

**ACCOUNTANTS' PERCEPTION ON THE FACTORS
AFFECTING THE ADOPTION OF INTERNATIONAL
FINANCIAL REPORTING STANDARDS
IN YEMEN**



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By

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**Project paper submitted to Othman Yeop Abdullah Graduate School of
Business, Universiti Utara Malaysia, in Fulfillment of the Requirement for the
Degree of Master of Science (International Accounting).**

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ABSTRACT

The purpose of this study is to examine the accountants' perception of International Financial Reporting Standards (IFRSs) adoption and the requirement and expected period for the adoption of IFRSs in Yemeni companies. In addition, this study examines the accountants' opinion whether or not the following factors – government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture affect the adoption of IFRSs in Yemen. This study also examines the differences in opinion between academicians and practitioners regarding IFRSs and factors which affect its adoption. Yemen has still not adopted the IFRSs. In this regard, this study carried out a survey using 48 Yemeni accounting postgraduate students in Malaysia's public Universities to collect data, which was then analysed using SPSS. The results of this study show that the majority of respondents perceive the benefits of adopting IFRSs in Yemeni companies. Moreover, majority of respondents (82.9%) agree that Yemeni companies should adopt IFRSs. About 58.6% of respondents expect the period of IFRSs adoption in Yemen to be within three to 10 years, while 41.5% expect it to be more than 10 years. The respondents believe that the lack of government policy, absence of capital market, lack of economic growth, lack of professional bodies, weakness in the education level of accountants, the small size of the companies and initial cost of IFRSs adoption affect the adoption of IFRSs in Yemen. The study also shows that the international environment has a weak effect on IFRSs adoption while the Yemeni culture does not affect IFRS adoption. The results of this study may help policy-makers and the Yemeni Association of Certified Public Accountants (YACPA) to make more precise decisions regarding IFRSs adoption in Yemen.

Keywords: IFRSs, YACPA, comparability and convergence

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji persepsi akauntan terhadap penggunaan, keperluan, dan tempoh yang diperlukan dalam pemakaian Piawaian Pelaporan Kewangan Antarabangsa (IFRS) dalam firma-firma di Yaman. Selain itu, kajian ini meneliti pendapat akauntan sama ada wujud atau tidak faktor berikut: dasar kerajaan, pasaran modal, pertumbuhan ekonomi, persekitaran luaran / pendedahan antarabangsa, badan-badan profesional, tahap pendidikan akauntan, saiz syarikat, kos permulaan bagi IFRSs dan budaya yang akan mempengaruhi penggunaan IFRS di Yaman. Kajian ini juga mengkaji perbezaan pendapat antara ahli-ahli akademik dan pengamal mengenai IFRS dan faktor-faktor yang mempengaruhi penerimaannya. Yaman masih lagi belum menerima pakai IFRS. Sehubungan itu, kajian ini telah menjalankan satu kaji selidik ke atas 48 orang pelajar pascasiswazah Yaman dalam jurusan perakaunan di Universiti Awam (UA) Malaysia bagi mendapatkan data untuk dianalisis dengan menggunakan SPSS. Keputusan kajian menunjukkan bahawa majoriti responden bersetuju dengan manfaat penggunaan pemakaian IFRS dalam firma-firma di Yaman. Sehubungan itu, majoriti responden (82.9%) telah bersetuju bahawa firma-firma di Yaman harus menerima pakai IFRS, manakala 58.6% daripada responden menjangkakan penerimaan IFRS di Yaman mengambil masa tiga hingga 10 tahun, manakala 41.5% menjangkakan lebih daripada 10 tahun. Responden percaya bahawa kelemahan kepada dasar kerajaan, ketiadaan pasaran modal, kemerosotan tahap pertumbuhan ekonomi, kelemahan badan-badan profesional, kurangnya tahap pendidikan akauntan, firma-firma yang bersaiz kecil dan kos permulaan pada pemakaian IFRS akan menjejaskan penggunaan IFRS di Yaman. Kajian ini juga menunjukkan bahawa faktor persekitaran antarabangsa memberi kesan yang lemah dalam penggunaan IFRS manakala budaya tidak memberi apa-apa kesan kepada pemakaian IFRS. Hasil kajian ini boleh membantu penggubal dasar dan Persatuan Akautan Awam Bertauliah Yaman (YACPA) untuk membuat keputusan yang lebih tepat dalam urusan berkaitan dengan pemakaian IFRS di Yaman.

Katakunci: IFRS, YACPA, kebolehbandingan, penumpuan

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LIST OF ABBREVIATIONS

IAS	: International Accounting Standards
IASC	: International Accounting Standards Committee
IASB	: International Accounting Standards Board
IFRS	: International Financial Reporting Standard
GAAP	: Generally Accepted Accounting Principles
YACPA	: Yemeni Association of Certified Public Accountants
IFAC	: International Federation of Accountants
FDI	: Foreign Direct Investment
SEC	: Securities and Exchange Commission
EC	: European Commission
GCC	: Gulf Cooperation Council
GNP	: Growth of Gross National Production
WB	: World Bank
IMF	: International Monetary Fund
WTO	: World Trade Organization
SME	: Small and Medium-sized Enterprises
UAE	: United Arab Emirates
ICAEW	: Institute of Chartered Accountants in England and Wales
UA	: Uncertainty Avoidance
UUM	: Northern University, Malaysia
UKM	: University of Malaysia, Kelantan
IIUM	: International Islamic University Malaysia
UiTM	: MARA University of Technology
UM	: University of Malaya
UMP	: University of Malaysia, Pahang

CHAPTER ONE

BACKGROUND OF THE STUDY

1.0 Introduction

Nowadays, developments in the global capital market have made the adoption of international accounting standard more significant than ever before, especially for professionals who handle accounting-related matters. Without a doubt, accounting practices have played a crucial role in the efficient functioning of capital markets.

The users of financial reporting, such as investors, lenders, regulators, financial analysts, as well as the stock exchange, need more information to help them to evaluate a company's activities and predict its future performance. capital market participants, therefore must play a significant role in shaping the development of accounting practices, disclosure choices and national and international efforts to harmonize accounting standards and auditing practices around the world (Choi & Meek, 2011).

In the same context, Abu-Ghazaleh (1986) stated, "With the growth in international trade and the development of international capital markets, there is a need to internationally raise the level of accounting practices and at the same time, to obtain greater harmonization of financial statements". Zeghal and Mhedhbi (2006) stressed that harmonization with International Accounting Standards (IASs) can produce better quality of financial reporting and improve the comparability of information within an international setting.

When different accounting standards are used, it can lead to substantially different amounts being reported in both the balance sheet and income statement. These apparent differences can cause problems for financial analysts to analyze a company's financial statement. More than the format used and differences in terminology, the standards used to value assets and liabilities and calculate income can cause greater problems for them. Moreover, accounting diversity does not help users, especially investors to compare financial statements of companies across different countries (Doupnik & Perera, 2007).

To have more uniform accounting standards globally, a group of professional accounting practitioners established the International Accounting Standards Committee (IASC) in 1973. The main aim of IASC is to formulate globally uniform accounting standards to reduce the inconsistencies in international accounting standards and reporting practices. Accordingly, IASs were proposed and the IASC has been championing for uniform and standardized accounting principles for over two decades (Carlson, 1997).

In April 2001, the International Accounting Standards Board (IASB) was given the task of handling the formulation of IASs from the IASC. The IASB updated IASs, which then became known as the International Financial Reporting Standards (IFRSs) (Carlson, 1997). The aim of the IASB is, "to develop a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles" (IASB, 2012).

Conversion to a globally uniform set of accounting and reporting rules is a most debated and discussed financial reform for governments and the businesses they regulate. While change is never easy, the level of change required conversion is significant in terms of time, money and cooperation. Since this is a global effort, the IASB has had to work with constituent governments, professional associations and associated businesses of many different political, religious and socioeconomic backgrounds (Zeff & Nobes, 2010).

Many researchers, such as Ball (2006), have mentioned that adopting IASs brings with it a range of benefits as follows: (i) IFRSs promise more accurate, comprehensive and timely financial statement information; (ii) IFRSs help the investors, especially the small investors, to compete better with professionals and hence reduce their risk; (iii) IFRSs eliminate global accounting diversity, leading to greater interest and reduced costs for investors; (iv) IFRSs encourage investors to invest in stock markets worldwide and remove barriers to cross-border acquisitions; and (v) IFRSs allow greater comparability, which in turn reduces information cost and information risk for investors.

Most research in this area has been conducted in developed countries; only a few studies have been undertaken in developing countries (Zeghal & Mhedhbi, 2006). Accordingly, researchers have been recommending that further studies on IFRSs in developing countries be undertaken (Irvine & Lucas, 2006). Richter Quinn (2004, April) cited in Zeghal and Mhedhbi (2006) said that it is very hard to trust accounting and financial information originating from developing countries. Nonetheless, there is an urgent need for developing countries to attract foreign investors and foreign

capital, in addition to the great demands from individual and institutional investors, lending institutions, and multinational corporations.

Zeghal and Mhedhbi (2006) posited that there are many factors which make the adoption of IFRSs attractive, including: (i) education level; (ii) international economic openness; (iii) capital size; (iv) cultural affiliation; (v) capital market; and (vi) language. Chamisa (2000) studied the role of international standards in enhancing the quality of financial information of stock markets in developing countries. He found that these standards are extremely important for these countries, which have an active financial and capital market. However, developing countries are devoid of such importance.

Many studies have examined the impact of factors that impede the decision to adopt IFRSs, and a number of factors have been identified: (i) whether there is a capital market; (ii) economic and political influences; (iii) legal systems; (iv) the international environment; (v) culture; and (vi) accounting education and training system (El-Firjani & Faraj, 2014; Gyasi, 2010; Morris, Gray, Pickering, & Aisbitt, 2013; Sharif, 2010; Zakari, 2014; Zeghal & Mhedhbi, 2006; Zehri & Chouaibi, 2013).

With regards to Yemen, it is considered as a developing country which has still not adopted the IFRSs. The Deloitte (IAS Plus) website mentions that Yemen does not have local accounting standards or laws on accounting practices. Further, Yemen has also not yet established a stock exchange (Deloitte, 2014). Although, on 28 July

2013, the Yemeni President issued Order No. 2952, directing the Prime Minister to adopt IFRSs in Yemen, up to now, Yemeni companies have yet to adopt IFRSs.

The main aim of this research is to examine the accountants' perception of IFRSs adoption and the requirement and expected period for the adoption of IFRSs in Yemeni companies. In addition, this study examines the accountants' opinion whether or not the following factors (government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRS adoption and culture) affect the adoption of IFRSs in Yemen. This study categorizes the respondents based on their occupation into two groups: academicians and practitioners, to examine the statistical differences between their answers.

1.1 Background of the Study

Currently, more than 120 countries have been required or allowed to implement IFRSs or converge local standards with IFRSs (IASB, 2011). As mentioned earlier, the IASB was established in 2001 to develop the IFRSs. After one year, the European Union (EU) member countries required all listed companies in their jurisdiction to apply the IFRSs in order to contribute to a better functioning of the internal market (EC, 2002).

The IFRSs were issued in 2003; at that time, at least 19 countries required their companies to comply with the IFRSs. Following this, nearly 70 countries have required all listed companies to adopt the IFRSs. Another 23 countries have required some listed companies to adopt the IFRSs or allow the listed companies to adopt the

IFRSs voluntarily. By 2007, around 40 countries mandated the use of accounting standards developed domestically over IFRSs, including major economies, like Brazil, Canada, China, Japan, India and the US (Ramanna & Sletten, 2009).

Currently, there are a few countries that have not adopted the IFRSs and are still using the Generally Accepted Accounting Principles (GAAPs) issued by the US or their own domestic standards. In Yemen, the Yemeni Association of Certified Public Accountants (YACPA) is the official association which represents the accounting profession in Yemen; it works with relevant government institutions as well as the private sector to formalize IFRSs adoption in Yemen (Deloitte, 2014; IFRS, 2014).

The IFRSs Foundation has conducted surveys on the application of IFRSs around the world. On 14 April 2014, the IFRS Foundation prepared a survey which was distributed to YACPA regarding the application of IFRSs in Yemen. The result showed that Yemen has not yet established a stock exchange, and the IFRSs have not been incorporated into Yemen's laws and regulations (IFRS, 2014).

According to the IFRS foundation' survey, YACPA's leadership requested the President of Yemen to support the adoption of IFRSs. The President issued Order No. 2952 dated 28 July 2013, directing the Prime Minister to pursue the IFRSs' adoption in Yemen. The Order stated that, "You are requested to instruct the quick application of IASs and IFRSs for all companies, private, public and mixed". In addition, the Central Bank of Yemen has issued a circular requiring all banking institutions to also use IFRSs when publishing their financial statements (IFRS, 2014).

Article 107 of the Tax By-Laws requires all companies which are categorized as large and medium-sized to follow IFRSs when preparing their financial statements. In Yemen, the Commercial Companies Law allows Yemeni companies to sell shares to the public even though a stock exchange does not exist (IFRS, 2014).

From the website of YACPA, it shows that the main aim of YACPA is to contribute to the development and raising the standards of the accounting profession in the Republic of Yemen and upgrade them to internationally accepted levels (YACPA, 2015). Regarding IFRSs adoption, YACPA held a panel discussion on 31 December 2014 under the joint chairmanship of Dr. Ayad Reyad, representing the Ministry of Industry and Mr. Ahmed al-Shaibani, President of YACPA, attended by YACPA's members and other relevant participants (YACPA, 2015).

This discussion centred on the issuance of the ministerial decision on IFRSs and their application to commercial and service companies and institutions. Based on the Order No. 2952 mentioned above, the participants recommended the need to quickly adopt the IFRSs and follow-up on its implementation. This was to be preceded by an investigation of the usefulness of the application of the IFRSs and the terms and requirements for Yemen to join the International Federation of Accountants (IFAC) (YACPA, 2015).

1.2 Problem Statement

Financial reporting is very important to give investors useful information to decide whether or not to invest in a company. Numerous studies have argued about the objective of financial reporting. The use of different accounting standards by

countries and sometimes, even in the same country, makes it difficult to build confidence in financial reporting quality. So, many countries attempt to conciliate their national accounting standards with the most common international accounting standards, like the IFRSs or with the GAAPs.

In Yemen, accounting standards, either IFRSs or GAAPs, have not been adopted. Without one standard, such as IFRSs, the preparing of financial reporting will be different among the companies in Yemen, thus making their financial reporting quality to be poor.

According to Thomas (2009), IFRSs adoption has several advantages for large, medium and small companies, regulators, finance professionals as well as investors, both local and global. Tyrrall, Woodward and Rakhimbekova (2007) stated that there are many advantages for IFRSs adoption, including quality of financial reporting and the implementation costs for the development of local standards being eliminated. In addition, the growth of local and global financial markets can be enhanced. Efficiency comes about because of improved understandability and comparability as well as reliability of the financial statements.

This research aims to examine the accountants' perception of IFRSs adoption and the requirement and expected period for the adoption of IFRSs in Yemeni companies. as well as the major factors (obstacles), such as government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accounting, company size, initial cost of IFRSs and culture, that affect the adoption of IFRS in Yemeni companies. In addition, this study categorizes

the respondents based on their occupation into two groups: academicians and practitioners, to examine the statistical differences between their opinions.

This study attempts to show why Yemen has not yet adopted the IFRSs. It is observed that most Yemeni companies are small and medium sized; perhaps that is why they have not yet adopted the IFRSs. It is the researcher's belief that such adaptation can attract foreign direct investment (FDI), though no documented empirical evidence is currently available. This study therefore attempts to show why Yemen has not yet adopted the IFRSs.

1.4 Research Questions

Considering the increasing number of countries which have already adopted IFRSs and the benefits derived from such adoption, the following questions are formulated to facilitate the study to achieve its objectives:

- 1- What is the accountants' perception of the adoption of IFRSs in Yemen?
- 2- What are the accountants' opinions on the requirement and expected period for the adoption of IFRSs in Yemeni companies?
- 3- What is the accountants' opinion on whether or not the following factors affect the adoption of IFRSs in Yemen?
 - ❖ Government policy
 - ❖ Capital market
 - ❖ Economic growth
 - ❖ External/international environment
 - ❖ Professional bodies
 - ❖ Education level of accountants

- ❖ Company size
 - ❖ Initial cost of IFRS adoption
 - ❖ Culture
- 4- Do academicians and practitioners have different perspectives regarding IFRSs adoption and the factors affecting it?

1.3 Objectives of the Research

As indicated earlier, the main aim of this research is to examine the accountants' perception of IFRSs adoption in Yemeni companies and what the factors (obstacles) that affect the adoption of IFRSs are. The accountants in this study are the Yemeni postgraduate accounting students in public universities in Malaysia. So, the specific objectives are:

- 1- To examine the accountants' perception of IFRSs adoption in Yemeni companies.
- 2- To examine the accountants' opinions on the requirement and expected period for the adoption of IFRSs in Yemeni companies.
- 3- To seek the accountants' opinion on whether or not the following factors affect the adoption of IFRS in Yemen:
 - ❖ Government policy
 - ❖ Capital market Economic growth
 - ❖ External environment / international exposure
 - ❖ Professional bodies
 - ❖ Education level of accountants
 - ❖ Company size.
 - ❖ Initial cost of IFRS adoption

❖ Culture.

- 4- To examine the different perspectives of academicians and practitioners regarding IFRSs adoption and the factors affecting it.

1.5 Significance of the Study

1.5.1 Social / Practical

In recent years, accounting professionals have been focusing their attention and concern on developed countries, like the UK, the US, Germany, Canada and EU member countries on the development of IASs and adoption of IFRSs. Several studies on the adoption of IASs by developed countries have been undertaken, but there has been a lack of attention to developing countries.

This study may help the investors and owners of Yemeni companies as well as the public to understand the concepts of IFRSs and the benefits of IFRSs adoption. Moreover, it may help the Yemeni Association of Certified Public Accountants (YACPA) and policy-makers in Yemen to make decisions whether or not to adopt IFRSs as well as to understand the factors which affect IFRSs adoption in Yemeni companies and consider these factors in their plans. Consequently, the YACPA and the policy-makers would play a greater role to control and force the accountants to follow the IFRSs.

1.5.2 Theoretical Implication

This research is important for several reasons. One of the significant aims of this research is to demonstrate why there is a mismatch in countries' decision to adopt IFRSs. In other words, what factors (obstacles) make some countries adopt IFRSs

while others do not. Second, this research is important for Yemen. To the best knowledge of the researcher, this research is the first research in Yemen on this topic. The most important is that this research attempts to examine the accountants' perception of IFRSs adoption in Yemeni companies as well as investigate the factors (obstacles) that affect the adoption of IFRSs in Yemeni companies.

Arguments for or against the adoption of IFRSs by most countries have increased, not only among academicians, but also among accounting practitioners. The result of this study provides an evidence of one developing countries "Yemen" to enhance this argument.

1.6 Scope and Limitation of the Study

The number of countries adopting IFRSs is on the increase. According to the SEC (2008), the US Securities and Exchange Commission (SEC) has made a proposal that all US public companies issue their financial statements according to IFRSs rather the GAAPs.

In this regard, this research focuses on the accountants' perception of IFRSs adoption and the requirement and expected period for the adoption of IFRSs in Yemeni companies, as well as the factors (obstacles) that affect the adoption of IFRSs in Yemen. Hence, this study examines the different perspectives of academicians and practitioners regarding IFRSs adoption and the factors affecting it. This study's respondents comprise Yemeni post-graduate students in the field of accounting in Malaysian universities. Post-graduate students are selected because most of them

already have working experience. Some of them are lecturers in Yemeni universities, accountants, auditors, managers and government agency officers.

The limitation of this study is that it focuses only on accountants, which is due to lack of finance professionals and the absence of a stock exchange in Yemen. Another limitation is that this study focuses on post-graduate students in accounting field in different Malaysian universities and not in Yemen because of unstable conditions in Yemen currently, especially the war in almost all regions of Yemen.

1.7 Organization of this Study

This study is organized into five chapters. Chapter one provides the background of this study, the problem statement, objectives of the study, research questions, significance of the study and finally, the scope and limitation of the study. Chapter two includes the definitions and explanation of the key terms in this study, such as IFRSs, comparability, convergence, benefits and obstacles of convergence, background of the YACPA and a review of the related literature (empirical evidence), especially, the previous academic studies relevant to this study.

Chapter three describes the methodology, including the research framework and research design, data collection, population, sample selected, procedure and the measurements of the research questions, ending with data analysis technique. The fourth chapter is the analysis and discusses the results of this study. The final chapter provides the conclusion and recommendation for future studies.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter includes three sections. The first section is about the definition of concepts, such as IFRSs, comparability and convergence. It also includes a review of the previous studies on the advantages of and obstacles to the convergence with IFRSs. The second section explains the role of the Yemeni Association of Certified Public Accountants (YACPA). The third section is a review of the related literature (empirical evidence) to this study.

2.1 International Financial Reporting Standards (IFRSs)

2.1.1 The Concept of IFRSs

According to Ball (2006), IFRSs are accounting standards introduced by the IASB. The IASB, established in 2001, is a self-governing organization located in London, UK. Before this date, the IASC, a body established in 1973, issued “international standards” for accounting, with agreement from professional accountancy bodies, including in Australia, France, Canada, Germany, Mexico, Japan, the Netherlands, the UK, Ireland, and the US. Up to 2000, these standards were known as the IASs.

In late 1997, the IASC recognized the fact that it is crucial to achieve a convergence between local accounting standards and IASs. In December 1998, the IASC issued a paper containing final recommendations. In November 1999, the IASC established a new standards-setting body known as the IASB, and from April 2001, the IASB has been undertaking the role of issuing international standards, rules and regulations.

The IASB enjoys better funding, and is more independent than its predecessor, the IASC. The standards issued by the IASB are known as the “IFRSs”, although they still recognize (accept as legitimate) the previous rules (IASs) issued by IASC, the former standard-setter (Bhattacharjee, 2009).

The adoption of IFRSs means that the local accounting rules are set aside in favour of the IFRSs. In 2000 the European Commission (EC) suggested that by 2005, all listed companies in EU countries must fully apply IFRSs and no longer local European or US based standards (Nobes & Parker, 2008).

2.1.2 Comparability and Convergence

According to Zeff (2007), comparability of accounting refers to how investors or others can compare financial statements of companies, each located in a different country, using different accounting rules and methods. This leads to investors having difficulty when they want to invest in a company, especially in multinational enterprises.

The term of “convergence” means that there are two or more things, and how these can be integrated into one. Convergence, previously known as harmonization, is the procedure to improve comparability between national standards and IASs. It is not a process to achieve identical standards, but generally comparable standards that become analogous over time (Thomas, 2009).

Convergence means reducing the differences in accounting standards worldwide by selecting the best global practices currently available, or if none is available, make

new standards by modifying the national standards. Converging the best national and international standards could result in the adoption of the best currently available global practices. Nobes and Parker (2008) stated that deciding to gradually change the rules of national accounting to IFRSs could be called "convergence".

2.1.3 Benefits of and Obstacles to Convergence

The IFRSs bring about several advantages to both internal and external users, such as shareholders, regulators, finance professionals as well as local and international investors (Thomas, 2009). According to Street, Gray and Bryant (1999), the benefits of IFRSs adoption are: (i) it improves the investors' capacity to make better decisions; (ii) it reduces the costs of consolidating financial reporting; (iii) it improves and enhances international investment; and (iv) it increases the efficiency of capital markets worldwide.

Tyrrall *et al.* (2007) mentioned other advantages of IFRSs adoption: (i) it increases financial statement quality; (ii) it eliminates costs of developing local standards; and (iii) it improves domestic and international financial markets. Aljifri and Khasharmeh (2006) said that the major benefit of adopting international reporting standards, like the IFRSs, is to enhance the comparability of financial statements and the consensus between preparers and users of financial statements.

Zeghal and Mhedhbi (2006) stressed that harmonization with international standards enhance the quality of financial information and improves the comparability of the accounting information within an international setting.

Jacob and Madu (2009) reviewed and evaluated the academic literature on the quality of IFRSs. They found that IFRSs represent a single set of high quality standards which can improve financial reporting. One example of the quality of IFRSs is when the SEC made a proposal that all US public companies be required to file their financial statement according to IFRSs.

Cai and Wong (2010) attempted to examine the effect of IFRSs on global capital market integration and the relationship between IFRSs adoption and the subsequent integration of capital markets among developed countries. They focused on eight countries in two groups: countries which have adopted IFRSs (France, Germany, Italy and the UK) and countries which have not yet adopted IFRSs (Canada, Japan, Russia, the US). Their results showed that countries adopting IFRSs seem to reduce the diversity of accounting practices, making it easy to move capital across these countries.

On the other hand, many researchers have been concerned with the drawbacks of IFRSs adoption, particularly for developing countries. Tyrrall *et al.* (2007) indicated that there are four main difficulties in the implementation of IFRSs in Kazakhstan: (i) the IFRSs do not cover some of the accounting issues in Kazakhstan; (ii) the lack of understanding of IFRSs and guidelines from the Kazakh regulatory bodies on IFRSs implementation; (iii) the absence of IFRSs translation to Russian and Kazakh language; and (iv) the adoption of IFRSs is expensive due to the costs of staff, accountants, and managers training.

Mir and Rahaman (2005) debated that the difficulty in the adoption of international standards is not because of the content of the accounting standards per se, but it has more to do with the adoption process itself. According to researchers, a crucial part in the process of adoption is communication. In Bangladesh, the lack of consultation and effective communication on the part of the government and the SEC has hindered the level of compliance.

Chand and White (2007) stated that the barrier to the adoption of IFRSs in the Fiji Island is that only 16 companies listed on the Fiji Stock Exchange. A small number of companies affect the role Fiji Stock Exchange to go into fair value accounting.

2.2 Yemeni Association of Certified Public Accountants (YACPA)

The website of YACPA shows that it is a professional association which has financial and administrative independence. The main objective of YACPA is to organize the affairs of its members (auditors and accountants) and contribute to the advancement and development of the accounting and auditing profession in the Republic of Yemen (YACPA, 2015).

YACPA was established on 30 January 1993. It was officially licensed by the relevant governmental authority. Since that date, YACPA has been carrying out its activities to achieve the objectives set out in the statute, mainly to regulate the accounting and auditing practices and ensuring mandatory membership in the Society for all Certified Chartered Accountants. Up to mid-2011, YACPA had 1,100 members.

YACPA aims to:

- 1- Contribute to the development and raising the standards of the profession in the Republic of Yemen and upgrading it to internationally accepted levels:
 - ❖ Contributing to the development of standards, both international and local, in the Republic of Yemen.
 - ❖ Enhancing the efficiency of the Chartered Accountants in the performance of their professional duties through seminars, courses, conferences, newsletters and various activities in cooperation with relevant agencies.
 - ❖ Developing scientific and training curricula for the purpose of holding examinations for those wishing to get a public accountant's license in cooperation with local and international scientific and professional bodies.
- 2- Look into health insurance and retirement benefits for members of YACPA in collaboration with the relevant institutions.
- 3- Solve disputes between members and with other third parties with respect to the performance of the profession, whenever required.
- 4- Cooperate and coordinate with Arab and similar international associations and the relevant authorities for the purpose of exchange of information relating to the profession.
- 5- Participate in the preparation of draft laws related to the profession in the Republic of Yemen and the study of existing laws and work to amend the texts which affect the independence and development of the profession in the Republic of Yemen, after consulting the relevant authorities.

- 6- Conduct scientific research on the economic laws of the Republic of Yemen and express opinions about the implementation of laws in place and about laws submitted to the Council, in coordination with the relevant authorities.
- 7- Undertake any other tasks carried out by international associations.
- 8- Work on the preparation of standards and the creation of employment opportunities for the offices of accounting and auditing as determined by the internal regulations.
- 9- Care and protect the rights of YACPA's members in the light of the applicable laws and rules of professional conduct (YACPA, 2015).

2.3 Reviews of Related Literature

This section includes a review of previous research done in the same field to show the relationship of government policy, capital market, economic growth, international environment, professional bodies, education level of accountants, company size, initial cost of IFRS adoption and culture with IFRSs adoption.

2.3.1 Government Policy and Adoption of IFRSs

The dictionary defines policy as a plan or course of action of a government, political party or business, intended to impact and determine decisions, performance and other matters. Several studies have investigated the influence of government policy on the adoption of IFRSs. Most of these studies have found that government policy has a significant influence on IFRSs adoption.

Johnson and Hicks (2012) showed that the probability of assuring strict implementation of accounting and reporting standards may be affected by unstable

authoritarian forms of government. Al-Shammari, Brown and Tarca (2008), who conducted a research on Gulf Cooperation Council (GCC) countries, found that there is a lack of commitment from governments at a policy level to enforce the accounting standards.

Hope, Jin and Kang (2006) further supported the view that countries which are more prone to adopting IFRSs can create better access to their capital markets for international investors. IFRSs should be considered as a way to develop disclosure policies and accounting systems and to integrate national markets to global markets, thereby accelerating economic growth. In order to develop financial reporting quality, adoption of IFRSs by a country is an important step.

Mir and Rahaman (2005) posited that government policy has a positive impact on the adoption of IFRSs. The Bangladeshi government's attempt to bring credibility to foreign investors needed greater accountability activities with lending/donor agencies. The government aims to develop accounting and auditing practices by adopting IFRSs.

Zezhong Xiao, Weetman and Sun (2004) found that political factors have an impact on the accounting system, especially in developing economies. The Chinese authorities tried to develop their accounting standards in convergence with IASs. Ozu and Gray (2001) noted that current legislations have led to the introduction of international standards in Japan's accounting system. Hence, the government plays a positive role in IFRSs adoption.

Zehri and Chouaibi (2013) conducted a research on 74 developing countries, where 37 had adopted IFRSs and the others had not. Their results showed that the policy of the government positively (but not significantly) influences the developing countries' decision to adopt IFRSs.

2.3.2 Capital Market and Adoption of IFRSs

Woepking (1999) defined a capital market as the market where individuals, companies and even governments have more funds than they need (because they have saved some of their revenue). Hence, they transfer those funds to individuals, companies or even governments who have a deficit or no more funds (because they spent more than they earn). Most capital markets comprise two markets: the stock market and the bonds market.

The role of capital markets is to promote economic efficiency by channelling money from those who have money to those who do not. Others have defined capital market as a market for securities (debt or equity), whereby both business companies and governments can increase long-term funds for more than one year. Collection of short-term funds are by other markets (such as the money market) (Woepking, 1999).

Several studies have investigated the influence of the capital market on the adoption of IFRSs. Most of these studies have found that the capital market has a significant influence on IFRSs adoption. El-Firjani and Faraj (2014) found that more than 80% of the interviewees of their survey believed that allowing foreign companies to enter the Libyan market has had a significant influence on the adoption of IASs in Libya.

Morris *et al.* (2013) found that the capital market positively and significantly impacts IFRSs adoption in Australia. Gyasi (2010) showed that 91% of their respondents moderately agreed or very highly agreed with the affirmation that the adoption of IFRSs in Ghana was significantly and positively affected by the existence of capital markets.

Zeghal and Mhedhbi (2006) found that from a group of 32 countries that had adopted IASs and a second group of 32 countries that had not adopted IASs selected from the 2003 IASB website, the existence of a capital market has a positively significant impact on IASs adoption. For this reason, developing countries that are improving their capital market will continue to adopt IASs.

On the other hand, Zehri and Chouaibi (2013) undertook a research on 74 developing countries of which 37 have adopted IFRSs and the others have not. They found that the capital market has a positive but not significant influence on the IFRSs adoption.

2.3.3 Economic Growth and Adoption of IFRSs

Economic growth depends on material, labour, land and equipment to produce economic output (Ricardo, Gonner, & Li, 1819). Economic growth occurs and increases when output increases. The output will increase either when inputs are increased or technology or innovation is leveraged to enhance the efficiency or effectiveness of the process of transforming inputs into outputs.

The term ‘economic growth’ is synonymous with economic development and it can apply to the development of many sectors, such as agriculture, trade, industry,

transport, irrigation, etc. Improving these sectors is part of the development process or economic development. In general, economic development has been defined in different ways and it is difficult to determine which definition can be considered satisfactory.

Several studies have investigated the influence of economic growth on the adoption of IFRSs. Most of these studies have found that economic growth has a significant influence on IFRSs adoption. El-Firjani and Faraj (2014) found that about 56% of the interviewees in their survey perceived that economic growth of Libya has a huge impact on the adoption of IASs.

Shima and Yang (2012) did a research on 73 member countries of the EU from the period 2000 to 2007. The result showed that the average Gross National Product (GNP) growth over the previous ten-year period was positively related to IFRSs adoption. These results indicate that a growing economy expands and increased capital has led some countries to be more willing to adopt IFRSs.

Gyasi (2010) found that about 61.5% of their respondents are in moderate agreement and about 23% highly agree that economic growth has a positive and significant impact on IFRSs adoption in Ghana. Zehri and Chouaibi (2013) found that economic growth positively and significantly influences developing countries' choice to adopt or not to adopt IASs.

Zeghal and Mhedhbi (2006) found from a group of 32 countries that had adopted IASs and a second group of 32 countries that had not adopted IASs selected from the

2003 IASB website, that IFRSs adoption is more likely by the developing countries which have high economic growth. In other words, economic growth has a positive association with IFRSs adoption although this association is insignificant.

A few studies have found that there is no relationship between economic growth and the adoption of IFRSs. Woolley (1998) cited in (KolsI & Zehri) noted there are no significant differences in economic growth among countries adopting IFRSs and those countries applying their local standards in the Asian context.

2.3.4 International Environment and Adoption of IFRSs

Rapid economic globalization increases the role of external organizations which have a significant influence on accounting standards. Organizations, such as the World Bank (WB), International Monetary Fund (IMF) and the World Trade Organization (WTO) help in the creation of the main features of a global economy. Accordingly, the accounting system is also affected by these organizations.

Several studies have investigated the influence of the international environment on the adoption of IFRSs. Chamisa (2000) stated that the WB and the IMF are increasingly insisting on the use of IASs by recipients of their finance. Joshi and Ramadhan (2002) showed that the decision to adopt IFRS is influenced by financial providers, such as banks, which are trying to improve the credit rating for the purposes of access to external financing.

Several studies have found that the international environment has a positive and significant influence on IFRSs adoption. Hassan, Rankin, and Lu (2014) mentioned

that the adoption of IFRSs in Iraq is the result of coercive pressures from dealing with the international environment. Through the initial adoption of IFRSs due to coercion of international agencies, like the WB and the IMF, the Iraqi government obtained money and valuable tips to help in economic reconstruction.

Gyasi (2010) found that 92% of respondents agreed and very highly agreed that the international environment dictated the adoption of IFRSs in Ghana. Hence, the international environment directly influenced the decision to adopt IFRSs in Ghana. El-Firjani and Faraj (2014) found that about 90% of their respondents believed that the regulations of foreign institutions have a significant impact on IASs adoption in Libya.

Mir and Rahaman (2005) investigated the factors which influenced the recent decision of the government of Bangladesh and the accounting profession to adopt IASs. The results revealed that international institutions were the main factor influencing the decision to adopt IASs. This is due to the pressure on the Bangladeshi government by international institutions.

2.3.5 Professional Accounting Bodies and Adoption of IFRSs

Professional bodies refer to a group of people (two or more than two) in a learned occupation whose are responsible for its maintenance, control or supervision. Professional bodies also protect public and organization's interests and help to maintain their professionalism and strong position. Ali and Hwang (1999) found that the value of financial accounting data is less for countries whose private sector is not involved in the process of establishing standards.

Several studies have investigated the influence of professional accounting bodies on the adoption of IFRSs. Most of these studies have found that professional accounting bodies have a significant influence on IFRSs adoption (Al-Shammari *et al.*, 2008; Ball, Robin, & Wu, 2003; Chamisa, 2000; Joshi, Bremser, & Al-Ajmi, 2008; Mir & Rahaman, 2005; Uyar & Güngörmüş, 2013).

Uyar and Güngörmüş (2013) found that lack of training of accounting personnel and inadequate training programs organized by professional bodies are considered as the main obstacles to the implementation of standards in Turkey. Joshi *et al.* (2008) found that it is necessary to increase the training for accountants for the adoption of global IFRSs. Their result showed that the national accounting bodies in Bahrain play an important role in enforcing the accounting standards issued by the IASB.

Chamisa (2000) found that the number of professional bodies in developing countries is significantly increasing. The adoption of IASs in Zimbabwe was supported by the professional bodies which considered the standards as relevant and not harmful to developing countries.

Mir and Rahaman (2005) investigated the factors which influenced the recent decision by the accounting profession in Bangladesh to adopt IASs. Their study revealed that professional accounting bodies are the main factor that influenced the decision to adopt IASs. This is due to the pressure on the Bangladeshi government by professional accounting bodies. Al-Shammari *et al.* (2008) found that there is a lack of professional bodies and proper audit training in GCC countries, which is the main reason for the low level of IFRSs adoption.

2.3.6 Education Level of Accountants and Adoption of IFRSs

Choi and Meek (2011) mentioned that when countries have a highly educated population, they will require more sophisticated accounting information systems. Accounting standards and practices are now becoming more complex; it therefore needs competent and skilled accountants to apply and understand these standards and practices. This therefore relates to the level of education of the population. Countries with less developed educational systems may find that adopting IFRSs will be more expensive compared to countries with higher educational systems. Therefore, education level is positively related to IFRSs adoption.

Several researchers have conducted studies on the influence of accountants' education level on IFRSs adoption. They found that the education level of accountants has a significant influence on IFRSs adoption. El-Firjani and Faraj (2014) found that the majority (nearly 70%) of the interviewees in their research believed that increasing the number of qualified accountants, particularly graduates from abroad, has a significant impact on IASs adoption in Libya. They mentioned that the lack of training programs, poor English language among preparers and the non-inclusion of international standards in the accounting curriculum has led to a lack of awareness of IFRSs, which in turn has had an effect on the listed companies applying the IASs/IFRSs in Libya.

Zehri and Chouaibi (2013) undertook a research on 74 developing countries of which 37 have adopted IFRSs and the others have not. Their results showed that education level has a significant and positive impact on whether or not to adopt IASs in developing countries. Others have found that the higher the education level, the

higher the country's intention to adopt IFRSs. Moqbel, Charoensukmongkol and Bakay (2013) conducted their research in the US and found the relationship between the level of awareness of IFRSs and the perceived intention to adopt IFRSs is positive and significant.

Öztürk and Ergun (2012) conducted their research in Sarajevo in the Federation of Bosnia and Herzegovina; the result showed that the education level of accountants is an important factor for the adoption and implementation of IFRSs. Companies with well educated staff more easily adapt to the implementation process of IFRSs. Chand, Cummings and Patel (2012) conducted their research in Australia; they indicated that accounting education significantly impacts the judgment of accounting students when interpreting and applying selected IFRSs.

Chand, Day and Patel (2008) conducted their research in four countries: Australia, Fiji, Papua New Guinea and New Zealand and found that the level of education and experience of professional accountants are major factors in implementation of accounting practices. Hence, it is crucial to provide training for accountants, especially in developing countries, so that the interpretation of accounting standards can be applied uniformly.

Al-Shammari *et al.* (2008) conducted their research in the GCC member states and found that the lack of experience of professional accountants, training and low wages to attract more experienced accountants, contributed to the weak adoption of IFRSs. Zeghal and Mhedhbi (2006) found from two groups - the first group of 32 countries that had adopted IASs and the second group of 32 countries that had not adopted

IASs, selected from the 2003 IASB website - that the level of education positively and significantly (at 10% level) influenced IASs adoption. Hence, the higher the education levels in developing countries, the greater the adoption of IASs.

2.3.7 Company Size and Adoption of IFRSs

Company size plays a significant role in the adoption of IFRSs, especially if there are huge transactions, exports and imports and contracts among the local and foreign companies. Globalization has a strong impact on companies. Companies can be divided into several sizes: big, medium and small, depending on several factors, such as capital, geographic location, number of employees, amount of sales, number of shareholders, etc.

There are no specific definitions of company size worldwide. In the EU, the small and medium-sized enterprises (SMEs) are defined as enterprises which have no more than 250 employees, no more than € 50 million turnover, no more than € 43 million balance sheet and no more than 25% of enterprise shares owned by another enterprise (Hauser, 2005).

Several studies have investigated the impact of company size on IFRSs adoption. Most of these studies have found that company size significantly influences IFRSs adoption. Senyigi (2014) conducted his research in Turkey which showed that company size positively and significantly influences IFRSs adoption. His result indicated that large companies have the responsibility to provide more information, similar to prior studies which found that large companies are generally able to assume the costs of additional disclosure and that small businesses are not willing to

provide more financial information like the large enterprises. In other words, the availability of financial resources in large companies is allocated for adopting IFRSs.

Nobes and Perramon (2013) examined the accounting policy choices prepared within the IFRSs' annual reporting by small listed companies in five countries. They found highly significant differences between the policies of small and large companies in Australia. They also found that small companies make more homogeneous choices compared to large companies.

Gassen and Sellhorn (2006) showed that the adoption of IFRSs voluntarily by German firms is affected by size of the firm. In addition, adoption of IFRSs is attractive, especially for young companies that went public in the mid-1990s. Aljifri and Khasharmeh (2006) conducted their research in the United Arab Emirates (UAE). The result of this research is that the size of the companies "according to total assets" in the UAE has a significant effect on the level of IASs adoption.

On the other hand, some studies have found that company size has no significant influence on IFRSs adoption. Demir and Bahadir (2014) conducted their research in Turkey; their results revealed that company size does not significantly explain the variations in IFRSs adoption, contrary to what has been predicted. Another study showed company size has a significant effect on IFRSs adoption. Morris *et al.* (2013) showed there is no significant impact of company size on IFRSs adoption in Australia. However, in some countries, it is positively related to IFRSs adoption. Matonti and Iuliano (2012) showed that firm size is not significantly and positively related to IFRSs adoption in Italy.

2.3.8 Initial Cost and Adoption of IFRSs

Initially, the adoption of IFRSs will require several changes: companies need to alter their accounting process, training is needed for employees on how to prepare financial statement according to IFRSs and outside specialists and consultants must be hired due to lack of inside specialists and consultants on IFRSs.

According to the Institute of Chartered Accountants in England and Wales' (ICAEW) survey in 2005 in the EU, the estimated cost for the first-time preparation of consolidated financial statements for publicly traded firms according to IFRSs ranged from 0.31% of total sales for firms with sales below US\$700 million to 0.05% of total sales for larger firms (ICAEW, 2007).

Based on this survey, Hail, Leuz and Wysocki (2010) computed the transition costs of IFRSs adoption in US firms listed on Compustat North America in 2005. Out of 6,822 individual firms surveyed, 5,006 firms fell below the US\$700 million threshold. Their result showed amounts to an average one-time cost of US\$420,000 for small firms and US\$3.24 million for large firms. Based on these estimates, the aggregate transition costs would amount to at least US\$8 billion for the US economy as a whole.

Săcărin, Bunea and Gîrbină (2013) found that the most significant costs associated with the implementation of IFRSs in Romania are those incurred in order to adapt IT systems and the training of personnel. Kilic, Uyar and Ataman (2014) found that the majority of the respondents in their research agree that the first adoption of the IFRSs will be costly for entities in Turkey.

Tyrrall *et al.* (2007) indicated that 54% of interviewees and respondents felt that transition to IFRSs in Kazakhstan is a costly process. All of the respondents pointed to the costs related to IFRSs adoption, such as, personnel training, adjustment of software systems, the purchase of new literature on accounting and the need for advisory services.

2.3.9 Culture and Adoption of IFRSs

Culture is an essential factor for explaining the selection of appropriate accounting systems according to each nation's culture. Hofstede (1980) stressed that "cultures might differ according to four major cultural dimensions: the power distance, individualism, masculinity and uncertainty avoidance (UA)".

Most of researchers have suggested that the developing countries will find it easier to adopt IFRSs if these countries have an Anglo-Saxon culture (Chamisa, 2000; Hove, 1990). In this sense, Zeghal and Mhedhbi (2006) found that from 64 countries selected from the 2003 IASB website, 32 developed countries with Anglo-Saxon culture found it the easiest to adopt IASs. They found that culture is positively and significantly (at 10% level) associated with the adoption of IASs. From this point of view, it is possible to expect that the adoption of IASs is easier for countries with Anglo-Saxon culture.

Shima and Yang (2012) found that the dimension of UA has a positive and significant relationship with IFRSs adoption. Chand *et al.* (2012) examined the national culture of undergraduate accounting students in Australia comprising three groups: 39 Anglo-Celtic students, 229 Chinese students and 68 Chinese Australian

students, to investigate the effect of national culture on the adoption of IFRSs. They found that national culture has a significant impact on students' judgment in the interpretation and implementation of selected IFRSs and contains expressions of uncertainty.

Chand *et al.* (2008) mentioned that culture is one of the main factors that indirectly affects accounting practices. On the other hand, Zehri and Chouaibi (2013) conducted a research on 74 developing countries, where 37 had adopted IFRSs and the others had not. They found that culture positively but insignificantly affects the decision to adopt IFRSs.



CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the research methodology, i.e., survey research. The theoretical framework (research model) is explained in Section 3.1. The research design, data collection, population, sample selection and procedures of research are provided in Section 3.2; measurement of research questions in Section 3.3; data analysis technique in Section 3.4; and finally, the conclusion in Section 3.5.

3.1 Research Model / Framework

The framework for the current research is based on the research objectives. This study is descriptive in nature and used the survey method. The main aim of this research is to examine accountants' perception of IFRSs adoption and the requirement and expected period for the adoption of IFRSs in Yemeni companies. In addition, this study seeks their opinion whether or not the following factors (government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture) affect the adoption of IFRSs in Yemen. Finally, this study categorizes the respondents based on their occupation into two groups: academicians and practitioners, to examine the statistical differences between their opinions. Figure 3.1 below clearly describes the study's objective.

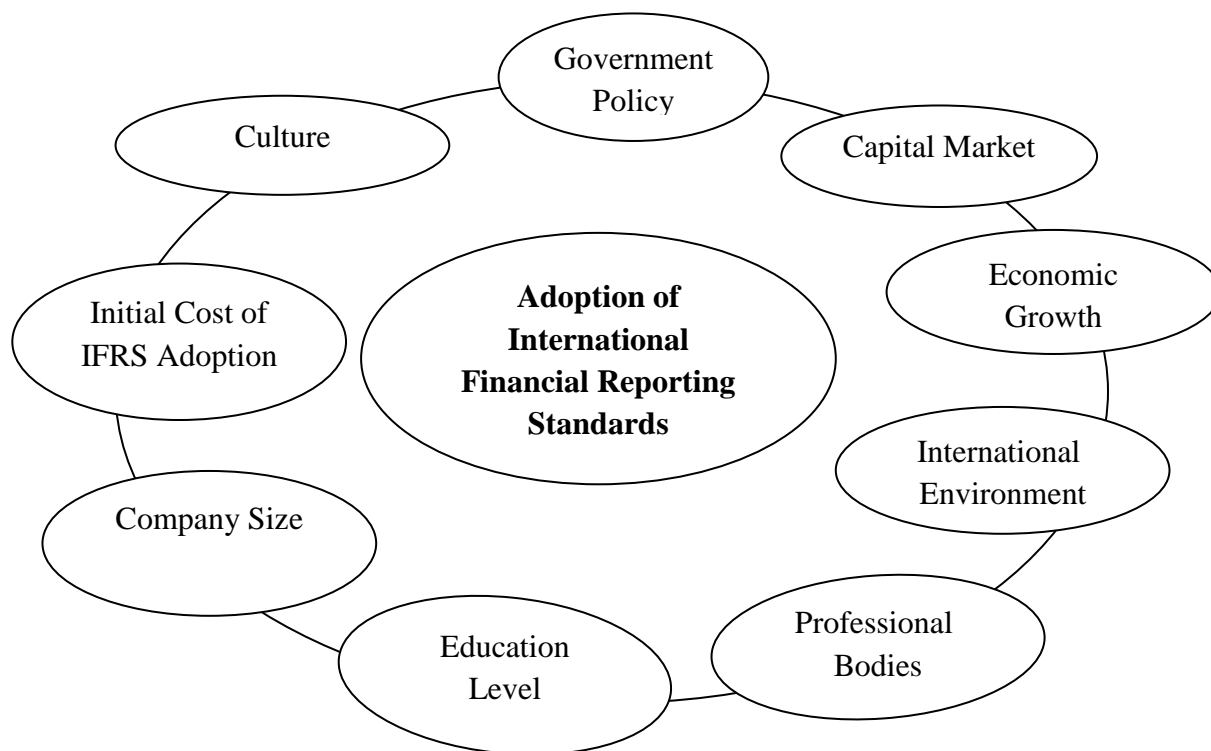


Figure 3. 1

Research Framework: Factors Affecting IFRSs Adoption

3.1.1 IFRSs Adoption

IFRSs are standards for the presentation of financial results, including financial statements. The IFRSs are issued by the IASB (Ball, 2006). European countries and Australia converged their standards with IFRSs from 1 January 2005 (Daske & Gebhardt, 2006). On 1 January 2006 Malaysian companies started their IFRSs transition (Carlin, Finch, & Laili, 2009). China's accounting system strongly depends on IFRS standards. Korea, India, Canada, and Japan decided to adopt IFRS by 2011, while US have slow to join the efforts for global convergence (Thomas, 2009).

Currently, more than 120 countries have been required or allowed to implement IFRSs or converge local standards with IFRSs (IASB, 2011). The IFRS Foundation has conducted surveys on the application of IFRSs around the world. Table 3.1 shows that IFRS is widely used in every region of the world, from 140 Jurisdictions

in the region, 116 Jurisdiction that require IFRSs for all or most domestic publicly accountable entities.

Table 3. 1
Profiles of the 140 Jurisdictions

Region	Number of Jurisdictions			
	Jurisdic tions in the region	Jurisdictions that require IFRS for all or most domestic publicly accountable entities	Jurisdictions that permit or require IFRS for at least some domestic publicly accountable entities	Jurisdictions that neither require nor permit IFRS for any domestic publicly accountable entities
Europe	43	42	1	0
Africa	19	15	1	3
Middle East	9	8	1	0
Asia and Oceania	32	24	3	5
Americas	37	27	8	2
Total	140	116	14	10
As per cent of 140	100%	83%	10%	7%

Source: (IFRS, June 2015)

As mentioned earlier, this study attempts to examine the accountants' perception of the adoption of IFRSs in Yemen. In addition, it aims to examine the accountants' opinion on the requirement and expected period for the adoption of IFRSs in Yemeni companies. Hence, this study examines the different perspectives of academicians and practitioners regarding IFRSs adoption and the requirement and expected period for the adoption.

3.1.2 Factors Affecting the Adoption of IFRSs

As mention in Chapter Two, there are several factors (government policy, capital market, economic growth, international environment, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture) affect the adoption of IFRSs. This study examines the accountants' opinion on whether or not those factors affect the adoption of IFRSs in Yemen. Hence, this study examines the different perspectives of practitioners and academicians regarding those factors.

3.2 Research Design

A research design is a map or a framework for conducting the research which is required for obtaining the information required for analysis and addressing the research problems. The questionnaire survey is adopted in this quantitative study.

3.2.1 Data Collection

Sekaran (2000) stated that the information obtained for the first time and for a specific purpose on specific variables is called primary data. For this study's purpose, the researcher has chosen the survey method. A number of people were involved in the collection of data for this study. The main aim of a survey is to collect information from the respondents, using questionnaire.

Through the questionnaire, the researcher collected respondents' opinion on their perception of IFRSs adoption and the requirement and expected period for the adoption of IFRSs in Yemeni companies. In addition, this study seeks their opinion whether or not the following factors – government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture affect the adoption of IFRSs in Yemen.

Before the questionnaire was distributed, a pilot test using five respondents to test the items of questionnaire was conducted. The five respondents were: a lecturer in UUM, a PhD student in UUM, a master's student about to graduate, a new master's student and a student in UUM's English centre before proceeding with his master's. They commented on a few items. The final questionnaire was distributed from 22

September to 19 October, to Yemeni postgraduate accounting students in Malaysia government universities by using an electronic questionnaire. After receiving the answers from respondents, Cronbach's Alpha was applied to test the reliability of each variable.

3.2.2 Population

This study selected Yemeni postgraduate accounting students in several universities in Malaysia to represent the accountants in this study. This is because they possess the accounting undergraduate or master's degree to qualify them to become accountants in Yemen. Several reasons motivated the choice of this population: (i) the students have prior experience as lecturers, accountants, auditors, managers, government or regulatory agency officers, etc; and (ii) it was easier to contact them compared to Yemeni accountants in Yemen due to the state of war during the study period and currently in Yemen.

Based on the data collected from the School of Business Management in UUM, the Yemeni postgraduate accounting students were 29 active students. In addition, six students have completed their studies. Based on the Yemeni Students' Union in Malaysia, the Yemeni postgraduate accounting students in public Universities in Malaysia, excluding UUM, was around 19 students. Therefore, the total population size is 54 students as presented in table 3.2.

Table 3. 2
Population of Study

UUM	UKM	IUM	UiTM	UM	UMP	Others	total
35	5	4	2	2	2	4	54

3.2.3 Sample Selection

According to Hopkins (2000), random selection is the safest way to make sure the sample is representative of the population. This study is a descriptive quantitative study which aims to investigate the accountants' perception of IFRSs adoption and the factors (obstacles) that affect IFRSs adoption in Yemen. Hence, this study used simple random sampling. The questionnaires were distributed to targeted respondents. According to Krejcie and Morgan (1970), who have prepared generalized scientific guidelines for sample size, for population size of (N) 55, the sample size (S) is 48. Hence, this study attempted to select a sample of 48 respondents which focus more on the Yemeni postgraduate accounting students in famous public Universities in Malaysia as presented in table 3.3. Other reasons of not selecting the population are because of the limited time in conducting this study and the difficulty to distribute the questionnaire to all, especially to those in the new public universities in Malaysia.

Table 3. 3

Sample of Study

UUM	UKM	IUM	UiTM	UM	UMP	Others	total
35	5	3	2	2	1	0	48

3.2.4 Procedures

This study collected primary data by using an electronic questionnaire distributed to Yemeni postgraduate accounting students in public universities in Malaysia. The questionnaire was designed within ((<https://drive.google.com>)). The ultimate link ((<https://docs.google.com/forms/d/1W6rFN76f44fCEdYOKaQEApZ1kiLTGwPiN7kUeU-1M/viewform>)) was sent to all respondents by using social network (facebook and yahoo) and mobile platform (whatsapp and viber). This electronic questionnaire

was chosen because of the limited time period of this study and respondents may find it easier and be more comfortable to answer.

Primary data was chosen because of the limitations of getting secondary data from Yemen. Even if secondary data can be obtained, it may not be reliable. The respondents were given time to answer the questionnaire and submit it. The questionnaire was based on available literature. Data collection of the study started from September to end of November 2015. The expected response rate was 80% because most the respondents were in UUM which made it easy to contact them.

3.3 Measurement of Research Questions

3.3.1 IFRSs Adoption in Yemen

Seven items were used to investigate the accountants' perception of IFRSs adoption in Yemen using a five-point Likert scale for respondents to express to what extent they agree or disagree with a particular statement. Items 1 to 6 were adopted from Rezaee, Smith and Szendi (2010); while item 7 was adapted from Sharif (2010). All items are in Appendix A.

3.3.2 The Requirement and Expect Period of IFRSs Adoption

This section is about the accountants' opinions on the requirement and expected period for the adoption of IFRSs in Yemeni companies. Two items were used in this section: the first item, "Should IFRSs be adopted in Yemen?" was adapted from Winney, Marshall, Bender and Swiger (2010). To answer, respondents were asked to answer why IFRSs are required or why it is not. The second item, "How soon do you expect IFRSs to be adopted in Yemen?", was adapted from Rezaee *et al.* (2010).

3.3.3 Factors Affecting the Adoption of IFRSs in Yemen

Several items measured the accountants' opinion as to whether or not each factor affected the adoption of IFRSs in Yemen.

3.3.3.1 Government Policy

This variable has six items; items 1 to 4 were adapted from Sharif (2010); items 5 and 6 were adapted from Rezaee *et al.* (2010). All items are in Appendix A.

3.3.3.2 Capital Market

This variable has three items adapted from Sharif (2010). All items are in Appendix A.

3.3.3.3 Economic Growth

This variable has one item adapted from Gyasi (2010). This item is in Appendix A.

3.3.3.4 External Environment

This variable has three items; items 1 and 3 are adapted from Rezaee *et al.* (2010); and item 2 from Gyasi (2010). All items are in Appendix A.

3.3.3.5 Professional Bodies

This variable has five items. Items 1 and 5 are adapted from Zakari (2014); while items 2, 3 and 4 from Sharif (2010). All items are in Appendix A.



3.3.3.6 Education Level of Accountants

This variable has four items; items 1 and 2 are from Sharif (2010); while items 3 and 4 are from Rezaee *et al.* (2010). All items are in Appendix A.

3.3.3.7 Company Size

This variable has four items; item 1 is from Winney *et al.* (2010); while items 2, 3 and 4 are from Sharif (2010). All items are in Appendix A.

3.3.3.8 Initial Cost of IFRSs Adoption

This variable comprises four items adapted from Ionascu, Ionascu, Olimid and Artemisa Calu (2007). All items are in Appendix A.

3.3.3.9 Culture

This variable has three items; items 1 and 2 are from Rezaee *et al.* (2010); while item 3 is from Alkhtani (2010). All items are in Appendix A.

3.3.4 Differences in Lecturers' and Professionals' Answers

This study used the t-test to examine the differences in responses between different respondents' mean. Moqbel and Bakay (2010) method was used.

3.4 Data Analysis Technique

The reliability of the information coming from the answers to questions will help in achieving good results. This study used Statistical Package for Social Science (SPSS) to code the questions. Analysis was done using frequency distribution, descriptive analysis, independent-samples T-test and reliability analysis (Cronbach's alpha).

Malhotra and Galletta (1999) mentioned that the objective of frequency distribution is to calculate the number of responses related to different values of one variable and to transfer this account to proportion (percentage) terms. According to this transaction, the results of this research can determine the variable in the questionnaire, such as the frequency of a respondent's profile.

In Cronbach's Alpha reliability analysis, the nearer the value is to 1.0, the higher the internal consistency reliability (Pallant, 2011). Cronbach's alpha reliability is as follows:

- Less than 0.6 is poor.
- 0.6 to 0.7 is considered acceptable.
- Higher than 0.8 is powerful.

3.5 Conclusion

This chapter covers the research methodology, the theoretical framework (research model), research design, data collection, population, sample selection, research procedures, measurement of research questions and data analysis technique.

CHAPTER FOUR

DATA ANALYSIS AND RESEARCH FINDING

4.0 Introduction

This chapter includes the overview of data collection and analysis the data collection from respondents. Moreover, it also includes the explanations of result after analysing the data collection from respondents.

4.1 Overview of Data Collection

As mentioned in Chapter Three, the targeted sample size of this study is 48 respondents. Hence, 48 questionnaires were distributed to Yemeni postgraduate accounting students in Malaysian public universities and 41 questionnaires were returned, giving a response rate of 85%. The high response rate is due to 35 Yemeni postgraduate accounting students being in UUM, making it easy for the researcher to contact them. The response rate presented in table 4.1

Table 4. 1
Responses Rate

Questionnaires sent	48
Questionnaire returned	41
Response rate (41/48)	85%

4.2 Data Analysis

The data was coded using SPSS and analysed using frequency distribution, including mean and standard deviation. This study also used the t-test to examine the differences in responses between the two groups of respondents: practitioners and academicians.

4.2.1 Reliability Analysis

Reliability analysis is an indication of the stability and consistency with which the instrument measures the concept and helps to access the goodness of measures. The range between 0.6 and 0.8 is acceptable.

Table 4. 2
Reliability of Variables

Variables	Number of items	Cronbach's Alpha
IFRS adoption	7	0.940
Government Policy	6	0.795
Capital Market	3	0.756
International Environment	3	0.750
Professional Bodies	5	0.893
Education Level of Accountants	4	0.796
Company Size	4	0.847
Initial Cost of IFRS Adoption	4	0.885
Culture	3	0.637

From Table 4.2, it is clear that IFRSs adoption, government policy, capital market, international environment, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture are above 0.6, which is considered an acceptable reliability (0.940, 0.795, 0.756, .750, .893, 0.796, 0.847, 0.885 and 0.637, respectively).

This means that internal consistencies between all the items are reliable. The values of Cronbach's Alpha are above acceptance value which indicates that all the constructs are deemed to have suitable reliability.

4.2.2 Frequency and Descriptive Distribution Analysis

4.2.2.1 Demographic Characteristics

Frequency analysis was used to examine the demographic characteristic of the respondents. Nominal data, like gender, age, degree pursued, current institution, working experience and previous occupation are presented in Table 4.3.

Table 4. 3

Analysis of Answers on Demographic Characteristics

Demographic Element	Characteristics	Number	Percentage
Gender	Male	40	97.6
	Female	1	2.4
Age	Less than 30	8	19.5
	30-34 years	23	56.1
	35-39 years	9	22
	More than 40	1	2.4
Current degree pursuing	Master's	18	43.9
	PhD	23	56.1
Current Institution	UUM	33	80.5
	UKM	4	9.8
	IIUM	2	4.9
	UM	1	2.4
	UPM	1	2.4
Working experience	Less than 5 years	20	48.8
	6 to 10 years	17	41.5
	11 to 15 years	4	9.8
Previous occupation	Lecturer	24	58.5
	Accountant	8	19.5
	Auditor	3	7.3
	Manager	4	9.8
	Government agency officer	2	4.9

Gender

Table 4.3 shows that 40 respondents are male (97.6%); while there is only one female respondent (2.4%). The high percentage of males is because most accountants in Yemen are men. Also, most Yemeni families do not encourage their daughters to study accounting.

Age

Table 4.3 shows that eight respondents are less than 30 years (19.5%), while 23 respondents are from 30 to 34 years of age (56.1%). Nine (22%) respondents are 35 to 39 years, while only one respondent (2.4%) is more than 40 years. So, the majority of respondents are between 30 – 34 years.

Degree currently pursued

Table 4.3 shows that 23 respondents are currently studying PhD (56%), while 18 respondents (43.9%) are studying for their master's.

Current Institution

Table 4.3 shows that the number of Yemeni postgraduate accounting students in Malaysian public Universities in UUM, UKM, IIUM, UM and UPM is: (33=80.5%), (4=9.8%), (2=4.9%), (1=2.4%) and (1=2.4%), respectively. So, the majority of respondents are from UUM.

Working experience

Table 4.3 indicates that 20 respondents (48.8%) have less than five years' working experience; while 17 respondents (41.5 %) have experience between six to 10 years. Four respondents have working experience between 11 to 15 years (9.8%) and no one has more than 15 years' working experience.

Previous occupation

Table 4.3 shows that 24 respondents (58.5%) are lecturers, while eight are accountants (19.5%). Auditors, managers, government agency officers make up three

respondents (7.3%), four respondents (9.8 %) and two respondents (4.9%), respectively.

4.2.2.2 IFRSs adoption.

Table 4. 4
Analysis of Answers of IFRSs Adoption

Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No.	%	No.	%	No.	%	No.	%	No.	%	
Investors would benefit if companies using IFRS.	4	9.8	2	4.9	1	2.4	19	46.3	15	36.6	3.95
IFRS will produce comparable financial reporting worldwide.	2	4.9	1	2.4	4	9.8	20	48.8	14	34.1	4.05
IFRSs are achieving global acceptance as a reputable set of standards.	2	4.9	4	9.8	6	14.6	25	61	4	9.8	3.61
IFRSs will minimize barriers to establishing capital markets and engaging in global competition for capital.	2	4.9	3	7.3	7	17.1	19	46.3	10	24.4	3.78
IFRSs strengthen the efficiency and cost-effectiveness of global capital allocation	2	4.9	4	9.8	8	19.5	20	48.8	7	17.1	3.63
IFRSs establish cost efficiencies and proper processes for multinational companies.	1	2.4	5	12.2	11	26.8	15	36.6	9	22	3.63
Adoption of IFRSs will improve the quality of financial reporting.	5	12.2	1	2.4	2	4.9	17	41.5	16	39	3.93

Table 4.4 shows that 34 respondents (82.9%) strongly agree or agree that investors would benefit if companies prepared their financial statements using a single set of high quality accounting standards (IFRSs), while six respondents (14.7%) strongly disagree or disagree. One respondent (2.4%) is neutral. The table also shows that 34 respondents (82.9%) strongly agree or agree that uniform and globally accepted accounting standards will produce comparable financial reporting worldwide, while

three respondents (7.3%) strongly disagree or disagree. four respondents (9.8%) are neutral.

Table 4.4 shows that 29 respondents (70.8%) strongly agree or agree that IFRSs are achieving global acceptance as a reputable set of standards for global financial reporting, while six respondents (14.7%) strongly disagree or disagree. six respondents (14.6%) are neutral. The table also shows that 29 respondents (70.7%) strongly agree or agree that IFRSs will minimize barriers to establishing capital markets and engaging in global competition for capital, while five respondents (12.2%) strongly disagree or disagree. seven respondents (17.1%) are neutral.

Table 4.4 shows that 27 respondents (65.9%) strongly agree or agree that IFRSs strengthen the efficiency and cost-effectiveness of global capital allocation, while six respondents (14.7%) strongly disagree or disagree. eight respondents (19.5%) are neutral. The table also shows that 24 respondents (58.6%) strongly agree or agree that IFRSs establish cost efficiencies and proper processes for multinational companies, while six respondents (14.6%) strongly disagree or disagree. 11 respondents (26.8%) are neutral.

Table 4.4 shows that 33 respondents (80.5%) strongly agree or agree that adoption of IFRSs will improve the quality of financial reporting, while six respondents (14.6%) strongly disagree or disagree. two respondents (4.9%) are neutral.

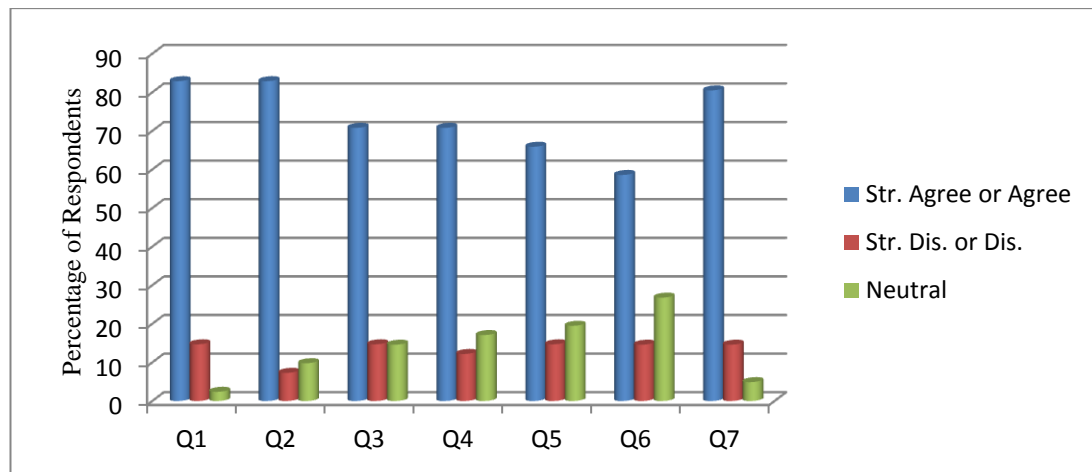


Figure 4. 1
Analysis of Answers of IFRSs Adoption

To sum up, the majority of respondents strongly agree or agree on all questions, which means that the accountants' perception of IFRSs adoption is positive and it is important for Yemeni companies to adopt IFRSs. The respondents' perception is that investors would benefit if companies worldwide adopted IFRSs; IFRSs will produce comparable financial reporting worldwide; IFRSs are achieving global acceptance as a reputable set of standards; IFRSs will minimize barriers to establishing capital markets; IFRSs strengthen the efficiency and cost-effectiveness of global capital allocation; IFRSs establish cost efficiencies and proper processes for multinational companies; and IFRSs will improve the quality of financial reporting. This can also be seen graphically as in the graph of figure 4.1.

In addition, the mean of IFRSs adoption for each question is more than 3.60 for all the seven items, the minimum mean being 3.61 and the maximum mean being 4.05. It could be argued that most of the respondents agree with the questions.

4.2.2.3 The Requirement and Expect Period of IFRSs Adoption

Table 4.5 shows that 34 respondents (82.9%) state that IFRSs should be adopted in Yemen. Table 4.5 also shows the frequency of respondents who answer the open-ended question on why Yemen should adopt IFRSs. The results show that adopting IFRSs will increase the accuracy, transparency and reliability of financial reporting (stated 7 times); while other's said that IFRSs are necessary for building capital market and enter the global market (stated 7 times); other's said that IFRSs can develop the accounting practices in Yemen (stated 4 times); IFRSs will increase the comparability of financial reporting (stated 7 times); and that IFRS will encourage the internal and external investors to invest in Yemen (stated 8 times). It is worthy to mention that some respondents provided one or more than one reasons while no answer has been given by others.

Table 4. 5
Analysis of Answers on the Requirement and Expected Period of IFRSs Adoption

Items	Characteristics	No.	Percentage
Q1. Should IFRS be adopted in Yemen?	Yes	34	82.9
	NO	7	17.1
Why Yemen should adopt IFRS?	increase the accuracy, transparency and reliability of financial reporting	7	Times
	necessary for building capital market	7	Times
	Develop the accounting practise in Yemen.	4	Times
	Increase the comparability of financial reporting.	7	Times
	encourage the internal and external investors to invest in Yemen	8	Times
Why Yemen should not adopt IFRS?	policy of government is weak	2	Times
	absence of capital market	2	Times
	special law and regulatory	1	Times
Q2. How soon do you expect IFRS to be adopted in Yemen	Within 1 to 2 years	0	0
	Within 3 to 5 years	12	29.3
	Within 6 to 10 years	12	29.3
	More than 10 years	13	31.7
	Not at all	4	9.8

In contrast, seven respondents (17.1%) answered that the IFRSs should not be adopted in Yemen. They provided different reasons when they answered the open-ended question. For example, IFRSs should not be adopted due to the absence of capital market (stated 2 times), the policy of government is weak (stated 2 times) and the Yemen's laws and regulations make it difficult to adopt IFRSs (stated 1 times). Also, no answer has been given by some of them.

Table 4.5 shows that nobody expects that IFRSs will be adopted in Yemen in one to two years; while 12 respondents (29.3%) expect that it will be adopted in Yemen in three to five years; and 12 respondents (29.3%) expect that it will be adopted in Yemen in six to 10 years. Meanwhile, 13 respondents (31.7%) expect that its need more than 10 years to be adopted. However, four respondents (9.8%) stated it will not be adopted at all (see figure 4.3).

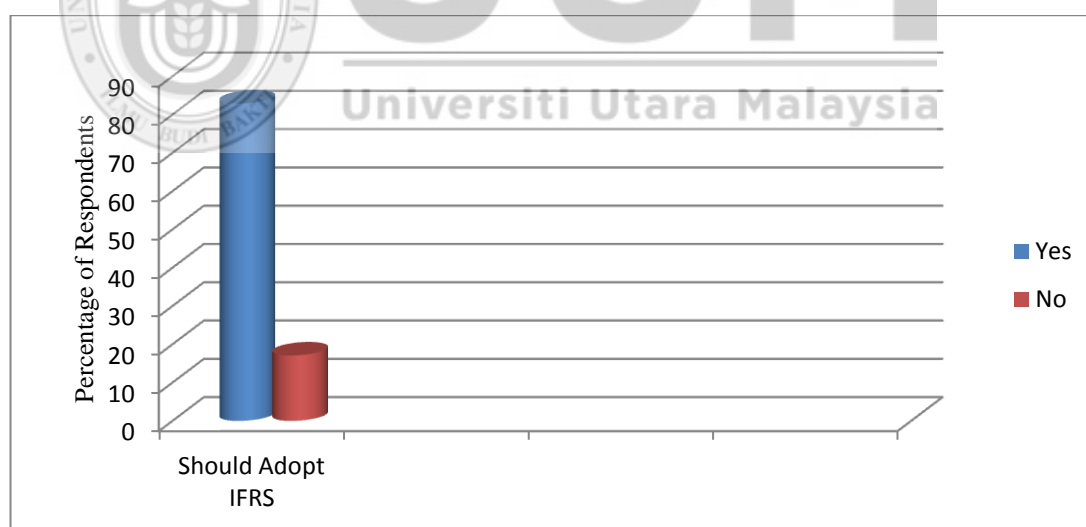


Figure 4. 2
Analysis of Answers on the Requirement of IFRSs Adoption

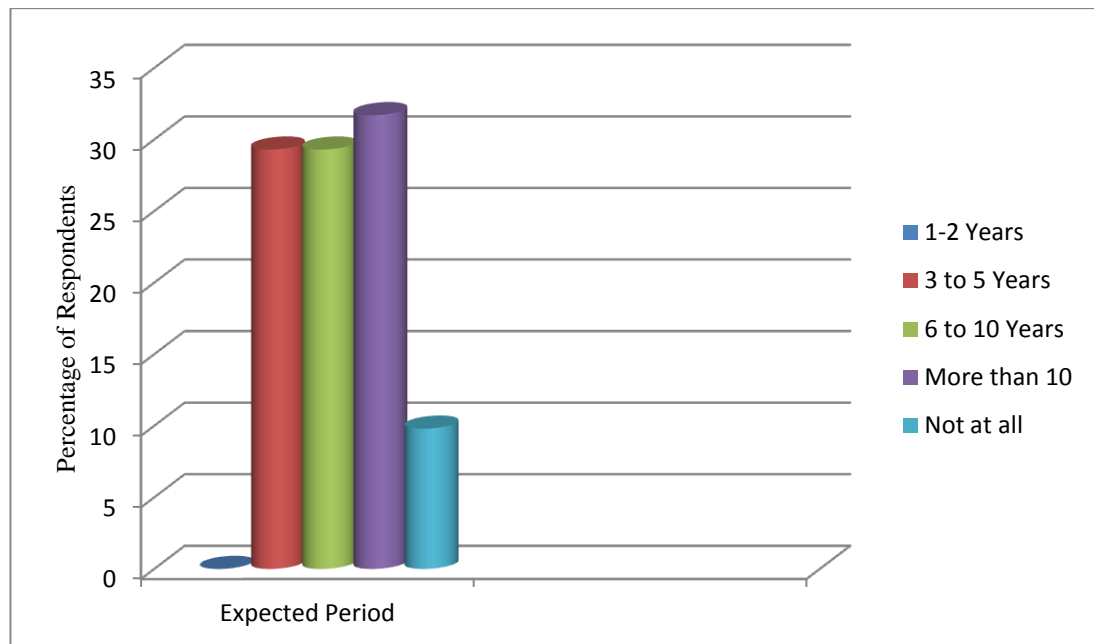


Figure 4. 3
Analysis of Answers on the Expected Period of IFRSs Adoption

In conclusion, 34 respondents (82.9%) agree that IFRSs should be adopted in Yemeni companies. Moreover, the majority of respondents (24 or 58.6%) expect the period for adoption of IFRSs in Yemeni companies to be between three to 10 years, while 13 respondents (31.7%) expect that its needs more than 10 years. Meanwhile, four respondents (9.8%) stated it will not be adopted at all. This can also be seen graphically as in figure 4.2 and 4.3

Surprisingly and as shown in Table 4.5 and Figure 4.2, seven respondents (17.1%) stated that the IFRS should not be adopted in Yemen. However, their answers on how soon they expect IFRSs to be adopted in Yemen were not the same. In particular, four respondents (57.14%) of those who answered that the IFRSs should not be adopted in Yemen (i.e., seven respondents), they expected that the IFRSs will not be adopted at all. Two respondents (28.57%) expected that the IFRSs will be adopted within more than 10 years and only one respondent (14.29%) expected its adoption within 6 to 10 years.

4.2.2.4 Factors Affecting the Adoption of IFRSs in Yemen.

➤ Government Policy

Table 4. 6

Analysis of Answers on Government Policy

Government Policy Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Politics is one of the major barriers to the adoption of IFRSs in Yemen.	0	0	7	17.1	9	22	14	34.1	11	26.8	3.71
The political instability of Yemen plays a significant role in non-adoption of IFRSs in Yemen.	2	4.9	2	4.9	9	22	18	43.9	10	24.4	3.78
Weakness of the current Yemeni government affects the decision to adopt IFRSs in Yemen.	0	0	5	12.2	10	24.4	14	34.1	12	29.3	3.80
Weak governance of Yemeni government does not encourage Yemeni companies to adopt IFRSs.	2	4.9	3	7.3	5	12.2	19	46.3	12	29.3	3.88
Absence of Yemeni government plans on issues pertaining to IFRS leads to non-adoption of IFRSs in Yemen.	1	2.4	2	4.9	11	26.8	16	39	11	26.8	3.83
The legal system of Yemen affects the adoption of IFRSs in Yemen.	3	7.3	6	14.6	9	22	21	51.2	2	4.9	3.32

Table 4.6 shows that 25 respondents (60.9%) strongly agree or agree that politics is one of the major barriers to the adoption of IFRSs in Yemen, while seven respondents (17.1%) disagree. nine respondents (22%) are neutral. The table also shows that 28 respondents (68.3%) strongly agree or agree that political instability of Yemen plays a significant role in non-adoption of IFRSs in Yemen, while four respondents (9.8%) strongly disagree or disagree. Meanwhile, nine respondents (22%) are neutral.

Table 4.6 shows that 26 respondents (63.4%) strongly agree or agree that weakness of the current Yemeni government affects the decision to adopt IFRSs in Yemen, while five respondents (12.2%) disagree. 10 respondents (24.4%) are neutral. The table also shows that 31 respondents (75.6%) strongly agree or agree that weak governance of Yemeni government does not encourage Yemeni companies to adopt IFRSs, while five respondents (12.2%) strongly disagree or disagree. five respondents (12.2%) are neutral.

Table 4.6 shows that 27 respondents (65.8%) strongly agree or agree that absence of Yemeni government plans on issues pertaining to IFRS leads to non-adoption of IFRSs in Yemen, while three respondents (7.3%) strongly disagree or disagree. 11 respondents (26.8%) are neutral. The table also shows that 23 respondents (56.1%) strongly agree or agree that the legal system of Yemen affects the adoption of IFRSs in Yemen, while nine respondents (21.9%) strongly disagree or disagree. nine respondents (22%) are neutral.

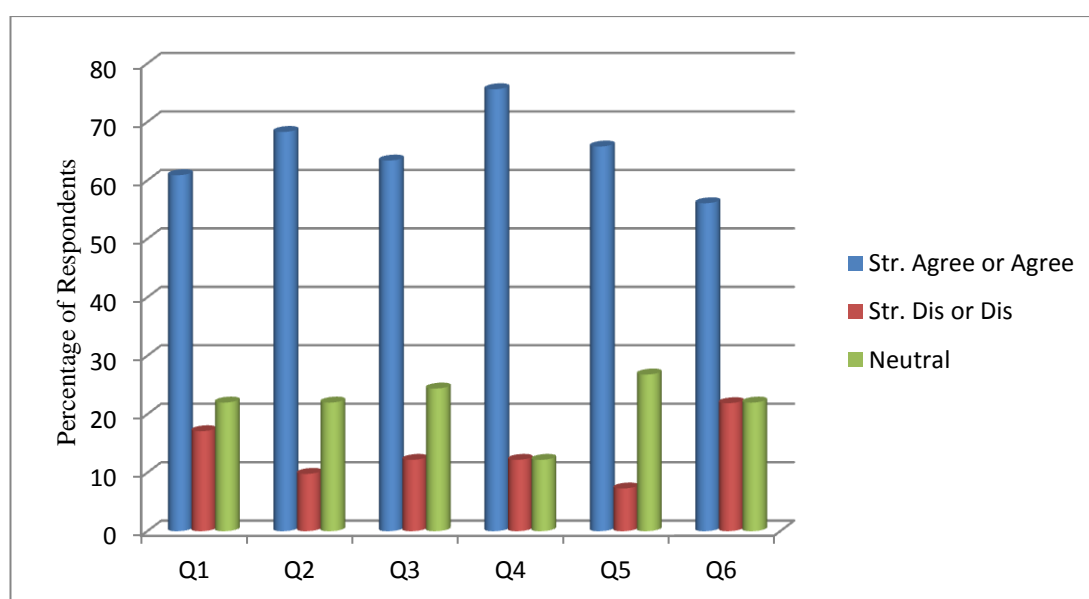


Figure 4. 4
Analysis of Answers on Government Policy

In conclusion, most respondents strongly agree or agree on all questions, which means that the accountants' opinion is that the lack of government policy affects the adoption of IFRSs in Yemen. In other words, the respondents believe that politics is one of the major barriers to the adoption of IFRSs, the political instability, weakness of the current Yemeni government, weak governance of Yemeni government does not encourage companies, absence of Yemeni government plans on issues pertaining to IFRSs and the legal system of Yemen affects the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.4.

In addition, the mean of government policy for each question is more than 3.70 for Q1 to Q5 and only 3.32 for Q6; it could therefore be argued that all the respondents agree with these questions.

➤ Capital Market

Table 4. 7
Analysis of Answers on Capital Market

Capital Market Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Absence of capital market in Yemen makes it difficult for the adoption of IFRSs in Yemen.	1	2.4	4	9.8	7	17.1	19	46.3	10	24.4	3.80
The accounting standards and adoption of IFRSs in Yemen will not improve due to the absence of capital market.	2	4.9	6	14.6	7	17.1	21	51.2	5	12.2	3.51
Lack of open commercial banks does not support adoption of IFRSs in Yemen.	2	4.9	8	19.5	14	34.1	14	34.1	3	7.3	3.20

Table 4.7 shows that 29 respondents (70.7%) strongly agree or agree that absence of capital market in Yemen makes it difficult for the adoption of IFRSs in Yemen,

while five respondents (12.2%) strongly disagree or disagree. seven respondents (17.1%) are neutral. The table also shows that 26 respondents (63.4%) strongly agree or agree that accounting standards and adoption of IFRSs in Yemen will not improve due to the absence of capital market, while eight respondents (19.5%) strongly disagree or disagree. seven respondents (17.1%) are neutral.

Table 4.7 shows that 17 respondents (41.4%) strongly agree or agree that lack of open commercial banks does not support adoption of IFRSs in Yemen, while 10 respondents (24.4%) strongly disagree or disagree. 14 respondents (34.1%) are neutral.

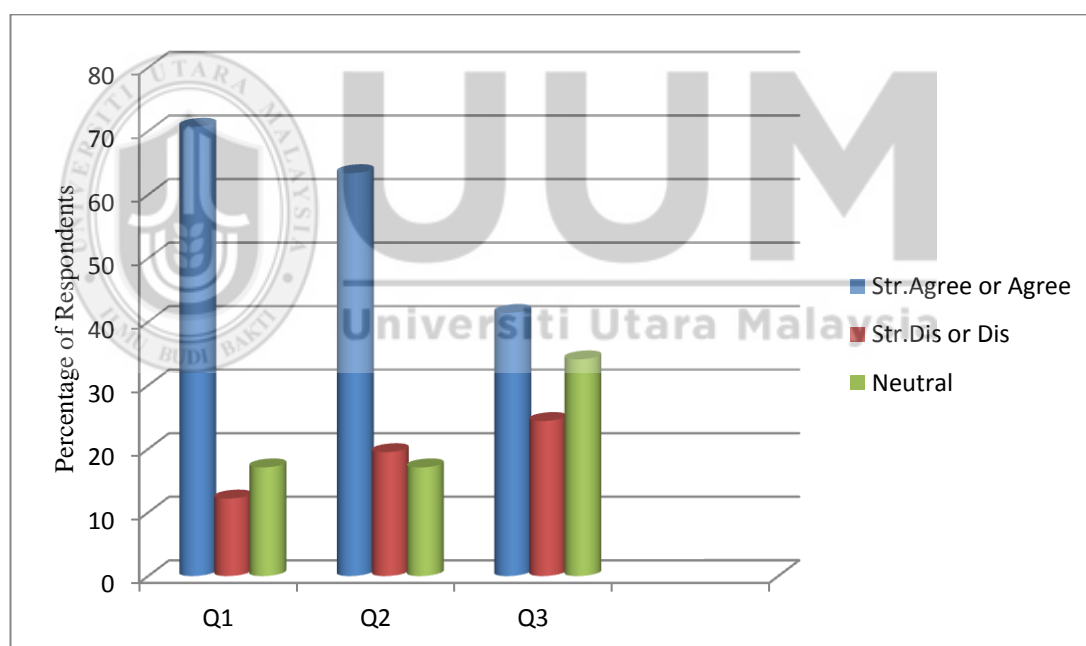


Figure 4. 5
Analysis of Answers on Capital Market

In conclusion, the majority of respondents strongly agree or agree on all questions which means that the accountants' opinion is that the absence of capital market affects the adoption of IFRSs in Yemen. In other words, the respondents believe that; absence of capital market in Yemen makes it difficult for the adoption of IFRSs in

Yemen, the accounting standards and adoption of IFRSs in Yemen not improve due to the absence of capital market and the lack of open commercial banks does not support adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.5.

In addition, the mean of capital market is more than 3.5 for Q1 and Q2, while only 3.20 for Q3 which means that all the respondents agree to these questions.

➤ Economic Growth

Table 4. 8
Analysis of Answers on Economic Growth

Economic Growth Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No.	%	No.	%	No.	%	No.	%	No.	%	
Lack of economic growth in Yemen greatly influences the adoption of IFRSs in Yemen.	3	7.3	4	9.8	10	24.4	17	41.5	7	17.1	3.51

Table 4.8 shows that 24 respondents (58.6%) strongly agree or agree that lack of economic growth greatly influences the adoption of IFRSs in Yemen, while seven respondents (17.1%) strongly disagree or disagree. Meanwhile, 10 respondents (24.4%) are neutral. So, the accountants' opinion is that the low economic growth affects the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.6.

In addition, the mean of economic growth is more than 3.5, which means that all respondents agree with this variable.

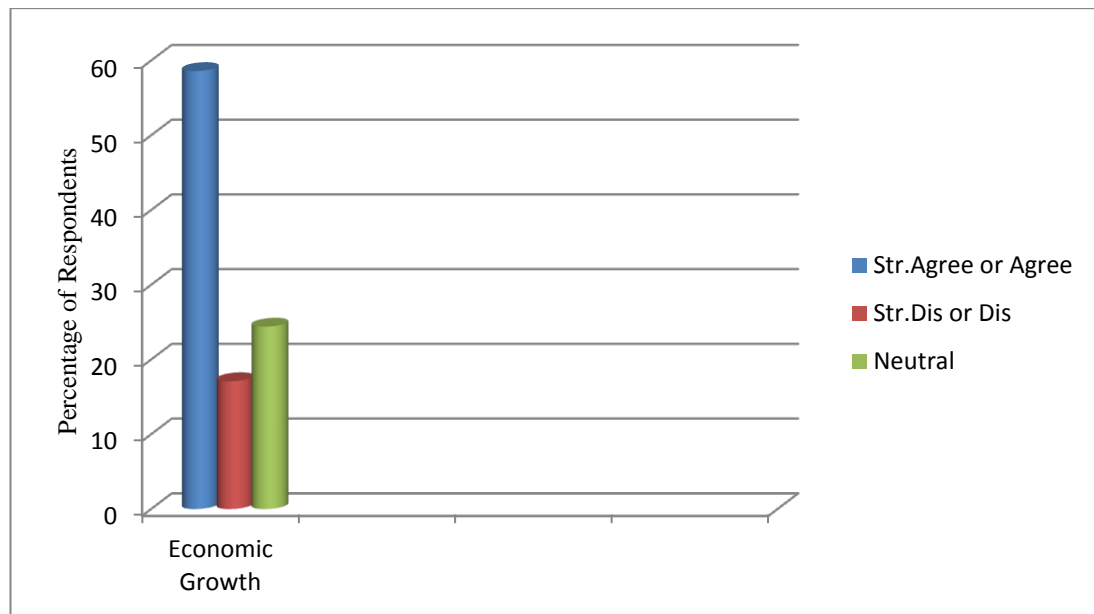


Figure 4. 6
Analysis of Answers on Economic Growth

➤ International Environment

Table 4. 9
Analysis of Answers on International Environment

International Environment Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Lack of agreement among all countries on adoption of IFRSs affects the adoption of IFRSs in Yemen.	1	2.4	10	24.4	10	24.4	19	46.3	1	2.4	3.22
Weak external influence (e.g., from the World Bank) affects the adoption of IFRSs in Yemen.	0	0	14	34.1	10	24.4	14	34.1	3	7.3	3.15
Lack of coordination and collaboration between global and internal regulators influences the adoption of IFRSs in Yemen.	2	4.9	7	17.1	9	22	17	41.5	6	14.6	3.44

Table 4.9 shows that 20 respondents (48.7%) strongly agree or agree that lack of agreement among all countries on adoption of a single set of global accounting standards issued by IASB affects the adoption of IFRSs in Yemen, while 11 respondents (26.8) strongly disagree or disagree. Meanwhile, 10 respondents (24.4%) are neutral. The table also shows that 17 respondents (41.4%) strongly agree or agree

that a weak external influence (e.g., from the World Bank) affects the adoption of IFRSs in Yemen, while 14 respondents (34.1%) disagree. Meanwhile, 10 respondents (24.4%) are neutral.

Table 4.9 shows that 23 respondents (56.1%) strongly agree or agree that lack of coordination and collaboration between global and internal regulators influences the adoption of IFRSs in Yemen, while nine respondents (22%) strongly disagree or disagree. Meanwhile, nine respondents (22%) are neutral.

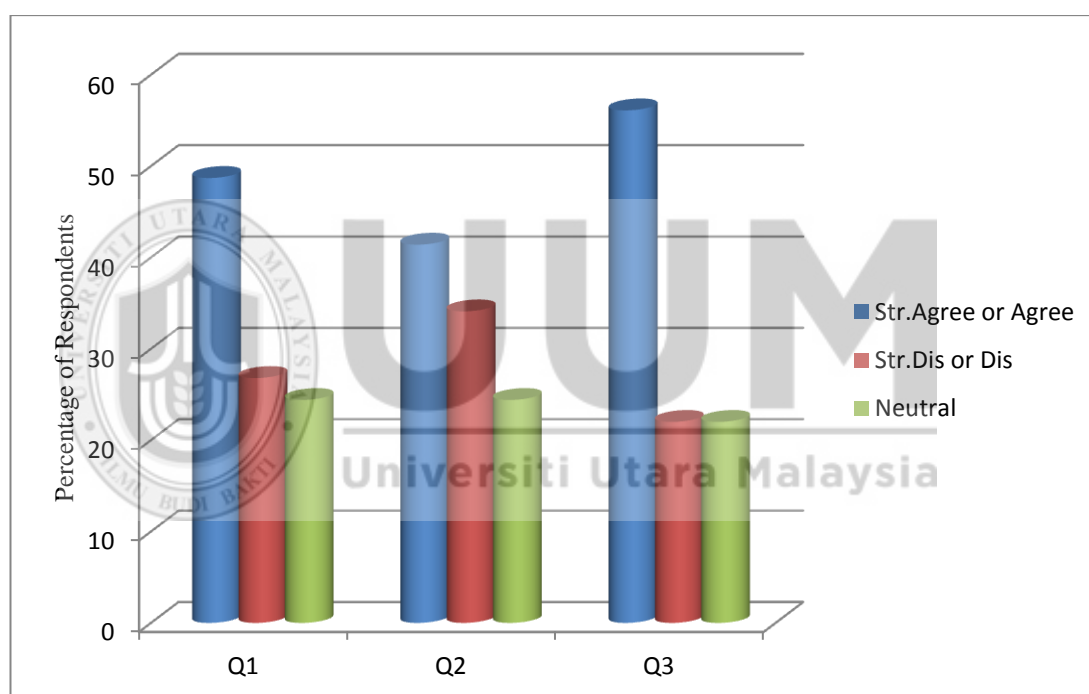


Figure 4. 7
Analysis of Answers on International Environment

In conclusion, the majority of respondents strongly agree or agree on all questions, which means that the accountants' opinion is that a weak international environment affects the adoption of IFRSs in Yemen. In other words, the accountants believe that lack of agreement among all countries on the adoption of IFRSs, weak external influence (e.g., from the WB) and lack of coordination and collaboration between

global and internal regulators, affect the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.7.

In addition, the mean of international environment at maximum is 3.44 and minimum 3.15 which means that all respondents have little agreement with these questions.

➤ Professional Bodies

Table 4. 10
Analysis of Answers on Professional Bodies

Professional Bodies Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
professional accountancy bodies do not encourage companies to adopt IFRSs	4	9.8	6	14.6	7	17.1	17	41.5	7	17.1	3.41
Lack of availability of competent specialists influences the adoption of IFRSs.	1	2.4	6	14.6	8	19.5	21	51.2	5	12.2	3.56
Lack of training to the members of the professional bodies affects the adoption of IFRSs.	2	4.9	1	2.4	10	24.4	18	43.9	10	24.4	3.80
Lack of proper instructions from professional bodies influences the adoption of IFRSs in Yemen.	1	2.4	4	9.8	14	34.1	15	36.6	7	17.1	3.56
Lack of skills and inadequate knowledge of professional accountants influences the IFRS adoption.	2	4.9	9	22	8	19.5	15	36.6	7	17.1	3.39

Table 4.10 shows that 24 respondents (58.6%) strongly agree or agree that Yemeni professional accountancy bodies do not encourage companies to adopt IFRSs in Yemen, while 10 respondents (24.4%) strongly disagree or disagree. Meanwhile, seven respondents (17.1%) are neutral. The table also shows that 26 respondents (63.4%) strongly agree or agree that lack of availability of competent specialists in

Yemen regarding IFRS influences the adoption of IFRSs in Yemen, while seven respondents (17%) strongly disagree or disagree. Meanwhile, eight respondents (19.5%) are neutral.

Table 4.10 shows that 28 respondents (68.3%) strongly agree or agree that lack of training to the members of the professional bodies on IFRSs affects the adoption of IFRSs in Yemen, while three respondents (7.3%) strongly disagree or disagree. Meanwhile, 10 respondents (24.4%) are neutral. The table also shows that 22 respondents (53.7%) strongly agree or agree that lack of proper instructions from professional bodies influences the adoption of IFRSs in Yemen, while five respondents (12.2%) strongly disagree or disagree. Meanwhile, 14 respondents (34.1%) are neutral.

Table 4.10 shows that 22 respondents (53.7%) strongly agree or agree that lack of technical skills and inadequate knowledge of Yemeni professional accountants influences the adoption of IFRSs in Yemen, while 11 respondents (26.9%) strongly disagree or disagree. Meanwhile, eight respondents (19.5%) are neutral.

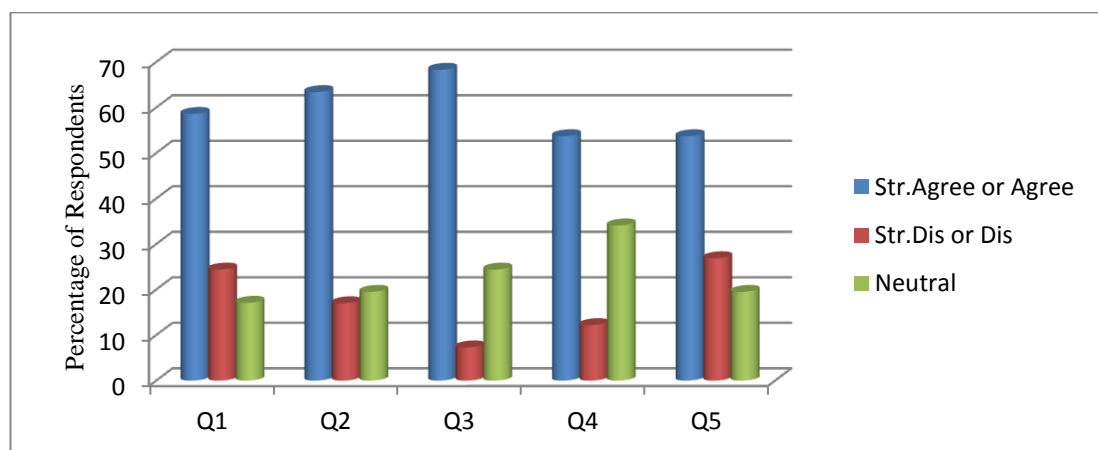


Figure 4. 8
Analysis of Answers on Professional Bodies

In conclusion, the majority of respondents strongly agree or agree on all questions, which means that the accountants' opinion is that the weak professional accounting bodies affect the adoption of IFRSs in Yemen. In other words, the accountants believe that professional accountancy bodies do not encourage companies to adopt IFRSs in Yemen, in addition to lack of competent specialists, lack of training of the members of the professional bodies, lack of proper instructions from professional bodies, lack of technical skills and inadequate knowledge of professional bodies, influence the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.8.

In addition, the mean of professional bodies is more than 3.55 for Q2, Q3 and Q4, while it is 3.41 for Q1, and 3.39 for Q5, which means that all respondents agree with these statements.

➤ **Education level of Accountants**

Table 4. 11
Analysis of Answers on Education Level of Accountants

Education level of Accountants Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Weak education level (e.g., most of accountants have diplomas) affects the adoption of IFRSs.	1	2.4	12	29.3	4	9.8	16	39	8	19.5	3.44
Lack of competency in English affects the adoption of IFRSs.	1	2.4	9	22	10	24.4	11	26.8	10	24.4	3.49
Lack of coverage on IFRS in financial accounting textbooks influences the adoption of IFRSs.	2	4.9	4	9.8	11	26.8	18	43.9	6	14.6	3.54
Lack of accounting programs and training in IFRSs affects the adoption of IFRSs in Yemen.	3	7.3	2	4.9	11	26.8	16	39	9	22	3.63

Table 4.11 shows that 24 respondents (58.5%) strongly agree or agree that a weak education level of accountants (e.g., most of the current accountants only have diplomas) affects the adoption of IFRSs in Yemen, while 13 respondents (31.7%) strongly disagree or disagree. Meanwhile, four respondents (9.8%) are neutral. The table also shows that 21 respondents (51.2%) strongly agree or agree that the lack of competency in English language among accountants affects the adoption of IFRSs in Yemen, while 10 respondents (24.4%) strongly disagree or disagree. Meanwhile, 10 respondents (24.4%) are neutral.

Table 4.11 shows that 24 respondents (58.5%) are strongly agree or agree that lack of coverage on IFRS in financial accounting textbooks in Yemeni universities influences the adoption of IFRSs in Yemen, while six respondents (14.7%) strongly disagree or disagree. Meanwhile, 11 respondents (26.8%) are neutral. The table also shows that 25 respondents (61%) strongly agree or agree that lack of accounting programs to obtain sufficient education and training in IFRSs affects the adoption of IFRSs in Yemen, while five respondents (12.2%) strongly disagree or disagree. Meanwhile, 11 respondents (26.8%) are neutral.

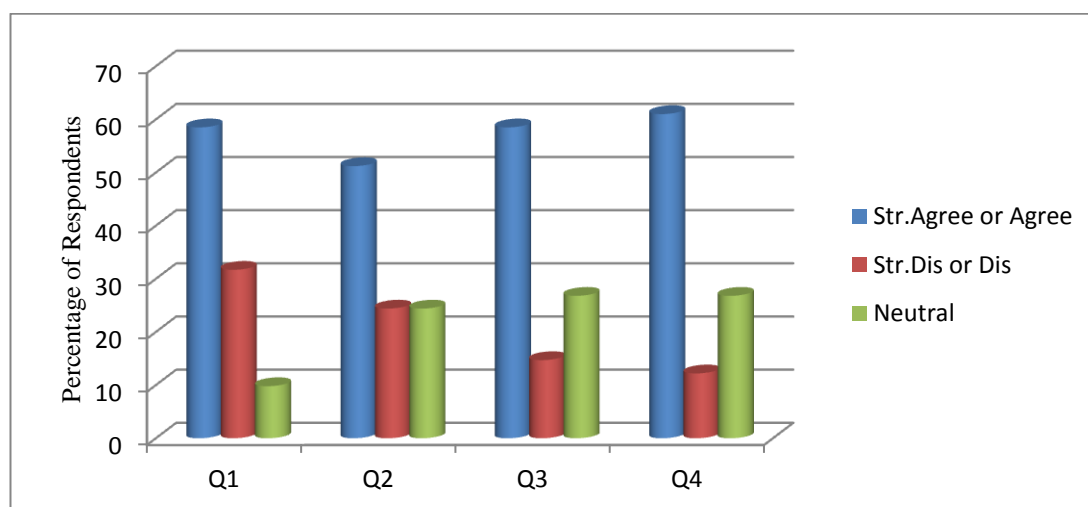


Figure 4. 9
Analysis of Answers on Education Level of Accountants

In conclusion, the majority of respondents strongly agree or agree on all questions, which means that the accountants' opinion is that weak education level of accountants affects the adoption of IFRSs in Yemen. In other words, the accountants believe that weak education level of accountants, lack of competency in English, lack of coverage on IFRSs in financial accounting textbooks and lack of accounting programs and training on IFRSs affect the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.9.

In addition, the mean of education level of accountants is 3.5 and above for Q2, Q3 and Q4, while it is 3.44 for Q1, which means that all respondents agree with these statements.

➤ Company Size

Table 4. 12
Analysis of Answers on Company Size

Company Size Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Lack of international operations among companies influences the adoption of IFRSs in Yemen.	3	7.3	5	12.2	3	7.3	24	58.5	6	14.6	3.61
Lack of capital among Yemeni companies influences the adoption of IFRSs in Yemen.	2	4.9	6	14.6	8	19.5	19	46.3	6	14.6	3.51
Lack of subsidiaries among Yemeni companies influences the adoption IFRSs in Yemen.	1	2.4	5	12.2	11	26.8	18	43.9	6	14.6	3.56
Low profitability of Yemeni companies affects companies' attitude to adopt IFRSs.	2	4.9	4	9.8	14	34.1	15	36.6	6	14.6	3.46

Table 4.12 shows that 30 respondents (73.1%) strongly agree or agree that lack of international operations among companies influences the adoption of IFRSs in Yemen, while eight respondents (19.5%) strongly disagree or disagree. Meanwhile, three respondents (7.3%) are neutral. The table also shows that 25 respondents (60.9%) strongly agree or agree that lack of capital among Yemeni companies influences the adoption of IFRSs in Yemen, while eight respondents (19.5%) strongly disagree or disagree. Meanwhile, eight respondents (19.5%) are neutral.

Table 4.10 shows that 24 respondents (58.6%) strongly agree or agree that lack of subsidiaries among Yemeni companies influences the adoption IFRSs in Yemen, while six respondents (14.6%) strongly disagree or disagree. Meanwhile, 11 respondents (26.8%) are neutral. The table also shows that 21 respondents (51.2%) strongly agree or agree that low profitability of Yemeni companies affects companies' attitude to adopt IFRSs, while six respondents (14.7%) strongly disagree or disagree. Meanwhile, 14 respondents (34.1%) are neutral.

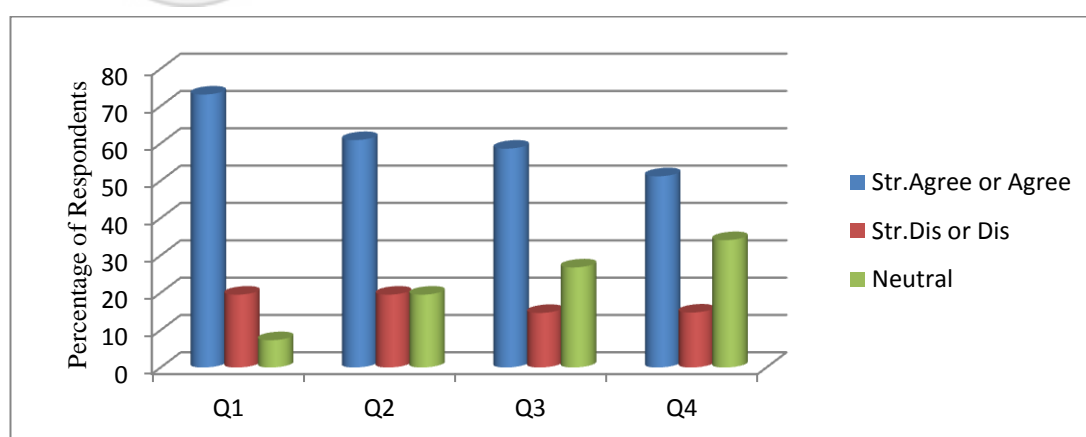


Figure 4. 10
Analysis of Answers on Company Size

In conclusion, the majority of respondents strongly agree or agree to all questions, which means that the accountants' opinion is that the small size of the companies

affects the adoption of IFRSs in Yemen. In other words, the accountants believe that lack of international operations, lack of capital, lack of subsidiaries and low profitability of Yemeni companies affect companies' attitude to adopt IFRSs. This can also be seen graphically as in figure 4.10.

In addition, the company size mean is 3.5 and above for each question, which means that all respondents agree with these statement.

➤ Initial Cost of IFRSs Adoption

Table 4. 13
Analysis of Answers on Initial Cost of IFRSs Adoption

Initial Cost of IFRS Adoption Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Initial cost of training of personnel influences the adoption of IFRSs.	1	2.4	5	12.2	9	22	22	53.7	4	9.8	3.56
Initial cost of double reporting influences the adoption of IFRSs in Yemen.	2	4.9	4	9.8	14	34.1	16	39	5	12.2	3.44
Initial cost of consulting services influences the adoption of IFRSs.	1	2.4	6	14.6	14	34.1	16	39	4	9.8	3.39
Initial cost of computerized information systems influences the adoption of IFRSs in Yemen.	1	2.4	5	12.2	11	26.8	18	43.9	6	14.6	3.56

Table 4.13 shows that 26 respondents (63.5%) strongly agree or agree that initial cost of adoption and implementation of IFRS related to training of personnel influences the adoption of IFRSs in Yemen, while six respondents (14.6%) strongly disagree or disagree. Meanwhile, nine respondents (22%) are neutral. The table also shows that 21 respondents (51.2%) strongly agree or agree that initial cost of adoption and implementation of IFRS related to double reporting influences the adoption of IFRSs

in Yemen, while six respondents (14.7%) strongly disagree or disagree. Meanwhile, 14 respondents (34.1%) are neutral.

Table 4.13 shows that 20 respondents (48.8%) strongly agree or agree that initial cost of adoption and implementation of IFRS related to consulting services influences the adoption of IFRSs in Yemen, while seven respondents (17%) strongly disagree or disagree. Meanwhile, 14 respondents (34.4%) are neutral. The table also shows that 24 respondents (58.5%) strongly agree or agree that initial cost of adoption and implementation of IFRS related to implementation of computerized information systems influences the adoption of IFRSs in Yemen, while six respondents (14.6%) strongly disagree or disagree. Meanwhile, 11 respondents (26.8%) are neutral.

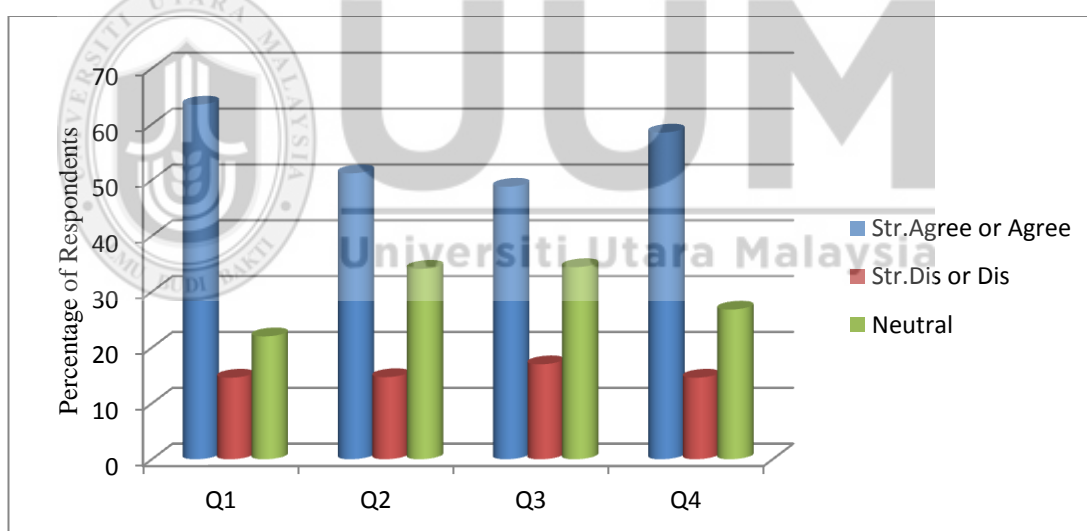


Figure 4. 11
Analysis of Answers on Initial Cost of IFRSs Adoption

In conclusion, the majority of respondents strongly agree or agree on all questions, which means that the accountants' opinion is that the initial cost of IFRSs adoption affects the adoption of IFRSs in Yemen. In other words, the accountants believe that initial cost of training of personnel, initial cost of double reporting, initial cost of

consulting services and initial cost of computerized information systems influence the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.11.

In addition, the mean of initial cost of IFRSs adoption is more than 3.55 for Q1 and Q4, while it is 3.44 and 3.39 for Q2 and Q3, respectively, which means that all respondents agree with these statements.

➤ Culture

Table 4. 14
Analysis of Answers on Culture

Culture Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No	%	No	%	No	%	No	%	No	%	
Perceived uncertainties about IFRS influence the adoption of IFRSs	2	4.9	8	19.5	13	31.7	14	34.1	4	9.8	3.24
Differences culture and religion influence the adoption of IFRSs.	3	7.3	17	41.5	14	34.1	7	17.1	0	0	2.61
Unsuitability of some IFRS procedures to the Yemeni environment influences the adoption of IFRSs in Yemen	1	2.4	13	31.7	16	39	9	22	2	4.9	2.95

Table 4.14 shows that 18 respondents (43.9%) strongly agree or agree that perceived uncertainties about IFRS influence the adoption of IFRSs in Yemen, while 10 respondents (24.4%) strongly disagree or disagree. Meanwhile, 13 respondents (31.7%) are neutral. The table also shows that only seven respondents (17.1%) agree that differences in Yemeni culture and religion influence the adoption of IFRSs in Yemen, while 20 respondents (48.8%) strongly disagree or disagree. Meanwhile, 14 respondents (34.1%) are neutral.

Table 4.14 shows that only 11 respondents (26.9%) strongly agree or agree that unsuitability of some IFRS procedures to the Yemeni environment influences the adoption of IFRSs in Yemen, while 14 respondents (34.1%) strongly disagree or disagree. Meanwhile, 16 respondents (39%) are neutral.

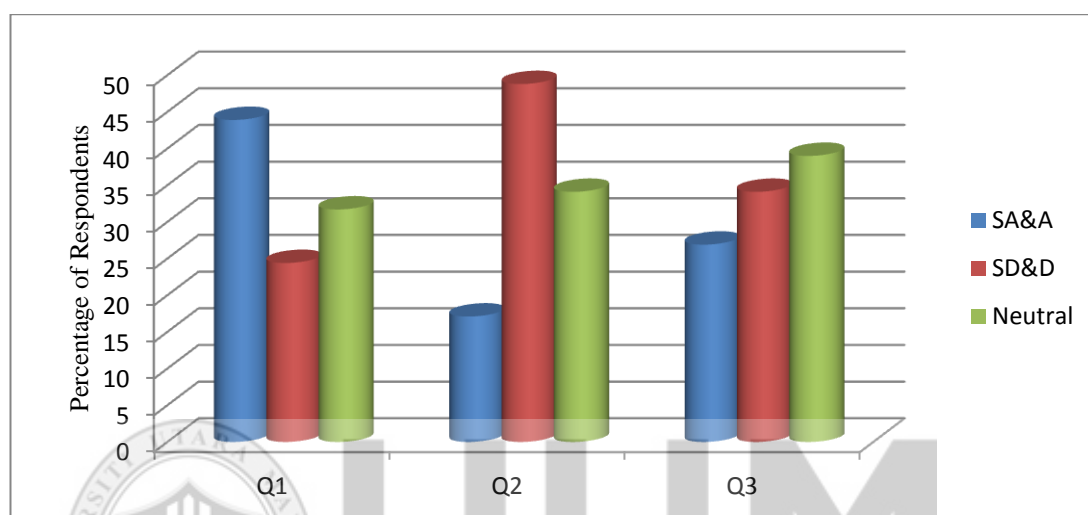


Figure 4. 12
Analysis of Answers on Culture

In conclusion, the majority of respondents strongly agree or agree that perceived uncertainties about IFRSs influence the adoption of IFRSs; while they strongly disagree or disagree that differences in culture and religion influence the adoption of IFRSs. Meanwhile, the majority of them are neutral about the suitability of some IFRSs procedures to the Yemeni environment which influences the adoption of IFRSs in Yemen. **Overall**, the accountants' opinion is that culture does not affect the adoption of IFRSs in Yemen. This can also be seen graphically as in figure 4.12.

In addition, the mean of culture is 3.24 for Q1, while it is less than 3.0 for Q2 and Q3, which means that all respondents do not agree with these questions.

4.2.1.5 Summary of Descriptive Statistics.

Table 4. 15

Summary of Descriptive Statistics of Variables

Variable	N	Mean	Std. Deviation
IFRS Adoption	41	3.7979	.93948
Government Policy	41	3.7195	.72403
Capital Market	41	3.5041	.83706
Economic Growth	41	3.5122	1.12076
International Environment	41	3.2683	.82401
Professional Bodies	41	3.5854	.90762
Education Level of accountants	41	3.5244	.88531
Company Size	41	3.5366	.86884
Initial Cost	41	3.4878	.82906
Culture	41	2.9350	.71964

This study computed the mean of each variable to conclude the accountants' perception and opinion on each variable. Table 4.15 shows the mean of IFRSs adoption, government policy, capital market, economic growth, international environment, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture are 3.79, 3.72, 3.50, 3.51, 3.27, 3.59, 3.52, 3.54, 3.49 and 2.93, respectively. The mean of all variables is more than 3.50, except for culture.

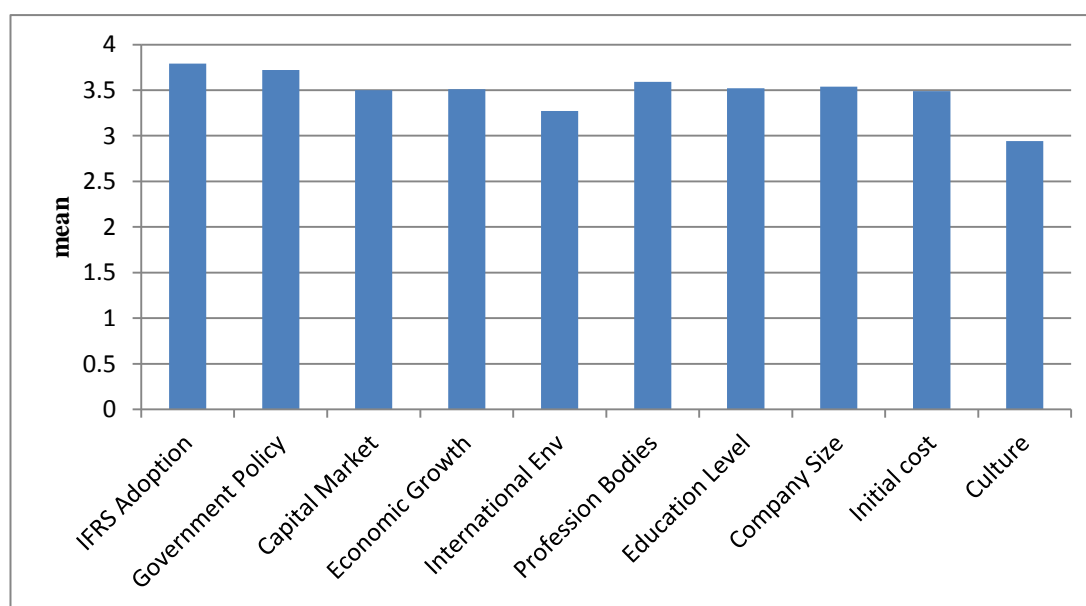


Figure 4. 13

Summary of Descriptive Statistics of Variables

Overall, the majority of respondents perceive the benefits of adopting IFRSs in Yemeni companies. However, the respondents believe that the lack of government policy, absence of capital market, lack of economic growth, lack of professional bodies, weakness in the education level of accountants, the small size of the companies and initial cost of IFRSs adoption affect the adoption of IFRSs in Yemen while the international environment has a weak effect on IFRSs adoption. In addition, the Yemeni culture does not affect IFRS adoption. This can also be seen graphically as in figure 4.13.

4.2.3 The Independent Sample T-test

This study used an independent-samples t-test to examine the significant differences between the practitioners and academicians responses by comparing the respondents' mean. The independent sample t-test indicated that no significant difference existed among the two independent samples if p-value is more than 0.05.

The respondents were divided into academicians and practitioners based on their previous occupation. The first group include those who are lecturers and the second group include those accountants, auditors, managers and government agency officers.

4.2.2.1 IFRS Adoption

Table 4. 16
Comparison of Responses of IFRSs Adoption

IFRS adoption	Academicians		Practitioners		T-test Sig (p-value)
	Mean Response	Std Dev	Mean Response	Std Dev	
Investors would benefit	3.88	1.227	4.06	1.249	.642
will produce comparable	3.96	1.083	4.18	.883	.498
achieving global acceptance	3.54	1.062	3.71	.849	.600
minimize barriers to	3.67	1.007	3.94	1.144	.421
establishing capital markets					
strengthen the efficiency and	3.67	.868	3.59	1.278	.816
cost-effectiveness					
Establish cost efficiencies for	3.46	.977	3.88	1.111	.204
multinational companies.					
Improve the quality of financial	3.96	1.334	3.88	1.269	.856
reporting.					

Table 4.16 shows there is no significant difference between academicians and practitioners on their perception of IFRSs adoption.

4.2.2.2 The Requirement and Expected Period of IFRS Adoption

Table 4. 17
Comparison of Responses on the Requirement and Expected Period of IFRS Adoption

Required and expected of IFRS adoption	Mn	Mx	Academicians		Practitioners		T-test Sig (p-value)
			Mean Res.	Std. Dev.	Mean Res.	Std. Dev.	
Should IFRSs be adopted in Yemen?	1	2	1.88	.338	1.76	1.249	.368
How soon do you expect IFRSs to be adopted in Yemen?	1	5	3.17	.917	3.29	1.105	.689

Table 4.17 shows there is no significant difference between the opinion of academicians and practitioners on the requirement and expected period of IFRSs adoption in Yemeni companies.

4.2.2.3 Factors Affecting the Adoption of IFRS

➤ Government Policy

Table 4. 18

Comparison of Responses on Government Policy

Government Policy	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std. Dev.	Mean Response	Std. Dev.	
Politics is one of the major barriers	3.67	.963	3.76	1.200	.773
Political instability plays a significant role in non-adoption IFRS	3.79	.977	3.76	1.147	.936
Weakness of the current Yemeni government affects the decision to adopt IFRSs	3.79	.932	3.82	1.131	.922
Weak governance of Yemeni government does not encourage Yemeni companies to adopt IFRSs.	3.71	1.042	4.12	1.111	.235
Absence of Yemeni government plans on issues pertaining to IFRS leads to non-adoption of IFRSs in Yemen.	3.75	.794	3.94	1.197	.542
The legal system of Yemen affects the adoption of IFRSs in Yemen.	3.42	.929	3.18	1.185	.471

Table 4.18 shows there is no significant difference between the opinion of academicians and practitioners on government policy items.

➤ Capital Market

Table 4. 19

Comparison of Responses on Capital Market

Capital Market	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std. Dev.	Mean Response	Std. Dev.	
Absence of capital market in Yemen makes it difficult for the adoption of IFRSs in Yemen.	3.67	.963	4.00	1.061	.302
The accounting standards and adoption of IFRSs in Yemen will not improve due to the absence of capital market.	3.54	.977	3.47	1.179	.834
Lack of open commercial banks does not support adoption of IFRSs in Yemen.	3.17	1.007	3.24	1.033	.833

Table 4.19 shows there is no significant difference between the opinion of academicians and practitioners on the capital market items.

➤ **Economic Growth**

Table 4. 20
Comparison of Responses on Economic Growth

Economic Growth	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
Lack of economic growth in Yemen greatly influences the adoption of IFRSs in Yemen.	3.58	.830	3.41	1.460	.666

Table 4.20 shows there is no significant difference between the opinion of academicians and practitioners on the economic growth variable.

➤ **International Environment**

Table 4. 21
Comparison of Responses on International Environment

International Environment	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
Lack of agreement among all countries on adoption of a single set of global accounting standards issued by the International Accounting Standards Board (IASB) affects the adoption of IFRSs in Yemen.	3.25	.897	3.18	1.015	.808
Weak external influence (e.g., from the World Bank) affects the adoption of IFRSs in Yemen.	3.00	.978	3.35	.996	.266
Lack of coordination and collaboration between global and internal regulators influences the adoption of IFRSs in Yemen.	3.42	.881	3.47	1.375	.888

Table 4.21 shows there is no significant difference between the opinion of academicians and practitioners on the international environment items.

➤ **Professional Bodies**

Table 4. 22

Comparison of Responses on Professional Bodies

Professional Bodies	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
Yemeni professional accountancy bodies do not encourage companies to adopt IFRSs in Yemen.	3.29	1.083	3.59	1.417	.452
Lack of availability of competent specialists in Yemen regarding IFRS influences the adoption of IFRSs in Yemen.	3.29	.908	3.94	.966	.034
Lack of training to the members of the professional bodies on IFRSs affects the adoption of IFRSs in Yemen.	3.63	.970	4.06	1.029	.177
Lack of proper instructions from professional bodies influences the adoption of IFRSs in Yemen.	3.46	.884	3.71	1.105	.431
Lack of technical skills and inadequate knowledge of Yemeni professional accountants influences the adoption of IFRSs in Yemen.	3.21	1.103	3.65	1.222	.237

Table 4.22 shows there is no significant difference between the opinion of academicians and practitioners on the items of professional bodies, except for item 2, for which the t-test p-value is 0.034, which means there is a significant difference between them for item 2. The practitioners are strongly agreed that the Lack of availability of competent specialists in Yemen regarding IFRS affect the adoption of IFRSs in Yemen while the academicians have a weak agreement on this.

➤ **Education Level of Accountants**

Table 4. 23

Comparison of Responses on Education Level of Accountants

Education Level of Accountants	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
Weak education level of accountants (e.g., most of the current accountants only have diplomas) affects the adoption of IFRSs in Yemen.	3.21	1.103	3.76	1.251	.140
Lack of competency in English language among accountants affects the adoption of IFRSs in Yemen.	3.42	1.176	3.59	1.176	.648
Lack of coverage on IFRS in financial accounting textbooks in Yemeni universities influences the adoption of IFRSs in Yemen.	3.42	1.060	3.71	.985	.381
Lack of accounting programs to obtain sufficient education and training in IFRSs affects the adoption of IFRSs in Yemen.	3.54	.977	3.76	1.300	.534

Table 4.23 shows there is no significant difference between the opinion of academicians and practitioners on the education level of accountants' items.

➤ **Company Size**

Table 4. 24

Comparison of Responses on Company Size

Company Size	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
Lack of international operations among companies influences the adoption of IFRSs in Yemen.	3.58	.830	3.65	1.455	.872
Lack of capital among Yemeni companies influences the adoption of IFRSs in Yemen.	3.50	.885	3.53	1.328	.933
Lack of subsidiaries among Yemeni companies influences the adoption of IFRSs in Yemen.	3.50	.933	3.65	1.057	.640
Low profitability of Yemeni companies affects companies' attitude to adopt IFRSs.	3.29	.955	3.71	1.105	.207

Table 4.24 shows there is no significant difference between the opinion of academicians and practitioners on the company size items.

➤ **Initial Cost of IFRS Adoption**

Table 4. 25

Comparison of Responses on Initial Cost of IFRS Adoption

Initial Cost of IFRS Adoption	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
Initial cost of adoption and implementation of IFRS related to training of personnel influences the adoption of IFRSs in Yemen.	3.54	1.021	3.59	.795	.876
Initial cost of adoption and implementation of IFRS related to double reporting influences the adoption of IFRSs in Yemen.	3.46	.977	3.41	1.064	.886
Initial cost of adoption and implementation of IFRS related to consulting services influences the adoption of IFRSs in Yemen.	3.42	.929	3.35	.996	.835
Initial cost of adoption and implementation of IFRS related to implementation of computerized information systems influences the adoption of IFRSs in Yemen.	3.50	.834	3.65	1.169	.640

Table 4.25 shows there is no significant difference between the opinion of academicians and practitioners on the initial cost of IFRSs adoption items.

➤ **Culture**

Table 4. 26

Comparison of Responses on Culture

Culture	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Res.	Std Dev.	Mean Res.	Std Dev.	
Perceived uncertainties about IFRS influence the adoption of IFRSs in Yemen.	3.42	.974	3.00	1.118	.212
Differences in Yemeni culture and religion influence the adoption of IFRSs in Yemen.	2.50	.885	2.76	.831	.339
Unsuitability of some IFRS procedures to the Yemeni environment influences the adoption of IFRSs in Yemen	3.08	.830	2.76	1.033	.280

Table 4.26 shows there is no significant difference between the opinion of academicians and practitioners on culture items.

4.2.2.4 Summary of T-test of Variables

Table 4. 27
Overall Comparison of Responses

variable	Academicians		Practitioners		T-test Sig. (p-value)
	Mean Response	Std Dev.	Mean Response	Std Dev.	
IFRS adoption	3.7321	.94321	3.8908	.95502	.601
Lack of government policy	3.6875	.72451	3.7647	.74316	.741
Absence of capital market	3.4583	.77280	3.5686	.94107	.683
Low of economic growth	3.5833	.82970	3.4118	1.46026	.666
Weak of international environment	3.2222	.79044	3.3333	.88976	.676
Lack of professional bodies	3.3750	.82633	3.7882	.96299	.149
Weakness of education level	3.3958	.82065	3.7059	.96516	.275
Small size of companies	3.4688	.70831	3.6324	1.07208	.559
Initial cost of IFRS adoption	3.4792	.78684	3.5000	.91001	.938
Yemen culture	3.0000	.65201	2.8431	.81750	.499

From Table 4.27, it can be seen that there is no significant difference between the opinion of academicians and practitioners on all variables. This can also be seen graphically as in figure 4.14.

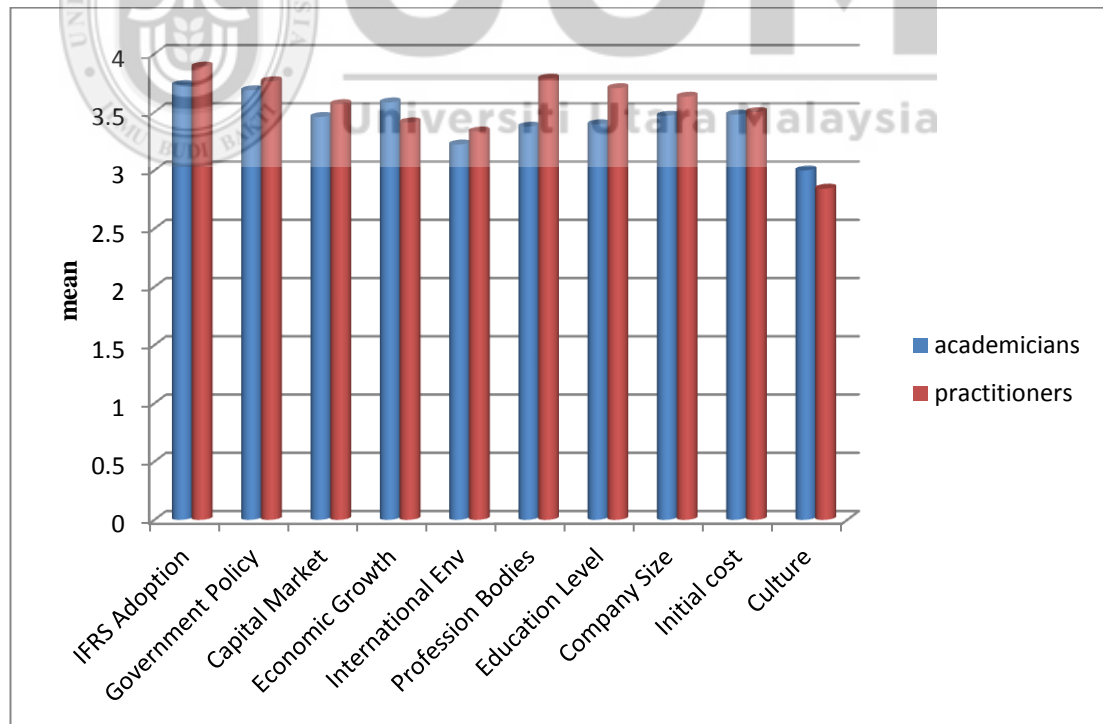


Figure 4. 14
Overall Comparison of Responses

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents a discussion of the results of this study, the Implication of this study, limitations and recommendations for future research and conclusion.

5.1 Discussion

The objectives of this research are: (i) to examine the accountants' perception of IFRSs adoption; (ii) to examine the accountants' opinions on the requirement and expected period for the adoption of IFRSs in Yemeni companies; (iii) to examine the accountants' opinion on whether or not the following factors (government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture) affect the adoption of IFRSs in Yemen; and (iv) to examine the different perspectives of academicians and practitioners regarding IFRSs adoption and the factors affecting it.

Regarding to the first and second objective of this study, most of respondents agree with the benefits/useful of IFRSs adoption. This result concurs with several studies (Aljifri & Khasharmeh, 2006; Ball, 2006; Street *et al.*, 1999; Thomas, 2009; Tyrrall *et al.*, 2007; Zeghal & Mhedhbi, 2006).

The majority of respondents (82.9%) in this study agree that Yemeni companies should adopt IFRSs. This result concurs with El-Firjani and Faraj (2014) where a vast majority (more than 80%) of their interviewees agreed that Libya should adopt

IASs. In Yemen case, there are no domestic accounting standards or laws on accounting in Yemen, the respondents' perception of IFRSs is useful and they agree about that Yemeni companies should adopt IFRS.

Regarding to the expected period for IFRSs adoption in Yemeni companies, 29.3% of respondents expected it within three to five years; 29.3% expected it within six to 10 years; and 31.7% expected it in more than 10 years. Meanwhile, four respondents (9.8%) stated it will not be adopted at all. This result is in line with Rezaee *et al.* (2010) who found that almost half of their respondents expected that IFRSs adoption will be completed within 3-5 years, while the other half expected to achieve convergence with international standards within 6-10 years. In Yemen case, The Yemen's environment is different and need more time to be able to adopt IFRSs. There are several factors affect the adoption of IFRSs on currently. All respondents agree that it is impossible for Yemeni companies to adopt IFRSs within one to two years.

Regarding to third objective of this study, the respondents believe that the lack of government policy affects the adoption of IFRSs in Yemen. This result is consistent with previous studies found that government policy affect the adoption of IFRSs (Al-Shammari *et al.*, 2008; Mir & Rahaman, 2005; Zezhong Xiao *et al.*, 2004). In Yemen case, the politics is unstable which affect the IFRSs adoption decision, started from "the Arab Spring events" on 11 February, 2011 then Acquisition Houthi group on political decision in Yemen after being driven by government authorities.

Pertaining to capital market, the respondents believe that the absence of capital market affects the adoption of IFRSs in Yemen. This result concurs with previous studies which found that capital market influence the IFRSs adoption (El-Firjani & Faraj, 2014; Gyasi, 2010; Zeghal & Mhedhbi, 2006). In Yemen case, the absence of capital market in Yemen neither attracts investors nor developed accounting standards in Yemen.

Pertaining to economic growth, this study found that the lack of economic growth affects the adoption of IFRSs in Yemen. This result is in agreement with previous studies found that IFRSs adoption is more likely by developing countries which have high economic growth (El-Firjani & Faraj, 2014; Gyasi, 2010; Shima & Yang, 2012; Zeghal & Mhedhbi, 2006). In Yemen's case, the Gross Domestic Product (GDP) Annual Growth Rate reported by the Central Statistics Office during 2006 to 2014 is 5.14, 4.64, 3.48, 3.6, 3.9, 7.7, -10.5, 0.1 and 4.4, respectively (Central Statistics Office, 2015). The economic growth is very low which may affect the adoption of IFRSs.

Pertaining to international environment, the respondents believe that a weak international environment affects the adoption of IFRSs in Yemen. This result is in line with previous studies that found that international institutions are a main factor in influencing the decision to adopt IFRSs (El-Firjani & Faraj, 2014; Gyasi, 2010; Hassan *et al.*, 2014; Joshi & Ramadhan, 2002; Mir & Rahaman, 2005). In Yemen's case, the international environment such as WB have no role in the process of IFRSs adoption due to that Yemen has typically relied on oil revenues for approximately

70%. Currently, WB and other international organizations may be suspend all his operations in Yemen due to the on-going political crisis.

Regarding to professional bodies, the respondents believe that the lack of professional bodies affects the adoption of IFRSs in Yemen. This result is in line with previous studies (Mir & Rahaman, 2005; Uyar & Güngörmüş, 2013). In Yemen case, Al-Ariqi, 2004 cited in Al-Sokhimi (2009) stated that accounting and auditing has not developed by YACPA. This is due to the lack of financial resources and supporting from other related institutions.

Pertaining to education level of accountants, this study found that the weak education level of accountants affects the adoption of IFRSs in Yemen. This result concurs with previous studies found that the lack of training programs, poor command of English language among preparers and the non-inclusion in the accounting curriculum of the IFRS affect the IFRSs adoption (Al-Shammari *et al.*, 2008; El-Firjani & Faraj, 2014; Zehri & Chouaibi, 2013). In Yemen's case, it is an Arabic-speaking country. Also, the level of PhD and master's are smaller than Bachelor's degree. However, the majority of respondent (58.6%) agree that the current accountants worker in Yemeni companies only have diplomas which it consider the major obstacles for IFRSs adoption because they only the ones responsible to deal with IFRSs.

Pertaining to company size, this study found that the small size of companies affects the adoption of IFRSs in Yemen. This result is aligned with (Aljifri & Khasharmeh, 2006), who found that size of companies in the UAE has a major effect on the level

of IASs adoption. In Yemen case, most of local investors prefer to invest outside country due to Yemen political instability. Moreover, the absence of capital market does not encourage investors to invest in Yemen.

In terms of initial cost of IFRSs adoption, this study found that the initial cost of IFRSs adoption affects the adoption of IFRSs in Yemen. This result concurs with previous studies found that the initial adoption of IFRSs will be costly (Kilic *et al.*, 2014; Tyrrall *et al.*, 2007). In the case of Yemen, lack of education level of accountants, lack of competent specialist regarding IFRS will be costly for companies who have attention to adopt IFRS.

Pertaining to culture, this study found that Yemeni culture does not affect the adoption of IFRSs in Yemen. The result of this study does not concur with previous studies, such as Chand *et al.* (2012), who found that the national culture has a significant impact on students' judgment on the interpretation and implementation of selected IFRSs and contains expressions of uncertainty. The different result of present study may be due to that all respondents are staying in Malaysia for long time which means that they may be affected by outside environment. Results of this variable may be different if the respondents live in Yemen.

Regarding to forth objective, examined the different perspectives of practitioners and academicians, the result of this study shows that there is no significant difference between the perception of practitioners and academicians on all variables include in this study. This is due to that all of respondents have either PhD or masters with more experience after they obtained their Bachelor's degree.

5.2 Implication of This Study

5.2.1 Literature Implication

Currently, more than 120 countries have been required or allowed to implement IFRSs or converge local standards with IFRSs. As mentioned earlier, most research in this area has been conducted in developed countries; only a few studies have been undertaken in developing countries. The present study conducted in Yemen as a developing country to enhance the arguments for or against the adoption of IFRSs.

Further, this study includes extensive factors (government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture) which affect the adoption of IFRSs. In doing so, this study contributes to the extant literature and provides conclusive evidence concerning IFRSs adoption and factors affecting it based in Yemen country.

5.2.2 Practical Implications

The finding of this study may have several practical implications to the policy-maker and companies' stakeholder, especially shareholders in Yemen as below:

- It may help the investors and owners of companies as well as the public interest to understand the concept of IFRSs and the benefits of IFRSs adoption.
- It may encourage investors and the owners of companies as well as policy-makers to either adopt IFRSs or prepare a plan to converge their local accounting standards to IFRSs.

- It is in agreement with the effort of YACPA on the need to quickly adopt IFRSs and follow-up on the implementation of IFRSs as soon as an investigation on the usefulness of the application of standards.
- It may help YACPA and policy-makers to understand the factors which affect IFRSs adoption in Yemeni companies and consider these factors in their plans. Then, they should play a great role to control and force the accountants to follow the IFRSs.
- Based on this study's findings, it is important for the Yemeni government to supports the adoption of IFRSs. Measures should be taken to solve the problem of corruption and to achieve political stability. Some other suggestions are the government must build the confidence of investors and provide training to enhance the competencies of accountants. Policy-makers themselves must be highly educated to be able to help the Yemeni government to be strong and engage in plans for IFRSs adoption.
- The absence of capital market in Yemen has a huge effect on the adoption of IFRSs. The government must make plans to establish a capital market in the near future to encourage foreign investors to invest in Yemen and attract global institutions, such as the WB and IMF to invest in Yemen.
- Education level of accountants plays a major role in adoption of IFRSs. The government and professional bodies must help to increase the level of accountants' education. Training programs on IFRSs are needed. Textbooks should include curricula on IFRSs at university level of study.

5.3 Limitations of Study and Recommendations for Future Research

As other studies, this study has its limitations that can limit the generalization of its findings. One of the limitations is that this considered only Yemeni post-graduate students in the field of accounting in Malaysian Universities. Results of this study may be different whether the sample in Yemen. This is because the respondents may have been away from Yemen for long a time.

Another limitation is that the sample of this study is very small due to the small population. This happened because of the unstable condition in Yemen currently, especially war in almost all regions of Yemen. Another limitation of this study is that it focuses only on accountants due to the lack of finance professionals and the absence of a stock exchange in Yemen.

Therefore, future research may embark on examining the same topic by considering the Yemeni post-graduate student in the field of accounting in Yemen University, or may use the organization unit analysis by considering the Yemeni companies, or may use the group unit analysis by considering the lectures, accountants, auditors, managers, finance, policy-makers located in Yemen. The number of respondents should be increased. Moreover, future research may embark on examining whether or not accountants or companies are ready to embrace IFRSs.

5.4 Conclusion

The debate on the decision to adopt and not to adopt IFRSs is on-going. The number of countries that have adopted IFRSs has increased. The objective of this research is to examine the accountants' perception of IFRSs adoption in Yemeni companies and

their perception of whether or not IFRSs should be adopted in Yemen. In addition, this study examines the accountants' opinion on whether or not the following factors –government policy, capital market, economic growth, external environment/international exposure, professional bodies, education level of accountants, company size, initial cost of IFRSs adoption and culture affect the adoption of IFRSs in Yemen.

The data was collected by using an electronic questionnaire which was distributed to 48 Yemeni postgraduate accounting students in public universities in Malaysia. A total of 41 were received from respondents. The questionnaire comprised four sections: demographic background, perception of the adoption of IFRSs in Yemeni companies, perception of factors affecting the adoption of IFRSs in Yemeni companies and opinion on the requirement and expected period for the adoption of IFRSs. The SPSS was used to analyse the data collected from respondents.

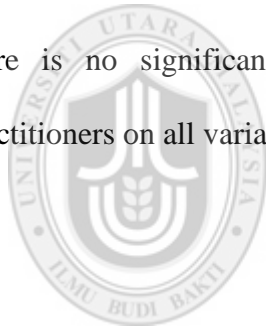
The results of this study show that the accountants' perception of IFRSs adoption in Yemeni companies is that IFRSs will be beneficial for investors, will produce comparable financial reporting worldwide, help Yemen achieve global acceptance, minimize barriers to establishing capital markets and engaging in global competition for capital, strengthen the efficiency and cost-effectiveness of global capital allocation, establish cost efficiencies and proper processes for multinational companies and improve the quality of financial reporting.

Regarding the question, "Should IFRSs be adopted in Yemen?", the percentage of respondents who agree with this question is 82.9%, which is considered a high

percentage. None of the respondents expect that IFRSs adoption will be within one to two years but many respondents expect that the adoption of IFRSs in Yemen will take within 3years to 10 years.

The respondents believe that the lack of government policy, absence of capital market, lack of economic growth, weak international environment, lack of professional bodies, weak education level of accountants, small size of company and initial cost of IFRSs adoption affect the adoption of IFRSs in Yemen; while they do not believe that culture affects the adoption of IFRSs in Yemen.

By examined the different perspectives of practitioners and academicians responses, there is no significant difference between the opinion of academicians and practitioners on all variables.



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