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Economic Consequences of International Financial Reporting Standards (IFRS) Adoption: Evidence from a Developing Country

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Abstract: Drawing on extant literature in accounting and financial economics, this study sought to analyze the economic consequences of the adoption of International Financial Reporting Standards (IFRS) by Nigeria through an examination of the major obstacles, benefits and attitudes towards its adoption. As an exploratory study, we drew a sample from the population of Nigerian academics and practitioners who are familiar with the phenomenon of interest. We examined three research questions on the perceptions of Nigerian academics and practitioners about IFRS adoption in Nigeria. The hypotheses were tested using frequency analysis, descriptive statistics, Kruskal-Wallis (K-W) and Chi-square tests. Our findings identified (i) lack of education, understanding and experience by preparers of financial reports with the use of IFRS; and (ii) lack of coverage of IFRS in financial accounting/auditing textbooks as the major obstacles towards its adoption in Nigeria. The results further revealed that: (1) effective IFRS adoption would be valuable to preparers, users, auditors, analysts, and standard setters; and (2) a proper plan to convert all Nigerian companies to IFRS would require training for management, auditors, and investors, along with the pipeline incorporation of IFRS education into accounting curriculum. The policy implication of the study's findings is the urgent need to integrate IFRS into the accounting curriculum in Nigeria's higher education system. It also calls for financial regulators and professional accountancy bodies to update their IFRS knowledge in order to maintain their professional competence.

Keywords: Accounting Standards, International Financial Reporting Standards (IFRS), Economic Consequences, Developing Country, Politics, Lobbying, Nigeria.

1. Introduction

It has long been an article of faith that the IFRS will not only become a common global accounting and financial language, but will completely reshape the architecture of financial reporting. Despite the spate of research on IFRS, the question about the economic consequences of its adoption for developing countries has hardly been investigated and therefore remains a matter of empirical concern. Because of developing countries' quest for global competitiveness and aspiration to mitigate the prevalence of poverty, diseases, education backwardness and other indicia of underdevelopment, most of these countries have joined their developed counterparts as a matter of 'if you can't beat them, join them". Some countries have simply adopted IFRS as a matter of fulfilling membership obligation of global bodies such as the World Trade Organization (WTO), global accounting bodies like the International Federation of Accountants (IFAC) and/or mandated by the World Bank (WB) and International Monetary Fund (IMF), without evaluating its economic effects in their jurisdictions. This perhaps explains why the literature on the economic consequences of IFRS adoption is sparse, particularly so in developing countries (see Lin, 2012).

The IFRS adoption anxiety has become not only crucial but has called for urgent concerted efforts on the part of all concerned (government, the accountancy profession and the private sector). This urgency derives mainly from the joining of time constraints – given lost time and missed deadlines – with the enormous resources (human and financial) required to ensure a seamless transition. From a historical perspective, the development of a strong international financial reporting architecture has been of longstanding interest to and has elicited (and still elicits) frequent commentary from accounting academics and professionals and men of affairs (business leaders, politicians, labour leaders, and regulators). This perspective is reinforced by the fact that accounting is shaped by economic and political forces (Watts, 1977; Watts and Zimmerman, 1986). The key role played by financial reporting in economic development nationally and globally is a *prima facie* indication of its impact in ensuring a strong investor confidence which is vital to the optimal functioning of financial markets and, consequently, to economic development.

The adoption of IFRS across the world, Nigeria inclusive, represents a watershed in the annals of accounting development. The globalization of economic activities juxtaposing increasing integration of national economies and markets has resulted in an increased demand for high quality, internationally comparable financial information. In the new globalized cum integrated world, companies and investors operate beyond borders with their boundary spanning capabilities; they have foreign affiliations in various forms. Banks establish foreign branches and correspondent banking relationships in several countries to service the incremental dimensions of their growing portfolio of international customers. Foreign companies and their nationals, development partners, international donor agencies, civil society organizations (CSOs) and non-governmental organizations (NGOs), all traverse the global space of accounting and finance.

One of the discontents of globalization is the growing inequality between the Western (developed) economies and developing and less developed countries (DLDCs), whether it is trade and commerce, energy and environmental policies, or in geopolitics in general. In relation to the geopolitics, most DLDCs are economically weak due to lack of domestic capacity and weak social and physical infrastructure resulting in low export prices and significant terms-of-trade decline. Furthermore, the DLDCs as a whole have not done well in organizing themselves to coordinate substantial policy and negotiating positions or strategy in relation to the discussions and negotiations of the WTO, IMF, WB as well as other forums (Khor, 2005). Thus, despite the deepening interdependence between national markets and economies, there is nevertheless an undeniable underlying reality that the world is constrained by people and economies fractured by strongly held beliefs, values, feelings, and practices that seem intractable to reconcile. These differences permeate all facets of human understanding and practices, in which accounting, finance and international business in general are no exception. Nation states and businesses need to understand and reconcile each other's accounting principles upon which resident companies prepare their financial statements, since it is at least universally acknowledged that accounting is the language of business. The trajectory of this harmonization journey has been long, windy and tortuous. The IFRS are a testament to the many years of international harmonization dialogue: they are boldly designed to guide the accounting profession and business across the world into the global reality, showing businesses and nation states the simplicity of uniform standards on the other side of the complexity, illuminating insights and skills required to deal with contentious accounting dynamics in the 21st century of integrated economies and markets.

The transition to a global uniform framework is, therefore, an eloquent authentication of the international consensus on IFRS as benchmarks for assessment of the financial health of economic entities across the globe. This consensus is premised on the fact that increasing integration of regional and global markets in the presence of financial statement comparability influences business decisions in many ways. Since IFRS adoption reflects a fundamental shift in national as well as global accounting systems and professions, their economic consequences are bound to evoke a lot of discourse. The dialogue is intended to create greater professional and public awareness about their dimensions and ramifications in a country. For example, before the European Union decided on IFRS adoption, it commissioned a lot of research and public discourse with key stakeholders involving the universities and the accountancy profession across Europe. In the U.S. a lot of research, public discussions and policy dialogue have been going on preparatory to the country's adoption in 2014. This spate of preparation has been absent in most DLDCs, especially Africa. In many DLDCs, it is the national standard-setting bodies that have been involved in limited public engagement and enlightenment campaigns. Their capacity is severely constrained by lack of funds. In Nigeria, the involvement of Ministries, Departments and Agencies of Government (MDAs), financial regulatory bodies and large corporate organizations in training and/or supporting national awareness and seamless transition to this all-important global financial reporting language has been at best limited and at worst lethargic. Earlier studies, such as Herbert et al. (2013), have shown that despite adopting IFRS, Nigeria's readiness for their implementation was still uncertain and remained inchoate. Although sketches of empirical attention to IFRS are springing up in Nigeria, these are fundamentally peripheral: the main issues remain largely unresolved. One particular area requiring systematic inquiry is the economic consequences of IFRS adoption in Nigeria.

The main purpose of this study is to bridge this gap by assessing the effects of IFRS adoption in a developing country, Nigeria through a comparative assessment of the perspectives of academics and practitioners regarding the economic consequences (obstacles and benefits) of IFRS adoption. A related objective is to ascertain the attitudes of the respondents towards IFRS adoption. The remainder of this paper is organized as follows: section 2 provides a review of the related literature and the research questions and hypotheses; section 3 articulates the research methodology; and section 4 presents the results and discussion. Section 5 summarizes and concludes the paper.

2. Review of Related Literature

2.1. The Contentious Concern about Economic Consequences

The task of International Accounting Standards Board (IASB) is an arduous one, especially in relation to the requirement to consider the economic consequences of their decisions. For long, accounting researchers have been interested in the extent to which "external forces" - essentially politics - affect accounting standard-setting. Apart from the literature evidence dating back to the 1970s with the works of Beaver (1973), Rappaport (1977), Watts (1977), Wyatt (1977), Watts and Zimmerman (1978) and Zeff (1978), a casual observation of the standard-setting process gives a picture of the influence of politics in the determination of accounting standards. This view is shared by Gipper *et al*. (2013). The concern about the economic and social consequences of accounting standards setting reached a crescendo in the late 1970s that the Financial Accounting Standards Board (FASB) was obligated to commission research papers on the economic consequences of selected standards and held a conference devoted to the subject (FASB, 1978). The utility argument of convergence to a single set of international accounting (as well as international auditing) standards proceeds from the notion that the world is best served by a common set of standards applicable to all economic entities that provide financial statements which are reasonably comparable. Ostensibly, without such a common set of standards, each enterprise could, and would, develop its own theory structure and set of practices, resulting in non-comparability among economic entities. As promulgated by the IASB, the IFRS constitute generally accepted accounting principles and dictate acceptable financial accounting and reporting practices.

A close examination of the Conceptual Framework of financial reporting reveals a subtle characterization of the economic consequences issue. The fundamental purpose of financial reporting, and hence the priority of standard setters, is to facilitate the decision-making of users of financial reports. Thus, the objective of general purpose financial reporting is to provide information to users that is useful for making and evaluating decisions about the allocation of scarce resources. The presumption, therefore, is that the development trajectory (that is, the standard setting process) of the IFRS as a common global accounting and financial language has taken economic consequences into sufficient consideration. Nevertheless, the observation of Collett (1993) is apt that the "extent to which standard setters in accounting should be required to take into account the economic consequences of their decisions remains a difficult and contentious problem".

The historical concern about economic consequences of accounting standards stems from the numerous sources of pressure on both the standard-setting process and the standards themselves. The most intense and continuous influence-peddling pressure on accounting standards setting and/or principles comes from the following groups: large multinational companies, the global big 4 accounting firms, industry associations, governmental agencies, academics, business leaders, professional accounting organizations, and public opinion. The configuration of these stakeholder pressure groups has political content or connotation to the extent that the intendment of each group is to extract or skew the standards to favour its agenda. Clearly the harmonization of different national accounting standards and the evolutionary process of IFRS could not have been circumscribed by purely professional considerations; the metrics of eliminating or reducing many of the major differences in accounting standards *ipso facto* involves political disentanglement of the political variables as well as their technical ramifications. This nebulous process was placidly characterized by Choi and Mueller as "an endeavour of conflicts" (1984: 470).

In its pristine usage, the term 'economic consequences' referred to the impact of accounting reports on the wealth positions of preparers/issuers and users of financial information and the decision-making behavior resulting from that impact. Since the 1960s, the accounting profession, especially from the developed countries (mainly USA, UK, Canada, Australia, New Zealand, and Japan) has shown concern about the impact of accounting reports on the decision-making behavior of businesses, investors, creditors, organized trade unions, governments and government agencies. "The rise of economic consequences in the 1970s was a reflection of the perception that (a) "external forces" had infiltrated the standard-setting process and (b) the impact of accounting reports on decision making was the most challenging accounting issue" (Zeff, 1978). The term basically implicates cause and effect relationship. Precisely, with respect to standard-setting, economic consequences are about the economic incentives associated with accounting standards or principles which might otherwise motivate or incentivize pressure groups and therefore give them some leverage over other interest groups. Because accounting is shaped by not only economic but also political forces (Watts and Zimmerman, 1986), and because" the true preoccupations of the intervening third parties have not always been made clear" (Zeff, 1978) or can altruistic predisposition be thereto assigned, it is conjectural that the IASB had factored the economic consequences concern in its elaborate due process procedure prior to issuing the IFRS.

As aforementioned, the standards-setting process provides powerful international stakeholder groups – developed economies (especially leading members of IFAC), large multinational companies, the big4 global accounting firms, large industry associations, governmental agencies, academics, business leaders, and professional accounting organizations - an opportunity to present considerations beyond technical accounting (commonly referred to as accounting principles or conceptual issues) to the IASB. This is expected because accounting information impacts various user groups and stakeholders in diverse ways, with consequences for wealth transfers among the various groups. To the extent that political considerations overtly or covertly play an important role in the development of accounting standards, such standards are bound to be subject to manipulation for the purpose of furthering the prevalent policy of the moment or the stratagems of the pressure groups. As Zeff (1978) argued, when corporate management began increasing their intervention in the standard-setting process, its true position was not altruistic. Their economic consequences arguments were disguised and couched in ways that suggested that they were genuinely concerned about unbiased and theoretically sound accounting measurements. In fact, what it was seeking was to advance its opportunistic proclivity in the economic consequences of published reports.

Thus, no matter how well intentioned the standards are, if their process is infiltrated by third parties or external forces whose true intentions are disguised, the issue of economic consequences would inexorably surface. Critical forces who have historically championed or taken more than a passing interest in international standard-setting or harmonization processes come mainly from: (i) developed market economies, (ii) large multinational corporations, (iii) multilateral government bodies (such as the OECD, EU, World Bank, IMF, WTO), and the big4 or 5 accounting firms. The putative interest of these parties, who also make large resource (financial and material) contribution to the international standard-setting process, is to foster international harmonization and regional market integration and political unions (like the EU). If their interest is designed to impose uniform accounting rules in the manner of 'one size fits all' (Ball, 2006), then the standards may suffer an irreplaceable loss of credibility and uniformity and comparability of financial reporting will also suffer in consequence.

As forcefully asserted by Albrecht (2010), all accounting standards have economic consequences. Several reasons are adduced to justify that if an accounting standard has no economic consequences, then the standard is not needed. For example, since financial statements are intended to provide information to investors for making investment decisions, the decisions resulting therein are themselves economic consequences. Second, since all human communication is persuasive, accounting information cannot be an exception as there is no such thing as an unbiased fact. In the same vein, Albrecht posits that there is no such thing as neutrality and objectivity in either accounting measurements or accounting standards. Furthermore, the actions that corporate executives take are themselves economic consequences of accounting standards. The economic consequences and the political nature of accounting standards setting flow from the basics of accounting theory and are justified on the following grounds (ibid):

1. There is no such thing as universal accounting truth.
2. Accounting standards do not equally benefit all affected parties.
3. Accounting standards all have economic consequences.
4. The caveat in the foregoing is that it is the responsibility of a country's government to serve as an appeal court of last resort and adjudicate between economic interests in the selection of accounting standards.

In general, when external forces hijack/influence, or when non-technical accounting considerations preoccupy the standard-setting process, or when individuals and groups that had been docile in accounting standard-setting have begun to show more than a passing interest through their active and powerful intervention in the process, and when these powerful stakeholder groups begin to invoke arguments that transcend those traditionally employed in accounting discussions, these "non-technical" or 'political" arguments, powerful as they are, evoke non-trivial connotation with economic and social consequences.

In the light of the foregoing, the implications of the economic consequences argument for IASB have become pertinent as the expectations of national and multilateral governments, civil society organizations, regulatory agencies and parliamentary committees, etc. heighten. In short, the society in general expects accounting standard setters to explicitly take into consideration the possible adverse consequences of proposed accounting standards. This expectation is now strongest because the anticipated economic and social consequences of uniform global accounting standards are not only significant and widespread but also have implications for economic and social policies of national importance. In the absence of documented evidence that the IASB has studied the possible consequences (as the FASB did in the late 1970s) and that the benefits of IFRS adoption outweigh the possible adverse consequences, studies of the present kind, however rudimentary, would be a useful addition to the literature on the phenomenon of interest.

2.2. Conceptual Framework

International convergence of accounting standards is not a new idea: the concept first arose in the late 1950s in response to post World War II economic integration and related increases in cross-border capital flows (Nobes, 2006). Initial efforts focused on *harmonization* which entailed reducing differences among the accounting principles used in major capital markets around the world. By the 1990s, the notion of harmonization was replaced by the concept of *convergence* - the development of a single set of high-quality, international accounting standards that would be used in at least all major capital markets (ibid).

The need to develop a unified set of accounting standards arose from international differences that curtailed investment opportunities (IFAC, 2008). Since accounting is affected by its environment, the culture of that environment contains the most basic value that an individual may hold; it also determines the value system of accountants. In using cultural differences to explain international differences in behaviour of accountants and in the nature of accounting practices, Gray (1988) suggests that a country with high uncertainty avoidance and individualism will be more likely to exhibit conservative measure of income and a preference to limit disclosure of those closely involved in a business.

Other factors that have contributed to international differences in accounting standards include inflation, tax method, and the legal system of a country. Jaggie and Low (2000) find, for example that companies in common law countries have higher level of disclosure. To bridge international differences, the International Accounting Standards Committee (IASC), was formed in 1973 by ten national professional accountancy bodies in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom and Ireland, and the United States of America. Its mission was to formulate and publish, in the public interest, basic standards to be observed in the presentation of audited accounts and financial statements and to promote their worldwide acceptance. The meeting of IASC and Financial Accounting Standards Board (FASB) on April 1, 2001 gave the convergence a new impetus. Since then, the move towards international standards has progressed rapidly and by 2009, the European Union and over 130 other countries either require or permit the use of IFRS issued by the IASB or a local variant of them.

The unification of the different accounting standards and the evolutionary changes that led to the development of IFRS has been a topical issue in the accounting world. Since the early 1970s, various attempts have been made and are still being made to eliminate or reduce many of the major differences in accounting standards through a process known as harmonization (Herbert, 2010). Indeed, because of the inherent difficulties at the time, internationalization of accounting standards was deemed as "an endeavour of conflicts" (Choi and Mueller, 1984: 470). This conflict is rooted in the process of standard setting which is politically motivated in some countries and, in others, through the private professional accountancy bodies. These national variations (or non-uniformity) in the process of standard setting inevitably gave rise to the prevalence of different standards in different countries.

2.2. A Critique of Uniform Standards of Financial Reporting Under IFRS

That the unbridled enthusiasm for IFRS adoption offers advantages, on the one hand, and poses challenges, on the other, is a familiar argument about the dynamic forces of international political economy. Ball's (2006) detailed conjectural treatment of the associated pros and cons of uniform financial reporting standards illuminates this study.

2.2.1 Positive effects of IFRS

At least five affirmative reliefs flow from adopting uniform reporting standards, the first three relating to voluntary adoption (i.e., without government fiat), while the remaining two are dictated by regulatory and user influences (Herbert, 2010). The first affirmative argument, which relates to scale economies, underlies all forms of uniform contracting: uniform rules need only be introduced once. They constitute a type of 'public good', in that the marginal cost of an additional user adopting them is zero, and nobody is disadvantaged by another using them. The second advantage of uniform standards is the protection they give auditors against managers playing an 'opinion shopping' game (Ball, 2006). If all auditors are required to enforce the same rules, managers cannot threaten to shop for an auditor who will give an unqualified opinion on a more favourable rule.

The third argument supporting uniform financial reporting is the potential of eliminating informational externalities arising from lack of comparability. If firms and/or countries use different accounting standards and techniques – even if unambiguously disclosed to all users – they can impose costs on others (in economics parlance, create negative externalities) due to lack of comparability. To the extent that firms internalize these effects, it will be advantageous for them to use the same standards as others - IFRS. The fourth advantage derives from the worldwide support from multinational corporations (MNCs), regulators and users because of the belief that common standards in the preparation of corporate financial statements will facilitate international comparability from different countries. Large MNCs operating in multiple jurisdictions would be able to use one accounting language company-wide and present group financial statements in the same language as their competitors. The fifth benefit is the belief that in a truly global economy, finance professionals will be more mobile, and companies will more easily respond to their group human capital needs around the world.

These advantages imply that the IFRS offer some degree of uniformity in accounting standards that is prospective in a market setting. In addition to the above, direct and indirect advantages of IFRS adoption for investors have been isolated. Direct advantages to investors include:

a) IFRS promise more accurate, comprehensive and timely financial statement information, relative to the national standards they replace for public financial reporting in most of the countries adopting them. To the extent that financial statement information is derived from IFRS sources, this should lead to more-informed valuation in the equity markets, and hence lower risk to investors.

b) Small investors are less likely than investment professionals to anticipate financial statement information from other sources. Improving financial reporting quality through uniform standards allows them to compete better with professionals, and hence reduces the risk of adverse selection through a better-informed professional (known as 'adverse selection') (Diamond and Verrecchia, 1991; Leuz and Verrecchia, 2000).

c) By eliminating many international differences in accounting standards, and standardizing reporting formats, IFRS eliminate many of the adjustments analysts historically make in order to make companies' financials more comparable internationally. IFRS adoption has the potential to reduce the cost of processing financial information. The gain would be greatest for institutions that create large, standardized-format financial databases.

d) Reducing the cost of processing financial information will most likely increase market efficiency, that is, the efficiency with which the stock market incorporates it in prices. Investors are expected to gain from increased market efficiency.

e) Reducing international differences in accounting standards assists to some degree in removing barriers to cross-border acquisitions and divestitures, which in theory will reward investors with increased takeover premiums (See Bradley et al., 1988).

In addition, IFRS offer several additional indirect advantages to investors. First, it is expected that IFRS should induce higher information quality which, in turn, should reduce the risk of equity investment and the risk to less-informed (naive) investors due to adverse selection. Theoretically, therefore, IFRS should lead to a reduction in firms' costs of equity capital, which would increase share prices, and make new investments more attractive, *ceteris paribus.* Another indirect advantage of IFRS is the potential improvement in transparency and usefulness of financial statement information in contracting between firms and other stakeholders, notably lenders and managers (Watts, 1977; Watts and Zimmerman, 1986). Increased transparency causes managers to act more in the interests of shareholders. In particular, timely loss recognition in the financial statements increases the incentives of managers to attend to existing loss-making investments and strategies more quickly, and to undertake fewer new investments with negative net present values (Ball, 2001; Ball and Shivakumar, 2005).

The increased transparency and loss recognition timeliness promised by IFRS therefore could increase the efficiency of contracting between firms and their managers, reduce agency costs between managers and shareholders, and enhance corporate governance. The potential gain to investors arises from managers acting more in their (i.e., investors') interests. In other words, the increased transparency and loss recognition timeliness promised by IFRS could increase the efficiency of contracting in debt markets - between firms and lenders - with potential gains to equity investors in terms of reduced cost of debt capital.

2.2.2 Prospective contrarian effects

It will be presumptuous to think that uniform financial reporting standards do not impose constraints that putatively constitute disadvantages to both preparers and users of accounting information. Arguments against uniform rules as embodied in IFRS in a voluntary setting are legion. First, it is not clear that uniform financial reporting *quality* requires uniform accounting *rules* (the 'one size fits all') (Ball, 2006). Uniformity in the eyes of the user could require accounting rules that vary across firms, across locations and across time. Since firms differ on myriad dimensions such as strategy, investment policy, financing policy, industry, technology, capital intensity, growth, size, political structure/scrutiny, and geographical location, the types of transactions they enter into also differ substantially. Countries differ in how they run their capital, labour and product markets, and in the extent and nature of governmental and political involvement in them. To the extent that these differences exist, it is yet to be seen if a unique optimum set of rules for all will receive universal acceptance and application.

Second, as is widely known, to develop a fully detailed set of accounting standards to cover every feasible contingency is a costly venture, so standards are not the only way of solving accounting method choices. Some type of 'functional completion' is required (Ball, 2006). For example, under 'principles based' accounting, general principles rather than detailed standards are developed in advance and then adapted to specific situations with the approval of independent auditors. It is, therefore, not optimal for all accounting choices to be made according to uniform standards. The third reason, that firms and/or countries using different accounting methods might not fully internalize the total costs imposed on others due to lack of comparability, does not have that property. It, therefore, provides a rationale for mandating uniformity. Fourth, there appears to be some concern that many countries that claim to be converging to IFRS may never get to 100% compliance. It is argued that most reserve the right to carve out selectively or modify standards they do not consider in their national interest, an action that could lead to incomparability — the very issue that IFRS seek to address (AICPA, 2008).

Fifth, a potential challenge for investors is the effect of IFRS on their ability to forecast earnings. One school of thought holds that IFRS will create better accounting standards and thus make reported earnings less noisy and more accurate, hence more 'value relevant'. The reasoning is that managers in low-quality reporting regimes (like Nigeria and Sub-Saharan African countries) are able to 'smooth' reported earnings to meet a variety of objectives, such as reducing the volatility of their own compensation, reducing the volatility of payouts to other stakeholders (notably, employee bonuses and dividends), reducing corporate taxes, and avoiding recognition of losses (Ball *et al.*, 2000). In contrast, earnings in high-quality regimes are more informative, more volatile, and more difficult to predict.

The sixth challenge of IFRS relates to the costs of adoption. These costs include staff training and education of personnel on how to prepare financial statements using IFRS principles (Nobes, 2006). A small company would feel the impact of its country's adoption of IFRS the same way a large company would feel. However, small businesses do not have enough resources at their disposal to implement the changes and train staff. This results in smaller companies bringing in accountants or other outside consultants to help effect the changeover. Thus, smaller companies are more likely to bear more of the financial burden than larger ones in IFRS convergence (Johnson and Leone, 2008). The transition cost implication may even be more in developing economies like Nigeria, with weak physical infrastructure to support seamless convergence.

The seventh disadvantage relates to the 'interesting qualities' of information (ibid). This is a situation in which accounting standard setters may think they can improve the usefulness of financial statements by reducing the number of permissible accounting alternatives. But those choices may reveal their secrets. A company that chooses the accelerated over the straight-line method of depreciation reveals the higher degree of confidence its managers have in the company's future. How else could it credibly reveal or signal such information to investors? Thus, the uniformity code of belief potentially ignores the signaling value of such choices.

Furthermore, the advantage of academic and professional freedom may be lost with the full acceptance and adoption of IFRS. Overcoming resistance from both academics and practitioners will be hard, as they are used to local accounting standards. The IFRS have shifted the focus of accounting education from preparing what professionals think as the best way to deal with any given event or transaction to telling professionals what the rulebook says (Ball, 2006). When the effect of standards on the attitudes of corporate managers and auditors is considered, then standardized rules may sometimes make it difficult to make judgments. The standards laid out for the treatment of particular issues might not be the best for a manager in the problem he is facing in his firm. Under the IFRS, the manager is fenced in, with no exit route for alternative accounting methods.

2.2.3 A summing up of potential economic consequences of IFRS adoption in DLDCs

Accounting choices like economic choices matter and hence they have economic consequences. The concern about the economic consequences of accounting policy choices began in the 1970s when the accounting profession, notably the American Accounting Association (AAA), became aware of the increasing influence of external forces in the standard-setting process (Zeff, 1978), or the economic impact of accounting standards (Watts, 1977). The economic consequences argument raises two major issues. First, it raises the consciousness of policy makers (government, regulators and congress committees) about the possible adverse consequences of proposed or extant accounting standards. Second, it raises an obligation on the part of accounting standard setters to take into explicit consideration the possible adverse economic consequences of proposed accounting standards. Both of these concerns are strongest where the economic consequences are thought to be significant and widespread (Zeff, 1978).

A number of studies have examined the economic consequences of the adoption of IFRS, with indicative evidence that IFRS adoption generally (a) improves quality of accounting information (Barth *et al*., 2008), and (b) reduces cost of equity capital (Daske *et al*., 2008; Li, 2010), even as their effects seem to vary by country and firm. Previous studies have largely focused on developed countries, with little known about the consequences of IFRS adoption in DLDCs (see, Lin, 2012). While a number of studies, such as Doidge *et al*.(2004), have suggested that IFRS adoption holds significant economic consequences for DLDCs, empirical evidence has been relatively sparse. A largely unexplored praxis is how IFRS will benefit Africa's economic development. Putatively, will IFRS contribute to or hamper African countries' economic development? Exploratory attempts to fill this lacuna in Africa include the works of Herbert (2010), Bova and Pereira (2012), Lin (2012), Madawaki (2012), and Herbert *et al*. (2013).

Lin's (2012) discussion of the empirical work of Bova and Pereira (2012) offers a three-way analysis of the economic consequences of adopting IFRS in DLDCs. In the main, he argues that IFRS are a good deal more significant and challenging for DLDCs than is commonly realized. In the main, because of the greater potential growth opportunities of DLDCs, they have greater incentives for better or improved information environment which will prospectively mitigate information asymmetry between firms and foreign investors.

2.3 Obstacles to IFRS Adoption in Nigeria

The challenges to IFRS adoption present opportunities for massive education and training of accountants, auditors, financial analysts, regulators, and all direct stakeholders in financial reporting. Apart from immediate changes in accounting curriculum in tertiary institutions offering accounting, increased seminars and workshops, as well as staff development programmes are critical awareness enhancement processes to a speedy development of IFRS convergence in Nigeria, and indeed any country. Intensification of IFRS education and creating proper awareness about the importance of IFRS to the economy will facilitate the rate at which market participants will embrace, transit, and implement it. Creation of awareness should start by making IFRS education compulsory in the curriculum of students both in colleges and universities. Training accountants, auditors, financial analysts, valuation experts through seminars, conferences will enlighten the mind of practitioners and lead to a successful implementation.

The large accountancy firms have not been of a great help in the training and education for IFRS preparation in Nigeria. For example, during interactions with some bankers as part of developing the topical interest, two things became apparent. The first was the absence of systematic awareness of IFRS. The second issue was that most of the bankers studied neither accountancy nor banking and finance but were graduates of engineering, law, agricultural science and other unrelated courses. This is a clear case of lack of knowledge by staff of a critical sector as the banking industry. This observation was not only unique to the banking sector. Interaction with students of other universities reveals the absence of knowledge of IFRS. Although a number of large foreign accountancy firms, like Deloitte Touché Tohmatsu, have been offering e-learning modules on IFRS on their websites upon registration, these cannot be a systematic national approach to sustain knowledge development of IFRS. Again, consistent interpretation and providing legal backing and consequences for non-compliance will facilitate implementation of IFRS in Nigeria.

2.4 Review of Prior Studies

Since the evolution of IFRS, several affirmative arguments have been canvassed. For example, Ewert and Wagenhofer (2005) offer strong arguments in support of the need to tighten accounting standards to reduce the level of earnings management and improve reporting quality. Others, such as Armstrong *et al*. (2007), Covrig *et al*. (2007), aver that IFRS make it less costly for investors to compare firms across markets and countries. They suggest that even if the quality of corporate reporting itself does not improve, it is possible that the financial information provided becomes more useful to investors. Earlier studies, such as Anderson (1993), present the advantages of convergence to a global accounting system. Buchanan (2003), Choi *et al.* (1999), and Beke (2010) address the factors that influence the development of an international accounting system and the harmonization process.

The view of Nobes and Parker (2008) towards harmonization is that even if a number of accountants from different countries or the same country are given the same transactions from which to prepare a financial statement, they will not produce identical statements. Although they follow the same rules, no set of rules covers every eventuality or is prescriptive to the minute details and they offer reasons for obstacles to harmonization (ibid. p. 77). Other researchers, such as Saudagaran (2001) and Dunn (2002), have examined the obstacles to harmonization of accounting, including cultural and political barriers. These studies provide affirmative arguments about the benefits of the harmonization process, such as improving the comparability of international accounting information, enabling the flow of international investments, and making consolidation of divergent financial reporting more cost-effective.

However, these studies also acknowledge that the most severe impediments to harmonization and convergence in global accounting standards are the extent of differences in accounting policies and practices of various countries, lack of vigilant, effective standard-setting bodies in some countries, and diversity in political and economic factors worldwide. Another reason for differences in accounting principles between certain nations identifies with variations in their level of economic development, in the legal system, in the taxation system, in the intensity of capital market, in the level of inflation, in the typical methods of financing an enterprise, in the shareholder background, and in the political and cultural traits. These determine the regulatory aims and philosophy behind them (Beke, 2010).

Studies reporting improvements in financial reporting quality following voluntary IFRS adoption include Barth *et al*. (2007; 2008), and Gassen and Sellborn (2006). Barth et al. (2007) examine accounting quality before and after the introduction of IFRS for a sample of 327 firms (1,896 observations) that voluntarily adopted IAS between 1994 and 2003. They found evidence of lower earnings management, higher value relevance and more timely recognition of losses after the introduction of IFRS, compared to the pre-transition local GAAP accounting. Their results are consistent with higher accounting quality after the IFRS introduction across countries.

Daske *et al*. (2007) examined the economic consequences of requiring IFRS for financial reporting worldwide, and found an increase in market liquidity and equity valuations around the time of the mandatory introduction of IFRS. However, evidence of the effect on firms' cost of capital is mixed. Furthermore, Daske *et al.* (2008) reported that capital market benefits were more pronounced in countries with strict enforcement regimes and for firms that voluntarily switched to IFRS, but less pronounced for countries where local GAAP was closer to IFRS or where IFRS convergence strategy was in place, and in industries with higher voluntary adoption votes. The IFRS is expected to improve the comparability of financial statements, strengthen corporate transparency, and enhance the quality of financial reporting. Armstrong *et al*. (2007) argue that IFRS reporting makes it less costly for investors to compare firms across countries and capital markets. Covrig *et al*. (2007) suggest that convergence toward IFRS reporting can facilitate cross-border investment and the integration of capital markets.

Prior studies on convergence either investigated market reactions to several events regarding the European Union's movement toward mandatory IFRS reporting or examined the impact of mandatory IFRS adoption in financial reporting in different countries. Results of market event studies of mandatory IFRS reporting are mixed and inconclusive. For example, Comprix *et al.* (2003) find insignificant but negative market reaction to four key events associated with mandatory IFRS reporting for EU firms. Armstrong *et al.* (2007) report a positive (negative) market reaction to 16 events that increase (decrease) the likelihood of IFRS adoption from 2002-2005 with more positive effects for firms with high pre-adoption information asymmetry or lower quality pre-adoption information environments and firms that are domiciled in common law countries.

Some studies (e.g., Lang *et al.*, 2006 and Leuz, 2006) support anecdotal evidence (e.g., KPMG 2006, 2007; E&Y 2007a, b) which suggests that IFRS financial reports are not only affected by home-country institutions, but also retain a strong national identity. Application of accounting standards is affected by unique cultural and economic factors of the country in which the standards are applied (Smith, 2008). Daske *et al*. (2007) find that serious IFRS adopters experienced significant declines in their cost of capital and substantial improvements in their market liquidity compared to label adopters. Furthermore, IFRS can be perceived as being designed for large corporations and detrimental to the reporting needs of smaller firms. Recent studies (Barth, 2008; Ball, 2006; Nobes, 2006) examine the feasibility of convergence to IFRS, including the potential advantages of producing more accurate, timely, and complete financial information, eliminating international differences in accounting standards, and removing barriers to the global capital markets. Barriers to IFRS convergence addressed in these studies are the persistence of international differences under IFRS, the existence of market, legal, and political differences, and IFRS enforcement issues (Smith, 2008). Barth (2008) identifies challenges and opportunities created by global financial reporting for the education and research activities of U.S. academics.

2.5 Research Questions and Hypotheses

Corporate Governance has been found to be a global frontier issue in corporate management, more so in developing economies with weak regulatory systems (Herbert and Tsegba, 2011). Effective corporate governance requires accurate and reliable financial information (Judge *et al*., 2010). The provision of accurate and reliable information has historically followed national standards, where each nation has developed and pursued its own financial standards. However, since the 1980s, in particular, the imperatives of globalization and advances in information communications technology (ICT) have increasingly integrated national economies as well as consolidated financial markets into a global market. As a consequence, the need for a common set of financial standards became not only desirable but imminent. The upshot of the concern for a uniform financial reporting framework gave rise to the movement towards harmonization of international financial reporting standards throughout the global economy.

While there has been considerable research on the effects of IFRS adoption, there has been relatively little or no systematic study as to the antecedents of IFRS adoption in Nigeria. In other words, why did Nigeria undertake a wholesale transition to IFRS from January 2012, while other countries have partially adopted or continued to resist them? Put differently, why did Nigeria embrace IFRS without invoking socioeconomic awareness, both from pedagogic and professional development points of view?

This survey seeks to offer empirical evidence on the consequences (obstacles and benefits) of IFRS adoption in Nigeria. It also addresses issues related to the attitudes of Nigerian about IFRS adoption. These objectives are accomplished through an evaluation of opinions and insights from a sample of accounting academics (students and lecturers) and practitioners regarding the obstacles to, benefits of, and attitudes to uniform global financial reporting framework. Specifically, the study seeks to provide answers to the following research questions (RQ):

RQ1: Do Nigerian academics and practitioners have different perspectives about the obstacles towards IFRS adoption?

RQ2: Do Nigerian academics and practitioners have different perspectives about the benefits of IFRS adoption?

RQ3: Are there significant differences between the attitudes of Nigerian academics and practitioners towards IFRS adoption?

Research Hypotheses

The above research questions give rise to a number of hypotheses which are stated in the null form and related to each question. RQ1 results to the following three hypotheses:

H_{01}: There are no significant differences in the perceptions of Nigerian accounting lecturers and students about the obstacles towards IFRS adoption.

H_{02}: There are no significant differences in the perceptions of Nigerian accounting lecturers and practitioners about the obstacles towards IFRS adoption.

H_{03}: There are no significant differences in the perceptions of Nigerian accounting students and practitioners about the obstacles towards IFRS adoption.

RQ 2 gives rise to the following three hypotheses:

H_{04}: There are no significant differences in the perceptions of Nigerian accounting lecturers and students on the benefits of IFRS adoption.

H_{05}: There are no significant differences in the perceptions of Nigerian accounting lecturers and practitioners on the benefits of IFRS adoption.

H_{06}: There are no significant differences in the perceptions of Nigerian accounting students and practitioners on the benefits of IFRS adoption.

Similarly, RQ 3 gives rise to the following three hypotheses:

H_{07}: There are no significant differences in the attitudes of Nigerian accounting lecturers and students towards IFRS adoption.

H_{08}: There are no significant differences in the attitudes of Nigerian accounting lecturers and practitioners towards IFRS adoption.

H_{09}: There are no significant differences in the attitudes of Nigerian accounting students and practitioners towards IFRS adoption.

3. Research Methodology

This section describes the methods and procedures adopted in this study. It specifies the research design, the source of the data, and the procedures adopted in data analysis.

3.1 Research Design

This study is exploratory and adopts a quantitative approach in seeking answers to the research questions. We adopt a survey approach through a set of questionnaires which were designed to elicit opinions about the perceptions on the consequences (obstacles and benefits) of IFRS adoption in Nigeria. Another aim of the survey is to ascertain the attitudes of Nigerian accounting academics (students and lecturers) and practitioners towards IFRS adoption.

3.2 Population and Sample

The population for this study included academics and practitioners in Abia and Imo States. The choice of these two states was based on reasons of logistics and resources (both in terms of time and money). Interactions with some lecturers and students from the universities located in these two states (Federal, State and Private) as well as with practitioners therein provided anecdotal evidence that was somewhat convincing about the depth of their knowledge about the issues raised therein. Thus, it is not expected that the conclusions reached in this study will be markedly different from those of a wider population of similar respondents, although this does not foreclose a broader coverage of the dimensions to enrich our understanding of IFRS issues.

In this study, the term ‘accounting academics’ is used in the inclusive sense to denote accounting lecturers and students. Also, the term ‘practitioners’ is used inclusively to connote accountants, and auditors in practice (both in the private and public sectors) as listed in the registers of the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) as of 2010. This register is an authentic compilation of members of the two recognized accountancy bodies, which means that the practitioner-respondents are all professionally qualified and hold professional opinions on the issues raised in the questionnaire. The sample comprised 200 respondents who are accounting students and lecturers from the Nigerian University System, particularly students and lecturers from Veritas University and Abia State University, accountants and auditors in practice, from the offices of the Accountants-General, Auditors-General, Federal Inland Revenue Service, Union Bank, Fidelity Bank, and Ecobank. For purposes of questionnaire administration and subsequent analyses, there were altogether three sample groups: students, lecturers and practitioners.

A total of two hundred (200) questionnaires were administered, with each dyad having 100 questionnaires to complete. Every effort was made to garner as many responses from the large population of students and lecturers in the universities as would be available from the practitioners in the states. Furthermore, it is expected that the more the sample size of academics from different universities the greater the chances of reducing any potential bias in their responses. The random sampling technique was employed in administering the questionnaire to ensure that every unit in the population had a chance of being selected in the sample.

3.3 Sources of Data

Data for this study is obtained from a sample of Nigerian academics (accounting and auditing lecturers and students) and practitioners (auditors, accountants, and financial analysts) located in Imo and Abia states of Nigeria. The views of academics and practitioners are essential in assessing the perceptions of Nigerians regarding IFRS adoption in certain respects. Such a survey is needed because (a) these critical stakeholders' (financial academics and practitioners) concerns on the relevance of extant IFRS research, and (b) their views on IFRS research agenda might help to suggest new emphasis and new directions for seamless country adoption.

3.4 Instrument of Data Collection

The study's main instrument for data collection is the questionnaire. The questionnaires were adopted, *mutatis mutandis*, from those of Rezaee *et al*. (2010) and Moqbel and Bakay (2010) and distributed to accounting academics (lecturers and students) and practitioners (accountants, auditors, etc). The questionnaire was designed to measure the perceptions of the respondents on a number of issues related to IFRS adoption, such as the readiness, obstacles, benefits, and attitudes towards implementation of IFRS. The questionnaire consists of closed type questions which are easier to answer, process, and analyze. The questions are made-up of Likert scales: ("strongly agree," to "strongly disagree."), numerical rating scales, etc. They were partitioned into two main sections. The first section, demographics, contains background information, socio-economic status, education, etc. The second section contains attitudinal questions; covering respondents' opinions, attitudes, values and beliefs on their perceptions on, readiness, obstacles, benefits, and attitudes towards the adoption of IFRS in Nigeria.

It is presumptuous to group the knowledge base and status of junior, senior and graduate level accounting students (or any subject for that matter) with that of PhD students and lecturers, as was done in the study by Moqbel and Bakay (2010) where all were grouped as academics. In this study, we identified this knowledge differential while acknowledging their generic appellation as academics. Thus, we defined academics in an inclusive way to incorporate students and lecturers, as in the US study, but instead of having a two-sample study as in the US, we decomposed academics into lecturers and students. Thus with practitioners we have a three-sample study, occasioning the use of Kruskal-Wallis test.

There are reasons for replicating studies. Essentially, IFRS research is important to the future of the world economy – far too important to be limited arbitrarily to the findings of one national study (Herbert and Wallace, 1996). Specifically, we aver that different national contexts of IFRS may help to define the status of education and practice in accounting and financial reporting: they help to identify global IFRS topics of interest and support globalization of IFRS curricula and practice. They also help to build a literature on comparative national issues on IFRS, which are presently scanty although there is a growing literature on international financial reporting. In the categorization of academics, this study is similar to the US ones, except that their definition of academics was limited.

3.5 Techniques for Data Processing and Analysis

The hypotheses of this study were tested using appropriate statistical tools, such as Frequency analyses, descriptive statistics and Kruskal-Wallis (K-W) and Chi-Square tests. The K-W test is a nonparametric test used to compare three or more samples, as in this study. It is used to test the null hypothesis that all populations have identical distribution functions against the alternative hypothesis that at least two of the samples differ only with respect to location (mean or median), if at all. It is analogous to the F-test used in analysis of variance (ANOVA). While analysis of variance tests depend on the assumption that all populations under comparison are normally distributed, the K-W test places no such restriction on the comparison (Easton and McColl, 2012). While the Chi-Square test of independence was used to test for differences in responses involving categorical dependent variables for the between subject analysis, the K-W test was used to examine differences in responses in the ranked data. The K-W test was also performed to investigate demographic differences in the responses. The SPSS Version 20 was used to analyze the data and test the hypotheses.

4. Results and Discussions

This section presents the data, analysis and interpretation of results.

Table 1. Summary of Questionnaire Administration

Nature of Organization	No. of Questions Sent	No. Returned	%
Auditor-General's Office	20	14	70%
Accountant-General's Office	20	9	45%
Federal Inland Revenue service	20	10	50%
Union bank plc	20	5	25%
Eco bank	20	3	15%
Fidelity bank	20	5	25%
Abia State University	40	17	42.5%
Veritas University	40	40	100%
Total	200	103	51.5%

Table 1 shows that 103 responses were received out of 200 questionnaires administered, representing 51.5% response rate. Fifty-seven responses (71.25%) were received from academics (lecturers and students) and 46 (38.3%) from practitioners. The overall response rate (51.5%) as well as the response rates for both academics and practitioners were quite impressive and compares very favourably with most survey studies (see, Rezaee *et al.*, 2010; Moqbel and Bakay, 2010). Table 2 presents the characteristics of the respondents. The respondents are fairly balanced in terms of gender. More than half of the practitioners either work in professional accountancy firms or in banks, etc. In all, the respondents seem to be familiar with the issues and challenges of IFRS adoption.

Table 2 - Characteristics of Sample Respondents (N = 103)

Gender Male: (55) 53.9% Female: (47) 46.1% 1 – Missing	**Occupation:** Students: (43) 41.7% Lecturers: (18) 17.5% Practitioners:(42) 40.8%	
Age (Years): Less than 20:(14) 13.6% 21 -30: (39) 37.9% 31 – 40: (22) 21.4% Over 40: (28) 27.2%	**Work experience (Yrs)**: 1 – 4: 19.35% 5 -10: 30.64% Over 10 yrs: 50.01%	**Industry Classification:** Banking, Finance, Insurance, etc.: 23.5% Professional Services: 32.35% (Accounting, Auditing, Consultancy, etc. Public Aministration: 44.15% (Federal, State, Local Government)

4.1 Obstacles towards IFRS Adoption

One of the objectives of the research is to determine whether academics and practitioners have different perspectives regarding the severity of the obstacles towards IFRS adoption. Simply put and given their level of familiarity, do Nigerian academics (students and lecturers) and practitioners believe that IFRS adoption will face severe obstacles? The answer is provided through a comparative frequency analysis as shown in Tables 3A and B below.

From Table 3A, the ranking of average responses of students, lecturers and practitioners indicates that the four major obstacles to IFRS adoption in Nigeria, in severity order, are: (i) Lack of education, understanding and experience by preparers of financial reports with the use of IFRS; (ii) Lack of coverage of IFRS in financial accounting/ auditing textbook; (iii) Initial cost of adoption; and (iv) Transition plan and issues pertaining to IFRS.

Within the respondent groups, students perceive the following as the most critical factors simultaneously militating against IFRS adoption: initial cost of converge, lack of sufficient involvement of global regulators in the IASB standard setting process, and lack of education, understanding and experience by preparers of financial reports with the use of IFRS. On the other hand, accounting lecturers and practitioners seem to have a consensus in the factors that severely impede IFRS adoption.

Table 3A: Obstacles to Adoption

Please indicate the extent of severity of the following in a move towards complete convergence to IFRS (1=Not Severe; 5=Very Severe)	**Students**		**Lecturers**		**Practitioners**			
	Not Severe	Severe	Not Severe	Severe	Not Severe	Severe	Rank Avg.	K-W Chi-Sq..
Initial cost of convergence	10.5%	89.5%	10.5%	89.4%	28.2%	71.8%	3	.000
Required changes in auditing standard.	26.3%	73.7%	15.8%	75.2%	26.1%	73.9%	6	.000
Perceived uncertainties about IFRS.	28.9%	71%	21.1%	79%	30.4%	69.5%	7	.000
Lack of sufficient involvement of global regulators in the IASB standard setting process.	10.6%	89.5%	15.85	84.2%	23.9%	76.1%	5	.000
Transition plan and issues pertaining to IFRS.	23.7%	76.4%	10.6%	89.5%	15.9%	84%	4	.000
Lack of education, understanding & experience by preparers of financial reports with the use of IFRS.	10.6%	89.5%	0%	100%	15.1%	84.8%	1	.000
Lack of coverage of IFRS in financial accounting textbooks.	18.4 %	81.6%	5.3%	94.8%	17.3%	82.6%	2	.000

Isolating the test of difference regarding the severity of obstacles towards IFRS adoption between students and lecturers, students and practitioners, and lecturers and practitioners, Table 3B reveals significant differences between students and lecturers as well as between accounting students and practitioners, but no significant differences between lecturers and practitioners.

Table 3B: Descriptive Statistics of Obstacles to IFRS Adoption

	Students		**Lecturers**		**Practitioners**		K-W Chi-Sq
	Mean Response	Std Dev.	Mean Response	Std Dev.	Mean Response	Std Dev.	
Initial cost of convergence	3.0000	.6172	4.1667	.9236	3.8095	1.0178	.000
Required changes in auditing standards	3.1860	.8239	3.8333	1.0981	3.7857	1.0009	.007
Perceived uncertainties surrounding IFRS	3.4186	.6980	3.6111	1.3779	3.7143	1.1106	.404
Lack of sufficient involvement of global regulators in the IASB standard setting process	3.0698	.8836	4.0000	.9701	3.7143	.7742	.000
Transition plan and issues pertaining to IFRS	3.2791	.7661	4.0556	.7254	3.8000	.6076	.000
Lack of education, understanding & experience by preparers of financial reports with the use of IFRS	3.0930	.7812	4.4444	.5113	4.0000	.9627	.000
Lack of coverage of IFRS in financial accounting textbooks	3.0698	1.055	4.3889	.7775	4.0714	.8942	.000

These findings largely corroborate those of Moqbel and Bakay (2010). One important implication of these results is that it is instructively advisable for individuals and firms to utilize every opportunity to avail themselves of IFRS learning materials and training programmes in order to mitigate the lack of education and understanding and lack of coverage of IFRS in extant accounting/auditing curriculum. Nigeria and Nigerian companies can also appropriate the learning experience of other countries such as South Africa and the European countries. An ideal preparatory ground would have been for Nigeria's tertiary educational institutions offering accounting, and professional accountancy bodies to embed IFRS into their curriculum as a prelude to the country's convergence to IFRS, similar to the U.S., rather than the hasty announcement when little is known about it and the country's accounting professionals are ill-equipped.

4.2 Benefits of IFRS Adoption

As for the perceived benefits of IFRS adoption, the combined results listed in order of importance as represented by the mean coefficient of responses in Table 4 are that IFRS: create uniformity in global financial reporting including audit reports; increase global comparability promoting a more informed global marketplace; enable management and auditors to exercise more professional judgment; and position IFRS to be the globally accepted accounting language. The results of differences in responses between the three groups are however not statistically significant for all the perceived benefits of IFRS.

Table 4: Perceived Benefit of convergence to IFRS
(1 = Most Unimportant to 5 Very Important)

	Students		Lecturers		Practitioners		
Please rank the importance of the perceived benefit of convergence to IFRS as a single set of accounting standard by ticking 1 to 3 according to your assessment of each item's level of importance	Mean Response	Std Dev.	Mean Response	Std Dev.	Mean Response	Std Dev.	K-W Chi-Sq
Minimize barrier to global competition for capital	3.3953	.6597	4.1111	.9634	4.0476	.7636	.000
Increase global comparability promoting a more informed global marketplace	3.5814	.6980	4.5556	.5113	4.3810	.6968	.000
Position IFRS to be the globally accepted accounting language	3.4651	.7020	4.3889	.5017	4.1905	.5055	.000
IFRS enables management and auditors to exercise more professional judgment	3.5581	.7004	4.2222	.9428	4.4286	.5474	.000
IFRS create uniformity in global financial reporting including audit reports	3.6977	.8319	4.5000	.5145	4.4762	.8036	.000

4.3 Perceived Attitudes towards IFRS Adoption

To further gain an insight into the attitude of Nigerians towards IFRS adoption and thus consolidate the findings of this study, we obtained an overview of the respondents' level of agreement with a number of issues surrounding IFRS adoption.

Table 5: Descriptive Statistics of Perceived Attitudes of Respondents

	Students		**Lecturers**		**Practitioners**		K-W Chi-Sq
Please tick (√) your level of agreement with the following statements: (1 = Strongly Disagree to 5 = Strongly Agree)	Mean Response	Std Dev.	Mean Response	Std Dev.	Mean Response	Std Dev.	
I have an interest about the IFRS	3.4651	.6305	4.5000	.51450	4.1667	.5809	.000
I know the IFRS well	3.7381	4.691	3.8889	.75840	3.8810	.7392	.973
Many companies are preparing well to adopt the IFRS	3.0233	.7396	3.6667	.90749	3.5714	.8595	.003
IFRS adoption will affect financial performance	3.3488	.6860	4.2222	.73208	3.8810	.8025	.000
IFRS adoption will affect operating performance	3.2326	.6844	4.2778	.75190	3.9048	.7905	.000
IFRS will affect stakeholders such as investors or shareholders	3.3721	.6181	4.1111	.75840	4.1190	.7715	.000
IFRS must be offered as a core curriculum in tertiary education	3.5814	.6980	4.3333	.76696	4.0714	.9472	.002
Will you be willing to take a course in IFRS if one is offered in the university?	3.5814	.7314	3.9444	.93760	4.0000	.8264	.048

Results presented in Table 5 indicate that both lecturers and practitioners strongly agree, with a mean response over 4.00, that: (1) they have interest about the IFRS; (2) IFRS must be offered as a core curriculum in tertiary education; and (3) IFRS will affect stakeholders, such as investors or shareholders. While students were in agreement with the above items, their extent of agreement was not as strong as with those of lecturers and practitioners except for the propositions that seek to advance the knowledge base of IFRS. They slightly agree that IFRS must be offered as a core curriculum in tertiary education, just as they are willing to take a course in IFRS if one is offered in the university (mean response of 3.58). The three groups of respondents are united in their ambivalence towards, or slightly agreement with, the level of preparation to adopt the IFRS, with a mean range of 3.02 for students, 3.67 for lecturers, and 3.57 for practitioners.

5. Summary and Conclusions

This section presents the summary, conclusions and limitations of the study, and the policy implications in the form of recommendations. The section concludes with suggestions for further research.

5.1. Summary

Despite her announcement to fully adopt IFRS with effect from January 2012, Nigeria's implementation readiness is still uncertain and remains an empirical issue. A more worrisome development is the haste with which Nigeria adopted IFRS without consultation with key stakeholders, such as tertiary institutions, professional bodies and the business community. The economic consequences objective of this study was evaluated through the obstacles to, and the benefits of IFRS adoption in Nigeria. Closely related was the assessment of the attitudes of academics and practitioners, towards the subject matter. In order to achieve this objective, a comparative assessment of the perspectives of Nigerian academics and practitioners regarding the phenomenon of interest was pursued.

The sample respondents were accounting students and lecturers from the Nigerian University System, particularly students and lecturers from Veritas University and Abia State University, and accountants and auditors in practice. The practitioners were from the offices of the Accountant-General, Auditor-General, Federal Inland Revenue Service, and banks such as Union Bank, Fidelity Bank, and Eco Bank. Data was collected through questionnaire administration to a sample of accounting students, lecturers and practitioners, and secondary data drawn from the population within the geographic context defined earlier. We examined three research questions on the obstacles to, benefits of, and attitudes towards IFRS adoption using frequency analysis and Kruskal-Wallis and Chi-square tests.

The respondents found the following as the major obstacles to IFRS adoption in Nigeria, in severity order: (i) lack of education, understanding and experience by preparers of financial reports with the use of IFRS; (ii) lack of coverage of IFRS in financial accounting/ auditing textbook; (iii) initial cost of adoption; and (iv) transition plan and issues pertaining to IFRS. The test of difference in the severity of consequences of IFRS adoption between each of the three dyads, representing hypotheses H_{01} to H_{03} – accounting lecturers and students, accounting lecturers and practitioners, and accounting students and practitioners - revealed significant differences between students and lecturers as well as between students and practitioners, but not between lecturers and practitioners.

As for the benefits of IFRS adoption, the three groups of respondents reported the following, in order of importance: (a) creating uniformity in global financial reporting including audit reports; (b) increasing global comparability and promoting a more informed global marketplace; (c) enabling management and auditors to exercise more professional judgment; and (d) positioning IFRS to be the globally accepted accounting language. The results of differences in responses between the three groups, representing hypotheses H_{03} – H_{06}, were however not statistically significant for all the perceived benefits of IFRS.

In terms of perceived attitudes towards IFRS adoption, while opinions regarding the key issues are diverse, respondents, both academic and practitioner, overall believe that: (1) effective convergence to IFRS would be valuable to preparers, users, auditors, analysts, and standard setters; (2) an appropriate framework for the global acceptance and enforcement of IFRS should be agreed on, offering optional transition; and (3) a proper plan to convert all Nigerian companies to IFRS requires related training for management, auditors, and investors, along with IFRS education incorporated into accounting curriculum.

5.2 Conclusion

International Financial Reporting Standards (IFRS) have received global acceptance and have been adopted by many countries, and are being considered by some, such as the USA. Nigeria's adoption of IFRS ought to have been prefaced by a systematic dialogue with critical stakeholders in order to establish an understanding of the trajectories of convergence into one global financial reporting language. Comparability of financial reporting which IFRS offer is the underlying rationale for convergence towards a single set of standards. The expectation that the efficiency and competitiveness of global financial markets is facilitated by convergence to IFRS must be circumscribed, strengthened and validated by systematic empirical investigation in different countries and jurisdictions. This underscored the context of this exploratory study.

5.3 Limitations and Suggestions for Future Research

Every survey research is bound to be fraught with limitations. One of the limitations of this study relates to homogeneity of the sample subjects. For example, the sample subjects in this study (accounting staff and students, and accountants in practice), exhibit commonality of traits which may induce systematic biases in their perceptions of the relevance of convergence to IFRS. Second and related, any random sampling of respondents from a homogenous population is bound to induce bias in sampling procedures which may introduce response biases. Third, questionnaire surveys are almost always faced with the possibility of a non-response bias as a consequence of (a) non-return of some questionnaires, (b) incomplete return or non-usable responses, and (c) late respondents (Herbert and Wallace, 1996). Thus, the presence of non-respondents to the questionnaire may suggest non-response bias in the results, given that it is not known how non-respondents would have answered. However, a test of non-response bias was undertaken by comparing late responses with early responses, as suggested by Herbert and Wallace (1996) to determine any significant differences in the responses of early and late respondents, and hence any potential bias in the responses, using the late responses as a surrogate for non-responses (ibid). The results showed no significant differences in the responses of early and late returns.

Fourth, where a survey is constrained by a small-numbers sample size condition, there may be limitations on account thereof. With respect to small-numbers sample size condition and the limitations associated therewith, two kinds are discernible: ex ante and ex post small numbers sample sizes. Where a study population is inherently limited, then the phenomenon of interest is bounded by natural selection. There is nothing the researcher can do about the number of possible participants beyond increasing the response rate in order to reduce bias and thus obviate the inferential liability or defect of the results. The researcher will hence be obligated to either study the entire population where this is feasible or ensure a reasonable sample therefrom. Ex post small numbers sample condition is researcher-induced through the research design and research techniques. In effect, a relatively small sample size (of academics and practitioners) would evoke caution in the reader's interpretation of the results.

Fifth, the contextual limitation of this study to a relatively homogenous cultural setting – institutions and practices domiciled in Abia and Imo states of Nigeria – may pose generalization problem. Further and wider contextual considerations may be a fruitful avenue for further research. Also, future research may be warranted even within other geographic contexts to validate or refute the findings of this study. This notwithstanding, this study provides a useful incipient comparative analysis of the views of academics and practitioners on IFRS adoption in Nigeria.

5.4 Recommendation and Policy Implications

This exploratory study is both significant and timely, even though Nigeria has adopted IFRS with effect from January 2012. The study has thrown up reservations about certain obstacles towards IFRS adoption in Nigeria. Additionally, there are other implementation issues of IFRS, such as differences between national GAAP (SAS in Nigeria) and IFRS as well as the challenges and obstacles to IFRS adoption beyond the ones examined in this study. Besides, the issues canvassed herein remain unresolved and warrant further empirical investigation. Nevertheless, the results of this study compel policy dialogue with respect to inadequacy of adoption plan/preparation and minimization of perceived obstacles to seamless transition to unified global financial reporting architecture.

An important policy implication of this study is the urgency of accounting curriculum review in our tertiary education system to incorporate IFRS and its implementation dimensions. Clearly, government at all levels, financial regulatory agencies, professional accountancy bodies, private and public companies and institutions, and accountancy firms all need to fast-track IFRS education in order to boost the acquisition of IFRS knowledge and competences.

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