, 2008), enhance efficient capital allocation (Bushman &Piotroski, 2006), easier international capital mobilization (Okundi, 2013; Young & Guenther, 2008), wider market development (Ahmed, 2011), improved and higher market liquidity and value (Adekoya, 2011), boosted comparability (Okere, 2009), higher quality information for investors (Barth, 2008), enhanced transparency of results (Essien-Akpan, 2011; Mike, 2009) and facilitated cross border movement of capital (Bhattacharjee& Hossain 2010).

Knowing the common language for the reporting financial information report will make it eraser for companies in different or devise countries across the world to experiences the possibility of cross-border acquisition or partnership as well as making it easy inbound and outbound investments, from the start of IFRS for SMEs is an international identify set of financial reporting standard. SMEs that continue using them will improve both transparency and comparability. Access to capital through global lenders and investors is a potential benefit for SMEs, that past limited to entities with securities traded or public capital market According to (Abel 2011) financial accounting information are statutorily required to be prepared in line with universally accepted assumptions, principles and

conventions of accounting which aid intra-firm, inter-firm and industry comparisons overtime.

Exactly 2001, the IASB issued the information mission of standard for SMEs which was table on their yet to come agenda. In 2004 the first dialogue paper with reverence to the Accounting Standards for Small and Medium-sized Entities was published (Ankarath *et al.* 2010). The dialogue paper was labeled: Preliminary Views on Accounting Standards for Small and Medium-sized Entities. As a result of that many response IASB suggested in 2007 a different IFRS for businesses or enterprise that not accountable, previously Known as Small and medium –size Entities.

The International Financial Reporting Standards (IFRS) For Small and Medium Enterprises (SMEs) was issued in 2007 by the International Accounting Standards Board (IASB) their main aim was to provide a very easy and simple tools of accounting practice that are suitable for Small and Medium Enterprises (SMEs) that are not in the stock market. As it was known that SMEs are the main engines of countries' economies due to their significant role in economic development (Siam & Rahahleh, 2010; Maseko & Manyani, 2011; Bohusova & Blaskova, 2012) Almost 95% of the enterprises across the globe are small and medium-sized, whereas the number of listed companies is getting to 46,000 (Vasek, 2011; IASB, 2012). For that purpose the need for similarities of the enterprise financial statements cannot be maintained with the application of international standards solely by listed entities.

Further, the use of internationally accepted financial reporting standards increases the quality of the financial information. Not only listed entities, but also unlisted entities need

comparable high-quality financial information (Pacter, 2009) Notwithstanding the fact that International Financial Reporting Standards (IFRS) For Small and Medium Enterprises (SMEs) not much demanding than the full IFRS, there is the believe that some of the SMEs in the developing countries like Ghana and other developing countries might not have the resources in adopting and establishing those standards. For that matter, moving away from using the standards of accounting would make it very hard and unfriendly to show similarities of performance of SMEs across the global world of toady. The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) is designed to apply to all entities that do not have public accountability (that entities that do not required to publish their accounts to the general public). The International Accounting Standards Board (IASB) developed the IFRS for SMEs in recognition of the cost and difficulty relatively to small private entities.

In addition, the IFRS for SMEs contains fewer disclosure requirements in a theatrically shorter document compared to IFRSs and therefore appeals to both the users and preparers of financial statements. The IFRS for SMEs standard is primarily available for immediate use; however it is for the relevant standard setters and authorities in each country to decide which entities are permitted and/or required to apply IFRS for SMEs. Essentially, an entity is considered to have public accountability if its debt or equity instruments are publicly traded, or if it is a financial institution or other entity that, as part of its primary business, holds and manages financial resources entrusted to it by clients. Ultimately, the decision regarding which entities should use the IFRS for SMEs rests with national regulatory authorities and standard-setters – and those bodies will often specify more detailed eligibility criteria, including quantified criteria based on revenue, assets etc. However, because it would conflict with the IASB’s intentions, even if the law or regulation in an

entity's jurisdiction permits or requires the IFRS for SMEs to be used in the preparation of financial statements for small listed companies or small financial institutions – such financial statements cannot be described as conforming to the IFRS for SMEs. A subsidiary that is part of a consolidated group that uses full IFRSs is not prohibited from using the IFRS for SMEs in its individual financial statements provided that the subsidiary itself does not have public accountability. If the subsidiary opts to use the IFRS for SMEs, it must follow that Standard in its entirety – it cannot pick and choose between the requirements of the IFRS for SMEs and those of full IFRSs.

## **2.6 Challenges faced by Small and Medium (SMEs) in Adopting International Financial Reporting Standards (IFRS)**

On 9 July 2009, the International Accounting Standards Board (IASB) issued the IFRS for Small and Medium sized Entities (IFRS for SMEs). This Standard gave a chose outline that can be used by qualified entities in place of adopting full role of International Financial Reporting Standards (IFRSs) in issue. The International Financial Reporting Standards (IFRSs) for SMEs is a self- independent Standard, integrating accounting role and principles that are in line with IFRS but has been made easy to fit the entities within its territories (known as SMEs) this is a way of eliminating some of the accounting principles allowed under the full IFRSs, excluding topics and disclosure measures that are not necessary important to SMEs, and making it easy desirer for acknowledgement and accuracy, the IFRS for SMEs brought down the quantity of accounting requirement that are relevant for SEMs by more than 90 percent when compared with the full IFRSs. All these are done to make sure that SMEs are able to compete with the global change due to the adoption of IFRS in the stock market. It will provide competitiveness of investors into a country base on comparability and understandability of financial reporting standards.

According to (Abel 2011) financial accounting statement or information are mandatory to be prepared by every entity operating within a particular country in line with general agreed expectation, ethics and in line with the accounting which helps inter-business and companies similarities overtime. This similarity is done through nations or countries across the world when the international financial reporting standard is adopted. Since the adoption of the IFRS, most of the developed and the developing countries have agreed upon to using the International Financial Reporting Standard (IFRS) the foundation for financial reporting.

Inspired of making countries across the world uniformity there are challenges that are associated with the adoption of IFRS for SMEs in the developing and the developed world, the difficulties emanating from the adoption IFRS for SMEs by the Accounting Professional, is one of the toughest obstacle that occurs in adoption IFRS for SMEs is making sure that people are trained and equip to acquire the professional skills before mounting the seat of accountants. The Board of IASB alluded to the fact that accountants would need appropriate skill acquisition to understand the importance of using IFRS for SMEs in preparing financial statement (IASB 2004). IASB has not really set a clear cut lines to determine which organization should be categories as small and medium, but has ignored the responsibility to other regulatory bodies and standards setters in separate areas. Until now there is no a clear cut of the definition of small and medium enterprise of entity. White (2010) advocated that small and medium enterprise in Fiji is defined as one that does not fall in the category of a 'large' reporting entity (see White (2010) for the definition of a 'large' entity). Additionally, the IASB board stated that the adoption of any new reporting framework would at first cost huge amounts, both to the profession and the reporting entities IASB (2004) these cost will make some the developing countries



difficult adopting IFRS. Because of the principles based nature of IFRS for SMEs, the accounting profession faces the challenge of applying judgment in using the standard (Tomaszewski and Showerman, (2011). Accountants may have to take a critical look at their accounting policies to ensure that the economic substance of transactions is faithfully represented (Tomaszewski and Showerman, 2011). Based on IFRS principles, IFRS for SMEs is a high- quality standard that requires a high level of knowledge and deep accounting skills. Several developing countries still face challenges in implementing this standard due to the lack of adequate accounting training, limited professional capacities, and high training costs which are the major factors hindering IFRS for SMEs implementation Samujh & Devi, 2015).

The introduction of the IFRS and its implementation take place in a way that affected factors unique to some countries, for instance, the political will, the regulatory bodies and the main issues is the cultural aspect of some nations. The problems that cut through countries for not willingly to incorporate IFRS is that, the international standard is going to take place and ignore the nations accounting reporting system and standards. The International Financial Reporting Standards (IFRS) began with the development of the International Accounting Standards Committee (IASC) in 1973 as an effect of a covenant by professional accountancy bodies of major countries (United Kingdom and Ireland, United States, Australia, Canada, France, Germany, Japan, The Netherlands and Mexico) to develop a set of accounting tools across the world. In its early days, the IASC were aimed at encouraging best practices in the preparation of financial statements whereas allowing diverse treatments for given transactions and situation. Aghator & Adeyemi (2009) alluded to the fact that with the commencement of globalization and growing request for clearness, similarities and comparability of accounting information in the market, the IASC was

reconstructed in the year 2001 by forming the International Accounting Standards Board (IASB).

The challenges along the way explain Siaga's (2012) data which displayed in view of the 40% African nations have admittance to the IFAC just a few of 28% of IFAC members in Africa have accepted IFRS. It than meant that it was not about technical issues but other problems preached by Obazee (2007) Cairns, (2001) in his studies, he reached a point and said that there have been differences in the level of acceptance with the IFRS notwithstanding claims by business and/ or enterprise that their financial statement are IFRS acceptance. In fact, this is line with Daske, Hail, Leuz & Verdi, (2008) and ball (2006) who also preached that currently some IFRS adoption are design with different forms which are not in line with IASB's instruction. As matter of fact, the challenges for the implementation of the IFRS is as a result of weak institution which are not at the forth front to enforce the regulation make most of the entities believing that the regulator has been regulated.

Even though IFRS has a lot capacities as yell by Ball (2006) and Choi & Meek (2005) to add inter-binderies comparability, makes financial reporting clearer and more understandable, the information needed becomes less expansive, increase in investments with competitive advantage. Interestingly, all the forth mention can be benefited if developed and developing countries don't take away the manner in which they think about IFRS, this is due to the fact the evil thinking and perception at times initiate about negative outcome. With this assertion Winney, Marshall, Bender & Swiger, (2011) realised that small and medium enterprise in even a developed country like US were not ready for IFRS due to the fact that they did not see the end result in moving for GAAP to IFRS. Schachler, Al-Abiyad, & Al-Hadad, 2012; Laga, 2012; Masoud, 2014 in their studies also emphasis

that the execution of IFRS in Libya will not be easy for the fact that different setbacks such as implementation will face as a matter of lack of people with requisite skills and lack of other professional bodies in the financial sector.

The inception and the execution of IFRS standards should not be something that is been impose on countries to implement it immediately, due to the fact that it will create bad image of the economy of a particular country. Other developing nations thinks that for accepting IASs in full or halfway is something to go by and should be accepted in the international communities and to save the challenges that emanate where resources are not enough in relation to man power and other technical tools. Indeed some the top eleven (11) challenges that make it very difficult to implement the adoption of IFRS for SMEs are:

Leadership, Culture, strategy, strategy Execution, Building an “A” Team: The next challenge to trip up a lot of SMEs is finding the right people to grow the business. Making the Business Stand-Out, Finding a competitive edge in the crowded market places of today can be a real challenge, Putting Your Employees First: Richard Branson is often quoted as saying: “If you look after your staff, they’ll look after your customers, systems and processes: A lot of smaller businesses seem to think having systems and processes makes them less competitive. Productivity: Productivity is very much aligned to good quality systems and processes Measuring Performance: As Peter Drucker is often quoted: “What gets measured gets done”.

(Bonus item) political changes: other main challenges facing small and medium sized businesses face due to political burdens is the costs linked with the living wage and auto-enrolment. Political factors have not given way for the objective to be achieved. Hence,

Molokwu B. (2005) said that unfortunately, these SMEs over the years, have been bedeviled by several inhibitions, which tend to make their growth perpetually stunted by infrastructural decay, insecurity of lives and property, multiplicity of taxation, lack of access to good and modern technology, lack of research and development as well as good entrepreneurship, difficulties in building coalitions and business linkages among others.

## **2.7 Benefits of IFRS Adoption on SMEs in Ghana**

The benefit for the adoption of IFRS for SMEs was to make sure that SMEs are able to prepare their financial report based on the standards which will make easy for comparability, understandability, clarity and harmonization among nations that will ease difficulties in financial interpretation both local and international which will reduce cost of capital to organization (Leuz & Verrecchia, 2008; Daske, Hail, Leuz & Verdi, 2008; Odia & Ogiedu, 2013).

The implementation of the general accepted financial reporting standards made nations both developed and the developing countries to require higher quality, understandability, clarity, transparent and comparability has gain recognitions by investors, shareholders, creditors and other financial institution including users of financial information for an informed decision making (Ankarath et al., 2010). The stimulus of the agreed group to reach a common set of standards stems from the need for accounting records that are organized based on with the global set of either than local accounting standards (El-Gazzar et al., 1999). Many studies that have been conducted on the adoption of IFRS for SMEs have come out with the result that it has enhance or given the best quality of financial information based on understandability, clarity, transparent and comparability, full revelation, cost repercussion and financing opportunities (El-Gazzar et al., 1999; Joshi and Ramadhan, 2002; Daske and Gebhardt, 2006; Epstein and Jermakowicz, 2007;

Ankarath et al., 2010; Balshaw and Lont, 2010). Indeed, through the uniformity of the financial reporting by in the introduction of IFRS for SMEs in developed and developing countries where Ghana is not an exception has really made other investors across nations increase their capacity of employment due to the harmonization of the accounting standard .With the introduction of IFRS for SMEs, there has be that kind of quality accounting information which has lead other international bodies and investors to compare financial information across borders without any difficulty and for them to make an informed decision in investing in the SMEs in the developing nations.

(DeFond et al. 2011; Lee & Fargher 2010). This will make investors increase their confidence in the financial report hence lower the cost of their resources. A country like Ghana which is a developing nation will boost up credibility of its local market to foreign capital providers and others yet to invest. . The adoption of IFRS has been able to make companies and SMEs provide more accurate, timely and comprehensive financial statement information that is relevant to the national standards. And the information provided by financial statements prepared under IFRS tends to be more understandable for investors as they can understand the financial statement without the necessity of other sources which makes investors more informed.

Faraj and Akbar (2010). Gordon (2008) also showed the end result that world be received in adopting IFRS which among them are: better financial information for shareholders and regulators, enhanced comparability, improved transparency of results, increased ability to secure cross-border listing, better management of global operations and decreased cost of capital. Studies conducted from 21 countries by Barth et al. (2008) revealed that adoption of IFRS had reduced the level of manipulation of income and expenses to meet financial

expectations. Because IFRS demands higher disclosure levels, quality measurement and recognition rules, financial statements are more transparent and reflects the economic position, information asymmetries between firms and their shareholder is also reduced (Ding et al. 2007; De Franco, Kothari & Verdi 2010). Mihai et al. (2012) and Ionaşcu et al. (2010) indicated that following the implementation of IFRSs, the cost of capital of listed companies on the BSE (Bombay Stock Exchange) decreased. This also helps new or small investors by making the reporting standards simpler and better quality as it puts small and new investors in the same position with other professional investors as it was impossible under the previous reporting standards. This also helps to reduce the risk for new or small investors while trading as professional investors cannot take advantage due to the simple to understand nature of financial statements.

Due to harmonization and standardization of reporting standards under IFRS, the investors do not need to pay for processing and adjusting the financial statements to be able to understand them, thus eliminating the fees of analysts. Therefore, IFRS reduces the cost for investors. Reducing international differences in reporting standards by applying IFRS, in a sense removes a cross border takeovers and acquisitions by investors (September 26, 2013 by Anna Jordan). Based on information mentioned above, it can be assumed that because higher information quality reduces both the risk to investors from buying and owning shares and the risk to less informed investors due to wrong selection due to lack of understanding, it should lead to reduction in firms cost of equity capital. Loss recognition timeliness, Comparability, Standardization of accounting and financial reporting, improved consistency and transparency of financial reporting, Better access to foreign capital markets and investments, improved comparability of financial information with global competitors, Relevance reflects on economic substance more than legal form. This helps the companies and SMEs to have true and fair view of their transactions.

## 2.8 The Main Research Gap

Base on the accretions According to the International Accounting Standard Committee Foundation (IASCF, 2009) in defining SMEs as an entity that that has public accountability and those without public accountability are not considered as entity is still unclear to most of us in the research sector. There are other entities that are not public and yet contribute to the employment and their contribution to GDP growth cannot be downplayed, that apart, they are also into the importation and exportation of goods and service which are been consume by Ghanaian, the question we ask is where are we classifying those SMEs to belongs to? In my option, the definition of SMEs should be look at the contribution they make into the development of both developing and developed countries and rather further reduce the string that is tie to IFRS for SMEs adoption which is a very difficult task for SMEs. Also, the strings that is tie to IFRS for SMEs should be further reduce to make all business and all entities adopt it without any difficulty as stated by auditors (Fitzpatrick and Frank, 2009 for example, the cost to changing the information of accounting, paying qualifying members to train other employee one way or the other will over throw the benefits thereof. Based on IFRS principles, IFRS for SMEs is a high-quality standard that requires a high level of knowledge and deep accounting skills. Several developing countries still face challenges in implementing this standard due to the lack of adequate accounting training, limited professional capacities, and high training costs that are major factors hindering IFRS for SMEs implementation Samujh & Devi, 2015) which to my opinion should not be so.

As already mentioned, despite the strategic position and significant role the other researchers who plays an important in compliance in Ghana and in the implementation of

IFRS for SMEs in Ghana, very little empirical research has been done to highlight the views of management and owners of the entities thought about the main obstacles that is really the issues of not committing fully into the adoption of IFRS for SMEs despite its contribution benefits to them in Ghana since its adoption in 2007. This study hopes to contribute to satisfying the contribution of adoption IFRS for SMEs research in Ghana. Report according to Amoako (2013.) Small and Medium Enterprises (SMEs) most of them are owned by individual and they are their own boss who feels that if they prepare the statement of financial position of their enterprise, will show the real wealth of their business which is a treat of either paying higher income tax or other finding their way of entering into the same business, hence the financial report is not necessary. Amoako (2013) has fail to recognize that the regulators have not taken the pain to educate small and medium enterprise owner whose most of them are unschooled need more education to make them understand the impact it create to if adopt IFRS for their entities, and it will surprise you to know that most of the owners and managers of these entities have no knowledge at all about what IFRS is, hence implementing such.





## **CHAPTER THREE**

### **METHODOLOGY OF THE STUDY**

#### **3.0 Introduction**

This chapter is keen to explaining the methodology to be used in this study. It shall provide information on the research design, target population, and sampling techniques. It shall as well deal with processes for data collection, explanation and dissemination of mechanisms and gear to be used in both data collection, and analysis. When one want to embark on effective entity, there is the need to deeply study what is needed to aid you formulate plans, strategies and how to implement them. The study (research) includes the process of data collection and analyzing and interpreting the data collected into a mindful use to management and owners of small and medium enterprise to make an informed decision as to the feasibility of the entity. This really highlights the massive role that the research of the study plays in academic research as well as in the area of the business which cannot be underestimated. The study of the research method segment introduces the main work of activities the researcher strategy and the researcher design. The dissimilarities tools within the research study strategy and methods will be discussed. Additionally, this section will touch on the empirical data collection and analysis. The empirical data collected is analyzed and subsequently discussed.

#### **3.1 Research Design**

Research design involves the gathering and analysis of data. This is determined by the nature of the research. It also involves establishing the validity and reliability of the study. The purpose of the research design is to establish the connection that exists between the research questions, the data gathered and the conclusion to be established (Yin, 1994). In

the research design, methods used in the study are specified as well as the processes used in gathering and analysis of the data. In this study, the interview was conducted using structured questionnaires. The questions used in the questionnaire gathered the diverse opinions of the various respondents from which the conclusion of the study was made. The literature review served as a standard by which the questionnaire was designed.

The volume of pre-existing information of each research topic is the main cause for the choice of each approach (Patel & Davidson, 2003). When there are gaps in the existing information about a particular problem, an explorative approach is suggested. The main reason of an explorative research is to collect as much information as possible and disclose the problem from diverse points of views (Patel & Davidson, 2003). This study is explorative, is conducted for a problem that has not been studied more clearly, intended to establish priorities, develop operational definitions and improve the final research design. Exploratory research helps determine the best research design, data-collection method and selection of subjects. It should draw definitive conclusions. This is because the researcher intends to make known the magnitude to which small and medium Enterprise (SMEs) listed on the Ghana Stock Exchange have complied with the adoption of IFRS, and further brighten the various official mechanisms being used by regulatory bodies to monitor, evaluate and enforce small and medium (SMEs) for IFRS compliance since in caption to date. It also seeks to identify the benefits and challenges of small and medium (SMEs) encounter in complying with in adopting international financial reporting standard (IFRS). It is less difficult since the researcher in this case aims at finding quick answers to potential problems that might be facing small and medium enterprise (SMEs). According to Bryman (2012) true experiments are quite uncommon in sociology, but are employed in related areas of investigation, such as social psychology and organization

studies, while researchers in social policy sometimes use them in order to assess the impact of new reforms or policies on the recipients. However, with cross-sectional design, it involves the collection of data on more than one case (usually quite a lot more than one) and at a single point in time in order to collect a body of quantitative or quantifiable data in relation to two or more variables (usually many more than two), which are then examined to ascertain the patterns of relationship between the variables (Bryman, 2012). Also, with longitudinal design, a sample is surveyed and is surveyed again on at least one further occasion. Thus, it quite similar to cross-sectional design as it seeks to establish the relationship between variables. However, the only dissimilarity between the two designs is the number of times data are collected on the sample involved in the study. Finally, with a case study design it entails the detailed exploration of a specific case, which could be a community, organization, or person (Bryman, 2012).

From these brief explanations of the various forms of research designs, the present study is positioned within the context of a cross section research design. Specifically, since the study seeks to investigate the adoption of IFRS for SMEs and its benefit and challenges in Ghana – Kumasi Metropolis to achieve the study objectives.

### **3.2 Population of the Study**

Population is defined as the comprehensive of all the elements that share some common set of identity that encompasses the universe for the purpose of the research problem, the unit of research to use on the survey was small and medium enterprise (SMEs) and the sample population was small and medium enterprises (SMEs) in Kumasi Metropolises. According to Bryman (2012), population refers to the universe of units from which the sample is selected. Generally, a study population could take the form of nations, cities,

regions, firms, events, etc. Within this study context, the institutions selected for this research work was to generalize the outcomes; it has been required to select a sample that is a true representation of the population. For that reason, those establishments were covered in the sample, which were small and medium scale enterprise (SMEs) in Kumasi metropolis.

Having a view on small and medium (SMEs) Kumasi -Ghana, it became evident that on a weekly basis averagely 100- 363 customers purchase from small and medium (SMEs) or use product from small and medium enterprise (SMEs). Hence a projected number of 7 of small and medium enterprise (SMEs) in Kumasi Metropolis were used for study as to why such good sales yet no prepare accounting record is kept.

### **3.3 Sample and Sampling Techniques**

A study sample is the segment of the population that is selected for investigation and this includes the following small and medium enterprise in Kumasi Metropolis. A sample is a subset of the population. However, the sampling approach used to select a sample for a study is very important to a study success as it provides a researcher a means to collect data without using the entire population, in particular when both time and budget constraints exist for the researcher.

The following are SMEs those questioners were sample:

ABC and CO (41a blk 1 eenyasi tewbabi. P. O. Box KS 795 Adum Kumasi, Sakoba co ltd (Sofoline, Kumasi), McCarthy Micro Financed Service (28th Feb Road P.O Box M40 Accra- Ghana, Kumasi), Sinapa Aba Savings and loans Company Limited (22A Ellis Avenue P.O BOX 4911 Kumasi), Nekstate Investment Limited (BOX BP 384 KUMASI),

Blash Security Doors, Prempeh II Avenue, Piinanko Road, Golden Allied Solution, G-Meestro Consult, Mealex & Mailex Delivery Service (M&M), Amps Trend Ventures, McCarty Micro Finance service, Hillside Consult and Stable Capital Ltd-Kumasi,

Purposive sampling enables the researcher to use his judgment to select cases that will best enable him to answer his research questions, and to meet the objectives of the study. This form of sampling is also suitable for a small sample (Neuman, 2000); hence, the researcher's decision to use purposive sampling, looking at the small nature of the sample and the fact that the sample selected will help the researcher achieve its objective. The researcher limited the respondent to one member each of the respective small and medium scale enterprises (SMEs) which happens to be the centre of the study. This became necessary because the type of information needed could only be provided by managers of small and medium scale enterprise (SMEs) with knowledge on IFRS.

The researcher selected small and medium scale enterprise (SMEs) for the study because the small and medium scale enterprise (SMEs) sector is one of the most important sectors in every economy. Thus, the well-being of small and medium scale enterprise (SMEs), particularly their contribution to provisions of goods and services position is of interest to every economy (Tackie, 2007). On the other hand, small and medium scale enterprises (SMEs) by their nature have high concentration of certain types of transactions and accordingly a high exposure to certain types of risk CPA (2007). Thus, the researcher thought it expedient to ascertain the performance of listed small and medium scale enterprise (SMEs) as a public interest entity, in relation to IFRS, Small and medium scale enterprise (SMEs) was selected for the study because there is wide evidence of problems in the accounting for financial instruments around the world (Chalmers, 2001).

Additionally, standards on financial instruments are seen as complex, requiring difficult implementation by companies (Larson & Street, 2004). Hence, the desire of the researcher to research into this to find out how Ghanaian small and medium scale enterprise (SMEs) listed and not listed on Ghana Stock Exchange are performing with respect to provisions of goods and services. According to Bryman (2012) the method of selection may be based on a probability or a non-probability approach. However, the decision to select a sampling approach is informed by what the study seeks to achieve. For instance, if a study seeks to ensure that each unit in the population has a fair or equal chance of being selected, then random sampling should be employed (Bryman, 2012). In contrast, if a study purpose is to collect data or information from a selected few then non-probability sampling approach should be used. However, what each researcher ought to know beforehand is that each sampling approach has its own consequences.

To Creswell (2014), when a researcher seeks to ensure that its sample become an exact representation of the study population so that at the end its findings can be generalized to the entire population, then random sampling or probability sampling method is appropriate. Interestingly, non-probability sampling does not guarantee this effect in its application.

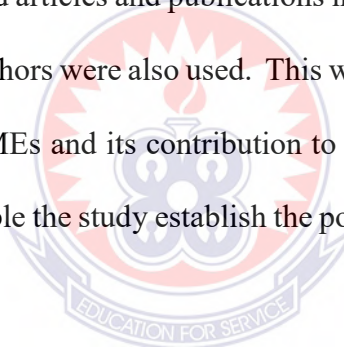
On this score, non-probability sampling method thus, convenience sampling was used in selecting the sample for the study. Also, the study decision to use non-probability sampling is not out of place as Bryman (2012) rightly suggests that non-probability sampling becomes feasible when it is impossible or extremely difficult to obtain probability samples or the time and cost involved in securing a probability sample are too great relative to the

level of resources available. However, to determine the sample size for the study, the study employed the Krejcie and Morgan (1970) sampling table to determine the sample size for the 59 targeted population size SMEs. Based on the table, the sample size for this study was 53 with 95% confidence level with 5.0% confidence interval (i.e.  $\pm 5$  per cent).

### **3.4 Data Collection Techniques**

#### **3.4.1 Sources of Data**

The researcher employed both the primary and secondary data for the study. The primary source of data was chosen because there was the need to obtain primary information from the respondents using questionnaires. Moreover, a number of secondary data were also captured from various related articles and publications in journals. Other information from books and thesis by other authors were also used. This was to acquire a broader knowledge on adoption on IFRS for SMEs and its contribution to the development of the growth of the economy in order to enable the study establish the possible relationships between these constructs.



#### **3.4.2 Data Collection Instrument**

According to Bryman (2012) merely selecting a firm or sample and deciding to study it thoroughly is not in itself going to produce any data. Hence, it is the data collection instruments that enable a researcher to obtain data from the study respondents. However, it has been argued that the choice of research instrument should be guided by a study's research questions and objectives (Saunders et al., 2009, p. 141). This means that the



selection of a particular research instrument should be based on the fact it will enable a study answer its research questions and objectives effectively. Equally, other factors such as the extent of existing knowledge, the amount of time and other resources all have to be considered when deciding on which research instrument to use (Saunders et al., 2009, p. 141).

Specifically, this study used a self-administering questionnaire as its data collection instrument since it was best suited to the research plans as the study had to gather the same data from the same respondents. According to Yin (2009), the type of research questions being asked is important in determining the data collection method to employ. When phrases such as ‘who’, ‘what’, ‘how much’, and ‘to what extent’ questions are used, the appropriate tool to use is questionnaire instruments. In this survey, the nature of the research questions being investigated, for example are; what amount to not keeping proper books of accounting report’ what is the level of satisfaction with small and medium enterprise (SMEs) services? How does small and medium enterprise (SMEs) understand by IFRS for SMEs? To what extend is the challenges and benefits in the adoption of IFRS for SMEs operation as a service and product provider?

Therefore, questionnaire was seen to be appropriate for this study. The study used a 5-point Likert scale questionnaire items in eliciting responses from the participants A five-point Likert scale was used to measure variables for the research constructs since previous studies recommend the use of five-point likert scale because it has strong predictive power like seven-point Likert scale (e.g., Danaher and Haddrell, 1996). The Likert scale ranged from strongly disagree to strongly agree, coded 1 to 5 respectively. The questionnaire had three sections. The first section comprised of questions on the

respondents' background information, section two included questions on small and medium enterprise (SMEs) understanding of IFRS for SMEs and the last section comprised of questions on challenges of the adoption of IFRS for SMEs.

To Polit and Hungler (1999), questionnaire is less expensive than other data collection methods and results are achieved quickly and more so, questionnaires can be completed at the discretion of the interviewee. Besides, questionnaires reduce bias or faults which could be caused by the researcher's attitude. Nonetheless, questionnaires do not allow the researcher to probe further to understand how a respondent chose or responded in a certain way.

### **3.4.3 Data Collection Procedures**

The questionnaires were sent out to the selected Small and Medium Enterprise (SMEs) managers in Ghana – Kumasi Metropolis to enable the researcher have adequate insight into the problem under study. Additionally, permission was sought from the Small and Medium Enterprise (SMEs) managers before the questionnaires were administered to them. Also a cover letter was attached to each questionnaire. The letter outlined the purpose of the study and provided assurance of confidentiality. It also included the researcher's name and contact details. Churchill and Iacobucci (2002) added that cover letters are very important in convincing respondents to cooperate in a study. The questionnaire administration was done by the researcher and since the researcher is a student of university of education in under study there was not much difficulty in the administration exercise. The interview template was given to a qualified researcher for an examination to confirm its rationality, comprehensiveness and applicability. Other

inconsequential amendments were completed to the interview template upon receipt of the review as alerted by the first-born researcher.

The questions were set in the same mood but for three set of peoples in the organization which include the manager, accounts officers and some selected workers in the entities. It was very important for such arrangement for the researchers for the brain be hide was that management might not be ready to give the right information per the subject matter to the research. The researcher finds this arrangement very important to the study because each set of the interview question aimed at gathering different set of data. The researcher only targeted personnel of the institutions involved in the study who could provide the needed information for the study.

### **3.5 Method of Verification**

The questionnaire was pre-tested and finally administered to the target population. Specifically, the questionnaires were administered at Aboukaw and Tanoso. We used an informed consent form to seek permission from the respondents and assured them of anonymity and confidentiality of their responses. Out of the 59 questionnaires administered, the survey yielded 53 usable questionnaires, representing 89.8% response rate. This is considered a high response rate for survey research of this nature (Hair et al., 2010). To confirm the reliability and content validity of instrument, a pilot test was conducted to check and ensure that no irrelevant question was present. Any indications of ambiguities realized were quickly modified to make them straight forward and more meaningful. The pre-test was carried out at the Tanoso Small and Medium Enterprise (SMEs) in Ghana –Kumasi Metropolis before the final questionnaire was developed.

Additionally, the study supervisor read through the questionnaires items thoroughly to determine whether it matches the research questions the study seeks to address.

### **3.6 Data Analysis**

Kumar (2011) contends that raw data obtained from a research is meaningless unless it is changed for the purpose of decision-making. Data analysis usually involves reducing the raw data into a manageable size, developing summaries and applying statistical inferences. The empirical analysis for the present study aims at examining the relationship between service quality and competitive advantage of Small and Medium Enterprise (SMEs) Ghana Kumasi Metropolis. The data collected were keyed into the Statistical Package for Social Scientist (Micro soft Excel) and the result of the study was analysed on the basis of descriptive statistics on excel base.

### **3.7 Limitations of the Study**

The following were the problems and challenges encountered during the research. Unwillingness of management to allow employees to respond to the questionnaires. Management did not see what the organization would benefit from the research for which employees had to stop work in order to attend to questions. Management saw it as waste of customers' time for employees to stop work to attend to questionnaires. The illiteracy rate of respondents (managers) to the questionnaires is made it difficult in providing accurate data. Because of the illiteracy among some respondents', it was difficult for the researcher to obtain data relevant to the work. Management unwillingness to respond to the researcher's questions was a challenge. Management were not willing to spend their time to answer questions that may not benefit the company. Management also thought that

in attempt to answering the questions they may reveal certain internal issues of the company to the researcher. To crown it all, financial difficulty was the greatest challenge.

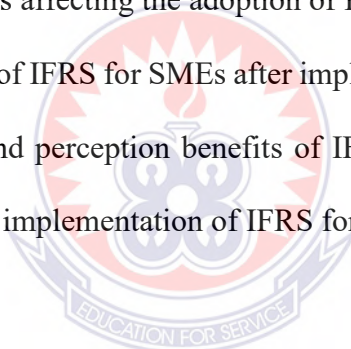


## CHAPTER FOUR

### ANALYSIS AND PRESENTATION OF DATA

#### 4.0 Introduction

This section presents the background of the survey respondents as well as the findings of the study. A descriptive analysis was conducted to describe respondents' ratings for the perceived benefits and challenges of IFRS adoption for SMEs and its implementation in Kumasi Metropolis. The chapter is structured into seven sections. The first section presents the response rate and the demographic profile of the studied respondents. The second aspect look at the general perceptions on the awareness regarding IFRS for SMEs, third and fourth look at the Factors affecting the adoption of IFRS for SMEs and perception on the factors that the adoption of IFRS for SMEs after implementation and sixth and seventh also look at preparedness and perception benefits of IFRS for SMEs, preparedness and perception challenges of the implementation of IFRS for SMEs respectfully.



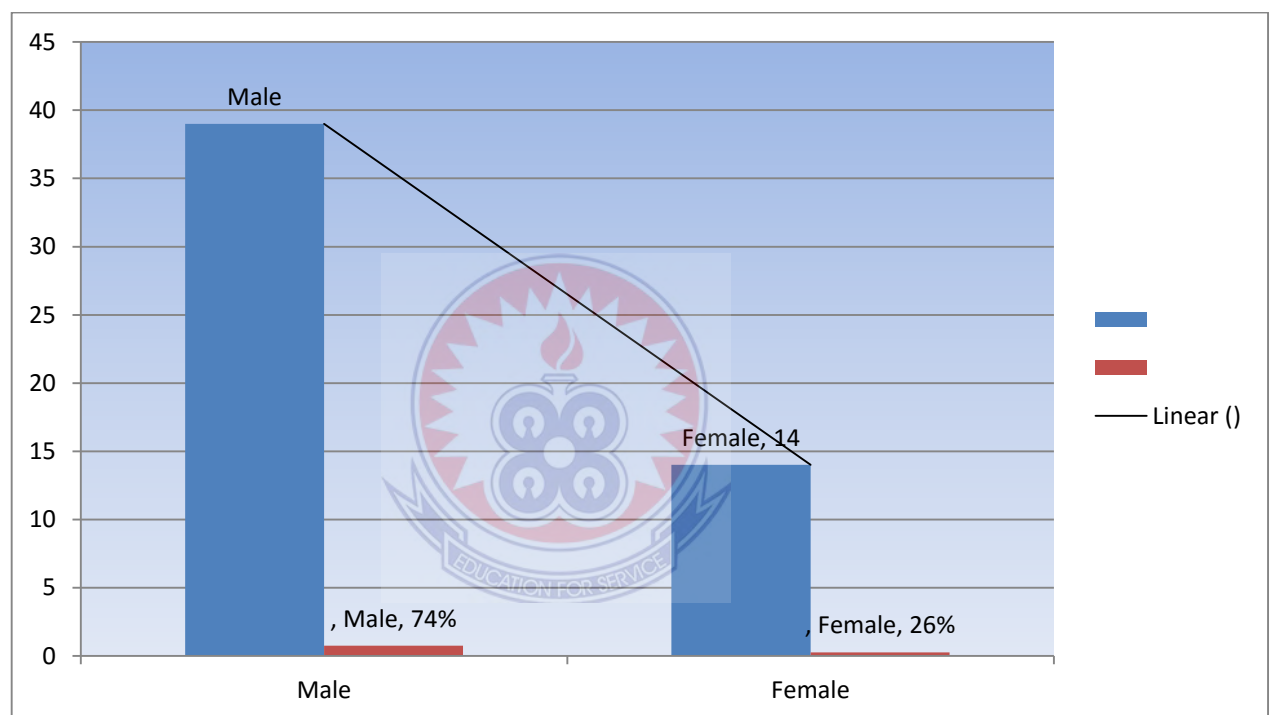
#### 4.1 Respondents Rate

The study distributed 59 questionnaires to the selected small and medium scale enterprise in Kumasi Metropolis of the Ashanti Region of Ghana. From the questionnaires distributed, a total of 55 completed questionnaires were received. However, out of these received questionnaires, 53 were usable for analysis, giving an effective response rate of 89.8%. This response rate is considered to be adequate for the study's data analysis since Babbie (2002) postulated that any response of 50% and above is adequate for analysis.

## 4.2 Demographics of Respondents

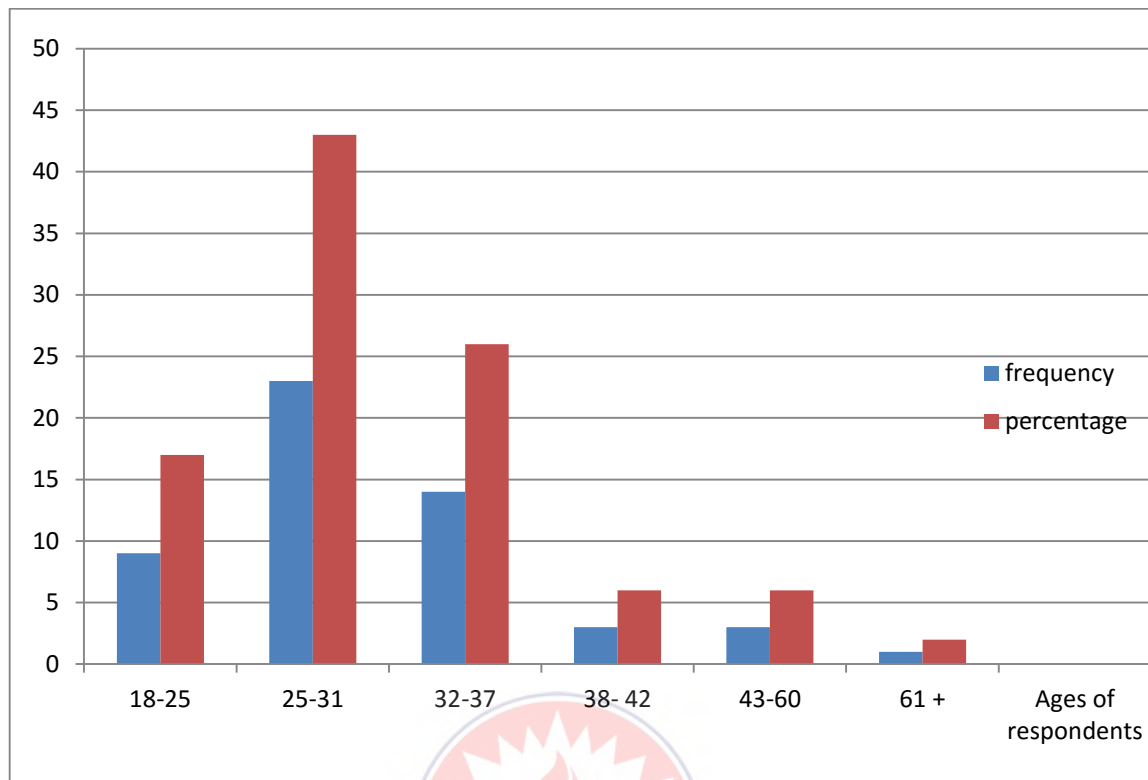
The analysis was conducted to reveal differences in respondents' evaluation based on gender, age, working experience and educational level due to the descriptive focus of the study the questioners were meant for managers and accountants at the various areas of location of the SMEs.

**Figure 4.1 Data Respondent of Gender**

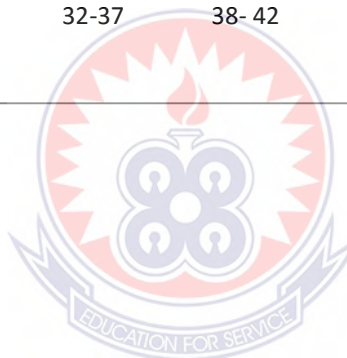


*Field Survey, May, (2019)*

Total number of the data respondent were 53 of which males represents 74% while females constitute 26% of the total population. This indicates that majority of the respondent were males.

**Figure 4.2 Age of Respondents**

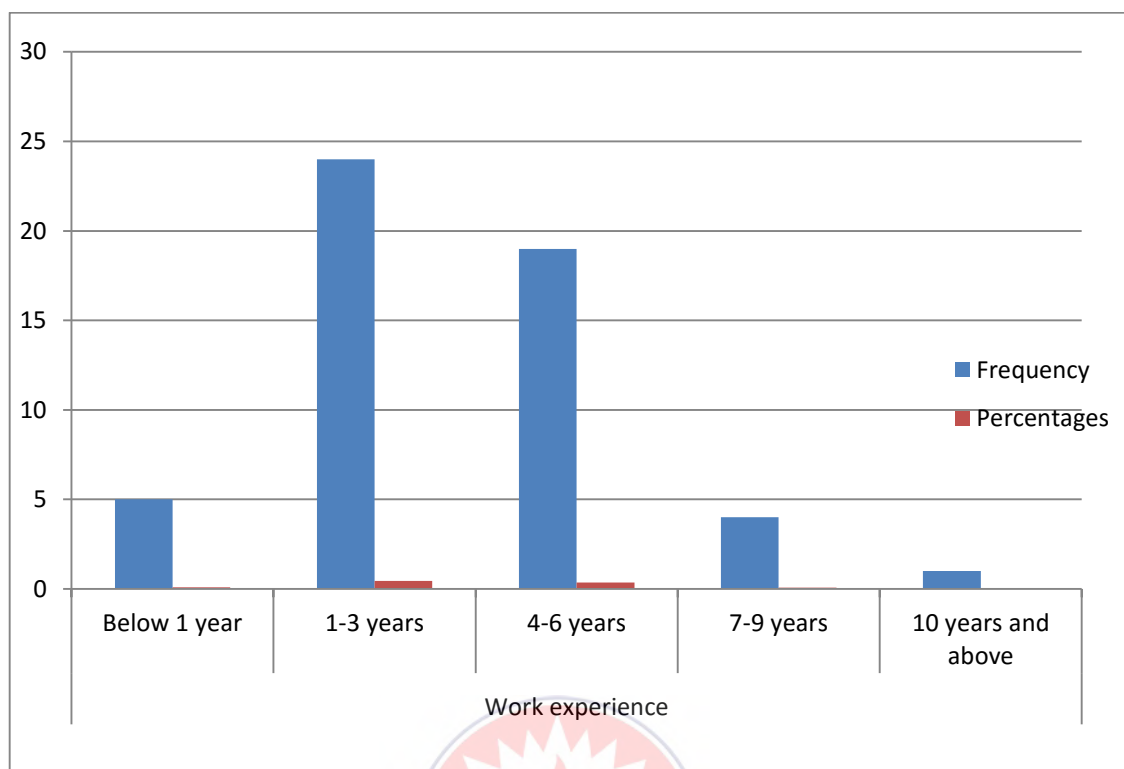
*Field Survey, May, (2019)*



### 4.3 Age of Respondents

The age distribution of the respondents ranged from 18 years to 60 and above years. From the figure 4.2, most of the respondents fell within the ages of 26-31. This constituted 43% of the staff who answered the questioners, indicating small and medium scale enterprise has active labour force for effective administration. Figure 4.1 shows the age distribution of respondents.



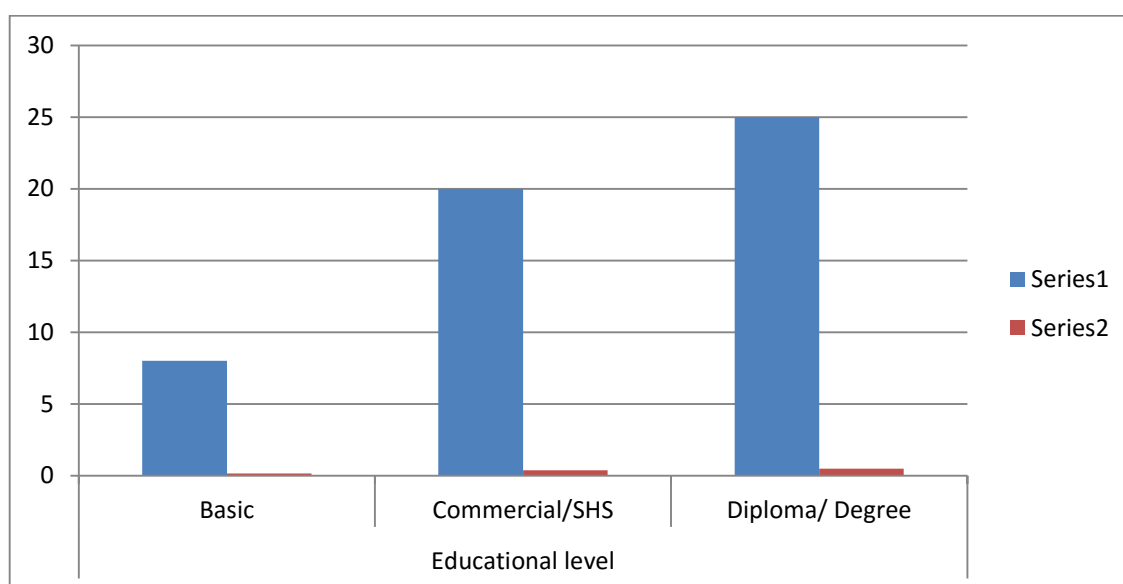
**Figure 4.3 Working Experience of Respondents**

*Field Survey, May, (2019)*



#### **4.4 Work Experience**

From the Figure 4.3, only one person had ten years working experience of which represents 1.89% out of the total number of 53 respondents. Looking at the years working experience, majority had worked for 1 to 3 years while others have worked for 4 to 6 years showing that the company has working force of 45.28% to 35.85% constituted the youthful age and this means the institution has future, since every organization's survival depends on the future generation.

**Figure 4.4 Educational Levels of Respondents*****Field Survey, May, (2019)***

The successful development of any institution depends on capabilities of her human resource base. The educational level of the people determines to a large extent the nature of responses and their understanding of the issues at stake. The ability of workers to combine different methods especially modern technology improves their performance at work and hence their output will be very high. Data gathered from the field indicate that out of the 53 respondents, at least 25(47.17%) had first degree/ diploma 20(37.73%) were commercial and SHS and 8(15.09) were basic; hence quality decision making in small and medium scale enterprise would be high since they have the requisite human capital from first degree and diploma respectively. A renowned business entity like small and medium scale enterprise need staff who are competent in their field to be able to carry out their duties effectively so that the business can also contribute its quota towards national development.

The implication in table 4:4 shows that, educational levels of workers indicate that there would be positive impact on the organization, since the level of education determines the people's ability to coordinate and influence subordinates to be committed to the activities of the organization. If educated people are able to exercise their rich experience accumulated for so many years at work and in education, then the workers will be able to achieve a common goal. A high educational level will enable management to promote workers performance. Similarly, education and development is expensive and workers who sacrifice their scarce resources to upgrade their skills will demand motivational packages to commensurate with their status.

#### **4.5 Data Analysis Tool**

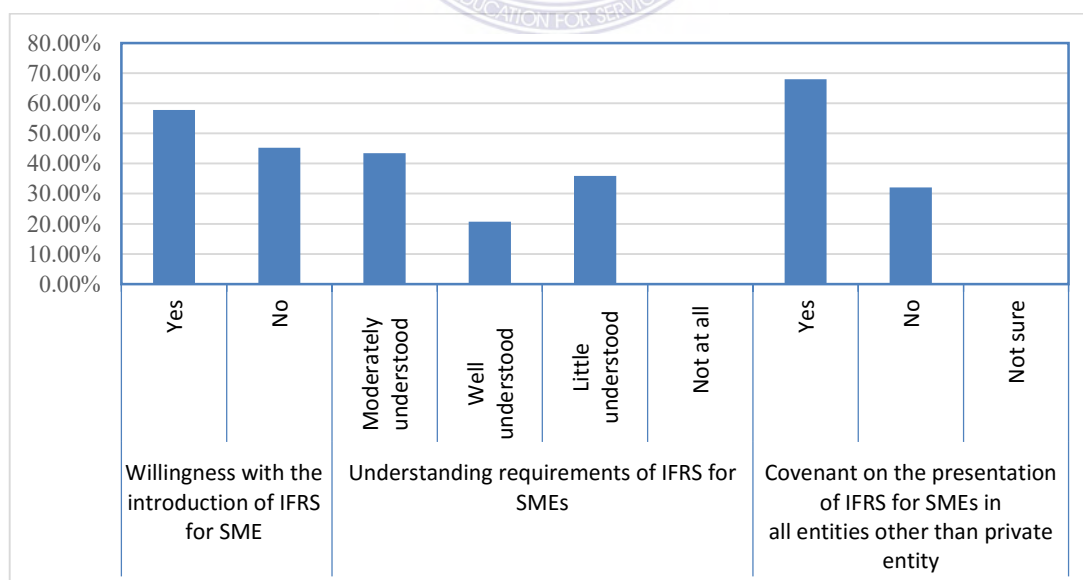
A descriptive analysis was conducted to describe respondents' ratings for the benefits and challenges of IFRS adoption for SMEs and its implementation in Kumasi Metropolis. Questioners were given to fifty-three respondents and the analysis was conducted to show the disagreement in responding to the questioners. The subject discussed in the research was:

1. General perceptions on the awareness regarding IFRS for SMEs
2. Factors affecting the adoption of IFRS for SMEs
3. Perception on the benefits of IFRS for SMEs after adoption.
4. Preparedness and perception challenges of the implementation of IFRS for SMEs
5. Preparedness and perception of Factors that affect SMEs from using IFRS standards after the implementation of IFRS for SMEs

**Table 4.1 General Perceptions on the Awareness Regarding IFRS for SMEs**

Statements		Frequency	Percentage
Willingness with the introduction of IFRS for SME	Yes	29	57.72%
	No	24	45.28%
		<b>53</b>	<b>100%</b>
Understanding requirements of IFRS for SMEs			
	Moderately understood	23	43.40%
	Well understood	11	20.75%
	Little understood	19	35.85%
	Not at all	<b>00</b>	<b>00.00%</b>
	<b>53</b>	<b>100%</b>	
Covenant on the presentation of IFRS for SMEs in all entities other than private entity	Yes	36	67.92%
	No	17	32.08%
	Not sure	<b>00</b>	<b>00.00%</b>
	<b>53</b>	<b>100%</b>	

*Field Survey, May, (2019)*

**Figure 4.5 General Perceptions on the Awareness Regarding IFRS for SMEs**

*Field Survey, May, (2019)*

At the turn of the era, many organizations and entities broke down and dishonesty of financial reporting practice disrupted the image of accountants and resulted in a credibility crisis for the accounting profession. The profession responded by developing international financial reporting standard (IFRS) for small and medium scale enterprise (SMEs) that will help in accomplishing a more credible and clarity principles-based financial reporting outline.

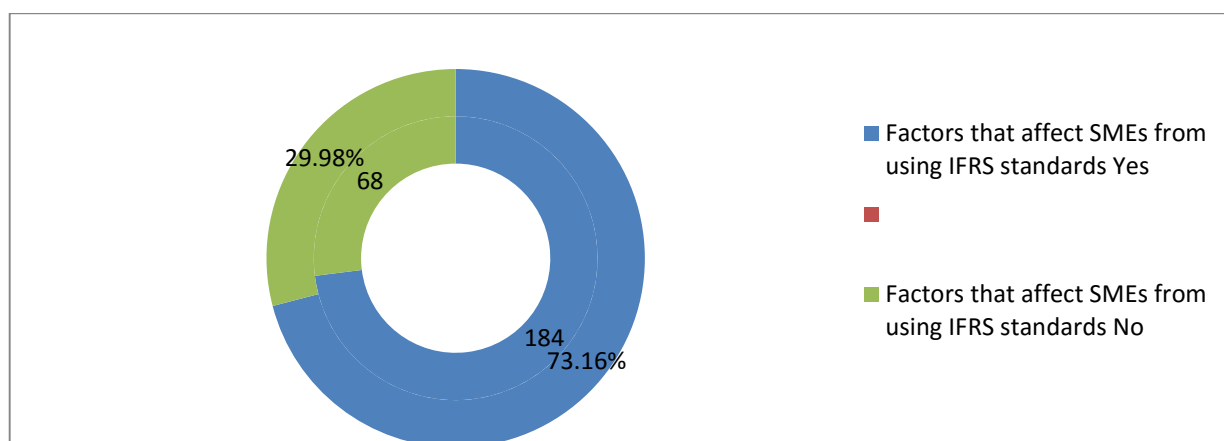
Base on that principles in relation to the general skills and perception on the awareness relating to the adoption of IFRS for SMEs in table 4.3 above, 29 out of the fifty-three respondent representing 57, 72% expressed their wellness of the awareness creation as against 24 (45.28%) express that they are not aware regarding to the IFRS for SMEs. In terms of understanding and requirements of IFRS for SMEs 23 respondents representing 43.40%, said they are 'moderately understood' while 11 (20.75%) indicated that they are 'well understood'. This shows that the most of the respondents relies that their understanding of IFRS were not that strong. Indeed, a totally of 19 of the respondents indicating a percentage of 35.85% said that they had little understanding on the general perception on IFRS for SMEs in Kumasi metropolis.

Almost sixty-eight percent of the respondents in table 4.3 above representing 36 out of a totality of 53 respondents agreed that IFRS should be applied by all entities other than private entities, While 17 (32.08%) disagree and non-responded are 'not sure'. In Kumasi metropolis since migrating to the adoption of IFRS for SMEs, it indicated that majority of the accounting practitioners agreed that it is the best way to go by the adoption of the IFRS for all SMEs. This is in line with PricewaterhouseCooper (2000) and Delloitte and Touche (2003) studies.

**Table 4.2 Factors affecting the adoption of IFRS for SMEs**

Statements		Frequency	Percentage
Could cost be one of the factors that affect SMEs in adopting IFRS?	Yes	40	75.47%
	No	<u>13</u>	<u>24.53%</u>
	<b>Total</b>	<b><u>53</u></b>	<b><u>100%</u></b>
Do you think that we have professionals who can prepare your accounts base on IFRS standards?	Yes	35	66.04%
	No	<u>18</u>	<u>33.96%</u>
	<b>Total</b>	<b><u>53</u></b>	<b><u>100%</u></b>
Do you prepare your accounts base on IFRS?	Yes	41	77.36%
	No	<u>12</u>	<u>22.64%</u>
	<b>Total</b>	<b><u>53</u></b>	<b><u>100%</u></b>
Do you have any Knowledge in accounting?	Yes	35	66.04%
	No	<u>18</u>	<u>33.96%</u>
	<b>Total</b>	<b><u>53</u></b>	<b><u>100%</u></b>
Do you know anything about IFRS for SMEs?	Yes	33	62.26%
	No	<u>20</u>	<u>37.74%</u>
	<b>Total</b>	<b><u>53</u></b>	<b><u>100%</u></b>

*Field Survey, May, (2019)*

**Figure 4.6 Factors affecting the adoption of IFRS for SMEs**

*Field Survey, May, (2019)*

In reference to table 4.2, since Ghana adopted international financial reporting standard in 2007 there has been a lot of factors that affects the small and medium scale enterprise in adopting the standards, according to Michas (2010) Alp and Ustuntage (2009) and Zhang et al. (2007) are of the view that, in adopting the international financial reporting standard by both developing and developed countries, came with its own challenges like cost of training staff and upgrading the entities system to march with the IFRS standard, like of staff having the skill and understanding of the standards, the regulatory have not fully committed to helping the SMEs. (Schachler et al, 2012; Laga, 2012; Masoud, 2014)

In table 4.2, 73.16% respondents were of the view that there are a lot of factors that really affect them small and medium scale enterprise from adopting international financial reporting standard that confirm (Schachler et al., 2012; Laga, 2012; Masoud, 2014). According to Obazee (2007), some the challenges legal issues, cultural and other environmental issues. Hoogendoorn (2010) is of the fact that the application of international financial reporting standard is very complex and there are no satisfactory guidelines. The findings revel that 29.98% are of the view that no there are no factors affecting SMEs from using IFRS standards.

**Table 4.3 Preparedness and Perception Benefits of IFRS for SMEs**

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
The IFRS for SMEs will ease the transition to the full set of IFRS for growing SMEs	15(28.30)	13 (24.52%)	12(22.64%)	7 (13.21%)	6 (11.32%)
Adopting the IFRS for SMEs will improve the opportunities to obtain financial assistance from the banking sector.	20(37.74%)	11 (20.75%)	10 (18.87%)	7 (13.21%)	5 (9.43%)
Adopting the IFRS for SMEs will improve the efficiency and effectiveness SMEs reports	14 (26.42%)	12 (22.64%)	10 (18.87%)	9 (16.98%)	8 (15.09)
The IFRS for SMEs will increase the reliability of the information	12 (22.64%)	11 (20.75%)	11 (20.75)	11 (20.75%)	8 (15.09%)
The transparency of information will increase	15 (28.30%)	10 (18.87%)	10 (18.87%)	9 (16.98%)	10 (18.87%)
The accountability of entities will increase	12 (22.64%)	9 (16.98%)	9 (16.98%)	7 (13.21%)	9 (16.98%)
The financial reports of SMEs will be comparable in sectors at the international level	11 (20.75%)	14 (26.42%)	12 (22.64%)	11 (20.75%)	11 (20.75%)
Accurate understanding of information for market participants	13 (24.52%)	10 (18.87%)	12 (22.64%)	12 (22.64%)	11 (20.75%)

*Field Survey, May, (2019)*

*Note: Freq=Frequency, %=Percentage*



In reference to table 4.3, the response to the questioners as to the IFRE for SMEs either, it will ease the transition to full set of IFRS for growing SMEs, most of the respondents strongly agree that adoption of the IFRS will indeed increase the growth of SMEs. Out of the 53(100%) 15 respondents indicating 28.30% were of the view that transition will help in increasing growth of SME, 13(24,52%) respondents agree to the fact in the transition to the IFRS for SMEs will bring about growth of SMEs. As indicated in the table above, 22.64% (12) respondents remain neutral as to either it will help in the growth of SMEs or not, whereas 7 (13.21%) and 6 (11.32%) disagree and strongly disagree respectfully.

In the setup of the financial institution in most part of the world today, one of the main function or their activities is give financial assistance to firms and SMEs. indeed, before granting loan to any of these firms, there is the need to assess their financial statement of ascertain as to either their preparing their financial statement is in line with IFRS and in responding to the as whether the adoption of IFRS for SMEs will increase or improve the opportunities to obtain assistance from the banking sector, 20 respondents representing 37.74% strongly agree that it will since reporting is based on IFRS. Base on the above table, 11(20.75%) agreed that the adoption of IFRS for SMEs will increase the opportunities to obtain financial assistance form the banking sector and other international investors due the harmonization of financial reporting standards. A totaling number of respondents of 10 (18.8 7%) remain neutral to the adoption of IFRS for SMEs will increase the opportunity to obtain financial assistances from the financial institutions. 7 respondents representing (13.21%) disagree to that assertion that the adoption of international financial reporting standard for small and medium enterprise will increase their chance of obtaining financial assistance form financial institutions. Notwithstanding that, 5 respondents

representing (9.43%) strongly disagree the adoption international financial reporting standard for small and medium enterprise of respectfully. E-Gazzar, Finn and Jacob (1999) suggested that firms voluntarily comply with IFRS in will have access to obtain greater exposure to new financial markets hence financial assistances.

In the past, such cross-border activities were complicated by different countries maintaining their own sets of national accounting standards. This patchwork of accounting requirements often added cost, complexity and ultimately risk both to companies preparing financial statements and investors and others using those financial statements to make economic decisions. IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs. The representative of table 4.6, majority of the respondents relation to the adoption of IFRS for SMEs, 14(26.42%) of which strongly agree that having adopt the IFRS for SMEs will improve the efficiency and effectiveness SMEs reports since financial report is the backbone of every company. Also, 12 respondents representing 22.64% agree to the fact that it is of necessity of companies to adopt IFRS for SMEs which will improve the efficiency and effectiveness SMEs reports. Notwithstanding that, 10 (18.87%), and 9 (16.98%) were also on the view that they remain neutral and disagree to the assertion that adopting the International Financial Reporting Standard (IFRS) for SMEs will improve the efficiency and effectiveness SMEs reports. Per the table above 4.6, 8 (15.09) strongly disagree the fact that adopting the International Financial Reporting Standard (IFRS) for SMEs will improve the efficiency and effectiveness SMEs reports.

International Financial Reporting Standard (IFRS) Standards strengthen reliability of the information by reducing the information gap between the providers of capital and the people to whom they have entrusted their money to. The standards provide information that is needed to hold management to account. As a source of globally comparable information, International Financial Reporting Standard (IFRS) standards are also of vital importance to regulators around the world. An accounting rules that helps make sure that accounting records and statements use the most accurate information available. Most business accountants use the reliability principle as their guide when deciding which financial information to use in their company's accounts.

Base on that assertion on table 4.6 above, 12 respondents which represent (22.64%) strongly agree that international financial reporting standard for small and medium enterprise will increase the reliability of accounting information to the user for better decisions to be made. Out of the 53 respondent, 11 representing (20.75%) agree to the fact that international financial reporting standard for small and medium enterprise will increase the reliability of the information for users, whereas 11 (20.75%) remain neutral that the adoption international financial reporting standard for small and medium enterprise and 11(20.75%) disagree to fact that international financial reporting standard for small and medium enterprise will not increase the reliability of the information to users of accounting information. Also, 8 (15.09%) strongly disagree that the adoption of international financial reporting standard for small and medium enterprise will increase the reliability of the information

Accountability is an assurance that an individual or an organization will be evaluated on their performance or behavior related to something for which they are responsible. Corporate accountability involves being answerable to all an organization's stakeholders for all actions and results. IFRS Standards address this challenge by providing a high quality, internationally recognised set of accounting standards that bring transparency, accountability and efficiency to financial markets around the world. IFRS Standards bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions. On the issues of IFRS for SME will bring an increase in accountability of entities. 12 respondents representing 22.64% strongly agree to that issue of increasing accountability of entities, while, 9 respondents indicating (16.98%) agree to the fact that the adoption of international financial reporting standard for small and medium enterprise SME will bring an increase in accountability of entities, 9 respondents representing (16.98%) neutral that the adoption of international financial reporting standard for small and medium enterprise SME will bring an increase in accountability of entities 11 (20.75%) disagree to the fact that the adoption of international financial reporting standard for small and medium enterprise SME will bring an increase in accountability of entities and 9 (16.98%) strongly disagree that that assertion.

Accurate understanding of information for market participants is very useful to all investors and shareholder to really know how the market is operating for them to make informed decisions as to invest or not, that is where there is the need for them to have accurate understanding of information of the market. On the assertion the accurate understanding of information for market participants, 13 participant representing (24.52%) strongly agree alluded to the fact that accurate understanding of information for market

participants is of a good use for management to make a better decision, since information plays an important role in every organization. 10 respondents out of the 53 respondents which represents (18.87%) agree to that fact that accurate understanding of information for market participants is of importance even an individual to make decision, that apart, 12 responding to accurate understanding of information for market participants representing (22.64%) remain neutral while other 12 respondents indicates (22.64%) disagree to that issue of accurate understanding of information for market participants and 11 respondents representing (20.75%) strongly disagree that assertion of accurate understanding of information for market participants.

**Table 4.4 Preparedness and perception challenges of the implementation of IFRS for SMEs**

Statement	Strongly Agree Freq. (%)	Agree Freq. (%)	Neutral Freq. (%)	Disagree Freq. (%)	Strongly Disagree Freq. (%)
Accountants and staff who are implementing the IFRS have little requisite skills and knowledge	4 (7.55%)	12 (22.64%)	11 (20.75%)	13 (24.52%)	13 (24.52%)
Lots of money spent in the training of accounting staff	10 (18.87%)	12 (22.64%)	12 (22.64%)	9 (16.98%)	10 (18.87%)
Ghana Accounting Standards was more easy, practical than IFRS	10 (18.87%)	5 (9.43%)	19 (35.85%)	11 (20.75%)	8 (15.09%)
IFRS is too complicated for SMEs to use its standard to prepare their financial report.	13 (24.52%)	19 (35.85%)	12 (22.64%)	4 (7.55%)	5 (9.43%)
Lack of support from regulatory and professional bodies to SMEs	17 (32.08%)	18 (33.96%)	11 (20.75%)	4 (7.55%)	3 (5.66%)

*Field Survey, May, (2019)*

Tables 4.4 analyzed the perception of respondents on the challenges of the adoption of IFRS. The analysis revealed that, 7.55% of the respondents strongly agree that, the accountants and staff who are implementing the IFRS have little requisite skills and knowledge in the standards and also professional training are not enough, so more training in IFRS is needed. Other respondents of 12 (22.64%) agree to the fact that Lack requisite skills and knowledge in IFRS standards for SMEs is real and more training needed to give to account officer and management operating most of the SMEs to enhance their skills of IFRS standards. That apart, 11 of the respondents representing (20.75%) remain neutral as to fact that they Lack requisite skills and knowledge in international financial reporting standards for small and medium scale enterprise 13 also responding to the questioners representing (24.52%) disagree to that that Lack requisite skills and knowledge in that Lack requisite skills and knowledge in IFRS standards for SMEs 13 (24.52%) strongly disagree to the assertion that Lack requisite skills and knowledge in that Lack requisite skills and knowledge in IFRS standards for SMEs, this goes along with the findings however, confirms Olatunji (2013)'s alluded to the fact that international financial reporting standards for small and medium scale enterprise implementation in developing countries will have a setback due to inadequate skills by SMEs.

In respect of cost relating to money spent in training accounting staff out of the total of 53 respondents 10 of which representing 18.87 %, strongly agree that a lot of money will be spent in the training of accounting staff and upgrading their systems. Also 12 respondents indicating 22.64%, agree to the fact that training is of important to every organization since there is the move from one phase to the other. 12 of the respondents made of 22.64% remain neutral to that assertion that training accounting staff is a lot of money. Notwithstanding that, 9 out of fifty-three respondents indicating 16.98% disagree that training of accounting

staff will not cost the organization a lot of money and 10 (18.87%) Strongly disagree that there is not going cost a lot of money in training accounting staff.

Ghana adopted IFRS in place of the Ghana National Accounting standards (GNAS) on 1st January 2007. This was a strategic move towards promoting accelerated growth of the economy through private sector-led growth. The Institute of Chartered Accountants, Ghana (ICAG), has been one of the most influential stakeholders in the promotion, adoption and implementation monitoring of the IFRS in Ghana. On 23rd January, 2007 the ICAG officially launched the adoption of the IFRS and required all listed companies, public entities, banks, and insurance companies to comply with IFRS by 31st December, 2007, while other business entities were mandated to comply with IFRS within two years of its adoption in Ghana (United Nations, 2007). In line with that, 10 (about 18.87%) strongly agree that Ghana Accounting Standards was easier, practical than IFRS even though it was outmoded and needed to restructure. The survey revealed that only 5 (about 9.43%) agree the fact that that Ghana Accounting Standards was easier, practical than international financial reporting standard whiles 19 (About 35.85%) decided to remain neutral to that assertion that Ghana Accounting Standards was easier, practical than international financial. Notwithstanding that, 11 (about 20.75%) disagree to that fact of Ghana Accounting Standards was easier, practical than international financial and finally 8 (About 15.09%) strongly disagree that Ghana Accounting Standards was easier, practical than international financial.

This finding revealed that most of the small and medium scale enterprise have gotten to know the impact that the adoption of international financial reporting standard has over the Ghana accounting standard. The result also shows that more of small and medium scale

enterprise has adopted the international financial reporting standard to that of the Ghana accounting standard.

International financial reporting standard came with a lot of challenges even with bigger companies neither to take about small and medium scale enterprise. Related to this is the challenge of adequate training of relevant professionals in preparing financial statements according to the International financial reporting standard (Alp & Ustndag, 2009; Kapoor & Ruhela, 2013 and Owolabi & Iyoha, 2012). In figure 4:7 reveal that those 13 respondents of about (24.52%) strongly agree that International financial reporting standard is too complicated for SMEs to use its standard to prepare their financial report due to the fact that small and medium enterprise don't have the requisite labour to prepare their accounts by using the standards.

The finding in the same table shows that 19 out of the 53 respondents' indication about (35.85%) agree that International financial reporting standard is too complicated for SMEs to use its standard to prepare their financial report, since it use required trained accountants, Olango and Kerongo (2014) view point is that IFRS for SMEs is too complex to implement due to the low level of technical knowledge among users, that confirms the assertions above, also, 12 respondent (about 22.64%) remain neutral to the fact that International financial reporting standard is too complicated for SMEs to use its standard to prepare their financial report. However, only 4 (7.55%) disagree that fact of International financial reporting standard is too complicated for SMEs to use its standard to prepare their financial report, while 5 about (9.43%) strongly disagree that view of International financial reporting standard is too complicated for SMEs to use its standard to prepare their financial report.



The survey shows that 17 respondent representing about (32.08%) strongly agree that regulatory and professional bodies do not support small and medium scale enterprise in accomplishing the adoption of IFRS standard, 18 (33.96%) respondents agreed they lack support from regulatory and professional bodies. This finding shows regulatory and professional bodies do not support SMEs to implement IFRS for SMEs successfully. This finding is somehow worrying since the IFRS for SMEs was recommended to replace GNAS due to lack of regulatory and professional bodies support for the former's enforcement and implementation (see ROSC, 2004). 11 (20.75%) remain neutral. According to majority of the SMEs surveyed, the IFRS for SMEs is very complicated and too costly to adopt this has led most SMEs to adopt the standard partially. The high cost of implementation may further prevent micro and small firms from adopting and implementing it since the financial burden may be much more as compared to larger firms. This may also explain why financial statements preparation is very low among micro and small firms. The finding confirms Olango and Kerongo (2014)'s contention that IFRS for SMEs is too complex to implement due to the low level of technical knowledge among users. The survey results are shown in table 4; 7. 11 (20.75) of the respondents' remain neutral to that fact that that regulatory and professional bodies do not support small and medium scale enterprise in accomplishing the adoption of IFRS standard. However, 4 respondents about (7.55%) disagree while only 3 (5.66%) strongly disagree to the issues of regulatory and professional bodies do not support small and medium scale enterprise in accomplishing the adoption of IFRS standard.

**Table 4.5 Perception on the Benefits after the adoption IFRS for SMEs**

Statements		Frequency	Percentages
1. Could cost be one of the factors that affect the adoption of IFRS for SMEs?	Yes	40	75.47
	No	13	24.53

	<b>Total</b>	<b>53</b>	<b>100%</b>
2. Do you think that we have professionals who can prepare your accounts base on IFRS standards?	Yes	35	66.04
	No	18	33.96
	<b>Total</b>	<b>53</b>	<b>100%</b>
3. Do you prepare your accounts base on IFRS standards?	Yes	44	83.02
	No	9	16.98
	<b>Total</b>	<b>53</b>	<b>100%</b>
4. Do you have any knowledge about accounting?	Yes	35	66.04
	No	18	37.74
	<b>Total</b>	<b>53</b>	<b>100%</b>
5. Do you have any knowledge about IFRS for SMEs?	Yes	31	58.49
	No	22	41.50
	<b>Total</b>	<b>53</b>	<b>100%</b>

*Field Survey, May, (2019)*

In average, majority of the respondents agree that cost could be one of the main factors that affect the adoption of IFRS for SMEs in Kumasi Metropolis. Base on the responders on cost been one of the factors affecting the adoption of IFRS for SMEs, out of the 53 respondents who the questionnaires were administered, 40 respondents representing 75.47% agreed that there is cost involved in preparing the financial report. Cost as factor has made most of the SMEs in Kumasi metropolis finding difficult in adopting IFRS for SMEs in that cost of training young accountants, cost of installing software and upgrading involves a lot of cost. To increase interaction through higher level of disclosure will definitely bring better clarity and the result seems to be in line with Tarca (2004) which believed that one of the factors that affects the adoption of IFRS for SMEs are cost. Whiles 13 of the respondents representing 24.53% made the assertion that cost is not the factor. The successful development of any institution depends on capabilities of her human resource base. The educational level of the people determines to a large extent the nature

of responses and their understanding of the issues at stake. The ability of workers to combine different methods especially modern technology improves their performance at work and hence their output will be very high. This has shown that the fifty-three respondent to the questioners' 35 respondents representing 66, 04% were of the view that we have the qualified accounting professional who can prepare the accounts base on IFRS standards for SMEs. That apart, only fifteen (18) representing 33.96% were also on the view that the professional are not there which is insignificant based on the result obtained.

International financial reporting standard is the main standard that is adopted by most developing and developed countries in the world today. Finn and Jacob (1999) which suggested that firms voluntarily comply with IFRS in order to obtain greater exposure to new financial market, that assertion, most of the SMEs preparing their accounts base on IFRS standards, it was believed out of the fifty- three respondents 44 (83.02%) said that their financial preparation is based on IFRS standards while 9 (16.89%) financial reporting is not based on IFRS standards. According to Jones and Higgins (2006), the accounting background and qualifications are important to every organization for its financial reporting purposes. Findings of the results indicated that knowledge in accounting and knowing about IFRS for SMEs was 35(66.04%) and 18 (37.74%) respectively shows that most of the respondent have knowledge on IFRS for SMEs, whereas, 31 (58.49%) are of the view that they have knowledge on IFRS for SMEs whereas 22 (41.51%) don't have knowledge on IFRS for SMEs.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.0 Introduction

This chapter presents the summary of the study as guided by the research objectives, research questions and conclusions reached based on the findings as well as recommendations for additional research studies.

#### 5.1 Summary of Findings

On 9 July 2009, the International Accounting Standards Board (IASB) issued the IFRS for Small and Medium sized Entities (IFRS for SMEs). This Standard provides an alternative framework that can be applied by eligible entities in place of the full set of International Financial Reporting Standards (IFRSs) in issue. The IFRS for SMEs is a self-contained Standard, incorporating accounting principles that are based on full IFRSs but that have been simplified to suit the entities within its scope (known as SMEs). By removing some accounting treatments permitted under full IFRSs, eliminating topics and disclosure requirements that are not generally relevant to SMEs, and simplifying requirements for recognition and measurement, the IFRS for SMEs reduces the volume of accounting requirements applicable to SMEs by more than 90 percent when compared with the full set of IFRSs.

The main problem of the study was to investigate the benefits and challenges of IFRS adoption for SMEs and its implementation in Kumasi Metropolis. The study employed the Parasuraman et al. (1985) five dimensions General perceptions on the awareness regarding IFRS for SMEs, Factors affecting the adoption of IFRS for SMEs, perception on factors

prevents SMEs from applying IFRS, preparedness and perception benefits of IFRS for SMEs and preparedness and perception challenges of the implementation of IFRS for SMEs. Specifically, the literature review of the study was developed around these themes thus, definition of concepts, theoretical framework, satisfaction with benefits and challenges of IFRS adoption for SMEs, as well as the conceptual framework and the study hypotheses. The target population for the study constituted managements and accounts officer working with SMEs Ghana within the Kumasi metropolis. Therefore, a projected number of 53 SMEs were targeted as the study's population size. The study employed the Krejcie and Morgan (1970) sampling table to determine the sample size and accordingly the sample size for this study used was 53 with 95% confidence level with 5.0% confidence interval (i.e.  $\pm 5$  per cent).

Specifically, with the first research questions the study found out that the respondents were satisfied with preparing their base on accounting standards of (IFRS) even though there is the need for all entities to continually working on achieve the full adoption of IFRS for SMEs. Similarly, Even though not all the respondents were of the view but some alluded to the fact that they were satisfied with the adoption of IFRS for SME environment but hoping that more education should be done, indeed the cost of training the other accounts officer to take the seat of preparing accounting report base on the IFRS standard need to be trained. The outcome of the study indicated in view of the managers and account officers the implementation of IFRS since 2007 has come with a lot of successes to business entities where small and medium scale enterprise are not exempted, this has led the SMEs to access loans from the banks due to the reliability, comparability and understandability of the accounting information.

The international financial reporting standard has also increased management understating through the greater clarity of accounting information. These findings are consistent with those found in past studies (Mbawuni 2017; Odiya & Ogiedu, 2013; Owolabi & Iyoha, 2012; Ramanna & Sletten, 2014; Săcărin et al., 2013). In terms of priority, these findings are consistent with those of Owolabi & Iyoha (2012), who found that a sample of preparers of financial reports in Africa rated as top benefit of IFRS adoption to business entities the following: ease of using one consistent reporting standard in subsidiaries from different countries, in addition to facilitating mergers and acquisitions, improved management information for decision-making.

On the other side of the coin, even though the exit project brings a lot of benefits to most business organization that are in compliance with it, it also came with challenges. The organization that are moving to the compliance to IFRS for SMEs needs to train their staff which involves a lot of cost to organizations even though not full adoption has been made for SMEs. In deed aside the compliance cost there is the need for business entities to update all their accounting software in order the meet the standards. Tables 4.4 analyzed the perception of respondents on the challenges of the adoption of IFRS. The analysis revealed that, 7.55% of the respondents strongly agree that , the accountants and staff who are implementing the IFRS have little requisite skills and knowledge in the standards and also professional training are not enough, so more training in IFRS is needed. Other respondents of 12 (22.64%) agree to the fact that Lack requisite skills and knowledge in IFRS standards for SMEs is real and more training needed to be given to account officer and management operating in most of the SMEs to enhance their skills of IFRS standards. In table 4.2, 73.16% respondents were of the view that there are a lot of factors that really affect them the small and medium scale enterprise from adopting international financial

reporting standard that confirm (Schachler et al., 2012; Laga, 2012; Masoud, 2014). According to Obazee (2007), some of the challenges are legal issues, cultural and other environmental issues. Moreover, the application of international financial reporting standard is very complex and there are no satisfactory guidelines. The findings reveal that 29.98% are of the view that no there are no factors affecting SMEs from using IFRS standards which is not significant.

## **5.2 Conclusions**

The study accomplishes that IFRS for SMEs adoption and implementation in the Kumasi Metropolis amongst small and medium enterprise is awfully moving in very low space, however financial reporting and record keeping among SMEs in the Metropolis is a little bit better but needed to be improved by the support of the regulators and other accounting professional bodies. The study also accomplishes that due to lack of education base on the adoption of IFRS for SMEs in Kumasi by the body in charge result in lack of skills and knowledge which leads to most of the challenges in the adoption of IFRS standards for SMEs and also getting financial assistance for the financial institutions . On that note, the regulatory bodies need to educate SMEs on the adoption of IFRS. More professional training in IFRS is needed. ICAG will have to put measures in place to increase their training in that direction especially with the new IFRSs for SMEs.

## **5.3 Recommendations**

This paper has provided important insights from the Ghanaian accounting professionals and managers on the benefit and challenges of IFRS for SMEs for some number of years

of its implementation. The results provided by this study are likely to be of interest to the Institute of chartered Accounting Ghana and users of the accounting information. Further studies was conducted to compare benefit after the implementation across Kumasi metropolis revealed that accounting information after the adoption of IFRS for SMEs is far better than before.

Additionally, standards such as accounting for government grants and disclosure of government assistance, borrowing cost, impairment of assets, intangible assets, financial reporting in hyperinflationary economies, first time adoption of international financial reporting standards, non-current assets held for sale and discontinued operations, accounting and catered for SMEs. Notwithstanding benefits of IFRS, its adoption demands a new set of skills and expertise, transitional challenges such as change management bottlenecks, inconsistencies in applicable laws, emerging technical areas and terminologies, frequent reviews of standards, cost verses benefit analysis and higher demand for auditors as well. That is, the implementation of IFRS for SMEs has the need of training and in-depth knowledge since the standards are principle based. Technical capacity of regulators, preparers, auditors and users of financial statements is a necessity. Also; there is the need of strong ethical and good corporate governance system.

To realize the full benefits of the adoption of IFRS for SMEs, both developing and developed countries need to work on skills and expertise gap by series of training and workshops and ensure that these standards are included in the academic and school curricula. Moreover, regulatory bodies should monitor and enforce these standards to the core but where there is the need for local content, standard setters should provide



convergence rather than adoption. In addition, laws that contradict or defer in application which could lead to noncompliance should be harmonized.

#### **5.4 Suggestions for Further Research**

Specifically, this study confined itself to only adoption of IFRS for SMEs within the Kumasi metropolis. Accordingly, a comparative study should be carried out to compare whether the findings also apply to MSEs who operate outside the Kumasi metropolis in order to validate whether the findings can be generalized to the adoption of IFRS for SMEs.



## REFERENCES

- Abdullah, F., Suhaimi, R., Saban, G., & Hamali, J. (2011). "Bank Service Quality (BSQ) index: an indicator of service performance". *International Journal of Quality & Reliability Management*, 28(5) , 542-555.
- Abedniya, A., Zaeim, M., & Hakimi, B. (2011). "Investigating the relationship between customers' perceived service quality and satisfaction: Islamic Bank in Malaysia". *European Journal of Social Sciences*, 21(4) , 603-624.
- Abel, A. A (2011). Imperative of the new financial reporting framework. *The official Journal of the Institute of Chartered Accountants of Nigerian*. (44)4, 17-25.
- Aboagye-Otchere F, Agbeibor J. (2012). The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMES) Suitability for small businesses in Ghana. *Journal of Financial Reporting and Accounting*. 2012 Oct 19;10 (2):190-214.
- Adekoya, O. (2011). Similarities and Differences, IFRS and Nigerian GAAP. Lagos: *Price water House Coopers International Limited*. (pwCIL).
- Adetula, D.T. & Owolabi, F., (2014). International financial reporting standards (IFRS) for SMEs adoption process in Nigeria. *European Journal of Accounting Auditing and Finance Research*, 2(4), pp.33-38.
- Agyei-Mensah, B. K. (2012). Association between firm-specific characteristics and the levels of disclosure of financial information of rural banks in the Ashanti Region of Ghana. *Journal of Applied Finance & Banking*, 2(1), 69-92.
- Ahmed Zakari & Co - Chartered Accountants and Entop Consulting Ltd UK. (2011). *International Financial Reporting Standards (IFRS): An Essential course for Getting to "KNOW IFRS"*. The Lagoon Restaurantlc Ozumba Mbadiwe Street, Victoria Island Lagos.

- Ahmed, A. S., & Duellman, S. (2011). *Evidence on the role of accounting conservatism in monitoring managers' investment decisions*. *Accounting and Finance*, 51(3), 6090-633.
- Albu, C. N., Albu, N., Pali-Pista, S. F., Gîrbină, M. M., Selimoglu, S. K., Kovács, D. M., & Arsoy, A. P. (2013). Implementation of IFRS for SME s in Emerging Economies: Stakeholder Perceptions in the Czech Republic, Hungary, Romania and Turkey. *Journal of International Financial Management & Accounting*.
- Alp, A., & Ustuntag, S. (2009). Financial reporting transformation the experience of Turkey. *Critical Perspective on Accounting*, 20, 680-699.
- <https://doi.org/10.1016/j.cpa.2007.12.005> An investigative study of record keeping for performance measurement (a case study of Bindura)", *Journal of Accounting and Taxation*, vol. 3, no. 8: 171–181
- Amoako, G. K., & Asante, S. (2012). Compliance with International Financial Reporting Standard 7 (IFRS 7): *A Study of Listed Banks in Ghana*. *Research Journal of Finance and Accounting*, 3(4), 66-73.
- Ankarath, N., Mehta, K.J., Ghosh, T.P. & Alkafaji, Y.A. (2010), *Understanding IFRS fundamentals*, John Wiley & Sons Inc., New Jersey, United States.
- Aremu, Adeyemi O., et al. "Antioxidant activity, acetyl cholinesterase inhibition, iridoid content and mutagenic evaluation of *Leucosideasericea*." *Food and Chemical Toxicology* 49.5 (2011): 1122-1128
- Armstrong, C. S., Barth, M. E., Jagolinzer, A. D. & Riedl, E. J. (2007). Market reaction to the adoption of IFRS in Ball, R., Robin, A., & Wu, J. S. (2003). Incentives versus standards: *Properties of accounting income in four East Asian countries*. *Journal of Accounting and Economics* 36, 235-270.

- Armstrong, C. S., Barth, M. E., Jagolinzer, A. D. & Riedl, E. J. (2007). Market reaction to the adoption of IFRS in Europe.
- Ball, R. (2006). IFRS: Pros and Cons for Investors. *Accounting and Business Research International Accounting*.
- Barth, M., Landsman W., & Lang, M. (2008). International Accounting Standards and Accounting Quality. *Journal of Accounting Research*, 46(3), 467-498.  
<https://doi.org/10.1111/j.1475-679X.2008.00287.x>
- Berisha, G., & Shiroka Pula, J. (2015). *Defining Small and Medium Enterprises: a critical review*.
- Bhattacharjee, S. & M. Z. Islam, (2009). Problems of adoption and application of International Financial Reporting Standards (IFRS) in Bangladesh. *International Journal of Business and Management*, 4(12): 165-175. Blewitt, A., 2005. The Star 19 September 2006. Deloitte Touche Tohmatsu, 2010. retrieved on 30 September 2010, from <http://www.iasplus.com/standard/ifrs01.htm>.
- Bohušová, H., & Blašková, V. (2011). *In What Ways are Countries Which Have Already Adopted IFRS for SMEs Different*. *Acta Universitatis Agriculturae Et Silviculturae Mendelianae Brunensis*, 4(2), 37-41.
- Bryman, A. (2012). *Social Research Method*. New York: Oxford University Press Inc.,
- Bryman, A., & Becker, S. (2012). *Qualitative research*.
- Bushman, R., & C. Williams. (2009). *Accounting Discretion, Loan Loss Provisioning, and Discipline of Banks' Risk-Taking*." Working paper University of North Carolina and University of Michigan.
- Bushman, R., & Piotroski J. (2006). Financial reporting incentives for conservative accounting: The influence of legal and political institutions. *Journal of Accounting and Economics*, 42, 107–148. <https://doi.org/10.1016/j.jacceco.2005.10.005>

- Cairns, D., (2001). *International Accounting Standards Survey*, David Cairns, (2001)
- Chachler, M., Al-Abiyad, S., & Al-Hadad, A. (2012). Evaluation of the Suitability of International Financial Reporting Standards (IFRSs) for Application in Emerging North African Countries: A Literature Review and a Research Agenda. *Journal of Modern Accounting and Auditing*, 8(12), 1773-1779.
- Chalmers, K., Clinch, G., & Godfrey, J. M. (2011). Changes in value relevance of accounting information upon IFRS adoption: *Evidence from Australia Australian Journal of Management*, 36(2), 151-173.
- Choi, D., & Meek, K. (2007). *International Accounting*. Prentice Hall 2005.
- Choi, F. D. S. & Mueller G. G. (1992). *International accounting*. New Jersey: Prentice – Hall.
- Creswell, J. W. (2014). *A concise introduction to mixed methods research*. Sage Publications.
- Daske, H., Hail, L., Leuz, C., & Verdi R. (2008). *Mandatory IFRS Reporting Around the World: Early Evidence on the Economic Consequences*. Working paper, University of Chicago, Graduate School of Business.
- DE FRANCO, G., S. P. KOTHARI, & R. S. VERDI. 'The benefits of financial statement comparability.' *Journal of Accounting Research* 49 (2010): 895-931.
- DeFond, M., Hu, X., Hung, M., & Li, S. (2011). The impact of mandatory IFRS adoption on foreign mutual fund ownership: The role of comparability. *Journal of Accounting and Economics*, 51(3), 240-258. <https://doi.org/10.1016/j.jacceco.2011.02.001>
- DiMaggio, P., & Powell, W. W. (1991). *The new institutionalism*. In Florou, A., Pope, P. F. (2012), *Mandatory IFRS Adoption and Institutional Investment Decisions*. The *Accounting Review*, 87(6), 1993-2025.

- Ding, Y., O. Hope, T. Jeanjean & H. Stolowy, (2007), ‘‘Differences Between Domestic Accounting Standards and IAS: Measurement, Determinants and Implications,’’ *Journal of Accounting and Public Policy* 26 pp. 1–38
- Doupnik, T. S., & Salter, S. B. (1995). *External environment, culture, and accounting practices: a preliminary test of a general model of international accounting development.*
- Downes, D. (2006). *Power and Influence: Who’s who in the Landscape of Accounting Standard-setters.* *Accountancy Ireland*, 38(4), 34-37.
- Edeigba, J., (2017). *An Investigation of the challenges in International Financial Reporting Standards’ adoption: evidence from Nigerian publicly accountable companies* (Doctoral dissertation, Lincoln University).
- El-Gazzar, S. M., P. M. Finn, & R. Jacob, (1999). An empirical investigation of multinational firms’ compliance with International Accounting Standards. *The International Journal of Accounting*, 34(2), 239-248. Full convergence with IFRS in 2010 (2008), *Accountants Today*, October, 22-23. Goodrich, P.S., 1982. A typology of international accounting principles and policies, *AUTA Review*, 14: 37.
- Essien-Akpan, I. (2011). *The International Financial Reporting Standards (IFRS). The Role of the Chartered Secretary and Administrator.* A paper presented at the 35th Conference of ICSAN (Lagos Sheraton Hotels and Towers).
- Garuba, Anthony O., & Pat Donwa. (2011). "The challenges of adopting international financial Reporting system in Nigeria." *JORIND I (9)* (2011): 313-317.
- Ghosh, B. C., Kim, T. S., & Meng, L. A. (1993). Factors Contributing to the Success of Local SMES an Insight from Singapore. *Journal of Small Business and Entrepreneurship*, 10(3), 33-46.

- Gono, K., Ohshima, M., Amano, S., & Yamazaki, K. (2013). U.S. Patent No. 8,531,512. Washington, DC: U.S. Patent and Trademark Office.
- Gordon, E. A. (2008). Sustainability in Global Financial Reporting and Innovation in Institutions. *Accounting Research Journal*, 21(3), 231-238.  
<https://doi.org/10.1108/10309610810922486>.
- Greeman, T. K., Duwelius, R. F., King, R. B., Nazimek, J. E., & Petrovski, D. M. (1997). *Characterization of fill deposits in the Calumet Region of northwestern Indiana and northeastern Illinois*. Water-Resources Investigations Report, 96, 4126.
- Hague p., Hague N., & Morgan A. C. (2004). *Market Research in Practice*. 2004.
- Hail, L., Leuz, C. & Wysocki, P. (2010). *Global accounting convergence and the potential adoption of IFRS by the U.S. (Part I): Conceptual underpinnings and economics analysis*. *Accounting Horizons*, 24, 355–394.  
<https://doi.org/10.2308/acch.2010.24.3.355>.
- Hibbard, K. A., Manning, M. R., Rose, S. K., Van Vuuren, D. P., Carter, T. R., Emori, S., Kainuma, M., Kram, T. & Meehl, G. A., 2010. *The next generation of scenarios for climate change research and assessment*. *Nature*, 463(7282), p.747.
- IASB. (2013). Retrieved from  
<https://www.iasplus.com/en/resources/ifrsf/governance/ifrsf>
- Imhoff, M. & Ricketts, T., (2003). *Biodiversity, urban areas, and agriculture: locating priority ecoregions for conservation*. *Conservation ecology*, 8(2).
- Ionaşcu, I., Stere, M., & Ionaşcu, M. (2010). *The Impact of IFRS Adoption*.
- Jermakowicz, E. K., & Epstein, B. J. (2010). IFRS for SMEs an option for US private entities Schiebel, Alexander. "Is there a solid empirical foundation for the IASB's draft IFRS for SMEs?" (2008).

- Jhingan, N., Vasnani, V. U., Lim, C. S., Arora, N., Rao, E. V., & Mongia, A. (2006). *U.S. Patent No. 7,113,948*. Washington, DC: U.S. Patent and Trademark Office.
- Kapoor, B., & Ruhela, J. (2013). IFRS Implementation –Issues and Challenges for India. *International Journal of Business and Management Research*, 3(2), 103-106.
- Kennedy, P. (2010). *The rise and fall of the great powers*. Vintage.
- Kılıç, Merve & Uyar, Ali & Ataman, Başak. (2013). Perception of the SMEs on the IFRS for SMEs: the Case of Turkey.
- Kothari, S. P., K. Ramanna, & D. Skinner. (2009). *What should GAAP look like? A survey and economic analysis*. Working paper University of Chicago, Harvard and MIT.
- Kumar, V. (2000). *International Marketing Research*. USA. Prentice Hall 2000.
- Laga, M. (2012). Obstacles of Adopting and implementation of IFRS in Libya. *European Journal of Business and Economics*, 7, 1-3.
- Larson, R. K. & D. L. Street, (2004). Convergence with IFRS in an expanding Europe: Progress and obstacles identified by large accounting firms' survey. *Journal of Accounting, Auditing & Taxation*, 13(2): 89-119. *Aust. J. Basic & Appl. Sci.*, 6(7): 98-108, 2012108.
- Leuz C., & R. Verrechia, (2000). The economic consequences of increased disclosure. *Journal of Accounting Research*, 38: 91-124.
- Leuz, C., D. Nanda, & P. Wysocki, (2003). *Earnings Management and Investor Protection*.
- Madawaki, A. (2014). Adoption of International Financial Reporting Standards in Developing Countries: The Case of Nigeria. *International Journal of Business and Management*, 7(3), 152-161. Retrieved March 10, 2014, from <http://www.ccsenet.org/ijbm>.



- Martins, V. W. (2011). *Practical Challenges in IFRS Implementation*. What Bank Regulators need to know? IFRS International Conference- Nigeria.
- Maseko, N., & Manyani, O. (2011) “*Accounting practices of SMEs in Zimbabwe*.”
- Mbawuni, Joseph. (2018). “Perceived Benefits and Challenges of IFRS Adoption in Ghana: Views of Members of Institute of Chartered Accountants, Ghana (ICAG)” <http://ijfr.sciencedupress.com> *International Journal of Financial Research* Vol. 9, No. 1; 2018.
- Michas, P. (2010). *Auditing in emerging market countries: does it matter?* Working Paper, University of Missouri.
- Mihai, S., Ionaşcu, M., & Ionaşcu, I. (2012). *Economic benefits of International Financial Reporting Standards (IFRS) adoption in Romania: Has the cost of equity capital decreased?* *African Journal of Business*
- Mir, Rahaman, (2004). *The adoption of international accounting standards in Bangladesh - An exploration of rationale and process*. Emerald, 2004.
- Pricewater House Coppers (2004). *First-time Adoption of International Financial Reporting Standards*. Pricewater House Coppers 2004.
- Modugu, K. P., & Anyaduba, J. O. (2013). Forensic accounting and financial fraud in Nigeria: An empirical approach. *International Journal of Business and Social Science*, 4(7), 281-289.
- Monisola, O. (2013). Challenges of Adoption of International Accounting Reporting Standards in Nigeria: A counsel to Professional Accountants. *Journal of Management Policy*, 3(5), 10-31.
- Morgan, R., & Hunt, S. (1994). The commitment-trust theory of marketing relationships. *Journal of Marketing*, 58 , 20-38.

- Munro, B. H. (2013). *Munro statistical methods for health care research*. Wolters Kluwer Health/Lippincott Williams & Wilkins.
- Muyeed, M. (2012). Customer Perception on Service Quality in Retail Banking in Developing Countries - A Case Study. . *International Journal of Marketing Studies*, 4(1), 116-122.
- Nazri, G. A., Aymard, L., Oumellal, Y., Rougier, A., & Tarascon, J. M. (2010). *U. S. Patent No. 7,736,805*. Washington, DC: U.S. Patent and Trademark Office.
- Neag, Ramona, Ema Masca, & Irina Pascan. (2009)"Actual Aspects Regarding the IFRS for SME-Opinions, Debates and Future Developments." *Annales Universitatis Apulensis: Series Oeconomica* 11, no. 1: 32.
- Ocansey, E. O.N.D., & Enahoro, J. A. (2014). Comparative study of the international financial reporting standard implementation in Ghana and Nigeria. *European Scientific Journal* (May 2014 ed.), 10(13), 529-546.
- Odia, J. O., & Ogiedu, K. O. (2013). *IFRS Adoption: Issues, Challenges and Lessons for Nigeria and other Adopters*.
- Okere, E. O. (2009). *International Financial Reporting and Accounting Issues*.
- Okundi, B. (2013). *Tax Implications of Implementing IFRSs*. Price water house Coopers. on foreign mutual fund ownership: The role of comparability. *Journal of Accounting and Economics*, 51(3), 240-258. <https://doi.org/10.1016/j.jacceco.2011.02.001>
- Onugu, B. A. N. (2005). *Small and medium enterprises (SMEs) in Nigeria: Problems and prospects*. St. Clements University, Nigeria (Unpublished Dissertation for a Doctor of Philosophy in Management Award).
- Owolabi, A., & Iyoha, F. O. (2012). Adopting International Financial Reporting Standards (IFRS) in Africa: benefits, prospects and challenges. *African Journal of Accounting, Auditing and Finance*, 1(1), 77-86. Prentice Hall, (2006).

- Pilot, D. F., & Hungler, B. P. (1999). *Nursing research: principles and methods*. Philadelphia: JB Lippincott Company.
- Price Water House Coopers. (2010). *International financial reporting standards adoption by country*. Retrieved October 8, 2010, from [www.pwc.com/us/en/issues/ifrs-reporting/assets/ifrs-country-adoption](http://www.pwc.com/us/en/issues/ifrs-reporting/assets/ifrs-country-adoption)
- Radebaugh, R. (1997, January). Advances in cryocoolers. In Proceedings of the Sixteenth International Cryogenic Engineering Conference/International Cryogenic Materials Conference (pp. 33-44). *Elsevier Science*.
- Ram, Ronita, & Susan Newberry. (2013). "IFRS for SMEs: the IASB's due process." *Australian accounting review* 23, no. 1, 3-17.
- Ramanna, K., & Sletten, E. (2014). *Network effects in countries' adoption of IFRS*. The Accounting Review, 89(4), 1517-1543. <https://doi.org/10.2308/accr-50717>
- S. M., Finn, P. M., & Jacob, R. (1999). An empirical investigation of multinational firms' compliance with international accounting standards. *The International Journal of Accounting*, 34(2), 239-248.
- Săcărin<sup>1</sup>, M., Bunea, Ș., & Gîrbină M. M. (2013). Perceptions of accounting Professionals on IFRS application at The individual financial statements: *Evidence from Romania*. *Accounting and Management Information Systems*, 12(3), 405–423.
- Saunders M., Lewis P., Thornhill A. (2006) *Research Methods for Business Students*.
- Schachler- Handley, M., Al-Abiyad, S. A., & Al-Hadad, A. A. (2012). Evaluation of the suitability of international financial reporting standards (IFRSs) for application in emerging North African countries: A literature review and a research agenda. *Journal of Modern Accounting and Auditing*, 8(12), 1773.

- Siaga, S. F. (2012). *Challenges to the Adoption of International Financial Reporting Standards in Africa* (MAGISTER COMMERCII Minor Dissertation). University of Johannesburg.
- Street, D. L., & Gray, S. J. (1999). How wide is the gap between IASC and US GAAP? Impact of the IASC comparability project and recent international developments. *Journal of International Accounting, Auditing and Taxation*, 8(1), 133-164.
- Sunder, S. (2010). IFRS Monopoly: The Pied Piper of Financial Reporting, being paper prepared for information for better markets conference ICAEW, London December 20-21, 2010 United Nations. (2007). *International Accounting and Reporting Issues*. United Nations Review, 2007.
- Tackie. (2007): "*Citation analysis and co-citation analysis: a review of literature 1.*" *Libri* 46.4 148-158.
- Tarca, A. L., Draghici, S., Khatri, P., Hassan, S. S., Mittal, P., Kim, J. S., & Romero, R. (2008). *A novel signaling pathway impact analysis*. *Bioinformatics*, 25(1), 75-82.
- Tomaszewski, S., & Showerman, S. (2011). *IFRS in the United States: Challenges and Opportunities*. *Review of Business*, 56-71.
- UN (2007). *International Accounting and Reporting Issues*. United Nations Review, 2007.75.
- United Nations. (2008). *Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises*.
- Van Wyk, H. A., & Rossouw, J. (2009). IFRS for SMEs in South Africa: a giant leap for accounting, but too big for smaller entities in general. *Meditari Accountancy Research*, 17(1), 99-116.
- White, M. (2010). *The International Financial Reporting Standard for Small and Medium-sized Entities-Some Challenges in Implementation*. *The Fiji Accountant*, 15-19.

- Winney, K., Marshall, D., Bender, B. & Swiger, J. (2011) “*Accounting globalization: roadblocks to IFRS adoption in the United States*”, *Global Review of Accounting and Finance*, vol. 1, no. 1: 167–178
- Yiadom, E. M., & Atsunyo W. (2014). Compliance with International Financial Reporting Standards by Listed Companies in Ghana. *International Journal of Business and Management*, 9(10), 87- 100.
- Yin (1994) *Case study research: design and methods*, Newbury Park, CA: Sage Publications, 1994.
- Young, D., & Guenther, D. A. (2003). Financial reporting environments and international capital mobility. *Journal of Accounting Research*, 41, 553–579.  
<http://dx.doi.org/10.1111/1475-679X.00116>
- Yusuf, S. (1995). *For the Collaborative Group on ACE Inhibitor Trials*. Overview of randomized trials of angiotensin-converting enzyme inhibitors on mortality and morbidity in patients with heart failure.
- Zeghal, D., & Mhedhbi, K. (2006). An analysis of the factors affecting the adoption of international accounting standards by developing countries. *The International Journal of Accounting*, 41, 373-386.
- Zeghal, M., (2006). *Opposition islamiste et pouvoir monarchique au Maroc*. *Revue française de science politique*, 56(1), pp.79-119.
- Zhang, Y., Andrew, J., & Collier, H. (2007). *The Convergence of IFRS in China: A view on the influence of political ideology on Chinese accounting profession*. Working paper, ACE International Conference, Hong Kong, China

## APPENDIX

UNIVERSITY OF EDUCATION, WINNEBA

SCHOOL OF GRADUATE STUDIES

**KUMASI CAMPUS**

**Research questions challenges and benefits in adoption of IFRS for SMEs in Ghana**

**(Kumasi- Metropolis)**

**Circle the correct the space to Response to each of the question**

*NOTE: DO NOT WRITE YOUR NAME PLEASE*

These questionnaires should be answered by management and accountants

**SECTION A: Demographics of Respondent:**

Please [√] where appropriate

1. Gender:            Male  Female
2. Age:                    18 – 25   
                                  26 – 31   
                                  32 – 37   
                                  38 – 42   
                                  43--- 60
3. Married Status:    Married  Single             Divorced
4. Level of education: Basic  SHS/Commercial  Diploma  Degree   
                                  Professional   
                                  Non formal education  others  Specify
5. Number of years in the business  
                                  Below 1 year             1– 3 years             4– 6 year   
                                  7 – 9 years  10 years+

**General Perceptions on the Awareness regarding IFRS for SMEs**

**Statements**

6. Willingness with the introduction of IFRS for SME Yes

No

7. Understanding requirements of IFRS for SMEs

Moderately understood

Well understood

Little understood

Not at all

8. Covenant on the presentation of IFRS for SMEs in all entities other than private entity

Yes

No

Not sure

**Factors that affect SMEs from using IFRS Standards**

9. Could cost be one of the factors that affect SMEs in adopting IFRS? Yes

No

10. Do you think that we have professionals who can prepare your accounts base on IFRS standards?

Yes

No

11. Do you prepare your accounts base on IFRS?

Yes

No

12. Do you have any Knowledge in accounting?

Yes

No

13. Do you know anything about IFRS for SMEs?

Yes

No

**Preparedness and Perception Benefits of IFRS for SMEs**

**Strongly Agree (1) Agree (2) Neutral (3) Disagree (4) Strongly Disagree (5)**

NO	Statement	1	2	3	4	5
----	-----------	---	---	---	---	---

a.	The IFRS for SMEs will ease the transition to the full set of IFRS for growing SMEs					
b.	Adopting the IFRS for SMEs will improve the opportunities to obtain financial assistance from the banking sector.					
c.	Adopting the IFRS for SMEs will improve the efficiency and effectiveness SMEs reports					
d.	The IFRS for SMEs will increase the reliability of the information					
e.	The transparency of information will increase					
f.	The accountability of entities will increase					
g.	The financial reports of SMEs will be comparable in sectors at the international level					
h.	Accurate understanding of information for market participants					



**Preparedness and Perception Challenges of the Implementation of IFRS for SMEs**

**Strongly Agree (1) Agree (2) Neutral (3) Disagree (4) Strongly Disagree (5)**

No	Statement	1	2	3	4	5
----	-----------	---	---	---	---	---



a.	Accountants and staff who are implementing the IFRS have little requisite skills and knowledge					
b.	Lots of money spent in the training of accounting staff					
c.	Ghana Accounting Standards was more easy, practical than IFRS					
d.	IFRS is too complicated for SMEs to use its standard to prepare their financial report.					
e.	Lack of support from regulatory and professional bodies to SMEs					

**Perception on the Benefits after the adoption IFRS for SMEs**

14. Could cost be one of the factors that affect the adoption of

IFRS for SMEs

Yes

No

15. Do you think that we have professional who can prepare your accounts base on

IFRS standard?

Yes

No

16. Do you prepare your accounts base on IFRS standards?

Yes

No

17. Do you have any knowledge about accounting?

Yes

No

18. Do you have any knowledge about IFRS for SMEs?

Yes

No

